NHS
University Hospitals of Leicester
NHS Trust

Annual Report
2019/2020

CONTENTS

Statement from Chief Executive, Richard Mitchell and Trust Chair, John McDonald

January 2022

We are grateful for how UHL colleagues care for patients and for how they look after each other, despite the many challenges we face locally and nationally. Covid has impacted on our working and personal lives for nearly two years now and we must continue to support each other. We are making progress as a provider of healthcare and as a place to work but we must continue to recognise our major financial challenges and the work taking place to rectify this. It is important we meet our statutory responsibilities as a public body.

The financial year 2019-20 at UHL will be remembered for two events; the Trust's finances and Covid-19.

Finances

During the 2018/19 external audit (June 2019) the Trust Board were made aware of issues regarding the Trust's finances, accounting treatments and its controls.

Following the appointment of a new interim Chief Financial Officer (CFO) in December 2019, a series of inappropriate financial adjustments, irregularities and aggressive accounting policies were identified. These had had a significant impact on the Trust's financial position, with the original reported breakeven position for 2019/20 subsequently revised to a deficit of £65.3m (May 2020). In November 2020 the Trust's auditors reported the findings arising from their external audit work. This report stated their intention to issue a disclaimer form of opinion on those financial statements due to material misstatements deemed pervasive to the financial statements. In light of the extent of the issues identified, the interim CFO was unable to recommend the draft 2019/20 accounts to the Board.

As a result, the audit was paused whilst the Trust put in place a range of measures aimed at improving the financial statements. This included strengthening the finance team through permanent and temporary resource, bringing in a Deputy Financial Improvement Director through NHSE/I and securing external support from Deloitte.

Completion of the work to restate the balance sheet resulted in the Trust's reported deficit moving from £76.9m (October 2020) prior to restatement exercise to £124m in the final draft version of the 2019/20 accounts presented to Grant Thornton for audit.

The accounts restated are part of this annual report and are materially different from the prior accounts. Due to the pervasive failure of controls and the risk of additional error, a disclaimed opinion has been given.

In January 2021 the external auditor issued a number of statutory recommendations. The Trust Board formally accepted and responded to these, and they have subsequently become the foundations of a plan to strengthen financial practices, reporting and governance, whilst also growing and supporting an open and transparent culture to prevent issues in the future.

The commitment to the plan can be seen with the appointment of the new finance leadership team and an improved approach to reporting. The changes will be fully implemented by early 2022, will bring improved organisation and oversight to financial processes. Alongside this, significant training and cultural interventions are taking place to address the lack of financial challenge by the Trust Board and Board Committee at the time.

The Trust was placed into financial special measures, now known as System Oversight Framework (SOF) 4, in July 2020. This increases the scrutiny of financial activity and management control totals across UHL. A single comprehensive action plan is reviewed monthly by the Trust Board, Audit Committee and Finance and Investment Committee. A longer term financial model aligned to the Leicester, Leicestershire and Rutland Sustainability and Transformation Long Term Plan will be developed and shared with NHSE/I.

The Trust Board thanks NHSE/I for their targeted support to UHL and its finance function through the Financial Special Measures process.

Covid-19

In January 2020, colleagues, like the wider NHS, faced the beginnings of the Coronavirus pandemic. By March, the number of cases nationwide surpassed most predictions. In time, UHL would look after thousands of people affected by the virus. We will always remember the colleagues and patients we lost.

What is critical in our pandemic response, and our financial recovery is the partnerships we have with our patients and communities, our health and care partners and with other voluntary and private organisations. Working in partnership has never been more important.

Our 2019/20 report

This statement is written and signed retrospectively, as is the annual governance statement on page 36, in order to account for the delay in publishing and provide transparency on information gathered as part of the investigations. The remainder of the report remains as written for release in 2020.

Richard Mitchell — John MacDonald

Chief Executive — Trust Chair

Changes to executive officers, March 2020 to present

In March 2020 former Chief Executive, John Adler, began an extended period of sick leave. He subsequently retired in September 2020.

In March 2020 Rebecca Brown, Chief Operating Officer, was appointed as Acting Chief Executive in John's absence and fulfilled the role until October 2021.
In April 2021, Karamjit Singh, Trust Chair, retired from the Trust, and his role was subsequently filled on an interim basis by John MacDonald. At the time of writing, John remains interim Trust Chair.

Owing to the delay in the 2019/20 report for reasons outlined in the statement, this report has been signed off retrospectively by our interim Trust Chair John MacDonald, and Chief Executive Richard Mitchell, who was appointed to take over from Rebecca Brown in October 2021.

Our Performance Report

Our Performance Overview

Welcome to our 2019/20 annual report which describes our achievements during the year, how we are governed, our finances and performance in key areas.

Our Quality Account, which is published on our website: www.leicestershospitals.co.uk provides a more in-depth report on how we are continuously improving quality, safety and patient experience in our hospitals.

Purpose of the overview section

This overview section gives a short summary of our organisation, our purpose, our objectives and what we have achieved against them, our performance against national standards and the key risks to our delivery. You will also find details of our sustainability plans and performance.

About us – our purpose, activities and environment

We are one of the largest NHS Trusts in the country and our contribution to our communities goes beyond direct health. We are the largest employer in our region, we educate and train the staff of the future, we push research boundaries and with our £1bn turnover we are an economic engine for the wider East Midlands and beyond.

We deliver more than 120 NHS services to people across Leicester, Leicestershire, Rutland and beyond. The people in our hospitals, the Leicester General, Glenfield, the Leicester Royal Infirmary and the Alliance community hospitals, combine to look after more than one million patients every year.

To further develop our workforce, we have established strong partnerships with the University of Leicester and De Montfort University to support recruitment and provide world-class teaching for the next generation of doctors, nurses and healthcare workers.

Leicester's Hospitals are recognised world-wide for treatment in diabetes, cardio-respiratory disease, cancer, kidney function and vascular surgery, to name a few. We are home to one of the National Institute for Health Research Biomedical Centres, which brings together hospital and university expertise to create state-of-the-art services for our patients.

Our objectives and priorities

In 2019/20 we launched our new ‘Becoming the Best’ strategy which sets out revised quality and supporting priorities for the Trust, for the next three years. Published in April 2019, our ‘Becoming the Best’ quality improvement strategy unites all our staff in a shared understanding of the specific priorities we want to achieve and how we will go about achieving them.

There are five quality priorities and six supporting priorities. Our priorities were designed to be **three year priorities** and we recognise that there is much work still to be done to achieve our goal of ‘Becoming the Best’ for every patient, every time.

The NHS Constitution and our values

We created our values with staff ten years ago and made sure that they were in line with, and supported, the NHS Constitution, which was put in place by the Government on 1 April 2010. This diagram shows how our values map to the NHS Constitution.

The NHS Constitution establishes the principles and values of the NHS in England. It sets out rights to which patients, public and staff are entitled, and pledges which the NHS is committed to achieve, together with responsibilities which the public, patients and staff owe to one another to ensure that the NHS operates fairly and effectively.

All NHS bodies and private and third sector providers supplying NHS services are required by law to take account of this Constitution in their decisions and actions. The Constitution will be renewed every ten years, with the involvement of the public, patients and staff. It is accompanied by the Handbook to the NHS Constitution (www.gov.uk/government/news/nhs-constitutionand-handbook-updated) that is renewed at least every three years, setting out current guidance on the rights, pledges, duties and responsibilities established by the Constitution. These requirements for renewal are legally binding. They guarantee that the principles and values which underpin the NHS are subject to regular review and recommitment; and that any government which seeks to alter the principles or values of the NHS, or the rights, pledges, duties and responsibilities set out in this Constitution, will have to engage in a full and transparent debate with the public, patients and staff.

There have since been a number of amendments and updates to the constitution. The latest version can be found on the gov.uk website. Here at Leicester’s Hospitals we will always endeavour to make sure that we live up to the pledges set out in the Constitution. We will ensure that we ‘live our values’ and create an environment where those who do not can be challenged to ensure that we provide better care.

Our structure

Our organisation is formed of seven Clinical Management Groups that are supported by a number of corporate directorates. The Clinical Management Groups are:

- Cancer, Haematology, GI Medicine and Surgery (CHUGGS)
- Emergency and Specialist Medicine (ESM)
- Musculoskeletal and Specialist Surgery (MSS)
- Clinical Support and Imaging (CSI)
- Renal, Respiratory and Cardiovascular, (RRCV)
- Theatres, Anaesthesia, Pain and Sleep, (ITAPS)
- Women's and Children's (W&C)

The corporate directorates are:

- Corporate Medical
- Corporate Nursing
- Corporate Operations
- Finance
- People and Organisational Development
- Estates and Facilities University Hospitals of Leicester
- Strategy and Communications
- Information Management and Technology
- Corporate and Legal Affairs

The CMGs and corporate directorates are overseen by our Executive Team and Trust Board**.**

Our key performance measures

The Trust Board assures itself that key performance measures are being met by reviewing them monthly at Trust Board meetings through a performance report and the Board Assurance Framework (BAF) – both are accessible on our website in our monthly Trust Board papers.

The Commissioning for Quality and Innovation (CQUINS), national performance standards, annual priorities incorporating our Quality Commitment are also key performance measures monitored by the Trust Board and detail on achievements in year can be found throughout this report: national performance standards page 13; CQUINS page 19.

Key risks to our delivery

Risks which threaten the achievement of the Trust's strategic objectives and which feature on the Board Assurance Framework are reviewed at each Executive Board meeting.

The Trust's major risks in 2019/20 (as featured on the Board Assurance Framework) are set out below:

- Failure to maintain financial sustainability and meet our control targets

- failure to deliver key performance standards for emergency, planned and cancer care;
- failure to recruit, develop and retain a workforce of sufficient quantity and skills;
- serious disruption to the Trust's critical estates infrastructure;
- serious disruption to the Trust's critical IT infrastructure;
- failure to meet the financial control total including through improved productivity.

Leicester's Hospitals have many strengths. And yet, despite these inherent strengths we have struggled to achieve and particularly maintain consistently high standards of quality and performance.

Finance also remains a key risk and in order to deliver financially sustainable high-quality services to patients, there is an urgent need for us to deliver operational transformation and work with partners to achieve system-wide service redesign.

While the Trust was rated by the CQC as 'Good' overall, in terms of our Use of Resources, we are rated as 'Requires Improvement' reflecting the Trust's financial deficit and difficulty in consistently achieving many constitutional operational standards.

You will find examples throughout this report on how we have addressed these risks to delivery and more detailed information on how we manage risk in the Risk Management section on page 44. The Corporate Governance Report, page 33, identifies risks and uncertainty and how these are mitigated

Our performance against national standards

Performance Indicator	Target	2019/20	2018/19	2017/18	Trend
A&E (UHL) – Total Time in A&E (4hr Wait)	95%	69.2%	77.0%	77.6%	↓
A&E (UHL+ LLR UCC) – Total Time in A&E (4hr Wait)	95%	78.8%	83.2%	80.6%	↓
12 Hour Trolley Waits In A&E	0	59	0	40	↓
MRSA (All)	0	5	3	4	↓
Clostridium Difficile*	108	104	57	68	
% Of All Adults Who Have Had VTE Risk Assessment On Admission To Hospital	95%	98.1%	95.8%	95.4%	↑
Never Events	0	2	8	8	↑
Single Sex Accommodation Breaches (patients affected)	0	14	58	30	↑
SHMI Mortality	<=100	96	99	98	↑
Delayed Transfers Of Care	3.5%	1.8%	1.5%	1.9%	↓
Urgent Operations Cancelled Twice (UHL+ALLIANCE)	0	0	0	0	↔

* In 2019/20 the Clostridium Difficile target was revised as Community onset healthcare associated cases were added to the indicator.

Green = Target Achieved

Red = Target Failed

Green upward arrow = Improvement against previous year (Target Achieved)
Green downward arrow = Deterioration against previous year (Target Achieved).

Red upward arrow = Improvement against previous year (Target Failed)
Red downward arrow = Deterioration against previous year (Target Failed).

Performance Indicator	Target	2019/20	2018/19	2017/18	Trend
Operations cancelled for non-clinical reasons on or after the day of admission	1.0%	1.3%	1.1%	1.2%	↓
RTT – Incompletes 92% in 18 weeks	92%	76.5%	84.7%	85.2%	↓
RTT 52 Weeks+ Wait (Incompletes)	0	35	0	4	↓
Diagnostic Test Waiting Times	1.0%	4.6%	0.9%	1.9%	↓
Cancer: 2 Week Wait From Referral To Date First Seen – All Cancers	93%	93.0%	92.3%	94.7%	↑
Cancer: 2 Week Wait From Referral To Date First Seen – For Symptomatic Breast Patients	93%	95.9%	79.3%	91.9%	↑
All Cancers: 31 Day Wait From Diagnosis To First Treatment	96%	92.8%	95.2%	95.1%	↓
All Cancers: 31 Day For Second or Subsequent Treatment – Anti Cancer Drug Treatments	98%	99.6%	99.6%	99.1%	↔
All Cancers: 31 Day For Second or Subsequent Treatment – Surgery	94%	81.1%	86.1%	85.3%	↓
All Cancers: 31 Day For Second or Subsequent Treatment – Radiotherapy Treatments	94%	87.1%	97.9%	95.4%	↓
All Cancers: 62 Day Wait For First Treatment From Urgent GP Referral	85%	73.6%	75.2%	78.2%	↓
All Cancers: 62 Day Wait For First Treatment From Consultant Screening Service Referral	90%	84.0%	82.3%	85.2%	↓

Green = Target Achieved
Red = Target Failed

Green upward arrow = Improvement against previous year (Target Achieved)
Green downward arrow = Deterioration against previous year (Target Achieved).

Red upward arrow = Improvement against previous year (Target Failed)
Red downward arrow = Deterioration against previous year (Target Failed).

Emergency Department 4 hour wait and ambulance handovers

Performance against the Emergency Department targets

Unfortunately, we failed to meet the Emergency Department 4-hour standard in 2019/20, achieving a performance of 69.2% (77.0% in 2018/19) against a target of 95%. Emergency Department attendances increased by 3,500 in 2019/20, placing considerable pressure on the Trust.

Performance Indicator	Target	2019/20	2018/19
ED 4 Hour Waits UHL	95%	**69.2%**	**77.0%**
ED 4 Hour Waits UHL + LLR UCC (Type 3)	95%	**78.8%**	**83.2%**

Key: **Green = Target Achieved** **Red = Target Not Achieved**

The Emergency Department (ED) provides services for all patients whether as an acute emergency arriving by ambulance, self-referrals or by NHS111. There are separate facilities for adults and paediatrics (children).

The Adult Emergency Department is comprised of a 12 bedded emergency room, 48 individual major bays, 2 of which have been designed for those with mental health needs or living with dementia, in addition there are 10 cubicles in the ambulance assessment area with separate entrance and eight triage rooms.

The paediatric ED comprises of 10 major areas (including three high dependency areas), nine triage/assessment rooms and six minor injury cubicles.

There have been significant challenges all year with providing timely care in ED. Despite the high number of patients in the department at any one time we have strived to meet the urgent care standards but the increased demand for emergency care and the continued challenges to outflow across the emergency care pathway has inevitably put additional pressure on the ability to achieve the standards.

We continue to work with partners across Leicester, Leicestershire and Rutland to improve our emergency performance and the quality of care provided on the emergency care pathway relating to the length of time patients spend in our department.

Referral to treatment (RTT)

Performance against the referral to treatment target

Performance Indicator	Target	2019/20*	2018/19
RTT - incomplete 92% in 18 weeks	92%	**76.5%**	**84.7%**
RTT - waiting list size	2019/20 – 64,404 2018/19 – 64,751	**64,559**	**64,506**

Key: **Green = Target Achieved** **Red = Target Not Achieved**

The RTT standard measures the percentage of patients actively waiting for treatment. The RTT target was not achieved in 2019/20. Planning guidance for 2019/20 sets out the expectation that providers willachieve a smaller waiting list size at the end of March 2020 than March 2019.

Changes to national pension contribution resulted in a 25.9% reduction in non-contracted sessions. This, alongside increased emergency demand over winter, and the impact of COVID-19 resulted in reduced capacity with Leicester's Hospitals not achieving the planning guidance target.

The impact of winter and pension change was also felt in the number of patients waiting over 40 weeks for treatment. Through strong operational processes we were able to avoid any patients breaching the 52 week standard for treatment. This remains a key quality standard nationally and will remain priority for us throughout 2020/21.

Winter care

In the winter of 2019/20, in common with many other acute trusts, Leicester's Hospitals experienced compromised emergency department performance, increased numbers of patients in hospital for over seven days and high levels of occupancy (the number of beds filled). Despite the high demand on our hospital beds we ensured that over the winter months our patients were safe and received treatment as quickly as possible.

Having modelled the shortfall in beds against the predicted demand for 2020/21 we will be keeping our winter extra capacity beds open throughout the year in order to mitigate the shortfall in beds.

Cancelled operations and patients rebooked within 28 days

Performance against the cancelled operations targets

Performance Indicator	Target	2019/20*	2018/19
Cancelled operations	1.0%	**1.3%**	**1.1%**
Patients cancelled and not offered another date within 28 days	0	**353**	**248**

Key: **Green = Target Achieved** **Red = Target Not Achieved**

Cancelled operations in quarter 1 for 2019/20 outperformed the previous financial year. Unfortunately from quarter 2 Leicester's Hospitals experienced an increase in capacity related cancellations due to higher levels of emergency patients reducing the availability of surgical beds for elective surgery.

The increase in cancellations also regrettably led to an increase in the number of patients not offered a date within 28 days of a cancellation. Available capacity is prioritised with, clinically urgent, cancer and longest waiting patients and this sometimes means we are unable to re-book a patient within 28 days of their cancellation.

Increased competing pressures on available theatre capacity with clinically urgent patients, patients on a cancer pathway and long waiters means Leicester's Hospitals will continue to struggle to meet this target of zero.

Our Surgical Care Program will continue to work on reducing short notice cancellations for patients. This will also have a positive impact on our 28 day performance indicator.

In line with national guidance, and as part of the national response to COVID-19, we had to cancel many non-urgent procedures in the latter part of quarter 4. We worked hard to keep our patients safe and to protect operating theatre capacity for cancer patients and those in need of urgent surgery. All those who needed urgent treatment have had it where it has been safe to do so and all decisions regarding treatment continue to be clinically led to ensure patients are prioritised in the correct way.

Diagnostics

Performance against the diagnostic waiting times target

Performance Indicator	Target	2019/20*	2018/19
Diagnostic Test Waiting Times	1.0%	**4.6%**	**0.9%**

Key: **Green = Target Achieved** **Red = Target Not Achieved**

Disappointingly, we missed our 1.0% target for the year despite the annual trend to March 2020 being in line with our 2018/19 performance.

The decline in performance was driven by national guidance that mandated the cancellation of non-essential activity, including services such as pain management and audiology, which enabled social distancing in our hospitals and it is hoped, the transmission of the virus across our sites.

We expect that meeting diagnostic targets will continue to be challenging in 2020/21 while services are restored in line with COVID-19 guidance but continue to ensure that we are doing everything possible to return our diagnostics performance to normal levels.

Cancer targets

Performance against the cancer targets

Performance Indicator	Target	2019/20*	2018/19
Cancer: 2 week wait from referral to date first seen - all cancers	93%	**93.0%**	**92.3%**
Cancer: 2 week wait from referral to date first seen, for symptomatic breast patients	93%	**95.9%**	**79.3%**
All Cancers: 31-day wait from diagnosis to first treatment	96%	**92.8%**	**95.2%**
All cancers: 31-day for second or subsequent treatment - anti cancer drug treatments	98%	**99.6%**	**99.6%**
All Cancers: 31-day wait for second or subsequent treatment – surgery	94%	**81.1%**	**86.1%**
All Cancers: 31-day wait for second or subsequent cancer treatment - radiotherapy treatments	94%	**87.1%**	**97.9%**
All Cancers:- 62-day wait for first treatment from urgent GP referral	85%	**73.6%**	**75.2%**
All Cancers:- 62-day wait for first treatment from consultant screening service referral	90%	**84.0%**	**82.3%**

Key: **Green = Target Achieved** **Red = Target Not Achieved**

In 2019/20 we saw an increase in referrals to cancer across all tumour sites; this is positive for LLR patients as an increase in referral rates enables us to diagnose and treat cancer much quicker. There are national challenges in Urology capacity, Oncology staffing and regionally in robotic provision and we are working to manage this both internally and with regional teams. Despite the growth in referrals, we have seen the performance targets remain relatively stable.

In 2019/20 we also progressed the optimal lung pathway work and the rapid prostate pathway; both are now fully embedded and we are seeing better access and faster diagnosis as a result. We are awaiting the funding allocation for 2020/21. Once received this will enable further transformational work.

Meticillin Resistant Staphylococcus aureus (MRSA)

Performance against the MRSA targets

Performance Indicator	Target	2019/20*	2018/19
MRSA (All)	0	5	3

Key: Green = Target Achieved Red = Target Not Achieved

In 2018/19 there were 5 Meticillin Resistant Staphylococcus aureus (MRSA) blood stream infections reported, against a trajectory of zero avoidable cases. All 5 cases were deemed un-avoidable.

A Post-Infection Review (PIR) of all patients who have a Trust or non-Trust apportioned MRSA identified is undertaken. This is in accordance with the standard national process and involves a multiagency review of the patients care to determine if there have been any lapses of care which would have contributed to the infection and where lessons maybe learned to prevent further occurrence.

Pressure ulcers

Performance against the pressure ulcer targets

Performance Indicator	Target	2019/20	2018/19
Pressure ulcers category 4	0	0	0
Pressure ulcers category 3	27	4	7
Pressure ulcers category 2	84	61	62

Key: Green = Target Achieved Red = Target Not Achieved

Leicester's Hospitals are committed to reducing year on year the number of pressure ulcers that occur in our hospitals. This year we changed our approach to reviewing hospital acquired pressure ulcers to ensure that any learning from patient incidents is shared.

Through this scrutiny and challenge process Leicester's Hospitals have seen a year on year reduction in the number of avoidable pressure ulcers. This year we introduced a number of initiatives to improve care, including:

- Reviewing our approach to pressure ulcer validation , to ensure that all reported hospital acquired pressure ulcers are formally reviewed
- The celebration of national pressure ulcer day to raise awareness of strategies to prevent pressure ulcers, using a twitter campaign and local ward events
- Providing detailed analysis of all hospital acquired pressure ulcers, and aligning reporting in line with national guidance from NHS Improvement

Commissioning for Quality and Innovation payment framework (CQUINS)

The Commissioning for Quality and Innovation (CQUIN) payment framework aims to support a cultural shift towards making quality the organising principle of the Trust. It embeds quality at the heart of commissioner–provider discussions and it is an important lever helping to ensure that local improvement is discussed and agreed at board level within and between organisations.

A proportion of Leicester's Hospitals income in 2019/20 was conditional on achieving quality improvement and innovation goals through the Commissioning for Quality and Innovation (CQUIN) payment framework.

In 2019/20 Leicester's Hospitals had:

- Five NHS England specialised CQUIN schemes with a total value of £3,457,000.
- Five mandated national CQUIN schemes, each with a minimum weighting of £1,208,280

(Details of the agreed goals for 2019/20 are available at:https://www.england.nhs.uk/nhs-standard-contract/cquin/cquin-19-20/).

The combined 2019/20 CQUIN schemes were worth £9,498,400.

Payment through this year's national CQUIN schemes was based on performance falling between the minimum and maximum thresholds for each indicator, during each financial quarter with overall payment based on Q1-Q4 combined performance:

- If performance was at or below the minimum threshold no payment was achieved.
- Should performance lie between the minimum and maximum thresholds payment was proportionate.
- If performance reached or exceeds the maximum threshold, the payment achieved was 100%

For the five NHSE specialised CQUIN schemes the payment triggers were fully achieved. They were well supported and did not have the same level of risk associated with them as the national schemes.

Leicester's Hospitals did not fully meet the maximum threshold set for four of the national CQUIN schemes. The biggest financial loss was associated with two of the schemes, which were 'Three High-Impact Actions to Prevent Hospital Falls' and 'Anti-Microbial Resistant (AMR) - Lower Urinary Tract Infections in Older People'.

Against Q3 performance, the financial loss associated with the CQUIN schemes for 2019/20 was £1,285,096.

You can find out more about our CQUINS in our Quality Account which is available on our website.

Patient Information and Liaison Service

Feedback from our patients, their families and carers gives us a valuable opportunity to review our services and make improvements. The Patient Information and Liaison Service (PILS) is an integral part of the corporate patient safety team. The PILS service acts as a single point of contact for members of the public who wish to raise complaints, concerns, compliments or have a request for information.

The service is responsible for coordinating the process and managing the responses once the investigations and updates are received from relevant services or individuals. They are contactable by a free phone telephone number, email, website, in writing or in person.

PILS activity (formal complaints, verbal complaints, requests for information and concerns) by financial year - April 2015 to February 2020

	2016/17	2017/18	2018/19	2019/20
Formal complaints	1024	1281	1376	1562
Verbal complaints	1491	1557	1732	1640
Requests for information	404	230	205	177
Concern (excludes CCG & GP)	1392	1050	814	792
Total	4311	4118	4127	4171
% change of total against previous year	2% increase	4% decrease	0.3% increase	1% increase

Learning from complaints

Our Patient Information and Liaison Service (PILS) administer all formal complaints and concerns. Between April 2019 and February 2020 we received 1,562 formal complaints and 792 concerns.

Leicester's Hospitals achieved 80%, 80% and 74% for the 10, 25 and 45 day formal complaints performance respectively. The most frequent primary complaints themes are Medical care, Waiting times and Appointment issues.

Complaints are a vital source of information about the views of our patients, families and carers about the quality of our services and standards of our care. We are keen to listen, learn and improve using feedback from the public, Healthwatch, feedback from our local GPs and also from national reports published by the Local Government and Parliamentary Health Service Ombudsman.

We have continued to work collaboratively with commissioners and primary care on the transferring care safely process and the management of GP concerns.

This year we have seen a 17.2% decrease in GP concerns, the process is now embedded across the Clinical Commissioning Groups with good engagement from the majority of GP Practices. The most frequent GP concern themes are related to inaccurate discharge summaries and requests for GPs to undertake tasks that are not appropriate. The Transferring Care Safely Board has reviewed the Consultant to Consultant policy and an updated version of this will be circulated to the UHL Consultant body. It is the hope that with the circulation of the updated policy the prevalence of these themes will decrease.

Number of GP concerns by financial year (data as at 03/03/20)

Year	Number of GP Concerns
2017/18	592
2018/19	1,275
2019/20	1,056

Learning from complaints takes place at a number of levels. The service, department or specialty identifies any immediate learning and actions that can be taken locally.

A bi-annual report identifies themes, trends and suggestions for improvement based on a variety of feedback (complaints, friends and family test, social media, Patient Choices etc). This report is discussed at our Patient Involvement and Patient Experience Assurance Committee, Executive Quality Board and Quality Outcomes Committee.

Complaint data is triangulated with other information such as incidents, serious incidents, freedom to speak up data, inquest conclusions and claims information to ensure a full picture of emerging and persistent issues is recognised and described. This is undertaken in part at the Adverse Event Committee. Learning from complaints is shared with staff at a variety of meetings and is built into our safety and complaint training.

Many of the actions identified from complaints form part of wider programmes of work such as in our quality priorities and the safe and timely discharge work stream.

An annual complaints report is produced each summer and is available on our website.

Reopened complaints

Number of formal complaints received and number reopened by quarter April 2017 to February 2020

	Formal complaints received	Formal complaints reopened	% resolved at first response
2017/18 Q1	277	32	88%

2017/18 Q2	315	30	90%
2017/18 Q3	338	38	89%
2017/18 Q4	351	40	89%
2018/19 Q1	311	34	89%
2018/19 Q2	361	45	88%
2018/19 Q3	340	32	91%
2018/19 Q4	364	61	83%
2019/20 Q1	384	36	91%
2019/20 Q2	396	62	84%
2019/20 Q3	444	61	86%
2019/20 Q4	338	39	88%
Total	**4,219**	**510**	**88%**

Improving complaint handling

Throughout 2019/20, Leicester's Hospitals continued to participate in the Independent Complaints Review Panel process.

This panel reviews a sample of complaints and reports back on what was handled well and what could have been done better. This feedback which is used for reflection and learning included:

- Complaints handling overall in line with NHS Complaints regulations and meetings are offered to complainants where appropriate
- There is a need to reduce the amount of medical jargon used. The PILS team are encouraged to mirror the language and terminology used by the complainant to provide the most appropriately worded responses
- Responses do not consistently include actions/improvements that will be taken as a result of the complaint

This year to improve our complaints process and handling of cases we have:

- Updated our PILS patient information leaflet
- Started work on revising the consent element within the complaints process in line with best practice and national guidance.
- Started work to develop an electronic complaint satisfaction survey
- Been part of the Early Dispute Resolution pilot programme with the Parliamentary Health Service Ombudsman
- Developed and finalised our complaints intermediate training programme

Parliamentary Health Service Ombudsman

In 2019/20 we had fewer cases investigated and upheld by the Parliamentary Health Service Ombudsman, further details are provided below.

Parliamentary Health Service Ombudsman complaints - April 2016 to March 2019 (data as at 03/03/20)

	2016/17	2017/18	2018/19	2019/20
Awaiting outcome validation	0	0	0	1
Enquiry only - no investigation	0	0	1	0
Investigated - not upheld	3	6	4	0
Investigated - partially upheld	2	2	4	2
Investigated - upheld	1	0	0	0
Total	**6**	**8**	**9**	**3**

Freedom of Information

The Freedom of Information (FOI) Act was passed on November 30, 2000, and the full Act came into force on January 1, 2005. The Act applies to all public authorities. The purpose of the Act is to allow anyone, no matter who they are, to ask whether information on a particular subject is held by the trust and to ask to see that information. The Act sets out exemptions from that right, covering any information that may not have to be released. Due to the unprecedented clinical and operational pressures facing UHL because of COVID-19, the Trust decided to 'pause' the handling of FOI requests in mid-March 2020, to enable all staff to focus on responding to the pandemic.

All FOI requests received continued to be acknowledged, and the reason for the Trust's decision to pause the processing of those requests was explained. The Trust remains committed to openness and transparency, and the difficult decision to pause the processing of FOI requests was kept under ongoing review. The pause was still in place at the end of the 2019/20 financial year and the current intention is to resume the processing of requests in May 2020.

In 2019/20, we received 702 Freedom of Information requests and/or requests for environmental information, a decrease of 1.9% compared to 716 in 2018/19. We responded to 91.6% of these requests within the statutory 20 working-day deadline in 2019/20. These figures cover all FOI requests received during 2019/20, including those from mid-March 2020 to the end of March 2020.

Many of these requests contained multiple individual questions, with information obtained from more than one clinical or corporate area of our organisation. This amounted to 1,166 instances when colleagues provided information (compared to 1184 instances in 2018/19). See the table below.

Some information (such as Trust Board papers, and policies and guidelines) is already publicly available through the trust's FOI publication scheme, which can be found on our external website in the Freedom of Information section.

Freedom of Information/Environmental Information Regulation requests received between 1 April 2019 and 31 March 2020, split by Clinical Management Group (CMG)/Corporate Directorate

Area	Number of times asked to provide FOI data in 2019/20	Approx % of overall 2019/20 FOI activity (in terms of times needing to provide information)	% increase or decrease on their 2018/19 numbers
Finance and Procurement	142	12.1%	↓ **8.3%**
Clinical Support & Imaging CMG	139	11.9%	↑ **13%**
Operations	126	10.9%	↓ **5.9%**
Corporate Nursing	97	8.3%	↑ **5.4%**
Human Resources	87	7.5%	↓ **25.6%**
Cancer, Haematology, Urology, Gastroenterology & General Surgery CMG	85	7.3%	↑ **30.7%**
IM&T	78	6.7%	↓ **6.0%**
Women's and Children's CMG	66	5.7%	↓ **27.4%**
Facilities & Estates	62	5.3%	↑ **40.9%**
Corporate Medical	60	5.1%	↓ **9.1%**
Emergency and Specialist Medicine CMG	51	4.4%	↑ **6.3%**
Musculoskeletal and Specialist Surgery CMG	51	4.4%	↑ **2.0%**
Renal, Respiratory, CardioVascular CMG	40	3.4%	↑ **37.9%**
Corporate & Legal	31	2.7%	↓ **20.5%**
Critical Care, Theatres, Anaesthesia, & Sleep CMG	27	2.3%	↑ **22.7%**
Strategy	12	1.0%	↓ **29.4%**
Communications	5	0.4%	↑ **25.0%**
Research and Innovation	4	0.3%	↔ **0%**
The Alliance	3	0.3%	↑ **200%**
Total	**1166**		

Data note: some requests required a response from all/multiple clinical and corporate areas, which is why the numbers shown above, (which add up to 1166 times that areas had to provide information) are higher than the total of 702 requests received.

Health and safety

During 2019/20, critical work has included development of an anti-ligature policy and completion of ligature risk assessments for identified high risk areas.
Highlights of initiatives undertaken during the year include:

- Revisions to the Health and Safety eLearning training programme to include additional information on both the Control of Substances Hazardous to Health (COSHH) and the anti-ligature policy, following Estates and Facilities Alerts (EFA notices) received by the Trust.
- Improvements to the data collection process in the Health and Safety Environmental Audit to enable better analysis and target areas for support.

In 2019/20, we reported a total of 35 injuries to the Health and Safey Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013 (the most serious category of reported injury). This was a reduction of 14 from the previous year. For 2020/21 we have set a target of no more than 45 incidents.

There have been no enforcement notices issued to us from the Health and Safety Executive this year for the areas covered by our remit.

Manual handling

Working with Medical Physics a number of patient hoists were replaced last year. More hoists have now been identified, which also require replacement, however the funding for this has yet to be established.

The rise in bariatric admissions seen over the previous years has continued this year, which has put an increased demand on the service and the Trust is now incurring extra cost in equipment rental.

Security management

In 2019/20, there was a slight reduction overall in the number of reported assaults against staff, compared to the previous year. The good news is that within these figures, there was a marked decrease in the number of reported physical assaults, which went down from 97 to 45.

Following extensive planning, Body Worn Cameras are now being used by the Trust's security officers on the three hospital sites. This has had an impact on the number of assaults as people tend to modify their behaviour when they know they are being filmed. The footage also provides valuable evidence for the police.

In addition, Leicestershire Police officers were based in the Emergency Department at the LRI every Friday and Saturday night for a trial period of three months. The joint working

initiative was well received by staff within the department and had a positive effect on the number of police call outs. It is hoped the scheme can be continued next year if funding can be agreed through the night-time economy initiative.

Providing spiritual and religious care

When someone is in hospital we also care for their pastoral, spiritual and religious needs. We are here to support those who face emotional distress arising from questions concerning life, death, meaning and purpose - questions that can be acutely highlighted by illness and suffering. And during the Coronavirus pandemic the chaplains have been busy providing valuable support to patients and staff.

Our diverse team includes Christian, Hindu, Muslim, Non-religious and Sikh chaplains - ensuring that patients can ask to speak to someone “like-minded” as they grapple with the questions they face. We offer support to patients or families in urgent situations, especially around the time of a death, 24 hours-a-day, seven-days-a-week.

Our work is supported by over 60 volunteers who have together given 3,000 hours to the hospitals. In all, our chaplains and chaplaincy volunteers made approximately 12,500 patient contacts - an invaluable part of our commitment to delivering "Caring at its Best". We provide multi-faith chapels and prayer facilities on each site, for the use of patients, visitors and staff. These provide a place for prayer or quiet contemplation and they are in constant use.

Our Sustainability Report

Our Estates and Facilities Teams are committed to implementing sustainability across a diverse range of services including procurement. This direction is reinforced within the revised Estates and Facilities 5-Year Strategy, and Development Control Plans 2020. The plans outline the project designs and associated deliverables, to implement an effective sustainable environment. This will give the foundation for our future, ensuring our commitment to “providing a sustainable, safe and welcoming environment, where clinical care of the highest standard can be delivered”.

We have Chair representation of the Energy and Sustainability Group. This forum will provide technical and statutory guidance in support of our Sustainability Development Management Plan.

The Technical Compliance Team have advised and promoted elements of sustainability. This has ensured new projects; new works and refurbishments incorporate the most effective, “Low Carbon Technology” available within limited resources.

We completed & submitted the various statutory annual reports as listed below.

- Estates Return Information Collection (ERIC)
- Property Assurance Model Report (PAM)
- European Union Emissions Trading Scheme (EUETS)
- Medium Combustion Plant Directive (MCPD)
- Combined Heat & Power Quality Assurance (CHPQA)

Energy and sustainability projects

During 2019/20 the Estates and Facilities have successfully built/refurbished and commissioned the following:

- Installed a 1.6 Mw generator and an electrical panel board replacement (GH)
- Built 3 rooftop wards, Interventional Radiology and an Intensive Care Unit – operational 2021 (GH)
- East Midlands Congenital Heart Centre Construction and infrastructural works commenced (LRI)
- Endoscopy Decontamination commissioned (GH)
- Installed and commissioned an 11KV high voltage intake substation (GH)

All the above included the use of “Low Carbon Technology” and the incorporation energy efficient management strategies. They included LED lighting (currently additional external funding is being sourced), Variable Speed Drives, High Efficiency Pumps and Motors, Building Management Systems, insulation and boilers. The adoption of good working practices and housekeeping is actively promoted. Resources have concentrated on planning the delivery of the 3 additional roof top wards, Interventional Radiology unit and the Adult Intensive Care Unit at GH. Also the development of the relocation plans for the Congenital Heart Unit to the LRI. The enabling works have commenced with an expected beneficial clinical use during 2020.

Heating and power

This period the CHP units have improved their availability as they have been fine tuned to the sites demand.

Apr 19 - Mar 20	LRI	GH	Total
CHP gas used	36,670,457	6,657,273	43,327,730
CHP Elec Generated	12,203,562	2,541,315	14,744,877
CHP Heat Generated	8,362,800	2,583,720	10,946,520
Est. CO2 Saving	1,144	613	1,757
hours run	8,048	3,384	11,432
Est. Cost Saving	£428,655	£139,262	£567,917
Est. Cost Saving/hr	£53.26	£41.15	£49.68

The table and graphs below indicate that our fuel mix has changed due to the lower CHP availability. Grid electricity has increased; gas has decreased as the CHP units have unfortunately performed to a lower level. This has still assisted in reducing the Trust's overall emissions. The data takes account of an increase in patient activity / demand for your services, poor winter conditions, and the increase cost in utilities from our suppliers.

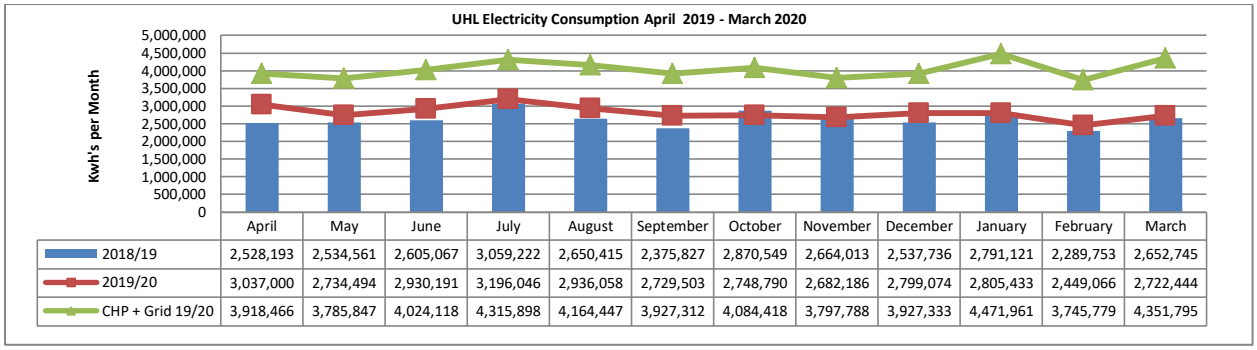
One of the objectives within our Sustainable Management Development Plan (SDMP) was a 28% reduction to our 2012/13 baseline emissions of 41,334 tCO_2 to 29,760 tCO_2 by 2020. The trust attained a 27.51%.

An improvement in the CHP availability, our continued good housekeeping and investment in low carbon technology will realign our revised target for our 2022 emissions.

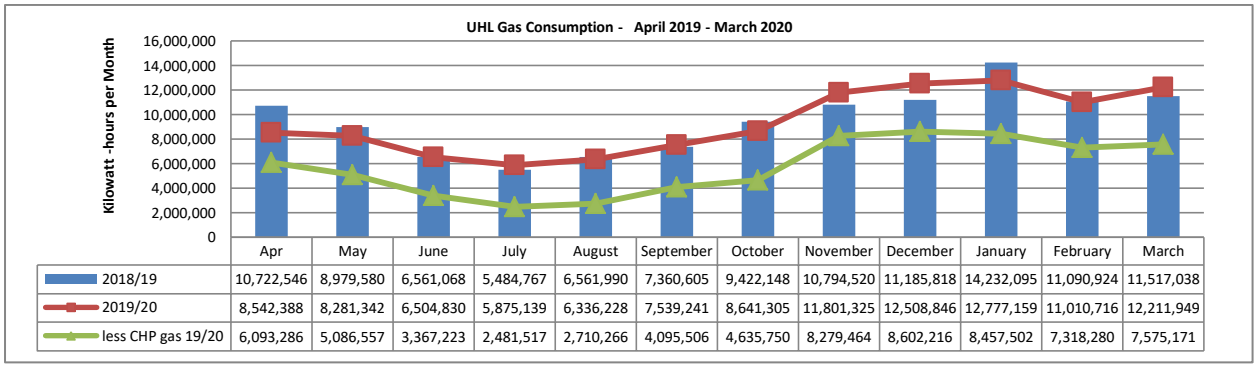
Description	Gas	Grid Electricity	Totals	Cost	CO_2 Emissions	CO_2 Emissions
Year	Usage (KWh)	Usage (KWh)	(KWh)	Costs (£)	(Tonnes)	(CRC Cost)
2006/07	116,873,611	29,357,222	146,230,833	£5,252,319	37,531	N/A
2007/08	99,831,667	30,681,111	130,512,778	£4,403,428	35,090	N/A
2008/09	109,781,944	33,822,222	143,604,167	£7,320,137	38,633	N/A
2009/10	93,697,272	36,426,819	130,124,091	£5,136,734	36,910	N/A
2010/11	96,694,476	39,489,130	136,183,606	£5,282,765	39,236	N/A
2011/12	85,673,210	42,535,080	128,208,289	£6,479,603	38,881	£376,571
2012/13	86,601,762	46,390,022	132,991,784	£7,223,638	41,334	£404,539
2013/14	83,164,032	48,522,097	131,686,129	£7,995,022	40,724	£400,777
2014/15	92,086,201	38,205,678	130,291,879	£7,072,683	36,950	£281,979
2015/16	101,496,587	32,832,008	134,328,594	£6,390,731	36,138	£291,598
2016/17	110,655,067	29,972,229	140,627,296	£5,485,501	33,707	£281,694
2017/18	111,562,261	31,665,782	143,228,042	£6,344,521	32,567	£313,497
2018/19	113,913,099	31,581,628	145,494,728	£7,108,306	30,543	£297,372
2019/20	**112,030,467**	**33,770,285**	**145,800,752**	**£8,374,449**	**29,961**	**N/A**
2020/21 3%	108,669,553	32,757,176	141,426,729	£8,876,916	29,062	N/A
2021/22 3%	105,409,466	31,774,461	137,183,927	£9,409,531	28,191	N/A
Annual Change	1,882,632	-2,188,657	-306,024	-£1,266,143	582	N/A
% age change	1.65%	-6.93%	-0.21%	-17.81%	1.91%	N/A
2012/13 Change	-25,428,705	12,619,737	-12,808,968	-£1,150,811	11,373	N/A
% age change	-29%	27.20%	-10%	-15.93%	**27.51%**	N/A

Assumptions considered being influential elements to the consumption and cost.

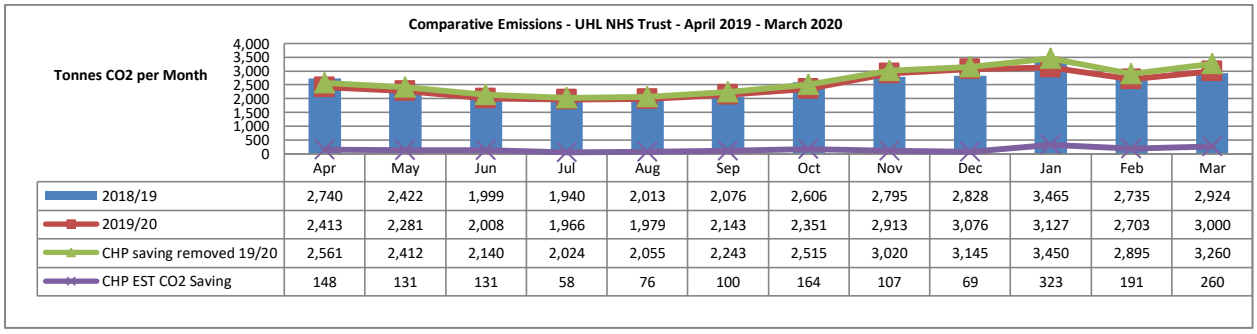
- Consumption of power and or gas depends on activity, weather and the availability of the CHP units – just for volume.
- Cost of the utilities as commodity and non-commodity which is made up of several components plus the activity on the site and the CHP unit's availability.



	April	May	June	July	August	September	October	November	December	January	February	March
2018/19	2,528,193	2,534,561	2,605,067	3,059,222	2,650,415	2,375,827	2,870,549	2,664,013	2,537,736	2,791,121	2,289,753	2,652,745
2019/20	3,037,000	2,734,494	2,930,191	3,196,046	2,936,058	2,729,503	2,748,790	2,682,186	2,799,074	2,805,433	2,449,066	2,722,444
CHP + Grid 19/20	3,918,466	3,785,847	4,024,118	4,315,898	4,164,447	3,927,312	4,084,418	3,797,788	3,927,333	4,471,961	3,745,779	4,351,795



	Apr	May	June	July	August	September	October	November	December	January	February	March
2018/19	10,722,546	8,979,580	6,561,068	5,484,767	6,561,990	7,360,605	9,422,148	10,794,520	11,185,818	14,232,095	11,090,924	11,517,038
2019/20	8,542,388	8,281,342	6,504,830	5,875,139	6,336,228	7,539,241	8,641,305	11,801,325	12,508,846	12,777,159	11,010,716	12,211,949
less CHP gas 19/20	6,093,286	5,086,557	3,367,223	2,481,517	2,710,266	4,095,506	4,635,750	8,279,464	8,602,216	8,457,502	7,318,280	7,575,171



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2018/19	2,740	2,422	1,999	1,940	2,013	2,076	2,606	2,795	2,828	3,465	2,735	2,924
2019/20	2,413	2,281	2,008	1,966	1,979	2,143	2,351	2,913	3,076	3,127	2,703	3,000
CHP saving removed 19/20	2,561	2,412	2,140	2,024	2,055	2,243	2,515	3,020	3,145	3,450	2,895	3,260
CHP EST CO2 Saving	148	131	131	58	76	100	164	107	69	323	191	260

Travel management

The Trust's approach to transport is to provide a mixture of sustainable travel options and parking facilities. At the end of 2018 we appointed an outside consultant to work with us on an updated Travel Plan, which is nearing completion.

The Travel Plan will set out the Trusts strategy for reducing dependency on the private car, while facilitating and encouraging travel by healthier, more sustainable modes. In tandem with promoting alternative modes of transport, the plan will look at car park provision, as well as footfall changes over the next five-to-seven years and the associated transport/travel impact. Transport and travel initiatives in the last year include:

- Promotion of alternative travel modes throughout the Trust including Park and Ride services
- The patient and visitor multi-storey car park which opened on 1st February 2016 includes over 430 additional spaces which incorporate 21 disabled bays
- Provision of a dedicated drop off and pick up area at the main surface level car park at the Leicester Royal Infirmary
- Creation of a small public car park near to the main adult Emergency Department to facilitate flow in this area
- Reassigning an area of parking at the Leicester General from staff to public to assist with a new clinic
- The Trust offers a variety of saver tickets for patients and prime carers
- We are working with the police to promote security of cycles including bike marking and free D locks and with the city council and sustains to promote cycle surgeries across all three sites
- We continue to promote the Cycle to Work scheme i.e. purchasing a bike through salary sacrifice
- Review of staff parking arrangements, reissuing permits based upon a new criteria that focuses on work-related travel
- We continue to audit car parks and the use of the car parks using access data as and when available. We continually review the issuing of parking permits
- Our Hospital Hopper service continues to carry over 12,000 people a week across Leicester and between the three hospital sites
- Working with the city council to support national bids for sustainable transport, it is hoped that in partnership we may be able to improve the Hopper service
- Working with go-travel-solutions to promote city-wide sustainable transport schemes such as Arriva Click

Our Accountability Report

The Accountability Report sets out how we meet key accountability requirements to Parliament. It comprises three key sections:

The Corporate Governance Report sets out how we have governed the organisation during 2019/20, including membership and organisation of our governance structures and how they support achievement of our objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement.

The Remuneration and Staff Report sets out our remuneration policies for non-executive directors and executive directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities. It also provides further detail on remuneration and staff.

The Parliamentary Accountability and Audit Report brings together key information to support accountability to Parliament, including a summary of fees and charges, contingent liabilities and the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Corporate Governance Report

Directors' Report

Trust Board

Our Trust Board comprises thirteen voting members: a Trust Chair, seven Non-Executive Directors, and five Executive Directors. A number of other Executive Directors also attend Board meetings in an advisory (non-voting) capacity.

The table below provides information on the declarations of interests entries made by Trust Board members and attendees for the year 2019/20. Required elements will also be provided to External Audit as part of the 2019/20 annual accounts work (related party transactions).

What is a Non-Executive Director?

The role of Non-Executive Directors is different to that of an Executive Director. They do not have responsibility for the day to day management of the Trust, but share the Board's corporate responsibility for ensuring that the Trust is run efficiently, economically and effectively. They will scrutinise the executive management's performance in meeting agreed goals and objectives and monitor the reporting of performance.

Non-Executive Directors must satisfy themselves about the integrity of financial information and that financial controls and a sound system for the management of risk are in place. They will seek to establish and maintain public confidence in the Trust, and must be independent in judgement and constructively challenge and help develop decisions and strategy for which they bear equal responsibility.

To be effective a Non-Executive Director needs to be well-informed about the Trust and have a good grasp of the relevant issues.

Our Non-Executive Directors bring independence, external perspectives, skills and challenge to strategy development and hold our Executive Team to account for the delivery of the strategy.

They actively support and promote a healthy culture for the organisation and this reflects in their own behaviour. It is imperative that they provide visible leadership in developing a healthy culture so that staff believe Non-Executive Directors provide a safe point of access to the Board for raising their concerns.

Some of the Non-Executive Directors chair key committees that support accountability. Individual Non- Executive Directors are members of specific Board Committees, although papers for all those meetings are available to all Non-Executive Directors, if they wish to see them.

The Trust Chair and all Non-Executive Directors are members of the Trust's Remuneration Committee.

Trust Board Meetings

Our Trust Board meetings are held in public and details of dates are on our public website. The meetings move between our three hospital sites, and both staff and members of the public are welcome to attend the public session of each meeting. During the COVID-19 pandemic, our Trust Board meetings have been held virtually, with members of the public able to join to observe and to ask questions.

Partners on our Trust Board

A nominated representative of Leicester and Leicestershire Healthwatch attended and contributed to our public Trust Board meetings as a non-voting/co-opted member – Ms Harsha Kotecha took over this role in October 2018. We hope that by having a representative of Healthwatch at the Board table, it opens up the Board to a different perspective – that of the patient/public voice – which serves to enrich the Board's deliberations and decisions.

Openness and accountability

We have adopted the NHS Executive's code of conduct and accountability, and incorporated them into our corporate governance policies (our Standing Orders, Standing Financial Instructions and Scheme of Delegation).

Annual Governance Statement

This Annual Governance Statement has been written retrospectively and reflects the internal control environment during 2019/20 to the best of our knowledge.

Since 2019/20 there have been a number of changes to the UHL Board of Directors, including the Chief Executive and Chair. This statement is adopted by the current Chief Executive, Richard Mitchell, but it should be understood the performance of 2019/20 was not carried out under his leadership.

In 2019/20 the Trust identified a number of further significant control issues which impacted on our overall performance; including financial and cultural governance. This statement gives an account of the remedial actions which have been, and are being, taken.
The delivery of the 2019/20 Audit has taken place over a two-year period, allowing the Trust to undertake considerable restatement work and provide additional draft versions of the financial statements for audit. The delays and changes to the financial statements were caused by an inappropriate focus on achieving the control total, poor management controls and override by management of controls. Action has now been taken to resolve these matters, including detailed plans for improvement.

The initial audit was completed in October 2020. Our external auditor concluded that there was a risk of further material error and informed the Trust that a disclaimer form of opinion would be issued. Given the findings, the interim Chief Financial Officer did not present the Statutory Accounts for the financial year 2019/20 to the December 2020 Board. A decision was made to restate the accounts. This was completed in June 2021 and the audit was completed by December 2021. The accounts were adopted in March 2022. A disclaimed opinion has been issued due to the risk of further misstatement arising from undetected error or management override of control.

The Trust has been in deficit since 2013/14 and has a reported deficit for 2019/20 of £124 million. As such the Trust remains in breach of its statutory duty to breakeven. We further note the Trust was unable to adopt or approve an Annual Report or an Annual Governance Statement or hold an Annual Public Meeting in 2019/20 in line with statutory agreed timetable. This is a breach of statutory responsibilities and falls below the standards expected of a public sector body.

The Trust has continued to address the financial situation, and internal culture, with the help of NHS England and external partners since the scale of the situation was uncovered.

Statement of Responsibility – Richard Mitchell, Chief Executive (commenced appointment October 2021)

As the current Accountable Officer, I have inherited the current internal control system and have become responsible for maintaining a sound system of internal control that supports adherence to our policies and the achievement of our aims and objectives, whilst

safeguarding both 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 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.

In undertaking this role, my team and I have developed strong links with NHS England/Improvement, local Clinical Commissioning Groups, and other partner organisations. In particular, the Trust plays an important role in the Leicester, Leicestershire and Rutland (LLR) Sustainability and Transformation Partnership, which aims to reshape the provision of health services in LLR by integrating the activities of NHS organisations and local authorities to improve outcomes for patients, and to deliver care more efficiently.

As the Accountable Officer, 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 NHS England's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of the Trust; and
- 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 at University Hospitals of Leicester NHS Trust for the financial year ended 31st March 2020 and up to the date of the approval of the annual accounts. During the financial year 2019/20 there was a fundamental breakdown in the system of internal control, combined with under investment in the finance team.

The Governance Framework of the organisation

Trust Board composition and membership

The Trust Board comprises thirteen voting members: a Trust Chair, seven Non-Executive Directors, and five Executive Directors. A number of other Executive Directors also attend Board meetings in an advisory (non-voting) capacity.

Paul Traynor served as Chief Financial Officer until 31st October 2019 when he left the Trust; Chris Benham briefly served as Acting Chief Financial Officer between 1st November and 11th December 2019 before he, too, left the Trust; and Simon Lazarus joined the Board as Interim Chief Financial Officer on 12th December 2019.

Andy Carruthers, who attends Board meetings but not in a voting capacity, was appointed substantively to the post of Acting Chief Information Officer from 1st March 2020.

In summary, the process of making both interim and substantive appointments to the Trust Board was complete.

Performance Management Reporting Framework

The Trust receives reports on key issues at each public Board meeting and a Quality and Performance Dashboard forms part of this report.

To ensure the Board is aware to a sufficient degree of granularity of what is happening in the hospitals, a comprehensive quality and performance report is reviewed monthly at a joint meeting of the Board's People, Process and Performance Committee (PPPC) and Quality and Outcomes Committee (QOC). This report is also published as part of the Trust's Board papers.

The monthly report:

- is structured across the domains: 'safe', 'caring', 'well-led', 'effective' and 'responsive';
- includes information on the Trust performance against NHS E/I Single Oversight Framework;
- includes performance information in the form of statistical process control charts;
- is complemented by exception reports and commentaries from the accountable Executive Directors identifying key issues to the Board and, where necessary, corrective actions to bring performance back on track.

The formal Board performance management reporting framework is accompanied by a series of measures to achieve a more interactive style of governance, moving beyond paper reporting.

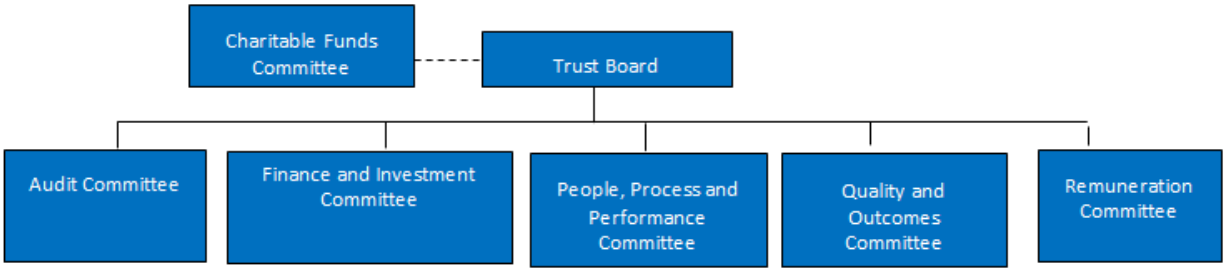
Examples include:

- staff and patient stories, which are presented in public at each Board meeting. These shine a light on staff experiences and individual experiences of patient care provided by the Trust, and act as a catalyst to our commitment to continuous improvement; and
- Board leadership walkabouts carried out by Board members.

These arrangements allow Board members to help model our values through direct engagement, as well as ensuring Board members take back to the boardroom an enriched understanding of the lived reality for staff, patients, and the public.

Committee Structure

The internal committee structure strengthens our focus on quality governance, finance, people, process and performance, and risk management. The committees carry out detailed work of assurance on behalf of the Trust Board. A diagram illustrating the Board committee structure is set out below:



Board committees are chaired by a Non-Executive Director and comprise a mixture of both Non-Executive and Executive Directors within their memberships. The exceptions to this are the Audit Committee and the Remuneration Committee, which (in accordance with NHS guidance) comprise Non-Executive Directors exclusively.

The Audit Committee is established under powers delegated by the Trust Board, with approved terms of reference that are aligned with the NHS Audit Committee Handbook. The Committee has met on six occasions throughout the financial year with additional meetings when required to discuss specific items regarding the Annual Report and Accounts. It has discharged its responsibilities for scrutinising the risks and controls which affect all aspects of the Trust's business. The Audit Committee receives reports at each of its meetings from the External Auditor, Internal Auditor, and the Local Counter-Fraud Specialist, the latter providing the Committee with assurance on our work programme to deter fraud.

The Finance and Investment Committee meets monthly with its purpose to oversee the effective management of our financial resources and financial performance across a range of measures. The Quality and Outcomes Committee also meets monthly and seeks assurances that there are effective arrangements in place for monitoring and continually improving the quality of healthcare provided to patients.

To strengthen the focus on workforce issues, and on organisational systems, processes and performance management, the Trust Board has established a People, Process and Performance Committee. This Committee meets monthly, and amongst the standing items which feature on its agenda are (a) workforce issues – including regular review of the Workforce Strategy (UHL People Plan) and the Trust's progress against its equality and diversity plan; (b) urgent and emergency care performance; and (c) performance against the cancer waiting time standards.

The minutes of each Board committee meeting are submitted to the next available Trust Board meeting for consideration. Recommendations made by the committees to the Trust Board are clearly identified on a cover sheet accompanying the submission of the minutes to the Board.

The Chair of each Committee personally presents a summary of the Committee's deliberations, highlighting material issues arising from the work of the Committee to the Board.

Every meeting of the Trust Board and each Board Committee meeting was quorate during 2019/20.

Attendance at Board and committee meetings

The attendance of the Trust Chair, individual Non-Executive Directors, Executive Directors, and Corporate Directors at Board and committee meetings during 2019/20 is set out in Appendix 1 to this Statement. The table reflects instances of attendances for either the whole or part of the meeting and applies to formal members and/or regular attendees as detailed in the terms of reference for each body.

Board effectiveness

On joining the Board, Non-Executive Directors participate in a full induction programme and are given background information about the Trust and our activities.

Our Board recognises the importance of effectively gauging its performance so it can draw conclusions about its own strengths and weaknesses and take necessary steps to improve. As a Board we are keen to ensure we are:

- operating at maximum efficiency and effectiveness;
- adding value; and
- providing a yardstick by which the Board can both measure its own effectiveness and prioritise its activities for the future.

Outside of its formal meetings, the Board has continued to hold development sessions ('Thinking Days') each month throughout the year. Amongst the topics considered were:

- integrated care systems;
- the Leicester, Leicestershire and Rutland Frailty Programme;
- NHS England's/Improvement's Culture and Leadership Programme;
- the implementation of the Quality Strategy;
- cyber and security training.

The Chair set objectives for the Chief Executive and for the Non-Executive Directors for the year. In turn, the Chief Executive set objectives for the Executive Directors and Corporate Directors in relation to the delivery of the 2019/20 Annual Plan. Performance against objectives is reviewed formally on an annual basis by the Chair and Chief Executive, respectively, and the results are reported to the Remuneration Committee for consideration.

It is recognised that the Trust Board during 2017/18, 2018/19 and 2019/20 did not effectively challenge management particularly in relation to application of accounting policies, practices and schemes. The financial pressure on the Trust combined with lack of challenge resulted in inadequate governance and prioritised delivery of the control total rather than sustained financial recovery and achievement of value for money.

Corporate Governance

In managing the affairs of the Trust, the Board committed to achieving high standards of integrity, ethics and professionalism across all areas of activity. As a fundamental part of this commitment, the Board also set out to achieve the highest standards of corporate governance within the statutory framework.

We have in place a suite of corporate governance policies which are reviewed and updated as required. These include standing orders, standing financial instructions, a scheme of delegation, and policies to counter fraud, bribery and corruption.

The Board subscribes to the NHS Code of Conduct and Code of Accountability and has adopted the Nolan Principles, 'the seven principles of public life'. In addition, The Trust supports the Code of Conduct: "Standards for NHS Board members and members of Clinical Commissioning Group governing bodies in the NHS in England" (Professional Standards Authority: November 2012).

NHS Trusts are subject to oversight by NHS England/Improvement who use the Single Oversight Framework (SOF) for this purpose. The SOF bases its oversight on the NHS provider licence. NHS Trusts are therefore legally subject to the equivalent of certain provider licence conditions and NHS Improvement has directed that NHS Trusts must self-certify compliance with licence conditions G6 and FT4, respectively.

The Trust Board undertakes a self-assessment of compliance against these conditions annually, having regard to guidance issued by NHS Improvement, and where necessary identifies actions to mitigate risks to compliance.

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 national guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

The stewardship role of the Board is important. It is important that the tone of the Board is appropriate and operates in accordance with the NHS Code of Conduct to this end. The Board during the period 2017/18 to 2019/20 did not meet the standard expected of a well governed public sector organisation. Governance failings at the Trust resulted in inadequate arrangements in relation to informed decision making and poor arrangements for securing value for money. These governance arrangements are now being addressed.

Information Governance

We recognise the importance of robust information governance. The Chief Information Officer is the designated Senior Information Risk Owner, while the post of Medical Director is designated as the Caldicott Guardian.

All NHS Trusts are required annually to carry out an information governance self-assessment using the NHS Data Security and Protection Toolkit. This contains 10 standards of good practice, spread across the domains identified below and, for 2019/20, we declared general compliance:

1. robust patient confidential data processes;
2. staff training around patient confidential data;
3. staff training for the General Data Protection Regulation (GDPR);
4. accessing of patient confidential data by appropriate personnel;
5. strategy, policy and process review;
6. cyber attack prevention;
7. continuity planning;
8. strategy for unsupported software;
9. cyber attack strategy; and
10. contract management.

During the year, we reported to the Information Commissioner's Office one serious untoward incident involving a lapse of data security. We have taken action to apply the lessons from this episode, and the Information Commissioner has closed the case.

In respect of other personal data related incidents experienced during the year, we have carried out investigations to ensure that the root causes are properly understood and addressed; in addition, where necessary, patients have been contacted to inform them of the lapses and to provide them with assurance about the actions we have taken to prevent recurrence.

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

The Trust's clinical and non-clinical activities are managed under a devolved management structure, governed by a scheme of delegation which is reviewed on an annual basis and updated when required.

The clinical management structure within the Trust supports the effective leadership of clinical services and ensures effective care. This management structure consists of 7 Clinical Management Groups (CMG), with each CMG having a leadership team that comprises a senior clinician, senior nurse and senior manager. This core team is supported by the Human Resources team and information and performance colleagues, with finance support provided through embedded heads of finance and an associated CMG-based finance team.

The corporate directorate structure supports the organisation and provides corporate services to the CMGs. This management structure consists of 10 corporate directorates with each directorate being led by a Director, with finance support provided through the corporate finance function.

The Trust maintains a focus on performance management, with all CMGs and Directorates bearing responsibility for the delivery of quality, financial and other performance targets.

Performance is monitored through a system of performance agreements which are agreed and documented as part of the annual business planning cycle and reviewed through a series of monthly performance review meetings, chaired by a Board-level Executive Director, operating under the Trust's Performance Management and Accountability Framework.

The Trust continued to adopt a project-based approach to savings delivery in 2019/20 through an established cost improvement programme underpinned by project management office arrangements. Non-recurrent benefits have closed this savings gap in-year, and we are aware that this position creates a further financial challenge heading into the next financial year.

The Finance and Investment Committee did not provide assurance to the Trust Board as to the achievement of the financial plan and priorities. The intended role of the of the Finance and Investment Committee is to act as the key forum for the scrutiny of the robustness and effectiveness of all cost efficiency opportunities. This Committee interfaces with the other Trust Board Committees and Executive Board meetings, and also reviews the process of business planning, specific business case development, and capital programme management.

The Trust has developed an internal audit programme, based on key business governance themes, with Internal Audit provider PricewaterhouseCooper (PwC), designed to enhance focus on business governance and to support improved compliance.

Each NHS Trust is required to ensure that its revenue income meet its revenue outgoings. NHS Trusts should normally plan to meet this duty by achieving a balanced position on their income and expenditure account each and every year, although the Accountability Act 2014, as minimum requires a provider to achieve break-even taking one year against another over a three-year rolling period. The Trust has failed to break even taking one year against another over a three-year rolling period.

The Trust recognises that this position is set within the context of a wider sustainability gap across the local health economy. To address this challenge, work remains ongoing through the Trust's longer term reconfiguration programme that is inherently linked to the Leicester, Leicestershire and Rutland Sustainability and Transformation Partnership that includes local health and social care partners.

In 2019/20 we identified a number of significant control issues which have impacted on our overall performance; including financial and cultural. The Trust has continued to address the financial situation with the help of NHS England and external partners since the scale of the situation was uncovered.

Workforce

In October 2018, NHS Improvement published 'Developing Workforce Safeguards' to help Trusts manage common workforce problems. From April 2019, NHS England/Improvement assesses all providers against their compliance with the guidance in order to support a consistent approach to workforce decision-making.

The Trust Board has in place an approved five year Strategic Workforce Plan which sets out the Trust's short, medium and long-term actions to ensure appropriate levels and skills of staff are available to deliver safe, high quality care to patients and service users.

To complement this plan, in March 2019 the Trust Board approved our People Strategy, 'Becoming the Best through our people', which sets out how we will ensure we have the right people with the right leadership capability, behaviours and skills to deliver 'Caring at its

Best'; and how we will prioritise and address critical workforce gaps. To this end, our Nursing and Midwifery Workforce Plan and Medical Workforce Plan form part of the Strategy.

As part of the Annual Operational Plan 2019/20, approved by the Trust Board in April 2019, the following was identified:

- workforce planning methodology,
- current workforce challenges and risks,
- long-term vacancies,
- how the Trust workforce plans align with the Leicester, Leicestershire and Rutland Sustainability and Transformation Partnership Plan, and
- new initiatives to be taken forward with the benefit of funding provided by Health Education East Midlands.

The Trust's workforce plans have been refreshed for 2020/21 and details are set out in the Annual Operational Plan 2020/21.

At Executive level, the Chief Executive chairs bi-monthly meetings of the Executive People and Culture Board to oversee the implementation of the Trust's workforce plans.

Acting on behalf of the Trust Board, the People, Process and Performance Committee meets monthly and provides assurance that staffing processes are safe, sustainable and effective.

The Chief Nurse has assessed the requirements set out in 'Developing Workforce Safeguards' and has concluded the Trust is compliant with this guidance in respect of the nursing workforce.

Other professional groups do not currently have in place the same level of evidenced-based, national benchmarking tools to provide assurance on safe staffing levels. However, the Trust uses professional judgement to define and monitor safe staffing levels and risks are managed in line with the Trust's risk management processes, and via other mechanisms, eg the deployment of the electronic rostering system, and review of reports prepared quarterly by the Junior Doctors' Guardian of Safe Working (received by the People, Process and Performance Committee and Trust Board).

The Trust has in place appropriate workforce strategies and staffing systems in compliance with the Developing Workforce Safeguards recommendations.

The risk and control framework

Capacity to handle risk

The Trust's Board-approved Risk Management Policy describes an organisation-wide approach to risk management, supported by effective and efficient systems and processes. The Policy clearly describes the Trust's approach to risk management and the roles and responsibilities of the Trust Board, management, and all staff.

The Medical Director is the lead Director for risk management at the Trust and is supported in this role by the Director of Corporate and Legal Affairs, Director of Safety and Risk and Risk and Assurance Manager, respectively. Staff are trained to manage risk in a way appropriate to their authority and duties via the risk management awareness training programme.

The review of risk registers is a standing item on the agenda of each monthly performance review meeting held between the Executive Directors and individual Clinical Management Group and senior management teams. Risks which threaten the achievement of the Trust's strategic objectives and which feature on the Board Assurance Framework are reviewed at each Executive Board meeting.

The Trust's major risks in 2019/20 (as featured on the Board Assurance Framework) are set out below:

- failure to deliver key performance standards for emergency, planned and cancer care;
- failure to recruit, develop and retain a workforce of sufficient quantity and skills;
- serious disruption to the Trust's critical estates infrastructure;
- serious disruption to the Trust's critical IT infrastructure;
- failure to meet the financial control total including through improved productivity.

Good risk management encourages organisations to take well-managed risks that allow safe development, growth and change. However, it is impossible to eliminate all risks, and every organisation has to live with a degree of risk. Through its review of the Board Assurance Framework, the aim is that the Trust Board will be able to decide the balance between the cost of mitigating risks, tolerating risks and accepting risk which is not mitigated – in other words, to determine the Trust's risk appetite. The Trust Board accepts that further work is necessary to meet this aim and planned changes to the Framework, to be implemented in 2020/21, will assist in meeting this objective.

All key strategic risks are documented in our Board Assurance Framework. Each strategic risk is assigned to an Executive Director as the risk owner and the Executive Team reviews the Framework on a monthly basis. Key risks to the achievement of these objectives, the controls in place and assurance sources, along with any gaps in assurance, are identified and reviewed. The key issues associated to risk are highlighted in a monthly report to the public meeting of the Trust Board. A copy of the full Framework is also reported to, and scrutinised by, the Board on a quarterly basis.

Data security risks are managed and controlled under arrangements led by the Trust's Chief Information Officer. A Managed Business Partner has been appointed to support the Trust in this work and will deploy a number of approaches to monitoring our data security infrastructure to manage cyber risks, including appropriate risk mitigation strategies. An information asset register is in place, and data protection impact assessments are completed in line with our data security and protection policies.

The Trust recognises the risk and control framework has not worked effectively with regard to financial reporting and control and that this has led to the Trust misreporting its financial position and to have a larger deficit than planned.

The Trust's Annual Operational Plan 2020/21 will respond to and address the strategic risks faced by the organisation. The current Board Assurance Framework will be updated to reflect risks in the 2020/21 plan and will continue to be reviewed at regular intervals by both the Executive Team and Trust Board.

Risk Assessment

A risk management process is operated which enables the identification and control of risks at both a strategic and operational level. Central to this is the Trust's Risk Assessment Policy which sets out details of the risk assessment methodology used across the Trust. This methodology enables suitable, trained and competent members of staff to identify and quantify risks in their respective area and to decide what action, if any, needs to be taken to reduce or eliminate risks. All risk assessments must be scored and recorded in line with the procedure set out in the Risk Assessment Policy.

Completed risk assessments are held at Clinical Management Group and Corporate Directorate level and, when they give rise to a significant residual risk, they must be linked to the Trust's risk register.

We use a common risk-scoring matrix to quantify and prioritise risks identified through the risk assessment procedure. It is based on the frequency or likelihood of the harm combined with the possible severity or impact of that harm. The arrangement determines at what level in the organisation a risk should be managed and who needs to be assured that appropriate management arrangements are in place.

Control measures are in place to ensure that our organisation complies with all of our obligations under equality, diversity and human rights legislation. Each of the Trust's policies is subject to an equality impact assessment and actions are taken as appropriate when an assessment identifies issues which warrant attention.

The Trust encourages an open and supportive reporting culture, and clinical staff are encouraged to report not only actual incidents but also 'near misses'. Evidence of the Trust's good reporting culture is demonstrated by the fact that the Trust is placed in the top quartile for reporting incidents to the National Reporting Learning System (NRLS).

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure the Trust complies with all employer obligations contained within the Scheme regulations. 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.

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UK CP18). The Trust ensures its obligations under the Climate Change Act and the Adaptation reporting requirements are complied with.

The Trust Board accepts that risk management and governance processes did not operate effectively particularly in the areas of finance and financial management.

Annual Quality Account

The Trust is required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare a Quality Account for each financial year. The Department of Health has issued guidance to NHS Trusts on the form and content of annual Quality Accounts.

On behalf of the Chief Nurse, the Deputy Director of Quality Assurance co-ordinates the preparation of the Annual Quality Account. This is reviewed in draft form by the Quality and Outcomes Committee, ahead of its eventual submission to the Trust Board for final review and adoption. The draft Quality Account 2019/20 sets out details of the internal controls and standards which underpin the Statement of Directors' responsibilities in respect of the Quality Account – the Statement will be reviewed and signed by the Chair and Chief Executive on behalf of the Board in July 2020, including a statement that the Board is satisfied the Quality Account presents a balanced picture of the Trust's performance over the period covered.

Quality governance arrangements are set out in detail in the Trust's Governance Framework, approved by the Trust Board. The quality framework includes the following key components:

- an open and participative culture in which education, research and the sharing of good practice are valued and expected;
- a commitment to quality that is shared by staff and managers, and supported by clearly identified local resources, both human and financial;
- a tradition of active working with patients, users, carers and the public;
- an ethos of multi-disciplinary teams working at all levels in the organisation;
- regular Board level discussion of all major quality issues for the organisation and strong leadership from the top;
- good use of information to plan and to assess progress.

The Care Quality Commission (CQC) undertook a series of inspections of services at the Trust between September and December 2019. The CQC published their report in February 2020 and rated the Trust as 'Good' overall, an improvement on the previous rating of 'Requires Improvement'. The Trust was rated 'Good' for being effective, caring, responsive and well-led; safety remained rated as 'Requires Improvement'.

On 30th April 2020, the CQC published their report following an unannounced inspection of our Emergency Department on 27th January 2020. The CQC rated the Department as 'Requires Improvement' overall and issued the Trust with a Warning Notice to significantly improve the care of patients by 4th March 2020.

Areas for improvement included the timeliness of ambulance handovers, patient assessments, staffing levels and measures to tackle space at times when the Department is at its busiest.

All of these matters have been addressed, and the actions taken have been reported to, and reviewed by, the Trust Board. The COVID-19 outbreak has led to a new model of working in the Emergency Department and the timeliness of ambulance handovers, patient

assessment have improved, complemented by medical and nurse staffing improvements and actions taken to improve the privacy and dignity of patients.

The People, Process and Performance Committee will continue to review the Trust's urgent and emergency care performance monthly, and report to the Trust Board.

The change in rating for the Emergency Department does not affect the Trust's overall rating as 'Good'.

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

Data quality, including elective waiting time data

The following arrangements are in place to assure the quality and accuracy of data (including elective waiting time data).

- the Data Quality Forum meets regularly and oversees the process of assuring the quality of data reported to the Trust Board, and to external agencies, to ensure by best endeavors that it is of suitably high quality, timely and accurate. This process uses a locally agreed data quality framework to provide scrutiny and challenge on the quality of data presented. Where such assessments identify shortfalls in data quality, the risks are identified together with recommendations for improvements to ensure that the data quality is raised to the required standards;
  In 2019/20, however, it is clear the accounts and working papers presented for audit were not subject to appropriate quality control checks and failed financial reporting standards. Similarly, in year financial reporting to the Board was not of an appropriate standard.

- quarterly reports on the quality of commissioning data and clinical coding are presented to, and reviewed by, the Executive Quality Board. The Trust's position compared to peer organisations within the NHS Digital Data Quality Maturity Index is assessed and this includes the benchmarking of coding completeness;

- for the management of patient activity data, the Trust has a dedicated corporate Data Quality Team. They respond to any identified issues and undertake daily processes to ensure singularity of patient records and accurate GP and Commissioner attribution. The Trust has been working actively to reduce GP inaccuracies by implementing automated checking against the Summary Care Record. Weekly corporate data quality meetings allow for the challenge of inaccurate and incomplete data collection. The Data Quality Team prepares reports on a daily basis for review by personnel within the Clinical Management Groups to maximise the coverage of NHS numbers, accurate GP registration and singularity of patient records.

In 2019/20 the Trust commissioned Internal Audit to carry out a review of the quality and accuracy of our data quality systems, which included an assessment of our controls to ensure the validity of the data included within the 62 day cancer indicator. Testing of a sample of patients selected from the reported 62 day cancer indicator back to source documentation identified no issues with the quality of the data, and the review resulted in a low overall risk rating. A medium risk finding was, however, identified as a result of which

the Cancer Team has introduced more detailed monthly checks, which will identify any adjustments that need to be made to the information to improve consistency.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have the 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 our clinical leads who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the draft Quality Account 2019/20, along with other performance information made available to me.

Recognising that clinical audit is a key component of good governance, the Trust is committed to undertaking effective clinical audits across all clinical services and recognise this is a key element of maintaining and developing high quality clinical services. Implementation of the clinical audit programme is reviewed at regular intervals by the Executive Quality Board and Quality and Outcomes Committee; and the Audit Committee also incorporates a review of the clinical audit system within its annual work programme.

This statement is also informed by comments made by the External Auditors in their management letter and other reports. The external auditors highlighted deficiencies in control, including use of journals and management override of controls. These issues have now been addressed by the Trust's new management team and controls are operating to a greater extent than previously.

The Board, Audit Committee, Finance and Investment Committee, People, Process and Performance Committee and Quality and Outcomes Committee provide assurance around the systems of internal control. Each of these bodies has been involved in a series of processes that, individually and collectively, has contributed to the review of the effectiveness of the system of internal control.

In the Head of Internal Audit Opinion 2019/2020, the Head of Internal Audit notes that Internal Audit have carried out eleven reviews during the year. None of the individual assignment reports had an overall classification of critical risk.

One of the reports – Compliance within IT data centres – was rated high risk overall and contained one high risk finding. One high risk finding was also identified in each of the following Internal Audit reviews: (a) Financial systems; (b) Safety checks in the Emergency Department; and (c) Safeguarding: (recommendations of the Lampard Enquiry – volunteers) – each of these reviews was rated as medium risk overall.

The Head of Internal Audit is satisfied that sufficient internal audit work has been carried out in 2019/20 to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, the Head of Internal Audit notes that assurance can never be absolute, the most the Internal Audit service can provide is reasonable assurance there are no major weaknesses in the system of internal control.

The Head of Internal Audit Opinion for 2019/20 is that governance, risk management, and control in relation to business critical areas were not all satisfactory. There are some areas of weakness and non-compliance in the framework of financial control, governance, risk

management, and control which potentially put the achievement of objectives at risk. Some improvements are required in those areas to enhance the adequacy and effectiveness of the control framework.

At the time of providing this opinion, NHSE/I had commissioned a separate review of financial governance at the Trust, and this was underway, therefore the opinion did not take into account any findings from this review and subsequent issues arising from the external audit process. The Head of Internal Audit opinion was based solely on the findings of the agreed programme of internal audit undertaken in 2019/20.

These findings were accepted and there was a commitment to strengthening the internal control environment, via the implementation of actions to address the findings of all of the Internal Audit reviews, and the implementations of the actions in question will be reviewed by the Audit Committee during 2020/21.

High risk findings were identified in the following reviews:

- **Compliance within IT data centres**
  Internal Audit's review assessed the contractual management arrangements in place between the Trust and IBM/NTT Data to manage and assure supplier delivery around IT data centres, and the Trust's data centres' physical environment and controls. We have addressed the one high risk finding relating to the uninterruptable power supply.
- **Safeguarding: recommendations of the Lampard Enquiry - volunteers**
  Internal Audit's review assessed the recommendations of the Lampard Enquiry as they related to acute NHS Trusts. The Enquiry had recommended that consideration be given to Disclosure and Barring Service (DBS) checks being conducted on staff and volunteers every three years. Internal Audit had identified that the Trust was instead following guidance issued by NHS Employers. Internal Audit had also made recommendations to ensure that the Trust's Disclosure and Barring Service Policy was updated and appropriately communicated to staff; and to ensure that the Trust's Safeguarding Assurance Committee was kept informed on the progress of undertaking DBS checks on volunteers. Following careful consideration, the Trust has decided to continue to adhere to the guidance of NHS Employers; and has implemented a series of actions to address the remainder of Internal Audit's findings.
- **Financial systems**
  Internal Audit's high risk finding from this review related to the recovery of private patient income debts. The findings have been addressed and they will be followed up in the usual way by Internal Audit. Internal Audit also provided the Trust with outputs from data analytics on the Purchase to Pay process. Although this was not risk rated in the internal audit report, this analysis identified a number of potential issues for the Trust to investigate further.
- **Safety checks in the Emergency Department (ED)**
  The high risk finding from this review was that there were instances where the ED safety checklist was completed only partially, or not at all. However, other documentation provided evidence of the clinical interventions undertaken during patients' time in the Department. The Trust has addressed Internal Audit's findings and the Quality and Outcomes Committee has taken assurance from the Trust's

response, which will be enhanced further following the introduction of an electronic checklist later in 2020.

Using the Board Assurance Framework, the Trust Board has also identified actions to mitigate other risks in year in relation to:

a. failure to reduce patient harm;
b. potential serious/catastrophic failure in a clinical service;
c. failure to deliver the Trust's Quality Strategy to plan;
d. failure to deliver the Trust's site investment and reconfiguration programme within resources;
e. failure to deliver the Trust's e-hospital strategy including the required process and cultural change;
f. failure to work with the wider system;
g. failure to maintain and enhance research market competitiveness by failing to develop the Leicestershire Health academic Partnership.

Any changes in the current or target risk scores are highlighted to the Trust Board, and the Board also reviews and seeks assurances on the management actions in place to mitigate the identified risks.

Significant Control Issues

NHS Trusts are required to identify in their statements significant control issues and outline the action taken, or proposed, to deal with such issues.

The Guidance issued by NHS England/Improvement offers examples of factors to consider when determining whether an internal control issue is significant, whilst not prescribing which issues should be considered to be significant.

Annually, we have regard to the guidance issued by NHS England/Improvement and that guidance is applied in arriving at a consistent view of what constitutes a significant control issue. The Audit Committee support by identifying the specific issues to be included in the Statement each year.

The following significant control issues have been identified in 2019/20:

Financial Governance and Cultural Issues

The Trust recognises there were a number of cultural issues impacting on the behaviour of the Finance team and wider Trust management. This included significant pressure to deliver a financial outcome, which included deliberate misreporting to meet the Trust's control total.

Significant steps have been undertaken following review and a management of change has taken place, resulting in a number of changes in the finance team and governance coupled with learning and development programme for finance team members.

NHSI/E Financial Investigation

During the 2018/19 external audit (June 2019) the Trust Board were made aware of issues regarding the Trust's finances, accounting treatments and its controls but did not take immediate action.

Following the appointment of a new interim Chief Financial Officer in December 2019, a series of inappropriate financial adjustments were identified that caused the Trust's 2019/20 financial position to deteriorate from a reported deficit of £10.7m in December 2019 to the £124.1m ultimately reported.
The Auditors also highlighted significant errors and a breakdown of control in prior years, including prior period adjustment of £31.7m relating to 2018/19, but reported in 2019/20.

A number of Statutory recommendations, including improving and strengthen financial reporting, governance, culture and capacity of the Finance team were made in "Audit of Accounts 2019/20 – Financial Reporting, Governance and Financial Sustainability" (January 2021). The Audit Finding Report (October 2020 and December 2021) also highlighted a number of material errors in the 1209/20 Financial Statements. The Statutory recommendations and accounting errors have been tackled throughout 2021. The latter being addressed through the Accounts re-statement exercise.

After a lengthy year-end audit, including significant detailed testing, the Trust auditors confirmed their intention to disclaim their opinion for the 2019/20 accounts. The decision was then taken by the Trust to undertake the work necessary to restate the closing balance sheet for year ended 31 March 2020. The Trust did not attempt to restate the income and expenditure account due to the pervasive nature of the financial mis-reporting.

COVID-19

The impact on the Trust of the COVID-19 pandemic in quarter four has been significant, during which the Trust has followed national directives in dealing with the evolving situation. To maintain a well-led organisation and to ensure staff and patients remain safe, the Trust Board reviewed all available guidance and advice in managing capacity and introduced revised, responsive Board governance arrangements to support the management of the Trust's response.

The Trust established robust command and control arrangements to oversee the capacity, capability, and preparedness of the Trust's response to COVID-19 and a dedicated Incident Coordination Centre was established to provide a single point of contact for all staff and external organisations with 'real-time' visibility of the clinical, operational, and people response to the pandemic.

The Trust Board modified the mode and timing of its meetings to enable Executive Directors to support and manage COVID-19 activity as their primary focus. For public, staff, and patients, safety precautions were adopted to enable virtual attendance at the public session of the Trust Board meetings. Board Committees and Executive meetings also moved to a virtual format. The Trust continues to support social distancing, staff testing and remote working by:

- Updating and introducing interim policies as appropriate to support staff to work

effectively and ensure risk assessments are completed, and to identify health and safety risks associated with changes to working environments and patterns, and providing appropriate remote working equipment;

- Providing regular updates to support staff wellbeing, directing staff to Government resources, and sharing Trustwide plans in responding to the demands placed on resources by the pandemic. Regular activities continue to be conducted, including: risk profiling, managing capacity and educating staff on Personal Protective Equipment (PPE) and Infection Prevention and Control. The Trust will continue to review the position in relation to elective care, GP routine referrals, outpatients and other services, some of which have been paused or deferred. Emergency and urgent care, care for COVID-19 positive patients, and critical care remain a high priority. It is expected that these impacts will extend into 2020-21.

Due to the unprecedented clinical and operational pressures facing UHL, in mid-March 2020 the Trust decided to 'pause' the handling of FOI requests to enable clinical and corporate staff to focus on its preparation for and response to the COVID-19 pandemic. Quite rightly our focus, our ways of working, and our priorities towards the end of the year have been to support our patients and our staff through the challenges of COVID-19.

Never Events

Never events are serious, largely preventable incidents that should not occur if the available preventative measures have been implemented.
During 2019/20, two incidents occurred which met the definition of a never event. These related to an instance of wrong site surgery, and a retained object, post-procedure.
In each case, we informed the patients and their relatives of the errors, and we apologised for our failings.

A thorough root cause analysis of each incident was carried out to identify key actions to prevent recurrence and to share learning across the organisation. Implementation of these actions were tracked by the Quality and Outcomes Committee on behalf of the Trust Board. The actions included changes to the safer surgery checklist, forming part of the Trust's Safer Surgery policy and the development and implementation of formal, documented procedure notes for all clinical procedures that take place in our catheter laboratories.

Key Financial Duties

In respect of performance in 2019/20, against the key statutory financial duties, we:

- Failed to deliver financial balance and the planned deficit of £10.9m. Our actual deficit was £124.1m

- Achieved the External Financing Limit (the limit placed on net borrowing) of £127.6m. The EFL measures how much more (or less) cash UHL can spend over that which it generates from its own activities.

- Achieved the Capital Resource Limit (the limit placed on net capital expenditure) of £55.6m.

Our financial plan for 2019/20 forecast the need for £20.7m of cash to continue to support revenue. At year end, we had accessed £96.3m of an 'Uncommitted Interim Revenue Support Facility'. Loans were converted to Public Dividend Capital at 1 April 2020.

Due to Covid-19, funding arrangements have been temporarily modified, which has enabled the Trust to manage its finances without the need for further support during 2020/21, with a surplus of £50m projected for that year.

Our net assets have reduced from £194.5m (2018/19) to £179.6m (2019/20). This is a reflection of the deficit for the year, mitigated by increased Public Dividend Capital and increased value of assets.

Overview of 2019/20 Financial Position

The Trust originally planned to deliver an income and expenditure deficit of £10.9m, including a Cost Improvement Programme of £27.8m, which was successfully delivered However, the Trust inaccurately reported its financial position to the Board, with a series of inappropriate financial adjustments and irregularities identified. These had a significant impact on the Trust's financial position, with the original reported breakeven position for 2019/20 subsequently revised to a deficit of £124.1m (December 2021), supplemented by a £31.7m prior period adjustment, accounted for in 2019/20 but related to 2018/19.

In November 2020, Grant Thornton (GT) reported the findings arising from their external audit work to date on UHL's financial statements for the year ended 31 March 2020. This report stated their intention to issue a disclaimer form of opinion on those financial statements due to material misstatements deemed pervasive to the financial statements.

GT noted that they considered the errors and uncertainties identified to be material and impacting on a substantial portion of the financial statements. In light of the extent of the issues identified, the interim CFO was unable to recommend the draft 2019/20 accounts to the Board.

As a result, the audit paused whilst the Trust put in place a range of measures aimed at improving the financial statements. This included augmenting the finance team through permanent and temporary resource, bringing in a Deputy Financial Improvement Director through NHSE/I and securing external support from Deloitte.

The Trust in collaboration with NHSE/I and Deloitte, designed a programme of work focused specifically on restating the balance sheet as at 31 March 2020, to provide a robust opening position for the 2021 financial statements. The programme of work was not designed to restate the income and expenditure for the 2019/20 financial year (or the comparative period of 2018/19), as it was clear that this would not be feasible within a reasonable timeframe and cost, due to limited evidence availability and the volume of transactions involved.

This work was acknowledged as the start of a three-year (minimum) journey to move the Trust back to an unqualified audit report (from disclaimed opinion in 2019/20). The programme of work undertaken will not enable the auditors to move away from disclaiming their opinion on the 2019/20 financial statements.

Capital

We spent £57.1m of capital (gross) in line with the Capital Resource Limits. The capital spend was supported by internally generated funds and centrally funded public dividend capital. The key elements of our capital programme were:

- Redevelopments and investments within the intensive care environment to support the longer term estate reconfiguration plans; and
- Investment in new medical equipment
- Updating and maintenance of the Trust's buildings and facilities

Going Concern

Whilst it is unlikely that an NHS body will be determined not to be a going concern, this interpretation does not exempt the management of NHS bodies from undertaking a going concern review.

The review should be based on each organisation's local circumstances and shared with its auditors. IAS 1 (paragraph 26) states that the review should take into account as much information about the future as possible but should look ahead at least 12 months from the end of the reporting period.

The Accounts have been prepared on a 'going concern' basis, which, in the public sector, focuses on the expected continued provision of services rather than a specific organisational form. This means that even where a body is going to cease to exist, it does not affect its going concern status.

International Accounting Standard 1, "Presentation of Financial Statements" (IAS 1 and the FreM (financial reporting manual) guidance is that the financial statements are prepared on a going concern basis unless there are plans for, or no realistic alternative other than the dissolution of the Trust without the transfer of its services to another entity within the public sector.

It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to assume the continuation of provision of clinical services in the future as sufficient evidence of going concern. The Board of Directors has carefully considered the principle of "going concern" and the Directors have concluded that whilst there are material uncertainties related to the financial sustainability of the Trust and group, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust and group will have adequate resources to continue in operational services.

Emergency Care

Unfortunately, we failed to meet the Emergency Department 4-hour standard in 2019/20, achieving a performance of 69.2% (77.0% in 2018/19) against a target of 95%. Emergency Department attendances increased by 3,500 in 2019/20, placing considerable pressure on the Trust.

As a member of the Leicester, Leicestershire and Rutland A&E Delivery Board, we are fully committed to working with our partners across the health and social care sectors to improve emergency care performance in 2020/21. In particular, this will focus on reducing the substantial gap between current demand and capacity, which is the root cause of our ongoing poor performance. It is anticipated that this will be achieved by reducing patient flows to us, dealing with (particularly frail) patients more effectively at the front door, expanding medical bed capacity, improving internal processes to reduce avoidable delays and expediting discharges (especially those requiring multi-agency input).

In parallel, the Trust will continue to implement its internal action plan with a continued focus on (a) reducing demand; (b) improving ambulance handover performance; (c) improving patient flow through the Emergency Department; and (d) improving patient flow in and out of our hospitals. Progress will continue to be the subject of monthly reporting to, and monitoring by, the People, Process and Performance Committee, acting on behalf of the Trust Board, as well as at the monthly meeting of the A&E Delivery Board. Our assessment is that the combined impact of the actions described above will enable us to improve our performance against the 4-hour standard in 2020/21, and we have set out our anticipated performance trajectory in our 2020/21 Annual Operational Plan.

Cancer waiting time standards

Our performance in 2019/20 against the cancer waiting time targets is set out below:

Performance Indicator	Target	2019/20
Two week wait for an urgent GP referral for suspected cancer to date first seen for all suspected cancers	93% or above	93.0%
Two week wait for Symptomatic Breast Patients (Cancer Not Initially Suspected)	93% or above	95.9%
31-Day (Diagnosis To Treatment) Wait For First Treatment: All Cancers	96% or above	92.8%
31-Day Wait For Second Or Subsequent Treatment: Anti-Cancer Drug Treatments	98% or above	99.6%
31-Day Wait For Second Or Subsequent Treatment: Surgery	94% or above	81.1%
31-Day Wait For Second Or Subsequent Treatment: Radiotherapy Treatments	94% or above	87.1%
62-Day (Urgent GP Referral To Treatment) Wait For First Treatment: All Cancers	85% or above	73.6%
62-Day Wait For First Treatment From Consultant Screening Service Referral: All Cancers	90% or above	84.0%
Cancer waiting 104 days	0	36

We are fully committed to improving our performance in this area in 2020/21 and, specifically, to ensure that at least 85 per cent of cancer patients begin their first treatment within 62 days of an urgent GP referral. A comprehensive action plan is in place, with a series of targeted dates, to achieve this objective, with specific actions for each tumour site/cancer specialty. We also continue to work with colleagues in primary care to both reduce demand and reduce late referrals, and in 2020/21 tertiary referral centres will continue to undertake a root cause analysis if any patient is referred to the Trust after day 38. Performance against the cancer waiting time standards will continue to be the subject of monthly reporting to the People, Process and Performance Committee, acting on behalf of the Trust Board.

Conclusion

This statement confirms that we, the University Hospitals of Leicester NHS Trust, have a generally sound system of internal control in relation to clinical systems. However, the Trust recognises that there was a fundamental breakdown in the control of some of its financial systems and processes, which supports the achievement of our policies, aims and objectives.

We recognise that the internal control environment can always be improved and strengthened, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In 2019/20, we identified the following significant control issues which have impacted on our overall performance:

- the incidence of never events;
- non-delivery of the requirement to achieve financial break-even taking one year with another over a three year rolling period;
- non-delivery of the national A&E 4 hour standard;
- CQC Warning Notice – Emergency Department, Leicester Royal Infirmary;
- non-delivery of a number of the national cancer waiting time standards.

In addition to the actions taken/to be taken to address the specific significant control issues identified above, further work will also be carried out in the coming year to review and strengthen our governance, risk management, and internal control systems, policies and procedures as part of our commitment to continuous improvement.

During 2020/21 we will continue to implement our Quality Strategy, Becoming the Best, which provides a comprehensive approach to quality improvement, with a particular focus on consistent methodology and implementation as well as cultural and leadership issues. I am confident that this approach will help us to continue our journey to become an outstanding organisation.

Richard Mitchell, Chief Executive (on behalf of the Trust Board)
Date: March 2022

Our Staff and Remuneration Report

Staff numbers

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Summary	WTE										
Medical and Dental	1850	1824	1709	1753	1680	1645	1570	1551	1496	1477	1496
Administration and Estates	412	4073	3976	3806	2500	2383	2095	2066	2417	2534	2624
Healthcare Assistants and other support staff	2502	2389	2291	2224	2042	2044	1955	1811	1710	1781	1882
Registered Nursing and Midwifery	3863	3675	3567	3548	3547	3531	3345	3230	3195	3168	3091
Scientific, Therapeutic and Technical	1527	1504	1455	1378	1306	1272	1201	1202	1210	1210	1328
TOTAL	**13870**	**13466**	**12998**	**12709**	**11075**	**10874**	**10167**	**9860**	**10029**	**10171**	**10421**

Composition by gender

	31st March 2020		31st March 2019		31st March 2018		31st March 2017	
Gender	Heads	WTE	Heads	WTE	Heads	WTE	Heads	WTE
Female	12731	10544	12345	10183	11892	9807	11533	9566
Male	3742	3326	3666	3283	3537	3191	3450	3143
TOTAL	**16473**	**13870**	**16011**	**13466**	**15429**	**12998**	**14983**	**12709**

We have three female and five male Board level Directors and two female and six male Non-Executive Directors.

Salary and pension entitlements of senior managers – salary 2019/20

Name and Title	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £	Performance pay and bonuses (bands of £5,000) £000	Long term performance pay and bonuses (bands of £5,000) £000	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
BOARD MEMBERS						
EXECUTIVE DIRECTORS						
J Adler, Chief Executive Officer	210-215	9,200	0	0	0	220-225
A Furlong, Medical Director	195-200	0	0	0	72.5-75.0	265-270
R Brown, Chief Operating Officer	170-175	0	0	0	95.0-97.5	265-270
C Fox, Chief Nurse	145-150	0	0	0	142.5-145.0	290-295
C. Benham, Acting Chief Financial Officer (from 1 November 2019 to 11 December 2019)	10-15	0	0	0	2.5-5.0	15-20
S Lazarus, Interim Chief Financial Officer (from 12 December 2019)	50-55	0	0	0	0	50-55
P Traynor, Chief Financial Officer (until 31 October 2019)	105-110	0	0	0	0	105-110
NON EXECUTIVE DIRECTORS						
K Singh, Chairman	35-40	0	0	0	0	35-40
M Traynor, Non-Executive Director	5-10	0	0	0	0	5-10
Colonel (retired) I Crowe, Non-Executive Director	5-10	0	0	0	0	5-10
A Johnson, Non-Executive Director	5-10	0	0	0	0	5-10
Professor P Baker, Non-Executive Director	5-10	0	0	0	0	5-10
B Patel, Non-Executive Director	5-10	0	0	0	0	5-10
V Bailey, Non-Executive Director	5-10	0	0	0	0	5-10
K Jenkins, Non-Executive Director (from 1st December 2018)	5-10	0	0	0	0	5-10
SENIOR MANAGERS						
S Ward, Director of Corporate and Legal Affairs	105-110	0	0	0	0	105-110
D Kerr, Director of Estates and Facilities (from 1st March 2019)	135-140	0	0	0	0	135-140
A Carruthers, Chief Information Officer	105-110	0	0	0	175.0-177.5	285-290
H Wyton, Director of People and Organisational Development (from 1st August 2018)	140-145	0	0	0	27.5-30.0	170-175
M Wightman, Director of Marketing and Communications	125-130	0	0	0	12.5-15.0	140-145

The Trust has determined that the senior managers shown in the above table are the regular attendees at the Trust Board meetings. There are no benefits in kind, performance related pay, nor severance payments (2018/19 - £nil) paid to any board member.

Salary and pension entitlements of senior managers - pension benefits 2019/20

Name and Title	Real Increase in accrued pension at pension age (bands of £2500) £'000	Real Increase in lump sum at pension age (bands of £2500) £'000	Accrued pension at pension age as at 31/03/20 (bands of £5000) £'000	Lump Sum at pension age as at 31/03/20 (bands of £5000) £'000	CETV AS AT 31/03/20 £'000	CETV AS AT 31/03/19 £'000	Real increase in CETV £'000
J Adler, Chief Executive	0	0	85-90	260-265	2,105	2,019	21
A Furlong, Medical Director	2.5-5.0	5.0-7.5	55-60	130-135	1,122	997	78
S Ward, Director of Corporate & Legal Affairs	0.0-2.5	0.0-2.5	50-55	150-155	1,221	1,157	22
M Wightman, Director of Strategy and Communications	0.0-2.5	0	40-45	90-95	779	727	15
H Wyton, Director of People and Organisational Development	0.0-2.5	5.0-7.5	20-25	60-65	508	434	43
R Brown, Chief Operating Officer	5.0-7.5	5.0-7.5	60-65	145-150	1,212	1,070	92
C Fox, Chief Nurse	7.5-10.0	12.5-15.0	50-55	140-145	1,011	841	129
A Carruthers, Chief Information Officer	7.5-10.0	17.5-20.0	20-25	50-55	360	224	117
C. Benham, Acting Chief Financial Officer (from 1st November 2019 to 11th December 2019)	0.0-2.5	0	20-25	0	280	239	2

Note: The salary information for C Benham, as well as the real increase in pension, lump sum and CETV, relate to the period of office.

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

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 2008.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Directors and senior managers' remuneration

We classify our Directors and Senior Managers as Very Senior Managers (VSM) these members of staff are deemed to be on a VSM payscale which is non agenda for change. The remuneration of these individuals is set by our remuneration committee and each case is considered on an individual basis. On an annual basis the remuneration committee decides on any pay uplift or pay award for VSM for the forthcoming year.

Staff costs

The table below shows an analysis of staff costs. Employee charges are included in the social security costs and pension contributions.

Note 9 Employee benefits (Group)

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	552,454	517,156
Social security costs	50,562	48,307
Apprenticeship levy	2,629	2,500
Employer's contributions to NHS pensions	61,499	58,117
Pension cost - employer contributions paid by NHSE on Trust's behalf (6.3%)	26,919	69
Termination benefits	134	104
Temporary staff (including agency)	19,895	18,870
Total gross staff costs	**714,092**	**645,123**
Recoveries in respect of seconded staff	-	-
Total staff costs	**714,092**	**645,123**
Of which		
Costs capitalised as part of assets	1,976	763
Net staff costs	**712,116**	**644,360**

Average number of employees (WTE basis)

Note 5.3 Average number of employees (WTE basis)	Expected sign	A09CY01 Total 2019/20 No.	A09CY01P Permanent 2019/20 No.	A09CY01O Other 2019/20 No.	A09PY01 Total 2018/19 No.
Medical and dental	+	1,875	730	1,145	1,995
Ambulance staff	+	0	0	0	0
Administration and estates	+	4,275	3,995	280	2,572
Healthcare assistants and other support staff	+	649	615	34	1,307
Nursing, midwifery and health visiting staff	+	3,901	3,440	461	3,742
Nursing, midwifery and health visiting learners	+	2,499	2,217	282	2,027
Scientific, therapeutic and technical staff	+	466	449	17	1,975
Healthcare science staff	+	491	481	10	0
Social care staff	+	0	0	0	0
Other	+	0	0	0	3
Total average numbers	+	14,156	11,927	2,229	13,621
Of which:					
Number of employees (WTE) engaged on capital projects	+	34	34		0

Analysis of staff numbers

The table below shows the staff composition by group.

Staff Group	**Female** *Number*	**Male** *Number*	**Total** *Number*
Scientific and Technic	344	110	454
Clinical	2,167	339	2,506
Administrative and Clerical	2,206	571	2,777
Allied Health Professionals	474	165	639
Estates and Ancillary	832	519	1,351
Healthcare Scientists	265	170	436
Medical and Dental	1,026	827	1,853
Nursing and Midwifery Registered	3,491	376	3,867
Executive Directors	2	3	5
Non-Executive Directors	2	6	8
Senior Managers	1	4	5
Total	**10,811**	**3,090**	**13,901**

Exit Packages (subject to audit)

Reporting of compensation schemes - exit packages 2019/20

Exit package cost band (including any special payment element)	Number of compulsory redundancies No.	Cost of compulsory redundancies £000	Total number of exit packages No.
£10,000 - £25,000	1	14	1
£100,001 - £150,000	1	120	1
Total	**2**	**134**	**2**

Reporting of compensation schemes - exit packages 2018/19

Exit package cost band (including any special payment element)	Number of compulsory redundancies No.	Cost of compulsory redundancies £000	Total number of exit packages No.
<£10,000	1	0	1
£25,000 - £50,000	1	27	1
£50,000 - £100,000	1	77	1
Total	**3**	**104**	**3**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the NHS 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 and are not included in the table. This disclosure reports the number and value of exit packages taken by staff leaving in the year.

Off payroll payments - Reporting related to the Review of Tax Arrangements of Public Sector Appointees

We are required by HMRC to make formal tax assessments of all workers directly engaged by the Trust, either through a personal service company (PSC) or through an agency, to ensure those individuals are paying the appropriate amount of tax and national insurance (known as IR35).

Our tax policy ensures compliance with the Department of Health and HMRC guidelines. During 2019/20 all existing off-payroll engagements were subject to a risk-based assessment as to whether assurance needed to be sought that the individual was paying the right amount of tax. Where necessary, that assurance has been sought.

We do not have any cases where assurances have not been received or terminations have taken place as a result of assurances not being received.

HM Treasury requires public sector bodies to report arrangements where individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees). We are required to disclose:

- For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months.
- For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months.
- For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020.

The Trust has 151 relevant off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months. All off-payroll engagements have been subject to a risk based assessment and assurance has been sought as to whether the individual is paying the right amount of tax.

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

	Number
Number of existing engagements as of 31 March 2019	151
Of which, the number that have existed:	
for less than one year at the time of reporting	23
for between one and two years at the time of reporting	30
for between 2 and 3 years at the time of reporting	19
for between 3 and 4 years at the time of reporting	27
over 4 years at the time of reporting	52

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

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	35
Of which:	
No. assessed as caught by IR35	27

No. assessed as not caught by IR35	8
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review	0

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

	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.	12

Expenditure on consultancy

We spent £2.5m on consultancy services.

Pay multiples

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

The banded remuneration of our highest paid director in the financial year 2019/2020 was £205k-£210k (2018/19 £205k-£210k). This was 9.2 times (8.8 times in 2018/19) the median remuneration of the workforce, which was in the banding £20k-£25k (2018/19 £25k-£30k). The salary of the highest paid director has not changed and the median remuneration of the workforce has reduced by £3k.

In 2019/20, six employees received remuneration in excess of the highest-paid director (three employees in 2018/19). Remuneration across the Trust ranged from £1k-£305k (2018/19 £1k-£320k).

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. For the purposes of this disclosure the remuneration of each employee is stated on an annualised, full time equivalent basis.

Sickness absence figures and reducing staff absence

We recognise our staff are our most valuable resource and the approach taken by the Trust to reduce sickness absence in the last year goes hand in hand with promoting staff health and wellbeing.

Managers are supported by Human Resources, Staff Engagement/Health and Wellbeing Service, Occupational Health and AMICA (the Trust confidential staff counselling and psychological support service) to manage sickness absence in line with the revised Trust policy and supporting staff to attend work regularly or sustain a return to work following a period of absence.

We recognise that there are many positives benefits from improving employee health and wellbeing; these include increased staff productivity, better morale and improved communication between teams. This, in turn leads to better quality services, improved patient satisfaction and a decrease in staff turnover.

Our sickness absence target is 3%. Absence rates have continued to be proactively managed throughout 2019/20. These are reported retrospectively and an overall Trust sickness absence rate of 4.39 % (excluding Estates and Facilities in view of under-reporting until systems are fully implemented) was reported for the year.

In terms of reasons for absence we have a number of key areas of action. Including support staff mental health, we committed to the 'Time to Change' pledge which is a national initiative run by the charities Mind and Rethink Mental Illness. Its aim is to change how we think and act about mental health. We pledged:

"To create a culture where our staff feel they can openly discuss and manage their mental health and wellbeing. We will raise awareness of the importance of mental health and wellbeing at work, encourage staff to share their experience to break down stigma".

We have now recruited 228 Time to Change champions across our services (89 Champions in 2018/19) and have agreed a programme of work that has been endorsed by the Trust Board. It includes, line managers training, senior leadership champions, use of Wellness Action Plans, Mental Health First Aid training at all levels, sharing experiences/case studies and promoting best practice.

We have also continued to improve and promote access to fast track physiotherapy for Trust staff through a self-referral process, in order for them to receive early intervention to avoid or reduce sickness absence.

Policy in relation to disabled employees

It is our intention to value all staff, treating them fairly and equitably, providing real opportunities for people with a disability to join our organisation, be retained and to have equal access to training and development opportunities. It is also our intention to

support employees with disabilities and to ensure their retention in work, thereby enabling us to retain their skills and experience.

We are committed to the 'Positive about Disabled People' initiative, this will include using the Disability 'two ticks' symbol on all job advertisements. We guarantee an interview to anyone declaring a disability providing that they satisfy the minimum essential criteria for the post.

All staff have responsibilities to undertake all mandatory training and comply with this policy by:

- Being aware of this policy and treating all individuals' that have a disability with respect.
- Attending training and awareness sessions offered and familiarising themselves with the contents of our Equality and Diversity web page.

UHL recognises there can be a stigma around mental health, and signed the 'Time To Change' Employer Pledge in 2017, as a commitment to changing the way we think and act about mental health at every level of this organisation. The Trust is also a signatory to the Mindful Employer Charter, which is a commitment to being positive about mental health.

Once in post, should our staff develop conditions covered by the Equality Act 2010, reasonable adjustments and support are considered in accordance with Occupational Health advice to retain staff in the workplace.

In the last year, the Trust has implemented the 'Just Culture' approach to the management of staff issues, to ensure consideration is given to any physical or mental health issues that may have contributed to the incident.

The UHL Occupational Health service continues to be an integral part of our organisation and plays an ever-important role in supporting our staff and their managers with all matters relating to health and work.

Occupational Health

As well as providing health and work advice at an individual level, the Occupational Health service contributes in a strategic way to the health, safety and welfare of our staff, and reports to the relevant Trust level committees, including Health and Safety, Infection Prevention and Control, Wellbeing groups and many others.

Service activity has once again grown, by around 13% for appointments and 31% for occupational immunisations and vaccinations, this year. This is because workplace managers have made more referrals for their employees, demonstrating that they are keen to support employees' health in the workplace, make return to work plans after absence, and ensure that any potential hazards to health caused by work are controlled.

The Occupational Health service has again exceeded last year's record and vaccinated more staff against influenza than any previous year, reaching 82.5 per cent of frontline healthcare staff; 896 (10%) more than last year. This achievement has again been made possible by a dedicated and hard-working team of peer vaccinators, as well as high profile senior leadership across the Trust.

The Occupational Health service retains its independent accreditation as a Safe, Effective, Quality Occupational Health Service (SEQOHS) following annual review.

We continue to provide occupational health services for the local and regional healthcare community, including healthcare students at Leicester and De Montfort Universities, as well as other NHS and non-NHS organisations.

Trade Unions

Relevant TU/PO Representative

Number of employees who were relevant TU/PO Representatives during the relevant period	Full-time equivalent employee number
38	**35.38 fte**

Percentage of time spent on facility time

Number of employees who were relevant TU/PO representatives employed during the relevant period who 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%	**12**
1-50%	**23**
51%-99%	**1**
100%	**2**

Percentage of pay bill spent on facility time

Percentage of our total pay bill spent on paying employees who were relevant TU/PO representatives for facility time during the relevant period.

	Figures
Total cost of facility time	**£114,246.95**
Total pay bill	**£683230,000**
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	**0.017%** **(114246.95/683230000 x 100)**

Paid TU/PO activities

As a percentage of total paid facility time hours, number of hours spent by employees who were relevant TU/PO representatives during the relevant period on paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant TU/PO representatives during the relevant period ÷ total paid facility time hours) x 10	**5.64%** **(6440.34/114,246.95 x100)**

Modern Slavery Act

As an organisation, we are committed to ensuring the absence of slavery in our organisation and supply chain. In line with the requirements of the Modern Slavery Act (MSA) 2015 we continue to take the following actions:

Ongoing assessment of our contracts which have the highest risk of modern slavery
Use of MSA compliant supplier Pre-Qualification Questionnaire (PQQ), to support assurance that our suppliers comply with MSA

Inclusion of MSA clause in our standard terms and conditions.

Our Parliamentary Accountability and Audit Report

Fees and Charges

Refer to Note 6 in the Financial Statements

Remote contingent liabilities

Land disposal

In 2018/19, the Trust disposed of surplus land to Davidsons Homes for the development of local housing units. The contract for the sale of the land was completed within the year with the associated transfer of legal title. The contract includes a put option to the effect that the sale and proceeds received is contingent upon Davidsons Homes obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that it is 'highly probable' that the revenue (consideration) associated with the sale would not be reversed (repaid).

Davidson's has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event (refer note 38.0). The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase.

Other contingent liabilities

Other contingent liabilities have reduced by £9.7m from the prior year. Previously we had included this contingent liability to reflect potential VAT repayable to the HMRC that we previously reclaimed on a significant outsourced IM&T contract. We have received further information from the HMRC in 2019/20 which has increased the possibility that we will need to repay VAT in this matter, and the value of the potential repayment has also been clarified. We have therefore included a provision in our accounts this year as shown in note 27.2

Losses and special payments

Refer to Note 30 in the Financial Statements

Gifts

The Trust has published maintains 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.

Audit Certificate and Report

Independent auditor's report to the Directors of the University Hospitals of Leicester NHS Trust (overleaf)

Independent auditor's report to the Directors of the University Hospitals of Leicester NHS Trust

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of University Hospitals of Leicester NHS Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Statement of Comprehensive Income and Expenditure (Group), the Statement of Financial Position (Group and Trust), the Consolidated Statement of Changes in Equity (Group), the Statement of Changes in Equity (Trust), the Statement of Cash Flows (Group and Trust) 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 2019 to 2020.

We do not express an opinion on the financial statements of the Trust or the group. Due to the significance of the matters described in the 'Basis for disclaimer of opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We were unable to obtain sufficient appropriate audit evidence in a number of key areas (which included, but were not limited to):

Management override of controls

Our testing identified evidence of management override of controls which has resulted in numerous misstatements in the financial statements. This included misreporting of £10 million of PSF income and £6 million of unsupported adjustments that were made to comparative figures. In total £32 million of adjustments were made to the comparative figures in 2019/20 of which 31 percent related to changes in accounting policy and 25 per cent related to previously report errors. For the reasons set out below it is uncertain as to whether other misstatements remain within the financial statements due to management override of control.

Use of Journals

The Trust operated without appropriate journal controls throughout 2019/20. For the year, over 274,000 journals were posted in the financial statements. Our testing found limited or no supporting evidence for a number of these transactions. We identified that journals had been used to intentionally misstate the financial statements and that errors had occurred due to the lack of controls.

We also identified a £13 million reconciling item within the payroll reconciliation which consisted of multiple journals. We were unable to obtain sufficient evidence to corroborate the reasons for these journals and consequently we were unable to determine whether any adjustments to staff and executive directors costs were necessary.

Inventory

Due to the national lockdown arising from the Covid-19 pandemic we were unable to observe the counting of any physical inventories at the end of the year, which had a carrying amount in the Trust Statement of Financial Position of £18.1 million and the Group Statement of Financial Position of £19.6 million. In addition, we found that adequate stock records were not maintained for inventory balances relating to pharmacy stock, materials management and pharmacy ward stock, which equated to £6.75 million of this balance.

Summary

We considered alternative testing options, but due to the high volume of journal transactions, the limited follow up work completed by management (which focussed solely on balance sheet journals), and the

evidence of management override of controls which we had identified from the testing completed, we concluded that we could not obtain sufficient appropriate evidence that there were no material misstatements in the financial statements, arising from either intentional misstatement or error

Due to the matters outlined above, we were unable to obtain sufficient appropriate audit evidence or to determine the full value of any adjustments that would have been necessary to the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, or associated disclosures. We were also unable to determine the value of any related adjustments that would have been necessary to the Statement of Cash Flows, the Consolidated Statement of Changes in Equity, or the Statement of Changes in Equity.

We are therefore unable to form an opinion on the financial statements as a whole.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements, which states that the Board of Directors has considered the principle of going concern and the Directors have concluded that there are material uncertainties related to the financial sustainability of the Trust and group.

These events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Group's and the Trust's ability to continue as a going concern. Although this report is a disclaimer of opinion on the financial statements, it is not modified by this matter.

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 2015 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

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.

Our responsibility under the Code of Audit Practice is to, report whether the other information published together with the audited financial statements is consistent with the financial statements. We are also required to report whether the part of the remuneration report to be audited has 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 2019 to 2020.

Based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Annual Report and Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements. However, because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of our report, we have been unable to form an opinion whether:

- the other information published together with the financial statements in the Annual Report and Accounts for the financial year for which the financial statements are prepared is free from material misstatement.
- the parts of the Remuneration and Staff Report to be audited have been properly prepared.

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 except:

- on 15 December 2020 we referred a matter to the Secretary of State under section 30b of the Local Audit and Accountability Act 2014 in relation to the Trust's breach of its break-even duty for the three year period ending 31 March 2020 and the Trust's failure to prepare accounts, Annual Governance statement, and Annual report for the year ended 31 March 2020
- on 4 February 2021 we issued statutory recommendations to the Trust Board and Secretary of State under section 24 of the Local Audit and Accountability Act 2014 in relation to financial sustainability, financial control, governance, and financial reporting at the Trust. Our findings and recommendations are contained in our report to the 4 February 2021 Audit and Risk Committee.

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

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 group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the Trust's services to another public sector entity.

The Audit and Risk Management 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 responsibility is to conduct an audit of the Trust's and group financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

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.

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

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, University Hospitals of Leicester NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

Financial performance and sustainability

Our review of the Trust's arrangements for the year ended 31 March 2020 identified the following matters:

- The Trust reported a deficit of £120.85 million in 2019/20 against a budgeted deficit of £10.7 million
- The Trust reported a cumulative deficit of £328.4 million at 31 March 2020
- During 2019/20, the Trust prepared a Draft Financial Plan for 2020/21 which budgeted for a deficit of £82.3 million, which would further increase its cumulative deficit.

These matters are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Financial reporting

Our review of the Trust's arrangements for the year ended 31 March 2020 identified the following matters:

- There was limited oversight of the production of the Trust's financial statements and consequently the financial statements initially presented for audit for 2019/20 were of a poor quality
- There was insufficient oversight of the accounting policies, judgements and estimates in the financial statements
- There were significant deficiencies in the operation of the Trust's financial control procedures. We identified weaknesses in controls over journals, accounts payable, inventory, and financial models
- The finance team had insufficient capacity and capability to operate in a complex financial environment
- Controls over in-year financial reporting were inadequate, resulting in significant errors in the in-year financial reports to the Board
- As stated in the 'Basis for disclaimer of opinion' section above, we identified errors in the 2019/20 financial statements which arose from management override of control, which we consider to be intentional misstatement of the financial statements.

These matters resulted in material errors in the 2019/20 financial statements and a Disclaimer of Opinion being issued for the Trust's 2019/20 financial statements. These matters are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

Governance

Our review of the Trust's arrangements for the year ended 31 March 2020 identified the following matters:

- The Board adopted aggressive accounting policies, practices and schemes
- The Board failed to challenge the actions of management, accepting the views of management rather than taking a more balanced and prudent approach to financial management
- The Board prioritised the attainment of financial targets ahead of accurate financial reporting

- As stated in the 'Basis for disclaimer of opinion' section above, we identified errors in the 2019/20 financial statements which arose from management override of control which the Board failed to identify and address.

These matters resulted in material errors in the 2019/20 financial statements, errors in in-year reporting and a Disclaimer of Opinion being issued for the Trust's 2019/20 financial statements.

These matters are evidence of weaknesses in proper arrangements for:

- acting in the public interest, through demonstrating and applying the principles and values of sound governance
- understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management
- managing risks effectively and maintaining a sound system of internal control.

Responsibilities of the Accountable Officer

The 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(1)(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 and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice 2015, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be able to conclude whether the Trust had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of University Hospitals of Leicester NHS Trust for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2015.

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.

Mark Stocks, Key Audit Partner

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

Birmingham

Xxxxx 2022

University Hospitals of Leicester NHS Trust

Annual accounts for the year ended 31 March 2020

Consolidated Statement of Comprehensive Income and Expenditure

		Group		
		2019/20	2018/19 Restated	2018/19 As previously stated
	Note	£000	£000	£000
Operating income from patient care activities	3	945,959	864,471	865,268
Other operating income	4	144,616	129,845	126,978
Operating expenses	7, 9	(1,196,612)	(1,052,630)	(1,031,913)
Operating deficit from continuing operations		**(106,037)**	**(58,314)**	**(39,667)**
Finance income	12	381	342	190
Finance expenses	13	(8,208)	(6,881)	(6,881)
PDC dividends payable		(4,300)	(5,916)	(5,931)
Net finance costs		**(12,127)**	**(12,455)**	**(12,622)**
Other (losses) / gains	14	(5,976)	6,058	5,858
Corporation tax expense		(10)	(20)	(20)
Deficit for the year from continuing operations		**(124,150)**	**(64,731)**	**(46,451)**
Deficit for the year		**(124,150)**	**(64,731)**	**(46,451)**
Other comprehensive income				
Will not be reclassified to income and expenditure:				
Impairments	8	(16,421)	(820)	(820)
Revaluations	16	97,967	45,150	44,822
Other reserve movements		3	1	-
Fair value (losses)/gains on financial assets mandated at fair value through OCI	17	(427)	58	-
Total comprehensive expense for the year		**(43,028)**	**(20,342)**	**(2,449)**
Deficit for the year attributable to:				
University Hospitals of Leicester NHS Trust		(124,150)	(64,731)	(46,451)
TOTAL		**(124,150)**	**(64,731)**	**(46,451)**
Total comprehensive expense for the year attributable to:				
University Hospitals of Leicester NHS Trust		(43,028)	(20,342)	(2,449)
TOTAL		**(43,028)**	**(20,342)**	**(2,449)**
Note				
Adjusted financial performance (control total basis):				
Deficit for the year (before consolidation of the Leicester Hospitals Charity)		(126,618)	(65,632)	(46,451)
Remove net impairments not scoring to the Departmental expenditure limit		3,480	1,509	1,509
Remove I&E impact of capital grants and donations		442	184	63
Prior period adjustments		(31,684)	-	-
Adjusted financial performance deficit		**(154,380)**	**(63,939)**	**(44,879)**

The Group is showing a combined deficit of £124,150k. This is made up of a deficit for the Trust amounting to £126,658k, and surpluses of £2,468k (Charity) and £40k (TGH Ltd) for the remainder of the group.

We have consolidated the Leicester Hospitals Charity into these accounts for the first time and have restated the 2018/19 comparatives. Previously the Leicester Hospitals Charity (LHC) results were not consolidated due to their materiality to the overall group. We continue to consolidate the Trust's subsidiary, Trust Group Holdings Ltd (TGH Ltd). The Trust only columns in the statements and notes exclude LHC and TGH Ltd results.

Statement of Financial Position

		Group			Trust		
		31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	Note	£000	£000	£000	£000	£000	£000
Non-current assets							
Intangible assets	15	11,974	8,892	8,889	11,974	8,892	8,889
Property, plant and equipment	16	580,535	481,537	479,471	580,515	481,512	479,446
Investments in subsidiary		-	-	-	4,000	4,000	4,000
Other investments / financial assets	17	4,324	4,725	-	-	-	-
Receivables	20	4,392	1,682	6,573	4,392	1,682	6,573
Total non-current assets		**601,225**	**496,836**	**494,933**	**600,881**	**496,086**	**498,908**
Current assets							
Inventories	19	19,574	25,052	25,052	18,057	23,757	23,757
Receivables	20	47,465	60,164	67,696	46,374	56,442	67,368
Cash and cash equivalents	22	33,191	16,965	15,099	26,529	12,669	12,669
Total current assets		**100,230**	**102,181**	**107,847**	**90,960**	**92,868**	**103,794**
Current liabilities							
Trade and other payables	23	(103,529)	(125,824)	(110,311)	(103,628)	(123,410)	(110,132)
Borrowings	25	(370,953)	(53,520)	(53,133)	(370,953)	(53,520)	(53,133)
Provisions	27	(731)	(368)	(368)	(713)	(368)	(346)
Other liabilities	24	(8,360)	(9,381)	(7,566)	(8,360)	(9,369)	(7,554)
Total current liabilities		**(483,573)**	**(189,093)**	**(171,378)**	**(483,654)**	**(186,667)**	**(171,165)**
Total assets less current liabilities		**217,882**	**409,924**	**431,402**	**208,187**	**402,287**	**431,537**
Non-current liabilities							
Borrowings	25	(17,226)	(211,422)	(211,424)	(17,226)	(211,422)	(211,424)
Provisions	27	(21,016)	(3,983)	(1,584)	(21,016)	(3,961)	(1,584)
Total non-current liabilities		**(38,242)**	**(215,405)**	**(213,008)**	**(38,242)**	**(215,383)**	**(213,008)**
Total assets employed		**179,640**	**194,519**	**218,394**	**169,945**	**186,904**	**218,529**
Financed by							
Public dividend capital		369,325	341,176	341,176	369,325	341,176	341,176
Revaluation reserve		192,654	142,680	142,351	192,654	142,680	142,351
Income and expenditure reserve		(391,860)	(296,817)	(265,133)	(392,034)	(296,952)	(264,998)
Others' equity							
Charitable fund reserves	18	9,521	7,480	-	-	-	-
Total taxpayers' and others' equity		**179,640**	**194,519**	**218,394**	**169,945**	**186,904**	**218,529**

The notes on pages 80 to 129 form part of these accounts.

Name Richard Mitchell
Position Chief Executive
Date **31st March 2022**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward - restated	**341,176**	**142,680**	**(296,817)**	**7,480**	**194,519**
(Deficit)/surplus for the year	-	-	(126,618)	2,468	**(124,150)**
Impairments	-	(16,421)	-	-	**(16,421)**
Revaluations	-	97,967	-	-	**97,967**
Transfer to retained earnings	-	(28,335)	28,335	-	**-**
Prior period depreciation taken directly to reserves	-	(3,240)	3,240	-	**-**
Fair value losses on financial assets mandated at fair value through OCI	-	-	-	(427)	**(427)**
Public dividend capital received	28,149	-	-	-	**28,149**
Other reserve movements	-	3	-	-	**3**
Taxpayers' and others' equity at 31 March 2020	**369,325**	**192,654**	**(391,860)**	**9,521**	**179,640**

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

(Restated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,929)**	**-**	**215,376**
Prior period adjustment	-	-	(12,501)	**6,521**	**(5,980)**
Taxpayers' and others' equity at 1 April 2018 - restated	**331,956**	**98,349**	**(227,430)**	**6,521**	**209,396**
Impact of implementing IFRS 9 on 1 April 2018	**-**	**-**	**(3,755)**	**-**	**(3,755)**
(Deficit)/surplus for the year	-	-	**(65,632)**	**901**	**(64,731)**
Impairments	-	(820)	-	-	**(820)**
Revaluations	-	45,150	-	-	**45,150**
Fair value gains on financial assets mandated at fair value through OCI	-	-	-	58	**58**
Public dividend capital received	9,220	-	-	-	**9,220**
Other reserve movements	-	1	-	-	**1**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,680**	**(296,817)**	**7,480**	**194,519**

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

(As previously stated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,929)**	**-**	**215,376**
Impact of implementing IFRS 9 on 1 April 2018	**-**	**-**	**(3,753)**	**-**	**(3,753)**
Deficit for the year	-	-	**(46,451)**	**-**	**(46,451)**
Impairments	-	(820)	-	-	**(820)**
Revaluations	-	44,822	-	-	**44,822**
Public dividend capital received	9,220	-	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,351**	**(265,133)**	**-**	**218,394**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward - restated	**341,176**	**142,680**	**(296,952)**	**186,904**
Deficit for the year	-	-	(126,658)	**(126,658)**
Impairments	-	(16,421)	-	**(16,421)**
Revaluations	-	97,967	-	**97,967**
Transfer to retained earnings	-	(28,335)	28,335	**-**
Prior period depreciation taken directly to reserves	-	(3,240)	3,240	**-**
Public dividend capital received	28,149	-	-	**28,149**
Other reserve movements	-	3	1	**4**
Taxpayers' and others' equity at 31 March 2020	**369,325**	**192,654**	**(392,034)**	**169,945**

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

(Restated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,989)**	**215,316**
Prior period adjustment	-	-	(12,501)	**(12,501)**
Taxpayers' and others' equity at 1 April 2018 - restated	**331,956**	**98,349**	**(227,490)**	**202,815**
Impact of implementing IFRS 9 on 1 April 2018	-	-	**(3,755)**	**(3,755)**
Deficit for the year	-	-	**(65,707)**	**(65,707)**
Impairments	-	(820)	-	**(820)**
Revaluations	-	45,151	-	**45,151**
Public dividend capital received	9,220	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,680**	**(296,952)**	**186,904**

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

(As previously stated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,989)**	**215,316**
Impact of implementing IFRS 9 on 1 April 2018	-	-	**(3,753)**	**(3,753)**
Surplus/(deficit) for the year	-	-	**(46,256)**	**(46,256)**
Impairments	-	(820)	-	**(820)**
Revaluations	-	44,822	-	**44,822**
Public dividend capital received	9,220	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,351**	**(264,998)**	**218,529**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Financial assets reserve

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

Other reserves

This balance relates to an interest the Trust has in a local accommodation project. This “Lease Reserve” will be released match the depreciation in the asset over its useful economic life.

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 18.

Non-controlling interest reserve

This reserve represents the amount of equity a consolidated subsidiary that is not attributable directly or indirectly to the Trust.

Statement of Cash Flows

		Group			Trust		
	Note	2019/20 £000	2018/19 Restated £000	2018/19 As previously stated £000	2019/20 £000	2018/19 Restated £000	2018/19 As previously stated £000
Cash flows from operating activities							
Operating deficit		(106,037)	(58,314)	(39,667)	(108,416)	(59,137)	(39,742)
Non-cash income and expense:							
Depreciation and amortisation	7	34,991	22,479	19,579	34,989	22,477	19,574
Net impairments	8	3,480	1,509	1,509	3,480	1,509	1,509
Income recognised in respect of capital donations	4	(348)	(430)	(430)	(348)	(430)	(430)
Decrease/(increase) in receivables and other assets		10,936	(3,487)	(4,599)	8,235	(2,005)	(4,604)
Decrease/(increase) in inventories		5,478	(1,223)	(1,223)	5,700	(1,401)	(1,401)
Decrease/(Increase) in payables and other liabilities		(23,187)	23,156	6,212	(20,624)	20,607	5,352
Increase in provisions		17,373	2,436	37	17,377	2,414	15
Movements in charitable fund working capital		(58)	798	-	-	-	-
Tax paid		(20)	(10)	(10)	-	-	-
NHS Charitable Funds - other movements in operating cash flows		-	319	-	-	-	-
Other movements in operating cash flows		442	(926)	(1,608)	430	(363)	(1,249)
Net cash flows used in operating activities		**(56,950)**	**(13,693)**	**(20,200)**	**(59,177)**	**(16,329)**	**(20,976)**
Cash flows from investing activities							
Interest received		242	190	190	242	190	190
Purchase of intangible assets		(58)	-	-	(58)	-	-
Purchase of PPE and investment property		(47,511)	(28,720)	(24,079)	(47,511)	(28,720)	(24,074)
Sales of PPE and investment property		-	6,050	6,050	-	6,050	6,050
Net cash flows from charitable fund investing activities		139	-	-	-	-	-
Net cash flows used in investing activities		**(47,188)**	**(22,480)**	**(17,839)**	**(47,327)**	**(22,480)**	**(17,834)**
Cash flows from financing activities							
Public dividend capital received		28,149	9,220	9,220	28,149	9,220	9,220
Movement on loans from DHSC		103,916	47,335	47,335	103,916	47,335	47,335
Movement on other loans		2,125	-	-	2,125	-	-
Capital element of finance lease rental payments		(2,418)	(5,415)	(5,415)	(2,418)	(5,415)	(5,415)
Interest on loans		(6,607)	(5,748)	(5,748)	(6,607)	(5,748)	(5,748)
Other interest		(383)	(93)	(93)	(383)	(93)	(93)
Interest paid on finance lease liabilities		(511)	(763)	(763)	(511)	(763)	(763)
PDC dividend paid		(5,702)	(5,402)	(5,402)	(5,702)	(5,402)	(5,402)
Net cash flows from financing activities		**118,569**	**39,134**	**39,134**	**118,569**	**39,134**	**39,134**
Increase in cash and cash equivalents		**14,431**	**2,961**	**1,095**	**12,065**	**325**	**325**
Cash and cash equivalents at 1 April - brought forward		**5,861**	**2,900**	**2,900**	**1,565**	**1,240**	**1,240**
		20,292	**5,861**	**3,995**	**13,630**	**1,565**	**1,565**

Closing cash shown on the above cashflow statement is £20,292k. This compares to the figure of £33,191k on the Statement Of Financial Position (SOFP). The difference of £12,899k is classified as an overdraft due to the timing of cash payments at the year end, and is included within borrowings on the SOFP and can be seen in note 22.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis as assessed by the Trust Board. Non-trading entities in the public sector are assumed to be going concerns where there is a continued provision of a service in the future. The FReM (financial reporting manual) guidance states that the financial statements are prepared on a going concern basis unless there are plans for (or no realistic alternative other than the dissolution of the Trust) the transfer of its services to another entity within the public sector. The Audit Committee, with delegated authority from the Trust Board considered the Trust's going concern position at its meeting on 20 August 2021, the key areas considered were:

- The Group (excluding the charity's surplus of £2,468k) reported a deficit of £126,618k for 2019/20. The funding arrangement for providers in 2020/21 changed as the Trust received 'block' and additional 'top up' funding from commissioners and NHSI, to ensure it was not adversely impacted by reduced planned activity income levels and to service the costs of increases in activity associated with Covid-19 patients, during the Pandemic. This drove the Trust towards a balanced financial position in 2020/21, albeit on a non-recurrent basis. It will take longer to achieve financial balance on a recurrent and sustainable basis.

- The Trust's balance sheet was also strengthened from 1 April 2020, given that the liabilities associated with interim revenue support loans were extinguished. These loans were repaid and funded from Public Dividend Capital (PDC) issued by DHSC. This removed £349.6m in loan principal from the Trust's balance sheet. All loans were frozen at 31 March 2020 and interest payments ceased from that date. Amounts due for loan principal and accrued interest were calculated and reconciled to provider's audited financial statements for the year ended 31 March 2020. PDC in the equivalent amount was issued to the Trust to repay the loans on 30 September 2020.

- The Board of Directors has carefully considered the principle of "going concern" and the Directors have concluded that there are material uncertainties related to the financial sustainability of the Trust and Group that may cast significant doubt on the ability to continue as a going concern. Whilst these material uncertainties exist, the Directors have reasonable expectations that the Trust and Group will have adequate resources to continue in operational services. As directed by the DHSC Group Accounting Manual 2019/20 the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it were unable to continue as a going concern.

Note 1.3 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's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

We consider going concern to be a critical judgement and this is discussed in section 1.2.

Valuation of the Trust's estate

The Trust engaged its valuers, Gerald Eve LLP, to revalue its estate as at the 31st March 2020. This revaluation applied a Modern Equivalent Asset (MEA) valuation methodology, which took into account the Trust's long term reconfiguration strategy. The Trust provided the valuers with its latest Estates strategy to inform the MEA valuation. This report used a baseline gross internal area of 324,484m2, which reduced to 307,303m2 after applying the assumptions of the Estates Strategy, representing a reduction of 5.3%. This involved the Trust undertaking a re-measurement exercise of the Trust's Estate using building drawings and an Internet Property Register.

The Trust's Reconfiguration Programme has been in development since 2013, when a clinical options appraisal process commenced to determine the proposed future clinical configuration of the three UHL acute sites. This led to the development of the clinical reconfiguration strategy of moving to two acute sites at the LRI and Glenfield. Clinically led Models of Care with underpinning activity assumptions were developed on which a set of schedules of accommodation (SoA) were based. The SoA's translated the Models of Care into the number of rooms required by size creating indicative departmental sizes for the new buildings. Health Building Notes (HBNs) were used as a basis for the new accommodation. HBNs give best practice guidance on the design and planning of new healthcare buildings and on the extension of existing facilities. This is guidance and is not mandatory. They provide information to support the briefing and design processes for individual projects for example Theatres, Wards, and Delivery suites, as discreet departments or as part of new build projects. However, these standard sizes can be made bigger or smaller as individual Trusts decide, as long as they meet clinical functional requirements. This process is called derogation. It is widely recognised that HBN space is larger than required to ensure clinical functionality and derogations against the HBNs are common place. In making these derogation judgements, the Trust sought expert health planning advice and took advice on functionality based on their experience of undertaking health planning on schemes across the UK and internationally. Based on this advice, the Trust' derogated from HBN guidance, which equated to a reduction of 5,990m2 in arriving at an additional new build areas of 55,545m2 (61,535m2 pre derogation). This is set out in the table below.

Current Use of Area	Area (m2)	Derogation (%)	Derogated Area (m2)
Summary			
LRI Maternity	22,315	5%	21,200
LRI Childrens	2,863	0%	2,863
LRI Additional Beds	5,936	20%	4,749
GH Expansion	30,420	12%	26,733
	61,535		**55,545**

This new build area was offset by anticipated disposal of property of 72,726m2 and explains in overall terms how the Trust moves from its current baseline footprint of 324,424m2 to 307,303m2 under the MEA valuation. The derogation of the proposed new build represented less than 10% of the overall new build proposed within the valuation and less than 2% of the overall MEA footprint. The Trust does not consider this would result in a material estimation uncertainty or have a material impact on the valuation and the Accounting statments, accepting derogation as an established estimation technique. For example a 1% reduction to the derogation rates used would only have represented an error of 600m2.

Depreciation
We depreciate our assets over their useful economic lives. For buildings and dwellings the useful economic lives are set by the Trust's external expert valuers. For equipment we make an assessment of the useful economic lives in a number of ways including reference to the manufacturers recommendations, advice of the Medical Physics team or by a review of external sources including NHS capital guidance.

Glenfield 'Paddock' Land Sale
The 2018/19 land sale agreement contained a 'put option' which allowed the housing developer (Davidsons) to sell the land back to the Trust should certain milestones not be met. Davidsons has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase.

EQuip and MES Leases
The leases relating to supply of IT and the managed medical equipment services have been treated as Finance leases. In the case of the IT contract, this represents a change in accounting treatment compared with previous years, when it was treated as an operating lease, but has now been correctly reclassified as a Finance lease, in accordance with IFRS 16.

Walnut Street Lease
The Trust owns the freehold of eight residential blocks at Walnut Street (Leicester) containing a total of 212 flats, and leases these to an external housing association ('the operator') under a 99-year operating lease. This lease commenced on 16th February 2000 at a peppercorn rent. The value of assets transferred to the operator totalled £2,739k. The arrangement meets the definition of a "Service Concession" and therefore falls within the scope of IFRIC 12. The Trust recognises the land and buildings as fixed assets and charges depreciation to income and expenditure over the life of the asset. The land and buildings are subject to revaluation by our external valuers, who also assess the residual useful life of the asset. Our buildings were assessed as having a remaining useful life of 45 years as at 31st March 2010, the point at which IFRS requirements came into effect. This leaves a remaining useful life of 35 years as at 31st March 2020.

The Trust recognises deferred income in relation to the lease premium and releases this to income and expenditure over the life of the asset.

Critical Judgements – Walnut Street
There are two key issues that could materially affect the proposed accounting treatment, which we are disclosing as critical judgements.
1. The lease agreement includes an option to break the 99-year lease after 30 years. Should this break clause be actioned, a liability would arise in the form of compensation equal to the full open market value of the property being payable to the operator. The Trust has no plans to break the agreement after 30 years, it has been assumed that the lease agreement will run for the full 99 years. The property would then revert back to the Trust at no additional cost. As such, compensation payments have not been factored into the accounting treatment.
2. The second issue is that of the pricing agreement. Every 5 years the Trust has the option to move residential units out of the pricing agreement. Should the decision to do this be made, those units would no longer be part of the service concession, i.e. they would fall outside of the scope of IFRIC 12, and the accounting treatment would need to be changed accordingly. This option has not been exercised during the previous years of the lease, and again, there is no evidence to suggest that there is a current intention to exercise it at any time in the future. Another key assumption in the accounting treatment, therefore, is that all units will remain within the contracted pricing agreement for the whole 99-year term of the lease.
Should either of these intentions change in the future, the accounting treatment will be reviewed and amended accordingly.

Note 1.4 Sources of estimation uncertainty

The following elements have been identified as potential sources of estimation uncertainty. However, they have been assessed as not presenting a significant financial risk or having a material impact on the reported financial position, given the financial controls and processes the Trust has in place to ensure the accounting estimates present a true and fair view of the Financial position. These are set out below:

Income
Income recognition
The Trust has applied IFRS16, the core principle that the Trust should recognise revenue in exchange for the goods or services it provides when it transfers control to the customer. The Trust has undertaken a review of its income contracts using the recommended five step process in relation to its contracts to: 1. Identify the contract with a customer; 2. Identify the performance obligation; 3. Determine the transaction price; 4. Allocate the transaction price; 5. Recognise revenue. Most of the Trust's patient care income is covered by NHS standard contract terms, such that income for activity delivered in 2019/20 is recognised in year. This includes recognising income for spells of patient treatment which are only partially completed at the year-end and deferring the element of maternity pathway episode not yet complete. The contract tariff is used as the transaction price applied to the elapsed proportion of length of stay to derive the value to be accrued or deferred, respectively. A key control is the agreement of balances with NHS counterparties, which ensures 'equal and opposite balances' are reflected in both organisations accounts. These balances are therefore not considered a significant risk.

Allowance for credit losses
We apply IFRS9 to our receivable balances at the year end. This requires us to establish an allowance for credit losses based upon our assessment of the likely recoverability of the outstanding debt in future. Provision for Non NHS bad debts is made on an expected loss basis, using appropriate historical analysis undertaken in calculating these, to minimise the estimation uncertainty, which is in line with NHS Group Accounting Manual Guidance. refer accounting note 1.6.1 below. ICR bad debt provision is accounted for in line with national guidance (21.79% of total ICR debtors).

Deferred income
In accrual accounting, money received for goods or services which has not yet been earned. In accordance with revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is released into revenue. The Trust legitimately provides for deferred income where there is evidence that there is an ongoing condition or liability with regard to this funding, for example on 'live' but not completed research and development projects. As a principle, the Trust follows national guidance in deferring R&I income in order to build sustainable research and innovation capacity building capacity. Whilst we release income in the period to which it relates, at the time of the deferral there may be some uncertainty over the timing of future expenditure, particularly in research and development where projects may span several accounting periods, However, these are not material sums.

Expenditure
Accrued Expenditure
The Trust applies in full the matching and the accruals accounting concepts in producing the Accounts. In practice, matching is a combination of accruals accounting and the revenue recognition principle. The matching concept recognises revenues and their related expenses in the same accounting period. In accordance with the matching principle, the Trust recognises (accrues) expenditure in the accounting period when they been incurred and committed in delivering the activities of the Trust. The majority of our accrued expenditure relates to invoices received which have not yet been posted to our revenue position. Other estimated expenditure accruals are made where we have incurred expenditure during an accounting period but are yet to receive an invoice. There is a degree of uncertainty in relation to these accruals until the invoice is received, however, goods and services purchased using a purchase order will be accounted for through an automatic GRNI (good received but invoice) note when the goods are receipted and non purchase order invoices are accrued through reference to an unprocessed invoices report, which ensures that costs are accrued appropriately. Other significant accruals do rely on an estimation methodology, which use empirical organisational data to inform them, minimising the estimation uncertainty, most notably the annual leave accrual, which is calculated using an established methodology of staff leave data captured on the Trust electronic e-roster system and individual staff leave records.

Prepayments
We account for prepayments where an invoice has been posed to our revenue position or paid, but we have yet to receive an element of the goods or services covered by the invoice (for example annual maintenance contracts). An estimate is made of the element of goods or services that have been received at the 31st March and the remaining value accounting for in the following accounting period. There is no estimation uncertainty associated with prepayments, as they are all verifiable to invoice documentation.

The value of our land and buildings is professionally valued on an annual basis based on a Modern Equivalent Asset valuation which uses an estimate of the future likely configuration of our estate.

Depreciation and impairments
Whilst we aim to give informed useful economic lives to our assets there is a degree of uncertainty in relation to the level of usage of the assets and the level of wear and tear which may reduce the life of the asset below the initial life allocated. However , the Trust undertakes an annual impairment review of property, plant and equipment . In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives. This reduces the Trust's exposure to estimation uncertainty.

Inventories
The restrictions on movement in the United Kingdom in March 2020 arising from the COVID-19 pandemic meant that the Trust was unable to perform all of its planned year end inventory counts. This meant that a degree of estimation was required to ascertain the value of some closing inventories. Many of the stock takes were physically undertaken as usual at the end of 2019/20 but there were a few areas where estimates had to be used. The Trust removed the two material stock areas from the balance sheet in 2019/20, associated with ward and department material management stock holdings and ward drug stocks, given the uncertainty associated with estimation methodology.

Note 1.5 Consolidation
NHS Charitable Funds
The Trust is the corporate trustee to Leicester Hospitals Charity. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:
• recognise and measure them in accordance with the trust's accounting policies and
• eliminate intragroup transactions, balances, gains and losses.

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

The amounts consolidated will be drawn from the financial statements of the subsidiary for the year.

Where subsidiaries' accounting policies are not aligned with those of the Trust then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Trust Group Holdings Ltd
The Trust currently consolidates one subsidiary - Trust Group Holdings Limited (the Company) - henceforth called TGH Ltd. The Company is registered in the UK, company number 10388315, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 1 April 2017 as an Outpatient Dispensary services for the Trust. The service is provided across the three UHL sites, operating in normal business hours. A significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements.

Note 1.6 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the 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 receives income from its subsidiary, TGH Ltd, in relation to the provision of administrative services provided by the Trust to the subsidiary. This income is adjusted out of the group position upon consolidation of the group accounts position.

The Trust recognises the income for spells of patient treatment which are only partially completed at the year-end and deferring the element of maternity pathway episodes not yet complete. In the case of the maternity pathway, payment is currently made at the start of the pathway. Where this pathway spans the year-end there is, in effect, a prepayment for the commissioner and deferred income for the provider. The Trust calculates the accounting estimate and prepaid element of the maternity pathway will be included as a contract liability (deferred income from UHL's perspective).

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

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

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

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

The Trust will establish a provision for credit notes where there are any disputes to its receivables from other NHS organisations within the year end agreement of balances exercise.

Revenue from research contracts
Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme
The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations have been 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.

Private Patients and Overseas Visitors
The Trust also recognises the delivery of private patients and overseas visitor activity in the accounting period it relates to, even where the activity has not been invoiced, based on activity captured on the Trust's Private patient and overseas visitor database.

Revenue grants and other contributions to expenditure
Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

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

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 1.6.1 Approach to unrecoverable debt
The Trust recognises a loss allowance at an amount equal to lifetime expected credit losses (ECLs) under IFRS9's simplified approach – as mandated by HM Treasury. This applies to non-NHS Trade receivables; other long-term trade receivables; contract assets; and lease receivables.

We apply a simple 'provision matrix' to calculate the loss allowance and this approach is permitted under IFRS 9. Our closing general provision was based on the following assumptions.

0 to 90 days old - 0% allowance
91 to 180 days old - 25% allowance
181 to 365 days old - 75% allowance
Over 365 days old - 100% allowance

We also adjust specific categories of debt (such as education, local authorities and overseas visitors) based on the likely level of irrecoverability as determined by the accounts receivable manager and team, taking into account historic levels of write offs and advice from solicitors and debt collection agencies. We increase the loss allowance for riskier debt categories such as overseas visitors.

Note 1.7 Expenditure on employee benefits

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

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. The schemes are accounted for as though they are defined contribution schemes.

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

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

A revaluation of public sector pensions schemes resulted in a 6.3% increase in the employer contribution rate for the NHS Pensions Scheme. A transitional approach has been adopted whereby equivalent central payments have been made by NHS England and the Department of Health and Social Care ('DHSC') on the Trust's behalf. This has been reflected as matching income and expenditure in the accounts of the Trust.

The Trust has entered into a binding obligation to reimburse qualifying clinicians for the tax charge arising on their qualifying benefits under the NHS Pension Scheme. The Trust has created a provision for these payments broadly equal to this tax charge. NHS England and the Government have made a corresponding commitment to fund the payments to clinicians as and when they arise.

Note 1.8 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.
The Trust has a policy of not accruing for expenditure below £5k apart from automatic system generated accruals.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g., 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 (i.e. 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.

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

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

De-recognition

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

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

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

Revaluations of property, plant and equipment

This valuation was then re-performed in March 2021 in order to correct certain aspects of the original exercise.

The Trust's freehold and leasehold property values were updated by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS Professional Standards, the International Valuation Standards and IFRS.

The valuation has been prepared in accordance with the Government Financial Reporting Manual (FReM) to comply with IFRS, specifically with regard to IAS 16 'Property, Plant and Equipment' and IAS 40 'Investment Properties'.

The valuer's opinion of Fair Value was primarily derived using the Depreciated Replacement Cost approach to value the service potential, on a Modern Equivalent Asset (MEA) basis. The MEA valuation was based on the Trust's estates strategy, which outlines a five year major reconfiguration for the Trust's estate, and which effectively defines the Modern Equivalent Asset for the valuation.

The Trust's estates strategy is consistent with its clinical strategy and both strategies are intrinsically linked as we must reconfigure our estate in order to deliver our clinical strategy. We provided our estates strategy to our valuers, Gerald Eve LLP, to enable them to provide a more accurate MEA valuation based on our actual plans and future Trust configuration.

As a result of this valuation the Trust has incurred an impairment charge of £4.2m, which is included within Other Operating Costs in the SOCI. This figure is removed from the Adjusted Financial Performance figure in accordance with Department of Health (DH) Accounting guidance.

Donated and grant funded assets

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

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

Useful 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 economic lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	8	87
Dwellings	7	50
Plant & machinery	7	20
Transport equipment	8	15
Information technology	3	12
Furniture & fittings	8	31

Finance-leased assets (including land) are depreciated over the shorter of the useful economic 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 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

Software

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

Measurement

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

Amortisation

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

Useful economic life of intangible assets

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

	Min life Years	Max life Years
Intangible assets - purchased		
Information technology and software Licences	3	13

Donations of property, plant and equipment

The majority of donated assets have been purchased on behalf of the Trust by the Leicester Hospitals Charity.

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. Physical stock counts are performed as close to the 31st March as possible, and the exact timing takes into account the potential disruption to clinical areas. For example theatre stock is counted at weekends close to the 31st March when the theatres are not in operation.

A small number of areas use external experts to count inventory, for example within our catheter laboratories. In all such cases we ensure that a member of UHL staff is also present during the stock count.

The cost of any obsolete stock is charge to operating expenditure and also reported within losses and special payments.

The Trust's Healthcare at Home services are provided by its subsidiary TGH Ltd and the stock in relation to this service is held by TGH Ltd until delivered to patients at home.

The restrictions on movement in the United Kingdom in March 2020 arising from the COVID-19 pandemic meant that the Trust was unable to perform all of its planned year end inventory counts. This meant that a degree of estimation was required to ascertain the value of some closing inventories. Many of the stock takes were physically undertaken as usual at the end of 2019/20 but there were a few areas where estimates had to be used. The Trust removed the two material stock areas from the balance sheet in 2019/20, associated with ward and department material management stock holdings and ward drug stocks, given the uncertainty associated with estimation methodology.

Note 1.11.1 Inventories held by the Trust Subsidiary - TGH Ltd

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale:– purchase cost on a first-in, first-out basis

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from 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 1.13 Financial instruments 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 Group Accounting Manual (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 Office of National Statistics (ONS).

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

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

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, 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.

Under the GAM we have applied the simplified approach and recognise lifetime expected credit losses at initial recognition, thereby not considering stage 1 impairments. We have no contract assets or receivables which contain a significant financing component. To calculate the lifetime expected credit losses we have used a provision matrix model assessing the risk of irrecoverability based upon the age and risk level of the debt.

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. Losses are charged directly to operating expenditure where an expected credit loss provision has not been previously recognised.

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.

The Group also holds charitable funds investments which we hold at Fair Value and recognise the income under Fair Value Through Other Comprehensive Income (FVOCI) as indicated in note 29.2.

The Group doesn't hold any other types of Financial assets and liabilities.

Note 1.14 Leases

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

The Trust as lessee

Finance leases

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

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

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

Operating leases

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

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

Leases of land and buildings

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

The Trust as lessor

Finance leases

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

Operating leases

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

Note 1.15 Provisions

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

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

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

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

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed 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 1.16 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 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed 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 1.17 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.

Note 1.18 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 1.19 Corporation tax

The Trust has no corporation tax liability itself however the Trust's subsidiary is liable to pay corporation tax and this is recognised in the group accounts.

Note 1.20 Third party assets

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

Note 1.21 Losses and special payments

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

Note 1.22 Gifts

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

Note 1.23 Transfers of functions from other NHS bodies

For functions that have been transferred to the trust from another body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

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

For functions that the trust has transferred to another body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. Any net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses or income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

There were no such transfers of functions in 2019/20.

Note 1.24 Early adoption of standards, amendments and interpretations

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

Note 1.25 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 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.

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 trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Note 1.26 Prior period adjustment

Under IAS 8 all material errors identified in a previous year's financial statements must be corrected through a prior period adjustment except to the extent that, it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

The Trust made several prior period adjustments due to a mixture of changes in accounting policies, consolidation of charitable funds for the first time and also correction of errors. Please refer to note 37 for details of these adjustments. Where appropriate, prior year comparatives have been restated to reflect these adjustments.

Note 2 Operating Segments

The Trust operates in one segment, which is the provision of healthcare.

Note 3 Operating income from patient care activities (Group & Trust)

Note 3.1 Income from patient care activities (by nature)	**2019/20 £000**	**2018/19 £000 Restated**	**2018/19 £000 As previously stated**
Elective income	141,138	142,074	142,074
Non elective income	282,873	248,494	248,494
First outpatient income	46,474	47,996	47,996
Follow up outpatient income	49,684	45,624	45,624
A & E income	39,544	33,532	33,532
High cost drugs income from commissioners (excluding pass-through costs)	101,768	99,095	99,095
Other NHS clinical income	251,786	232,566	232,566
Private patient income	2,798	2,821	2,821
Agenda for Change pay award central funding	-	10,625	10,625
Additional pension contribution central funding	26,919	-	-
Other clinical income	2,975	1,644	2,441
Total income from activities	**945,959**	**864,471**	**865,268**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2019/20 £000**	**2018/19 £000 Restated**	**2018/19 £000 As previously stated**
NHS England	350,224	305,886	305,886
Clinical commissioning groups	539,952	542,245	542,245
Department of Health and Social Care	18,494	10,625	10,625
Other NHS providers	516	1	798
NHS other	31,000	320	320
Non-NHS: private patients	2,798	2,821	2,821
Non-NHS: overseas patients (chargeable to patient)	1,159	977	977
Injury cost recovery scheme	1,816	1,551	1,551
Non NHS: other	-	45	45
Total income from activities	**945,959**	**864,471**	**865,268**
Of which:			
Related to continuing operations	945,959	864,471	865,268

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

	2019/20	2018/19
	£000	£000
Income recognised this year	1,159	977
Cash payments received in-year	281	378
Amounts written off in-year	408	2,833

Note 4.1 Other operating income (Group & Trust)

	2019/20			2018/19 Restated			2018/19 As previously stated		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Research and development	30,485	-	**30,485**	35,804	-	**35,804**	35,804	-	**35,804**
Education and training	46,921	-	**46,921**	42,419	-	**42,419**	42,419	-	**42,419**
Non-patient care services to other bodies	3,911	-	**3,911**	5,377	-	**5,377**	5,377	-	**5,377**
Provider sustainability fund (PSF)	-	-	**-**	10,048	-	**10,048**	9,908	-	**9,908**
Financial recovery fund (FRF)	-	-	**-**	-	-	-	-	-	-
Marginal rate emergency tariff funding (MRET)	6,866	-	**6,866**	-	-	-	-	-	-
Income in respect of employee benefits accounted on a gross basis	9,671	-	**9,671**	10,175	-	**10,175**	10,175	-	**10,175**
Receipt of capital grants and donations	-	348	**348**	-	430	**430**	-	430	**430**
Rental revenue from operating leases	-	576	**576**	-	491	**491**	-	491	**491**
Charitable fund incoming resources	-	4,540	**4,540**	-	2,937	**2,937**	-	-	**-**
Other income	41,298	-	**41,298**	22,164	-	**22,164**	22,374	-	**22,374**
Total other operating income	**139,152**	**5,464**	**144,616**	**125,987**	**3,858**	**129,845**	**126,057**	**921**	**126,978**
Of which:									
Related to continuing operations			**144,616**			**129,845**			**126,978**

Note 4.2 Additional information on contract revenue (IFRS 15) recognised in the period

(Group & Trust)	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	-	340

Note 4.3 Transaction price allocated to remaining performance obligations

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

Note 5 Income generation activities (Group & Trust)

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

	2019/20	2018/19	2018/19
		Restated	**As previously stated**
	£000s	£000s	£000s
Income - car parking	5,138	5,025	5,025
Income - catering	3,618	3,411	3,411
Income - accommodation	1,321	1,370	-

We provide retail catering services to patients and the public, and collect car parking income from our car parks. We record the associated full costs of these activities as they are absorbed into the overheads of the Trust.

Note 6 Fees and charges (Group & Trust)

	2019/20	2018/19
	£000	£000
Income	11,524	15,194
Full cost	(11,524)	(15,194)
Result	**-**	**-**

Note 7.1 Operating expenses (Group & Trust)

	2019/20	2018/19 Restated	2018/19 As previously stated
	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,067	1,197	1,845
Purchase of healthcare from non-NHS and non-DHSC bodies	5,604	8,670	8,665
Staff and executive Directors' costs*	698,891	629,449	628,825
Remuneration of non-executive directors	105	88	88
Supplies and services - clinical (excluding drugs costs)	124,593	117,635	112,631
Supplies and services - general	15,334	13,774	13,774
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	107,139	102,124	102,124
Inventories written down	2,400	-	-
Consultancy costs	2,503	671	671
Establishment	5,906	5,768	5,514
Premises	54,976	43,469	38,133
Transport (including patient travel)	7,050	5,281	5,281
Depreciation on property, plant and equipment	32,307	19,857	16,957
Amortisation on intangible assets	2,684	2,622	2,622
Net impairments	3,480	1,509	1,509
Movement in credit loss allowance: contract receivables / contract assets	2,256	2,826	2,826
Movement in credit loss allowance: all other receivables and investments	-	(928)	(928)
Increase/(decrease) in other provisions	11,397	-	-
Audit services- statutory audit**	220	99	99
Other auditor remuneration (external auditor only)	-	7	7
Internal audit costs	209	239	183
Clinical negligence	30,664	31,927	31,927
Legal fees	390	249	249
Insurance	61	126	125
Research and development - staff costs*	15,650	15,431	15,431
Research and development	20,474	20,332	20,332
Education and training	1,437	1,039	1,039
Rentals under operating leases	6,827	4,963	4,963
Redundancy *	134	104	104
Car parking & security	2,323	1,359	1,358
Hospitality	5	13	13
Losses, ex gratia & special payments	1,266	3,433	3,433
Other services, eg external payroll	1,149	1,152	1,152
Other NHS charitable fund resources expended	2,211	2,188	-
Other	35,900	15,957	10,961
Total	**1,196,612**	**1,052,630**	**1,031,913**
Of which:			
Related to continuing operations	1,196,612	1,052,630	1,031,913

*Staff and executive director's costs, Research and Development - staff costs, and Redundancy total £714,675k (2018/19 restated: £644,984k) which agrees to Note 9 Employee benefits.

**Further audit fees of £664k were incurred in the course of concluding the audit of the 2019/20 accounts. These will be disclosed as an additional fee for prior year audit in 2020/21.

Note 7.2 Other auditor remuneration (Group & Trust)

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	-	7
Total	**-**	**7**

Note 7.3 Limitation on auditor's liability (Group & Trust)

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

Note 8 Impairment of assets (Group & Trust)

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	2,384	1,509
Other	1,096	-
Total net impairments charged to operating surplus / deficit	**3,480**	**1,509**
Impairments charged to the revaluation reserve	16,421	820
Total net impairments	**19,901**	**2,329**

Note 9 Employee benefits (Group & Trust)

	2019/20	2018/19	2018/19
		Restated	As previously stated
	Total	Total	Total
	£000	£000	£000
Salaries and wages	554,107	517,780	517,156
Social security costs	50,562	48,307	48,307
Apprenticeship levy	2,629	2,500	2,500
Employer's contributions to NHS pensions	61,499	58,117	58,117
Pension cost - employer contributions paid by NHSE on Trust's behalf (6.3%)	26,919	69	69
Termination benefits	134	104	104
Temporary staff (including agency)	20,801	18,870	18,870
Total gross staff costs	**716,651**	**645,747**	**645,123**
Recoveries in respect of seconded staff	-	-	-
Total staff costs	**716,651**	**645,747**	**645,123**
Of which			
Costs capitalised as part of assets	(1,976)	(763)	(763)
Net staff costs	**714,675**	**644,984**	**644,360**

Note 9.1 Retirements due to ill-health (Group & Trust)

During 2019/20 there were 5 early retirements from the Trust agreed on the grounds of ill-health (9 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £291k (£632k in 2018/19).

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

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

c) Other pension schemes

The Trust offers an additional defined contribution workplace pension scheme - the National Employment Savings Scheme (NEST). This is not material.

Note 11 Operating leases (Trust only)

Note 11.1 University Hospitals of Leicester NHS Trust as a lessor

This note discloses income generated in operating lease agreements where University Hospitals of Leicester NHS Trust is the lessor.

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	576	491
Total	**576**	**491**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year;	439	436
- later than one year and not later than five years;	1,222	40
- later than five years.	-	56
Total	**1,661**	**532**

Note 11.2 University Hospitals of Leicester NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals of Leicester NHS Trust is the lessee.

Of the total minimum lease payments for 2019/20, £5,208k (2018/19 - £3,639k) relates to external contracts for the provision of haemodialysis services as defined under IAS 17 Leases. The Trust is provided with haemodialysis services from private sector suppliers from sites in Northamptonshire and Lincolnshire.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	6,827	4,963
Total	**6,827**	**4,963**

	2020 £000	2019 £000
Future minimum lease payments due:		
- not later than one year;	6,188	3,904
- later than one year and not later than five years;	15,205	4,163
- later than five years.	1,355	-
Total	**22,748**	**8,067**

Note 12 Finance income (Group & Trust)

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

	2019/20	2018/19	2018/19
		Restated	As previously stated
	£000	£000	£000
Interest on bank accounts	242	190	190
NHS charitable fund investment income	139	152	-
Total finance income	**381**	**342**	**190**

Note 13.1 Finance expenditure (Group & Trust)

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	6,891	6,023
Finance leases	1,114	763
Interest on late payment of commercial debt	180	93
Total interest expense	**8,185**	**6,879**
Unwinding of discount on provisions	23	2
Total finance costs	**8,208**	**6,881**

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

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	180	93

Note 14 Other gains / (losses) (Group & Trust)

	2019/20	2018/19	2018/19
		Restated	As previously stated
	£000	£000	£000
Gains on disposal of assets	-	6,058	5,858
Losses on disposal of assets	(5,976)	-	-
Total (losses)/gains on disposal of assets	**(5,976)**	**6,058**	**5,858**

Note 15.1 Intangible assets - 2019/20

Group & Trust	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**29,594**	**9**	**29,603**
Opening balances adjustment	(160)	-	(160)
Adjusted valuation / gross cost at 1 April 2019 - brought forward	**29,434**	**9**	**29,443**
Additions	58	-	**58**
Reclassifications	5,717	(9)	**5,708**
Disposals / derecognition	(8,590)	-	**(8,590)**
Valuation / gross cost at 31 March 2020	**26,619**	**-**	**26,619**
Amortisation at 1 April 2019 - brought forward	**20,711**	**-**	**20,711**
Opening balances adjustment	(160)	-	(160)
Adjusted amortisation at 1 April 2019 - brought forward	**20,551**	**-**	**20,551**
Provided during the year	2,684	-	**2,684**
Disposals / derecognition	(8,590)	-	**(8,590)**
Amortisation at 31 March 2020	**14,645**	**-**	**14,645**
Net book value at 31 March 2020	**11,974**	**-**	**11,974**
Net book value at 31 March 2019	**8,883**	**9**	**8,892**

Note 15.2 Intangible assets - 2018/19

Group & Trust - Restated	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018	**29,574**	**-**	**29,574**
Reclassifications	20	9	**29**
Valuation / gross cost at 31 March 2019	**29,594**	**9**	**29,603**
Amortisation at 1 April 2018	**18,094**	**-**	**18,094**
Provided during the year	2,622	-	**2,622**
Reclassifications	(5)	-	**(5)**
Amortisation at 31 March 2019	**20,711**	**-**	**20,711**
Net book value at 31 March 2019	**8,883**	**9**	**8,892**
Net book value at 31 March 2018	**11,480**	**-**	**11,480**

Group & Trust - as previously stated	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018	**29,574**	**-**	**29,574**
Reclassifications	29	-	**29**
Valuation / gross cost at 31 March 2019	**29,603**	**-**	**29,603**
Amortisation at 1 April 2018	**18,094**	**-**	**18,094**
Provided during the year	2,622	-	**2,622**
Reclassifications	(2)	-	**(2)**
Amortisation at 31 March 2019	**20,714**	**-**	**20,714**
Net book value at 31 March 2019	**8,889**	**-**	**8,889**
Net book value at 31 March 2018	**11,480**	**-**	**11,480**

Note 16.1 Property, plant and equipment - 2019/20

Group & Trust

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward as previously stated	**49,108**	**334,828**	**10,845**	**18,842**	**168,336**	**197**	**67,738**	**2,439**	**652,333**
Opening balances adjustment	-	3,176	-	(1)	6,058	(1)	-	(2)	9,230
Adjusted valuation/gross cost at 1 April 2019 - brought forward	**49,108**	**338,004**	**10,845**	**18,841**	**174,394**	**196**	**67,738**	**2,437**	**661,563**
Additions	-	24,255	166	14,880	7,760	115	9,732	193	**57,101**
Impairments through income and expenditure	(10,030)	(13,020)	3	(658)	-	-	(438)	-	**(24,143)**
Impairments through the revaluation reserve	(128)	(15,483)	(810)	-	-	-	-	-	**(16,421)**
Reversals of impairments	4,080	16,572	11	-	-	-	-	-	**20,663**
Revaluations	8,736	75,762	505	-	-	-	-	-	**85,003**
Reclassifications	-	3,617	20	(18,138)	1,947	-	6,846	-	**(5,708)**
Disposals / derecognition	-	-	-	(1,926)	(40,973)	-	(40,856)	-	**(83,755)**
Valuation/gross cost at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**143,128**	**311**	**43,022**	**2,630**	**694,303**
Accumulated depreciation at 1 April 2019 - brought forward as previously stated	**-**	**-**	**-**	**-**	**116,937**	**123**	**51,939**	**1,797**	**170,796**
Opening balances adjustment	-	-	-	-	2,773	(2)	(3)	(1)	2,767
Adjusted accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**119,710**	**121**	**51,936**	**1,796**	**173,563**
Provided during the year	-	12,395	569	-	13,645	6	5,594	98	**32,307**
Revaluations	-	(12,395)	(569)	-	-	-	-	-	**(12,964)**
Disposals / derecognition	-	-	-	-	(38,282)	-	(40,856)	-	**(79,138)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**95,073**	**127**	**16,674**	**1,894**	**113,768**
Net book value at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**
Net book value at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**

£20k of PPE assets are held by the Trust's subsidiary TGH Ltd.

The Trust has engaged the services of professional valuers Gerald Eve LLP to establish the fair value of land and buildings for the organisation. In their opinion "The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review.

"For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation."

Note 16.2 Property, plant and equipment - 2018/19

Group & Trust - restated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	**48,878**	**296,244**	**8,383**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**596,167**
Period Adjustments	440	-	1,475	-	-	-	-	-	**1,915**
Valuation as at 1 April 2018 - restated	**49,318**	**296,244**	**9,858**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**598,082**
Additions	-	7,771	-	7,569	6,699	23	7,312	8	**29,382**
Impairments	-	(2,326)	(3)	-	-	-	-	-	**(2,329)**
Revaluations	(10)	33,074	993	-	-	-	-	-	**34,057**
Reclassifications	69	65	(3)	(534)	(1,401)	(23)	(990)	(3)	**(2,820)**
Disposals / derecognition	(269)	-	-	-	(3,600)	(15)	(129)	(26)	**(4,039)**
Valuation/gross cost at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**168,336**	**197**	**67,738**	**2,439**	**652,333**
Accumulated depreciation at 1 April 2018	**-**	**-**	**-**	**-**	**117,113**	**123**	**49,593**	**1,728**	**168,557**
Provided during the year	-	10,686	407	-	6,191	15	2,463	95	**19,857**
Revaluations	-	(10,686)	(407)	-	-	-	-	-	**(11,093)**
Reclassifications	-	-	-	-	(2,797)	-	11	-	**(2,786)**
Disposals / derecognition	-	-	-	-	(3,570)	(15)	(128)	(26)	**(3,739)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**116,937**	**123**	**51,939**	**1,797**	**170,796**
Net book value at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**
Net book value at 31 March 2018	**48,878**	**296,244**	**8,383**	**11,807**	**49,525**	**89**	**11,952**	**732**	**427,610**

Group & Trust - as previously stated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**48,878**	**296,244**	**8,383**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**596,167**
Additions	-	7,773	-	7,569	6,699	23	4,584	8	**26,656**
Impairments	-	(2,326)	(3)	-	-	-	-	-	**(2,329)**
Revaluations	(10)	33,074	665	-	-	-	-	-	**33,729**
Reclassifications	-	60	-	(159)	70	-	-	-	**(29)**
Disposals / derecognition	(269)	-	-	-	(3,600)	(15)	(129)	(26)	**(4,039)**
Valuation/gross cost at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**169,807**	**220**	**66,000**	**2,442**	**650,155**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**-**	**117,113**	**123**	**49,593**	**1,728**	**168,557**
Provided during the year	-	10,686	407	-	3,345	7	2,463	49	**16,957**
Revaluations	-	(10,686)	(407)	-	-	-	-	-	**(11,093)**
Reclassifications	-	-	-	-	(6)	-	8	-	**2**
Disposals / derecognition	-	-	-	-	(3,570)	(15)	(128)	(26)	**(3,739)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**116,882**	**115**	**51,936**	**1,751**	**170,684**
Net book value at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**52,925**	**105**	**14,064**	**691**	**479,471**
Net book value at 31 March 2018	**48,878**	**296,244**	**8,383**	**11,807**	**49,525**	**89**	**11,952**	**732**	**427,610**

Note 16.3 Property, plant and equipment financing - 2019/20

Group & Trust	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	51,766	416,230	10,740	12,788	27,302	158	26,279	649	**545,912**
Finance leased	-	3,179	-	-	19,487	-	-	-	**22,666**
Owned - government granted	-	1,040	-	-	-	-	-	-	**1,040**
Owned - donated	-	9,258	-	211	1,266	26	69	87	**10,917**
NBV total at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**

Note 16.4 Property, plant and equipment financing - 2018/19

Group & Trust - restated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	49,108	327,953	10,845	18,842	30,325	60	15,716	555	**453,404**
Finance leased	-	-	-	-	19,637		-	-	**19,637**
Owned - government granted	-	668	-	-	-	-	-	-	**668**
Owned - donated	-	6,207	-	-	1,437	14	83	87	**7,828**
NBV total at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**

Note 16.5 Property, plant and equipment financing - 2018/19

Group & Trust - as previously stated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	48,599	327,950	9,045	19,217	31,851	91	13,981	604	**451,338**
Finance leased	-	-	-	-	19,637	-	-	-	**19,637**
Owned - government granted	-	668	-	-	-	-	-	-	**668**
Owned - donated	-	6,207	-	-	1,437	14	83	87	**7,828**
NBV total at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**52,925**	**105**	**14,064**	**691**	**479,471**

Note 17 Other investments / financial assets (non-current)

	Group	
	2019/20	**2018/19 Restated**
	£000	**£000**
Carrying value at 1 April 2019 - brought forward	**4,725**	**4,684**
Carrying value at 1 April 2019 - restated	**4,725**	**4,684**
Acquisitions in year	4,885	780
Fair value (losses)/gains on financial assets mandated at fair value through OCI	(427)	58
Disposals	(4,859)	(797)
Carrying value at 31 March 2020	**4,324**	**4,725**

The above represents assets held by the Charity

Note 18 Analysis of charitable fund reserves

The funds of the Leicester Hospitals Charity have been consolidated within these accounts.

	31 March 2020	31 March 2019 Restated
	£000	£000
Unrestricted funds:		
Unrestricted income funds	4,811	3,570
Restricted funds:		
Other restricted income funds	4,710	3,910
	9,521	**7,480**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the Corporate Trustee in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 19 Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	5,788	6,686	4,270	5,391
Consumables	13,639	18,155	13,640	18,155
Energy	147	211	147	211
Total inventories	**19,574**	**25,052**	**18,057**	**23,757**

Note 20 Receivables

	Group			Trust		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Contract receivables	40,469	56,381	60,980	40,524	54,175	60,980
Allowance for impaired contract receivables / assets	(3,350)	(2,170)	(2,170)	(3,350)	(2,170)	(2,170)
Prepayments (non-PFI)	6,201	2,188	6,309	6,181	2,188	6,309
PDC dividend receivable	877	-	-	877	-	-
VAT receivable	1,715	1,781	1,781	1,312	1,453	1,453
Clinician pension tax provision reimbursement from NHSE	73	-	-	73	-	-
Other receivables	222	796	796	757	796	796
NHS charitable funds receivables	1,258	1,188	-	-	-	-
Total current receivables	**47,465**	**60,164**	**67,696**	**46,374**	**56,442**	**67,368**
Non-current						
Contract receivables	2,533	2,599	2,458	2,533	2,599	2,458
Allowance for impaired contract receivables / assets	(537)	(917)	(917)	(537)	(917)	(917)
Clinician pension tax provision reimbursement from NHSE	2,396	-	-	2,396	-	-
Prepayments (non-PFI)	-	-	5,032	-	-	5,032
Total non-current receivables	**4,392**	**1,682**	**6,573**	**4,392**	**1,682**	**6,573**
Total receivables	**51,857**	**61,846**	**74,269**	**50,766**	**58,124**	**73,941**
Of which receivable from NHS and DHSC group bodies:						
Current	29,769	46,954	46,954	29,769	46,954	46,954
Non-current	2,396	2,186	2,186	2,396	2,186	2,186

Note 21.1 Allowances for credit losses - 2019/20

	Group & Trust	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2019 - brought forward	**4,015**	**(928)**
New allowances arising	3,767	-
Changes in existing allowances	(928)	928
Reversals of allowances	(1,510)	-
Utilisation of allowances (write offs)	(1,457)	-
Allowances as at 31 Mar 2020	**3,887**	**-**

Note 21.2 Allowances for credit losses - 2018/19

	Group & Trust	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018	**928**	**-**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	3,753	-
New allowances arising	1,544	-
Changes in existing allowances	1,282	(928)
Utilisation of allowances (write offs)	(3,492)	-
Allowances as at 31 Mar 2019	**4,015**	**(928)**

Note 22 Cash and cash equivalents movements

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

	Group			Trust		
	2019/20	2018/19 Restated	2018/19 As previously stated	2019/20	2018/19 Restated	2018/19 As previously stated
	£000	£000	£000	£000	£000	£000
At 1 April	**16,965**	**9,086**	**8,919**	**12,669**	**7,259**	**7,259**
Net change in year	16,226	7,879	6,180	13,860	5,410	5,410
At 31 March	**33,191**	**16,965**	**15,099**	**26,529**	**12,669**	**12,669**
Broken down into:						
Cash at commercial banks and in hand	4,321	4,340	2,474	44	44	44
Cash with the Government Banking Service	28,870	12,625	12,625	26,485	12,625	12,625
Total cash and cash equivalents as in SoFP	**33,191**	**16,965**	**15,099**	**26,529**	**12,669**	**12,669**
Bank overdrafts (GBS and commercial banks)	(12,899)	(11,104)	(11,104)	(12,899)	(11,104)	(11,104)
Total cash and cash equivalents as in SoCF	**20,292**	**5,861**	**3,995**	**13,630**	**1,565**	**1,565**

Note 22.1 Third party assets held by the trust

University Hospitals of Leicester NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts. Balances on deposit were £0 for 2019/20 (£0 for 2018/19)

Note 23.1 Trade and other payables

	Group			Trust		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Trade payables	18,205	60,450	56,217	16,934	58,353	56,038
Capital payables	3,792	3,423	3,423	3,792	3,423	3,423
Accruals	57,515	39,505	28,627	58,802	39,487	28,609
Social security costs	7,571	7,298	7,298	7,556	7,298	7,298
Other taxes payable	6,173	6,121	6,121	6,161	6,121	6,121
PDC dividend payable	-	536	536	-	536	536
Other payables *	10,244	8,192	8,089	10,383	8,192	8,107
NHS charitable funds: trade and other payables	29	299	-	-	-	-
Total current trade and other payables	**103,529**	**125,824**	**110,311**	**103,628**	**123,410**	**110,132**

* The figure of £8,107k for other payables relating to Trust only balances in the 'as previously stated' column has been corrected by £18k from £8,089k to £8,107k because of an error in the 2018/19 accounts.

Of which payables from NHS and DHSC group bodies:

Current	19,977	11,361	11,361	19,977	11,361	11,361
Non-current	-	-	-	-	-	-

Note 23.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

Group and Trust	31 March 2020 £000	31 March 2020 Number	31 March 2019 £000	31 March 2019 Number
- to buy out the liability for early retirements over 5 years	291	-	186	-
- number of cases involved	-	5	-	65

Note 24 Other liabilities

	Group			Trust		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Deferred income: contract liabilities	8,360	9,381	7,566	8,360	9,369	7,554
Total other current liabilities	**8,360**	**9,381**	**7,566**	**8,360**	**9,369**	**7,554**

Note 25 Borrowings

	Group			Trust		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Bank overdrafts	12,899	11,104	11,104	12,899	11,104	11,104
Loans from the Department of Health and Social Care	350,725	37,122	37,122	350,725	37,122	37,122
Other loans	2,125	-	-	2,125	-	-
Obligations under finance leases	5,204	5,294	4,907	5,204	5,294	4,907
Total current borrowings	**370,953**	**53,520**	**53,133**	**370,953**	**53,520**	**53,133**
Non-current						
Loans from the Department of Health and Social Care	-	209,410	209,410	-	209,410	209,410
Obligations under finance leases	17,226	2,012	2,014	17,226	2,012	2,014
Total non-current borrowings	**17,226**	**211,422**	**211,424**	**17,226**	**211,422**	**211,424**

Across NHS Provider organisations nationally. liabilities associated with interim revenue support loans will be extinguished. These loans will be repaid and funded from Public Dividend Capital (PDC) issued by DHSC. during 2020/21. This removes £349.6m in loan principal from the Trust's balance sheet. All loans will be frozen at 31 March 2020 and interest payments will cease from that date. Amounts due for loan principal and accrued interest will be calculated and reconciled to provider's audited financial statements for the year ended 31 March 2020. PDC in the equivalent amount will be issued to the Trust to repay the loans on 30 September 2020.

Note 25.1 Reconciliation of liabilities arising from financing activities

Group & Trust - 2019/20	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019 - restated	**246,532**	**-**	**7,306**	**253,838**
Cash movements:				
Financing cash flows - payments and receipts of principal	103,916	2,125	(2,418)	**103,623**
Financing cash flows - payments of interest	(6,607)	-	(511)	**(7,118)**
Non-cash movements:				
Additions	-	-	1,029	**1,029**
Application of effective interest rate	6,884	-	918	**7,802**
Other changes	-	-	16,106	**16,106**
Carrying value at 31 March 2020	**350,725**	**2,125**	**22,430**	**375,280**

Group & Trust - 2018/19 - Restated	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**198,335**	**-**	**10,912**	**209,247**
Cash movements:				
Financing cash flows - payments and receipts of principal	47,335	-	(5,415)	**41,920**
Financing cash flows - payments of interest	(5,748)	-	(763)	**(6,511)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	587	-	-	**587**
Additions	-	-	3,031	**3,031**
Application of effective interest rate	6,023	-	763	**6,786**
Other changes	-	-	(1,222)	**(1,222)**
Carrying value at 31 March 2019	**246,532**	**-**	**7,306**	**253,838**

Group & Trust - 2018/19 - As previously stated	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**198,335**	**-**	**10,912**	**209,247**
Cash movements:				
Financing cash flows - payments and receipts of principal	47,335	-	(5,415)	**41,920**
Financing cash flows - payments of interest	(5,748)	-	(763)	**(6,511)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	587	-	-	**587**
Additions	-	-	3,031	**3,031**
Application of effective interest rate	6,023	-	763	**6,786**
Other changes	-	-	(1,607)	**(1,607)**
Carrying value at 31 March 2019	**246,532**	**-**	**6,921**	**253,453**

Note 26 Finance leases - Trust only

The Trust has three finance lease arrangements - for Managed Equipment Services, IM&T equipment and renal dialysis equipment.

Managed Equipment Service (MES) finance lease
The Trust is the lessee in relation to a managed equipment service as defined by IAS 17 Leases. The Trust leases major items of equipment used to treat patients.
Commencement date: 2007/08
End date: 2025/2026

IM&T "eQuip" programme

The Trust is the lessee for this IM&T programme as defined by IAS 17 Leases. The lease relates to the replacement of outdated IT equipment and the provision of new IT equipment for staff.
Commencement date: 2018/19
End date: 2024/25

Renal Dialysis equipment leases

The Trust has recognised finance leases in respect of renal dialysis equipment and premises at six locations. This is a change in classification of an existing arrangement.
Commencement dates: 2015/16 to 2019/20
End Dates: 2022/23 to 2044/45

Payment for the fair value of the services received
The annual unitary payment is applied to meet the annual finance cost and to repay the lease liabilities over the contract term.

Interest costs charged to revenue
An annual finance cost is calculated by applying the implicit interest rate in the leases to the opening lease liabilities for the period, and is charged to ‘Finance Costs’ within the Statement of Comprehensive Income.

Property plant and equipment assets recognised on the balance sheet
The finance lease assets are recognised as property, plant and equipment. The asset values, life and depreciation for the scheme are provided to the Trust by the Lessors.
Depreciation on the property, plant and equipment is charged to revenue.

Liability
Lease liabilities are recognised at the same time as the assets are recognised. The liabilities are measured initially at the same amount as the fair value of the assets and are subsequently measured as finance lease liabilities in accordance with IAS 17 Leases.

Asset replacement
Any assets, or asset components provided by the lessor during the contract are capitalised where they meet the Trust’s criteria for capital expenditure. They are capitalised at the time they are provided by the lessor and are measured initially at their fair value.

Assets contributed by the Trust to the operator for use in the scheme (MES only).
Assets contributed for use in the scheme are recognised as items of property, plant and equipment in the Trust’s Statement of Financial Position.

Note 26.1 University Hospitals of Leicester NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	Trust only		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000
Gross lease liabilities	**25,428**	**7,693**	**7,308**
of which liabilities are due:			
- not later than one year;	5,438	5,292	4,907
- later than one year and not later than five years;	13,045	976	976
- later than five years.	6,945	1,425	1,425
Finance charges allocated to future periods	(2,998)	(387)	(387)
Net lease liabilities	**22,430**	**7,306**	**6,921**
of which payable:			
- not later than one year;	5,204	5,294	4,907
- later than one year and not later than five years;	11,674	976	895
- later than five years.	5,552	1,036	1,119
Total of future minimum sublease payments to be received at the reporting date	-	-	-
Contingent rent recognised as expense in the period	-	-	-
	22,430	**7,306**	**6,921**

Note 27.1 Provisions for liabilities and charges analysis

Group	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019- restated	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**
Arising during the year	13	-	-	2,469	15,673	**18,155**
Utilised during the year	(275)	(73)	(27)	-	(195)	**(570)**
Reversed unused	(196)	(16)	-	-	-	**(212)**
Unwinding of discount	16	7	-	-	-	**23**
At 31 March 2020	**2,096**	**925**	**-**	**2,469**	**16,257**	**21,747**
Expected timing of cash flows:						
- not later than one year;	275	73	-	73	310	**731**
- later than one year and not later than five years;	1,100	292	-	143	15,947	**17,482**
- later than five years.	721	560	-	2,253	-	**3,534**
Total	**2,096**	**925**	**-**	**2,469**	**16,257**	**21,747**

The Trust has made provision for Section 106 costs of £2.2m, which would be incurred by the housing developer, Davidson's Homes, in relation to the Glenfield land development. As agreed between the parties, the Trust was contractually obligated to fund the developer's costs in relation to covering the costs of meeting section 106 requirements, as part of the land sale agreement. Section 106 agreements are drafted when it is considered that a development will have significant impacts on the local area that cannot be moderated by means of conditions attached to a planning decision. For example, a new residential development can place extra pressure on the social, physical and economic infrastructure which already exists in a certain area.

The land sale agreement also contained a 'put option' which allowed Davidson's to sell the land back to the Trust should certain milestones not be met. Davidson's has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase

Provisions for liabilities and charges analysis (Group) - Prior year

2018/19 - Group - Restated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	1,786	690	27		618	**3,121**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	2,324	906	-	-	280	**3,510**
- later than five years.	-	44	-	-	429	**473**
Total	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**

2018/19 - Group - As previously stated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	65	12	27		618	**722**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**817**	**329**	**27**	**-**	**779**	**1,952**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	603	228	-	-	280	**1,111**
- later than five years.	-	44	-	-	429	**473**
Total	**817**	**329**	**27**	**-**	**779**	**1,952**

Note 27.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019 - restated	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**
Arising during the year	13	-	-	2,469	15,673	**18,155**
Utilised during the year	(275)	(73)	(27)	-	(191)	**(566)**
Reversed unused	(196)	(16)	-	-	-	**(212)**
Unwinding of discount	16	7	-	-	-	**23**
At 31 March 2020	**2,096**	**925**	**-**	**2,469**	**16,239**	**21,729**
Expected timing of cash flows:						
- not later than one year;	275	73	-	73	292	**713**
- later than one year and not later than five years;	1,100	292	-	143	15,947	**17,482**
- later than five years.	721	560	-	2,253	-	**3,534**
Total	**2,096**	**925**	**-**	**2,469**	**16,239**	**21,729**

The 2018/19 provisions have been adjusted by £2,399k to increase the value of provisions relating to early retirement costs, following a recalculation of those costs.

Provisions for liabilities and charges analysis (Trust) - Prior year

2018/19 - Trust - Restated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**323**	**1,891**
Arising during the year	1,786	690	27		618	**3,121**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	2,324	906	-	-	258	**3,488**
- later than five years.	-	44	-	-	429	**473**
Total	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**

2018/19 - Trust - As previously stated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	65	12	27		596	**700**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**817**	**329**	**27**	**-**	**757**	**1,930**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	48	**346**
- later than one year and not later than five years;	603	228	-	-	280	**1,111**
- later than five years.	-	44	-	-	429	**473**
Total	**817**	**329**	**27**	**-**	**757**	**1,930**

Note 27.3 Clinical negligence liabilities (Trust only)

At 31 March 2020, £411,149k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of the Trust (31 March 2019: £394.856k).

Note 28 Contingent assets and liabilities (Group & Trust)

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities				
Other	-	(9,726)	-	(9,726)
Gross value of contingent liabilities	**-**	**(9,726)**	**-**	**(9,726)**
Net value of contingent liabilities	**-**	**(9,726)**	**-**	**(9,726)**
Net value of contingent assets	**-**	**-**	**-**	**-**

Contingent Liability

Land disposal
In 2018/19, the Trust disposed of surplus land to Davidsons Homes for the development of local housing units. The contract for the sale of the land was completed within the year with the associated transfer of legal title. The contract includes a put option to the effect that the sale and proceeds received is contingent upon Davidsons Homes obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that it is 'highly probable' that the revenue (consideration) associated with the sale would not be reversed (repaid).

Davidson's has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event (refer note 38.0). The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase.

Other contingent liabilities
Other contingent liabilities have reduced by £9.7m from the prior year. Previously we had included this contingent liability to reflect potential VAT repayable to the HMRC that we previously reclaimed on a significant outsourced IM&T contract. We have received further information from the HMRC in 2019/20 which has increased the possibility that we will need to repay VAT in this matter, and the value of the potential repayment has also been clarified. We have therefore included a provision in our accounts this year as shown in note 27.2.

Note 28.1 Contractual capital commitments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	12,724	19,203	12,724	19,203
Total	**12,724**	**19,203**	**12,724**	**19,203**

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the NHS trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The 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 auditor.

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

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

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust relies on loans from the Department of Health and Social Care to fund its deficit and also for an element of capital expenditure. The Trust's closing loan balances for 2019/20 totalled £350,725k.

Interest rates for the above loans range from 1.5% to 3.5%. The Trusts cash, loans and working capital positions are monitored by its Finance and Investment Committee.

The Trust's total loan balance of £350,725k will be replaced in full with PDC funding during 2019/20 and therefore they are all shown as repayable within one year in these accounts.

Land sale

As described within Note 28 Contingent Liabilities, the Trust disposed of surplus land to Davidsons Homes for the development of local housing units. The contract for the sale of the land was completed within the year with the associated transfer of legal title. The contract includes a put option to the effect that the sale and proceeds received is contingent upon Davidsons Homes obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that it is 'highly probable' that the revenue (consideration) associated with the sale would not be reversed (repaid). The Trust has not recognised any liability in respect of this put option as it believes the financial liability associated with this is £nil.

Note 29.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	41,584	-	**41,584**
Cash and cash equivalents	28,915	-	**28,915**
Consolidated NHS Charitable fund financial assets	5,534	4,324	**9,858**
Total at 31 March 2020	**76,033**	**4,324**	**80,357**

Carrying values of financial assets as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	55,893	-	**55,893**
Cash and cash equivalents	15,099	-	**15,099**
Consolidated NHS Charitable fund financial assets	3,054	4,725	**7,779**
Total at 31 March 2019	**74,046**	**4,725**	**78,771**

Carrying values of financial assets as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	61,147	-	**61,147**
Cash and cash equivalents	15,099	-	**15,099**
Total at 31 March 2019	**76,246**	**-**	**76,246**

Note 29.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	41,639	-	**41,639**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	26,529	-	**26,529**
Total at 31 March 2020	**72,168**	**-**	**72,168**

Carrying values of financial assets as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	53,687	-	**53,687**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	12,669	-	**12,669**
Total at 31 March 2019	**70,356**	**-**	**70,356**

Carrying values of financial assets as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	60,959	-	**60,959**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	12,669	-	**12,669**
Total at 31 March 2019	**77,628**	**-**	**77,628**

Note 29.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	350,725	-	**350,725**
Obligations under finance leases	22,430	-	**22,430**
Other borrowings	15,024	-	**15,024**
Trade and other payables excluding non-financial liabilities	89,756	-	**89,756**
Consolidated NHS Charitable fund financial liabilities	29	-	**29**
Total at 31 March 2020	**477,964**	**-**	**477,964**

Carrying values of financial liabilities as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	7,306	-	**7,306**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	111,570	-	**111,570**
Consolidated NHS Charitable fund financial liabilities	299	-	**299**
Total at 31 March 2019	**376,811**	**-**	**376,811**

Carrying values of financial liabilities as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	6,921	-	**6,921**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	96,356	-	**96,356**
Total at 31 March 2019	**360,913**	**-**	**360,913**

Note 29.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	350,725	-	**350,725**
Obligations under finance leases	22,430	-	**22,430**
Other borrowings	15,024	-	**15,024**
Trade and other payables excluding non-financial liabilities	89,911	-	**89,911**
Total at 31 March 2020	**478,090**	**-**	**478,090**

Carrying values of financial liabilities as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	7,306	-	**7,306**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	109,455	-	**109,455**
Total at 31 March 2019	**374,397**	**-**	**374,397**

Carrying values of financial liabilities as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	6,921	-	**6,921**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	96,177	-	**96,177**
Total at 31 March 2019	**360,734**	**-**	**360,734**

Note 29.6 Maturity of financial liabilities

	Group		Trust	
	31 March 2020 £000	31 March 2019 Restated £000	31 March 2020 £000	31 March 2019 Restated £000
In one year or less	460,738	165,386	460,864	163,076
In more than one year but not more than two years	3,093	119,280	3,093	119,280
In more than two years but not more than five years	8,581	56,420	8,581	56,420
In more than five years	5,552	35,725	5,552	35,725
Total	**477,964**	**376,811**	**478,090**	**374,501**

Note 30 Losses and special payments

	2019/20		2018/19	
Group and Trust	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	1	41	-	-
Bad debts and claims abandoned	2,116	1,094	1,962	3,262
Stores losses and damage to property	55	34	-	-
Total losses	**2,172**	**1,169**	**1,962**	**3,262**
Special payments				
Compensation under court order or legally binding arbitration award	1	1	4	4
Ex-gratia payments	109	96	133	167
Total special payments	**110**	**97**	**137**	**171**
Total losses and special payments	**2,282**	**1,266**	**2,099**	**3,433**

Note 31.1 Related parties (Group)

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 University Hospitals of Leicester NHS Trust. The Leicester Hospitals Charity is a related party of all members of the Trust Board, as the Trust Board is the Charity's corporate trustee.

Mr K Singh, Trust Chairman, has a family member who is a Partner with Lakeside Healthcare. During the reporting year, the Trust made payments to Lakeside Healthcare amounting to £172k.

Professor Philip Baker, Non Executive Director, is the Dean of Medicine, Pro-Vice-Chancellor and Head of the College of Life Sciences, University of Leicester. Transactions with the University of Leicester are shown below.

Mr Ballu Patel, Non-Executive Director, is Chair of Leicester Hospitals Charity. Transactions with the Leicester Hospitals Charity are shown below.

Vicky Bailey, Non-Executive Director, is a council member of the University of Nottingham. During the reporting year the Trust made payments of £140k to the University and received payments of £44k from the University. £10k was owed to the Trust from the University at the year end and £27k was owed from the Trust to the University.

The Trust has outstanding loans totalling £350,725k at the 31 March 2020, issued by the Department of Health.

MATERIAL DEPARTMENT OF HEALTH AND SOCIAL CARE ENTITIES

The Department of Health and Social Care (DHSC) is regarded as a related party. During the year the University Hospitals of Leicester NHS Trust has had a significant number of material transactions with the DHSC and with other entities for which the DHSC is regarded as the parent Department. These entities are listed below:

NHS Leicester City CCG

NHS West Leicestershire CCG

NHS East Leicestershire and Rutland CCG

Nottingham University Hospitals NHS Trust

Leicestershire Partnership NHS Trust

North West Anglia NHS Foundation Trust

NHS England - Central Midlands Local Office

NHS England - East Midlands Specialised Commissioning Hub

Health Education England

NHS Pension Scheme

NHS Resolution

In addition, the Trust has had a number of material transactions with other government departments and other central and local government

HM Revenue and Customs - VAT

HM Revenue and Customs - Other Taxes and Duties

Leicester City Council

Leicestershire County Council

University of Leicester:

During the reporting year, the Trust made payments to the University of Leicester amounting to £6,329k (2018/19 - £6,297k). The majority of these payments relate to the provision of services to the Trust by medical staff employed by the University of Leicester, and research payments. As at 31st March 2020 a sum of £3,678k (2018/19 - £897k) is included in payables in respect of the University of Leicester. The University paid us £5,861k (2018/19 - £5,290k) in the year, relating primarily to research work, and £1,939k (2018/19 - £1,370k) was included within receivables at 31st March 2019.

Leicester Hospitals Charity

The Trust is the Corporate Trustee for Leicester Hospitals Charity which is an independent charity registered with the Charity Commission. In 2019/20 the Trust received total asset donations of £348k (£430k in 2018/19). Full details will be included in the Charity's accounts as submitted to the Charity Commission.

Note 31.2 Related parties (Trust)

TGH Ltd

The financial statements of the parent (Trust) are presented together with the consolidated financial statements. Any transactions or balances between the group entities have been eliminated on consolidation. TGH Ltd does not have any transactions with the NHS or other Government entities except those with the parent Trust and HMRC (payroll and social security taxes). The Trust's receivables includes £0k owed by the subsidiary and the Trust's payables include £2,959k owed to the subsidiary.

Note 32 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	194,926	743,680	169,613	597,569
Total non-NHS trade invoices paid within target	91,970	500,891	65,974	395,630
Percentage of non-NHS trade invoices paid within target	47.2%	67.4%	38.9%	66.2%
NHS Payables				
Total NHS trade invoices paid in the year	5,747	129,654	5,639	129,951
Total NHS trade invoices paid within target	1,701	87,189	964	76,159
Percentage of NHS trade invoices paid within target	29.6%	67.2%	17.1%	58.6%

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 33 External financing

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

	2019/20 £000	2018/19 £000
External financing limit (EFL)	127,568	50,944
Cash flow financing	117,341	50,045
External financing requirement	**117,341**	**50,045**
Under spend against EFL	**10,227**	**899**

Note 34 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	57,159	26,656
Less: Disposals	(4,617)	(300)
Less: Donated and granted capital additions	(348)	(430)
Charge against Capital Resource Limit	**52,194**	**25,926**
Capital Resource Limit	55,550	25,926
Under / (over) spend against CRL	**3,356**	**-**

Note 35 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance deficit (control total basis)	(154,380)
Breakeven duty financial performance deficit	**(154,380)**

Note 36 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		51	1,013	88	91	(39,655)
Breakeven duty cumulative position	3,910	3,961	4,974	5,062	5,153	(34,502)
Operating income		697,692	696,257	719,154	758,665	770,393
Cumulative breakeven position as a percentage of operating income		0.6%	0.7%	0.7%	0.7%	(4.5%)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(40,648)	(34,051)	(27,152)	(34,455)	(44,879)	(154,380)
Breakeven duty cumulative position	(75,150)	(109,201)	(136,353)	(170,808)	(215,687)	(370,067)
Operating income	834,376	866,036	924,269	960,790	992,246	1,086,035
Cumulative breakeven position as a percentage of operating income	(9.0%)	(12.6%)	(14.8%)	(17.8%)	(21.7%)	(34.1%)

The figure for operating income for 2018/19 has been restated from £992,386k to £992,246k

The breakeven duty in-year financial performance is not disclosed on the same basis as the figures reported in the SOCI for the deficit for the year (£124,064k). In accordance with DHSC guidance we have disclosed the above financial performance as:

	2019/20	2018/19
Financial performance for the year	**£000**	**£000**
Deficit for the year (before consolidation of the Leicester Hospitals Charity)	(126,618)	(46,451)
Impairments (excluding IFRIC 12 impairments)	3,480	1,509
Adjustments in respect of donated and government granted asset reserve elimination	442	63
Prior period adjustment	(31,684)	-
Adjusted retained deficit	**(154,380)**	**(44,879)**

Note 37.1 Prior period adjustment

Financial statement line item		As previously stated in 2018/19 audited year end 31 Mar 2019 2018/19 £000	As stated in 2019/20 Accounts 31 Mar 2019 2018/19 £000	Total PPA 31 Mar 2019 2018/19 £000	
Non-current assets					
Intangible assets	31 Mar 2019	8,889	8,892	**3**	Reclassification of intangible assets
Property, plant and equipment	31 Mar 2019	479,471	481,537	**2,066**	Change in accounting for an IM&T contract; adjustment to asset lives; changes in accounting for finance lease
Other investments / financial assets	31 Mar 2019	-	4,725	**4,725**	Inclusion of charity investments not previously consolidated for reasons of materiality
Other investments / financial assets	1 Apr 2018	-	4,684	**4,684**	Inclusion of charity investments not previously consolidated for reasons of materiality
Receivables	31 Mar 2019	6,573	1,682	**(4,891)**	Adjustment to prepayment values
Current assets					
Receivables	31 Mar 2019	67,696	60,164	**(7,532)**	Adjustment for receivables and inclusion of charity receivables not previously consolidated for reasons of materiality
Cash and cash equivalents	31 Mar 2019	15,099	16,965	**1,866**	Inclusion of charity cash not previously consolidated for reasons of materiality
Cash and cash equivalents	1 Apr 2018	8,919	9,086	**167**	Inclusion of charity cash not previously consolidated for reasons of materiality
Current liabilities					
Trade and other payables	31 Mar 2019	(110,311)	(125,824)	**(15,513)**	Change to accounting policy for accruals, inclusion of charity payables not previously consolidated for reasons of materiality
Borrowings	31 Mar 2019	(53,133)	(53,520)	**(387)**	Adjustment to finance lease creditor
Other liabilities	31 Mar 2019	(7,566)	(9,381)	**(1,815)**	Change to accounting policy for deferred income
Non-current liabilities					
Provisions	31 Mar 2019	(1,584)	(3,983)	**(2,399)**	Recalculation of provisions
Borrowings	32 Mar 2019	(211,424)	(211,422)	**2**	Correction of borrowings
Taxpayers' equity					
Revaluation reserve	31 Mar 2019	142,351	142,680	**329**	Related to PPA on lease asset
Income and expenditure reserve	31 Mar 2019	(265,133)	(296,817)	**(31,684)**	Overall PPA impact on reserve for 2018/19
Income and expenditure reserve	1 Apr 2018	(214,929)	(227,430)	**(12,501)**	Overall PPA impact on reserve for 2017/18
Charitable fund reserves	31 Mar 2019	-	7,480	**7,480**	Inclusion of charity reserves not previously consolidated for reasons of materiality
Charitable fund reserves	1 Apr 2018	-	6,521	**6,521**	Inclusion of charity reserves not previously consolidated for reasons of materiality
Statement of comprehensive income:					
Operating income	2018/19	992,246	994,316	**2,070**	Total impact of PPA on operating income
Operating expenditure	2018/19	(1,031,913)	(1,052,630)	**(20,717)**	Total impact of PPA on deficit
Surplus/(deficit) for the year	2018/19	(46,451)	(64,731)	**(18,280)**	Total impact of PPA on operating expenditure

Note 37.2 Impact of Prior Period Adjustment on revenue position

Financial statement line item	Total cumulative revenue PPA Accounts 31 Mar 2019 2018/19 £000
Total cumulative prior period adjustment affecting the I&E reserve	**(31,684)**
Income	(7,527)
Depreciation or amortisation on other assets	(4,402)
Provisions arising (regardless of line of expenditure charge was recognised in)	(2,399)
All other expenditure	(17,356)
Total movement	**(31,684)**

Note 38.0 Non Adjusting Post Balance Sheet Events

Extinguishing of Revenue Support Loans

As indicated in Note 1.2, the liabilities associated with interim revenue support loans were extinguished with effect from 1 April 2020. These loans were repaid and funded from Public Dividend Capital (PDC) issued by DHSC. This removes £349.6m in loan principal from the Trust's balance sheet.

Glenfield Land Repurchase

There is no indication that the 'put option' would be exercised until the counterparty announced their decision to do so in June 2021. Therefore it is our consideration that the highly probable test was met that the land would not be repurchased the date of sale. The exercising of the put option should therefore be treated as a non-adjusting post balance sheet event as the actual repurchase transaction has taken place after the reporting period and should therefore be recognised in the Trust's 2021/22 financial

Appendix 1

Trust Board and Committee attendance 2019-20

Name	Trust Board maximum – 18	Audit Committee maximum – 6	FIC maximum - 11	QOC maximum - 11	PPPC maximum - 11	Remuneration Committee maximum – xx	Charitable Funds Committee maximum – 7
Karamjit Singh – Trust Chair	18/18	N/A	10/11 *Ex-officio*	10/11 *Ex-officio*	10/11 *Ex-officio*		5/7 *Ex-officio*
Vicky Bailey – Non-Executive Director	16/18	N/A	N/A	11/11	11/11		N/A
Professor Philip Baker – Non-Executive Director	11/18	N/A	N/A	8/11	8/11		N/A
Ian Crowe – Non-Executive Director	16/18	6/6	N/A	11/11	11/11		7/7
Kiran Jenkins – Non-Executive Director	14/18	6/6	8/11	N/A	7/11		N/A
Andrew Johnson – Non-Executive Director	17/18	5/6	10/11	N/A	10/11		5/7
Ballu Patel – Non-Executive Director	18/18	N/A	N/A	10/11	10/11		6/7
Martin Traynor – Non-Executive Director	13/18	5/6	11/11	N/A	9/11		N/A
John Adler – Chief Executive	14/18	1/1	9/11	9/11	9/11		N/A
Chris Benham – Acting Chief Financial Officer **(1)**	0/2	1/1	1/1	N/A	1/1	N/A	0/1
Rebecca Brown – Chief Operating Officer	16/18	N/A	9/11	N/A	9/11	N/A	N/A
Andy Carruthers – Acting Chief Information Officer/Chief Information Officer **(2)**	15/18	N/A	N/A	N/A	N/A	N/A	N/A
Carolyn Fox – Chief Nurse	15/18	N/A	N/A	9/11	8/11	N/A	5/7
Andrew Furlong – Medical Director	15/18	N/A	N/A	10/11	9/11	N/A	N/A
Darryn Kerr – Director of Estates and Facilities	16/18	N/A	10/11	N/A	N/A	N/A	N/A
Simon Lazarus – Interim Chief Financial Officer **(3)**	5/6	2/2	3/3	N/A	3/3	N/A	1/1
Paul Traynor – Chief Financial Officer **(4)**	9/10	3/3	6/7	N/A	2/7	N/A	4/5
Stephen Ward – Director of Corporate and Legal Affairs	17/18	6/6	N/A	N/A	N/A		7/7
Mark Wightman – Director of Strategy and Communications	16/18	N/A	9/11	N/A	N/A	N/A	5/7
Hazel Wyton – Director of People and Organisational Development	15/18	N/A	N/A	N/A	10/11		N/A

Notes:-

(1) CB = Acting Chief Financial Officer from 1 November 2019 to 11 December 2019

(2) AC = Chief Information Officer from 1 March 2020 (Acting Chief Information Officer prior to that)

(3) SL = Interim Chief Financial Officer from 12 December 2019

(4) PT = Chief Financial Officer until 31 October 2019

Glossary of terms

Acute Care is specific care for diseases or illnesses that progress quickly, feature severe symptoms and have a brief duration.

Acuity The measurement of the intensity of care required for a patient delivered by a registered nurse. There are six categories ranging from minimal care to intensive care.

Admission the point at which a person begins an episode of care, e.g. arriving at an inpatient ward.

Ambulatory care is medical care provided on an outpatient basis, including diagnosis, observation, consultation, treatment, intervention, and rehabilitation services. This care can include advanced medical technology and procedures even when provided outside of hospitals.

A&E (Accident & Emergency) see Emergency Department.

Board Assurance Framework (BAF) is a key mechanism which Trust Boards should be using to reinforce strategic focus and better management of risk.

Cannulation intravenous cannulation involves putting a “tube” into a patient’s vein so that infusions can be inserted directly into the patient’s bloodstream.

Care Plan a plan is a written plan that describes the care and support staff will give a service user. Service users should be fully involved in developing and agreeing the care plan, sign it and keep a copy.

Care Quality Commission the organisation that make sure hospitals, care homes, dental and GP surgeries, and all other care services in England provide people with safe, effective, compassionate and high-quality care, and we encourage them to make improvements.

Carbapenem resistant organisms are a group of germs which can live harmlessly inside the bowel and, except for their resistance to antibiotics, are identical to our normal gut bacteria. Carrying them in the bowel is not a direct risk to patients. They are only a danger if they cause infections.

CCG (Clinical Commissioning Group) are NHS organisations set up by the Health and Social Care Act 2012 to organise the delivery of NHS services in England.

CIP (Cost Improvement Programme) a Cost Improvement Programme (CIP) is the identification of schemes to increase efficiency/ or reduce expenditure. CIPs can include both recurrent (year on year) and non- recurrent (one-off) savings. A CIP is not simply a scheme that saves money. The most successful CIPs are often those based on long-term plans to transform clinical and non-clinical services that not only result in a permanent cost savings, but also improve patient care, satisfaction and safety.

Clinical Governance is a framework that ensures that NHS organisations monitor and improve the quality of services provided and that they are accountable for the care they provide.

Clinical Management Groups (CMG) we have seven Clinical Management Groups: CHUGGS (Cancer, Haematology, Urology, Gastroenterology and General Surgery); CSI (Clinical Support and Imaging); ESM (Emergency and Specialist Medicine); ITAPS (Critical Care, Theatres, Anaesthesia, Pain and Sleep); MSS (Musculoskeletal and Specialist Surgery); RRCV (Renal, Respiratory and Cardiovascular); W&C (Women's and Children's).

Clinical Negligence Scheme for Trust (CNST) is a scheme for assessing a Trust's arrangements to minimise clinical risk for service users and staff. Trusts need to pay 'insurance' which can offset the costs of legal claims against the Trust. Achieving CNST Levels (1, 2 or 3) shows the Trust's success in minimising clinical risk and reduces the premium that the Trust must pay.

Clinician is a person who provides direct care to a patient such as a doctor, nurse, therapist, pharmacist, psychologist etc.)

Commissioner is responsible for getting the best possible health outcomes for the local population. This involves assessing local needs, deciding priorities and strategies, and then buying services on behalf of the population from providers such as hospitals, clinics, community health bodies, etc.

Commissioning is the process of identifying a community's social and/or health care needs and finding services to meet them.

Community Care aims to provide health and social care services in the community to enable people live as independently as possible in their own homes or in other accommodation in the community.

Co-morbidity is the presence of two or more disorders at the same time. For example, a person with depression may also have diabetes.

CQUIN stands for commissioning for quality and innovation. The system was introduced in 2009 to make a proportion of healthcare providers' income conditional on demonstrating improvements in quality and innovation in specified areas of patient care. This means that a proportion of our income depends on achieving quality improvement and innovation goals, agreed between the Trust and its commissioners. The key aim of the CQUIN framework is to secure improvements in the quality of services and better outcomes for patients, a principle fully supported at all levels of the hospital.

Diagnosis is identifying an illness or problem by its symptoms and signs.

Discharge is the point at which a person formally leaves services. On discharge from hospital the multidisciplinary team and the service user will develop a care plan (see Care plan).

Emergency Admission when a patient admitted to hospital at short notice because of clinical need or because alternative care is not available.

Emergency Department is a hospital department that assesses and treats people with serious and life- threatening injuries and those in need of emergency treatment. Also sometimes called A&E (Accident & Emergency).

Friends and Family Test (FFT) launched in April 2013, the FFT question asks people if they would recommend the services they have used and offers a range of responses. When combined with supplementary follow-up questions, the FFT provides a mechanism to highlight both good and poor patient experience.

General Medical Council: The General Medical Council (GMC) works to protect patient safety and support medical education and practice across the UK. They do this by working with doctors, employers, educators, patients and other key stakeholders in the UK's healthcare systems.

General Practitioner (GP) is a family doctor, usually patient's first point of contact with the health service.

GIRFT (Getting it Right First Time): Getting It Right First Time is a national programme designed to improve the quality of care within the NHS by reducing unwarranted variations. By tackling variations in the way services are delivered across the NHS, and by sharing best practice between trusts, GIRFT identifies changes that will help improve care and patient outcomes, as well as delivering efficiencies such as the reduction of unnecessary procedures and cost savings. Importantly, GIRFT is led by frontline clinicians who are expert in the areas they are reviewing.

Health Care Assistants (can also be referred to as Health Care Support Workers) are non-qualified nursing staff who carry out assigned tasks involving direct care in support of a registered/qualified nurse. There are two grades of Health Care Assistants, A and B grade. A grades would expect to be more closely supervised, while B grades may regularly work without supervision for all or most of their shift, or lead on A grade.

Human Resources is a department found in most organisations that works to recruit staff, assist in their development (e.g. providing training) and ensure that staff work in good conditions.

Information Management and Technology (IM&T) refers to the use of information held by the Trust, in particular computerised information and the department that manages those services.

Intermediate Care Services are services that promote independence, prevent hospital admission and/or enable early discharge. Intermediate care typically provides community-based alternatives to traditional hospital care.

Model Hospital: The Model Hospital is a free digital tool from NHS Improvement available to all NHS provider trusts. It supports the NHS to provide the best patient care in the most efficient way. It allows trusts to compare their productivity and identify opportunities to improve.

Mortality means death rate. In the NHS it is used when referring to the expected death rate for conditions or procedures.

Multidisciplinary denotes an approach to care that involves more than one discipline. Typically this will mean that doctors, nurses, psychologists and occupational therapists are involved.

NICE is the National Institute for Health and Clinical Excellence, an independent organisation responsible for providing national guidance on the promotion of good health and the prevention and treatment of ill health.

Non-Executive Director is a member of the Trust Board. They act a two way representative. They bring the experiences, views and wishes of the community and patients to the Trust Board. They also represent the interests of the NHS organisation to the Community.

NHS England leads the NHS in England. They set the priorities and direction of the NHS and encourage and inform the national debate to improve health and care.

NHS Improvement is responsible for overseeing foundation trusts and NHS provider trusts, as well as independent providers that provide NHS-funded care. They offer the support these providers need to give patients consistently safe, high quality, compassionate care within local health systems that are financially sustainable. By holding providers to account and, where necessary, intervening, they help the NHS to meet its short-term challenges and secure its future.

Nursing and Midwifery Council: The Nursing and Midwifery Council, NMC, make sure nurses, midwives and nursing associate have the skills they need to care for people safely, with integrity, expertise, respect and compassion, from the moment they step into their first job.

Out of Hours (OOH) is the provision of GP services when your local surgery is closed, usually during the night, at weekends and Bank Holidays.

Palliative care is an area of healthcare that focuses on relieving and preventing the suffering of patients.

Peri-natal mortality is the number of stillbirths and deaths in the first week of life per 1,000 live births, after 24 weeks gestation.

Primary Care is the care will receive when you first come into contact with health services about a problem. These include family health services provided by GPs, dentists, pharmacists, opticians, and others such as community nurses, physiotherapists and some social workers.

QIPP (Quality Innovation Productivity and Prevention) In July 2010, the White Paper ‘Equity and excellence: Liberating the NHS’ set out the government’s vision for the future of the NHS. The White Paper outlined the government’s commitment to ensuring that QIPP supports the NHS to make efficiency savings, which can be reinvested back into the service to continually improve quality of care.

Risk assessment identifies aspects of a service which could lead to injury to a patient or staff member and/or to financial loss for an individual or Trust.

Royal College of Nursing: The Royal College of Nursing is the world's largest nursing union and professional body.

Secondary care is specialist care, usually provided in hospital, after a referral from a GP or health professional. Mental Health Services are included in secondary care (see also tertiary care).

Serious Untoward Incidents (SUI) is to describe a serious incident or event which led, or may have led, to the harm of patients or staff. Members of staff who were not involved in the incident investigate these and the lessons learned from each incident are used to improve care in the future.

SHMI (Summary Hospital-level Mortality Indicator) The Summary Hospital-level Mortality Indicator (SHMI) is an indicator which reports on mortality at trust level across the NHS in England using a standard and transparent methodology. It is produced and published quarterly as an official statistic by the Health and Social Care Information Centre (HSCIC) with the first publication in October 2011. The SHMI is the ratio between the actual number of patients who die following hospitalisation at the trust and the number that would be expected to die on the basis of average England figures, given the characteristics of the patients treated there.

Stakeholders are a range of people and organisations that are affected by or have an interest in, the services offered by an organisation.

Tertiary Care is when a hospital consultant decides that more specialist care is needed. Mental Health Services are included in this (see also Secondary care).

TTO (To-take-out) are medicines supplied by the hospital pharmacy for patients to take with them when they are discharged (see discharge) from hospital.

Triage a system which sorts medical cases in order of urgency to determine how quickly patients receive treatment.

Urgent Care Centre is a category of walk-in clinic focused on the delivery of ambulatory care in a dedicated medical facility outside of a traditional emergency department. Urgent care centres primarily treat injuries or illnesses requiring immediate care, but not serious enough to require an emergency department visit.

Urgent care centres are distinguished from similar ambulatory healthcare centres such as emergency departments and walk in centres by their scope of conditions treated and available facilities on-site.

Walk-in-Centre (WiC) a medical centre offering free and fast access to health-care advice and treatment for minor injuries and illnesses and guidance on how to use NHS services.

Whistle-blowing is the act of informing a relevant person in an organisation of instances or services in which patients are at risk.

Feedback

We would like your views on the presentation of our annual report and accounts. We would be very grateful if you could answer the questions below and send your response to us**.**

The answers you give will help us to ensure we present, not only the annual report, but other information in a way people find useful.

1 The information we give:

a. Have we missed anything out? Please tell us any area you would like to see covered.

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b. Is there any category you think we should leave out?

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2) Were there any areas of the annual report which you found most useful, please feel free to list and explain why.

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3) What do you expect to achieve from reading this annual report? Please tick

- **Gain a broad understanding of our organisation**
- **Gain a detailed understanding of our organisation**

4) Do you have another comments or suggestions about our annual report

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Completed questionnaires can be sent to:
Communications Team, University Hospitals of Leicester NHS Trust, Medical Illustration, Level 2 Windsor Building, Leicester, LE1 5WW or: communications@uhl-tr.nhs.uk

If you would like this information in another language or format such as EasyRead or Braille, please telephone **0116 250 2959** or email **equality@uhl-tr.nhs.uk**

اگر آپ کو یہ معلومات کسی اور زبان میں درکار ہیں، تو براہِ کرم مندرجہ ذیل نمبر پر ٹیلی فون کریں۔

ਜੇ ਤੁਸੀਂ ਇਹ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੁੰਦੇ ਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਨੰਬਰ 'ਤੇ ਟੈਲੀਫ਼ੋਨ ਕਰੋ।

إذا كنت ترغب في الحصول على هذه المعلومات بلغةٍ أُخرى، الرجاء الاتصال على رقم الهاتف الذي يظهر في الأسفل

Aby uzyskać informacje w innym języku, proszę zadzwonić pod podany niżej numer telefonu

જો તમને અન્ય ભાષામાં આ માહિતી જોઈતી હોય, તો નીચે આપેલ નંબર પર કૃપા કરી ટેલિફોન કરો.