East Sussex Healthcare
NHS Trust

Annual Report
2019-2020

WHAT **MATTERS** TO YOU
MATTERS TO US ALL

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Welcome and overview

This year was an extraordinary one for East Sussex Healthcare Trust (ESHT) and we are pleased to present its highlights in the 2019/20 Annual Report and Accounts.

Over the last twelve months we saw continued improvement to the quality of care we provide. Important indicators of the safety of our care improved - such as the number of patients who had a fall or contracted an infection while in our care. At the same time we have improved the screening, identification, and speed of treatment for severe infection and sepsis. These improvements are reflected in the Trust's relative mortality index which is now at its lowest since the measure was introduced.

Patient feedback about our care continues to improve and 98% of people would recommend our services to others. The number of complaints we receive are significantly outnumbered by the number of compliments we get and our services continue to be reviewed highly on the national NHS and local Healthwatch websites. We also continue to get positive feedback from those who take part in the CQC inpatient, emergency care, maternity and children and young people surveys.

In November and December 2019 the Care Quality Commission (CQC), the health and care services regulator, undertook their latest inspection of the quality of care and services at the Trust. The results, which were published in February, rated the Trust 'Good' overall, 'Outstanding' for Caring and 'Outstanding' for Effective. Our Community Services and the Conquest Hospital are both rated 'Outstanding' overall. Eastbourne DGH is rated 'Good' overall and 'Outstanding' for Caring and for End of Life Care.

The reputation of our organisation continues to grow and our teams are increasingly being asked to share the work that we are doing with other organisations. We are regularly cited as an exemplar of good practice for the way that we have improved the efficiency and effectiveness of our care for patients.

We participate in national audits across our specialties and are generally achieving high standards of clinical effectiveness. Many of our specialties have participated in the national GIRFT (Get it Right First Time) visits. In the great majority of areas, the visiting teams are impressed by the standards that our specialties achieve and the innovations that they have introduced although, of course, there are always useful discussions about areas in which we can further improve that we adopt into our divisional business plans.

Our latest NHS Staff Survey, published in February showed that there continues to be a marked trend of year-on-year improvement in the views that members of staff hold about the Trust as a place to work. In six of 11 themes we have made progress since last year. In five of 11 themes we now score higher than other similar Trusts.

Whilst results differ from department to department, overall progress has been made on staff morale, team working, staff engagement and the quality of appraisals. The results show that more members of staff think that care of patients is the organisation's top priority and would recommend us as a place to work or receive care. This shows the increasing confidence that we have in each other and our organisation.

Members of staff report that they feel engaged, supported and valued by their managers. Importantly more people report that they feel able to raise issues of concern with confidence that they will be addressed, appropriate action will be taken and feedback will be offered. The survey also shows us where more focus is needed and where we need to work together to make further improvements.

Operationally this year was challenging. During the year we experienced very high levels of patient demand in all parts of the Trust – including a 5% increase in emergency department attendances, a 4.2% increase in non-elective admissions and a 6% increase in cancer referrals. This level of demand has put considerable and sustained pressure on both our performance in national standards and the clinical and operational teams supporting us to deliver those national standards. Together we are working hard to restore these standards and improve patient flow and capacity.

To help manage that demand, we are continuing to make progress with recruitment. Overall our vacancy rates are down. We currently employ significantly more nurses in our inpatient areas than at this time last year and we have more nursing staff on our bank than we have had for a number of years. This year we welcomed over 100 registered overseas nurses. Taking into account all pathways and initiatives, we recruited 276 new registered nurses this year.

The vital collaborative work that we do across our teams and with our colleagues in primary care and social services through the Sussex Health and Care Partnership has also helped us to manage demand. This can be seen most clearly in the reduction of length of stay for non-elective patients in our hospital wards, which has reduced from an average of over six days two years ago to under four days now. This includes an increasing number of people who are seen, treated and discharged, often with a package of community support, on the same day. The length of stay for patients in our intermediate care units has also fallen significantly. If we had not made such improvements together, we would now need over 100 additional beds to cope with the demand. This improved care means that patients (particularly the elderly) are able to rehabilitate more quickly and are less at risk from loss of muscle tone and independence.

Against the backdrop of increased demand we have continued to build on the financial improvements we made last year. Our 2019/20 financial plan was an ambitious one to reduce our deficit still further (from a deficit of c.£45m in 18/19, to a planned deficit of £10.1m in 19/20) by improving the quality, efficiency and effectiveness of the care we provide. We exceeded this plan and these improvements led to us coming out of Special Measures for Finance in July 2019 and earned an additional FRF payment at year end to bring our final outturn to a small surplus of £50k.

One consequence of our improved position is that we have been able to continue to develop our capital programme and have seen significant investment in the hospital over and above our normal capital funds of c.£12m per year. This year the HRH The Princess Royal opened the new MRI suite at Conquest, meeting some of those local people and groups who generously donated and raised money to fund the purchase of two new scanners. We also saw the opening of our two Same Day Emergency Care units at Eastbourne and Hastings. We continue to make significant investments in our digital infrastructure. We have undertaken major upgrades in our patient administration software across the organisation. We have introduced video and telephone consultations which will further improve the quality and timeliness of the services we provide and we are also making a major improvement to our telephone system.

We have now started planning for the £500m investment that has now been committed to ESHT over the next decade, through our 'Building for the Future' programme. This will include major rebuilding and renovation at all three hospital sites – Bexhill, Eastbourne, and Conquest – as we deliver our strategy of becoming leading experts in frailty, establishing fully sustainable services, and maintaining urgent care services at both Eastbourne and Conquest.

Towards the end of the financial year, in January 2020, the NHS declared a Level 4 National Incident in response to Covid-19. At the time of writing this report the organisation, along with partner organisations, was in the midst of responding to the pandemic. We are incredibly proud of all our staff and volunteers who have gone above and beyond to ensure we are continuing to provide the best possible care in this unprecedented situation.
We are now setting out the priorities for the coming year to build on our progress and continue our development. These priorities will address:

- Recovering our operational position following Covid-19 and ensuring our Emergency Departments and Cancer Services are focussed on achieving key national access standards
- Community service investing in integrated services
- Building for the future and planning for the significant investments that have been committed to ESHT over the next decade
- Creating long-term sustainable services
- Becoming the best at managing frailty
- Financial sustainability through efficiency and cost effectiveness of care

As ever, our values will underpin everything we do. The real improvements that we have made to patient care and our working environment come from how well we work together, treat each other and our patients with respect and compassion, involve others in decisions that affect them, and continually seek to develop and improve ourselves and the services we provide.

We would like to congratulate and thank all of our members of staff, volunteers, Board members and local partners, people and organisations for supporting us to achieve these high standards. These are excellent improvements and ones in which we can all take pride. Taken together they represent a further very significant milestone that the organisation has achieved in its ambition of becoming 'Outstanding and Always Improving'.

Dr Adrian Bull
Chief Executive

Steve Phoenix
Chairman

About us

We are proud to provide 'Outstanding' care and be a great place to work

At East Sussex Healthcare NHS Trust (ESHT) we provide safe, compassionate and high quality hospital and community care to the half a million people living in East Sussex or visiting our local area.

We are one of the largest organisations in East Sussex with an annual income of £476 million. Our extensive health services are provided by over 7000 dedicated members of staff working from two acute hospitals in Hastings and Eastbourne, three community hospitals in Bexhill, Rye and Uckfield, over 100 community sites across East Sussex and in people's own homes.

In 2020 the Care Quality Commission (CQC), the health and care regulator, rated us as 'Good' overall, and 'Outstanding' for being caring and effective. Our acute hospital at Hastings and our Community Services are also rated 'Outstanding'. Our acute hospital at Eastbourne is rated 'Good'

Our two acute hospitals have Emergency Departments and provide care 24 hours a day, offering a comprehensive range of surgical, medical, outpatient and maternity services, supported by a full range of diagnostic and therapy services. At Eastbourne hospital we provide a centre for urology and stroke services, while at Hastings we provide a centre for trauma services and cardiology is provided across both sites.

We have around 800 beds and over 112,000 inpatient spells each year. During 2019/20, we saw 136,000 attendances at our Emergency Departments and there were over 400,000 outpatient attendances.

At Bexhill Hospital and Rye, Winchelsea and District Memorial Hospital we offer a range of outpatients, day surgery, rehabilitation and intermediate care services. At Uckfield Hospital we provide day surgery and outpatient care. We also provide rehabilitation services jointly

with East Sussex County Council Adult Social Care from Firwood House in Eastbourne and Bexhill Health Centre.

In the community we deliver services that focus on people with long term conditions living well outside hospital, through our Integrated Locality Teams working with district and community nursing teams. Community members of staff also provide care to patients in their homes and from a number of clinics, health centres and GP surgeries.

To provide many of these services we work in partnership with East Sussex Council, commissioners and other providers across Sussex, as part of a locally focused and integrated health and social care network.

We aspire to provide locally-based and accessible services that are Outstanding and Always Improving and our values shape our everyday work. Working together we drive improvements to care, services and the experience of local people and members of staff.

Our year in numbers

136,000	times our Emergency Departments were used, an increase of 5% on last year
3,029	children born in our hospitals, including 319 children born at the Eastbourne Midwifery Unit
54,000	people had planned surgery; 89% of these were day cases
22,500	cancer referrals were made to us, an increase of 6% on last year
400,000	outpatient appointments were made; nearly 290,000 of these were consultant-led
288,000	X-ray and scans were carried out
7 million	pathology tests were performed

Outstanding and Always Improving

Our vision, values, priorities and objectives have been embedded across the organisation and made meaningful in our everyday work. They form the foundations for personal objectives, internal communications, and external communications with partner organisations and other stakeholders.

Our Objectives:

- **Safe patient care is our highest priority:** Delivering high quality services that achieve and demonstrate the best outcomes and provide an excellent experience for patients
- **All members of staff will be valued and respected**: Members of staff will be involved in decisions about the services they provide and offered training and development to fulfil their roles and help them progress
- **Our clinical services will be sustainable**: Working with commissioners, our local authority and other stakeholders we will plan and deliver health and care services that meet the needs of our local population now and in the future
- **We will operate efficiently and effectively:** Diagnosing and treating patients in a timely fashion that supports their return to health
- **We will use our resources efficiently and effectively:** Ensuring our services are financially sustainable for the benefit of our patients and their care

ESHT in numbers

NHS
East Sussex Healthcare
NHS Trust

Our staff tell us

- 9 in 10 "My role makes a difference to patients"
- 8 in 10 "Care of patients is ESHT's top priority"
- 8 in 10 "I am satisfied with the quality of care I give"

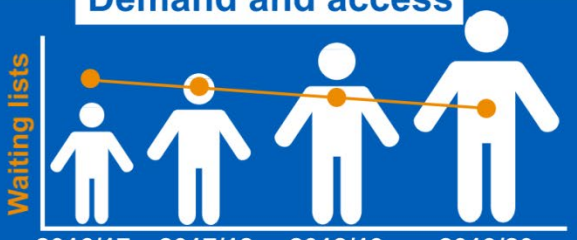
What patients say

98% recommend our care

Improving quality

- 84% reduction — Grade 3/4 pressure ulcers
- 18% reduction — Patients falling while in our care
- 20% reduction — Sepsis mortality

Demand and access



Demand for services

Same day care

35% Emergency patients seen on the same day

Finances

£45m deficit 2018/19 → £10m deficit 2019/20

At year end (19/20) we earned an additional payment to finish on a small surplus

Responsive services

"People could access services when they needed them and received the right care in a timely way."

Next steps

- Emergency Departments and Cancer Services are focussed on achieving key access standards
- Community Services are investing in integrated services
- We are building for our future and planning for the significant investment that has been committed to ESHT over the next decade.
- Creating sustainable, long-term services

2018: CQC ratings

Safe	Effective	Caring	Responsive	Well-led	Overall
Requires improvement	Requires improvement	Good	Requires improvement	Good	Requires improvement

2020: CQC ratings

Safe	Effective	Caring	Responsive	Well-led	Overall
Good	Outstanding	Outstanding	Good	Good	Good

CQC rates Trust 'Good' overall with 'Outstanding' areas

Trust Overall: 'Good' (was Requires Improvement)
- Safe: 'Good' (was Requires Improvement)
- Effective: 'Outstanding' (was Requires Improvement)
- Caring: 'Outstanding' (was Good)
- Responsive: 'Good' (was Requires Improvement)
- Well-led: 'Good' (was 'Good')

Community Services:
- Community: adult services 'Outstanding' (was Requires Improvement)
- Community: End of Life Care 'Good' (was Requires Improvement)
- **Overall**: 'Outstanding' (was Requires Improvement) and 'Outstanding' for Effective and Caring

Conquest:
- Children and Young people: 'Good' (was Requires Improvement)
- End of Life Care: 'Outstanding' (was Requires Improvement)
- Outpatients: 'Good' (was Requires Improvement)
- **Overall** 'Outstanding' (was Requires Improvement) and 'Outstanding' for Caring and Well-led

Eastbourne DGH:
- Children and Young people: 'Good' (was 'Requires Improvement')
- End of Life Care: Outstanding (was Requires Improvement)
- **Overall** 'Good' (was Requires Improvement)

'Outstanding' for care

"Staff treated patients with compassion and kindness, respected their privacy and dignity, and took account of their individual needs. Feedback from patients was consistently very positive and that staff went the extra mile."

'Outstanding' for effective care

"Doctors, nurses and other healthcare professionals worked together as a team to benefit patients. They supported each other to provide good care."

Outstanding practice recognised in the report

In Community Adult Services there were exceptional pathways through which patients seamlessly transitioned to receive the services they need. Staff worked together cohesively in the best interest of patients.

Following the introduction of advanced care plans for care home residents, the Trust saw a dramatic reduction in hospital admissions. This was an exceptionally effective outcome for patients.

There was a culture centred on the needs of patients at the end of their life with staff committed and passionate about the end of life care they provided.

The outpatients service at Conquest Hospital demonstrated a strong visible patient-centred culture.

The development of the multi-disciplinary diabetic foot clinic showed how medical and nursing staff worked together to improve patient care in response to feedback.

'Outstanding' community

"Those delivering care worked together to benefit patients, whose care and treatment was seamless and uninterrupted. They consistently supported each other to provide good care and communicated effectively with other agencies."

'Outstanding' End of Life Care

"The End of Life Care service truly respected and valued their patients as individuals and empowered them to be partners in their care"

2015: CQC ratings

Safe	Effective	Caring	Responsive	Well-led	Overall
Inadequate	Requires improvement	Good	Requires improvement	Inadequate	Inadequate

2017: CQC ratings

Safe	Effective	Caring	Responsive	Well-led	Overall
Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement

Innovating and improving

We are proud of our many innovations and improvements including:

Eastbourne Midwifery Unit increases number of births
The increasingly popular Eastbourne Midwifery Unit reported its busiest year to date with a 15.6% increase in the number of births on the previous year. This included a 57.5% increase in first time mothers birthing at the unit. Half of all the births at the Unit were in the relaxing water bath.

Reduction in amputation rates
The introduction of multidisciplinary diabetic foot clinics over a six month period resulted in a 70% reduction in the amputation rate for patients with diabetic complications.

We are now performing lower than the national average for diabetic related amputations, having previously been a significant outlier. The clinics have brought together a dedicated team of specialist vascular and diabetic doctors, specialist nurses and podiatrists all in one place to provide the best possible care for patients with diabetic foot problems. It means patients no longer have to attend for multiple appointments as they are now seen in one clinic by multiple specialists.

Psychological care for Critical Care Patients
The first full-time clinical psychologist working in Critical Care in the South of England was employed at the Trust to provide psychological care for patients in the Critical Care Unit and after their stay as recommended by the government paper published in 2012 'No Health without Mental Health'. This highlighted the need for mental health services to have parity of esteem with physical health services.

New community outreach service
A new community outreach service was implemented to screen for and treat Hepatitis C amongst substance misuse clients in the community. This has had a positive impact, with an increase in the number of people testing for the illness and receiving treatment.

The service is provided jointly with the local drug and alcohol service and was set up following recent medical advances which mean most patients can now be cured of Hepatitis C with oral medication that has no significant side effects.

Prestigious Award for Health Visiting service
The Health Visiting service with the support of East Sussex County Council's Children's Centres, have been awarded the prestigious Baby Friendly Award from UNICEF (United Nations Children's Fund). The award recognises public services that protect, promote and support breastfeeding and strengthen mother-baby and family relationships.

New Urology Investigation Suite
A new £1.3 million Urology Investigation Suite, offering patients a dedicated one-stop urology clinic and an enhanced experience, was opened at Eastbourne District General Hospital. The new development provides a modern, fit for purpose unit, that will significantly reduce the time taken to diagnose cancer and other urological conditions. It has ten outpatient clinic rooms fitted with some of the latest diagnostic investigation equipment, £500k of which was donated by the Friends of Eastbourne Hospital. The new unit provides double the capacity of the old one helping to meet the ever increasing demand that currently stands at 7,000 patients a year being treated in the unit.

New MRI Suite at Conquest Hospital
A new MRI (Magnetic Resonance Imaging) Suite was officially opened by Her Royal Highness the Princess Royal. A plaque was unveiled to mark the opening and she met some of those who generously donated and raised money to fund the purchase of two new MRI scanners, including the Friends of Bexhill and Conquest Hospitals, as well as visiting staff in the hospital.

Wayfinding signage at Eastbourne District General Hospital
New wayfinding signage was installed which divides the hospital into five coloured zones and three Levels. The principle is to direct patients to their "service address" via four progressive elements - the entrance (denoted by a letter), the zone (denoted by a colour), the level (denoted by a number) then the department or ward i.e. letter, colour, number, name. Patients' letters inviting them to an appointment test or procedure now includes these four progressive elements.

Patient feedback on cancer care
Care of cancer patients by the Trust was highly praised in a national survey of patients who were diagnosed with the disease. The National Cancer Patient Experience Survey, now in its eighth year, was completed by over 500 local patients. They were asked to rate their care overall on a scale of 1 to 10. Patients in East Sussex rated their care as 8.8 out of 10. Cancer care for Haematology and Lung patients scored particularly well with scores above the national averages.

Trust awarded for commitment to patient safety by the National Joint Registry
The Trust was named a National Joint Registry (NJR) Quality Data Provider after successfully completing a national programme of local data audits, on the performance of hip, knee, ankle, elbow and shoulder joint replacement operations. In order to achieve the award hospitals are required to meet a series of six ambitious targets during the audit period.

High definition MRI heart scans
The new MRI scanner at the Conquest Hospital is able to produce an image of the heart in great detail which previously was not possible with the old MRI scanner. An MRI heart scan is used to monitor heart disease, evaluate the heart's anatomy and function investigating the blood supply to the heart, heart muscle conditions, damage to the heart muscle and heart valve disease.

Opening of Expanded Same Day Emergency Care Unit
A newly expanded £900k Same Day Emergency Care unit at the Conquest Hospital provides emergency care for patients who don't require an overnight stay in hospital. The Unit now has a much larger dedicated area with 8 treatment cubicles and 3 treatment rooms for assessments and procedures offering patients greater privacy and dignity. It also offers patients rapid access to diagnostic tests and review by hospital consultants in one place.

National award for reducing infection rates in joint replacement surgery
A unique collaboration involving the Trust and 29 other organisations to drive forward improvements for patients having hip and knee replacements won a top national award. The programme called QIST (Quality Improvement for Surgical Teams) aims to reduce infection rates from MSSA (Methicillin Sensitive Staphylococcus Aureus) for patients undergoing joint replacement surgery. This initiative was named 'Infection Prevention and Control Initiative of the Year' at the 2019 Health Service Journal Patient Safety Awards; by working as a collaborative it has helped more than 16,000 patients to date across the country to receive an effective patient safety intervention.

Issues and risks to delivering our objectives

Increased demand and ageing population

Our hospitals and community services continue to get busier every year as demand for our services increases. This places ever greater pressure on our staff and requires us to work more efficiently and think of innovative ways to ensure that we meet the changing needs of our population. We continue to work closely with our adult social care and commissioner partners to plan for increases in demand.

The population that the Trust cares for is relatively elderly (East Sussex has a relatively low birth rate and high inward migration amongst elderly age groups). Demographic trends in East Sussex indicate that pressure on health and social care services may increase more quickly in the future. Our over 85 population is also projected to grow at 3.5% per annum.

In populations that are over 75 (and more so in those over 85), certain factors tend to markedly increase the need for hospital or community based healthcare. More people are living with 'frailty' and older people are also more likely to have multiple, ongoing health problems (like high blood pressure, angina, diabetes, emphysema) which means that they are more likely to become ill and need hospital attention.

We are focused on becoming the best at managing frailty in the country, and know that we need to make the 'acute' phase of someone's illness as short as possible, address frailty and the risks of frailty outside hospital, and manage ongoing health conditions as well as possible.

Our ability to manage this trend as a Trust and as a system – in particular the impact of an increase in those living with frailty – will be a key priority over the next five to ten years to create a sustainable system.

Trust finances and capital investment

The Trust exited special measures for financial reasons in July 2019. In 2018/19 we had a deficit of £44.8m and in 2019/20 we have ended the year achieving a small surplus of £50k. This is a fantastic achievement with every member of staff helping us to achieve this.

We continue on our journey to financial sustainability and this includes building upon earlier plans to continue to improve the services that we run, taking a methodical approach to those services which require more significant change. All plans are subject to a full quality impact assessment by our Medical and Nursing Directors. The plans are translated into detailed budgets covering activity, cost, revenue, and workforce for the individual divisions and clinical specialties. Assurance of performance against these plans will be measured throughout the year during integrated performance review meetings.

We have an ageing estate with significant backlog maintenance to address and there is also an ongoing need to invest in capital items such as IT and medical equipment. We have limited internal capital funds to invest in these requirements and as a result significantly over-plan over a 5 year period. This presents a risk that essential works may not be affordable.

In September 2019 the Department of Health and Social Care published a paper on a "New Hospital Building Programme" (HIP2). This set out a long term programme of investment in health infrastructure that included capital to build new hospitals, invest in diagnostics and technology and to help eradicate critical safety issues in NHS estate. The Trust was identified for investment under the programme and initial funding provides the opportunity to reconsider, remodel and redesign our estate to ensure that it is fit for purpose to meet the

health care needs of our population, delivering safe and sustainable service in the future. We have received an initial £5m payment to develop our plans for our “Building for Our Future” programme.

Technology

The importance of, and reliance on, digital technology in providing healthcare continues to increase and our digital teams led a number of key achievements this year. These included:

- Expanding electronic health records to the remainder of our community services, giving teams more time to focus on patient care
- The implementation of a live bed state across our clinical areas, the first system to be delivered from a cloud environment and not from a Trust premises
- Preparatory work began for introducing a digital system that will replace our handwritten prescribing and medicine administration processes, which will continue over the next three years
- Improving and upgrading the technology used by our staff, with over 5,500 computers and laptops either replaced or upgraded from Windows 7/XP to Windows 10
- The replacement of our printer infrastructure with Multi-Function Devices, giving colleagues access to the latest printer technology and the ability to print and scan to any device across our sites
- A total refresh of both our server and network infrastructures started, to ensure we can deliver the reliability and availability needed for today’s healthcare systems
- A major upgrade of our telephony systems, with the move of our switchboards and telephone lines to a Voice Over Internet Protocol (VOIP) solution, meaning the system will be delivered through a network connection.

As the year ended, the focus of our digital teams moved to supporting the Trust’s response to Covid-19, enabling more colleagues to work remotely. We rolled out over 500 additional laptops throughout the organisation, increased the capacity of our networks and provided new and innovative digital solutions to support clinical colleagues in their work, including virtual clinics and widespread adoption of Microsoft Teams.

Recruitment and staffing

While recruitment and retention has improved and we have recruited to a number of ‘hard to recruit’ posts, like many other NHS trusts we still face staff shortages in some areas. This is due to an aging workforce and a national shortage in some specialities. The use of temporary staff presents a number of challenges including cost, quality and consistency in our care.

We have sought external help in order to fill difficult to recruit medical posts. We are developing Return to Practice incentives to support nurses in returning to work as well as offering incentives to encourage existing staff to work on the Trust Bank. We have developed a longer term strategy to meet workforce requirements, taking into account the age profile of the population, and will look at new roles and skill mixes to meet patient demand. We are also supporting staffing innovation and have created and developed new roles such as physician’s assistants, matron’s assistants and nurse injectors.

Our recruitment processes have been streamlined and supported a reduction in the time taken to hire a new member of staff from 76 days to 74 days. The overall Trust vacancy rate has reduced from 9.8% to 9.1%.

Meeting national standards

While we have made significant strides in meeting the national constitutional standards, achieving the 4 hour A&E and 62 day cancer standards remains challenging. These areas have seen increased demand and the Trust is working with the wider health economy to develop solutions and a number of actions are in place to improve performance.

Impact of Covid-19

A number of steps were taken to ensure that we could maintain patient safety and free up capacity across the organisation in response to the Covid-19 pandemic. This resulted in significant changes in the operation of the organisation during the final quarter of 2020. These changes included the suspension of the negotiated contract with commissioners in favour of a nationally calculated cost-payment to the Trust, cancellation of non-urgent elective care, substantial reductions in non-Covid related activity and significant disruption to clinical staff rosters. Some temporary service changes were also made including closure of the Eastbourne Midwifery Unit, cessation of home birth deliveries, closure of many community based services, such as audiology, relocation of day case chemotherapy to an offsite unit at Sussex Coast College and centralisation of interventional cardiology to Eastbourne. In addition, some beneficial operational changes were accelerated including a significant switch to virtual outpatient consultations and adoption of technologies.

It is important that the organisation is well prepared to return to business as usual when the pandemic tails off and a Recovery Group has been established to facilitate this as a phased return.

Further details of risks and mitigations to the delivery of our strategic objectives are documented in the Board Assurance Framework which is reviewed regularly by the Board of Directors and sub-committees. Further information is provided in the Annual Governance Statement in this report.

Going Concern

The Trust Board have assessed the Trust's ability to continue for the foreseeable future in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual. Consequently, as in previous years, the Trust has prepared its 2019/20 Annual Accounts on a going concern basis.

The Trust exited from Financial Special Measures in July 2019 as it had significantly reduced its deficit. In 2019/20 the Trust met and exceeded its 2019/20 control total achieving a small surplus of £50k.

The Trust submitted its operational plan to NHS Improvement (NHSI) in March 2020, setting out its operational plans for the 2020/21 financial year and its capital plans for five years. Prior to the Covid-19 pandemic the Trust was planning to deliver a deficit of £28.5m which would include delivery of a cost improvement programme of £15m. Additional transformation funding from the DHSC of £28.5m would result in the Trust achieving break-even.

NHS England (NHSE) and NHSI have introduced, during the period of 1st April to 31st July 2020, an amended financial regime arising from the NHS response to Covid-19. NHSE and NHSI have confirmed that the Trust will receive sufficient funding to achieve break-even each month during the period of 1st April to 31st July 2020. Consequently, the Trust has issued a budget for the first 4 months of 2020/21 with a 'holding' budget for the remainder of 2020/21 until further guidance is received which will be implemented.

On 2nd April 2020, the Department of Health and Social Care (DHSC), NHSE and NHSI announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £234m are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust has not been informed by NHSE and NHSI that there is any prospect of reconfiguration or dissolution within the next 12 months. In terms of the sustainable provision of services, there has been no indication from the DHSC that the Trust will not continue to be a going concern. Furthermore, continuity of service provision in the future can be demonstrated by the requirement to continue to respond to 'normal' healthcare activity as well as the NHS response to the Covid-19 pandemic.

In 2019/20 the Trust has been working with system partners to achieve system financial balance. This work will continue to be progressed at pace in 2020/21.

Taking the above into account, the Trust Board believe that it is appropriate to prepare the financial statements on a going concern basis.

Performance analysis

Operational performance at ESHT is measured against key access targets and outcome objectives set out in the single oversight framework drawn up by NHS improvement (NHSI). These are:

A&E standard:	A&E maximum waiting time of four hours from arrival to admission/transfer/discharge
RTT Standard:	Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate
Cancer standard:	All cancers – maximum 62-day wait for first treatment from: • Urgent GP referral for suspected cancer • NHS cancer screening service referrals
Diagnostic Standard:	Maximum 6-week wait for diagnostic procedures

Alongside the performance standards, we developed and delivered ESHT 2020 which contained a set of five overarching 'foundations' to enable us to achieve our vision and to be recognised as an 'Outstanding' organisation. Our Business Plan sets out our priorities under each of these strategic objectives for the year in order provide an additional means of measuring progress, to supports us in delivering our long-term vision of providing safe, compassionate, and high quality care to improve the health and wellbeing of the people of East Sussex.

We used an extensive framework to monitor our performance against these standards and to ensure sustained delivery. This supports scrutiny, assurance, and where necessary, further action and follow up.

Oversight of performance is from 'floor to board'. Performance is discussed at all levels of the organisation. This review process is underpinned by business intelligence that analyses our performance data, highlighting any deviation from anticipated outcomes, as well as potential drivers for change and improvement, such as changing demand for services.

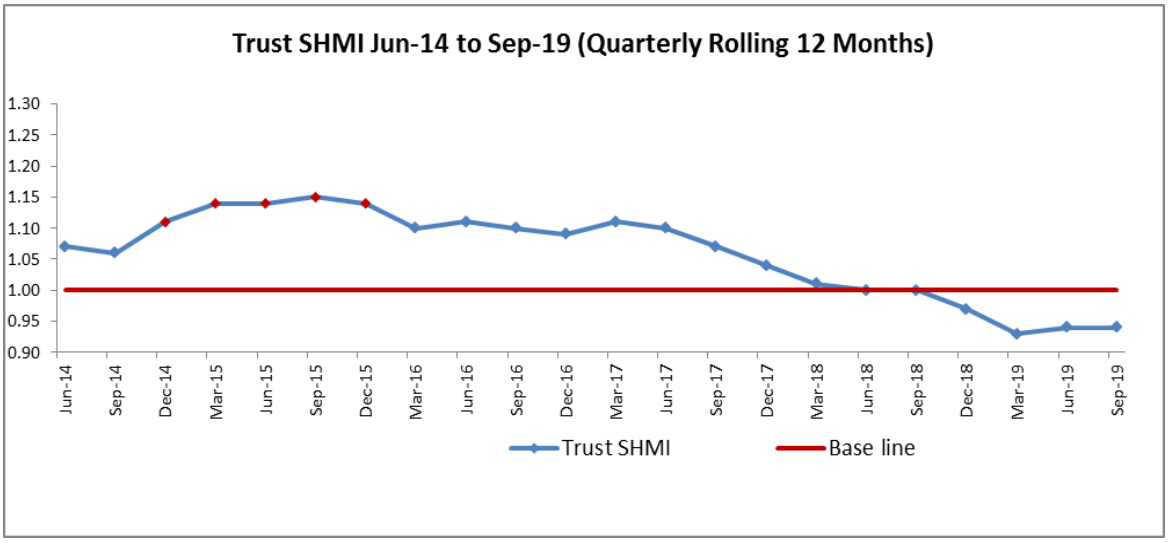
1: Safe patient care is our highest priority

Summary of performance

Indicator	Detail	2018/19	2019/20
Mortality	RAMI SHMI Crude mortality	80 (Feb to Jan) 1.00 (Oct to Sept) 1.54% (Feb to Jan)	81 (Feb to Jan) 0.95 (Oct to Sept) 1.53% (Feb to Jan)
Patient falls	Falls total Per 1,000 bed days Resulting in harm Falls assessment compliance	1,514 5.8 9 91.4%	1,442 5.4 21 95.9%
Pressure ulcers (grade 3/4)	Total	8	17
Patient infections	Clostridium Difficile MSSA MRSA	51 18 2	45 20 3
Serious incidents		44	68
Never events		1	5
Patient complaints	All Per 1000 bed days	557 2.11	583 2.18
Friends and Family Test	Inpatient A&E Maternity Community Outpatients	97.5 92.5 97.9 98.2 97.1	97.7 93.7 97.0 98.2 97.7

Mortality and review of deaths

Our mortality rates are monitored by three separate indices, all considering slightly different factors. These all provide evidence that we have seen significant improvements and are within the expected range for our peer group. These significant improvements are due to better reporting and recording within the Trust, and the significant improvements that we have made to the number of patients being screened for sepsis and then receiving treatment within one hour.



The requirements set out in the Care Quality Commission Learning from Deaths review have been incorporated into Trust policy and are reported to the Trust Board on a quarterly basis. The mortality database reflects the new review process and all plaudits and care concerns raised by family or carers of the deceased are recorded.

Reducing falls, pressure ulcers and infections

The number of patient falls reported across the Trust per 1,000 bed days has reduced, from 5.8 in 2018/19 to 5.4 in 2019/20. We have also seen a drop in the total number of falls, down from 1,514 to 1,442. The Trust Falls Steering Group has developed an action plan to review and address the rise in falls resulting in harm.

We have seen an increase in the number of category 3/4 pressure ulcers over the year, from eight in 2018/19 to 17 in 2019/20 and the Trust has a significant action plan in place to address this rise.

Patient infection rates in the Trust remained broadly consistent from 2018/19 to 2019/20.

Serious Incidents and never events

This year, we saw an increase in the number of Serious Incidents that were reported from 44 in 2018/19 to 68 in 2019/20. The rise in Serious incidents were as a result of the increase falls resulting in harm and the increase in Never Events.

The Trust saw a cluster of Never Events take place during the year. A multi-disciplinary Clinical Practice Review Group (CPRG) was formed in September 2019 in response to this cluster of Never Events, with a remit of considering themes from Never Events and any similar serious incidents that had occurred in Trust in the previous six months. The CPRG

concluded that while the incidents were unrelated, there were some common themes and a number of measures were introduced across the Trust in response. Following review, one of the five Never Events reported by the Trust was subsequently downgraded to a Serious Incident by commissioners.

Seven day services

The 7 Day Hospital Services (7DS) Programme aims to deliver improvements for patients by supporting providers of acute services to tackle variations in outcomes for patients admitted to hospitals in an emergency. Overall there are 10 clinical standards for 7DS, of which four clinical standards were prioritised by NHS England (NHSE) and NHS Improvement (NHSI) for delivery by April 2020.

To enable tracking of progress in achieving the four priority 7DS clinical standards, ESHT has submitted a self-assessment survey and audit to NHSE since 2016. Achievement of each standard requires meeting the level of care for at least 90% of patients admitted in an emergency. Self-assessment of achievement must be supported by local evidence.

The Trust's latest self-assessment against these clinical standards took place in March 2020 and demonstrated that the Trust was meeting all of the clinical standards. The establishment of NerveCentre supported these improvements as well as helping to improve documentation of clinical practices.

The changes that the Trust has made in achieving the four core standards, and in the other 7 Day Services standards, both internally and in partnership with other organisations in the local health and social care partners, have contributed to a sustained improvement in a number of areas, including:

- A decrease in all the standard indices of mortality over the last 3 years, both on weekdays and at weekends
- A reduction in the average length of stay from 3.04 days in November 2016 to 2.29 days by the end of 2019
- A reduction in patients being discharged on the same day to 39.7%, above the national average of 35.2%
- An improvement in weekend discharges from 53% in March 2017 to 58.5% in November 2019.

The Trust continues to develop plans to improve further against the standards. Measures will include the recruitment of additional consultants to specialities with vacancies, recruitment to other scarce staff groups and the use of NerveCentre to support the delivery of standards and improve documentation.

Research participation

The Trust acts as a participating site for national and international research studies, recruiting patients to studies that have been developed elsewhere. In 2019/20 we supported over 70 clinical research trials.

The number of patients receiving NHS services provided or sub-contracted by the Trust in 2019/20 and who were recruited to participate in research approved by a research ethics committee was 1,524. This was an increase from the previous year when 956 patients participated. At the beginning of 2020/21, the Trust pledged to recruit 840 patients into trials.

Highlights:

- The Emergency Department has been a novel specialist area which took on research activity in the latter part of 2019/20. The team are keen to take part in research and are actively seeking new opportunities
- Gastroenterology continued to be engaged as a specialist area with a nurse as Principal Investigator and research opportunities continued to grow during this year
- Midwifery colleagues supported a randomised controlled trial examining a novel delivery of antenatal care
- Collaborations with the Deputy Director of Nursing sought to identify ways in which Consultant Nurses could engage in research activity as part of their role
- The Clinical Research Department welcomed collaboration with a Consultant who took on the role of Clinical Research Champion, assisting communication with Consultant colleagues.

2: All our employees will be valued and respected

Summary of performance

Indicator	Detail	18/19	19/20
Staff Recruitment	Fill rate all staff Vacancies medical staff Vacancies registered nurses and midwifes Vacancies unregistered nurses Vacancies Allied Health Professionals	90.6% 11.0% 8.2% 11.3% 12.6%	91.3% 16.6% 6.3% 10.1% 9.6%
Staff Turnover		10.9%	10.1%
Bank usage % total Full Time Equivalents		8.9%	8.3%
Agency usage % total Full Time Equivalents		1.5%	1.9%
Annual sickness		4.2%	4.6%
Appraisal rates	Medical staff AfC staff	100% 78.8%	100% 76.6%
Front line staff having the flu vaccine		76%	87%
Staff completing the NHS annual staff survey		53%	52%

Staff survey

The number of staff who took part in the annual NHS staff survey reduced slightly from 53% in 2018/19 to 52% in 2019/20. The survey showed that we continued to make progress in a number of important areas, as well as highlighting areas where we needed to do more.

Staff answered nearly 90 questions, which were distilled into 11 broad themes covering all aspects of the experiences of staff working at the Trust. The results showed a continuation of the recent trend of year-on-year improvement, with improvements made in six themes. In five themes, the Trust scored higher than other similar Trusts.

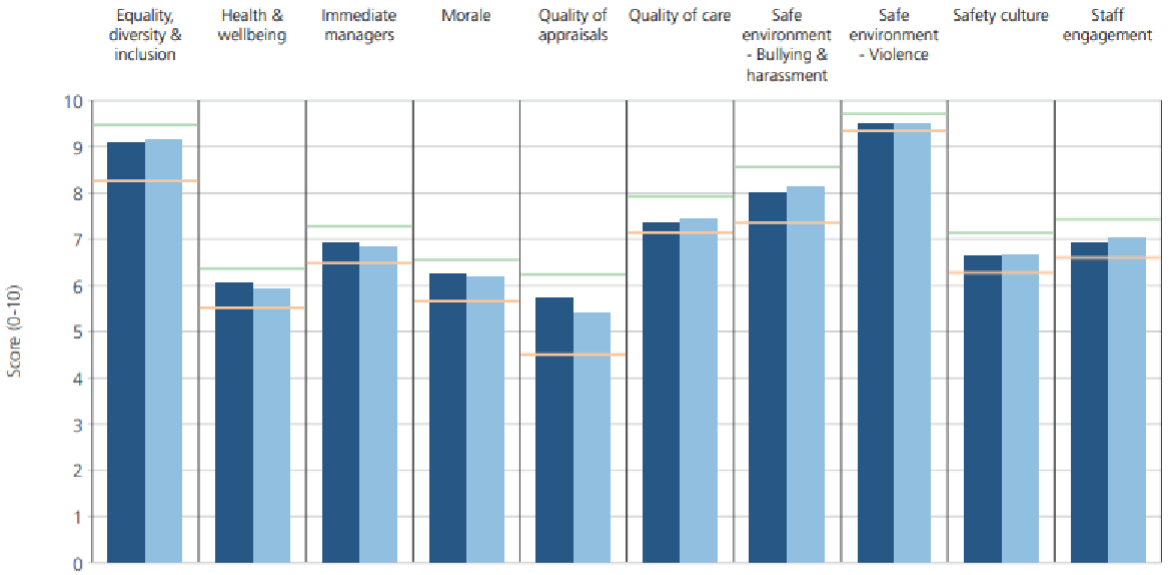
Results showed:

- Overall progress has been made on improving staff morale, team working, staff engagement and the quality of appraisals
- More members of staff think that care of patients is the organisation's top priority and would recommend us as a place to work or receive care

- Members of staff reported that they felt more engaged, better supported and valued by their managers
- Importantly, more people reported that they felt able to raise issues of concern with confidence that they would be addressed, appropriate action would be taken and feedback would be offered.

Areas of focus identified by the survey included:

- Better understanding any issues within divisions linked to violence, bullying and aggression and developing interventions to improve the experience of members of staff
- Ensuring all members of staff were involved in decisions that affect them
- Supporting staff wellbeing, focussing on physical and mental health. The Trust values the hard work and dedication of members of staff and recognises that work can often be highly pressured. Our aim is to work together to create a working environment that offers full support for wellbeing.



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement
Best	9.5	6.4	7.3	6.5	6.2	7.9	8.6	9.7	7.1	7.4
Your org	9.1	6.0	6.9	6.2	5.7	7.4	8.0	9.5	6.6	6.9
Average	9.2	5.9	6.8	6.2	5.4	7.4	8.1	9.5	6.7	7.0
Worst	8.3	5.5	6.5	5.7	4.5	7.1	7.4	9.3	6.3	6.6

Staff Health and Wellbeing

The emotional and physical wellbeing of members of staff is a priority for the organisation and we launched our staff health and wellbeing strategy in 2018/19. The wellbeing team worked throughout the year to support staff, and were closely involved in the Trust's response to Covid-19. During the pandemic, the support they offered to staff included:

- Ensuring frontline staff received daily supplies of meals, snacks, fruit and drink and toiletries
- Linking directly on a weekly basis with the Specialist Clinical Psychologist for ICU to support staff wellbeing
- Wellbeing collection Hubs at EDGH, Conquest & Bexhill to allow teams to collect snacks and drinks which were donated or kindly bought by the Friends of Conquest and Eastbourne.

- Excess donations were rerouted to the community teams and other charities ensuring nothing was wasted.
- Both on site nurseries remained open to provide flexible and ad hoc childcare for staff whose normal childcare had closed during the pandemic.
- Social media was used regularly as a platform to promote positive stories and messages to colleagues, teams and the wider community.
- Staff requiring individual support could access the Time to Talk service allowing them to speak to mental health practitioners. Additional enhanced psychological services were offered to staff in collaboration with Sussex Partnership Trust.
- Leaders were offered access to resources, including coaching, training in compassionate leadership and psychological support.

3: We will work closely with commissioners, other providers and health and care partners to create sustainable clinical services

Trust Priorities

This year the Trust focused on developing our six sustainability priorities:

1. **Planned care:** We have been working closely with commissioners and Primary Care providers to streamline our pathways to drive efficiency and productivity in both the demand for services and in making sure we deliver them in the most effective way – for both the patient and in our use of resources.

2. **Becoming The Best at Managing Frailty:** We have continued to make investment in our Frailty team so that they can support the reduction in unnecessary admissions but also speed up safe discharges and get patients home safely and quickly.

3. **Creating a sustainable model for Urgent Care:** Significant investment in redesigning our 'front door' A&E departments mean that we will offer Urgent Care facilities in partnership with Primary Care so that A&E only sees patients who need these vital services.

4. **Integrating Community Services:** We have worked with our local authority colleagues to develop an integrated target operating model which will reduce the gaps in our services and provides a more holistic and streamlined range of services for patients in the community.

5. **Implementing Sustainable Service Models:** We worked with clinical teams to develop new models of care that will deliver improved outcomes for patients and make the best use of our resources.

6. **Business Processes and Cost Control:** We have worked closely with corporate and divisional teams to find ways to maintain quality and drive efficiency, which enables us to invest in improvements to patient care.

Quality Improvement

The Trust has a Quality Improvement (QI) Strategy which sets out a programme of work to ensure there is constant focus across the organisation on improving the quality of care that is provided. The Trust adopted the NHSI Quality Improvement and Service Redesign (QSIR) methodology and programme as its chosen approach to embedding continuous improvement across the organisation. The Strategy, Innovation and Planning (SIP) team have supported a number of the team to attend the National QSIR training programme which

enables us to deliver in house training and support to all staff on QI. QI awareness is now included on the Trust Induction and this is supported by a robust training programme with levels ranging from a one hour pop up session to five day practitioner training. Bespoke training is also available for teams. This inclusive approach to QI will ensure that we are Always Improving. We will continue to develop this programme and support not only individual QI projects and programmes, but also enable staff to become skilled in utilising the QI skills they learn in all the work they do. The Trust is also working with East Sussex system partners to share the approach to quality improvement, so that there is a common framework for quality planning and quality assurance across the system.

Working with the wider system

In 2019/20 we have seen a number of significant changes in the system architecture with the move to a single CCG for Sussex, an Integrated Care System (ICS) that mirrors this footprint and the formation of an East Sussex 'Place' which, with the inclusion of the three East Sussex CCG localities, makes it coterminous with the Local Authority boundaries. The East Sussex 'place' has developed a local integrated plan for delivery of the NHS Long Term Plan (LTP) which is part of the ICS strategic system plan for delivery of the LTP. We continue to work in partnership with a wide range of stakeholders to develop our services including East Sussex Community Voice, local community groups and patient groups.

Healthwatch

As part of a national network, there is a local Healthwatch in every local authority area in England. Healthwatch East Sussex works with the public of East Sussex to ensure that health and social care services work for the people who use them. Their focus is on understanding the needs, experiences and concerns of people of all ages who use services and to then speak out on their behalf. Their role is to ensure that local decision makers and health and care services put the experiences of people at the heart of their work and decision making. They do this by gathering people's experiences and identifying issues that are important to them and, when addressed, which will make services better for everybody. This year Healthwatch continued to support us in a range of activities across the Trust. Their feedback supports us with the continuing improvement of our processes.

Public engagement

The Trust will only achieve its vision by working in collaboration with those people and communities affected by the care we provide. We want to enable the public to input into and improve our organisation, the clinical care we provide and their own experience at the hospital or in a community setting.

We are encouraging a greater diversity of people to get involved with the Trust via Trust Membership. We currently communicate regularly with our 2000 members, contacting them with news and information, and opportunities for them to let us know what they think about local health and care services.

Using our membership as a base, we are developing a group of 'super' members who are willing to get more involved in our work. These members are mainly recruited as ESHT volunteers and as such have a formal role within the Trust.

This year, alongside our quarterly ESHTnews – which is distributed across all our sites, and in the local community – we also developed a digital monthly newsletter for our supporters' network. Both ESHTnews and our monthly newsletters contain news and developments about the Trust alongside important public health advice aimed at our local communities.

We have continued to involve members of the public in projects; an example of this was the new Eastbourne wayfinding signage, which splits the hospital into coloured zones. This was developed with members of staff, members of the public and representatives from local disability groups. We are also making progress with our project to improve the experience of inpatients. As part of this work we have spoken to 120 recent patients to ask them what we could have done to improve their experience. Patient cited noise at night, patient information and discharge letters as areas for improvement. Our outpatient transformation, including the development of My Health Record has also involved members of the public. In February we held our latest outpatients forum at which members of the public were invited to help us develop our plans for transformation.

In September 2019, 30 members of the public took part in a tour of our cardiology unit at Eastbourne. Visitors found out more about how we diagnose, assess and treat patients with heart problems as they visited labs and saw where we perform procedures. Feedback from the event was excellent and we hope to run a similar event at Conquest. We are also planning public open days during 2020/21 in the UIS in Eastbourne and Ophthalmology at Bexhill.

We have held a number of regular sessions with the d/Deaf community, led by the Head of Equality & Human Rights. We have also produced a number of accessible British Sign Language videos for our website to support communication with those from the d/Deaf community.

In August 2019 we saw over eighty people join us at our annual general meeting where we launched our 'Review of 2018/19' publication. Fifteen teams from across the organisation highlighted their work, shared improvements and offered health information as part of our 'Market Place'. A panel of ESHT experts talked about improvements that we have made around the detection and treatment of Sepsis, continuity of carer for mothers and our new frailty pathway. Attendees were also given an opportunity to ask questions of the board.

Via the Patient Experience and Public Engagement Group, we have also encouraged members of the public to take part in a 'sit and see' programme, where they spend two hours in a department or service noting down their observations and feeding back their thoughts and recommendations to the group and the service/ward.

Volunteering

We have over 500 volunteers across Eastbourne and Conquest Hospitals, Bexhill and Rye, all of whom make a valuable contribution to the services we offer our patients and visitors. To meet national guidelines and standards for NHS volunteer recruitment, we have developed a more substantial volunteer induction training programme supported by colleagues in fire safety, safeguarding, moving and handling, infection control, equality and diversity and information governance.

We increased opportunities for volunteers to support staff teams on wards and in Bexhill Irvine Unit and developed a new team of Meet and Greet and Patient Support Volunteers. Three PAT dogs have been introduced on Kipling and Gardner wards at the Conquest and have proved to be very popular with patients.

Staff recruitment included a Voluntary Services Coordinator at EDGH and a Patient Experience Lead to support our voluntary services. We also employed a Youth Volunteer Project Manager, funded thanks to the Pears #iwill Fund, who worked to develop increased opportunities for young people (16- 25 years old) to volunteer at the Trust. This project is supported by a multi-agency steering group, strengthening our connections with a range of local voluntary sector services and creating new referral routes for young people.

In 2020, we will continue our commitment to raise the profile of volunteering within ESHT, and engage with clinical staff to identify opportunities for volunteers to add value to their departments and enhance patient experience.

During the Covid-19 pandemic, ESHT Voluntary services team had an overwhelming response from people in local communities offering support. To help manage these offers, recruitment processes were transformed and a new C-19 volunteer induction and training handbook were developed. New volunteering roles evolved, including a Volunteer Pharmacy Driver role who delivered medication for cancer patients and a Discharged Patients Check-in role. We are part of the Helpforce Network and NHS England which allows us to share good practice with other Trusts on how we volunteers are managed during the pandemic.

4: We will operate efficiently and effectively diagnosing and treating patients

The table below gives a Summary of performance and further detail is provided in the narrative.

Indicator	Detail (national standard)	18/19	19/20
Standards	Four hour A&E (95%)	90.9%	83.9%
	RTT (92%)	89.9%	90.3%
	Cancer 62 days urgent referral (85%)	72.4%	76.9%
	Cancer 62 day Screening Standard (90%)	68.5%	55.0%
	Diagnostics (99%)	98.8%	98.5%
DToC (delayed transfers)	3.5%	3.0%	3.1%
Length of Stay	Acute elective (days)	3.0	3.2
	Non-elective (days)	4.4	4.2
	Bexhill (days)	27.4	29.3
	Rye (days)	18.4	18.1
Super stranded (in hospital for 21 days or more)		118	109
Community (seen within 13 weeks)	Podiatry	100%	100%
	Dietetics	100%	99.8%
	Speech and language	87%	97.4%
	Neurological physio	71.2%	71.2%
	MSK (H&R)	50%	50%
Community nursing	Rapid Response within two hours	1,608	2,240
	Urgent Referrals Seen on the Same Day	1,953	2,513
	24 Hour Referrals	6,482	5,999

Regulatory standards

We use an extensive framework to monitor our performance against these standards and to ensure sustained delivery. This supports scrutiny, assurance, and where necessary, further action and follow up. Oversight of performance is from 'floor to board'. Performance is discussed at all levels of the organisation. This review process is underpinned by business intelligence who analyse our performance data, highlighting any deviation from anticipated

outcomes, as well as potential drivers for change and improvement, such as changing demand for services.

A&E standard: 95% of patients attending the Emergency Departments at either Eastbourne DGH or Conquest Hastings should have a maximum waiting time of four hours from arrival to admission/transfer/discharge

During 2019/20 the Trust achieved an annual average of 83.9% and a system performance of 87.5%. This has placed us in the top half of all Trusts nationally. The Trust was more challenged than the previous year in part due to a 4.7%% increase in attendances and 4.2%% increase in admissions on the previous year.

Good performance against the four hour standard is dependent on the health and social care system, the emergency departments, the flow into wards and patient discharges home or to another place.

The Trust implemented a number of changes to its operational delivery plans:

- Increased medical staffing in the Emergency Departments to meet the higher demand
- Recruitment of a Chief of Emergency Care, providing additional clinical leadership
- Development of integrated urgent treatment centres, which opened in December and will continue to evolve as the National and Sussex Integrated Urgent Care Model develops and technology develops to support patient pathways
- Reduced length of stay within the acute and community wards
- A new Ambulatory Care Unit at Conquest Hospital, to provide same day emergency care for ambulatory patients who do not require an overnight stay in hospital. This is in addition to the department already operating at EDGH. This means that, when appropriate, patients are assessed, diagnosed, treated and can go home the same day – without the need for an overnight stay. Approximately 40% of admitted patients are managed on a same day basis. Development of acute frailty services will remain a priority in 2020/21 with further recruitment and pathway development.

The continued improvements that we have seen in our Emergency Departments reflect the hard work that has been going on across the organisation to improve patient care, quality and flow. It is also a result of effective joint working with East Sussex County Council and our local commissioners.

Referral To Treatment standard: Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate

The Trust broadly maintained its delivery of the referral to treatment (RTT) standard in 2019/20. We achieved 90.3% in 2019/20 against the national standard of 92%. This was slightly up on 89.9% compliance in 2018/19.

This compares well against the performance of our peers. We have focused on out-patient and theatre productivity to better manage demand and capacity.

Diagnostic standard: Maximum 6-week wait for diagnostic procedures

The diagnostics standard of 99% was achieved in 7 out of 12 months by the Trust this year, with an overall performance for the year of 98.5%. Towards the end of the year, the Trust significantly improved, performing above the 99% target.

Cancer standard: All cancers – maximum 62-day wait for first treatment from urgent GP referral for suspected cancer and NHS cancer screening service referrals

Although we continued to achieve the two week cancer standard and 31 day cancer standard, compliance against the standard of seeing 85% of patients within 62 days continued to be challenging for the Trust. This has been exacerbated by the continued increase in referrals (6% increase on last year), which has placed services under considerable pressure. In 2019/20 the Trust improved compliance to 76.9% against the 62 day standard, compared to 72.4% in 2018/19.

The Trust has worked hard on its recovery plan on 2019/20 and this plan continues into 2020/21.

Increased demand

Our hospitals and community services continue to get busier every year as demand for our services increases. This places ever greater pressure on our staff and requires us to work more efficiently and think of innovative ways to ensure that we meet the changing needs of our population.

Indicator	2018/19	2019/20	Increase
Elective	53,980	53,995	0.0%
Non-Elective	56,056	58,381	4.2%
Outpatient	413,516	400,786	-3.1%
A&E Attendances	129,380	135,887	4.7%
Cancer Referrals	21,807	23,032	6%

We continue to work closely with our adult social care and commissioner partners to plan for increases in demand.

Length of Stay

Despite the increase that the Trust has seen in activity levels, non-elective length of stay has decreased from 4.4 days to 4.2 days, supporting the continued flow of patients through our hospitals.

5: We will use our resources efficiently and effectively for the benefit of our patients and their care

Meeting our financial plan

We set ourselves an ambitious financial target in 2019/20 of reducing our financial deficit from £44.8m to £34m (£10.1m post transformation funding). We not only achieved this target but exceeded it which has enabled us to obtain additional transformation funding leading us to end the financial year with a small surplus of £50k.

In July 2019, the Trust exited special measures for financial reasons as NHS England (NHSE) and NHS Improvement (NHSI) considered that the Trust had met its challenging financial target in 2018/19 and had reduced its deficit.

In 2016, our underlying monthly deficit was over £5m a month. By the end of 2019/20 we had reduced this to around £2m a month. To make sure these improvements are maintained into the future, we have put in place stronger financial controls, improved our reporting, and strengthened our financial planning.

Cost improvement

We made efficiency savings during the year through our Cost Improvement Programme (CIP) without reducing quality or safety of the care we provide. Our CIP programme is based on the Model Hospital and GIRFT programmes, so is aimed at improving quality and safety, which deliver efficiencies. We set ourselves a CIP target for the year of £20.6m and our teams exceeded this by delivering £20.7m.

We achieved these savings by reducing our use of expensive agency staff, embracing new technology such as the management of medical notes, reducing unnecessary lengths of stay in hospital and making efficiencies in medicine management. We have also seen theatre efficiency increase and cancellations decrease. These changes have significantly reduced the amount we spend, whilst also providing better care and outcomes for our patients. Identifying and realising recurrent savings is key to continued sustainable financial improvement. During 2019/20, 73% of the savings that were achieved through CIPs were from recurrent schemes that will continue to save the Trust money year after year.

Capital development

As the Trust has been in deficit for a number of years, this has led to significant constraints on being able to generate internally funded capital and investing in our estates and facilities. To address this, the Trust successfully obtained additional capital funding loans from NHS England and NHS Improvement. We have a strategic capital investment plan and an associated capital cash management plan in line with our local investment priorities. As a result, we anticipate that investment will continue to grow in future years.

In 2019/20 our key capital projects have included:

- making improvements to our emergency departments;
- building our ambulatory care unit at the Conquest Hospital;
- building our urology investigation suite at Eastbourne Hospital;
- issuing our community staff with mobile devices to ensure that they provide the best possible patient care within the community setting;
- purchasing medical equipment across both of our hospital sites, including endoscopy scopes and diabetic eye cameras;
- improving the digital capacity that is used throughout our hospitals to help clinicians focus on patient care;
- improving our theatres and the associated equipment; and
- implementing electronic prescribing and medicine administration which will reduce potential medication errors and also free up staff time to focus on patient care.

Looking forward to 2020/21, we are planning major capital investment projects which will transform the care that we are able to provide, for example with new cardiology catheter laboratories on both sites and the purchase of a state of the art nuclear gamma camera. We will continue to seek more capital investment to make the transformational changes we believe are necessary to provide the best possible care to our local population now and in to the future.

Care Quality Commission (CQC) rating

We are required to register with the Care Quality Commission (CQC) and are currently registered for the following eight activities across sixteen locations in East Sussex.

- Treatment of disease, disorder or injury
- Surgical procedures
- Diagnostic and Screening procedures
- Management of supply of blood and blood derived products
- Maternity and midwifery services
- Termination of pregnancies
- Family Planning Services
- Assessment or medical treatment for persons detained under the Mental Health Act 1983

In November and December 2019, the CQC carried out inspections of some services at the Conquest Hospital, Eastbourne District General Hospital, and some Community Adult Services. A full report was published in February 2020 and the outcome is a testament to the hard work and commitment of all our staff and volunteers.

Ratings for the whole trust

Safe	Effective	Caring	Responsive	Well-led	Overall
Good ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding →← Feb 2020	Good ↑ Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020

The rating for well-led is based on our inspection at trust level, taking into account what we found in individual services. Ratings for other key questions are from combining ratings for services and using our professional judgement.

Ratings for community health services

	Safe	Effective	Caring	Responsive	Well-led	Overall
Community health services for adults	Good ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑ Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020	Outstanding ↑↑ Feb 2020
Community health inpatient services	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015
Community end of life care	Good ↑ Feb 2020	Good →← Feb 2020	Good →← Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020	Good ↑ Feb 2020
Overall*	Good ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑ Feb 2019	Good →← Feb 2020	Good →← Feb 2020	Outstanding ↑↑ Feb 2020

Ratings for Conquest Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Outstanding Jun 2018	Good Jun 2018
Medical care (including older people's care)	Good Jun 2018	Good Jun 2018	Outstanding Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018
Surgery	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Outstanding Jun 2018	Good Jun 2018
Critical care	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015	Good Mar 2015
Maternity	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018
Services for children and young people	Requires improvement →← Feb 2020	Good →← Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020
End of life care	Good →← Feb 2020	Good ↑ Feb 2020	Outstanding ↑ Feb 2020	Outstanding ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑↑ Feb 2020
Outpatients	Good ↑ Feb 2020	Not rated	Outstanding ↑ Feb 2020	Good ↑ Feb 2020	Good ↑ Feb 2020	Good ↑ Feb 2020
Overall*	Good ↑ Feb 2020	Good →← Feb 2020	Outstanding ↑ Feb 2020	Good ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑↑ Feb 2020

Ratings for Eastbourne District General Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Requires improvement Jun 2018	Requires improvement Jun 2018	Good Jun 2018	Requires improvement Jun 2018	Good Jun 2018	Requires improvement Jun 2018
Medical care (including older people's care)	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018
Surgery	Good Oct 2016	Good Oct 2016	Good Oct 2016	Requires improvement Oct 2016	Good Oct 2016	Good Oct 2016
Critical care	Good Oct 2016	Good Oct 2016	Good Oct 2016	Requires improvement Oct 2016	Good Oct 2016	Good Oct 2016
Services for children and young people	Good ↑ Feb 2020	Good →← Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020
End of life care	Good →← Feb 2020	Good ↑ Feb 2020	Outstanding ↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑↑ Feb 2020	Outstanding ↑↑ Feb 2020
Outpatients	Good Jun 2018	Not rated	Good Jun 2018	Good Jun 2018	Good Jun 2018	Good Jun 2018
Overall*	Good ↑ Feb 2020	Good ↑ Feb 2020	Good →← Feb 2020	Requires improvement →← Feb 2020	Good →← Feb 2020	Good ↑ Feb 2020

The CQC found no breaches that justified regulatory action, no requirement notices were issued and no enforcement actions taken. However, a number of 'should do' actions were recommended to improve on service quality. Many of these have been completed with the remainder being addressed.

In addition to the CQC's inspection, the Trust underwent a "Use of Resources Inspection" by NHS Improvement, for which the Trust was rated as "Requires Improvement". The Use of Resources review noted that the Trust had exited special measures for quality and finance in 2018 and 2019 respectively and highlighted the Trust's good productivity in several areas. However despite a record of continuing financial improvement, the report highlighted that the Trust's costs remained higher than the national median and opportunities existed to further improve the use of resources within the organisation.

Finance

Important Financial Results

The following tables show a range of financial performance values taken from the accounts.

Accounts Highlights	2019/20 £000	2018/19 £000
Surplus/(Deficit) for year	50	(44,781)
Public Dividend Capital Dividend Payable	0	875
Value of Property, Plant and Equipment	229,484	223,584
Value of borrowings (including loans)	235,896	202,815
Cash at 31st March	2,100	2,100
Creditors - trade and other	28,802	23,230
Debtors - trade and other	47,318	19,655
Revenue from patient care activities	406,433	375,387
Clinical negligence costs	9,443	10,117
Gross employee benefits	318,391	292,871

	2019/2019 Number	2019/20 £000	2018/19 Number	2018/19 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	104,781	159,726	119,305	169.057
Total non-NHS trade invoices paid within target	86,171	141,801	82,432	129,104
Percentage of non-NHS trade invoices paid within target	82.2%	88.8%	69.0%	76.4%
NHS Payables				
Total NHS trade invoices paid in the year	2,705	22,830	3,179	32,831
Total NHS trade invoices paid within target	2,305	21,518	2,668	32,058
Percentage of NHS trade invoices paid within target	85.2%	94.3%	83.9%	97.6%

Operating and Financial Review

In 2019/20, we set ourselves an ambitious target of reducing our deficit from £44.8m to £34m (post transformation funding of £10.1m). As part of our journey towards financial sustainability we exited special measures for financial reasons in July 2019. We outperformed our target, ending the year with a small surplus of £50k. Every member of staff, through their hard work, has helped us to achieve this. This achievement is set against a backdrop of continued significant improvements in safety and quality, and strengthened delivery of national performance standards.

The Trust continued to make significant progress in improving its financial governance in 2019/20, including acting on the key drivers of the underlying deficit and in stabilising the overall financial performance. In 2016, our monthly deficit was over £5m a month and by the end of 2019/20 we had reduced this to around £2m a month. To make sure these improvements are maintained, we have continued to strengthen our financial controls, our financial planning and to improve our reporting.

We delivered efficiency savings through our Cost Improvement Programme (CIP) of £20.7m against a target of £20.6m. Identifying and realising recurrent savings is vital to our continued sustainable financial improvement. During 2019/20, 73% of the savings that were achieved through CIPs were from recurrent schemes that will continue to save the Trust money year after year. Our savings focused on reducing expensive agency staff, use of new technology, reducing lengths of stay in hospital, and efficiencies in medicine management. In addition, theatre efficiency has increased, whilst cancellations have decreased, therefore reducing spend and providing better care and outcomes for our patients.

This the first year that the Trust has been able to achieve break-even in many years. We have a clinical strategy in place which will ensure clinical and financial stability across all of our key services. We have used the national Model Hospital toolkit, Getting it Right First Time (GIRFT) initiative, other benchmarking tools, and worked with NHS England and NHS Improvement teams to help us develop and address the issues driving our deficit. The 2019/20 financial plan, and the associated Cost Improvement Plan, were based around these drivers, income recovery, service sustainability, workforce costs, infrastructure costs and technology requirements, and have been where we have focused our attentions in helping us to reduce the deficit. This work has enabled the Trust to exit special measures for financial reasons in July 2019.

The Trust has continued to work within a local and regional health economy with significant financial challenges. During 2019/20, the two key local Clinical Commissioning Groups – Eastbourne, Hailsham & Seaford CCG and Hastings and Rother CCG also exited Legal Directions. The Trust has continued to work in close partnership with the Sussex and East Surrey STP (within which the Trust sits) to develop system-wide financial plans to improve operational, clinical and financial performance.

The Trust has also continued to work with and alongside key partners including the CCGs and East Sussex County Council to strengthen local plans for the improvement of health outcomes for the East Sussex population. The local health economy faces financial challenges and the management of these financial challenges is being addressed on a system wide basis. This includes joint working on key change programmes, including

supporting the development of primary care and the community services to provide support and care closer to home.

During the year, activity and demand levels were significantly higher than planned, particularly in our Accident and Emergency Departments. In addition, throughout the year, non-elective activity was very high. The Trust, working with its partners, is developing a range of interventions to reduce levels of demand for urgent care.

Elective care (planned procedures) and outpatient activity levels were below the planned levels and therefore associated income levels were also below plan. In part, this is a reflection of the continued work within the Trust to focus on day case activity and delivering follow-up procedures to support the management of waiting lists. Whilst this has had an adverse impact on planned income, it has led to an improved performance against national waiting times standards and improved the management of the bed base for the hospital. This has improved flow through the hospitals resulting, in a reduced average length of stay for urgent and planned care.

At the very end of the 2019/20 financial year, the Trust was beginning to feel the impact of the Covid-19 pandemic. This impact will continue to be felt as we go into 2020/21 as there is an unprecedented level of challenge in delivering the NHS response to Covid-19. Our 2019/20 financial performance includes reimbursement for Covid-19 activity.

Despite the pandemic, close working continues to take place with our two local CCGs to ensure that we can achieve financial balance as a system. To do this, the system must:

- realise more recurrent cost improvement plans for the Trust and quality, innovation, productivity and prevention (QIPP) plans for the CCGs;
- significantly reduce recent increases in demand trends in our Accident and Emergency Departments as well as reducing non-elective demand;
- change the pattern of investment with more investment in out of acute settings, front loading clinical capacity at the acute 'front door' clinical services and reducing unnecessary or lower planned care interventions and acute outpatient services; and
- transform the system's operating model to one with a lower cost base per head.

All of this must be achieved within a constrained capital and revenue investment environment and in the context of high growth in our over 85 population – the patient cohort most in need of support. The Trust has worked together with our two local CCGs on progressing system financial sustainability to ensure that our patients receive the highest quality care in an appropriate setting to their needs.

In 2019/20, the Trust has continued to strengthen its cash flow management procedures, with a more robust set of forecasting and tracking tools in use to enable a more targeted approach to payment of suppliers. The Trust remains committed to supporting local suppliers and routinely reviews its creditor position to ensure that delays in payment are minimised.

Capital investment has remained constrained as a result of our financial position, which adversely impacts on the experience for both patients and staff. However, in 2019/20 the Trust successfully obtained additional capital funding loans from NHS England and NHS Improvement to make much needed infrastructure improvements. In addition, we have used alternative forms of capital funding (e.g. leasing) to make improvements across our sites. In addition, the generosity of the Friends must be noted as these donations directly improve patient care and experience – these donations have continued across the year and are welcomed by our staff. In 2019/20, we spent £25.4m of capital expenditure on making

improvements across our infrastructure, IT and medical equipment. Looking forward to 2020/21, we will be looking to maximise every opportunity of obtaining capital funding to supplement our own internal capital plan of c.£14m. Our capital budget, which has more demands on it than funds available, will support the much needed investment in infrastructure, IT and equipment across the organisation.

In 2020/21 we will continue to use Service Line Reporting and Patient Level Information Costing as tools to increase clinical engagement in understanding and improve our cost drivers and profitability, as well as providing management with better information on which to make business decisions. The Trust is fully engaged in the national Operational Productivity programme, led by NHS Improvement, and the Getting It Right First Time clinical improvement programme. These programmes help the Trust understand the links between clinical activity and cost across the organisation and, working with our partners within the local health economy, to ensure that the right models of care are put in place to ensure that we continue to deliver high quality care to all of our patients.

The Trust Board gains assurance on financial matters through the Finance and Investment Committee, which ensures that all material financial risks and developments are closely scrutinised and that senior management is properly held to account for the Trust's financial performance. Clinical representation at this Committee helps to ensure that clinical quality and patient safety issues are always considered alongside financial performance and risk.

In addition to the scrutiny provided by the Finance and Investment Committee, key financial risks form part of the Trust-wide high level corporate risk register, which is regularly updated and assessed by the Audit Committee and referred onwards to the Trust Board where significant risks are considered and appropriate action taken.

Looking ahead to 2020/21, the Trust had agreed a control total of £28.5m and submitted an operating plan to NHS England and NHS Improvement on this basis. The Trust was aiming to secure efficiency savings through our cost improvement programme of £15m. If the control total was achieved, we would be able to access £28.5m of central funding, thereby achieving break-even. However, the Covid-19 pandemic has meant that there is an amended financial regime in operation during the period 1 April to 31 July 2020 resulting in the suspension of all NHS operational plans. The amended financial regime sets out that Trusts will break even during this period. Further guidance on the financial regime for the NHS covering the period from 1 August has yet to be issued.

One of our key objectives for 2019/20 was to exit financial special measures. Achieving our 2018/19 financial plan, the first time that we have done this in a number of years, was a key building block in our journey to exit special measures for financial reasons. The Trust exited special measures for financial reasons in July 2019. Every member of staff worked hard to help the Trust achieve this objective whilst maintaining the delivery of safe and high quality patient care.

Fundraising

We are extremely grateful for the efforts of a wide range of charities and individuals whose generosity supports our work. Over the year, £446,935.48 was donated or bequeathed to our charitable funds. We utilise this funding to improve our clinical services, enhance patient outcomes and contribute to the development and welfare of our staff. Examples of major purchases made by the charity during 2019/20 include:

- 80 Polar Heart rate monitors for use by the Cardiology Rehabilitation teams.
- A Paxman scalp cooling system to minimise hair loss for patients undergoing chemotherapy.
- Two state of the art microscopes to improve haematology reporting practices, as well as providing more effective training for junior and registrar doctors.
- Enhancements that will improve the environment for patients with dementia at Bexhill Irvine Unit
- A RITA (Reminiscence Interactive Therapy Activities), which provides therapeutic activities for elderly patients with cognitive impairments for MacDonald Ward
- Bioelectric Impedance Scales, to enable more accurate measurements of patients' body composition. This is helpful for accurately judging dietetic advice based on the specific biological makeup of each patient.
- Christmas meals for staff working on Christmas Day
- Funding for the Arts in Healthcare project

The charity continues to operate a lottery to raise funds to support the Trust, open to staff and members of the public. Details of the lottery can be found at www.esht.nhs.uk/lottery
You can donate to ESHT's Charitable Funds in a number of ways:

- Online at https://www.justgiving.com/esht
- Send us a cheque, addressed to Charitable Funds, St Anne's House, 729 The Ridge, St Leonards-on-Sea TN37 7PT
- Cash, via the Cashier's Offices at Eastbourne Hospital or Conquest Hospital

Friends of our hospitals

We receive a huge amount of support from the Friends of our hospitals, and they have again been hugely generous throughout the year. They continue to purchase equipment which improves the care and support that the Trust is able to offer to patients, and the Trust is incredibly grateful for the generosity of the Friends' support.

During 2019/20:

The Friends of Bexhill Hospital purchasing items for the Trust, including:

- An OCT scanner for Bexhill Renal Unit
- A Retinal Laser System for the Ophthalmology Department
- An ultrasound scanner for General Surgery
- Funding, in conjunction with Friends of Conquest, for a portable ultrasound device for the IMSK team

The Friends of the Conquest Hospital started a campaign to raise £400,000 to purchase a state-of-the-art CAT scanner for the hospital, replacing the existing 15 year old scanner.

The Friends also purchased other items for the Trust, including:

- A Cerebair portable EEG scanner, for the Neurology Team
- Funding, in conjunction with Friends of Bexhill, for a portable ultrasound device for the IMSK team
- A vein viewer for Friston Ward
- Furniture for a specialist dementia care day room for MacDonald Ward.

The Friends of Eastbourne Hospital raised £500,000 to provide equipment for both the outpatient Urology Investigation Suite (UIS) and an Enhanced Care Unit, which will provide enhanced care for urology and surgical patients.

This was in addition to purchasing other items for the Trust, including:

- 2 slit lamps for the Ophthalmology Outpatients department
- Specialised equipment to improve the care that could be offered to disabled patients require dental treatment
- A bariatric podiatry wheelchair tilt.
- An ultrasound machine for the Gynaecology Outpatient department

If you would like to support or become involved with the Friends please contact:

Friends of Bexhill Hospital	Tel: 01424 217449
Friends of the Conquest Hospital	Tel: 01424 755820
Friends of Crowborough War Memorial Hospital	Tel: 01892 664626
Friends of the Eastbourne Hospital	Tel: 01323 417400 ext 4696
League of Friends Lewes Victoria Hospital	Tel: 01273 474153
Friends of Rye Hospital	Tel: 01797 223810
Uckfield Community Hospital League of Friends	Tel: 01825 767053

Emergency Preparedness, Resilience and Response (EPRR)

The role of the EPRR Team is to ensure our Trust is as resilient as possible and able to offer patients our services without interruption, no matter what challenges we may face.

The NHS England 'Core Standards for EPRR' represents an audit of 70 standards against which the EPRR performance of NHS organisations is judged. In October 2019, the Trust was assessed as being 'fully compliant' achieving compliance with all of the standards. (This compares with 'substantial' in 2018, and partial compliance in 2017).

Over the past year, EPRR have worked to ensure that the Trust is prepared to respond to any business challenges or crises that may occur. Work has included:

- Delivery of an EPRR training programme (including Major Incident, On-call, & Chemical, Biological, Radiological & Nuclear response training).
- The planning and delivery of internal & multi-agency exercises.
- Review & maintenance of Trust plans,
- Supporting Services & Divisions with internal 'Business Continuity' plans.
- Working internally with Trust staff and externally with colleagues from Sussex NHS bodies and the wider 'Sussex Resilience Forum'.
- Preparing for assessed risks, (such as leaving the EU in a 'no-deal' scenario).
- De-briefing incidents and exercises to ensure we identify and learn from experience.

The Trust has also responded to a number of scenarios during the year, including:

- Business Continuity' impacts from a heatwave incident during summer 2019.
- 'Major Incident standby' for the Claremont Hotel Fire in Eastbourne in Dec 2019.
- Participation in the Covid-19 national response, from early Feb 2020 onwards.

The Trust responded to the Covid-19 incident by quickly putting together a cross-Trust group to allow for a central point of management for the incident. Meeting daily, the group ensured that national and local guidance was received, interpreted, and actioned in order to ensure that timely arrangements were in place to support our community.

Since February the response has included:

- Provision of 'Priority Assessment Pods' for the testing of samples.
- Management of stocks of 'Personal Protective Equipment (PPE), medications, consumables and other equipment.
- Communications to ensure that staff and patients were fully informed of the impact of the response.
- Arrangements to identify and use specific clinical areas (including areas within Emergency Departments, ITU and wards), for Covid-19 and non- Covid-19 patients.
- Understanding and communicating what areas of normal business (elective surgery and specific out-patient clinics) will be temporarily halted.
- Incident Management Arrangements, leading the Trust's response and providing data and situation reports to external stakeholders.

The Trust continues to co-ordinate the response to the pandemic, both within the organisation and in conjunction with multi-agency partners in Sussex.

Care Without Carbon – Delivering Sustainable Healthcare at ESHT

Throughout 2019/20 we have continued to build on the work kick started by our Sustainable Development Management Plan (SDMP), Care Without Carbon (CWC) in 2015. Through this programme we are working with three key aims in mind:

1. long term financial sustainability
2. minimising our impact and even having a positive impact on the environment
3. supporting staff wellbeing to enable a healthy, happy, productive workforce

Whilst at the same time aligning our work on sustainability with the Trust's clinical objectives and the improvement of quality, safety and operational standards.

CWC sets out the actions we need to take across all areas of the Trust through seven elements. This ensures a co-ordinated approach. The seven elements are designed to integrate sustainable thinking and planning, into core operational activities so that it becomes part of business as usual and key to the way the Trust functions.

Our impact on the environment as a Trust, as well as our performance in 2019-20 against each of the elements of Care Without Carbon are detailed below.

Our environmental impact

Our environmental impact is measured by our carbon footprint. This is made up from our operations including: the energy used to heat our premises, the electricity we consume, the water we use, emissions from Trust owned vehicles and from our business travel or 'grey fleet' mileage which includes the miles driven in staff-owned vehicles. Our carbon footprint in 2019-20 is illustrated using figures 2 and 3 below.

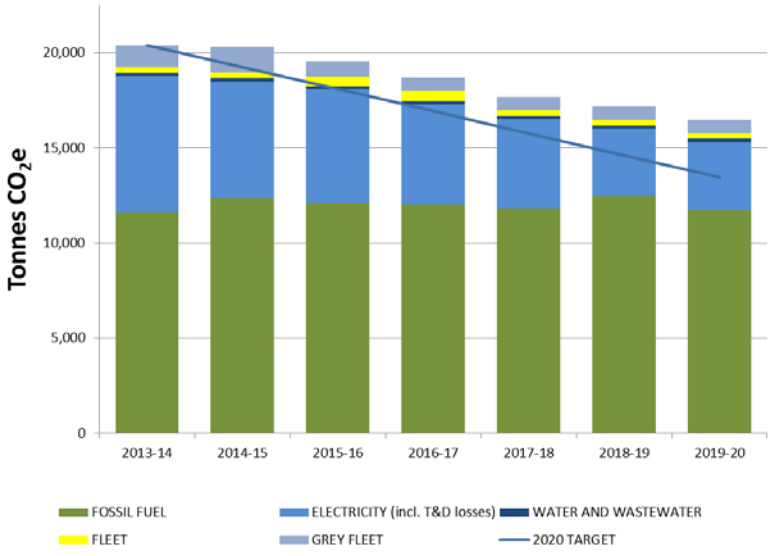


Figure 2: ESHT Carbon emissions against 2020 target

EMISSION SOURCE	BASE YEAR (2013-2014)	2018-19	2019-20
ESHT Carbon Footprint – tonnes CO_2e[1]			
Fossil Fuels	11,585	12,456	11,708
Trust Vehicles	313	278	274
Electricity (incl. transmission and distribution losses)	7,183	3,557	3,594
Water and Wastewater	182	174	192
Business Mileage	1,131	692	718
TOTAL	**20,394**	**17,053**	**16,565**

Figure 3: ESHT Carbon Footprint

The Trust's absolute carbon footprint has reduced by 3,904 tonnes CO_2e (19%) since our base year in 2013/14 and our 2020 target is a 34% reduction which equates 6,934 tonnes CO_2e as detailed in Figure 2. We are aware of the need to make a considerable amount of reductions over the next 12 months to meet our 2020 target and the Trust is committed to putting a plan in place to reduce emissions in line with the NHS Long Term Plan to take us to 2025. A large part of the reductions we will see during the next financial year will be realised through our Energy Performance Contract (EPC) which will help us drive down our emissions significantly over several years (see highlights below). In 2019/20 we have reported emissions from oil consumption as a significant amount has been burnt to rundown reserves at Conquest Hospital ahead of infrastructure change as part of the EPC, previously a nominal amount of oil was consumed for backup generation purposes so this was not reported separately.

Our journeys, which include all business related travel and staff driving their own vehicles for work purposes are also measured using our carbon footprint and, whilst we have reported a reduction since we first started measuring our footprint in 2013/14, we have improved our data set relating to our own vehicles during 2019/20, during 2020/21 we aim to improve how we report on our fleet even further.

We also measure and monitor the waste we generate at our five main sites. Between 2018/19 and 2019/20 we have increased our use of reusible sharps containers by over 20 tonnes. We have also been working hard to improve our recycling and as a consequence our recycled waste has increased by just over 40% which is a great achievement.

KEY HIGHLIGHTS THIS YEAR

- **Buildings:** continuing to drive our EPC project, with the implementation of a number of large scale carbon reduction projects with implementation planned in 2020/21. Projects in phase one of the EPC include: the implementation of Combined Heat and Power (CHP) at Conquest Hospital and associated plant, installing LED lighting across the Trust, alongside a raft of other energy efficiency measures. The benefits

of the project include a significant reduction in the Trust's carbon footprint, a reduction in backlog maintenance and financial savings from reduced utility costs over the fifteen year contract term. We also continue to purchase electricity from renewable sources after a switch in 2018/19 – if counted directly these would result in 167 tonnes of CO_2, due to the nature of reporting we are required to account for these as

- **Journeys:** since being introduced in 2018 staff pool car use has increased considerably and in 2019/20 the cars drove 57,061 miles. The staff cycle scheme has also been extended enabling staff to access electric bikes. The Trust has also partnered with Living Streets to produce walking and cycling maps for Eastbourne District General Hospital and Hastings Conquest Hospital.

- **Circular economy:** the Trust started seperating out all cardboard from it's dry mixed recycling scheme in 2018/19, this has allowed the carboard to be bailed and collected seperately which generates income for the Trust. In 2019/20 the effective recycling of disposible coffee cups and patient wash bowls will be investigated with the aim of finding a suitable scheme and introducing recycling facilities for these items.

- **Governance:** the delivery, monitoring and reporting of our SDMP is supported by Sussex Community NHS Foundation Trust's Sustainability and Environment Team. The team assists with implementing key aspects of the program working alongside teams within in the Trust and feeding into the Trust's Board lead for sustainability, Jonathan Reid, Director of Finance. We are in the process of reviewing our governance arrangements. In 2020/21 we are looking to refresh our Sustainable Development Management Plan or 'Green Plan' and will do this by meeting with key stakeholders across the Trust.

- **Culture:** a Green Champions network has been formed at the Trust this year, the group cosists of a wide range of Trust staff and are planning the roll out of a number of key projects, including; the reduction of anaesthetic gases with a high environmental impact in theartres, the 'gloves off' campaign, first piloted by Great Ormond Street which aims to make a significant carbon saving, alongside setting up an educational programme relating to sustainability .

- **Wellbeing:** The MECC team have been exploring areas at the Conquest site for wellbeing purposes in conjunction with the Estates team, there are plans to evaluate an area beside the pond at Conquest with the hope of introducing an exercise area.

- **Future:** we are continuing to supporting joint working within our Sussex Health and Care Partnership area. In 2020/21 we plan to complete a climate change risk assessment for both of the main hospital sites, this document will highlight the impending risks from climate change and include potential mitigation measures. Following the production of this we will look to create a climate change adaptation plan to help prepare for the future.

This performance report was approved by the board on 23rd June 2020 and signed on its behalf by:

Signed Adrian Bull, Chief Executive

Date 23.06.20

Accountability Report

Director's Report

Trust Board

The Board of Executive and Non-Executive directors manage the Trust, with the Chief Executive being responsible for the overall running of our healthcare services as the Accountable Officer.

Board members as of 31st March 2020	
Chair Steve Phoenix	Chair of Trust Board Chair of Strategy Committee Member of Remuneration Committee
Chief Executive Dr. Adrian Bull	
Non-Executive Directors	
Jackie Churchward-Cardiff	Chair of Quality and Standards Committee Member of Finance and Investment Committee Member of Remuneration Committee Member of Strategy Committee
Miranda Kavanagh	Chair of People and Organisational Committee Member of Finance and Investment Committee Member of Remuneration Committee Member of Strategy Committee
Karen Manson	Member of Quality and Standards Committee Member of People and Organisational Committee Member of Strategy Committee
Barry Nealon	Vice Chair of Trust Board Senior Independent Director Chair of Finance and Investment Committee Chair of Remuneration Committee Member of Audit Committee Member of Strategy Committee
Nicola Webber	Chair of Audit Committee Member of Finance and Investment Committee Member of Strategy Committee
Associate Non-Executive Directors	
Paresh Patel	Member of Finance and Investment Committee Member of Strategy Committee
Carys Williams	Member of Audit Committee Member of Strategy Committee

Executive Directors and Officers
Joanne Chadwick-Bell, Deputy Chief Executive and Chief Operating Officer
Vikki Carruth, Director of Nursing
Jonathan Reid, Director of Finance
Dr. David Walker, Medical Director
Catherine Ashton, Director of Strategy, Improvement & Planning*
Monica Green, Director of Human Resources*
Lynette Wells, Director of Corporate Affairs*

** Non-voting Board member/officer*

Board changes during the year are outlined below:

Name	**Role/Position**	**Dates of Change**
Paresh Patel	Associate Non-Executive Director	Appointed 01.08.19
Carys Williams	Associate Non-Executive Director	Appointed 01.08.19
Jonathan Reid	Director of Finance	Resigned 31.03.20

Attendance at board meetings 2019/20

Name and Position	Attendance at Trust Board meetings 2019/20
Steve Phoenix Chairman	6/6
Barry Nealon Vice-Chairman Non-Executive Director	3/6
Jackie Churchward-Cardiff Non-Executive Director	6/6
Miranda Kavanagh Non-Executive Director	6/6
Karen Manson Non-Executive Director	4/6
Nicola Webber Non-Executive Director	4/6
Paresh Patel Associate Non-Executive Director from 01.08.19	4/4
Carys Williams Associate Non-Executive Director from 01.08.19	3/4
Dr Adrian Bull Chief Executive	6/6
Joanne Chadwick-Bell Deputy Chief Executive & Chief Operating Officer	5/6
Vikki Carruth Director of Nursing	5/6
Jonathan Reid Director of Finance to 31.03.20	5/6
Dr David Walker Medical Director	3/6
Catherine Ashton* Director of Strategy	4/6
Monica Green* Director of Human Resources	6/6
Lynette Wells* Director of Corporate Affairs	6/6

** Non-voting Board member/officer*

Non-Executive Directors	Steve Phoenix	• Wife is chair of Sussex Beacon and Sussex Audiology
	Barry Nealon	• Chairman of Rye, Winchelsea & District Memorial Hospital.
	Jackie Churchward-Cardiff	• Was director and owner of Clinical Strategies until July 2019 • Chair of Private Care & Support • Non-Executive Director 2gether support solutions
	Miranda Kavanagh	• None
	Karen Manson	• Director of Manson Associates (Global) Limited (MAGL) • Shareholding in Johnson & Johnson
	Paresh Patel	• None
	Nicola Webber	• Non-Executive Director of 2gether support solutions • Mother-in-law is Associate Non-Executive Director at Maidstone & Tunbridge Wells NHS Trust
	Carys Williams	• None
Executive Directors	Dr. Adrian Bull	• None
	Joanne Chadwick-Bell	• None
	Catherine Ashton	• None
	Vikki Carruth	• None
	Monica Green	• None
	Jonathan Reid	• None
	Dr. David Walker	• Trustee of Parchment Trust • Private Cardiology Practice at Spire Sussex Hospital
	Lynette Wells	• None

Each director has confirmed that as far as he/she is aware there is no relevant audit information of which the Trust's auditors are unaware and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The following table outlines the notice periods for Directors and Officers in post at 31st March 2020:

Name	Start Date	Notice period
Dr. Adrian Bull Chief Executive	April 2016	6 months
Joe Chadwick-Bell Deputy Chief Executive & Chief Operating Officer	November 2016	6 months
Dr. David Walker Medical Director	September 2016	6 months
Jonathan Reid Director of Finance	June 2016	6 months
Catherine Ashton Director of Strategy	August 2016	6 months
Vikki Carruth Director of Nursing	October 2017	6 months
Monica Green Director of Human Resources	June 2002	6 months
Lynette Wells Director of Corporate Affairs	February 2012	6 months

For statements on salary and pension benefits for all senior management who served during 2019/20, please see tables on pages 68 and 69.

Trust Committees

Audit Committee
The Audit Committee was chaired by Nicola Webber and met on five occasions during 2019/20.

The Committee is responsible for providing the Board with advice and recommendations on matters which include:

- the effectiveness of the framework of controls within the Trust
- the adequacy of arrangements for managing risk and how these are implemented
- the adequacy of plans of internal and external audits and how they perform against these
- the impact of changes to accounting policy
- the review of tenders and waivers issued by the Trust
- the review of the annual report and accounts

The Trust's external auditor is Grant Thornton UK LLP appointed for a period of three years in 2018.

Committee Attendance
Non-Executives form the Audit Committee, Finance and Investment Committee, People and Organisational Development Committee, Quality and Safety Committee and Strategy Committee.

Committee Attendance during 2019/20 was as follows:

	Audit (5 meetings)	**Finance & Investment (10 meetings)**	**People & Organisational Development (5 meetings)**	**Quality & Safety (5 meetings)**	**Strategy (1 meeting)**
Jackie Churchward-Cardiff	1/1	7/10	-	4/5	1/1
Miranda Kavanagh	-	8/10	5/5	-	1/1
Karen Manson	2/2	-	5/5	5/5	1/1
Barry Nealon	4/5	9/10	-	-	1/1
Paresh Patel	-	5/7	-	-	1/1
Steve Phoenix	-	8/10	-	-	1/1
Nicola Webber	5/5	9/10	-	-	1/1
Carys Williams	2/3	1/1	-	-	1/1

All of the meetings of the Trust's Committees during 2019/20 were quorate.

Modern Slavery and Human Trafficking Act 2015 Annual Statement

The Trust's commercial income does not reach the £36million threshold at which we are required to prepare an annual slavery and human trafficking statement.

Anti-Bribery and Anti-Corruption

One of the basic principles of public sector organisations is the proper use of public funds. The majority of people who work in the NHS are honest and professional and they find that fraud and bribery committed by a minority is wholly unacceptable as it ultimately leads to a reduction in the resources available for patient care.

The Trust Board is committed to maintaining high standards of honesty, openness and integrity within the organisation. It is committed to the elimination of fraud, bribery and corruption within the Trust, and to the rigorous investigation of any suspicions of fraud, bribery or corruption that arise.

The Trust has procedures in place that reduce the likelihood of fraud, bribery or corruption occurring. These include Standing Orders, Standing Financial Instructions, authorised signatories, documented procedures, procurement procedures, disclosure checks, and "Whistleblowing". Additionally, the Trust, aided by its Local Counter Fraud Specialist (LCFS), attempts to ensure that a risk (and fraud) awareness culture exists within the organisation.

The Trust adopts a zero tolerance attitude to fraud and bribery within the NHS. The aim is to eliminate all fraud and bribery within the NHS as far as possible.

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

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

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

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

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

Signed  Chief Executive

Date 23rd June 2020

Governance Statement 2019/20

1. **Scope of responsibility**

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

2. **The purpose of the system of internal control**

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

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

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

3. **Capacity to handle risk**

   There are robust processes in place throughout the organisation to enable identification and management of current risk and anticipation of future risk. Leadership arrangements for risk management are clearly documented in the Trust's Risk Management Strategy which provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, management and financial processes across the organisation.

   Leadership starts with the Chief Executive having overall responsibility, with delegation to named Executive Directors and Divisional and clinical leaders. The leadership is further embedded by ownership at a local level by managers taking responsibility for risk identification, assessment and analysis. Terms of reference clearly outline the responsibilities of committees for risk management.

   All new members of staff are required to attend a mandatory induction that encompasses key elements of risk management. This is further supplemented by local induction. The organisation provides mandatory and statutory training that all staff must complete, and in addition to this, specific training to individuals' responsibilities is also provided. There are many ways that the organisation seeks to learn from good practice and this includes incident reporting procedures and debriefs, complaints, claims and pro-active risk assessment. This information is filtered to frontline staff through incident reporting feedback, team meetings and briefings, the extranet and newsletters.

4. Risk and Control Framework

The Trust has in place an ongoing process to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically;
- Ensure lessons are learnt from concerns and incidents in order to share best practise and prevent reoccurrence.

Risk management requires participation, commitment and collaboration from all staff. Risks are identified, analysed, evaluated and controlled through a robust governance process which includes incident reporting, risk assessment reviews, clinical audits and other clinical and non- clinical reviews with a clearly defined process of escalation to risk registers.

The risk registers are real-time documents which are populated through the organisation's risk assessment and evaluation processes. This enables risks to be quantified and ranked. A corporate high level risk register populated from the risk registers of divisions and departments is produced and establishes the organisational risk profile. The Trust's risk appetite has been defined by the Board and indicates how much, or little, risk the Trust wishes to accept when reviewing service changes or investment.

The Trust manages its financial risks using a wide range of management tools. Performance against budgetary targets is recorded, analysed and reported monthly. This information is monitored and challenged both internally and externally. In addition to performance assessment, financial control and management is continually assessed by internal and external audit, and counter fraud teams. Reports from these parties are presented to the Audit Committee. Operational management, finance, purchasing and payroll teams are segregated to reduce conflicts of interest and the risk of fraud. Segregation is enhanced and reinforced by IT control systems which limit authority and access.

Data security is reported at each meeting of the Audit Committee and through the Trust's Information Governance Steering group risks are highlighted and mitigating actions scrutinised.

All risks are routinely reviewed at Divisional Governance Meetings and Team Meetings and discussed at Integrated Performance Reviews (IPR) which take place monthly and involve divisions and the executive team. The High Level Risk Register is scrutinised by the Senior Leaders Forum and is also presented to the Audit and Quality and Safety Committees at each meeting. The Trust's Board Assurance Framework provides assurance that a robust risk management system underpins the delivery of the organisation's principal objectives. It clearly defines the:

- Trust's principal objectives and the principal risks to the achievement of these objectives.
- Key controls by which these risks can be managed
- Independent and management assurances that risks are being managed effectively
- Gaps in the effectiveness of controls and assurance

- Actions in place to address highlighted gaps.

The Board Assurance Framework (BAF) was regularly reviewed and revised by the Board and by the Audit and Quality and Safety Committees. Gaps in control and assurance related to workforce and finance were also considered by the People and Organisational Development Committee and Finance and Investment Committee. As part of the Trust's ongoing governance review it held a seminar in July 2019 where the Board reviewed the framework and endorsed a revised format. The Board agreed that the document identified the principle strategic risks to the organisation and that these risks were effectively controlled and mitigated in order for the Trust to achieve its strategic aims and objectives.

Internal audit gave 'Limited Assurance' over the Board Assurance Framework and Risk Management processes in February 2020. The audit recognised that whilst this did not mean that controls and assurances were not in place or operating effectively the Board Assurance Framework did not adequately demonstrate all the key controls in place and the associated assurances against those risks. This is currently being reviewed and the document strengthened.

NHS Provider Licence Conditions: The Trust Board completes an annual self-certification to confirm the organisation can meet the obligations set out in the NHS provider licence and has complied with governance requirements.

The Trust was removed from Financial Special Measures in July 2019 and continues with a focus on the delivery of an improved financial position.

The Trust monitors compliance with statutory and regulatory requirements and agrees and reviews actions. Compliance with the 62 day cancer waiting time standard has remained challenged over the year and in the second half of the year performance against the four hour A&E standard deteriorated due to increasing attendances to A&E, high occupancy rates and staff sickness. Recovery plans for both cancer and A&E have been developed and are monitored through the Trust's Committee structure.

Workforce Safeguards: A comprehensive set of national guidelines on workforce planning 'Developing Workforce Safeguards' was introduced in 2019 and includes recommendations on reporting and governance approaches to support safe, sustainable and productive workforce planning.

The Trust has developed a 5 year sustainability workforce plan to support the delivery of healthcare excellence across short, medium and long term timelines. This plan integrates with the STP Workforce Strategic regional priorities; maintaining workforce through retention, boosting workforce supply through recruitment, meeting demand differently through skill mix/ transformation and reducing temporary staff usage through efficiency to ensure we maintain the right staff, with the right skills in the right place at the right time.

Ensuring that staffing processes are safe, sustainable and effective is paramount as the Trust implements its strategy. A robust governance framework is in place to facilitate this; including workforce governance and quality and safety governance policies, effective systems and processes, with the People and Organisational Development

Committee. In addition, the Quality and Safety Committee scrutinise a broad range of detailed information to provide assurance, oversee the mitigation of risk and focus on achieving excellent patient and staff outcomes. The Trust Board receives quality, performance, workforce and financial information in the Integrated Performance Report at each public meeting.

Annual staffing establishment reviews are included within the business planning process which includes short term workforce planning and budget setting. Where available, clinical staffing establishments are developed using evidence based tools as well as guidance, professional judgement and outcomes. There is variability in the robustness with which this triangulated approach is applied, when reviewed by professionally registered staff group, as there is no national or NHSE/I guidance available to support the Trust in all areas/specialties. Where the tools and guidance are available they are used to support establishment setting. The consistency of information is being strengthened across all staff groups and provided to the clinical leads to support the establishment review process with professional judgement and consideration of patient and staff outcomes by specialty.

Staff deployment through e-rostering is in place with further development of e-job planning to ensure coverage of medics, Specialist Nurses and AHPs. This supports efficient deployment and identification of opportunities for improving productivity and the elimination of waste, focusing on freeing up clinicians time with patients. Reliance on agency staff has decreased in 2019/20 with an increase in substantive staffing. This focus will continue as it is well evidenced that this leads to improved quality of care.

Through the Excellence in Care dashboard and the Integrated Performance Report work is underway to strengthen visibility of staff deployment across all staff groups. There are also twice daily staffing reviews using Safe Care to ensure that staff are safely deployed on the day. Assurance is also provided via a monthly safer staffing meeting. Care Hours Per Patient Day (CHPPD) is in place for nursing staff however there is an absence of any national metrics / NHSI/ E guidance for other professional staff groups.

The Developing Workforce Safeguards action plan and recommendations are being monitored via People and Organisational Development Committee to reach full compliance.

Care Quality Commission (CQC): The Trust is fully Compliant with the registration requirements of the Care Quality Commission. An inspection of both acute and community services took place in November 2019 and a well led review in December 2019. In the acute setting inspectors looked at end of life care, services for children and young people and outpatients. In the community setting inspectors visited the community end of life service and community adults service. The Trust was rated as Good overall and Outstanding for being caring and effective, and Good for being safe, responsive and well-led. Conquest Hospital and Community services were both rated outstanding overall. The CQC commended the Trust for the sustained and embedded improvements.

The CQC also published the Trust's Use of Resources (UoR) report, which was based on an assessment undertaken by NHS Improvement. The Trust was rated as Requires Improvement for using its resources productively.

Register of Interests: The Trust has a policy and process in place in respect of declarations of interest however, there is further work required to increase the number of staff required making declarations and this is being reviewed. The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance.

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

Equality and Diversity: Control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. The Trust has an Equality Strategy which details how the Trust will eliminate discrimination, advance equality and foster good relations between people who share certain characteristics and those who do not. The Board also considers an Annual Equality Information Report and progress against delivering the outcomes of the Equality Delivery System and Workforce Race Equality Standards. Equality impact assessments are completed for all Trust policies, significant projects and service redesign to identify and address existing or potential inequalities.

Climate Change: The Trust has undertaken risk assessments and has a sustainable development management in place in accordance with emergency preparedness and civil contingency requirements which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

5. Review of the effectiveness of risk management and internal control

The Trust has a robust process in place for incident reporting and investigation, complaints handling, risk management and the Board Assurance Framework. There is a programme of training for root cause analysis and risk, and incident reporting and duty of candour are embedded across the organisation. Training and awareness of reporting has continued and this has led to the Trust having an effective incident reporting culture, although levels of incidents relating to patient harm remain low.

Categories of Serious Incidents are outlined in a national framework and include acts of omissions in care that result in: unexpected or avoidable death; unexpected or avoidable injury resulting in serious harm – including those where the injury required treatment to prevent death or serious harm; abuse; Never Events; incidents that prevent (or threaten to prevent) an organisation's ability to continue to deliver an acceptable quality of healthcare services; and incidents that cause widespread public concern resulting in a loss of confidence in healthcare services.

The Trust reported 68 Serious Incidents during 2019/20 of which three were subsequently downgraded. Each incident was investigated and actions agreed and

implemented. The Trust had five Never Events in 2019/20 (also included in the SI figures); four of these events occurred in the theatre setting and one on an acute Medical ward. A multi-disciplinary Clinical Practice Review Group (CPRG) was established in September 2019 with the purpose of understanding how and why the adverse events happened in order to remove error opportunities. It reviewed the robustness of safety protocols and processes in place for both surgical and medical interventional procedures to minimise errors and adverse events and assessed whether these were embedded and complied with across ESHT. A number of actions and recommendations were identified and a final report presented to to the Quality and Safety Committee.

The Trust has a Duty of Candour Policy and ensures that, as part of any investigation into Serious Incidents or complaints, there is clear, open and honest communication with patients and their families/carers and that a process for shared learning is in place.

The Trust developed and embedded across the organisation an accountability framework which sets out expectations regarding roles, responsibilities and accountability; the leadership model at all levels; and the Trust operating structure to ward and service level.

6. Governance Framework

Agreed Standing Orders, a Scheme of Matters Reserved to the Board, a Scheme of Delegation to officers and others and Standing Financial Instructions are in place. These documents, alongside policies approved by the Board, provide the regulatory framework for the business conduct of the Trust and define its ways of working. The Standing Orders, Scheme of Delegation and Standing Financial Instructions have been periodically updated to account for alterations in year and were last reviewed, updated and approved by the Trust Board in December 2019.

Best practice in governance states that the Board should be of sufficient size that the balance of skills, capability and experience is appropriate for the requirements of the business. The Trust Board has a balance of skills and experience appropriate to fulfilling its responsibilities and is well balanced with a Chairman, five non-executive directors and five voting executive directors. In line with best practice there is a clear division of responsibilities between the roles of Chairman and Chief Executive. The Board complies with the HM Treasury/Cabinet Office Corporate Governance Code where applicable.

There were a number of changes to the Board during the period. Jonathan Reid, Finance Director, left the Trust the end of March 2020 and Damian Reid was due to take up this position on 1st April 2020. Paresh Patel and Carys Williams joined the Board as Associate Non-Executive Directors.

In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of “Champion” roles where they act as ambassadors for matters including health and safety, business continuity, dementia and organ donation.

The Trust has nominated a non-executive director, Barry Nealon, as Vice Chairman and Senior Independent Non-Executive Director (SID). The role of the SID is to be available for confidential discussions with other directors who may have concerns which they believe have not been properly considered by the Board, or not addressed by the

Chairman or Chief Executive, and also to lead the appraisal process of the Chairman. The SID is also available to staff in case they have concerns which cannot, or should not, be addressed by the Chairman, Executive Directors or the Trust's Speak Up Guardian as outlined in the Trust's Raising Concerns (Whistleblowing) Policy.

The Trust has a Fit and Proper Persons Policy and processes to ensure that people who have director level responsibility for the quality and safety of care, and for meeting the Care Quality Commission fundamental standards are fit and proper to carry out their roles. Directors and officers complete an annual declaration that they remain 'Fit and Proper Persons' to be directors.

Board Effectiveness: All Board members participate in the annual appraisal process and objectives are agreed and evaluated.

The Board has a tailored seminar programme in place to support the development of Board knowledge and allow in depth discussion and exploration of key issues. The Board also undertakes development both as a group and individually. This includes facilitated sessions as well as attendance at national events and individual coaching and mentoring.

Board members also undertake 'board walks' to develop their understanding of the organisation and the organisation's understanding of the Board. These visits add to and complement the assurance provided to the Board through regular reporting on compliance with local, national and regulatory quality standards. They are not one-off events but part of a continuing cycle of improvement where outcomes are fed back to staff, patients and others and, if required, actions are taken. Board members receive an overview of "walks" at each public board meeting.

Committee Structure: The Trust Board meets bi-monthly in public and also holds seminars covering key issues and Board development in the month where there is no public Board meeting. Committees of the Board include Audit, Remuneration and Appointments, Finance and Investment, Quality and Safety and People and Organisational Development. In January 2020 the Board established a Strategy Committee which is chaired by the Trust Chairman. All other Committees are chaired by a Non-Executive Director of the Trust and membership of the Audit and Remuneration and Appointments Committees comprise only Non-Executive Directors. Terms of reference outline both quoracy and expected attendance at meetings and the Board receives a report from the Committee Chair at each Board meeting

The Board and its Committees streamlined their agendas and held virtual meetings in response to the Covid 19 Pandemic that was declared in January 2020. Committee chairs held regular calls with executive colleagues to ensure they were appraised with any governance matters.

Information Governance: During 2019/20 staff reported 177 IG incidents on our Trust incident reporting system, 172 of these were scored against the Trust's incident scoring as either 'negligible or none' for severity, two were scored as 'low or minor' and three incident were scored as 'medium or moderate'. This indicates that the majority of incidents had no impact upon information security. All incidents are investigated and actions implemented to prevent reoccurrence. Over the year eleven incidents were

reported on the Data Security & Protection Toolkit, but none of them reached the threshold for onward reporting to the Information Commissioner's Office.

Data Quality: The Trust assures the quality and accuracy of elective waiting time data and the risks to the quality and accuracy of this data. The quality of performance information is continually assessed by the Trust in regular meetings and forums as well as through quality assurance audits, including external review by TIAA audits and other external companies. Patient tracking lists (PTL), including those on the 'Referral To Treatment' pathway, are scrutinised in detail at weekly PTL and performance meetings.

7. Review of economy, efficiency, effectiveness of the use of resources.

Financial governance arrangements are reviewed by internal and external audit to provide assurance of economic, efficient and effective use of resources. The Trust also reviews data such as the Model Hospital to benchmark itself against other providers and seeks to make improvements. There has been positive engagement with the Getting It Right First Time (GIRFT) workstreams across the organisation.

The Trust ended the 2018/19 financial year with a £44.5m reported deficit. In 2019/20 a target was set to achieve a full year deficit, excluding transformation funding, of £34.03m (£10.125m post transformation funding). A month 12 deficit of £9.9m was achieved (against a planned deficit of £10.1m) and the organisation benefitted from £23.9m year to date from the Marginal Rate Emergency Tarriff (MRET), Provider Sustainability Funding (PSR) and Financial Recovery Funding (FRF). This over performance enabled the Trust to access additional FRF of circa £10m which resulted in a £50k final year surplus position.

A five year financial model was developed with local Clinical Commissioning Groups aimed at delivering a route-map to system financial sustainability. As a result of using this model, the Trust and Commissioners had a shared financial plan for 2019/20 and an agreed contract which included jointly recognised Quality, Innovation, Productivity and Prevention (QIPP) schemes.

8. Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. The timeline for the production of the Annual Quality Account was deferred to 15 December 2020 due to the Covid-19 pandemic. The Annual Quality Account for 2019/20 is being developed in line with relevant national guidance and priorities have already been developed following feedback from patients, staff and external stakeholders.

Quality is a core component of our strategy to be Outstanding and always improving and through the hard work and commitment of our staff we continue to deliver safe, effective and high quality services whilst at the same time targeting priority areas for improvement. Quality is considered through our divisional governance structure and this feeds up to the Quality and Safety Committee.

9. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control

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

The review of effectiveness of the system of internal control is informed by the work of the Trust's internal auditor, TIAA, who deliver a risk based annual plan of audits over a wide range of areas and track progress on implementing agreed recommendations arising from their work. The auditor's overall opinion was that "Reasonable" assurance could be given that there was a generally sound system of internal control, designed to meet the organisation's objectives, and that controls were generally being applied consistently. There were some weakness in the design and/or inconsistent application of controls which put the achievement of particular objectives at risk and the Trust will continue to work with auditors to increase assurance in these areas.

In addition the Trust has received external accreditation from other external bodies such as JAG accreditation for Endoscopy services and quality assurance reports for services including cervical screening and Antenatal and Newborn Screening.

My review of the effectiveness of the systems of internal control has also taken account of the work of the Executive Management team within the organisation, which has responsibility for the development and maintenance of the internal control framework and risk management within their discrete portfolios.

The Board and its sub-committees maintain continuous oversight of the effectiveness of the Trust's risk management and internal control systems. The Board meets every other month in public and holds seminars in the month where there are not public meetings. The Audit Committee supports the Board by critically reviewing the governance and assurance processes on which the Board places reliance. This encompasses: the effectiveness of Trust governance, risk management and internal control systems; the integrity of the financial statements of the Trust, in particular the Trust's Annual Report; the work of internal and external audit and any actions arising from their work; compliance by the Trust with relevant legal and regulatory requirements.

As one of the key means of providing the Trust Board with assurance that effective internal control arrangements are in place, the Audit Committee requests and receives assurances and information from a variety of sources to inform its assessments. This process has also included calling managers to account, when considered necessary, to obtain relevant assurance and updates on outcomes. The Committee also works closely with executive directors to ensure that assurance mechanisms within the Trust are fully effective, and that a robust process is in place to ensure that actions falling out of internal audits and external reviews are implemented and monitored by the Committee. The need to provide assurance on controls in place in relation to cybersecurity, transition to meet the requirements of the General Data Protection Regulations and updates on the work of both internal and external audit and counter fraud have been reviewed by the Committee.

During the year the Committee reviewed the Annual Plan for Clinical Audit and received progress updates at each meeting. Good progress was noted in national and local audits. Alongside the Audit Committee, the Finance and Investment Committee provides support to the Trust Board in regard to understanding the financial challenges, risk and opportunities for the Trust and oversight of the effectiveness of the Trust's financial governance.

The Quality and Safety Committee assists the Board in being assured that the Trust is meeting statutory quality and safety requirements and to gain insight into issues and risks that may jeopardise the Trust's ability to deliver quality improvement. During the year, the Quality and Safety Committee reviewed and endorsed the Trust's quality improvement priorities for subsequent publication in the Quality Account. It undertook "deep dive" reviews of areas highlighted through external review and internal risk management processes such as cancer metrics.

Strategic oversight of workforce development, planning and performance is within the People and Organisational Development Committee remit. It provides assurance to the Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that is supporting the Trust objectives and organisational success.

On 30th January 2020 the NHS declared a Level 4 National Incident in response to the escalating Covid-19 pandemic. In response to a directive from NHS Improvement/ England the Trust freed-up the maximum possible inpatient and critical care capacity in order to prepare for, and respond to, the anticipated large numbers of COVID-19 patients requiring acute care. This included suspending non-urgent elective activity, increasing equipment and beds stocks, redeploying staff and minimising the burden by streamlining governance arrangements. A number of specific risks related to the pandemic were identified and included on a risk register, for example challenges faced by staff self-isolating or shielding.

At the time of writing this report the organisation was in the midst of handling the pandemic. I remain confident however, that the Trust has ensured that governance mechanisms are in place to ensure the organisation continues to have an effective system of control in place.

10. Conclusion

In line with the guidance on the definition of the significant internal control issues, I have not identified any significant control issues.

Dr Adrian Bull
Chief Executive

Statement of Directors' Responsibilities in Respect of the Accounts

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

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

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

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

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

By order of the Board

23rd June 2020 Date  Chief Executive

23rd June 2020 Date  Finance Director

Remuneration and Staff Report

Remuneration Report

The Remuneration and Appointments Committee is a non-executive subcommittee of the Board and oversees the appointments of the Chief Executive and Executive Directors and agrees the parameters for the senior appointments process. The Committee agrees and reviews the Trust policies on the reward, performance, retention and pension matters for the executive team and any relevant matters of policy that affect all staff.

The Committee is chaired by the Senior Independent Non-executive Director and membership also comprises the Chairman of the Board and two other non-executive directors. The Chief Executive, Human Resources Director and Director of Corporate Affairs attend meetings in an advisory capacity except when issues relating to their own performance, remuneration or terms and conditions are being discussed.

Quoracy for the meeting is three members of which one must be the Committee Chairman or, in his absence, the Trust Chairman. Under delegated authority from the Trust Board, the Committee determines the appropriate remuneration and terms of service for the Chief Executive and Executive Directors having proper regard to national arrangements and guidance.

The Committee also advises on, and oversees, the appropriate contractual arrangements with the Chief Executive and Executive Directors, including the proper calculation and scrutiny of termination payments, taking account of national guidance as appropriate.

The remuneration rates are determined by taking into account national benchmarking and guidance in order to ensure fairness and proper regard to affordability and public scrutiny. The remuneration of the Chief Executive and Executive Directors are set at base salary only without any performance related pay. In line with national guidance, remuneration for all new executive directors includes an element earn back pay related to achievement of objectives. The earn back figure is included in the base salary. Treasury approval for “Very Senior Managers” pay exceeding the Prime Minister’s salary is also required.

In addition, the Committee monitors the performance of the Chief Executive and Executive Directors based on their agreed performance objectives.

Matters considered in 2019/20 included:

- Chief Executive’s report on individual Directors’ performance and objectives
- Annual performance review for Chief Executive
- Review of Senior NHS Salaries
- Approval of relevant appointments and terminations
- Clinical Excellence Awards

Due to nature of the business conducted, Committee minutes are considered confidential and are therefore not in the public domain. The Chair of the Committee draws to the Board’s attention any issues that require disclosure to the full Board or require Executive action.

A) Salary and Pension entitlements of senior managers - Single total figure table – audited

Name and Title	2019.20						2018.19					
	Salary (bands of £5,000) £'000	Expense payments (taxable) to nearest £100 £'00	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	Salary (bands of £5,000) £'000	Expense payments (taxable) to nearest £100 £'00	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
Steve Phoenix Chairman	35 - 40	2**	0	0	0	**40 - 45**	5 - 10	0	0	0	0	**5 - 10**
Barry Nealon Vice Chairman	5 - 10	0	0	0	0	**5 - 10**	5 - 10	0	0	0	0	**5 - 10**
Dr Adrian Bull Chief Executive	190 - 195	4**	0	0	0	**190 - 195**	185 - 190	4**	0	0	0	**185 - 190**
Joanne Chadwick-Bell Chief Operating Officer	140 - 145	2**	0	0	60 - 62.5	**205 - 210**	130 - 135	2**	0	0	20 - 22.5	**150 - 155**
Catherine Ashton Director of Strategy	95 - 100	1**	0	0	17.5 - 20	**115 - 130**	110 - 115	2**	0	0	25 - 27.5	**135 - 140**
Victoria Carruth Director of Nursing	120 - 125	0	0	0	22.5 - 25	**140 - 145**	115 - 120	0	0	0	65 - 67.5	**185 - 190**
Monica Green Director of Human Resources	120 - 125	1**	0	0	5 - 7.5	**130 - 135**	120 - 125	1**	0	0	85 - 87.5	**205 - 210**
Jonathan Reid Director of Finance (Left 31st March 2020)	140 - 145	48***	0	0	12.5 - 15	**160 - 165**	130 - 135	35***	0	0	27.5 - 30	**160 - 165**
David Walker Medical Director *	50 - 55*	3**	0	0	0	**50 - 55**	50 - 55*	4**	0	0	0	**50 - 55**
Lynette Wells Director of Corporate Affairs	100 - 105	0	0	0	22.5 - 25	**125 - 130**	100 - 105	0	0	0	32.5 - 35	**130 - 135**
Jackie Churchward-Cardiff Non-Executive Director	5 - 10	2**	0	0	0	**5 - 10**	5 - 10	3**	0	0	0	**5 - 10**
Miranda Kavanagh Non-Executive Director	5 - 10	0	0	0	0	**5 - 10**	5 - 10	0	0	0	0	**5 - 10**
Karen Manson Non-Executive Director	5 - 10	0	0	0	0	**5 - 10**	0 - 5	1**	0	0	0	**0 - 5**
Nicola Webber Non-Executive Director	5 - 10	0	0	0	0	**5 - 10**	0 - 5	0	0	0	0	**0 - 5**
Carys Williams (Started 1st August 2019) Associate Non-Executive Director	5 - 10	0	0	0	0	**5 - 10**	0	0	0	0	0	**0**
Paresh Patel (started 1st August 2019) Associate Non-Executive Director	5 - 10	0	0	0	0	**5 - 10**	0	0	0	0	0	**0**

**- David Walker, non-Board related salary for the full year of £178k.*
*** - represents reimbursement of travel costs incurred subject to UK income tax and disclosed to nearest £100*
**** - represents leased car net benefit, subject to UK income tax and disclosed to nearest £100*
There were no Performance pay or bonus payments in either 2018/19 or 2019/20.

Pension Benefits

B)

Name and Title	Real increase in pension at pension age (bands of £2500) £'000	Real increase in pension lump sum at pension age (bands of £2500) £'000	Total accrued pension at pension age at 31 March 2020 (bands of £5000) £'000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5000) £'000	Cash equivalent transfer value at 1 April 2019 £'000	Real increase in Cash Equivalent Transfer value £'000	Cash equivalent transfer value at 31 March 2020 £'000	Employer's contribution to stakeholder pension £'000
Dr Adrian Bull Chief Executive ***	0	0	0	0	0	0	0	0
Joanne Chadwick-Bell Chief Operating Officer	2.5 - 5	2.5 - 5	40 - 45	95 - 100	670	11	759	0
Catherine Ashton Director of Strategy	0 - 2.5	0	20 - 25	40 - 45	415	11	455	0
Victoria Carruth Director of Nursing	0 - 2.5	0	35 - 40	80 - 85	628	15	680	0
Monica Green Director of Human Resources	0 - 2.5	2.5 - 5	50 - 55	150 - 155	1152	49	1,234	0
Jonathan Reid Director of Finance ****	0 - 2.5	0	20 - 25	35 - 40	349	14	384	0
David Walker Medical Director ****	0	0	0	0	0	0	0	0
Lynette Wells Director of Corporate Affairs	0 - 2.5	0	20 - 25	0	248	6	284	0

*** - As Dr Bull has reached the normal pension age, cash equivalent transfer value will not be shown*
**** - Dr Walker opted out of the Pension Scheme all year; Jonathan Reid opted out from 30 November 2019*
Non-executive Directors do not receive pensionable remuneration, hence there are no entries in respect of pensions.

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 200826.

The Government Actuaries Department has revised the NHS Pension Scheme's CETV factors following HM Treasury's published change to the discount rate used for calculating CETVs. The impact of the change in the discount rate is to increase all CETV factors. This does not affect the calculation of the real increase in pension benefits, column (a) and (b) of Table 2, or the Single total figure table, column (e) of Table 1.

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).

Payments to Past Directors

No payments to past directors were made during the year 2019/20.

Payment for Loss of Office (audited)

No payments for loss of office were made during the year 2019/20.

Note on Pension-related benefits (Table A)

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

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

The pension benefit table provides further information on the pension benefits accruing to the individual.

Factors determining the variation in the values recorded between individuals include but are not limited to:

- A change in role with a resulting change in pay and impact on pension benefits
- A change in the pension scheme itself
- Changes in the contribution rates
- Changes in the wider remuneration package of an individual.

Pay Ratios (audited)

	2019/20	2018/19
Band of Highest Paid Director	£230-£235k	£225-£230k
Median Total Remuneration	£29,753	£29,073
Ratio	1 : 7.81	1 : 7.83

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

The banded remuneration of the highest paid director in the Trust in the financial year 2019/20 was £230k-£235k (2018/19, £225k-£230k). This was 7.81 times (2018/19 - 7.83) the median remuneration of the workforce, which was £29,753 (2017/18, £29,073).

In 2019-20 there were eight (a decrease on twelve employees in 2018/19) employees/agency workers who received remuneration in excess of the highest-paid director. Of these, three were employed consultants, three were bank staff and two were agency locums. Remuneration ranged from £5,056 to £366,408 (2018/19 £5,009-£467,705).

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.

It should be noted that the changes in ratio between financial years have arisen principally due to the application of the national NHS wage settlements for all staff groups, but particularly those in the Agenda for Change grades.

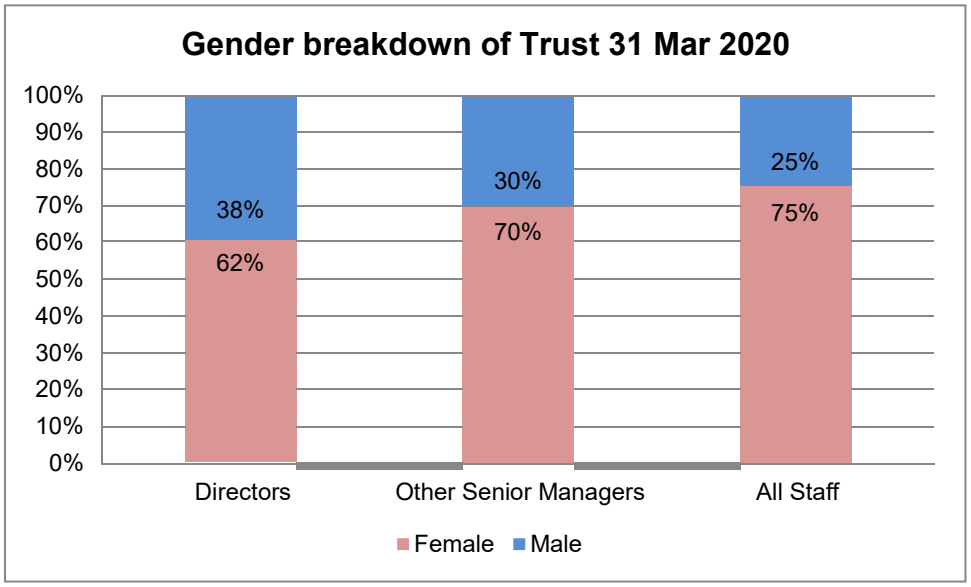
Staff Report

Number of Senior Managers by band at 31st March 2020

Senior Managers	FTE
Directors	7.8
Other Senior Managers (Ad Hoc payscales)	0.6
Agenda for Change Band 9	8.0
Agenda for Change Band 8d	8.0
Agenda for Change Band 8c	36.6
Agenda for Change Band 8b	59.9
Agenda for Change Band 8a	180.2

(NB FTE Full-time Equivalent)

Gender distribution by Directors, Other Senior Managers & Staff



Senior Managers includes all staff on Agenda for Change Bands 8a-8d.

Gender pay gap report

Along with other organisations with over 250 employees, ESHT has published its gender pay gap report which includes data alongside actions identified to investigate any differences in pay.

The report identifies that there is a gender pay gap of 21.8% in relation to the mean hourly rate within the Trust, for the year to 31 March 2019. This is an increase of 0.3% compared to the previous year. When this is broken down, it identifies that the largest difference exists within the medical workforce, and whilst this gap has reduced in 2018/19 by 0.6% (from 18.8% to 18.2%). This is offset by the reduction in the difference for Agenda for Change staff, where female mean pay is higher than male, this gap has reduced by 1.3% (from -3.8% to -2.5%).

Further analysis of the differences will be undertaken and an action plan will be agreed as part of the Trust's Strategic Workforce Group agenda.

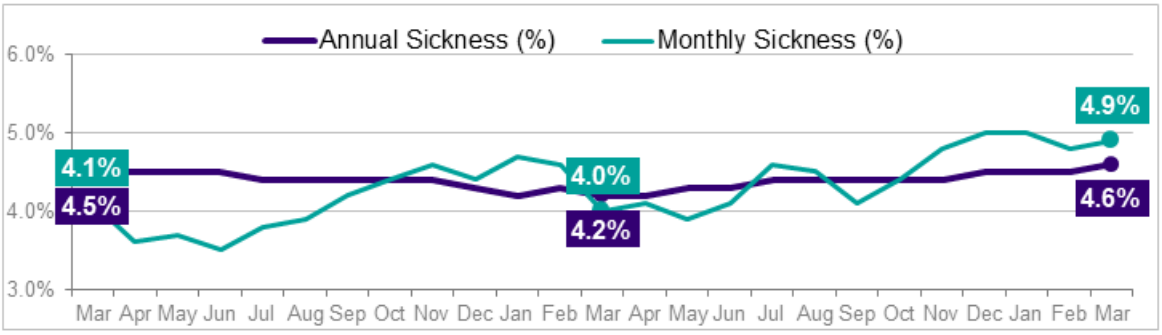
Staff fact file

As of 31st March 2020:

- 75% of our staff are female
- 31% of all staff work part-time
- 34.7% of staff are over 50 years old
- 3.6% of staff identified themselves as disabled and 1.9% identified themselves as either gay, lesbian or bisexual
- 17% of staff are from a black or minority ethnic (BME) origin

Staff Absence Data

Our annual sickness rate has increased during the year from 4.2% to 4.6%.The average working days lost due to sickness per member of staff during the year to 31st March 2020 was 7.6.



Staff Policies

We aim to ensure that vacancies for positions within the Trust are advertised both internally & externally, through our Trust website and NHS Jobs2. Applicants with a disability are encouraged to apply through the 'Positive about Disability' scheme indicator which enables managers to ensure that all applicants with a disclosed disability, who meet the minimum requirements as set out in the person specification, are called for interview under our guaranteed interview scheme. We treat internal and external applicants in exactly the same way.

We support disabled employees in maintaining their training and career development by undertaking an annual Personal Development Review, with a 6 month follow-up to ensure that agreed actions have been undertaken. Our Learning and Development service gives all our staff access to personal development training, and staff also have the support of the Occupational Health Service. Disabled staff will also have the opportunity to join the ESHT Disability Staff Network which aims to support implementation of the new Workforce Disability Equality Standard (WDES) and promote inclusive practices across the Trust.

When necessary, our Human Resources Department will provide support for staff and for line managers to ensure that, wherever possible, staff seeking alternative posts due to

health issues are supported to identify alternative suitable employment. Support is made available from the Occupational Health Department, the Equality & Diversity Team and Local Disability Advisors as required.

Our Equality, Diversity and Human Rights Manager takes the lead in ensuring that disability awareness is embedded throughout our Trust's policies, practices and overall culture. All of our staff undergo equality training and have the option of doing this online or face to face. All new staff attend a face to face session. We further ensure that equality is embedded throughout the Trust via Personal Development Reviews, team briefings, and within a variety of Trust communications.

Relevant policies are presented to the Staff Networks to ensure staff with protected characteristics are involved in decision making processes across the Trust.

Other Employee Matters

We aim to treat all staff fairly in relation to all employee matters; all of our policies and processes are monitored in terms of equality and diversity and equal treatment. Staff are not treated differently because of any role or position they hold and all policies are reviewed regularly to ensure they adhere to current legislation.

Equality, Diversity and Human Rights

There were a number of developments and new Equality and Diversity initiatives throughout the year to support staff, patients and members of the public. There was also continued focus on improving engagement with protected groups of staff and patients through networks and meetings with stakeholder involvement.

Patient focused

Changing mindsets, embracing difference

We supported patients in a variety of ways including:

- New wayfinding signs to navigate Eastbourne Hospital
- Video interpreting for patients who do not use spoken English as their primary method of communication was rolled out across the Trust on iPads and dedicated mobile communication units – Video 'Interpreter on Wheels'.
- A webpage was developed to provide information to d/Deaf patients in British Sign Language (BSL).
- Development of a Deaf User Group working with the local Deaf community, organisations and suppliers to develop a strategy that will assist the Trust to improve communication and make information accessible.
- A Children & Young Peoples Transition service was rolled out to support young people with chronic conditions moving from Paediatrics to Adults services.
- Sunflower Lanyard scheme: The sunflower lanyard is worn by a person with a hidden disability and aims to highlight to staff that the person wearing the lanyard may need extra assistance. Staff can help people to feel more reassured when coming into hospital.

disabilities Assisting Adults & Children with Hidden Disabilities — sunflower lanyard scheme

Staff Focused

With over 200 different nationalities contributing to the Trust workforce, Equality, Diversity and Inclusion remains at the heart the Trust. The Trust has three staff networks. Staff Disability Network, Black & Minority Ethnic (BME) and an online LGBT+ network. The networks are well attended and aim to provide a place for staff to raise concerns, contribute to decision making, identify career development opportunities, meet new people and support the Trust in being an inclusive employer.

During the year we welcomed the new Workforce Disability Equality Standard (WDES). Similar to the Workforce Race Equality Standard (WRES), the WDES is a new standard with 10 metrics to measure disability equality for staff.

Over 4000 members of staff signed up to support the NHS Rainbow Badge initiative to show their support to Young LGBT+ people.

NHS

ESHT BME STAFF NETWORK — ESHT DISABILITY STAFF NETWORK — esh-tr.equality@nhs.net — ESHT LGBT+ STAFF NETWORK

A full report on all of the Trust's equality activities is published in the EDS2 report; a framework that continues to support us in meeting our legal obligation to eliminate unlawful discrimination, advance equality of opportunity and to foster good relations, as per the Equality Act 2010. Due to the recent Covid-19 pandemic the 2019/20 Equality reports have been postponed.

Analysis of Staff & Costs for 2019/20 (audited)

Staff costs

	Permanent	Other	2019/20 Total	2018/19 Total
	£000	£000	£000	£000
Salaries and wages	243,482	-	**243,482**	**232,477**
Social security costs	23,489	-	**23,489**	**22,327**
Apprenticeship levy	1,230	-	**1,230**	**1,172**
Employer's contributions to NHS pensions	40,587	-	**40,587**	**26,913**
Termination benefits	47	-	**47**	**266**
Temporary staff	-	9,556	**9,556**	**9,716**
Total gross staff costs	**308,835**	**9,556**	**318,391**	**292,871**
Recoveries in respect of seconded staff	-	-	**-**	**-**
Total staff costs	**308,835**	**9,556**	**318,391**	**292,871**
Of which				
Costs capitalised as part of assets	1,526	-	**512**	**512**

Average number of employees (WTE basis)

	Permanent	Other	2019/20 Total	2018/19 Total
	Number	Number	Number	Number
Medical and dental	616	110	**726**	**685**
Ambulance staff	-	-	**-**	**-**
Administration and estates	1,242	52	**1,294**	**1,284**
Healthcare assistants and other support staff	1,833	261	**2,094**	**2,082**
Nursing, midwifery and health visiting staff	1,797	143	**1,940**	**1,912**
Nursing, midwifery and health visiting learners	8	-	**8**	**14**
Scientific, therapeutic and technical staff	562	39	**601**	**592**
Healthcare science staff	147	11	**158**	**149**
Other	7	-	**7**	**7**
Total average numbers	**6,211**	**616**	**6,827**	**6,726**
Of which:				
Number of employees (WTE) engaged on capital projects	18	2	**19**	**11**

Exit Packages (audited)

	2019-20					
Exit Package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Whole Numbers only	**£000s**	**Whole Numbers only**	**£000s**	**Whole Numbers only**	**£000s**
Less than £10,000	0	0	2	15	2	15
£10,000 - £25,000	0	0	2	32	2	32
£25,001 - £50,000	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
> £200,000	0	0	0	0	0	0
Totals	**0**	**0**	**4**	**47**	**4**	**47**

	2018-19					
Exit Package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Whole Numbers only	**£000s**	**Whole Numbers only**	**£000s**	**Whole Numbers only**	**£000s**
Less than £10,000	0	0	6	38	6	38
£10,000 - £25,000	3	51	1	12	4	63
£25,001 - £50,000	3	112	0	0	3	112
£50,001 - £100,000	1	52	0	0	1	52
Totals	**7**	**215**	**7**	**50**	**14**	**265**

Table 2 Analysis of Other Departures

	2019-20		2018-19	
	Agreements Number	Total Value of Agreements £'000	Agreements Number	Total Value of Agreements £'000
Mutually Agreed resignations (MARS) contractual costs	0	0	0	0
Contractual payments in lieu of notice	4	47	6	45
Exit payments following employment tribunals or court orders	0	0	1	5
Total	4	47	7	50

Expenditure on Consultancies

During 2019/20, the Trust's total spending on consultancies was £349,000 (see Accounts, note 7)

Off-payroll Engagements

Table 1: Off-payroll engagements longer than 6 months

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

	Number
Number of existing engagements as of 31 March 2020	5
Of which, the number that have existed:	
for less than one year at the time of reporting	2
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	1

Table 2: New Off-payroll engagements

For all new off-payroll engagements, or those that reached six months in duration, between 1st 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	4
Of which	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	3
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	1
No. of engagements reassessed for consistency / assurance purposes during the year.	2
No. of engagements that saw a change to IR35 status following the consistency review	0

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

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

Number of off-payroll engagements of board members, and/or senior officials 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 officers with significant financial responsibility”, during the financial year. This figure must include both on payroll and off-payroll engagements.	16

This accountability report was approved by the Board on 23rd June 2020 and signed on its behalf by:

Signed  Chief Executive

Date 23rd June 2020

Certificate on summarisation schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for East Sussex Healthcare NHS Trust

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2019/20 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:

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

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

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

Damian Reid, Director of Finance 23rd June 2020 Date

Chief Executive Certificate

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

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

Adrian Bull, Chief Executive 23rd June 2020 Date

ESHT: Annual Accounts 2019/2020

Independent auditor's report to the Directors of East Sussex Healthcare NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Sussex Healthcare NHS Trust (the 'Trust') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 1.2.2 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of land and buildings as at 31 March 2020. As, disclosed in Note 1.2.2 to the financial statements, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 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

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the

Department of Health and Social Care Group Accounting Manual 2019 to 2020 and the requirements of the National Health Service Act 2006; and

- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under 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 23 June 2020 we referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 in relation to East Sussex Healthcare NHS Trust's breach of the Trust's breakeven duty for the three-year period ending 31 March 2020.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in April 2020, except for the effects of the matters described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects East Sussex Healthcare 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 qualified conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The Trust has a cumulative deficit of £215.4 million at 31 March 2020 and has no plans in place to recover this deficit over the rolling three year period. The Trust has set an initial deficit budget of £1.48 million for 2020/21 and will continue to be reliant on revenue support from the Department of Health and Social Care. The Trust is therefore in breach of its duty under the National Health Service Act 2006 to breakeven over a rolling three year period.
- The Trust continued to be in special measures for the first 4 months of the 2019/20 financial year. NHS Improvement confirmed that they were satisfied that the Trust could exit financial special measures in July 2019.

This matter identifies weaknesses in the Trust's arrangements for planning how to recover its cumulative deficit and setting a sustainable budget with sufficient capacity to absorb emerging cost pressures. This matter is evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

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

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

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of East Sussex Healthcare NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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.

Darren Wells

Darren Wells, Key Audit Partner

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

Crawley

25 June 2020

East Sussex Healthcare NHS Trust

Annual accounts for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	406,433	375,312
Other operating income	4	70,148	33,471
Operating expenses	7, 9	(468,175)	(445,974)
Operating surplus/(deficit) from continuing operations		**8,406**	**(37,191)**
Finance income	12	98	62
Finance expenses	13	(7,847)	(6,491)
PDC dividends payable		-	(875)
Net finance costs		**(7,749)**	**(7,304)**
Other gains / (losses)	14	(356)	100
Surplus / (deficit) for the year from continuing operations		**301**	**(44,395)**
Surplus / (deficit) for the year		**301**	**(44,395)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(7,446)	-
Revaluations	18	-	3,486
Total comprehensive income / (expense) for the period		**(7,145)**	**(40,909)**

Adjusted financial performance (control total basis):		
Surplus / (deficit) for the period	301	(44,395)
Remove net impairments not scoring to the Departmental expenditure limit	968	-
Remove I&E impact of capital grants and donations	(1,219)	(386)
Adjusted financial performance surplus / (deficit)	**50**	**(44,781)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	15	2,368	1,902
Property, plant and equipment	16	229,484	223,584
Receivables	20	3,030	1,795
Total non-current assets		**234,882**	**227,281**
Current assets			
Inventories	19	7,340	6,827
Receivables	20	47,318	19,655
Cash and cash equivalents	21	2,100	2,100
Total current assets		**56,758**	**28,582**
Current liabilities			
Trade and other payables	22	(28,802)	(23,230)
Borrowings	24	(234,123)	(59,240)
Provisions	26	(371)	(488)
Other liabilities	23	(1,350)	(1,311)
Total current liabilities		**(264,646)**	**(84,269)**
Total assets less current liabilities		**26,994**	**171,594**
Non-current liabilities			
Borrowings	24	(1,773)	(143,575)
Provisions	26	(2,836)	(2,095)
Total non-current liabilities		**(4,609)**	**(145,670)**
Total assets employed		**22,385**	**25,924**
Financed by			
Public dividend capital		162,619	159,013
Revaluation reserve		90,235	97,697
Income and expenditure reserve		(230,469)	(230,786)
Total taxpayers' equity		**22,385**	**25,924**

The notes on pages 6 to 36 form part of these accounts.

Name	Dr Adrian Bull
Position	Chief Executive
Date	23 June 2020

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**159,013**	**97,697**	**(230,786)**	**25,924**
Surplus/(deficit) for the year	-	-	301	**301**
Impairments	-	(7,446)	-	**(7,446)**
Transfer to retained earnings on disposal of assets	-	(16)	16	**-**
Public dividend capital received	3,606	-	-	**3,606**
Taxpayers' and others' equity at 31 March 2020	**162,619**	**90,235**	**(230,469)**	**22,385**

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**156,345**	**94,449**	**(186,629)**	**64,165**
Surplus/(deficit) for the year	-	-	(44,395)	**(44,395)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(226)	226	**-**
Revaluations	-	3,486	-	**3,486**
Transfer to retained earnings on disposal of assets	-	(12)	12	**-**
Public dividend capital received	2,668	-	-	**2,668**
Taxpayers' and others' equity at 31 March 2019	**159,013**	**97,697**	**(230,786)**	**25,924**

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 and Social Care as the public dividend capital dividend.

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

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		8,406	(37,191)
Non-cash income and expense:			
Depreciation and amortisation	7	12,964	12,393
Net impairments	8	986	-
Income recognised in respect of capital donations	4	(2,313)	(1,297)
(Increase) / decrease in receivables and other assets		(29,073)	14,875
(Increase) / decrease in inventories		(513)	474
Increase / (decrease) in payables and other liabilities		835	(13,627)
Increase / (decrease) in provisions		574	(274)
Net cash flows from / (used in) operating activities		**(8,134)**	**(24,647)**
Cash flows from investing activities			
Interest received		98	62
Purchase of intangible assets		(926)	(372)
Purchase of PPE and investment property		(22,418)	(17,161)
Sales of PPE and investment property		50	162
Receipt of cash donations to purchase assets		2,313	1,297
Net cash flows from / (used in) investing activities		**(20,883)**	**(16,012)**
Cash flows from financing activities			
Public dividend capital received		3,606	2,668
Movement on loans from DHSC		32,887	44,525
Other capital receipts		204	-
Interest on loans		(7,602)	(6,131)
Other interest		(1)	(8)
PDC dividend (paid) / refunded		(77)	(395)
Net cash flows from / (used in) financing activities		**29,017**	**40,659**
Increase / (decrease) in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at 1 April - brought forward		**2,100**	**2,100**
Cash and cash equivalents at 31 March	21	**2,100**	**2,100**

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.

Note 1.1.1 Accounting convention

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

Note 1.1.2 Going concern

These accounts have been prepared on a going concern basis.

The Trust Board have assessed the Trust's ability to continue for the foreseeable future in the light of the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM). The GAM sets out the interpretations of "going concern" for the public sector. An NHS body would not need to have concerns about its "going concern" status unless there is a prospect of services ceasing altogether.

The Trust exited from Financial Special Measures in July 2019 and has met and exceeded its 2019/20 control total and achieved a small surplus of £50k.

The Trust submitted its operational plan to NHS England and NHS Improvement in March 2020 setting out its operational plans for the 2020/21 financial year and its capital plans for five years. Prior to the COVID-19 pandemic the Trust was, for 2020/21, planning to deliver a deficit of £28.5m which would include delivery of a cost improvement programme of £15m. Additional transformation funding from the DHSC of £28.5m would result in the Trust achieving break-even.

NHS England and NHS Improvement have introduced, during the period of 1st April to 31st July 2020, an amended financial regime arising from the NHS response to the COVID-19 pandemic. NHS England and NHS Improvement have confirmed that the Trust will receive sufficient funding to achieve break-even each month during the period of 1st April to 31st July 2020. Consequently, the Trust has issued a budget for the first 4 months of 2020/21 with a 'holding' budget for the remainder of 2020/21 until further guidance is received which will be implemented.

On 2nd April 2020, the DHSC and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £234m are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust has not been informed by NHS England and NHS Improvement that there is any prospect of reconfiguration or dissolution within the next 12 months. In terms of the sustainable provision of services, there has been no indication from the DHSC that the Trust will not continue to be a going concern. Furthermore, continuity of service provision in the future can be demonstrated by the requirement to continue to respond to 'normal' healthcare activity as well as delivering the NHS response to the COVID-19 pandemic.

In 2019/20 the Trust has been working with system partners to achieve system financial balance. In 2020/21 the Trust will continue to build on its financial sustainability with system partners.

Taking the above into account, the Trust Board believe that it is appropriate to prepare the financial statements on a going concern basis.

Note 1.2 Critical accounting judgements and key sources of estimation uncertainty

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

Note 1.2.1 Critical judgements in applying accounting policies

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

Charitable Funds

Members of the Trust Board act as Trustees of the East Sussex Healthcare NHS Trust Charitable Fund. However, these are not consolidated with the Trust accounts on the grounds of materiality.

Alternative Site Valuation
In 2015/16 the Trust adopted the Alternative Site Valuation for its main acute hospital sites. The revaluation is on the basis of;
- single siting of the main acute sites;
- removal of all accommodation buildings including admin space;
- removal of St. Anne's House;
- removal of the Education Centre;
- removal of all Commercial Services buildings; and
- removal of the Crèche (at Eastbourne DGH).
See Note 18.

Note 1.2.2 Sources of estimation uncertainty
The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property, plant and equipment valuations
The District Valuer valued land and buildings in March 2018 using the Alternative Site methodology, see Note 18.

An indexation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the indexed values which resulted. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

Asset Lives
Each year the Trust reviews all of its plant and equipment assets to ensure that the existing asset lives are accurate; this review results in both increases and decreases in lives at an asset level and in the subsequent depreciation charge for those assets.

Part Completed Spells
Partially completed spells for inpatient services are accounted for by accruing the income due to 31 March 2020. This is calculated by applying the reference cost per bed day to the number of bed days by inpatient at midnight on 31 March 2020. A collection rate of 72% is assumed based on previous years' amounts billed under PBR tariff arrangements once patients are discharged.

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

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

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

Revenue from non-NHS contracts – SMSKE Partnership
The Trust receives income for musculoskeletal services from a non-NHS commissioner. This uses the same contracting arrangements as NHS contracts. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as health care is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the non-NHS commissioner but the customer benefits as services are provided to the patient. Even where a contract could be broken down into separate performance obligations, health care generally aligns with delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer, At year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue from non-NHS contracts – Local Authority
The Trust receives income for two distinct services – provision of healthcare services and provision of staff. The healthcare service uses a similar contracting arrangement as the NHS contract. A performance obligation relating to delivery of an episode of health care is generally satisfied over time as health care is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner but the customer benefits as services are provided to the patient. Even where a contract could be broken down into separate performance obligations, health care generally aligns with the delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

For the provision of staff, revenue is recognised as and when performance obligations are satisfied during the period covered by the recharge.

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.

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

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

Non-patient care services to other bodies
The Trust supplies a range of staff and goods to a range of customers, and also rents out facilities. For these services, revenue is recognised as and when performance obligations are satisfied during the period covered by the recharge.

Note 1.4 Other forms of income
Apprenticeship service income
The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Expenditure on employee benefits
Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

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

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

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

Note 1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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.

Measurement

Valuation

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

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

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

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

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

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.

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.

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.

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.

Note 1.8 Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

Note 1.9 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) methodology, however, the Pharmacy system, uses the weighted average cost formula so drugs are valued in this way. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

Note 1.10 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Note 1.11 Financial assets and financial liabilities

Note 1.11.1 Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Note 1.11.2 Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

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

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

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

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

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

The Trust does not normally recognise expected credit losses in relation to other NHS bodies.

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

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

Note 1.11.3 Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

Note 1.12 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.12.1 The Trust as a lessee
Finance leases
Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

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

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

Note 1.13 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 the discount rates published and mandated by HM Treasury.

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 26.1 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 1.14 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26.2 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 26.2, 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 1.15 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for;
(i) donated, grant funded and COVID-19 assets;
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility; and
(iii) any PDC dividend balance receivable or payable.

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

Note 1.16 Value added tax
Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.17 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury’s *FReM* .

Note 1.18 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, 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).

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

Note 1.19 Intangible assets

Note 1.19.1 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.

The Trust's intangible assets consist of the design and implementation costs of application software. System software is capitalised as part of the relevant item of property, plant and equipment. Intangible assets are assessed for impairment when they are first brought into use.

Note 1.19.2 Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Note 1.19.3 Amortisation
Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.20 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.21 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases
IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the Statement of Financial Position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

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

Note 2 Operating Segments

The Trust has considered IFRS8: Operating Segments and has taken the view that its activities should be reported as a single entity rather than in a segmental manner. Although financial performance is reported to the Executive Board members at a divisional level, the key financial information for decision making purposes is based on the single entity as a whole. Furthermore, the Trust's business is the delivery of acute and community healthcare across a single economic environment. No separate reportable segments have therefore been identified.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	**2019/20 £000**	**2018/19 £000**
Elective income	49,751	51,218
Non elective income	123,073	112,358
First outpatient income	15,114	15,718
Follow up outpatient income	27,202	25,565
A & E income	21,280	17,766
High cost drugs income from commissioners (excluding pass-through costs)	37,236	34,062
Other NHS clinical income	70,532	68,566
Community services income from CCGs and NHS England	30,488	28,259
Income from other sources (e.g. local authorities)	10,774	10,872
Private patient income	3,331	2,132
Agenda for Change pay award central funding*	-	5,055
Additional pension contribution central funding**	12,392	-
Other clinical income***	5,260	3,741
Total income from activities	**406,433**	**375,312**

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

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

***This includes re-imbursement of COVID-19 expenditure.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2019/20 £000**	**2018/19 £000**
NHS England	62,361	43,677
Clinical commissioning groups	316,432	299,719
Department of Health and Social Care	73	5,055
Other NHS providers	42	39
NHS other	310	372
Local authorities	10,156	10,078
Non-NHS: private patients	2,966	2,132
Non-NHS: overseas patients (chargeable to patient)	223	195
Injury cost recovery scheme	947	961
Non NHS: other	12,923	13,084
Total income from activities	**406,433**	**375,312**
Of which:		
Related to continuing operations	406,433	375,312

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

	2019/20 £000	2018/19 £000
Income recognised this year	223	195
Cash payments received in-year	187	69
Amounts added to provision for impairment of receivables	40	26
Amounts written off in-year	-	9

Note 4 Other operating income	2019/20 Total £000	2018/19 Total £000
Research and development	456	540
Education and training	9,816	9,114
Non-patient care services to other bodies	14,178	13,445
Provider sustainability fund (PSF)	7,634	-
Financial recovery fund (FRF)	24,844	-
Marginal rate emergency tariff funding (MRET)	1,467	-
Income in respect of employee benefits accounted on a gross basis	1,101	1,441
Receipt of capital grants and donations	2,313	1,297
Charitable and other contributions to expenditure	522	304
Other income	7,817	7,330
Total other operating income	**70,148**	**33,471**
Of which:		
Related to continuing operations	70,148	33,471

Note 5 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	1,311	1,729

Note 6 Fees and charges

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

	2019/20 £000	2018/19 £000
Income	2,336	1,567
Full cost	(2,427)	(1,979)
Surplus / (deficit)	**(91)**	**(412)**

Note 7 Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	4,057	9,943
Purchase of healthcare from non-NHS and non-DHSC bodies	6,747	6,271
Staff and executive directors costs	316,818	292,093
Remuneration of non-executive directors	98	78
Supplies and services - clinical (excluding drugs costs)*	32,779	35,419
Supplies and services - general*	4,836	4,599
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)*	47,941	44,188
Inventories written down	127	93
Consultancy costs	349	985
Establishment*	7,344	7,852
Premises*	13,473	14,279
Transport (including patient travel)*	885	691
Depreciation on property, plant and equipment	12,504	11,975
Amortisation on intangible assets	460	418
Net impairments	986	-
Movement in credit loss allowance: contract receivables / contract assets	51	60
Increase/(decrease) in other provisions	(13)	-
Change in provisions discount rate(s)	126	(32)
Audit fees payable to the external auditor		
audit services- statutory audit (including £15k irrecoverable VAT)	87	75
other auditor remuneration (external auditor only)	-	10
Internal audit costs	180	201
Clinical negligence	9,443	10,117
Legal fees	162	154
Insurance	309	362
Education and training	1,173	908
Rentals under operating leases	3,032	1,645
Redundancy	47	266
Hospitality	22	26
Other	4,152	3,298
Total	**468,175**	**445,974**
Of which:		
Related to continuing operations	468,175	445,974

*This includes COVID-19 expenditure.

Note 7.1 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
Other non-audit services	-	10
Total	**-**	**10**

Note 7.2 Limitation on auditor's liability

In accordance with the terms of engagement with the Trust's external auditors, Grant Thornton UK LLP, its members, partners and staff (whether contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £2 million in the aggregate in respect of all such services.

Note 8 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Over specification of assets	18	-
Changes in market price	968	-
Total net impairments charged to operating surplus / deficit	**986**	**-**
Impairments charged to the revaluation reserve	7,446	-
Total net impairments	**8,432**	**-**

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	243,482	232,477
Social security costs	23,489	22,327
Apprenticeship levy	1,230	1,172
Employer's contributions to NHS pensions	40,587	26,913
Termination benefits	47	266
Temporary staff (including agency)	9,556	9,716
Total gross staff costs	**318,391**	**292,871**
Recoveries in respect of seconded staff	-	-
Total staff costs	**318,391**	**292,871**
Of which		
Costs capitalised as part of assets	1,526	512

Note 9.1 Retirements due to ill-health

During 2019/20 there were 2 early retirements from the Trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liability associated with these ill-health retirements is £42k (£54k in 2018/19).

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

Note 10 Pension costs

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

c) National Employees Savings Trust (NEST)

The Trust participates in the National Employees Savings Trust (NEST) scheme as an alternative for those employees who are not eligible to join the NHS Pension Scheme. This came into effect in July 2013 for this Trust as part of the auto enrolment requirements introduced by the Government. NEST is a defined contribution scheme with a phased employer contribution rate, set at 3% for 2019/20 (2% for 2018/19). Trust contributions under the NEST scheme for 2019/20 financial year totalled £73k (£37k for 2018/19).

Note 11 Operating leases

Note 11.1 East Sussex Healthcare NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where East Sussex Healthcare NHS Trust is the lessee.

The leases relate to cars, medical equipment, buildings and photocopiers. Lease periods range from 3 to over 5 years.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	3,032	1,645
Total	**3,032**	**1,645**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	2,533	1,719
- later than one year and not later than five years;	5,822	3,123
- later than five years.	277	256
Total	**8,632**	**5,098**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

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

	2019/20 £000	2018/19 £000
Interest on bank accounts	98	62
Total finance income	**98**	**62**

Note 13 Finance expenditure

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

	2019/20 £000	2018/19 £000
Interest expense:		
Loans from the Department of Health and Social Care	7,796	6,481
Interest on late payment of commercial debt	1	8
Total interest expense	**7,797**	**6,489**
Unwinding of discount on provisions	50	2
Total finance costs	**7,847**	**6,491**

Note 13.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20 £000	2018/19 £000
Amounts included within interest payable arising from claims made under this legislation	1	8

Note 14 Other gains / (losses)

	2019/20 £000	2018/19 £000
Gains on disposal of assets	-	100
Losses on disposal of assets	(356)	-
Total gains / (losses) on disposal of assets	**(356)**	**100**
Total other gains / (losses)	**(356)**	**100**

Note 15 Intangible assets - 2019/20

	Internally generated information technology £000	Development expenditure £000	Total £000
Valuation / gross cost at 1 April 2019 - brought forward	**-**	**3,559**	**3,559**
Additions	-	926	**926**
Valuation / gross cost at 31 March 2020	**-**	**4,485**	**4,485**
Amortisation at 1 April 2019 - brought forward	**-**	**1,657**	**1,657**
Provided during the year	-	460	**460**
Amortisation at 31 March 2020	**-**	**2,117**	**2,117**
Net book value at 31 March 2020	**-**	**2,368**	**2,368**
Net book value at 1 April 2019	**-**	**1,902**	**1,902**

Note 15.1 Intangible assets - 2018/19

	Internally generated information technology £000	Development expenditure £000	Total £000
Valuation / gross cost at 1 April 2018 - as previously stated	**95**	**3,092**	**3,187**
Additions	-	372	**372**
Reclassifications	(95)	95	**-**
Valuation / gross cost at 31 March 2019	**-**	**3,559**	**3,559**
Amortisation at 1 April 2018 - as previously stated	**95**	**1,144**	**1,239**
Provided during the year	-	418	**418**
Reclassifications	(95)	95	**-**
Amortisation at 31 March 2019	**-**	**1,657**	**1,657**
Net book value at 31 March 2019	**-**	**1,902**	**1,902**
Net book value at 1 April 2018	**-**	**1,948**	**1,948**

Note 16 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**15,972**	**178,557**	**-**	**4,021**	**71,275**	**228**	**28,288**	**4,384**	**302,725**
Additions	-	10,365	557	-	8,938	-	6,608	774	**27,242**
Impairments	-	(7,875)	(557)	-	-	-	-	-	**(8,432)**
Reclassifications	-	3,991	-	(4,021)	-	-	30	-	**-**
Disposals / derecognition	-	-	-	-	(769)	(5)	-	-	**(774)**
Valuation/gross cost at 31 March 2020	**15,972**	**185,038**	**-**	**-**	**79,444**	**223**	**34,926**	**5,158**	**320,761**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**5,552**	**-**	**-**	**53,226**	**228**	**16,856**	**3,279**	**79,141**
Provided during the year	-	5,756	-	-	3,871	-	2,626	251	**12,504**
Disposals / derecognition	-	-	-	-	(363)	(5)	-	-	**(368)**
Accumulated depreciation at 31 March 2020	**-**	**11,308**	**-**	**-**	**56,734**	**223**	**19,482**	**3,530**	**91,277**
Net book value at 31 March 2020	**15,972**	**173,730**	**-**	**-**	**22,710**	**-**	**15,444**	**1,628**	**229,484**
Net book value at 1 April 2019	**15,972**	**173,005**	**-**	**4,021**	**18,049**	**-**	**11,432**	**1,105**	**223,584**

Note 16.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**14,072**	**171,353**	**-**	**-**	**70,047**	**251**	**25,174**	**4,245**	**285,142**
Additions	-	5,618	-	4,021	2,508	-	4,151	139	**16,437**
Revaluations	1,900	1,586	-	-	-	-	-	-	**3,486**
Disposals / derecognition	-	-	-	-	(1,280)	(23)	(1,037)	-	**(2,340)**
Valuation/gross cost at 31 March 2019	**15,972**	**178,557**	**-**	**4,021**	**71,275**	**228**	**28,288**	**4,384**	**302,725**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**-**	**-**	**-**	**50,553**	**251**	**15,569**	**3,070**	**69,443**
Provided during the year	-	5,552	-	-	3,890	-	2,324	209	**11,975**
Disposals / derecognition	-	-	-	-	(1,217)	(23)	(1,037)	-	**(2,277)**
Accumulated depreciation at 31 March 2019	**-**	**5,552**	**-**	**-**	**53,226**	**228**	**16,856**	**3,279**	**79,141**
Net book value at 31 March 2019	**15,972**	**173,005**	**-**	**4,021**	**18,049**	**-**	**11,432**	**1,105**	**223,584**
Net book value at 1 April 2018	**14,072**	**171,353**	**-**	**-**	**19,494**	**-**	**9,605**	**1,175**	**215,699**

Note 16.2 Property, plant and equipment financing - 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2020							
Owned - purchased	15,972	169,725	-	18,364	15,415	1,324	**220,800**
Owned - donated	-	4,005	-	4,346	29	304	**8,684**
NBV total at 31 March 2020	**15,972**	**173,730**	**-**	**22,710**	**15,444**	**1,628**	**229,484**

Note 16.3 Property, plant and equipment financing - 2018/19

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2019							
Owned - purchased	15,972	168,744	4,021	15,082	11,394	762	**215,975**
Owned - donated	-	4,261	-	2,967	38	343	**7,609**
NBV total at 31 March 2019	**15,972**	**173,005**	**4,021**	**18,049**	**11,432**	**1,105**	**223,584**

Note 17 Donations of property, plant and equipment

The following organisations donated assets to the Trust during 2019/20;
Friends of the Eastbourne Hospital £321,973 (2018/19 £1,009,231)
The League of Friends of the Bexhill Hospital CIO £857,373 (2018/19 £164,072)
The League of Friends of The Conquest Hospital £1,015,363 (2018/19 £73,184)
East Sussex Healthcare NHS Trust Charitable Fund £105,424 (2018/19 £50,025)
The League of Friends of Uckfield Community Hospital £12,360 (2018/19 £0)

Note 18 Revaluations of property, plant and equipment

The Trust first adopted the 'alternative site valuation' methodology in 2015/16. In 2019/20 this methodology was reviewed and the District Valuer instructed to complete an indexation review on the basis of;
- single siting of the main acute sites;
- removal of all accommodation buildings including admin space;
- removal of St. Anne's House;
- removal of Education Centre;
- removal of all Commercial Services buildings; and
- removal of the Crèche (at Eastbourne DGH)

The Trust instructed the District Valuer (Mr. Oliver Gronow MSc, MRICS, FAAV) to conduct a full indexation of the Trust's land and buildings as at 31 March 2020.

As a result of this review, the Trust's assets were valued downwards by £8,432k (2018/19 upwards £3,486k). Of this, £7,464k reversed previous upwards revaluations, leaving unmitigated impairments of £968k. A further impairment of £18k was recorded on the Trust's new MRI suite. There were no reversals of previous impairments.

Standard lives for property, plant and equipment and Intangibles are adopted as follows;
- buildings, as per the District Valuer between 10 and 90 years
- plant and equipment, 3 to 80 years
- motor vehicles, 4 to 7 years
- furniture, 3 to 70 years
- IT equipment, 3 to 15 years
- IT In-house Software (intangibles), 5 to 7 years

The annual review of asset lives resulted in an in year reduction in depreciation of £42,958 (2018/19: £116,975 reduction). Extending asset lives reduces in-year depreciation costs but increases the number of years in which depreciation is charged for individual assets.

The gross carrying amount of all fully depreciated tangible assets still in use is:
Purchased £38.5m (2018/19: £31.9m)
Donated £13.9m (2018/19: £13.1m)

Note 19 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	3,556	3,004
Consumables	3,622	3,653
Energy	162	170
Total inventories	**7,340**	**6,827**
of which:		

Due to the COVID-19 pandemic the Trust was unable to perform, in some instances, its planned year end inventory counts.

Inventories recognised in expenses for the year are £60,910k (2018/19 £59,469k).

Write down of inventories recognised as expenses for the year were £127k (2018/19 £93k).

Note 20 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	44,428	17,015
Capital receivables	58	262
Allowance for impaired contract receivables / assets	(117)	(127)
Deposits and advances	75	-
Prepayments (non-PFI)	2,163	1,698
PDC dividend receivable	29	-
VAT receivable	129	680
Other receivables	553	127
Total current receivables	**47,318**	**19,655**
Non-current		
Contract assets	2,450	2,001
Allowance for other impaired receivables	(253)	(206)
Total non-current receivables	**3,030**	**1,795**
Of which receivable from NHS and DHSC group bodies:		
Current	38,572	11,028

Note 20.1 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**333**	**-**	**-**	**296**
Impact of implementing IFRS 9 (and IFRS 15) on 1			296	(296)
New allowances arising	52	-	65	-
Reversals of allowances	(1)	-	(5)	-
Utilisation of allowances (write offs)	(14)	-	(23)	-
Allowances as at 31 Mar 2020	**370**	**-**	**333**	**-**

Note 20.2 Exposure to credit risk

As the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

Note 21 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
At 1 April	**2,100**	**2,100**
At 31 March	**2,100**	**2,100**
Broken down into:		
Cash at commercial banks and in hand	40	48
Cash with the Government Banking Service	2,060	2,052
Total cash and cash equivalents as in SoFP	**2,100**	**2,100**
Total cash and cash equivalents as in SoCF	**2,100**	**2,100**

Note 21.1 Third party assets held by the Trust

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

	31 March 2020	31 March 2019
	£000	£000
Monies on deposit	16	5
Total third party assets	**16**	**5**

Note 22 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	947	6,444
Capital payables	7,129	2,305
Accruals	16,540	9,616
Receipts in advance and payments on account	63	-
Social security costs	(57)	1,104
Other taxes payable	97	446
PDC dividend payable	-	48
Other payables	4,083	3,267
Total current trade and other payables	**28,802**	**23,230**
Of which payables from NHS and DHSC group bodies:		
Current	5,357	5,634

Note 23 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	1,350	1,311
Total other current liabilities	**1,350**	**1,311**

Note 24 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC	234,123	59,240
Total current borrowings	**234,123**	**59,240**
Non-current		
Loans from DHSC	1,773	143,575
Total non-current borrowings	**1,773**	**143,575**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Outstanding interim loans totalling £234m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 25 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Total
	£000	£000
Carrying value at 1 April 2019	**202,815**	**202,815**
Cash movements:		
Financing cash flows - payments and receipts of principal	32,887	**32,887**
Financing cash flows - payments of interest	(7,602)	**(7,602)**
Non-cash movements:		
Application of effective interest rate	7,796	**7,796**
Carrying value at 31 March 2020	**235,896**	**235,896**

Note 25.1 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC	Total
	£000	£000
Carrying value at 1 April 2018	**157,211**	**157,211**
Cash movements:		
Financing cash flows - payments and receipts of principal	44,525	**44,525**
Financing cash flows - payments of interest	(6,131)	**(6,131)**
Non-cash movements:		
Impact of implementing IFRS 9 on 1 April 2018	729	**729**
Application of effective interest rate	6,481	**6,481**
Carrying value at 31 March 2019	**202,815**	**202,815**

Note 26 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**112**	**2,217**	**139**	**115**	**2,583**
Change in the discount rate	**1**	**125**	**-**	**-**	**126**
Arising during the year	**-**	**5**	**78**	**833**	**916**
Utilised during the year	(36)	(200)	(33)	(103)	**(372)**
Reversed unused	**-**	**(51)**	**(33)**	**(12)**	**(96)**
Unwinding of discount	**3**	**47**	**-**	**-**	**50**
At 31 March 2020	**80**	**2,143**	**151**	**833**	**3,207**
Expected timing of cash flows:					
- not later than one year;	26	194	151	**-**	**371**
- later than one year and not later than five years;	49	776	-	**-**	**825**
- later than five years.	5	1,173	-	**833**	**2,011**
Total	**80**	**2,143**	**151**	**833**	**3,207**

Note 26.1 Clinical negligence liabilities

At 31 March 2020, £187,227k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Sussex Healthcare NHS Trust (31 March 2019: £153,690k).

Note 26.2 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(41)	(2)
Employment tribunal and other employee related litigation	(299)	(216)
Gross value of contingent liabilities	**(340)**	**(218)**
Net value of contingent liabilities	**(340)**	**(218)**
Net value of contingent assets	**-**	**-**

Note 27 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	4,125	2,305
Total	**4,125**	**2,305**

Note 28 Financial instruments

Note 28.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

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

The Trust may also borrow from government for revenue financing subject to approval by NHS England and NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

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

Liquidity risk

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

Note 29 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	47,952	**47,952**
Cash and cash equivalents	2,100	**2,100**
Total at 31 March 2020	**50,052**	**50,052**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	17,372	**17,372**
Cash and cash equivalents	2,100	**2,100**
Total at 31 March 2019	**19,472**	**19,472**

Note 29.1 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Total book value £000
Loans from the Department of Health and Social Care	235,896	**235,896**
Trade and other payables excluding non financial liabilities	28,628	**28,628**
Total at 31 March 2020	**264,524**	**264,524**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost £000	Total book value £000
Loans from the Department of Health and Social Care	202,815	**202,815**
Trade and other payables excluding non financial liabilities	21,189	**21,189**
Total at 31 March 2019	**224,004**	**224,004**

Note 29.2 Fair values of financial assets and liabilities

The fair value of receivables and cash is consistent with the carrying value in the Statement of Financial Position. Receivables comprise of amounts to be collected within 1 year and the non-current receivables for Injury Cost Recovery income. Non current receivables are not discounted as the difference to carrying values is not considered material. Cash is available on demand.

Payables arising under statutory obligations such as payroll taxes are not classified as financial liabilities. The fair value of payables is consistent with the carrying value in the Statement of Financial Position. Payables comprise of amounts to be paid within 1 year and are valued using discounted cashflows.

Note 29.3 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	262,751	80,429
In more than one year but not more than two years	198	95,773
In more than two years but not more than five years	792	45,976
In more than five years	783	1,826
Total	**264,524**	**224,004**

Note 30 Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	16	10	27	6
Bad debts and claims abandoned	1	1	41	17
Stores losses and damage to property	63	127	94	93
Total losses	**80**	**138**	**162**	**116**
Special payments				
Ex-gratia payments	25	15	41	21
Total special payments	**25**	**15**	**41**	**21**
Total losses and special payments	**105**	**153**	**203**	**137**

Note 31 Related parties
Details of related party transactions with individuals are as follows:

Payments to Winchelsea and District Memorial Hospital Limited: £304,176 (2018/19: £281,125)
Related party: Barry Nealon, Non-Executive Director who is Chairman of the above organisation.

Income from South East Coast Ambulance NHS Foundation Trust: £20,442 (2018/19: £47,195)
Related party: Steve Phoenix, Chairman whose wife was a senior manager of South East Coast Ambulance NHS Foundation Trust until October 2019.

Payments to Johnson & Johnson Limited: £1,243,106 (2018/19: £1,378,237)
Related party: Karen Manson, Non-Executive Director who is a shareholder in the above organisation.

Income from Spire Sussex Hospital: £1,411,636 (2018/19: £1,258,928)
Related party: David Walker, Medical Director who has a private practice operating out of Spire Sussex Hospital.

The Department of Health and Social Care is regarded as a related party. During 2019/20 East Sussex Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. The bodies listed below have entered into income or expenditure transactions with the Trust over £500,000:
Brighton and Hove CCG
Brighton and Sussex University Hospitals NHS Trust
Coastal West Sussex CCG
Eastbourne, Hailsham and Seaford CCG
Hastings and Rother CCG
Health Education England
High Weald Lewes Havens CCG
NHS England & NHS Improvement South East
NHS England Specialised Commissioning
NHS Pensions Agency
NHS Property Services
NHS Resolution
Oxford Health NHS Foundation Trust
Queen Victoria Hospital NHS Foundation Trust
South East CSU
Surrey Downs CCG
Surrey & Sussex Healthcare NHS Trust
Sussex Community NHS Foundation Trust
NHS Blood and Transplant
West Kent CCG

In addition, the Trust has had transactions over £500,000 with the following government body:
East Sussex County Council

The Trust has had a number of transactions over £500,000 with central government bodies:
HM Revenue and Customs
National Health Service Pension Scheme

The Trust has also received revenue and capital payments of £494,217 (2018/19 £62,364) from East Sussex Healthcare NHS Trust Charitable Fund, whose Trustees are members of the Trust Board. At the date of the Statement of Financial Position, £549,401 was owed to the Trust by the Charitable Fund (2018/19 £626,072).

Note 32 Events after the reporting date
On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £234m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 33 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	104,781	159,726	119,305	169,057
Total non-NHS trade invoices paid within target	86,171	141,801	82,342	129,104
Percentage of non-NHS trade invoices paid within target	82.2%	88.8%	69.0%	76.4%
NHS Payables				
Total NHS trade invoices paid in the year	2,705	22,830	3,179	32,831
Total NHS trade invoices paid within target	2,305	21,518	2,668	32,058
Percentage of NHS trade invoices paid within target	85.2%	94.3%	83.9%	97.6%

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 34 External financing limit

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

	2019/20 £000	2018/19 £000
Cash flow financing	36,697	47,193
Other capital receipts	(204)	
External financing requirement	**36,493**	**47,193**
External financing limit (EFL)	36,494	47,194
Under / (over) spend against EFL	**1**	**1**

Note 35 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	28,168	16,809
Less: Disposals	(406)	(63)
Less: Donated and granted capital additions	(2,313)	(1,297)
Charge against Capital Resource Limit	**25,449**	**15,449**
Capital Resource Limit	26,528	15,467
Under / (over) spend against CRL	**1,079**	**18**

Note 36 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance surplus / (deficit) (control total basis)	50
Remove impairments scoring to Departmental Expenditure Limit	18
Breakeven duty financial performance surplus / (deficit)	**68**

Note 37 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		350	(4,704)	87	522	(23,094)
Breakeven duty cumulative position	1,745	2,095	(2,609)	(2,522)	(2,000)	(25,094)
Operating income		282,807	299,623	385,281	387,400	364,240
Cumulative breakeven position as a percentage of operating income		0.7%	(0.9%)	(0.7%)	(0.5%)	(6.9%)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	88	(47,997)	(43,792)	(53,878)	(44,781)	68
Breakeven duty cumulative position	(25,006)	(73,003)	(116,795)	(170,673)	(215,454)	(215,386)
Operating income	384,876	356,152	379,307	387,934	408,783	476,581
Cumulative breakeven position as a percentage of operating income	(6.5%)	(20.5%)	(30.8%)	(44.0%)	(52.7%)	(45.2%)