NHS

University Hospitals of Leicester

NHS Trust

Annual Report & Accounts

2020/2021

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Welcome from the Trust Chair and CEO

We are grateful for how UHL colleagues care for patients and for how they look after each other, despite the many challenges we face. We recognise we have a lot of work to do to grow a more inclusive culture, to reduce our waiting lists and to improve our major financial challenge.

The financial year 2020 – 21 will predominantly be remembered for the impact Covid had on all of us. During the summer of 2020 the Trust undertook an exercise with colleagues to identify the key learning from the response to the first wave of COVID-19. The output from this work was reported to the Trust Board on 01 October 2020 and was used to help inform plans for the future, including for further potential waves of infection and wider winter preparedness.

A second wave of COVID-19 infection began in early-mid October 2020. Unlike the first wave, the second involved a more gradual increase in the Trust's number of confirmed COVID-19 patients. In mid November 2020, 260 patients with confirmed COVID-19 were cared for in UHL. The numbers plateaued and reduced to 180 patients in early December 2020 following a month-long national lockdown. Cases increased until a peak in hospital cases was reached in early January 2021 with 499 confirmed COVID-19 patients. This was 2.4 times the peak experienced in the first wave. The peak number of patients across the Trust's intensive care and ECMO units during the second wave followed with 71 patients.

During the period covered by the second wave (October 2020 – April 2021), the Trust provided care to 3,230 patients with confirmed COVID-19 who have all successfully been discharged. The Trust also provided care for an additional 1,037 patients who unfortunately lost their lives with COVID-19 over this same time period.

In addition to caring for patients with COVID-19, the Trust played a significant national and international role in the vaccination programme trials, research and delivery.

What has been critical in our pandemic response and will continue to be are the partnerships we have with our patients and communities, our health and care partners and with other voluntary and private organisations. Working in partnership has never been more important.

Richard Mitchell
Chief Executive

12 September 2022

John MacDonald
Chair

12 September 2022

About Us

Our purpose, activities and environment

Every day at Leicester's Hospitals we save lives, improve lives and usher in new life. We deliver more than 180 NHS services to people across Leicester, Leicestershire, Rutland and beyond, with more than 1.2m patient visits in 2020/21. We are one of the five largest NHS Trusts in the country and our contribution to our communities goes beyond direct health. As the largest employer in our region, with a turnover in excess of £1bn we are an economic engine for the wider East Midlands and beyond.

Across our three hospitals, the Leicester General, Glenfield and the Leicester Royal Infirmary, we offer a wide range of services and specialised care for one million patients, personalised to their needs. The overwhelming care and compassion offered by our colleagues has been recognised by the health regulator, the Care Quality Commission.

Our local and international workforce has been supported through strong partnerships with the University of Leicester and De Montfort University. Together we work to support recruitment and provide world-class teaching for the next generation of doctors, nurses and healthcare workers.

UHL is recognised worldwide for treatment in diabetes, cardio-respiratory disease, cancer, kidney function and vascular surgery, to name a few. We are home to one of the National Institute for Health Research Biomedical Centres, which brings together hospital and university expertise to bring state-of-the-art services, treatments, techniques and medicines to our patients. We are working hard to ensure more people access these opportunities.

Our 17,000 colleagues are united in a desire to realise Caring at Its Best for every patient every time and guided daily by a commitment to living the Trust values for their patients and each other. We will support them to realise Caring at its Best through the delivery of *Becoming the Best* our corporate quality strategy.

Our objectives and priorities

2020-21 was the second year of our Becoming the Best journey. The current strategy reflects the commonalities that many successful and high quality hospitals have: a clearly understood and universally practised approach to quality improvement that starts with the Trust Board. And second, a determined focus on a relatively small number of key quality priorities.

During 2019-20, the decision was made to fuse Streamlined Emergency Care with Safe and Timely Discharge as they were closely connected. Following the experiences of year one, we also refined the 'green' supporting priorities in 2020-21 to focus our programmes, without diverting from the areas of need established at the outset of the strategy.

In 2020-21 these were:
· People Strategy Implementation
· Investment in Sustainable Estate and Reconfiguration
· eHospital
· Embed research, training and education
· Embed innovation in recovery
· Sustainable Finances

The latter priority was made more explicit in this year to ensure that improvements were being realised with sustainability in mind. The wider financial picture is explored extensively throughout this annual report.

COVID has undeniably had an impact in the speed at which some of these priorities have been progressed, but we have enabled meaningful improvement on the road to 'Becoming the Best' much of which is detailed within this report. There is still much to do, but one of the many COVID legacies we have is a more united, collaborative workforce and a renewed organisational culture. Culture is the beating heart of our strategy and by further encouraging our workforce to shape the best possible culture of care, we will unlock further progress on this agenda as we enter its final year.

Our structure

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

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

Organisationally we used the year to bring together our productivity, audit, quality improvement and transformation areas into one single unit that will help us to progress this strategy.

Our corporate directorates:
· Corporate Medical
· Corporate Nursing
· Corporate Operations
· Finance
· People and Organisational Development
· Estates and Facilities University Hospitals of Leicester
· Strategy and Communications
· Information Management and Technology
· Corporate and Legal Affairs
· Transformation, Efficiency and Improvement

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

Our Performance Report

Our performance overview

Welcome to our 2020/21 Annual Report which describes our achievements during the year, how we are governed, our finances and performance in key areas.

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

Purpose of the overview section

This overview section gives a short summary of our organisation, our purpose,

our objectives and what we have achieved against them, our performance against national standards and the key risks to our delivery. You will also find details of our sustainability plans and performance.

Our Performance

Performance Against National Standards

Performance Indicator	Target	2020/21	2019/20	2018/19	Trend
A&E (UHL) - Total time in A&E (4hr wait)	95%	73.1%	69.2%	77.0%	▲
A&E (UHL+ LLR UCC) - Total time in A&E (4hr wait)	95%	81.1%	78.8%	83.2%	▲
12 hour trolley waits in A&E	0	32	59	0	▲
MRSA (All)	0	1	5	3	▲
Clostridium Difficile*	108	78	104	57	▲
% of all Adults who have had VTE Risk Assessment on admission to hospital	95%	98.6%	98.1%	95.8%	▲
Never Events	0	7	2	8	▼
SHMI mortality	≤100	101	96	99	▼
Urgent operations cancelled twice (UHL+Alliance)	0	8	0	0	▼
Operations cancelled for non-clinical reasons on or after the day of admission	1.0%	0.9%	1.3%	1.1%	▲
RTT - Incompletes 92% in 18 weeks	92%	51.1%	76.5%	84.7%	▼
RTT 52 weeks+ wait (incompletes)	0	12,625	35	0	▼
Diagnostic test waiting times	1.0%	35.9%	4.6%	0.9%	▼
Cancer: 2 week wait from referral to date first seen - All Cancers	93%	92.3%	93.0%	92.3%	▼
Cancer: 2 week wait from referral to date first seen - For symptomatic breast patients	93%	95.4%	95.9%	79.3%	▼
All Cancers: 31 day wait from diagnosis to first treatment	96%	91.1%	92.8%	95.2%	▼
All Cancers: 31 day for second or subsequent treatment - Anti cancer drug treatments	98%	99.6%	99.6%	99.6%	◀▶
All Cancers: 31 day for second or subsequent treatment - Surgery	94%	71.7%	81.1%	86.1%	▼
All Cancers: 31 day for second or subsequent treatment - Radiotherapy treatments	94%	93.4%	87.1%	97.9%	▲
All Cancers: 62 day wait for first treatment from urgent GP referral	85%	68.5%	73.6%	75.2%	▼
All Cancers: 62 day wait for first treatment from consultant screening service referral	90%	63.9%	84.0%	82.3%	▼

▲ Green upward arrow = Improvement against previous year (**Target achieved**)
▼ Green downward arrow = Deterioration against previous year (**Target achieved**)
▲ Red upward arrow = Improvement against previous year (**Target failed**)
▼ Red downward arrow = Deterioration against previous year (**Target failed**)

Emergency Department (ED) 4-hour wait and ambulance handovers

Performance against the ED targets

Performance Indicator	Target	2020/21	2019/20
ED 4 Hour Waits UHL	95%	**73.1%**	**69.2%**
ED 4 Hour Waits UHL + LLR UCC (Type 3)	95%	**81.1%**	**78.8%**

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

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

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

At the outset of the COVID-19 pandemic, significant changes were required across both the adult and children's emergency departments. Both departments were split into 'red' (high risk COVID-19 suspected patients) and 'blue' (low risk COVID-19 not suspected patients) departments meaning that there were separate walk-in, ambulatory, majors, and emergency room areas. The children's department has reverted back to 'normal' working with strict infection prevention measures in place.

The adult department remains split and is likely to remain so for the coming months.

The paediatric ED comprises 10 major areas (including three high dependency areas), four primary care rooms, five streaming rooms and six minor injury rooms.

The COVID-19 pandemic has led to significant challenges this year with providing timely care at the Leicester Hospital's emergency department. Leicester's Hospitals have not met the target to treat and discharge a minimum of 95% of patients within four hours.

Despite the daily high number of patients in the department and the impact of the COVID-19 pandemic we have strived to meet the urgent care standards but the increased demand for emergency care has inevitably put additional pressure on the ability to deliver a consistently high standard of care for patients.

We continue to work with partners across Leicester, Leicestershire and Rutland to improve our emergency performance and the quality of care provided on the emergency care pathway.

Referral to treatment (RTT)

Performance against the referral to treatment

Performance Indicator	Target	2020/21	2019/20
RTT - incomplete 92% in 18 weeks	92%	**51.1%**	**76.5%**
RTT - waiting list size	19/20 – 64,404 20/21 – 66,397	**87,968**	**64,559**

The RTT incompletes standard measures the percentage of patients actively waiting for treatment. The RTT target was not achieved in 2020/21.

Following national planning guidance for 21/22 the key focus for the first three months will be to ensure we recover our cancer and urgent positions. Our trajectory is to recover to February 2020 levels of urgent cases by June 2021. This will be achieved in all services with the exception of General Surgery and Urology which will have achieved this by the end of the summer.

Each service will then be able to focus on recovering their position for patients waiting over 52 weeks. It will be critical to ensure we fully utilise the capacity with the independent sector, increase throughput in theatres to ensure we achieve our activity plans. With focus on the admitted pathways ensuring we are utilising all theatre capacity, the best-case scenario will see a significant reduction of patients waiting for surgery.

Winter care

In the Winter of 2020/21, in common with many other acute trusts during the COCVID-19 Pandemic, Leicester's Hospitals experienced compromised emergency department performance, increased numbers of patients in hospital for over seven days and high levels of occupancy (the number of beds filled).

Cancelled operations and patients rebooked within 28 days: Performance against cancelled operations targets are as follows:

Performance Indicator	Target	2020/21	2019/20
Cancelled operations	1.0%	**0.9%**	**1.3%**
Patients cancelled and not offered another date within 28 days	0	**265**	**350**

Unfortunately, due to the COVID-19 pandemic, Leicester's Hospitals experienced an increase in capacity related cancellations due to higher levels of emergency patients reducing the availability of surgical beds for elective surgery.

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

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

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

Diagnostics

Performance against the diagnostic waiting times target is as follows:

Performance Indicator	Target	2020/21	2019/20
Diagnostic Test Waiting Times	1.0%	**35.9%**	**4.6%**

Due to the COVID-19 pandemic the number of diagnostic waits 6+ weeks increased significantly. The aim is to recover the diagnostic waits during 2021/22.

Cancer

Performance Indicator	Target	2020/21	2019/20
Cancer: 2 week wait from referral to date first seen - all cancers	93%	**92.3%**	**93.0%**
Cancer: 2 week wait from referral to date first seen, for symptomatic breast patients	93%	**95.4%**	**95.9%**
All Cancers: 31-day wait from diagnosis to first treatment	96%	**91.1%**	**92.8%**
All cancers: 31-day for second or subsequent treatment - anti cancer drug treatments	98%	**99.6%**	**99.6%**
All cancers: 31-day wait for second or subsequent treatment – surgery	94%	**71.7%**	**81.1%**
All cancers: 31-day wait for second or subsequent cancer treatment - radiotherapy treatments	94%	**93.4%**	**87.1%**
All cancers: 62-day wait for first treatment from urgent GP referral	85%	**68.5%**	**73.6%**
All cancers: 62-day wait for first treatment from consultant screening service referral	90%	**63.9%**	**84.0%**

During the year we ensured all pathways were in line with national, regional or specialist guidelines for use during the COVID-19 pandemic. We ensured that patients waiting for treatment were reviewed and prioritised in line with national guidelines to enable resources and capacity to be focused on those with the highest clinical need.

We continued to deliver compliant access to radiotherapy when many centres were unable to offer a full service.

MRSA

Performance against the MRSA targets are as follows:

Performance Indicator	Target	2020/21	2019/20
MRSA (All)	0	**1**	**5**

In 2020/21 there was one Meticillin Resistant Staphylococcus aureus (MRSA) blood stream infection reported, against a trajectory of zero avoidable cases. This case was deemed un-avoidable following investigation.

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

Pressure ulcers

Performance against pressure ulcer targets are as follows:

Performance Indicator	Target	2020/21	2019/20
Hospital Acquired Pressure Ulcers – Total Validated	TBC	**696**	**N/A***

*In 2020/21 we started reporting the total number of validated hospital acquired pressure ulcers instead of other KPIs.

University Hospitals Leicester is committed to reducing year on year the number of hospital-acquired pressure ulcers. In 2020, we changed our approach to reviewing hospital acquired pressure ulcers in line with national guidance from NHS Improvement and to ensure that all hospital acquired incidences are reviewed and the learning is shared.

Following the work that has been undertaken in 2020/21 to ensure that all hospital acquired pressure ulcers are reported, validated and reviewed in line with NHSE guidance, we will be introducing an improvement trajectory to reduce all HAPUs and eliminate all Category 4 pressure ulcers. We will implement a package of change via a Trust-wide 'break through series' quality improvement collaborative. One of the priorities in 2021/22 will be undertaken via a sub-group of the pressure ulcer steering group to raise awareness and reduce the number of moisture associated skins damage and a targeted reduction trajectory for medical device related pressure ulcers. The updated review processes will be

evaluated by Quarter 2 through a shared leadership approach and peer review care, review and learn meetings will be introduced.

During 2020/21 we introduced a number of initiatives to improve care, capture accurate incidence data, and change the culture away from reviewing pressure damage as 'avoidable' or 'unavoidable'. Initiatives included:

- Reviewed and updated our approach to pressure ulcer validation, to ensure that all reported hospital acquired pressure ulcers are formally reviewed and the learning shared via the CMGs.
- Introduced a pressure ulcer steering group chaired by the Chief Nurse, launch of an improvement action plan and extended awareness and training via an eLearning package.
- Undertook a 90 day pressure ulcer collaborative, with Quality Improvement support, seven wards took part undertaking PDSA pilot projects the culmination of this collaborative will be shared May 2021 prior to the commencement of a Trust wide 'break through series' collaborative for 2021/22.
- The celebration of national pressure ulcer day to raise awareness of strategies to prevent pressure ulcers, using a twitter campaign and local ward events.

The Chief Nurse via the Pressure Ulcer Steering Group will be setting an ambitious percentage target reduction for total hospital acquired pressure ulcers 2021/22.

Transferring Care Safely (GP Concerns)

The GP Concerns process continues to be an important tool in engaging with commissioners and primary care to improve safety and experience in the transfer of patients between secondary and primary care.

The team has been seconded out on two occasions to support the wider Trust in the COVID-19 effort, and due to that there was a hiatus in the reporting process between 1 April – 1 June 2020 and 18 January - 1 March 2021. The service was still open to urgent concerns regarding cancer and COVID-19 delays.

This year we have seen a 30% decrease in GP concerns which will be related to the downtime of the process during the first and second wave of COVID-19.

The most frequent GP concern theme is 'integrated care and discharge' with over half of concerns falling into this category. The main issues are staff making inappropriate requests of GPs under the Consultant-to-Consultant Policy and Transferring Care Safely Guidelines. The most common examples are asking GPs to make referrals or requests for GPs to complete urgent tests (defined in the Transferring Care Safely Guidelines as <3 weeks post discharge).

Service closure and COVID-19 restrictions limited the engagement opportunities for the team. The Consultant-to-Consultant policy was communicated to all Consultants in August 2020 which showed some decrease in inappropriate request for referrals.

The main focus of 2021/22 work is to engage with services seeing the highest numbers of inappropriate requests to GPs to understand and improve the prevalence of these reports.

The GP Services team has also re-launched the Trust's outgoing GP Concerns process allowing clinicians to report transfers of care that could be improved from primary care.

Numbers of reported concerns have steadily increased since the launch evidencing engagement and appetite.

Number of GP concerns by financial year:

Year	Number of GP Concerns
2017/18	592
2018/19	1,275
2019/20	1,107
2019/20	775

CQUINS

As per national guidance on finance and contracting arrangements, block payments to the Trust during the pandemic included CQUIN. The CQUIN scheme was therefore suspended for 2020/21.

The Trust has, however, continued to support those CQUINS that were part way through a contracted arrangement, including:

- The Hepatitis C Network
- The Cirrhosis Care Bundle
- Severe Asthma
- Treatment of community acquired pneumonia

The **Hepatitis C Network**, in addition to continuing to strive to meet the treatment run rate through a pandemic, has been shortlisted for the Royal College of Physicians 'Excellence in Patient Care Awards' within the Patient Centred Category.

The ambition of the **Cirrhosis Care Bundle** CQUIN is to deliver improved patient care and reduce care costs through a network model, with the adoption of nationally developed clinical guidelines and policies regarding management of patients with decompensated liver cirrhosis. To further develop and support this guidance, throughout 2020/21 UHL

Since being commissioned, the **Severe Asthma** service has continued to grow. The service now provides three biologic clinics (with another due to start in the next 12 months), coordinates self-administration of biologic medication, completes outpatient assessments for new and follow-up patients to aid diagnosis and monitor disease progression/response to therapy, provides in-reach for severe asthma patients admitted to hospital to help support discharge and reduce re-admissions, and has developed an adherence clinic that supports patients to manage their disease.

All of these activities are in line with the service specification for severe asthma and are not related solely to the Severe Asthma CQUIN, however continued support of the service throughout 2020/21 has enabled the service to continue to grow.

Continued support of the pneumonia team has enabled and embedded a systematic review of patients admitted with a primary diagnosis of **community acquired pneumonia**

(CAP) within the admission units across the Trust, with the overall aim to improve and accelerate adherence to the British Thoracic Society pneumonia guidelines.

The service is also allowing a reduction of inappropriate consultant clinic follow ups, which are even more valuable in light of the COVID pandemic. The service has also recently been reviewed by 'Getting it Right First Time (GIRFT)', an independent group of experts set up by NHS England, which the service has been involved in with regards to pneumonia management in other areas; the review felt that the service was of a high standard and a service to be replicated.

Health and Safety

FFP3 Masks (High grade masks used in respiratory protection that have to be individually tested)
During 2020/21, as a result of the huge commitment placed on our Infection Prevention team during the COVID-19 pandemic, the responsibility for organising Fit-Mask Testing passed to our Health and Safety Services. While this was a big logistical challenge, it has been very successful. Together with some of the CMG testing, we tested staff on the four new FFP3 masks. Those that didn't pass were tested on various types of respirators or were wearing respirator hoods.

RIDDORS (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations - the most serious category of health and safety incident)
The total number of RIDDORS during 2020/21 was 10 beyond the predicted total What we found is that work activity levels have remained high and the unprecedented pace of work over the last 12 months has inevitably led to more accidents. As to the nature of the incidents, we can identify no particular commonality other than how much stress staff have been under.

Bed and equipment support

The demand for patient surface equipment has been unprecedented and the efforts demanded to ensure that extra equipment is put into place were enormous. Working together with our external partners, Medstrom, we were able to provide the Trust with all the equipment it required during the pandemic.

Health and Safety Executive enforcement notices

No Health and Safety Executive enforcement notices were issued against the Trust in 2020/21.

Manual Handling

Bariatric admissions - Patients whose bodyweight exceeds 180 kgs/28 Stone

Bariatric demand has trebled over the last 10 years and is likely to increase in the future, putting evermore pressure on the service. During 2020/21, admissions substantially increased, albeit with a fall in numbers during the lockdown restrictions.

Fallen patients

Recovery of the Fallen Patient is something that the Manual Handling team have been working with nursing colleagues on for some time. As part of this we now have dedicated Falls Recovery kits on all three major sites and this is supplemented by training sessions for the appropriate use of this equipment which have been well attended and evaluated.

Security management

Physical and Verbal assaults

Since March 2018, physical and verbal assaults have been classified under headings where the patient's condition (PC) was deemed to be a factor in the assault. This includes stress, confusion, disorientation, delirium, prescribed medication effects, dementia, etc. It is interesting to note that the vast majority of physical assaults were deemed to be patient condition related. Conversely, the vast majority of verbal assaults had no known patient condition factors involved.

DATIX Reported Assaults by type 2014 -2021					
	Physical		**Verbal**		**Total**
2014/15	238		276		514
2015/16	226		284		510
2016/17	261		239		500
2017/18	249		243		492
	Physical PC	**Physical**	**Verbal PC**	**Verbal**	
2018/19	212	97	38	242	589
2019/20	249	41	18	247	545
2020/21	131	24	13	153	321

It is clear that the overall numbers for assaults for 2020/21 is significantly lower than reported in previous years (a reduction of 41%). This follows a national trend seen during the pandemic and the dramatically reduced footfall across all three sites.

New standards for security training

The Care Quality Commission (CQC), including NHS England and the Department of Health, have now incorporated the Restraint Reduction Network Standards (RRN) across the NHS, which means that the training delivered to acute NHS staff has to have a minimum level of national accreditation. Our Trust's Security Management Specialist has completed the DMI trainer for trainer course with Midlands Partnership NHS Trust (MPFT) which complies with BILD accreditation, ensuring the future provision for all physical courses planned and delivered within UHL will now be compliant with all the required standards around physical skills training, including being mapped against the new NHS England violence and aggression reduction standards.

Emergency Department police presence
The joint working initiative with Leicestershire Police to have officers stationed in the Emergency Department at our Leicester Royal Infirmary during key times every Friday and Saturday night has had an overwhelmingly positive effect. During the lockdown restrictions the need for them diminished, but their service commenced once again in March 2021.

Sanctions
We continue to exercise powers of sanction against members of the public due to behaviour issues as part of our commitment to maintaining a safe and secure environment for staff and patients and in 2020/21 we issued 12 behavioural orders. Our partnership with Leicestershire Police continues to thrive and has been enhanced with contacts for Leicester City Council. This collaborative approach to crime reduction has led to addressing criminal behaviour, preventing crime and an increase in prosecutions against perpetrators.

Patient Information and Liaison Service (PILS)

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

The service is responsible for coordinating the process and managing responses once investigations and updates are received from relevant services or individuals. PILS is contactable by a freephone telephone number, email, website, in writing or in person (although during this year, due to COVID-19 restrictions, this option has been suspended).

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Formal complaints	1,574	1,467	1,886	2,260	2,534	1,480
Verbal complaints	1,449	1,152	856	492	192	218
Requests for information	439	321	143	118	175	113
Concern (excludes CCG & GP)	756	1,288	1,146	1,170	1,488	1,003
Total	9% increase	0.2% increase	4.7% decrease	0.2% increase	8.6% increase	35.9% decrease

PILS activity (formal complaints, verbal complaints, requests for information and concerns) by financial year - April 2015 to March 2021.

Complaints

Complaints are a vital source of information about the views of our patients, families and carers on the quality of our services and standards of our care.

The Patient Information and Liaison Service (PILS) administers all formal complaints and concerns. General Practitioner (GP) concerns received from the CCGs are now managed by the Trust's GP Services team.
During 2020/21, due to the COVID-19 pandemic, unprecedented action was taken by NHS England during the first wave to put a national 'pause' on the NHS Complaints process from March to 1 July 2020. We restarted the Trust's process from 1 June 2020.

During the second wave of COVID-19 there was no ability for a national 'pause' so an executive decision was made to manage complaints differently, based on 'urgency' between 11 January 2021 and 6 April 2021. These periods of inactivity and reduced activity have significantly affected performance for response times for this year.

Between April 2020 and March 2021, we received 1,480 formal complaints and 1,003 concerns.

The table below shows the top five themes of formal complaints received by the Clinical Management Groups (CMGs) from 1 April 2020 to 31 March 2021.

The top five subjects account for 1,054 (71%) of the 1,480 formal complaints we received.

Table showing top five subjects of formal complaints by CMG for 2020/21

Top 5 Primary Subjects of Formal Complaints by CMG – 2020/21 Financial year	CMG 1 (CHUGGS)	CMG 2 (RRCV)	CMG 3 (ESM)	CMG 4 (ITAPS)	CMG 5 (MSK & SS)	CMG 6 (CSI)	CMG 7 (W&C)	The Alliance	Corp. Legal	Corp. Medical	Corp. Nursing	EFM	Finance	Corp. Operations	Total
Medical care	85	42	90	13	83	7	69	10	0	0	0	0	0	1	400
Communication	35	23	74	9	19	8	25	4	1	5	0	0	2	1	206
Staff attitude	23	18	58	3	13	25	19	2	0	1	1	7	0	2	172
Appointments including delays & cancellations	21	11	20	11	55	13	14	7	0	0	0	0	1	0	153
Nursing care	26	19	52	3	13	0	9	0	0	0	0	0	0	1	123
Top 5 total	190	113	294	39	183	53	136	23	1	6	1	7	3	5	1,054
Overall total	254	152	426	58	249	90	169	32	1	9	2	25	3	10	1,480
Top 5 total as % of overall total	75%	74%	69%	67%	73%	59%	80%	72%	100%	67%	50%	28%	100%	50%	71%

We achieved 82%, 72% and 66% for the 10, 25 and 45 day formal complaints performance respectively (data correct at 11 May 2021).

Improving complaint handling

Throughout 2020/21, the Trust suspended its participation in the Independent Complaints Review Panel process due to the COVID-19 pandemic.

Usually, this panel reviews a sample of complaints and reports back on what was handled well and what could have been done better. This feedback is used for reflection and learning with the PILS team and also with the CMGs.

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

- Continued to collaborate on the Early Dispute Resolution pilot programme with the Parliamentary Health Service Ombudsman, this pilot has now ended.
- We have added an additional capture of information about reasons for reopened complaints to our system which will enable us to focus on the learning from these themes.

In 2021/22, we will:

- Improve the efficiency of our process for logging of verbal concerns and compliments.
- Implement our Complaints Intermediate training programme.

Reopened complaints

The number of formal complaints received and number reopened by quarter, April 2018 to March 2021 are as follows:

	Formal complaints received	Formal complaints reopened	% resolved at first response
2018/19 Q1	533	43	92%
2018/19 Q2	587	52	91%
2018/19 Q3	551	49	91%
2018/19 Q4	589	80	86%
2019/20 Q1	620	62	90%
2019/20 Q2	645	85	87%
2019/20 Q3	660	82	88%
2019/20 Q4	609	81	87%
2020/21 Q1	235	39	83%
2020/21 Q2	418	77	82%
2020/21 Q3	473	62	87%
2020/21 Q4	354	36	90%
Total	**6,274**	**748**	**88%**

Parliamentary Health Service Ombudsman

This year we have again had less investigated and less upheld cases by the Parliamentary Health Service Ombudsman. Further details are provided below.

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Awaiting outcome validation	0	0	0	1	2	3
Enquiry only - no investigation	1	1	0	1	2	6
Investigated - not upheld	12	6	4	0	0	22
Investigated - partially upheld	3	3	3	3	1	13
Investigated - upheld	1	0	0	0	0	1
Total	17	10	7	5	5	44

Parliamentary Health Service Ombudsman complaints - April 2016 to March 2021 (data correct as at 11.05.21)

Freedom of Information

The Freedom of Information (FOI) Act was passed on 30 November 2000, and the full Act came into force on 1 January 2005. The Act applies to all public authorities including us. The purpose of the Act is to allow anyone, no matter who they are, to ask whether information on a particular subject is held by us and to ask to see that information. The Act sets out exemptions from that right, covering any information that may not have to be released.

Due to the unprecedented clinical and operational pressures facing the Trust because of COVID-19, in mid-March 2020 the Trust decided to 'pause' the handling of FOI requests, to enable clinical and corporate staff to focus on COVID-19 requirements. All requests received continued to be acknowledged, and the reason for the Trust's decision to pause the processing of those requests was explained to the requesters. The Trust remains committed to openness and transparency, and the difficult decision to pause the processing of FOI requests was kept under ongoing review. The pause was lifted in mid-May May 2020. Although all FOI requests from that 'paused' period have been responded to, the Trust's overall compliance with the 20-working day timescale for responses has been reduced as a result of that 'pause'.

In 2020/21, we received 616 Freedom of Information requests and/or requests for environmental information, a decrease of 12% compared to 704 in 2019/20. We responded to 88% of these requests within the statutory 20 working-day deadline in 2020/21.

Many of these requests contained multiple individual questions, with information needing to be obtained from more than one clinical or corporate area of our organisation – this amounted to 1046 instances that areas had to provide information (compared to 1166 instances in 2019/20). The table below shows the number of times that different areas had to provide information during the year to respond to those 616 FOI requests.

Some information (such as Trust Board papers, and policies and guidelines) is already publicly available on our FOI publication scheme – you can find this on our external website in the Freedom of Information section.

Freedom of Information/Environmental Information Regulation requests received between 1 April 2020 and 31 March 2021, split by Clinical Management Group (CMG)/Corporate Directorate			
Area	**Number of times asked to provide FOI data in 2020/21**	**Approx % of overall 2020/21 FOI activity (in terms of times needing to provide information)**	**% increase or decrease on their 2019/20 numbers**
Operations	219	20.9%	↑ 73.8%
Finance and Procurement	117	11.2%	↓ 17.6%
Clinical Support and Imaging CMG	116	11.1%	↓ 16.5%
Human Resources	93	8.9%	↑ 6.9%
Cancer, Haematology, Urology, Gastroenterology and General Surgery CMG	63	6%	↓ 25.8%
Corporate Medical	59	5.6%	↓ 1.7%
IM&T	55	5.3%	↓ 29.5%
Corporate Nursing	52	5%	↓ 46.4%
Emergency and Specialist Medicine CMG	51	4.9%	↔ 0%
Women's and Children's CMG	50	4.8%	↓ 24.2%
Facilities & Estates	38	3.6%	↓ 38.7%
Renal, Respiratory, CardioVascular CMG	38	3.6%	↓ 5%
Musculoskeletal and Specialist Surgery CMG	37	3.5%	↓ 27.5%
Critical Care, Theatres, Anaesthesia, Pain and Sleep CMG	23	2.2%	↓ 14.8%

Corporate & Legal	16	1.5%	↓ 48.4%
Strategy	13	1.2%	↑ 8.3%
Communications	3	0.3%	↓ 40%
Research and Innovation	3	0.3%	↓ 25%
The Alliance	0	0%	↓ 300%
Total	**1,046**		

Please note that some requests required a response from all/multiple clinical and corporate areas, which is why the numbers shown above (which add up to 1046 times that areas had to provide information) are higher than the total of 616 requests received.

Our Sustainability Report

Our Estates and Facilities Teams are committed to implementing sustainability across a diverse range of services including procurement. This direction is reinforced within the revised Estates and Facilities 5-Year Strategy, and is high on the agenda for our new hospital building within the reconfiguration program. The ongoing development of the UHL Master and Green Plans will outline the project designs and associated deliverables, relating to the new build and the existing estate. The prime driving guidance is the "Delivering a Net Zero National Health Service" using the NHS Net Zero Carbon Building Standard and when implemented will provide an enhanced environment to deliver the best sustainable quality of healthcare. This will be the foundation for our future, giving the assurance of our commitment to "providing a sustainable, Net Zero Carbon, safe and welcoming environment and organisational ethos, where clinical care of the highest standard will be delivered".

The Estates and Facilities Teams promoted and implemented elements of sustainability throughout the organisation. This has ensured new projects; new works and refurbishments incorporate the most effective, "Low Carbon Technology" available within our limited resources.

We completed and submitted the various statutory annual reports as listed below:

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

Energy and Sustainability Projects

During 2020/21 the Estates and Facilities have successfully built/refurbished and commissioned the following:

a) Installed a 1.6 Mw generator and an electrical panel board operational 2021(LRI)
b) Built 3 rooftop wards, Interventional Radiology and an Intensive Care Unit – operational 2021 (GH)
c) East Midlands Congenital Heart Centre Construction and infrastructural works completed – currently being commissioned (2021) (LRI)
d) Endoscopy Decontamination Unit operational late 2020 (GH)
e) Respiratory Physiology Department operational 2021 (GH)

All the above included the use of "Low Carbon Technology" and the incorporation of energy efficient management strategies. They included LED lighting, Variable Speed Drives, High Efficiency Pumps and Motors, Building Management Systems, insulation and boilers. The adoption of good working practices and housekeeping is actively promoted. Resources have concentrated on planning the delivery of the reconfiguration of the health care delivery of the three major hospital sites. The East Midlands Congenital Heart Unit is being commissioned and will be allow the relocated to the new state of the art facility at the LRI.

Heating and Power

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

Table 1

Apr 20 - Mar 21	LRI	GH	Total
CHP gas used	24,888,278	12,265,254	37,153,532
CHP Elec Generated	9,595,971	4,648,871	14,244,842
CHP Heat Generated	7,508,800	4,311,730	11,820,530
Est. CO2 Saving	(397)	(76)	(473)
hours run	6,849	6,397	13,246
Est. Cost Saving	£629,231	£300,573	£929,804
Est. Cost Saving/hr	£91.87	£46.99	£70.20

The table and graphs below indicate that our fuel mix has changed due to lower CHP availability. Grid electricity has increased; gas has decreased as the CHP units have unfortunately performed to a lower level.

Our activity has influenced our overall energy consumption profile, but it has remained steady. This has assisted in reducing the Trust's overall emissions. The data takes account of a decrease in elective activity, but with an increase in COVID 19 patient related activity that has increased in the overall patient activity / demand for your services. The cost of electricity increased with a reduction in gas from our suppliers. Overall our operational consumption has reduced as a result of the activity mix due to COVID 19. One of the objectives within our Sustainable Management Development Plan (SDMP) is a 28% reduction in direct CO_2 emissions to our 2012/13 baseline by 2020 with an additional 3% reduction going forward. The trust attained an overall 31.84% reduction to this baseline, which is 348 tonnes in front of our target, during this difficult year with many un-presidential challenges.

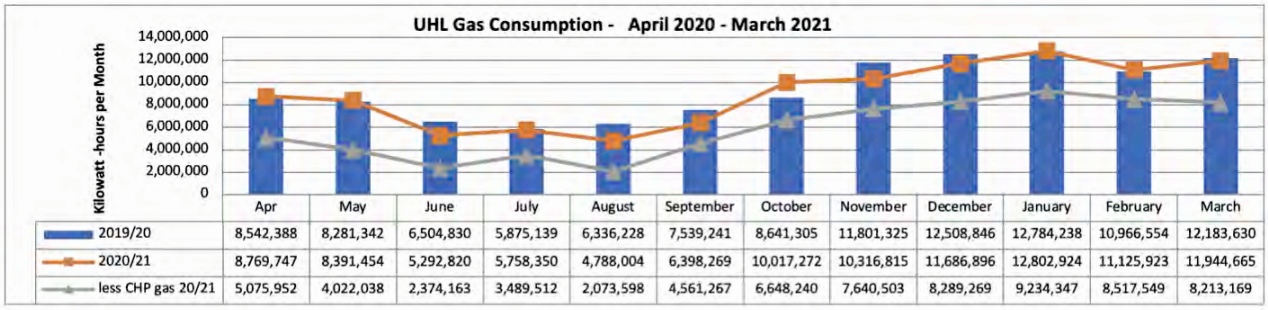
Table 2

Description	Gas	Grid Electricity	Totals	Cost	CO_2 Emissions	CO_2 Emissions
Year	Usage (KWh)	Usage (KWh)	(KWh)	Costs (£)	(Tonnes)	(CRC Cost)
2006/07	116,873,611	29,357,222	146,230,833	£5,252,319	37,531	N/A
2007/08	99,831,667	30,681,111	130,512,778	£4,403,428	35,090	N/A
2008/09	109,781,944	33,822,222	143,604,167	£7,320,137	38,633	N/A
2009/10	93,697,272	36,426,819	130,124,091	£5,136,734	36,910	N/A
2010/11	96,694,476	39,489,130	136,183,606	£5,282,765	39,236	N/A
2011/12	85,673,210	42,535,080	128,208,289	£6,479,603	38,881	£376,571
2012/13	86,601,762	46,390,022	132,991,784	£7,223,638	41,334	£404,539
2013/14	83,164,032	48,522,097	131,686,129	£7,995,022	40,724	£400,777
2014/15	92,086,201	38,205,678	130,291,879	£7,072,683	36,950	£281,979
2015/16	101,496,587	32,832,008	134,328,594	£6,390,731	36,138	£291,598
2016/17	110,655,067	29,972,229	140,627,296	£5,485,501	33,707	£281,694
2017/18	111,562,261	31,665,782	143,228,042	£6,344,521	32,567	£313,497
2018/19	113,913,099	31,581,628	145,494,728	£7,108,306	30,543	£297,372
2019/20	111,965,064	34,005,463	145,970,527	£8,345,770	30,014	N/A
2020/21	**107,293,138**	**33,352,571**	**140,645,709**	**£7,657,842**	**28,173**	**N/A**
2021/22 3%	104,074,344	32,351,993	136,426,337	£8,117,313	27,327	N/A
Annual Change	4,671,926	652,892	5,324,819	£687,928	1,842	N/A
% age change	4.17%	1.92%	3.65%	8.24%	6.14%	N/A
2012/13 Change	-20,691,376	13,037,451	-7,653,925	-£434,204	13,161	N/A
% age change	-23.89%	28.10%	-5.76%	-6.01%	31.84%	N/A

Assumptions considered to the influential elements to consumption and cost.

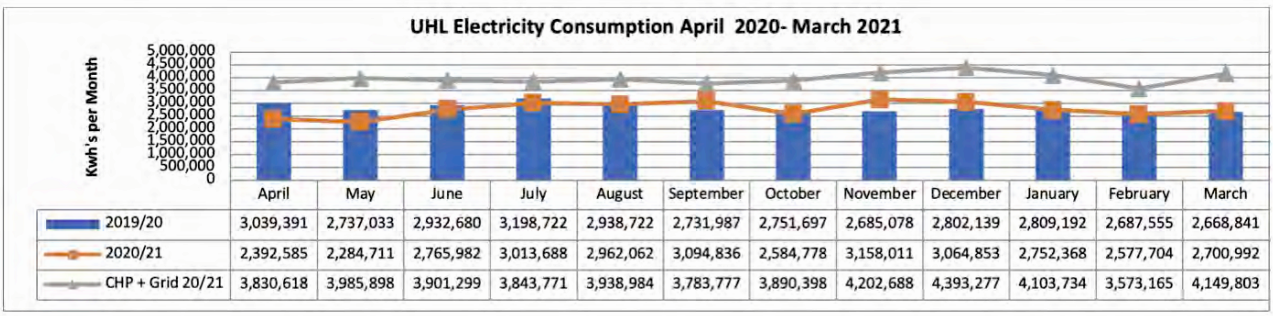
1) Consumption of power and or gas depends on activity, weather and the availability of the CHP units.
2) Cost of the utilities as commodity and non-commodity which is made up of several components.
3) The emissions do not include scope 3 'Well to Tank' WTT factors to retain historical comparisons.

Table 3



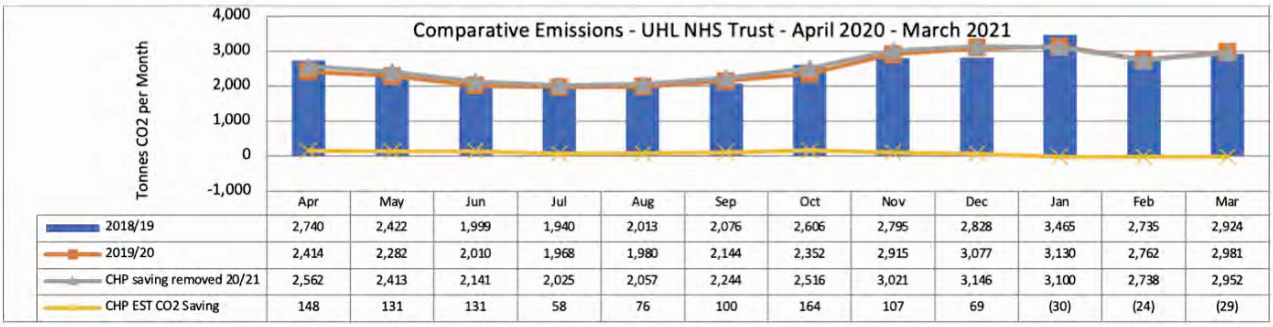
	Apr	May	June	July	August	September	October	November	December	January	February	March
2019/20	8,542,388	8,281,342	6,504,830	5,875,139	6,336,228	7,539,241	8,641,305	11,801,325	12,508,846	12,784,238	10,966,554	12,183,630
2020/21	8,769,747	8,391,454	5,292,820	5,758,350	4,788,004	6,398,269	10,017,272	10,316,815	11,686,896	12,802,924	11,125,923	11,944,665
less CHP gas 20/21	5,075,952	4,022,038	2,374,163	3,489,512	2,073,598	4,561,267	6,648,240	7,640,503	8,289,269	9,234,347	8,517,549	8,213,169

Table 4



	April	May	June	July	August	September	October	November	December	January	February	March
2019/20	3,039,391	2,737,033	2,932,680	3,198,722	2,938,722	2,731,987	2,751,697	2,685,078	2,802,139	2,809,192	2,687,555	2,668,841
2020/21	2,392,585	2,284,711	2,765,982	3,013,688	2,962,062	3,094,836	2,584,778	3,158,011	3,064,853	2,752,368	2,577,704	2,700,992
CHP + Grid 20/21	3,830,618	3,985,898	3,901,299	3,843,771	3,938,984	3,783,777	3,890,398	4,202,688	4,393,277	4,103,734	3,573,165	4,149,803

Table 5



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2018/19	2,740	2,422	1,999	1,940	2,013	2,076	2,606	2,795	2,828	3,465	2,735	2,924
2019/20	2,414	2,282	2,010	1,968	1,980	2,144	2,352	2,915	3,077	3,130	2,762	2,981
CHP saving removed 20/21	2,562	2,413	2,141	2,025	2,057	2,244	2,516	3,021	3,146	3,100	2,738	2,952
CHP EST CO2 Saving	148	131	131	58	76	100	164	107	69	(30)	(24)	(29)

Richard Mitchell
Chief Executive

12 September 2022

Our Accountability Report

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

The Corporate Governance Report sets out how we have governed the organisation during 2020/21, including membership and organisation of our governance structures and how they support achievement of our objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement.

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

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

Corporate Governance Report

Directors' Report

Trust Board

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

The table below provides information on the declarations of interests entries made by Trust Board members and attendees for the year 2020/21. Required elements will also be provided to External Audit as part of the 2020/21 annual accounts work (related party transactions).

Name	Position	Declaration
Karamjit Singh	Trust Chairman	• Family member is a partner in Lakeside Practice, Corby • Member of the UHL Corporate Trustee Board
John Adler* *Until 18.9.20*	Chief Executive	• Member of the UHL Corporate Trustee Board
Vicky Bailey	Non-Executive Director	• Family member has an offer of employment at PwC September 2021 • Council Member, University of Nottingham • Chair of University of Nottingham Audit and Risk Committee • Member of the University of Nottingham Remuneration Committee • Member of the UHL Corporate Trustee Board

Professor Philip Baker	Non-Executive Director	• Minority shareholder of Metabolomic Diagnostics – spinout company seeking to develop predictive tests for pregnancy complications • Trustee of 'The Bridge' – a charity providing for the homeless in Leicester • Dean of Medicine, Pro-Vice-Chancellor and Head of the College of Life Sciences, University of Leicester • Member of the UHL Corporate Trustee Board
Rebecca Brown* *Acting Chief Executive from* *1.4.20*	Chief Operating Officer and Acting Chief Executive*	• Trustee of The Bridge (Homelessness to Hope) Charity, Leicester • Member of the UHL Corporate Trustee Board
Andrew Carruthers	Chief Information Officer	• Confirmed no declarations to be made
Col (Ret'd) Ian Crowe	Non-Executive Director	• Member of the Royal British Legion • Brother by award of the Order of St John (not active in the organisation) • Member of the Royal Army Medical Corps Association • Member of the UHL Corporate Trustee Board • County Member of the Leicestershire and Rutland Reserve Forces and Cadets Association
Carolyn Fox	Chief Nurse	• Member of the UHL Corporate Trustee Board
Mr Andrew Furlong	Medical Director	• Member of the UHL Corporate Trustee Board
Kathryn Gillatt* *From 27.1.21*	Associate Non-Executive Director	• Non-Executive Director Chair of Audit Committee, NHS BSA • Non-Executive Director and currently Chair of Audit Committee, Patient and Public Committee and Equality & Diversity Committee, Nottingham CityCare Partnership Ltd • Non-Executive Director of subsidiary company TGH Ltd, University Hospitals Leicester NHS Trust
Kiran Jenkins* *Until 27.7.20*	Non-Executive Director	• Risk Officer, Experian plc • Member of the UHL Corporate Trustee Board
Andrew Johnson	Non-Executive Director	• Elected Chairman of Morcott Parish Council, Rutland • Elected Parish Councillor of Morcott Parish Council, Rutland • Non-Executive Chair of Trust Group Holdings Ltd • Member of the UHL Corporate Trustee Board
Darryn Kerr	Director of Estates and Facilities	• Confirmed no declarations to be made
Simon Lazarus* *From 1.12.20*	Chief Financial Officer	• Non-Executive Director of Trust Group Holdings Ltd • Member of the UHL Corporate Trustee Board
Simon Lazarus* *From 12.12.19 – 30.11.20*	Interim Chief Financial Officer	• Non-Executive Director of Trust Group Holdings Ltd • Member of the UHL Corporate Trustee Board

Debra Mitchell* *From 1.4.20*	Acting Chief Operating Officer	• Confirmed no declarations to be made
Ian Orrell* *From 27.1.21*	Associate Non-Executive Director	• Independent (non-political) Chair of the Audit Committee at Northampton Borough Council
Ballu Patel	Non-Executive Director	• Member of the UHL Corporate Trustee Board (and Chair of the UHL Charitable Funds Committee) • Outside employment with RNIB
Martin Traynor* *Until 5.2.21*	Non-Executive Director	• Position as Small Business Crown Representative, HM Govt (Cabinet Office) • Member of the UHL Corporate Trustee Board
Stephen Ward	Director of Corporate and Legal Affairs	Confirmed no declarations to be made
Mark Wightman	Director of Strategy and Communications	Confirmed no declarations to be made
Mike Williams* *From 2.9.20*	Non-Executive Director	• Board Member and Trustee Midlands Arts Centre Limited • Chair Midlands Arts Centre Trading Company Limited • Board Member Warwickshire County Cricket Club Ltd • Chair Warwickshire Cricket Board Limited • Board Member and Trustee Chamberlain Highbury Trust Limited • Trustee Badley Memorial Trust • Member of UHL Corporate Trustee Board
Hazel Wyton	Director of People and OD	Confirmed no declarations to be made

What is a Non-Executive Director?

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

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

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

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

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

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

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

Trust Board Meetings

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

Partners on our Trust Board

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

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

Anti-fraud and corruption statement

UHL is committed to the principles of good governance and recognises the importance of operating in an open and accountable manner, whilst demonstrating high standards of conduct. The Trust expects all non-executive directors, staff, partners and contractors to act honestly and with integrity to safeguard the public purse.

The Trust will not accept any fraud, bribery or corruption. All allegations will be thoroughly investigated and appropriately dealt with.

The Trust is committed to ensuring that opportunities for fraud, bribery and corruption are reduced to the lowest possible level by:

- Promoting a counter-fraud culture, including zero tolerance for fraud, bribery and corruption.
- Raising awareness of the impact of fraud, bribery and corruption both on the organisation and the individual, through training and communication.

- Encouraging and enabling stakeholders to report suspicions or serious concerns (whistleblowing)
- Preventing, detecting and deterring fraud, bribery and corruption.
- Formally investigating fraud, bribery and corruption.
- Applying sanctions against people who commit fraud, bribery and corruption.
- Seeking redress for losses incurred through fraud, bribery and corruption.

The Trust strives to adopt best practice procedures to tackle fraud, as recommended by the NHS Counter Fraud Authority (NHSCFA) and contracts with PricewaterhouseCoopers to provide specialist counter-fraud services. Any concerns are investigated by the local counter fraud specialist or the NHSCFA as appropriate, with progress on all planned activities and investigations reported to the Audit Committee

Trust Board and Committee attendance 2020/21:

Name	**Trust Board/ Reconfiguration Programme Trust Board** (maximum = 21)	**Audit Committee** (maximum = 5)	**FIC** (maximum = 12)	**QOC** (maximum = 12)	**PPPC** (maximum =12)	**Remuneration Committee** (maximum = 6)	**Charitable Funds Committee** (maximum = 5)
Karamjit Singh – Chairman	21/21	N/A	N/A	N/A	N/A	6/6	N/A
Vicky Bailey – Non-Executive Director	20/21	5/5	N/A	12/12	7/7	6/6	N/A
Professor Philip Baker – Non-Executive Director	21/21	N/A	N/A	11/12	N/A	4/6	N/A
Ian Crowe – Non-Executive Director	21/21	5/5	2/2	N/A	11/12	6/6	5/5
Kathryn Gillatt – Associate Non-Executive Director **(1)**	3/4	N/A	2/3	N/A	1/2	N/A	N/A
Kiran Jenkins – Non-Executive Director **(2)**	2/3	1/1	3/3	N/A	N/A	2/3	N/A
Andrew Johnson – Non-Executive Director	21/21	5/5	12/12	N/A	N/A	6/6	5/5
Vipal Karavadra – Associate Non-Executive Director **(3)**	11/15	N/A	N/A	N/A	N/A	N/A	N/A
Ian Orrell – Associate Non-Executive Director **(4)**	1/1	N/A	1/2	1/1	N/A	N/A	N/A

Name	**Trust Board/ Reconfiguration Programme Trust Board** (maximum = 21)	**Audit Committee** (maximum = 5)	**FIC** (maximum = 12)	**QOC** (maximum = 12)	**PPPC** (maximum =12)	**Remuneration Committee** (maximum = 6)	**Charitable Funds Committee** (maximum = 5)
Ballu Patel – Non-Executive Director	21/21	N/A	2/2	7/8	11/12	6/6	5/5
Martin Traynor – Non-Executive Director **(5)**	15/17	N/A	9/9	N/A	N/A	3/5	N/A
Mike Williams – Non-Executive Director **(6)**	16/16	4/4	7/7	N/A	N/A	2/2	N/A
John Adler – Chief Executive **(7)**	0/7	N/A	N/A	N/A	N/A	N/A	N/A
Rebecca Brown – Acting Chief Executive	20/21	N/A	N/A	N/A	N/A	N/A	N/A
Andy Carruthers – Chief Information Officer	20/21	N/A	N/A	N/A	9/12	N/A	N/A
Carolyn Fox – Chief Nurse	15/21	N/A	N/A	10/12	N/A	N/A	3/5
Andrew Furlong – Medical Director	20/21	N/A	N/A	9/12	N/A	N/A	N/A
Darryn Kerr – Director of Estates and Facilities	21/21	N/A	N/A	N/A	N/A	N/A	N/A
Simon Lazarus – Interim Chief Financial Officer/Chief Financial Officer **(8)**	17/21	4/5	10/12	N/A	N/A	N/A	3/5
Debra Mitchell – Acting Chief Operating Officer **(9)**	17/21	N/A	6/7	N/A	12/12	N/A	N/A
Stephen Ward – Director of Corporate and Legal Affairs	21/21	5/5	N/A	N/A	N/A	N/A	4/5

Name	Trust Board/ Reconfiguration Programme Trust Board (maximum = 21)	Audit Committee (maximum = 5)	FIC (maximum = 12)	QOC (maximum = 12)	PPPC (maximum =12)	Remuneration Committee (maximum = 6)	Charitable Funds Committee (maximum = 5)
Mark Wightman – Director of Strategy and Communications	21/21	N/A	N/A	N/A	N/A	N/A	4/5
Hazel Wyton – Director of People and Organisational Development	20/21	N/A	N/A	N/A	12/12	N/A	N/A

Notes:-

(1) from 27 January 2021

(2) until 27 July 2020

(3) until 31 December 2020

(4) from 27 January 2021

(5) until 5 February 2021

(6) from 2 September 2020

(7) retired 18 September 2021

(8) Interim Chief Financial Officer from 12 December 2019 – 11 December 2020. Chief Financial Officer from 12 December 2020

(9) Acting Chief Operating Officer from 1 April 2020

Going Concern

The 2020/21 accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Annual Governance Statement

This Annual Governance Statement has been written retrospectively and reflects the internal control environment during 2020/21.

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

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

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

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

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

As the current Accountable Officer, I have inherited the current internal control system and have become responsible for maintaining a sound system of internal control that supports adherence to our policies and the achievement of our aims and objectives, whilst safeguarding both public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am also responsible for ensuring that the Trust is administered prudently and economically, and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Trust Accountable Officer Memorandum.

In undertaking this role, my team and I have developed strong links with NHS England/Improvement, local Clinical Commissioning Groups, and other partner organisations. In particular, the Trust plays an important role in the Leicester, Leicestershire and Rutland (LLR) Sustainability and Transformation Partnership, which

aims to reshape the provision of health services in LLR by integrating the activities of NHS organisations and local authorities to improve outcomes for patients, and to deliver care more efficiently.

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

Scope of Responsibility

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

The purpose of system of internal control

The Audit Committee has responsibility for ensuring that an effective system of integrated governance, risk management and internal control is in place to support the achievement of our strategic objectives. The Committee receives and considers reports on all aspects of the organisation's systems of internal control, including reports from internal audit, reviews the organisation's accounting policies and statutory accounts for submission to the Board. This is supported by the work of internal audit to ensure that delivery of services takes place within a sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently.

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

- identify and prioritise the risks that threaten the achievement of the policies, aims and objectives of the Trust; and

- evaluate the likelihood of those risks materialising and their impact should they be realised and identify mitigating action to manage them.

Despite financial system improvements being implemented and the system of financial controls bolstered during 2020/21 (including in particular a strengthened and revised journal approval process introduced from December 2020) the Head of Internal Opinion concluded that major improvement was still required to address the inherent system weaknesses, There remain specific significant weaknesses and non-compliance in the framework of governance, risk management and control which put the achievement of organisational objectives at risk in 2020/21 (these are highlighted below).

Trust Board composition and membership

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

Performance Management Reporting Framework

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

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

The monthly report:

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

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

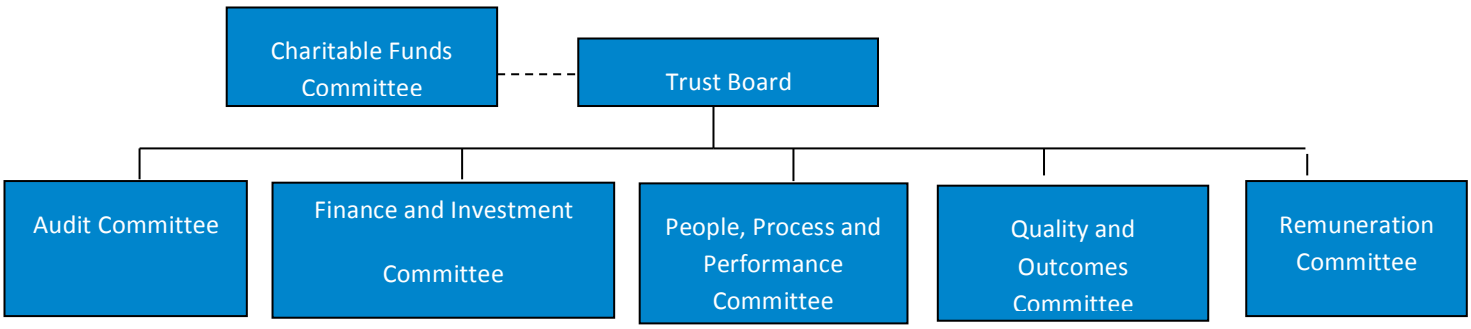
Examples include:

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

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

Committee Structure

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



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

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

The remit of the Finance and Investment Committee is to oversee performance management across all domains with the Board retaining corporate responsibility for overall performance. The Finance and Investment Committee meets monthly to oversee the effective management of our financial resources and financial performance across a range of measures, although during the early part of 2020/21 this was not undertaken effectively.

The Committee on behalf of the Board, monitors the achievement of the organisation's statutory financial duties, seeking assurance on the progress of the Cost Improvement Programme, monitoring the organisation's monthly financial performance, and supports the development of the annual plan and receives and considers business cases prior to approval to the Board.

The Committee received finance updates at each meeting for the previous month's financial priorities, which were dominated by the impacts of Covid-19, including the financial regime implemented for the first half of the year, and the acceptance of claims raised against Covid-19 monies. It also received periodic updates in regard to the key strategic performance risks outlined within the BAF. Ongoing focus was placed on the progression of the Annual Plan in relation to the financial aspects, where progress was monitored at each meeting and assurance and actions progressed as needed.

The Quality and Outcomes Committee also meets monthly, and seeks assurances that there are effective arrangements in place for monitoring and continually improving the quality of healthcare provided to patients.

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

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

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

Every meeting of the Trust Board and each Board Committee meeting was quorate during 2020/21.

Board Effectiveness

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

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

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

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

- Trust priorities;
- Research into health inequalities;
- Covid-19;
- Integrated care systems;

The Chairman set objectives for my predecessor and for the Non-Executive Directors for the year. In turn, the then Chief Executive set objectives for the Executive Directors and Corporate Directors in relation to the delivery of the 2020/21 Annual Plan. Performance against objectives is reviewed formally on an annual basis by the Chairman and Chief Executive, respectively, and the results are reported to the Remuneration Committee for consideration.

It is recognised that the Trust Board during 2017/18, 2018/19, 2019/20 and 2020/21 did not effectively challenge management particularly in relation to application of accounting policies, practices and schemes. The financial pressure on the Trust combined with lack of challenged resulted in inadequate governance and prioritised delivery of the control total rather than sustained financial recovery and achievement of value for money.

Corporate Governance

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

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

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

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

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

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

The stewardship role of the Board is important. It is important that the tone of the Board is appropriate and operates in accordance with the NHS Code of Conduct to this end. The Board during the period 2017/18 to 2020/21 did not meet the standard expected of a well governed public sector organisation. Resulting in significant weaknesses and non-compliance in the framework of governance, risk management and control which put the achievement of organisational objectives at risk. These weaknesses are now being addressed.

Information Governance

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

All NHS Trusts are required annually to carry out an information governance self-assessment using the NHS Data Security and Protection Toolkit. This contains 10 standards of good practice, spread across the domains identified below and, for 2020/21, we declared "all standards met" as our compliance:

1. Personal Confidential Data
2. Staff Responsibilities
3. Training
4. Managing Data Access
5. Process Reviews
6. Responding to Incidents
7. Continuity Planning
8. Unsupported Systems
9. IT Protection
10. Accountable Suppliers

During the year, we reported to the Information Commissioner's Office (ICO) two serious untoward incident involving a lapse of data security. We have taken action to apply the lessons from these episodes, and the Information Commissioner has closed both respective cases as they were satisfied with our mitigation strategies.

In respect of other personal data related incidents, we were not required to report to ICO experienced during the year, we have carried out investigations to ensure that the root causes are properly understood and addressed; in addition, where necessary, patients have been contacted to inform them of the lapses and to provide them with assurance about the actions we have taken to prevent recurrences.

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

The Finance and Performance Committee provides overall value for money assurance, including approving and performance monitoring of the organisation's finance, efficiency and recovery plans and reviewing Clinical Management Group financial and business performance. Nationally, we have been exposed to unprecedented operational and financial pressures over the last five years, culminating in the Covid-19 response.

The Trust achieved its statutory financial duties in 2020/21, including delivering a better than in year break even position and maintaining capital spending and cash and borrowing within the limits set by DHSC.

We delivered a £57.3m reported surplus before adjustment for the impacts of impairment reversals £0.1m, the removal of capital donations and grants £9.4m, and the net impacted of PPE consumables donated by Department of Health £1.7m. This gave an adjusted financial performance total of £46.2m surplus.

The financial regime in operation during 2020/21 resulted in a suspension of normal activity based contract arrangements between providers and commissioners for the entire year. These were replaced by system financial envelopes with block contracts based on actual spend from 2019/20 with additional incremental Covid-19 costs also reimbursed. For the first six months of 2020/21 the financial framework included top up expenditure to enable providers to break even. This amended financial regime came with clear expectations that while finances should not be a barrier to managing the response to the pandemic, normal financial management and governance requirements should remain in place throughout, and that all claims for additional funding could be subject to external audit. The organisation amended its financial record keeping ensuring that a complete and transparent record of Covid-19 expenditure was available, with updates provided to the Finance and Performance Committee each month.

For the second half of 2020/21, the financial regime was changed to reflect policy expectations that the NHS would begin to recover from Covid-19 and to incentivise restoration and recovery of normal activity. While system envelopes and block arrangements remained, there was no longer a reimbursement of all reasonable costs to break even; systems were expected to operate within a financial envelope including most Covid-19 costs. Delivery of an overall surplus for the year has been possible due to additional funding being made available in relation to non-NHS income shortfalls arising from the pandemic. Despite the ongoing impact of the pandemic, we maintained robust financial management and investment governance procedures. As the staged transition towards business as usual began, we also delivered efficiencies of £8.8m, in line with our plan.

We invested £73m in our capital infrastructure in 2020/21 in order to: improve the clinical environment, invest in its digital infrastructure, replace and enhance medical equipment whilst addressing specific needs arising from the Covid-19 pandemic.

The normal NHS Finance regime was also changed from a cash perspective during 2020/21. To support the rapid response to the pandemic and ensure prompt payments, we received block and core top up payments, for the majority of the year. This resulted in higher average cash balances and an associated reduction in PDC dividend. During the year, the policy decision to convert existing financial support from DHSC into a public dividend capital was enacted eliminating historical loan debt as of 31 March 2020. A combination of favourable the working capital movements, combined with the operating cash surplus led to an increase in the year end cash balance of £74m to £90m.
Whilst the NHS funding arrangements during the Covid facilitated an operational focus on clinical service delivery in response to the pandemic, the Trust continued to adopt a measured and project-based approach to savings delivery in 2020/21, albeit on a reduced scale compared with pre-pandemic levels, through an established cost improvement programme underpinned by project management office arrangements. Non-recurrent benefits closed this savings gap in-year and we are aware that this position creates a recurrent financial challenge when the funding regime returns to pre-pandemic principles.

The Risk and Control Framework

Capacity to handle risk

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

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

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

The Trust's major risks in 2020/21 (as featured on the Board Assurance Framework) are set out below:

- Failure to achieve and maintain financial sustainability;
- Failure to deliver agreed quality and clinical outcomes and high standards of patient care;
- Failure to meet constitutional performance targets
- Failure to provide adequate staffing capacity, skill mix and diversity;
- Failure to provide optimised and reliable digital services, realise projected savings and transformational change;
- Failure of the Trust's critical infrastructure;
- Failure to create and sustain an estate fit for the future;
- COVID 19 - Rapid operational instability.

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

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

Data security risks are managed and controlled under arrangements led by our Chief Information Officer. We have employed a Managed Business Partner to support us in our work, and they deploy a number of approaches to monitoring our data security infrastructure to manage cyber risks, including appropriate risk mitigation strategies. An information asset register is in place, and data protection impact assessments are completed in line with our data security and protection policies.

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

Our Annual Operational Plan will respond to and address the strategic risks we face. The current Board Assurance Framework will be updated to reflect risks in the plan and will continue to be reviewed at regular intervals by both the Executive Team and Trust Board.

Risk Assessment

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

Completed risk assessments are managed at Clinical Management Group and Corporate Directorate level and, when they give rise to a significant residual risk, they are reported on our risk register.

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

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

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

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

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

Annual Quality Account

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

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

Our quality governance arrangements are set out in detail in our Governance Framework, approved by the Trust Board. Our quality framework includes the following key components:

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

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

On 30th April 2020, the CQC published their report following an unannounced inspection of our Emergency Department on 27th January 2020. The CQC rated the Department as Requires Improvement overall, and issued the Trust with a Warning Notice to significantly improve the care of patients by 4th March 2020. Actions have been taken to address all of the CQC's findings, and these have been reported to, and reviewed by, the Trust Board and the CQC.

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

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

Data quality, including elective waiting time data

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

- the Data Quality Forum meets regularly and oversees the process of assuring the quality of data reported to the Trust Board, and to external agencies, to ensure by best endeavours that it is of suitably high quality, timely and accurate. This process uses a locally agreed data quality framework to provide scrutiny and challenge on the quality of data presented. Where such assessments identify shortfalls in data quality, the risks are identified together with recommendations for improvements to ensure that the data quality is raised to the required standards;

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

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

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have the responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, Clinical Audit and the Executive Managers, and our clinical leads who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the draft Quality Account 2020/21, along with other performance information made available to me.

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

My review is also informed by comments made by the External Auditors in their management letter and other reports. The external auditors highlighted deficiencies in control, including use of journals and management override of controls. These issues have now been addressed by the Trust's new management team.

During the year I have also been advised on systems of internal control by the Board, the Audit Committee, Finance and Investment Committee, People, Process and Performance Committee and Quality and Outcomes Committee. Each of these bodies has been involved in a series of processes that, individually and collectively, has contributed to the review of the effectiveness of the system of internal control.

In the Head of Internal Audit Opinion 2020/2021, the Head of Internal Audit notes that Internal Audit have carried out thirteen reviews during the year.

This resulted in the risk identification of none that were deemed critical, eight that were high, twenty-three medium and nine which were low risks

The Head of Internal Audit is satisfied that sufficient internal audit work has been carried out in 2020/21 to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, the Head of Internal Audit notes that assurance can never be absolute – the most the Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

In the Head of Internal Audit Opinion 2020/2021, the Head of Internal Audit notes that Internal Audit have carried out thirteen reviews during the year. This resulted in the identification of recommendations, none of which were deemed necessary to address critical risks, eight that were necessary to address high risks, twenty three to address medium risks and nine which were to address low risks.

The Head of Internal Audit is satisfied that sufficient internal audit work has been carried out in 2020/21 to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, the Head of Internal Audit notes that assurance can never be absolute – the most the Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

The Head of Internal Audit opinion was based solely on the findings of the agreed programme of internal audit undertaken in 2020/21.

The Head of Internal Audit Opinion for 2020/21 was that there are significant weaknesses and non-compliance in the framework of governance, risk management and control which put the achievement of organisational objectives at risk. Major improvements are required to improve the adequacy and effectiveness of governance, risk management and control.

The Head of Internal Audit noted that their opinion needs to be considered in the context of the operational and financial pressures that the Trust has experienced during the year, including the significant operational challenges arising from the impact of the coronavirus pandemic (COVID-19), which emerged and spread to the UK in early 2020.

I accept these findings and am committed to strengthening the internal control environment, via the implementation of actions to address the findings of all of the Internal Audit reviews, and the implementations of the actions in question will be reviewed by the Audit Committee during 2021/22.

High risk findings were identified in the following reviews:

1. **Financial Systems report**

   The key findings from the review were in the area of fixed assets. The four high risk findings were as follows:

   Lack of a fixed asset module and a key person dependency. The Trust is dependent on an excel spreadsheet for its Fixed Asset Register (FAR) which has been newly established. This means that there was no direct interface between the spreadsheet and the ledger of the Trust. This significantly increases the risk that the ledger and the fixed asset register are not consistent. There are also no procedure notes or other guidance in place to help support the population of the excel spreadsheet, leaving the Trust with a key person dependency.

   Asset valuations. The review included consideration of whether the FAR was appropriately set up to capture the valuation movements for the Trust's land and buildings. The latest FAR had new columns to capture historic upwards/downwards movements, but this information had yet to be populated as this was newly introduced for 2020/21. The Trust had not therefore been accurately recording valuation movements on its assets subject to valuation.

   Capital additions. The Trust does not use capital addition forms to help communicate to the finance team when capital expenditure has been incurred. The Trust is instead reliant on identifying capital expenditure from invoices which often do not identify specific assets or projects that they relate to. This has led to significant amounts of additions being posted to Assets under Construction rather than to the correct operational asset category. There is also a risk that capital expenditure is missed and not capitalised.

   Capital disposals. When an asset is disposed of, an asset disposal form is completed and sent to the finance team. The Trust's FAR summary schedules do not include any asset disposals for 2020/21. It was evidenced only three disposal

forms had been partly processed in 2020/21 onto the more detailed supporting working papers. The Trust also does not undertake proactive asset verification exercises with the CMGs and other departments to confirm assets remain in use, have not been damaged or disposed of.

2. **Cyber Security**

   The contract detailing the cyber security services supplied by the Trust's Managed Business Provider (MBP) was outdated

3. **Contract Management**

   There was an absence of detailed policies and procedures post-contract signature lack of guidelines over formal M1 reporting; limited contact risk management at CMG and Trust level; multiple contracts registers are maintained by the Trust; and the contract databases may not have information regarding all the LIVE contracts within the Trust.

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

2020/21 BAF Principal Risks:

a failure to deliver agreed quality and clinical outcomes and high standards of patient care;

b failure to meet constitutional performance targets;

c. failure to provide adequate staffing capacity, skill mix and diversity;

d. failure to achieve and maintain financial sustainability;

e. failure to provide optimised and reliable digital services, realise projected savings and transformational change;

f. failure of the Trust's critical infrastructure;

g. failure to create and sustain an estate fit for the future;

h. COVID-19 - Rapid operational instability.

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

Significant Control Issues

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

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

I can confirm that, annually, we have regard to the guidance issued by NHS England/Improvement and I apply that guidance in arriving at a consistent view of what constitutes a significant control issue. I am advised in this task by the Audit Committee whom I consult in identifying the specific issues to be included in the Statement each year

Covid-19

The impact on the Trust of the COVID-19 pandemic has in quarter four has been significant, during which the Trust has followed national directives in dealing with the evolving situation.

To maintain a well-led organisation and to ensure staff and patients remain safe, the Trust Board reviewed all available guidance and advice in managing capacity and introduced revised, responsive Board governance arrangements to support the management of the Trust's response.

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

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

- Updating and introducing interim policies as appropriate to support staff to work effectively and ensure risk assessments are completed, and to identify health and safety risks associated with changes to working environments and patterns, and providing appropriate remote working equipment;

- Providing regular updates to support staff wellbeing, directing staff to Government resources, and sharing Trust wide plans in responding to the demands placed on resources by the pandemic. Regular activities continue to be conducted, including:

- risk profiling, managing capacity and educating staff on Personal Protective Equipment (PPE) and Infection Prevention and Control. The Trust will continue to review the position in relation to elective care, GP routine referrals, outpatients and other services, some of which have been paused or deferred. Emergency and urgent care, care for COVID-19 positive patients, and critical care remain a high priority. It is expected that these impacts will extend into 2021-22.

Due to the unprecedented clinical and operational pressures facing UHL, in mid-March 2020 the Trust decided to 'pause' the handling of FOI requests to enable clinical and corporate staff to focus on its preparation for and response to the COVID-19 pandemic.

Quite rightly our focus, our ways of working, and our priorities towards the end of the year have been to support our patients and our staff through the challenges of COVID-19.

Financial Governance and Culture

In April 2021 a 'Culture and Management Behaviour Report' was produced and submitted by the external auditors which detailed concerns relating to process and procedural failings, and a concern that 'culture' was perceived to have provided the environment for such failings to occur. Subsequently, the Finance Department has been on an intense journey of improvement to ensure it becomes best in class. It has developed and is the process of implementing a culture and behaviour action plan and undertook a review of its structure and the processes and procedures in place to enable the Statutory Recommendations to be delivered and facilitate exit from the Recovery Support Programme.
With the support of NHSEI Financial improvement colleagues, The Trust has developed and in the process of implementing a financial improvement action plan in 2020/21, informed by NHSEI's '*grip and control'* checklist, which applies financial governance best practice principles. The internal audit plan is now also aligned to this financial improvement agenda.

A number of Statutory recommendations, including improving and strengthen financial reporting, governance, culture and capacity of the Finance team were made in "Audit of Accounts 2019/20 – Financial Reporting, Governance and Financial Sustainability" (January 2021). The following actions are being taken to address these recommendations during 2020/21:

- The Trust Board is undergoing a programme of development, externally- facilitated, with particular emphasis on the financial aspects of the Board's responsibilities focusing on accurate financial reporting, discouragement the use of aggressive accounting policies and practices and providing appropriate challenge of management.

- The finance and other management teams involved in finance are receiving accounting, governance and ethics training to ensure that they are clear on the appropriate accounting practices and the governance standards required by the Trust Board. This includes; Trust Board development sessions; budget holder financial training/governance programme; ethics training provided to all Finance and Procurement staff; proactive engagement of all Finance staff by the Senior Finance team; Finance staff training needs identified as part of the work contained within the Culture and Behaviour action plan and work being undertaken by the Finance & Procurement Staff Development Working Group; review, revision and education of standing financial instructions, scheme of delegation and Standing orders so they are fit for purpose.

- The Trust has undertaken a review of the structure and capacity of the Finance Team, resulting in additional investment in the capacity and capability of the team Restructure of the Finance Department will be completed and in place for 1st January 2022, In the period leading up to the implementation, further interim support has been be put in place to support this transitional period.

- New journal controls were implemented with effect from December 2020 and subjected to internal audit review and a review of journals transacted in 2020/21 externally support provided by Deloitte has been undertaken to provide assurance as to the effectiveness of the controls that have been put in place.

- The Trust has undertaken a systematic review of its accounts preparation processes and procedures. Actions have been identified to review and re-design the working papers to ensure adequacy, clarity, linking to accounts and file accessibility.

- The Trust is committed to eliminating the underlying financial deficit as soon as practically possible and to this end is working together with partners in the local health economy to build a system that is both clinically and financially sustainable.

The Trust recognises that as at 31 March 2021, through the actions being taken and controls being put in place, it remains on a journey towards of sustainable financial improvement and ultimately to an exit from Financial Special Measures, which when completed will ensure that the Trust will not be able to misreport its financial position ever again. 2020/21 is the first year of this new state, following the 19/20 Accounts re-statement.

Emergency Care

For 2020/2021 we did not meet the Emergency Department 4-hour standard target, for 2020/2021 80.4% of patients were seen, treated and discharged within 4 hours. Whilst we did not meet the Emergency Department 4-hour standard target for 2020/2021 performance did improve on 2019/2020 (69.2%). 2020/2021 started like no other year, following an extended lockdown due to COVID-19 the number of people attending the Emergency Department was still much lower than what the Emergency Department would expect and levels of attendances remained at approximately half of previous years. As 2020/2021 continued, the number of patients attending each month continued to increase however they did not return to pre-pandemic levels, overall University Hospitals of Leicester Emergency Department saw 30% less patients in 2020/2021 (162,500) than in 2019/2020 (235,000). Whilst the number of patients attending has not reached pre-pandemic levels, the additional challenges COVID-19 has created has put additional pressure on the department; in order to ensure patients remain safe and we protect the most vulnerable, the department has operated a Red and Blue model which has in essence meant we have run two Emergency Departments in parallel.

Cancer waiting time standards

Our performance in 2020/21 against the cancer waiting time targets is set out below:

Performance Indicator	Target	2020/21
Two week wait for an urgent GP referral for suspected cancer to date first seen for all suspected cancers	93% or above	92.3%
Two week wait for Symptomatic Breast Patients (Cancer Not Initially Suspected)	93% or above	95.4%
31-Day (Diagnosis To Treatment) Wait For First Treatment: All Cancers	96% or above	91.1%
31-Day Wait For Second Or Subsequent Treatment: Anti-Cancer Drug Treatments	98% or above	99.6%
31-Day Wait For Second Or Subsequent Treatment: Surgery	94% or above	71.7%
31-Day Wait For Second Or Subsequent Treatment: Radiotherapy Treatments	94% or above	93.4%
62-Day (Urgent GP Referral To Treatment) Wait For First Treatment: All Cancers	85% or above	68.5%
62-Day Wait For First Treatment From Consultant Screening Service Referral: All Cancers	90% or above	63.9%
Cancer waiting 104 days	0	70

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

In 2020/21 the new Faster Diagnosis Standard for cancer (FDS) where patients referred on a cancer pathway must be told if they have cancer or not by day 28 was implemented. This will ensure earlier communication to patients during a worrying time and enable next steps to enable treatment to occur quicker. For LLR, we consistently delivered against the 75% target and have action plans in place to further improve on this during 21/22 at a tumour site level to ensure patients are progressed through their pathways as quickly as possible supporting those with a confirmed diagnosis early access for any further diagnostics or treatment planning.

Performance against the cancer waiting time standards will continue to be the subject of monthly reporting to the People, Process and Performance Committee, acting on behalf of the Trust Board.

CQC Warning Notice – Emergency Department, Leicester Royal Infirmary

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

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

All of these matters have been addressed, and the actions taken have been reported to, and reviewed by, the Trust Board and the CQC.

The COVID-19 outbreak has led to a new model of working in the Emergency Department and the timeliness of patient assessment have improved, complemented by medical and nurse staffing improvements and actions taken to improve the privacy and dignity of patients.

The timeliness of ambulance handovers remains outside acceptable parameters. Work has been on-going with NHSE/I to improve handover times and patient safety. The implementation of Professional Standards for Patients on Ambulances has been fully completed, alongside a harm review process which identified that whilst patient experience may be compromised by increased waits, patient safety is not.

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

Conclusion

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

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

In 2020/21, we identified the following significant control issues which have impacted on our overall performance:

- non-delivery of the requirement to achieve financial break-even taking one year with another over a three year rolling period;
- non-delivery of the national A&E 4 hour standard;
- CQC Warning Notice – Emergency Department, Leicester Royal Infirmary;
- non-delivery of a number of the national cancer waiting time standards.

In addition to the actions taken/to be taken to address the specific significant control issues identified above, further work will also be carried out in the coming year to review and

strengthen our governance, risk management, and internal control systems, policies and procedures as part of our commitment to continuous improvement.

Richard Mitchell
Chief Executive

12 September 2022

Our Staff and Remuneration Report

Staff numbers (subject to audit)

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Summary			WTE			
Medical and Dental	1,898	1,825	1,805	1,682	1,725	1,641
Administration and Estates	4,162	4,126	4,071	3,977	3,825	2,501
Healthcare Assistants and other support staff	2,540	2,500	2,388	2,265	2,185	2,007
Registered Nursing and Midwifery	3,941	3,869	3,692	3,577	3,583	3,571
Scientific, Therapeutic and Technical	1,581	1,526	1,504	1,465	1,397	1,323
TOTAL	**14,122**	**13,847**	**13,460**	**12,966**	**12,714**	**11,044**

Composition by gender

	31st March 2020		31st March 2020		31st March 2019		31st March 2018	
Gender	Heads	WTE	Heads	WTE	Heads	WTE	Heads	WTE
Female	12,656	10,664	12,731	10,544	12,345	10,183	11,892	9,807
Male	3,696	3,458	3,742	3,326	3,666	3,283	3,537	3,191
TOTAL	**16,352**	**14,122**	**16,473**	**13,870**	**16,011**	**13,466**	**15,429**	**12,998**

Salary and pension entitlements of senior managers – salary 2020/21 (subject to audit)

Name and Title	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £	Performance pay and bonuses (bands of £5,000) £000	Long term performance pay and bonuses (bands of £5,000) £000	All pension-related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
BOARD MEMBERS						
EXECUTIVE DIRECTORS						
J Adler, Chief Executive (sickness absence from 4 March 2020, resigned 18 September 2020)	125 - 130	0	0	0	0	125 - 130
A Furlong, Medical Director	215 - 220	0	0	0	45 - 47.5	260 - 265
R Brown, Acting Chief Executive	195 - 200	0	0	0	160 - 162.5	355 - 360
C Fox, Chief Nurse	150 - 155	0	0	0	50 - 52.5	200 - 205
D Mitchell, Acting Chief Operating Officer (from 1 April 2020)	140 - 145	0	0	0	265 - 267.5	410 - 415
S Lazarus, Interim Chief Financial Officer (to 11 December 2020), Chief Finance Officer (from 12 December 2020)	170 - 175	0	0	0	0	170 - 175
NON EXECUTIVE DIRECTORS						
K Singh, Chairman	40 - 45	0	0	0	0	40 - 45
M Traynor, Non-Executive Director (resigned 5 February 2021)	10 - 15	0	0	0	0	10 - 15
Colonel (retired) I Crowe, Non-Executive Director	10 - 15	0	0	0	0	10 - 15
A Johnson, Non-Executive Director	10 - 15	0	0	0	0	10 - 15
Professor P Baker, Non-Executive Director	10 - 15	0	0	0	0	10 - 15
B Patel, Non-Executive Director	10 - 15	0	0	0	0	10 - 15
V Bailey, Non-Executive Director	10 - 15	0	0	0	0	10 - 15
K Jenkins, Non-Executive Director (resigned 27 July 2020)	0 -5	0	0	0	0	0 -5
M Williams, Non-Executive Director (from 2 September 2020)	5 - 10	0	0	0	0	5 - 10
SENIOR MANAGERS						
S Ward, Director of Corporate and Legal Affairs	110 - 115	0	0	0	27.5 - 30	140 - 145
D Kerr, Director of Estates and Facilities	160 - 165	0	0	0	0	160 - 165
A Carruthers, Chief Information Officer	120 - 125	0	0	0	65 - 67.5	185 - 190
H Wyton, Director of People and Organisational Development	150 -155	0	0	0	25 - 27.5	175 - 180
M Wightman, Director of Strategy and Communications	130 - 135	0	0	0	40 - 42.5	170 - 175

The Trust has determined that the senior managers shown in the above table are the regular attendees at the Trust Board meetings. There are no benefits in kind, performance related pay, nor severance payments (2019/20 - £nil) paid to any board member.

Salary and pension entitlements of senior managers - pension benefits 2020/21 (subject to audit)

Name and Title	Real Increase in accrued pension at pension age (bands of £2500) £'000	Real Increase in lump sum at pension age (bands of £2500) £'000	Accrued pension at pension age as at 31/03/21 (bands of £5000) £'000	Lump Sum at pension age as at 31/03/21 (bands of £5000) £'000	CETV AS AT 31/03/21 £'000	CETV AS AT 31/03/20 £'000	Real increase in CETV £'000
J Adler, Chief Executive (resigned 18th September 2020, pension figures at that date)	0	0	80 - 85	250 - 255	N/A	2,105	N/A
A Furlong, Medical Director	2.5 - 5.0	0.0 - 2.5	55 - 60	135 - 140	1,219	1,122	55
S Ward, Director of Corporate & Legal Affairs	0.0 - 2.5	5.0 - 7.5	50 - 55	160 - 165	1,317	1,221	60
M Wightman, Director of Strategy and Communications	2.5 - 5.0	0.0 - 2.5	45 - 50	90 - 95	850	779	38
H Wyton, Director of People and Organisational Development	0.0 - 2.5	5.0 - 7.5	20 - 25	70 - 75	581	508	43
R Brown, Chief Operating Officer	7.5 - 10.0	12.5 - 15.0	70 - 75	165 - 170	1,416	1,212	155
C Fox, Chief Nurse	2.5 - 5.0	0.0 - 2.5	55 - 60	140 - 145	1,101	1,011	51
A Carruthers, Chief Information Officer	2.5 - 5.0	2.5 - 5.0	25 - 30	55 - 60	423	360	41
D Mitchell, Acting Chief Operating Officer (from 1 April 2020)	12.5 - 15.0	30.0 - 32.5	55 - 60	135 - 140	1,177	887	255

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

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

Directors and senior managers' remuneration

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

Staff costs (subject to audit)

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

Employee benefits (Group) (subject to audit)		
	2020/21	**2019/20**
	£000	**£000**
Salaries and wages	590,319	552,454
Social security costs	57,612	50,562
Apprenticeship levy	3,045	2,629
Employer's contributions to NHS pensions	64,999	61,499
Pension cost - employer contributions paid by NHSE on Trust's behalf (6.3%)	28,460	26,919
Termination benefits	-	134
Temporary staff (including agency)	21,821	19,895
Total staff costs	**766,256**	**714,092**
Of which		
Costs capitalised as part of assets	2,221	1,976

Average number of employees (WTE basis) (subject to audit)

Average number of employees (WTE basis) (subject to audit)				
	Total	**Permanent**	**Other**	**Total**
	2020/21	**2020/21**	**2020/21**	**2019/20**
	No.	**No.**	**No.**	**No.**
Medical and dental	1,863	665	1,199	1,875
Administration and estates	2,700	2,405	295	4,275
Healthcare assistants and other support staff	2,320	2,025	294	649
Nursing, midwifery and health visiting staff	4,097	3,451	646	3,901
Nursing, midwifery and health visiting learners	1,559	1,559	0	2,499
Scientific, therapeutic and technical staff	1,677	1,569	107	466
Healthcare science staff	4	0	4	491
Total average numbers	**14,220**	**11,674**	**2,546**	**14,156**
Of which:				
Number of employees (WTE) engaged on capital projects	43	43		34

Senior Manager Gender Split

At 31 March 2021

	Heads		WTE		Total Heads	Total WTE
Grade	Female	Male	Female	Male		
Band 8 - Range A	353	117	319	111	470	430
Band 8 - Range B	90	51	81	49	141	130
Band 8 - Range C	38	21	36	20	59	56
Band 8 - Range D	19	9	19	9	28	28
Band 9	13	5	13	5	18	18
Senior Manager	1	3	1	3	4	4
Executive Director	3	2	3	2	5	5
Director	1	2	1	2	3	3
Grand Total	518	210	473	201	728	675

All Staff	12,656	3,696	10,664	3,458	16,352	14,122

Exit Packages (subject to audit)

Reporting of compensation schemes - exit packages 2020/21

	Number of compulsory redundancies No.	Cost of compulsory redundancies £000	Total number of exit packages No.
Exit package cost band (including any special payment element)			
<£10,000	12	40	12
£10,000 - £25,000	0	0	0
£100,001 - £150,000	0	0	0
Total	**12**	**40**	**12**

Reporting of compensation schemes - exit packages 2019/20

	Number of compulsory redundancies No.	Cost of compulsory redundancies £000	Total number of exit packages No.
Exit package cost band (including any special payment element)			
<£10,000	0	0	0
£25,000 - £50,000	1	14	1
£50,000 - £100,000	1	120	1
Total	**2**	**134**	**2**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the NHS Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table. This disclosure reports the number and value of exit packages taken by staff leaving in the year.

Off payroll payments (subject to audit) - Reporting related to the Review of Tax Arrangements of Public Sector Appointees

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

Our tax policy ensures compliance with the Department of Health and HMRC guidelines. During 2020/21 all existing off-payroll engagements were subject to a risk-based assessment as to whether assurance needed to be sought that the individual was paying the right amount of tax. Where necessary, that assurance has been sought.

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

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

- For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months.
- For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months.
- For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

The Trust has 151 relevant off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months. All off-payroll engagements have been subject to a risk based assessment and assurance has been sought as to whether the individual is paying the right amount of tax.

For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2021	127
Of which, the number that have existed:	
for less than one year at the time of reporting	24
for between one and two years at the time of reporting	26
for between 2 and 3 years at the time of reporting	11
for between 3 and 4 years at the time of reporting	18
over 4 years at the time of reporting	48

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and March 2021, 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 2020 and 31 March 2021	58
Of which:	
No. assessed as caught by IR35	18
No. assessed as not caught by IR35	35
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	5
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	20

Expenditure on consultancy (subject to audit)

We spent £2.8m on consultancy services.

Pay multiples (subject to audit)

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

The banded remuneration of our highest paid director in the financial year 2020/2021 was £215k-£220k (2019/20 £205k-£210k). This was 6.7 times (9.2 times in 2019/20) the median remuneration of the workforce, which was in the banding £30k-£35k (2019/20 £20k-£25k). Average pay has increased due to the extra demands placed on the workforce during the pandemic.

In 2020/21, 12 employees received remuneration in excess of the highest-paid director (6 employees in 2019/20). Remuneration across the Trust ranged from £8k-£360k (2019/20 £1k-£305k).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. For the purposes of this disclosure the remuneration of each employee is stated on an annualised, full time equivalent basis.

Sickness absence figures and reducing staff absence

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

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

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

Our sickness absence target is 3%. Absence rates have continued to be proactively managed throughout 2020/21. These are reported retrospectively and an overall Trust sickness absence rate of 6.33 % (excluding Estates and Facilities in view of under-reporting until systems are fully implemented) was reported for the year.

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

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

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

We have also continued to improve and promote access to fast track physiotherapy for Trust staff through a self-referral process, in order for them to receive early intervention to avoid or reduce sickness absence. During the pandemic we facilitated a support group for staff that were shielding in order to ensure these staff had guidance. Also additional support was put in place for colleagues that were disproportionately impacted in terms of health inequalities.

Occupational Health

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

The challenges for the service presented by COVID-19 have been numerous, beginning with the development of ‘drive-through’ testing, exclusively for NHS staff and their households, in the early phase of the pandemic when the national network for testing was not fully established. The requirement to develop and support risk assessment tools and processes for staff followed, with staff members with complex health problems requiring bespoke advice in order to reduce the potential risks posed by work to a minimum.

In May 2020, a collaboration between the OH Service and the Clinical Support and Imaging Directorate brought COVID-19 antibody testing availability to NHS staff in our hospitals and beyond, completing over 18,000 tests in just a few weeks.

In December 2020, the OH Service was a key party in the working group which established the Trust’s COVID-19 vaccination centres, alongside numerous other services and departments, launching the first vaccination hub in Leicester, Leicestershire and Rutland (LLR) at Leicester General Hospital in December 2020.

Alongside these challenges, the OH Service has been operating a team of COVID-19 Duty Nurses – responding to hundreds of calls and general enquires daily, and supporting the Infection Prevention and Control Team and departmental managers with the testing, tracing and isolation of staff involved in outbreaks of COVID-19 in clinical areas.

The OH service has also been a key party in the establishment of the innovative LLR Mental Health and Wellbeing Hub, which is now open for staff across the region.

The annual staff influenza campaign this year reached 75.6% of frontline staff, a strong performance for the Trust as a whole, given the pressures on all staff and the simultaneous availability of the COVID-19 vaccine. This achievement has again been made possible by a dedicated and hard-working team of peer vaccinators.

The Occupational Health service retained its independent accreditation as a Safe, Effective, Quality Occupational Health Service (SEQOHS) following annual review in February 2021, and remains a centre for training in Occupational Medicine, being one of only three units in the UK able to support three medical trainees.

Trade Unions

Relevant TU/PO Representative

Number of employees who were relevant TU/PO Representatives during the relevant period	Full-time equivalent employee number
40	**37.38**

Percentage of time spent on facility time

Number of employees who were relevant TU/PO representatives employed during the relevant period who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time

Percentage of time	Number of employees
0%	**16**
1-50%	**22**
51%-99%	**1**
100%	**1**

Percentage of pay bill spent on facility time

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

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

Paid TU/PO activities

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

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

Modern Slavery Act

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

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

Inclusion of MSA clause in our standard terms and conditions

Richard Mitchell
Chief Executive

12 September 2022

Our Parliamentary Accountability and Audit Report

Fees and Charges

Refer Note 6 in the Financial Statements

Remote contingent liabilities

Land Disposal

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

Davidson's chose to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event (refer note 38.0). The return of the asset and liability is accounted for at £nil value in the 2020/21 financial statements. The sale transaction would therefore remain recognised at 31/3/2021 without any recognition of the potential liability to repurchase.

Other contingent liabilities

There are no known contingent liabilities in 2020/21.

Losses and special payments

Refer Note 30 in the Financial Statements

Gifts

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

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

Report on the Audit of the Financial Statements

Adverse opinion on financial statements

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

In our view, because of the significance of the matters discussed in the Basis for the Adverse Opinion paragraph below, the financial statements:

- do not give a true and fair view of the financial position of the group and of the Trust as at 31 March 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- have not been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have not been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for Adverse Opinion

We did not express an audit opinion on the financial statements of the Trust or the group for the year ended 31 March 2020, as we were unable to obtain sufficient appropriate audit evidence in a number of key areas, including (but not limited to): journal entries; inventory; and the comparative figures to the 2020 accounts. While fewer and more isolated than in the prior year, we have continued to identify system and control weaknesses resulting in material misstatements during 2020/21.

Purchases cycle

We identified material misstatements relating to non-payroll operating expenses, and a large number of errors where the Trust has accrued expenditure based on purchase order value, despite the purchase order amount being incorrect and / or not entirely relating to the current financial year. There were also a number of inaccurate postings between different classes of expenditure. This issue also impacts trade payables (specifically balances relating to non-NHS payables and goods received not invoiced) and property plant and equipment additions.

Assets under construction

In respect of assets under construction, which has a carrying value of £46.3 million testing was performed to determine whether these were correctly categorised in the financial statements. Our testing identified material errors, specifically:

i. £7.0 million of capital additions which are also included in the fair value estimation of land and buildings; and

ii. £6.0 million of capital additions that were completed as at 31 March 2021 and which should have been revalued and then reclassified to land and buildings.

The material effect of these errors is to overstate the assets under construction balance by £13 million; understate land, buildings, and equipment by £6 million. The impact on the valuation of buildings has not been determined.

The sum of the factual errors found in both the purchases cycle and assets under construction and their extrapolated impact is in excess of materiality and considered to be pervasive because it is not confined to specific elements accounts or items of the financial statements as it affects the Consolidated Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows (Group and Trust), and associated disclosures.

Notwithstanding the adverse opinion we have expressed on these financial statements, there are other matters that would have required a modification to the audit opinion as follows:

Plant and equipment

The Trust does not operate a system to track the location of its plant and equipment and we were therefore unable to obtain sufficient appropriate audit evidence over the existence of such assets. In addition, our testing of plant and equipment additions identified transactions totalling £550,000, for which the Trust has been unable to provide sufficient evidence to support the capitalisation of these costs. While these actual errors identified were not individually material, the extrapolated impact of these errors is in excess of materiality.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded plant and equipment.

Prior year disclaimer

We were unable to obtain sufficient appropriate audit evidence during our financial statements for the period ended 31 March 2020 in a number of key areas (which included but were not limited to) management override of controls, use of journals, and inventory. Our audit opinion on the financial statements for the period ended 31 March 2020 was modified accordingly. Our opinion on the current period's financial statements is also modified because:

- we were unable to determine the value of any related adjustments that would have been necessary to the Statement of Cash Flows (Group and Trust), the Consolidated Statement of Changes in Equity, or the Statement of Changes in Equity; and
- of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and 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 Adverse opinion.

Conclusions relating to going concern

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

In our evaluation of the Directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to

the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

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

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

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

Other information

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

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

As described in the basis for adverse opinion section of our report, financial statements have been materially misstated. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Annual Report.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the above matters except on 26 August 2022 we referred matters to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust:

- breaching its break-even duty for the three-year period ending 31 March 2021
- having no plans to achieve cumulative financial balance over the period of its current medium term financial plan to 2022/23
- failing to submit audited accounts and a Corporate Governance Report as part of its Annual Report and Accounts for the year ended 31 March 2021 in accordance with agreed national timescales.

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

As explained in the Statement of directors responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit and Risk Management Committee, concerning the group and Trust's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the Audit and Risk Management Committee, whether they were aware of any instances of non-compliance with laws and regulations; and with those same parties, and internal audit whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and the evaluation of fraud in revenue and expenditure recognition. We determined that the principal risks were in relation to:
    - journal entries that altered the Trust's financial performance for the year;
    - potential management bias in determining accounting estimates, especially in relation to the valuation of property, plant and equipment, occurrence and accuracy of non-block funded income, and existence, and accuracy of year-end payables.
- Our audit procedures involved:
    - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
    - journal entry testing, with a particular focus on significant journals at the end of the financial year which impacted on the Trust's financial performance, and those which were posted by officers who in our view had access and/or approval privileges in excess of the requirements of their role;
    - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations; and accruals for non-block income and year end payables.
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional

misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of the Trust's property, plant and equipment, and income and expenditure accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team including consideration of the engagement team's:
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
    - knowledge of the health sector and economy in which the group and Trust operates
    - understanding of the legal and regulatory requirements specific to the group and Trust including:
        - the provisions of the applicable legislation
        - NHS Improvement's rules and related guidance
        - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
    - the group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
    - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

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

We have nothing to report in respect of the above matter except on 9 May 2022 we identified significant weakness in respect of:

- How the Trust plans and manages its resources to ensure it can continue to deliver its services.

During 2020/21 the Trust did not have an up to date medium term financial plan to support the delivery of services and to address its underlying financial deficit, which totalled £109 million at 31 March 2021. We recommended that the Trust continue to develop its medium term financial plan, in particular ensuring that the plan is agreed with partners in the local integrated healthcare system and is aligned with system-wide long term financial and operational plans.

- How the Trust ensures that it makes informed decisions and properly manages its risks.

During 2020/21 the Trust did not have adequate arrangements for robust internal control, financial management and reporting, governance and informed decision making, risk management and budget setting and management. We recommended that the Trust continues with its delivery of the Financial Governance Improvement Plan and Roadmap to address these issues

- How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

During 2020/21 the Trust did not have adequate arrangements in place to ensure the accuracy of information about its costs and performance when benchmarking itself against others, to ensure that its procurement and contract management processes were followed, and for collaborating effectively with partners in the local integrated healthcare system. We recommended that the Trust update its cost and performance information and refresh its benchmarking and efficiency analysis, address the issues with procurement and contract management, and drive forward partnership working with colleagues in the local healthcare system, particularly in respect of clinical strategy development, new models of care and effective demand management.

Responsibilities of the Accountable Officer

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

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

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

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

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of the University Hospitals of Leicester NHS Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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.

M C Stocks

Mark Stocks, Key Audit Partner

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

Birmingham
12 September 2022

Our Finance Report

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.

Chief Executive

12 September 2022

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

Chief Executive

12 September 2022

Chief Financial Officer

12 September 2022

Overview of the 2020/21 Financial Position

We are required to meet certain financial duties in order to provide assurance to the taxpayer of how public funds have been managed. The performance of these is shown in the table below:

Statutory Duty	Description	Target	Performance	Variance	Duty
		£m	£m	£m	£m
Adjusted Financial Performance	ICS Financial Control Total Delivered	(B/E)	57.3	57.3	Met
Reported Surplus before impairment and impact of capital donations/grants (Break Even Duty) Break Even Duty	Expenditure does not exceed income	(B/E)	46.2	46.2	Met
External Finance Limit (EFL)	How much more (or less) cash UHL can spend over the amount it generates from its activities.	61.7	120.9	59.2	Met
Capital Absorption Rate	UHL is required to pay a dividend to DHSC of 3.5% of its average relevant net assets (Cost of Capital)	3.50%	3.50%	0.0	Met
Revised Capital Resource Limit	UHL must not spend more than the limit set	67.3	62.6	(4.7)	Met

1 Trust as part of the ICS with partner organisations performance met the revised ICS Control Total for 2020/21
2 Adjusted Financial Performance removes the impact of impairments, capital donations, and the donated PPE I&E impact

Alongside the statutory duties mentioned above, NHS Improvement (NHSI) would usually measure the use of resources through the Single Oversight Framework (SOF). This was suspended during 2020/21 due to the Covid-19 pandemic.

Executive Summary of Financial Performance

Income and Expenditure

As a result of the Covid-19 pandemic the funding regime for the organisation changed in 2020/21; the organisation's income was established on a block contract basis with funding top ups to support the expenditure run rates and any additional funds required to address specific Covid-19 related items such as the additional cost of personal protective equipment - PPE.

The position was enhanced by:

- Donations of capital items from charitable funds, together with donations of Covid equipment and consumables from NHSE (£11m)
- Reduced expenditure across a range of areas due to the reduced activity, in particular, clinical supplies and services (£13m) and premises costs (£7m)

The impact of the Covid-19 pandemic affected activity levels due to the reduction in the planned care program.

The Trust delivered a £57.3m reported surplus before adjustment for the impairment reversals (£0.1m), the removal of capital donations and grants (£9.4), and the net impacted of PPE consumables donated by Department of Health (£1.7m). These factors resulted in an adjusted financial performance total of £46.2m surplus. The Trust had a much smaller efficiency target for 2020/21, as a result of Covid and delivered £8.8m in line with the plan.

We are required to meet certain statutory financial duties in order to demonstrate appropriate financial stewardship and control. In 2020/21 we achieved our annual breakeven financial duty after the inclusion of top up funding relating to the pandemic, as well as its other statutory financial duties, including maintaining capital spending, cash and borrowing within the limits set by the Department of Health. We invested £63m in our capital infrastructure in 2020/21, to primarily ensure patients were treated in the best possible clinical environment whilst addressing specific factors arising from the Covid-19 pandemic.

Like most acute providers, nationally, we have been exposed to unprecedented operational and financial pressures over the last five years, culminating in the ongoing Covid-19 response since March 2020.

Cash

The NHS Finance regime changed from a cash perspective during 2020/21. To support the rapid response to the pandemic and ensure prompt payments, the Trust received block and core top up payments for the majority of the year. This resulted in higher average cash balances and an associated reduction in PDC dividend.

IN addition, during the year, the national policy decision to convert existing financial revenue support from DHSC loans into a public dividend capital was enacted, eliminating historical loan debt held on UHL's balance sheet on 1 April 2020 (£350m). A combination of favourable working capital movements, combined with the operating cash surplus led to an increase in the year end cash balance of £74m to £90m at 31 March 2021.

Capital Investment

The Trust made significant investment in its capital infrastructure of over £72m in 2020/21, including £11m in the Congenital Heart Centre and £8m in the ICU. This ensured patients continued to be treated in the best possible clinical environment, whilst addressing specific factors arising from the Covid pandemic.

Statement of Comprehensive Income (SOCI)

Income

The Trust's turnover increased to £1.28 billion – an increase of £191m (18%).

Patient Care Income (£1.069 billion)

The Trust's income was mainly generated from CCG Commissioners (£686m) for the delivery of acute care and NHS England (£381m) for specialised patient care activities. The way income was earned by the organisation changed in 2020/21 in response to the pandemic, with nationally mandated block payments replacing normal contract mechanisms to cover the cost of services. This ensured that NHS organisations had sufficient funding to respond to the pandemic and could focus on delivering safe patient care during this challenging time. The block payments were based on costs incurred during 2019/20, uplifted to cover increased costs including the pay award and inflation.

Covid top up income of £82m was received in 2020/21. Patient care income increased from £946m to £1,069m. Both income and expenditure were also enhanced by £11m of matched items, supported by NHSE, including funding for the increase in untaken leave during the pandemic.

Non-patient care income (£212.4m)

As a major acute teaching hospital and centre of excellence for teaching, education and research, the Trust receives significant funding for these services. Other operating income is also generated from trading and commercial activities.

Other income increased from £144m to £212m in 2020/21, mainly as a consequence of Covid related funding of £62m. The Trust also received the benefit of additional research and development funding (£6m), although the Trust suffered a loss of income (c£7m) as a consequence of the suspension of car parking charges and reduced activity through the Trust's catering outlets during Covid.

Expenditure

Operating expenditure of £1.212bn was incurred in delivering Trust services in 2020/21, compared with £1.197bn in 2019/20; an overall increase of £15m.

Pay Costs (£745.6m)

Staffing costs increased by £46.4m (6.6%).This is consistent with the increase in the previous year (£42.5m; 6.8%). There was a very small reduction on overall headcount.

The main components of the increase were as follows:

- A general pay increase of £21m (3%).
- Increased payments to cleaning staff (£6.7m).
- Increased costs to support Covid-19 related working (£10.8m).
- Additional employer pension contributions (£3.8m)

Non Pay Costs (£429.6m)

Meaningful year on year comparisons with previous years' performance, are very challenging given the enormous complexity of restatement of the 2019/20 financial accounts. Non-pay operating expenses (excluding depreciation and impairments) reduced by £33.4m, from £462.6m to £429.6m. However, the 2019/20 Accounts re-statement inflated non pay expenditure in that year by £22.9m, mainly in relation to retrospective adjustments to other operating expenses and provisions. These adjustments were necessary to reflect the accurate re-presentation of the financial position in that year.

However, if we remove these adjustments from the 2019/20 position and the impact of one off impairments, there is a level of parity of non-pay operating expenses across the 2 years, providing a better indication of the Trust's underlying financial position (£429.6m in 20/21 compared with £439.7m in 19/20). As highlighted in 3.2, operating costs were supressed in 2020/21 by the Covid-19 impact as the Trust experienced much lower levels of elective activity, although this was partially mitigated by additional revenue expenditure incurred on personal protective equipment (mirroring the increase in income).

Non-Operating Items

Non-operating items are an accounting term used to describe those items of income or expenditure that occur outside a company's core day-to-day activities. These types of expenses include depreciation and amortisation charges, dividends, interest payments and interest receipts, corporation tax and profit or loss on the disposal of assets.

Depreciation having been reassessed in 2019/20, following revaluation of land and buildings and a review of the useful lives of plant and equipment, was £34m in 2020/21, compared to £32m in 2019/20, driven by increased capital investment and the full year impact of the 2019/20 property revaluation.

Statement of Financial Position

The transfer of loan funding to Public Dividend Capital (PDC) increased Trust Capital employed by £350m, with further PDC issued to support capital schemes of £23m. The increase in PDC combined with the surplus for the year of £57.3m, largely explains increase in capital employed of £433.1m.

Property, plant and equipment increased by £27.8m (see below), reflecting increased in year capital investment, offset by disposals and depreciation. There was a £23m reduction in receivables, as the Trust benefited from the certainty of the block funding arrangement rather than having to wait for performance monies to be invoiced in arrears and then reviewed by commissioners before receiving payment. Payables increased by £21m due to a variety of factors, but primarily as a result of increased accruals, including for Covid related expenditure and untaken annual leave. The increase in payables and reduction in receivables, together , together with Covid funding flows in support of the operating cash surplus, helped the Trust to grow its cash balance from £16m to £90m at the end of the year (excluding the consolidation of charitable funds).

Property Valuation

The Accounts restatement work for 19/20 and 20/21 incorporated:

- A complete re-working and remapping of the revaluation reserve.
- A full revaluation exercise on an modern equivalent (MEA) basis, linked to the Trust's Estate Strategy and updated gross internal areas of its property portfolio as at 31 March 2021
- Review of assets under construction.
- Review of equipment lives.
- Asset verification exercise/impairment review.

Property, plant and equipment increased by £27.8m, reflecting the additional capital expenditure of £72.5m, the impact of the property valuation (£2.5m), offset by depreciation and amortisation charges (£37.1m) and the sale of Hospital Close (£10.1m). The movements in the value of property in 2020/21 was much more moderate compared with the rebased 2019/21 position, which had included the 'wash up' of full property valuation (c£55m)

Better Payments Performance Code (BPPC)

All providers are required to pay their suppliers promptly, by ensuring that payments are made within 30 days of receipt of each invoice for 95 per cent of invoices. The Trust achieved 92 per cent of the value and 91 per cent by volume of the invoices we processed, which still benchmarks in the upper quartile of all providers, providing further evidence of our strengthened cash position and our ability to pay suppliers within agreed terms.

The Financial Outlook

Like most acute providers, nationally, we have been exposed to unprecedented operational and financial pressures in relation to the Covid-19 response over the last year. Despite these pressures in 2020/21 we have delivered a surplus of £46.2m on a control total basis. This excludes the impact of impairments and other non-performance related DH accounting.

The financial regime that has been in operation during 2020/21 has led to a suspension of the normal activity based contract arrangements between providers and commissioners for the entire year. These have been replaced by system envelopes with block contracts based on actual spend from 2019/20 with additional incremental Covid-19 costs also reimbursed. For the first six months of 2020/21 the financial framework included top up expenditure to enable providers to break even. This amended financial regime came with clear expectations that while finances should not be a barrier to managing the response to the pandemic normal financial management and governance requirements remained in place throughout and that all claims for additional funding could be subject to external audit.

For the second half of 2020/21 the financial regime was changed to reflect policy expectations that the NHS would begin to recover from Covid-19 and to incentivise restoration and recovery of normal activity. While system envelopes and block arrangements remained there was no longer a reimbursement of all reasonable costs to break even and systems were expected to operate within a financial envelope including most Covid-19 costs. Another key assumption was the recovery of all non NHS income,

which has not been possible. Delivery of a surplus in the second half has only been possible due to additional monies being received for all trusts in relation to other income shortfalls and timing of investments.

An operational restoration and recovery plan has been developed and is being implemented which is aligned to the national direction issued by the overall NHS Chief Executive. It includes key programmes of work and action plans that are needed to support our transition out of the Covid-19 phase and ultimately into business as usual. There was not an immediate return to the normal historical approach to full year planning 2021/22. Instead there was a planning approach focused on the first six months of 2021/22 which is largely a continuation of the regime in place for the second half of 2020/21 with a few significant exceptions. The main focus of the planning guidance 2021/22 was the delivery of elective and cancer related work. The financial regime for the first half incentivises delivery in relation to this with an incentive scheme in place for the system to earn more income as long as it met non-emergency activity thresholds based on delivery of activity in the equivalent month of 2019/20.

However, there is a clear expectation that there will be a transition towards business as usual which is applied to the financial regime would see overall funding levels reduced from those currently experienced as a result of the pandemic.

As the Trust moves away from the Covid funding regime the challenge of managing our finances will continue. With a strengthened finance team and a favourable cash position, the Trust is ready to engage in this challenge.

Going Concern

The Accounts are presented for both the ‘Trust’ and ‘Group’, including the consideration of the Trust’s private Pharmacy Company subsidiary and the Trust charity. The Accounts have been prepared on a ‘going concern’ basis. The definition of going concern in the public sector focuses on the expected continued provision of services by the public sector rather than a specific organisational form. This means that even when a body is going to cease to exist, it does not affect its going concern status. The FReM (financial reporting manual) guidance is that the financial statements are prepared on a going concern basis unless there are plans for, or no realistic alternative other than the dissolution of the Trust without the transfer of its services to another entity within the public sector. It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to assume the continuation of provision of clinical services in the future by as sufficient evidence of going concern.

The Board of Directors has carefully considered the principle ‘going concern’ and the Directors have concluded that, having made appropriate enquiries, the Trust has adequate financial resources and there are not material uncertainties related to the financial position of the Trust and Group that would compromise the continued delivery of the operational services of the Trust. As directed by the DHSC Group Accounting Manual 2020/21 the Directors have therefore prepared the financial statements on this basis as they consider that the services currently provided by the Trust will continue to be provided in the future.

Financial Statements

Accounting Policies

The Annual Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and accounting policies. Their preparation has been guided by the 2020/21 Group Accounting Manual issued by the Department of Health and Social Care. They represent a “true and fair view” of our activity in 2020/21, are materially accurate and contain no known misstatements or errors of such magnitude that they would mislead the reader with regard to the financial standing of the Trust. We are required to disclose related undertakings as required by the section 409 of the Companies Act 2006. Trust Group Holdings (TGH) Hospital Pharmacy Services Nottingham (HPSN) Limited is a wholly owned subsidiary of The University of Leicester Hospitals NHS Trust. The Accounts are presented for both the “Group” and “Trust”, in accordance with the Group accounting standards (IFRS 10).

External Auditors

We employed the services of Grant Thornton as the external auditor for the Trust. The auditors perform their work in accordance with the Audit Commission’s Code of Practice. The Codes of Audit Practice define the scope, nature and extent of local audit work. The main areas of work included the audit of financial statements and review of our arrangements for securing economy, efficiency and effectiveness in our use of resources (value for money).

Grant Thornton charged audit-related fees of £903k (excluding VAT) for The Trust and £55k (excluding VAT) for TGH. We did not receive any non-audit services from Grant Thornton in 2020/21.

Fraud Awareness

We comply with the National Counter Fraud Initiative and the Trust has an accredited local counter fraud specialist.

Foreword to Accounts

The Accounts for the year ended 31 March 2021 have been prepared by the University Hospitals of Leicester NHS Trust under section 98(2) of the NHS Act 1977 (as amended by section 24(2) schedule 2 of the NHS and Community Care Act 1990) in the form which the Secretary of State has, with the approval of the Treasury, directed.

University Hospitals of Leicester NHS Trust

Annual accounts for the year ended 31 March 2021

Consolidated Statement of Comprehensive Income

		Group	
		2020/21	2019/20
	Note	£000	£000
Operating income from patient care activities	3	1,069,371	945,959
Other operating income	4	212,142	144,616
Operating expenses	6, 8	(1,211,991)	(1,196,612)
Operating surplus/(deficit) from continuing operations		**69,522**	**(106,037)**
Finance income	11	108	381
Finance expenses	12	(1,520)	(8,208)
PDC dividends payable		(13,118)	(4,300)
Net finance costs		**(14,530)**	**(12,127)**
Other losses	13	(23)	(5,976)
Corporation tax expense		(6)	(10)
Surplus / (deficit) for the year		**54,963**	**(124,150)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	-	(16,421)
Revaluations	16.1	2,383	97,967
Other reserve movements		-	3
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on financial assets mandated at fair value through OCI	18	880	(427)
Total comprehensive income / (expense) for the year		**58,226**	**(43,028)**
Surplus / (deficit) for the year attributable to:			
University Hospitals of Leicester NHS Trust		54,963	(124,150)
TOTAL		**54,963**	**(124,150)**
Total comprehensive income / (expense) for the year attributable to:			
University Hospitals of Leicester NHS Trust		58,226	(43,028)
TOTAL		**58,226**	**(43,028)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the year (before consolidation of the Leicester Hospitals Charity)		57,316	(126,618)
Remove net impairments not scoring to the Departmental expenditure limit		(80)	3,480
Remove I&E impact of capital grants and donations		(9,391)	442
Prior period adjustments		-	(31,684)
Remove net impact of inventories received from DHSC group bodies for COVID response		(1,684)	-
Adjusted financial performance surplus / (deficit)		**46,161**	**(154,380)**

Statements of Financial Position

	Note	Group 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2021 £000	Trust 31 March 2020 £000
Non-current assets					
Intangible assets	15	9,262	11,974	9,262	11,974
Property, plant and equipment	16	611,100	580,535	611,081	580,515
Investment in Subsidiary				4,000	4,000
Other investments / financial assets	18	5,185	4,324		
Receivables	21	4,728	4,392	4,728	4,392
Total non-current assets		**630,275**	**601,225**	**629,071**	**600,881**
Current assets					
Inventories	20	20,837	19,574	19,628	18,057
Receivables	21	23,925	47,465	24,375	46,374
Non-current assets held for sale	22	10,100	-	10,100	-
Cash and cash equivalents	23	106,423	33,191	99,809	26,529
Total current assets		**161,285**	**100,230**	**153,912**	**90,960**
Current liabilities					
Trade and other payables	24	(124,387)	(103,529)	(124,081)	(103,628)
Borrowings	26	(19,256)	(370,953)	(19,256)	(370,953)
Provisions	28	(16,440)	(731)	(16,405)	(713)
Other liabilities	25	(2,177)	(8,360)	(2,177)	(8,360)
Total current liabilities		**(162,260)**	**(483,573)**	**(161,919)**	**(483,654)**
Total assets less current liabilities		**629,300**	**217,882**	**621,064**	**208,187**
Non-current liabilities					
Borrowings	26	(12,073)	(17,226)	(12,073)	(17,226)
Provisions	28	(5,869)	(21,016)	(5,869)	(21,016)
Total non-current liabilities		**(17,942)**	**(38,242)**	**(17,942)**	**(38,242)**
Total assets employed		**611,358**	**179,640**	**603,122**	**169,945**
Financed by					
Public dividend capital		742,817	369,325	742,817	369,325
Revaluation reserve		189,145	192,654	189,145	192,654
Income and expenditure reserve		(328,652)	(391,860)	(328,840)	(392,034)
Charitable fund reserves	19	8,048	9,521		
Total taxpayers' equity		**611,358**	**179,640**	**603,122**	**169,945**

Richard Mitchell
Chief Executive

12 September 2022

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

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**369,325**	**192,654**	**(391,860)**	**9,521**	**179,640**
Surplus for the year	-	-	52,397	2,566	**54,963**
Revaluations - property, plant and equipment	-	2,383	-	-	**2,383**
Fair value gains on financial assets mandated at fair value through OCI	-	-	-	880	**880**
Public dividend capital received	373,492	-	-	-	**373,492**
Other reserve movements	-	(5,892)	10,811	(4,919)	**-**
Taxpayers' and others' equity at 31 March 2021	**742,817**	**189,145**	**(328,652)**	**8,048**	**611,358**

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

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

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

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**369,325**	**192,654**	**(392,034)**	**169,945**
Surplus for the year	-	-	57,302	**57,302**
Revaluations - property, plant and equipment	-	2,383	-	**2,383**
Public dividend capital received	373,492	-	-	**373,492**
Other reserve movements	-	(5,892)	5,892	**-**
Taxpayers' and others' equity at 31 March 2021	**742,817**	**189,145**	**(328,840)**	**603,122**

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

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

Information on reserves

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

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

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

Charitable funds reserve
This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 19.

Statements of Cash Flows

	Note	Group 2020/21 £000	Group 2019/20 £000	Trust 2020/21 £000	Trust 2019/20 £000
Cash flows from operating activities					
Operating surplus / (deficit)		69,522	(106,037)	71,963	(108,416)
Non-cash income and expense:					
Depreciation and amortisation	6.1	37,030	34,991	37,028	34,989
Net impairments	7	(80)	3,480	(80)	3,480
Income recognised in respect of capital donations	4	(5,041)	(348)	(9,960)	(348)
Decrease in receivables and other assets		21,710	10,936	21,246	8,235
(Increase) / decrease in inventories		(1,263)	5,478	(1,571)	5,700
Increase / (decrease) in payables and other liabilities		11,483	(23,187)	11,085	(20,624)
Increase in provisions		579	17,373	562	17,377
Movements in charitable fund working capital		1,087	(58)	-	-
Tax paid		(10)	(20)	-	-
Other movements in operating cash flows		(4,900)	442	-	430
Net cash flows from / (used in) operating activities		**130,117**	**(56,950)**	**130,273**	**(59,177)**
Cash flows from investing activities					
Interest received		-	242	-	242
Purchase of intangible assets		(83)	(58)	(83)	(58)
Purchase of PPE and investment property		(56,365)	(47,511)	(56,365)	(47,511)
Proceeds from sales of property, plant and equipment and investment property		3	-	3	-
Receipt of cash donations to purchase capital assets		755	-	755	-
Net cash flows from charitable fund investing activities		108	139	-	-
Net cash flows used in investing activities		**(55,582)**	**(47,188)**	**(55,690)**	**(47,327)**
Cash flows from financing activities					
Public dividend capital received		373,492	28,149	373,492	28,149
Movement on loans from DHSC		(349,586)	103,916	(349,586)	103,916
Movement in other loans		(2,125)	2,125	(2,125)	2,125
Capital element of finance lease rental		(6,963)	(2,418)	(6,963)	(2,418)
Interest on loans		(1,139)	(6,607)	(1,139)	(6,607)
Other interest		(266)	(383)	(266)	(383)
Interest paid on finance lease liabilities		(1,285)	(511)	(1,285)	(511)
PDC dividend paid		(12,699)	(5,702)	(12,699)	(5,702)
Net cash flows from financing activities		**(571)**	**118,569**	**(571)**	**118,569**
Increase in cash and cash equivalents		**73,964**	**14,431**	**74,012**	**12,065**
Cash and cash equivalents at 1 April - brought forward		**20,292**	**5,861**	**13,630**	**1,565**
Cash and cash equivalents at 31 March	23.1	**94,256**	**20,292**	**87,642**	**13,630**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

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 1.2 Going concern

The accounts have been prepared on a going concern basis as assessed by the Trust Board. As outlined in the letter to all providers on 1 April 2021 by the Financial Controller of NHSI/E all providers should assume to be going concerns solely on the basis on the anticipated future provision of services in the public sector. This means that it is highly unlikely that any NHS organisations would have any material uncertainties over going concern to disclose. As directed by the DHSC Group Accounting Manual 2020/21 the Directors have therefore prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it were unable to continue as a going concern.

The Trust is not currently seeking any additional PDC cash support from NHS Improvement (NHSI) in 2021/22.

The Trust has agreed contracts with local commissioners for 2021/22 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. Similarly no decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board of Directors also has a reasonable expectation that the Trust and group will have access to adequate resources in the form of support from the Department of Health and Social Care (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

The Directors have concluded that assessing the Trust and group as a going concern remains appropriate. The Directors, having made appropriate enquiries, have reasonable expectations that the Trust and group will have adequate resources to continue in operational existence for at least 12 months from the date of publishing the Accounts.

Note 1.3 Critical judgements in applying accounting policies

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

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

Valuation of the Trust's estate
The Trust engaged its valuers, Gerald Eve LLP, to revalue its estate as at the 31st March 2021. This revaluation applied a Modern Equivalent Asset (MEA) valuation methodology, which took into account the Trust's long term reconfiguration strategy. The Trust provided the valuers with its latest Estates strategy to inform the MEA valuation. This report used a baseline gross internal area of 324,484m2, which reduced to 307,303m2 after applying the assumptions of the Estates Strategy, representing a reduction of 5.3%. This involved the Trust undertaking a re-measurement exercise of the Trust's Estate using building drawings and an Internet Property Register.

Glenfield 'Paddock' Land Sale
The 2018/19 land sale agreement contained a 'put option' which allowed the housing developer (Davidsons) to sell the land back to the Trust should certain milestones not be met. Davidsons has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2020/21 financial statements. The sale transaction would therefore remain recognised at 31/3/2021 without any recognition of the potential liability to

In addition, the sale agreement allowed for a contribution by the Trust to costs under section 106 of the of the Town and Country Planning Act 1990 of up to £2.2m. A provision for this amount is made in the accounts and has not been adjusted.

The agreement results in the Trust re-acquiring the land at a cost of £6.5m. There are no material revenue consequences arising form the repurchase.

Note 1.4 Sources of estimation uncertainty

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

Income

Income recognition
As the Trust operated on a block payment system with commissioners for the bulk of its income in 2020/21, recognition of income is not a source of significant estimation uncertainty in this year.

Expenditure
The main areas of estimation uncertainty in relation to expenditure are covered in this section.

Accrued expenditure
The majority of our accrued expenditure relates to invoices received which have not yet been posted to our revenue position. Other estimated expenditure accruals are made where we have incurred expenditure during an accounting period but are yet to receive an invoice. There is a degree of uncertainty in relation to these accruals until the invoice is received, although the bulk of such expenditure is expected to be settled at a value which approximates the accruals.

Other significant accruals, such as the cost of annual leave not taken at the date of the accounts, are calculated according to an established methodology.

Accrued expenditure is disclosed under note 24.1.

Inventories
Due to the degree of estimation required in establishing the value of materials management and ward drug stock at 31 March, these stocks have been excluded from Trust inventory. These comprise varying quantities of rapidly moving stocks across many locations which are maintained on a "top up" basis. In 2019/20 these stocks were estimated to have a value of about £2.3m.

Valuation of assets
The value of our land and buildings is based on a Modern Equivalent Asset (MEA) valuation which uses an estimate of the future likely configuration of our estate. The valuers have noted the effect of current market conditions on the valuation in note 16.3

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

Further details of the depreciation methodology are given in note 1.10.2.

Note 1.5 Consolidation

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

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

Other subsidiaries
Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

The amounts consolidated are drawn from the draft financial statements of the subsidiary for the year where audited accounts are not available.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

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

Note 1.6 Revenue from contracts with customers

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

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

The Trust receives income from its subsidiary, Trust Group Holdings, in relation to the provision of administrative services provided by the Trust to the subsidiary. This income is adjusted out of the group position upon consolidation of the group accounts position.

Revenue from NHS contracts
The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

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

Note 1.7 Other forms of income

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

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

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.

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

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

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

In line with national DHSC guidance, we also apply a provision of 60% against debt outstanding for more than three months in the overseas visitors category.

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

Note 1.8 Expenditure on employee benefits

Note 1,8.1 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.

Note 1.8.2 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, 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 1.9 Expenditure on other goods and services

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

The Trust has a policy of not accruing for expenditure below £5k, apart from automatic system generated accruals.

Note 1.10 Property, plant and equipment

Note 1.10.1 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

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

Note 1.10.2 Measurement

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

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

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

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

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

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

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

Revaluations of property, plant and equipment
The Trust has revalued its assets with an effective date of revaluation of 31st March 2021.

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

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

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

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

As a result of this valuation the Trust has incurred a valuation surplus of £80k, which is included within Other Operating Costs in the SOCI. This figure is removed from the Adjusted Financial Performance figure in accordance with Department of Health (DH) Accounting guidance.

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

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

For buildings and dwellings the useful economic lives are set by the Trust's external expert valuers. For medical equipment we are advised of the useful economic lives by the internal medical physics department which is responsible for the overall management of this equipment. For other equipment we make an assessment of the useful economic lives in a number of ways including reference to the manufacturers' recommendations or by a review of external sources including NHS capital guidance.

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 income.

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

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

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

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

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

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

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

Walnut Street Lease
The Trust owns the freehold of eight residential blocks at Walnut Street (Leicester) containing a total of 212 flats, and leases these to an external housing association ('the operator') under a 99-year operating lease. This lease commenced on 16th February 2000 at a peppercorn rent. The value of assets transferred to the operator totalled £2,739k. The arrangement meets the definition of a "Service Concession" and therefore falls within the scope of IFRIC 12. The Trust recognises the land and buildings as fixed assets and charges depreciation to income and expenditure over the life of the asset. The land and buildings are subject to revaluation by our external valuers, who also assess the residual useful life of the asset. Our buildings were assessed as having a remaining useful life of 45 years as at 31st March 2010, the point at which IFRS requirements came into effect. This leaves a remaining useful life of 34 years as at 31st March 2021.

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

Donations of property, plant and equipment
The majority of donated assets have been purchased on behalf of the Trust by the Leicester Hospitals Charity.

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

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

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

Note 1.11 Intangible assets

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

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

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

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

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

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

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

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

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

	Min life Years	Max life Years
Information technology	3	13
Software licences	3	13

Note 1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

As obsolete stock is identified the cost is written off to revenue and also recorded within losses and special payments within the financial statements.

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

The write-down of such personal protective equipment held by the Trust has not been disclosed in losses and special payments as there is no loss to the Trust.

Note 1.13 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 1.14 Financial assets and financial liabilities

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

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

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

Financial assets are classified as subsequently measured at amortised cost, except for charitable fund investments, which are measured at fair value through Other Comprehensive Income (OCI).

Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

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

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

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

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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

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

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position. Losses are charged directly to operating expenditure where an expected credit loss provision previously has not been recognised.

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

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 1.15 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 1.15.1 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.

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

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

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

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

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

Note 1.15.2 The Trust as a lessor

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

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

Note 1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021:

		Nominal rate
Short-term	Up to 5 years	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2021:

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 28.3 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 1.17 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 29 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 29 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 1.18 Public dividend capital

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

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

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

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

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

Note 1.19 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 1.20 Corporation tax

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

Note 1.21 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.22 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 1.23 Losses and special payments

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

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

Note 1.24 Gifts

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

Note 1.25 Transfers of functions from other NHS bodies

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

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

Note 1.26 Early adoption of standards, amendments and interpretations

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

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

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

The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	13,702
Additional lease obligations recognised for existing operating leases	(13,702)
Changes to other statement of financial position line items	-
Net impact on net assets on 1 April 2022	**-**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,065)
Additional finance costs on lease liabilities	(134)
Lease rentals no longer charged to operating expenditure	3,071
Other impact on income / expenditure	-
Estimated impact on surplus / deficit in 2022/23	**(128)**
Estimated increase in capital additions for new leases commencing in 2022/23	**-**

Note 2 Operating Segments

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

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.6

Note 3.1 Income from patient care activities (by nature)	**2020/21**	**2019/20**
	£000	**£000**
Block contract / system envelope income*	998,349	797,567
High cost drugs income from commissioners (excluding pass-through costs)	12,685	101,768
Other NHS clinical income	26,726	13,932
Private patient income	2,011	2,798
Additional pension contribution central funding**	28,460	26,919
Other clinical income	1,140	2,975
Total income from activities	**1,069,371**	**945,959**

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

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

Note 3.2 Income from patient care activities (by source)

	2020/21	**2019/20**
Income from patient care activities received from:	**£000**	**£000**
NHS England	380,632	350,224
Clinical commissioning groups	685,583	539,952
Department of Health and Social Care	-	18,494
Other NHS providers	5	516
NHS other	-	31,000
Non-NHS: private patients	1,641	2,798
Non-NHS: overseas patients (chargeable to patient)	370	1,159
Injury cost recovery scheme	992	1,816
Non NHS: other	148	-
Total income from activities	**1,069,371**	**945,959**
Of which:		
Related to continuing operations	**1,069,371**	**945,959**

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

	2020/21 £000	2019/20 £000
Income recognised this year	370	1,159
Cash payments received in-year	160	281
Amounts added to provision for impairment of receivables	225	-
Amounts written off in-year	-	408

Note 4 Other operating income (Group)

	2020/21			2019/20		
	income £000	contract £000	Total £000	income £000	contract £000	Total £000
Research and development	36,121	-	**36,121**	30,485	-	**30,485**
Education and training	45,703	-	**45,703**	46,921	-	**46,921**
Non-patient care services to other bodies	5,880	-	**5,880**	3,911	-	**3,911**
Marginal rate emergency tariff funding (2019/20 only)	-	-	**-**	6,866	-	**6,866**
Reimbursement and top up funding	62,326	-	**62,326**	-	-	**-**
Income in respect of employee benefits accounted on a gross basis	3,770	-	**3,770**	9,671	-	**9,671**
Receipt of capital grants and donations	-	5,041	**5,041**	-	348	**348**
Charitable and other contributions to expenditure	-	19,065	**19,065**	-	-	**-**
Rental revenue from operating leases	-	453	**453**	-	576	**576**
Charitable fund incoming resources	-	4,233	**4,233**	-	4,540	**4,540**
Other income	29,550	-	**29,550**	41,298	-	**41,298**
Total other operating income	**183,350**	**28,792**	**212,142**	**139,152**	**5,464**	**144,616**
Of which:						
Related to continuing operations			212,142			144,616

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

No revenue was recognised in the reporting period that was included in within contract liabilities at the previous period end (2019/20 - £Nil).

Note 5.2 Transaction price allocated to remaining performance obligations

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

Note 5.3 Income generation activities (Group & Trust)

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

Due to the pandemic, car parking was provided free of charge or at a reduced fee to the public for much of 2020/21. For a period, catering facilities were available to staff only and provided free. Accommodation and car park charges were also waived for staff for part of the year.

	2020/21 £000s	2019/20 £000s
Income - car parking	386	5,138
Income - catering	987	3,618
Income - accommodation	799	1,321

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

	2020/21 £000	2019/20 £000
Income	-	11,524
Full cost	-	(11,524)
Surplus	**-**	**-**

Note 6.1 Operating expenses (Group)

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	664	1,067
Purchase of healthcare from non-NHS and non-DHSC bodies	7,438	5,604
Staff and executive directors costs	745,235	698,891
Remuneration of non-executive directors	136	105
Supplies and services - clinical (excluding drugs costs)	128,314	124,593
Supplies and services - general	13,288	15,334
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	124,239	107,139
Inventories written down	740	2,400
Consultancy costs	2,798	2,503
Establishment	5,271	5,906
Premises	48,019	54,976
Transport (including patient travel)	5,599	7,050
Depreciation on property, plant and equipment	34,235	32,307
Amortisation on intangible assets	2,795	2,684
Net impairments	(80)	3,480
Movement in credit loss allowance: contract receivables / contract assets	(99)	2,256
Increase/(decrease) in other provisions	3,260	11,397
Change in provisions discount rate(s)	98	-
Audit fees payable to the external auditor		
audit services- statutory audit	474	220
additional fee for prior year audit	664	-
Internal audit costs	240	209
Clinical negligence	34,744	30,664
Legal fees	979	390
Insurance	72	61
Research and development - staff costs	15,654	15,650
Research and development	19,600	20,474
Education and training	2,137	1,437
Rentals under operating leases	998	6,827
Redundancy	-	134
Car parking & security	2,262	2,323
Hospitality	2	5
Losses, ex gratia & special payments	37	1,266
Other services, eg external payroll	-	1,149
Other NHS charitable fund resources expended	1,768	2,211
Other	10,410	35,900
Total	**1,211,991**	**1,196,612**
Of which:		
Related to continuing operations	1,211,991	1,196,612

Note 6.2 Other auditor remuneration (Group)

	2020/21 £000	2019/20 £000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	-	-
Total	**-**	**-**

Note 6.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1 million (2019/20: £1 million).

Note 7 Impairment of assets (Group & Trust)

	2020/21 £000	2019/20 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(80)	2,384
Other	-	1,096
Total net impairments charged to operating surplus / deficit	**(80)**	**3,480**
Impairments charged to the revaluation reserve	-	16,421
Total net impairments	**(80)**	**19,901**

Note 8 Employee benefits (Group)

	£000	£000
Salaries and wages	587,173	554,107
Social security costs	57,612	50,562
Apprenticeship levy	3,045	2,629
Employer's contributions to NHS pensions	64,999	61,499
Pension cost - employer contributions paid by NHSE on Trust's behalf (6.3%)	28,460	26,919
Termination benefits	-	134
Temporary staff (including agency)	21,821	20,801
Total gross staff costs	**763,110**	**716,651**
Recoveries in respect of seconded staff	-	-
Total staff costs	**763,110**	**716,651**
Of which		
Costs capitalised as part of assets	2,221	1,976

In addition to a general increase in salaries of 3%, the Trust incurred a high level of additional cost in 2020/21 in relation to cleaning and coverage of absences related to the pandemic.

Note 8.1 Retirements due to ill-health (Group)

During 2020/21 there were 3 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £108k (£291k in 2019/20).

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

Note 9 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 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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

Note 10 Operating leases (Group & Trust)

Note 10.1 University Hospitals of Leicester NHS Trust as a lessor

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

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	453	576
Total	**453**	**576**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease receipts due:		
- not later than one year;	378	439
- later than one year and not later than five years;	1,702	1,222
Total	**2,080**	**1,661**

Note 10.2 University Hospitals of Leicester NHS Trust as a lessee

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

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	998	6,827
Total	**998**	**6,827**

	31 March 2021 £000	31 March 2020 £000 restated
Future minimum lease payments due:		
- not later than one year;	633	980
- later than one year and not later than five years;	861	1,046
- later than five years.	616	712
Total	**2,110**	**2,738**

An appraisal of certain leases has been performed, which resulted in these leases being reclassified from operating to finance leases. The comparative figure for future minimumm lease payments has been revised to reflect this.

As previosuly stated	2020 £000
Future minimum lease payments due:	
- not later than one year;	6,188
- later than one year and not later than five years;	15,205
- later than five years.	1,355
Total	**22,748**

Note 11 Finance income (Group)

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

	2020/21 £000	2019/20 £000
Interest on bank accounts	-	242
NHS charitable fund investment income	108	139
Total finance income	**108**	**381**

Note 12.1 Finance expenditure (Group & Trust)

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

	2020/21 £000	2019/20 £000
Interest expense:		
Loans from the Department of Health and Social Care	-	6,891
Finance leases	1,271	1,114
Interest on late payment of commercial debt	147	180
Other finance costs	119	-
Total interest expense	**1,537**	**8,185**
Unwinding of discount on provisions	(17)	23
Total finance costs	**1,520**	**8,208**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2020/21 £000	2019/20 £000
Total liability accruing in year under this legislation as a result of late payments	147	180

Note 13 Other gains / (losses) (Group)

	2020/21 £000	2019/20 £000
Losses on disposal of assets	(23)	(5,976)
Total other losses	**(23)**	**(5,976)**

Note 14 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The Trust's surplus for the period was £57.3 million (2019/20: Deficit of £126.7 million). The Trust's total comprehensive income for the period was £60.6 million (2019/20: Deficit of £45.1 million).

Note 15.1 Intangible assets - 2020/21
Group & Trust

	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	**26,619**	**-**	**26,619**
Additions	83	-	**83**
Disposals / derecognition	(194)	-	**(194)**
Valuation / gross cost at 31 March 2021	**26,508**	**-**	**26,508**
Amortisation at 1 April 2020 - brought forward	**14,645**	**-**	**14,645**
Provided during the year	2,795	-	**2,795**
Disposals / derecognition	(194)	-	**(194)**
Amortisation at 31 March 2021	**17,246**	**-**	**17,246**
Net book value at 31 March 2021	**9,262**	**-**	**9,262**
Net book value at 1 April 2020	**11,974**	**-**	**11,974**

Note 15.2 Intangible assets - 2019/20
Group & Trust

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

Note 16.1 Property, plant and equipment - 2020/21

Group

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward	**51,766**	**429,707**	**10,740**	**12,999**	**143,128**	**311**	**43,022**	**2,630**	**694,303**
Additions	-	6,802	21	45,432	17,548	19	2,640	-	**72,462**
Impairments through income and expenditure	-	(4,547)	-	-	-	-	-	-	**(4,547)**
Reversals of impairments through income and expenditure	910	659	1	-	-	-	-	-	**1,570**
Revaluations	2,320	(12,475)	(188)	-	-	-	-	-	**(10,343)**
Reclassifications	-	12,006	-	(12,140)	-	-	134	-	**-**
Transfers to / from assets held for sale	(5,029)	-	(5,375)	-	-	-	-	-	**(10,404)**
Disposals / derecognition	-	-	-	-	(884)	-	(71)	-	**(955)**
Valuation/gross cost at 31 March 2021	**49,967**	**432,152**	**5,199**	**46,291**	**159,792**	**330**	**45,725**	**2,630**	**742,086**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**-**	**-**	**-**	**95,073**	**127**	**16,674**	**1,894**	**113,768**
Provided during the year	-	16,043	608	-	10,767	22	6,673	122	**34,235**
Impairments through income and expenditure	-	(2,663)	-	-	-	-	-	-	**(2,663)**
Reversals of impairments through income and expenditure	-	(394)	-	-	-	-	-	-	**(394)**
Revaluations	-	(12,422)	(304)	-	-	-	-	-	**(12,726)**
Transfers to / from assets held for sale	-	-	(304)	-	-	-	-	-	**(304)**
Disposals / derecognition	-	-	-	-	(859)	-	(71)	-	**(930)**
Accumulated depreciation at 31 March 2021	**-**	**564**	**-**	**-**	**104,981**	**149**	**23,276**	**2,016**	**130,986**
Net book value at 31 March 2021	**49,967**	**431,588**	**5,199**	**46,291**	**54,811**	**181**	**22,449**	**614**	**611,100**
Net book value at 1 April 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**

Note 16.2 Property, plant and equipment - 2019/20

Group

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

Other than plant and machinery with a book value of £25k held by the subsidiary, the Trust figures for Property, plant and equipment match those of the group.

The Trust has engaged the services of professional valuers Gerald Eve LLP to establish the fair value of land and buildings for the organisation. In their opinion "The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS3 and VPGA10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review.

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

Note 16.4 Property, plant and equipment financing - 2020/21

Group	**Land**	**Buildings excluding dwellings**	**Dwellings**	**under constructio n**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Net book value at 31 March 2021									
Owned - purchased	49,967	418,433	5,199	42,655	31,270	158	16,284	527	**564,493**
Finance leased	-	3,070	-	-	16,935	-	6,110	-	**26,115**
Owned - donated/granted	-	10,085	-	3,636	6,606	23	55	87	**20,492**
NBV total at 31 March 2021	**49,967**	**431,588**	**5,199**	**46,291**	**54,811**	**181**	**22,449**	**614**	**611,100**

Note 16.5 Property, plant and equipment financing - 2019/20

Group	**Land**	**Buildings excluding dwellings**	**Dwellings**	**under constructio n**	**Plant & machinery**	**Transport equipment**	**Information technology**	**Furniture & fittings**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Net book value at 31 March 2020									
Owned - purchased	51,766	416,230	10,740	12,788	27,302	158	26,279	649	**545,912**
Finance leased	-	3,179	-	-	19,487	-	-	-	**22,666**
Owned - donated/granted	-	10,298	-	211	1,266	26	69	87	**11,957**
NBV total at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**

Note 17 Donations of property, plant and equipment

	Group and Trust	
	2020/21	2019/20
	£000	£000
Assets received from DHSC relating to Covid treatment	4,286	-
Assets donated by the Trust's charitable fund	4,919	348
Other	755	-
	9,960	**348**

Note 18 Other investments / financial assets (non-current)

	Group	
	2020/21	2019/20
	£000	£000
Carrying value at 1 April - brought forward	**4,324**	**4,725**
Acquisitions in year	326	4,885
Movement in fair value through OCI	880	(427)
Disposals	(345)	(4,859)
Carrying value at 31 March	**5,185**	**4,324**

The above represents assets held by the Charity

	Trust	
	2020/21	2019/20
	£000	£000
Carrying value at of investments		
Investment in subsidiary	4,000	4,000
Carrying value at 31 March	**4,000**	**4,000**

Note 19 Analysis of charitable fund reserves

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

	31 March 2021 £000	31 March 2020 £000
Unrestricted funds:		
Unrestricted income funds	5,585	4,811
Restricted funds:		
Other restricted income funds	2,463	4,710
	8,048	**9,521**

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

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

Note 20 Inventories

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Drugs	5,740	5,788	4,531	4,270
Consumables	14,927	13,639	14,927	13,640
Energy	170	147	170	147
Total inventories	**20,837**	**19,574**	**19,628**	**18,057**
of which:				
Held at fair value less costs to sell	-	-	-	-

Inventories recognised in expenses for the year were £189,378k (2019/20: £195,479k). Write-down of inventories recognised as expenses for the year were £740k (2019/20: £2,400k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £19,063k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 21.1 Receivables

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Contract receivables	18,678	40,469	18,646	40,524
Allowance for impaired contract receivables / assets	(2,733)	(3,350)	(2,733)	(3,350)
Prepayments (non-PFI)	5,111	6,201	5,095	6,181
PDC dividend receivable	458	877	458	877
VAT receivable	1,800	1,715	1,284	1,312
Clinician pension tax provision reimbursement from NHSE	84	73	84	73
Other receivables	344	222	1,541	757
NHS charitable funds receivables	183	1,258	-	-
Total current receivables	**23,925**	**47,465**	**24,375**	**46,374**
Non-current				
Contract receivables	2,558	2,533	2,558	2,533
Allowance for other impaired receivables	(644)	(537)	(644)	(537)
Other receivables	2,814	2,396	2,814	2,396
Total non-current receivables	**4,728**	**4,392**	**4,728**	**4,392**
Of which receivable from NHS and DHSC				
Current	9,015	29,769	9,015	29,769
Non-current	2,814	2,396	2,814	2,396

During 2020/21 a simplified funding system has been in operation for NHS Trusts, resulting in a reduction in NHS contract receivables as at 31 March 2021.

Note 21.2 Allowances for credit losses - 2020/21

	Group and Trust	
	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 Apr 2020 - brought forward	**3,887**	**-**
New allowances arising	401	-
Changes in existing allowances	-	-
Reversals of allowances	(500)	-
Utilisation of allowances (write offs)	(411)	-
Allowances as at 31 Mar 2021	**3,377**	**-**

Note 21.3 Allowances for credit losses - 2019/20

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

We apply IFRS9 to our receivable balances at the year end. This requires us to establish an allowance for credit losses based upon our assessment of the likely recoverability of the outstanding debt in future. Provision for Non NHS bad debts is made on an expected loss basis, using appropriate historical analysis undertaken in calculating these, to minimise the estimation uncertainty, which is in line with NHS Group Accounting Manual Guidance. Injury Cost Recovery (ICR) bad debt provision is accounted for in line with national guidance (22.43% of total ICR debtors)

Note 22 Non-current assets held for sale and assets in disposal groups

	Group and Trust	
	2020/21	2019/20
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**-**	**-**
Assets classified as available for sale in the year	10,100	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**10,100**	**-**

Assets held for sale comprise certain land and buildings surplus to the Trust's requirements. The sale was completed on 1 April 2021.

Note 23.1 Cash and cash equivalents movements

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

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
At 1 April	**33,191**	**16,965**	**26,529**	**12,669**
Net change in year	73,232	16,226	73,280	13,860
At 31 March	**106,423**	**33,191**	**99,809**	**26,529**
Broken down into:				
Cash at commercial banks and in hand	4,271	4,321	46	44
Cash with the Government Banking Service	102,152	28,870	99,763	26,485
Total cash and cash equivalents as in SoFP	**106,423**	**33,191**	**99,809**	**26,529**
Bank overdrafts (GBS and commercial banks)	(12,167)	(12,899)	(12,167)	(12,899)
Total cash and cash equivalents as in SoCF	**94,256**	**20,292**	**87,642**	**13,630**

Note 23.2 Third party assets held by the Trust

University Hospitals of Leicester NHS Trust held no monies on behalf of patients or other parties at 31 March 2021 (31 March 2020 - £Nil)

Note 24.1 Trade and other payables

	Group		Trust	
	2021	2020	2021	2020
	£000	£000	£000	£000
Current				
Trade payables	6,154	18,205	4,991	16,934
Capital payables	6,976	3,792	6,976	3,792
Accruals	72,912	57,515	74,300	58,802
Social security costs	8,025	7,571	8,017	7,556
Other taxes payable	6,893	6,173	6,884	6,161
Other payables	23,078	10,244	22,913	10,383
NHS charitable funds: trade and other payables	349	29	-	-
Total current trade and other payables	**124,387**	**103,529**	**124,081**	**103,628**
Of which payables from NHS and DHSC group bodies:				
Current	24,771	19,977	24,771	19,977

Most of the accruals relate to invoices and charges which are expected to be settled at a value approximating the accrual. The exception is the accrual for annual leave not taken of £9.7m, included within the above. The vast bulk of this will be realised by staff taking their leave, rather than being paid in cash.

Note 24.2 Early retirements in NHS payables above

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

Group and Trust	**31 March 2021 £000**	**31 March 2021 Number**	**31 March 2020 £000**	**31 March 2020 Number**
- to buy out the liability for early retirements over 5 years	108	3	291	5

Note 25 Other liabilities

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	2,177	8,360
Total other current liabilities	**2,177**	**8,360**

Note 26 Borrowings

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Current		
Bank overdrafts	12,167	12,899
Loans from DHSC	-	350,725
Other loans	-	2,125
Obligations under finance leases	7,089	5,204
Total current borrowings	**19,256**	**370,953**
Non-current		
Obligations under finance leases	12,073	17,226
Total non-current borrowings	**12,073**	**17,226**

Across the NHS, DHSC loans were repaid on an effective date of 1 April 2020 by the issue of Public Dividend

Note 26.1 Reconciliation of liabilities arising from financing activities (Group and Trust)

2020/21	**Loans from DHSC £000**	**Other loans £000**	**Finance leases £000**	**Total £000**
Carrying value at 1 April 2020	**350,725**	**2,125**	**22,430**	**375,280**
Cash movements:				
Financing cash flows - payments and receipts of principal	(349,586)	(2,125)	(6,963)	**(358,674)**
Financing cash flows - payments of interest	(1,139)	-	(1,285)	**(2,424)**
Non-cash movements:				
Additions	-	-	3,709	**3,709**
Application of effective interest rate	-	-	1,271	**1,271**
Carrying value at 31 March 2021	**-**	**-**	**19,162**	**19,162**

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

Note 27 Finance leases - Group and Trust

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

Managed Equipment Service (MES) finance lease

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

IM&T "eQuip" programme

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

Renal Dialysis equipment leases

The Trust is the lessee in respect of renal dialysis equipment and premises at six locations.
Commencement dates: 2015/16 to 2019/20
End Dates: 2022/23 to 2044/45

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

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

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

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

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

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

Note 27.1 University Hospitals of Leicester NHS Trust as a lessee
Obligations under finance leases where the trust is the lessee.

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**21,747**	**25,428**
of which liabilities are due:		
- not later than one year;	7,296	5,438
- later than one year and not later than five years;	9,480	13,045
- later than five years.	4,971	6,945
Finance charges allocated to future periods	(2,585)	(2,998)
Net lease liabilities	**19,162**	**22,430**
of which payable:		
- not later than one year;	7,089	5,204
- later than one year and not later than five years;	8,375	11,674
- later than five years.	3,698	5,552
	19,162	**22,430**

Note 28.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: early departure costs	Pensions: injury benefits	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2020	**2,096**	**925**	**2,469**	**16,257**	**21,747**
Change in the discount rate	52	46	-	-	**98**
Arising during the year	339	205	429	2,277	**3,250**
Utilised during the year	(220)	(60)	-	(168)	**(448)**
Reversed unused	(29)	-	-	(2,292)	**(2,321)**
Unwinding of discount	(11)	(6)	-	-	**(17)**
At 31 March 2021	**2,227**	**1,110**	**2,898**	**16,074**	**22,309**
Expected timing of cash flows:					
- not later than one year;	222	60	84	16,074	**16,440**
- later than one year and not later than five years;	908	247	149	-	**1,304**
- later than five years.	1,097	803	2,665	-	**4,565**
Total	**2,227**	**1,110**	**2,898**	**16,074**	**22,309**

Other provisions includes the following significant items:	£000
s106 provision on sale of land	2,200
VAT provision on disputed supply	4,800

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

The land sale agreement also contained a 'put option' which allowed Davidsons' to sell the land back to the Trust should certain milestones not be met. Davidsons' has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. This remained the Board view at 31 March 2020 and at 31 March 2021. The decision to repurchase took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2020/21 financial statements. The sale transaction would therefore remain recognised at 31/3/2021 without any recognition of the potential liability to repurchase.

Note 28.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs	Pensions: injury benefits	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2020	**2,096**	**925**	**2,469**	**16,239**	**21,729**
Change in the discount rate	52	46	-	-	**98**
Arising during the year	339	205	429	2,242	**3,215**
Utilised during the year	(220)	(60)	-	(168)	**(448)**
Reversed unused	(29)	-	-	(2,274)	**(2,303)**
Unwinding of discount	(11)	(6)	-	-	**(17)**
At 31 March 2021	**2,227**	**1,110**	**2,898**	**16,039**	**22,274**
Expected timing of cash flows:					
- not later than one year;	222	60	84	16,039	**16,405**
- later than one year and not later than five years;	908	247	149	-	**1,304**
- later than five years.	1,097	803	2,665	-	**4,565**
Total	**2,227**	**1,110**	**2,898**	**16,039**	**22,274**

Note 28.3 Clinical negligence liabilities

At 31 March 2021, £480,312k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of Leicester NHS Trust (31 March 2020: £411,149k).

Note 29 Contingent assets and liabilities

	Group and Trust	
	31 March 2021	31 March 2020
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	159	-
Gross value of contingent liabilities	**159**	**-**
Net value of contingent liabilities	**159**	**-**

There were no contingent assets (2019/20 - none)

Land disposal

A contingent liability existed at 31 March 2021 in respect of the potential buy back of a parcel of land as disclosed in notes 28.1 and 40.

Note 30 Contractual capital commitments

	Group and Trust	
	31 March 2021	31 March 2020
	£000	£000
Property, plant and equipment	12,996	12,724
Total	**12,996**	**12,724**

Note 31 Other financial commitments

The Trust has no other financial commitments.

Note 32 Financial instruments

Note 32.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal 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 may borrow 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 may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

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

Liquidity risk
The Trust's operating costs are incurred under contracts with Clinical Commissioning 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's loans with the Department for Health and Social Care were all replaced by Public Dividend Capital at the commencement of the current financial year.

Land sale
As described within Note 29 Contingent Liabilities, the Trust has disposed of some surplus land within the year. As part of this transaction, a separate contract has been entered into that includes a put option to the effect that the sale and proceeds received is contingent upon the buyer obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that whilst exercising the option is possible, it is not probable that access and planning permission will not be granted and therefore payment to repurchase the land will not be required.

The Trust has not recognised any liability in respect of this put option as it believes the financial liability associated with this is £nil.

Note 32.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2021

	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	20,800	-	**20,800**
Cash and cash equivalents	102,199	-	**102,199**
Consolidated NHS Charitable fund financial assets	4,407	5,185	**9,592**
Total at 31 March 2021	**127,406**	**5,185**	**132,591**

Carrying values of financial assets as at 31 March 2020

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

Note 32.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2021

	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	22,293		**22,293**
Other investments / financial assets	4,000		**4,000**
Cash and cash equivalents	99,809		**99,809**
Total at 31 March 2021	**126,102**	**-**	**126,102**

Carrying values of financial assets as at 31 March 2020

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

Note 32.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2021

	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	19,162	**19,162**
Other borrowings	12,167	**12,167**
Trade and other payables excluding non financial liabilities	90,146	**90,146**
Consolidated NHS charitable fund financial liabilities	349	**349**
Total at 31 March 2021	**121,824**	**121,824**

Carrying values of financial liabilities as at 31 March 2020

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

Note 32.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2021

	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	19,162	**19,162**
Other borrowings	12,167	**12,167**
Trade and other payables excluding non financial liabilities	90,372	**90,372**
Total at 31 March 2021	**121,701**	**121,701**

Carrying values of financial liabilities as at 31 March 2020

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

Note 32.6 Fair values of financial assets and liabilities

Book value of financial liabilities is a fair approximation of fair value.

Note 32.7 Maturity of financial liabilities

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

	Group		Trust	
	31 March 2021	31 March 2020 restated*	31 March 2021	31 March 2020 restated*
	£000	£000	£000	£000
In one year or less	109,963	461,263	109,835	461,389
In more than one year but not more than five years	9,480	10,763	9,480	10,763
In more than five years	4,971	2,482	4,971	2,482
Total	**124,414**	**474,508**	**124,286**	**474,634**

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

Note 33 Losses and special payments

Group and Trust	2020/21		2019/20	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	1	41
Bad debts and claims abandoned	144	32	2,116	1,094
Stores losses and damage to property	-	-	55	34
Total losses	**144**	**32**	**2,172**	**1,169**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	1
Ex-gratia payments	89	124	109	96
Total special payments	**89**	**124**	**110**	**97**
Total losses and special payments	**233**	**156**	**2,282**	**1,266**
Compensation payments received		-		-

There were no cases individually exceeding £300k

Note 34 Gifts

The Trust made no gifts during 2020/21

Note 35 Related parties

During the year none of the Department of Health and Social Care Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the University Hospitals of Leicester NHS Trust. The Leicester Hospitals Charity is a related party of all members of the Trust Board, as the Trust Board is the Charity's corporate trustee.

K Singh, Trust Chairman, has a family member who is a Partner with Lakeside Healthcare. During the reporting year, the Trust made payments to Lakeside Healthcare amounting to £30k.

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

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

V Bailey, Non-Executive Director, is a council member of the University of Nottingham. During the reporting year the Trust made payments of £228k to the University and received payments of £37k from the University. £13k was owed to the Trust from the University at the year end and £24k was owed from the Trust to the University.

MATERIAL DEPARTMENT OF HEALTH AND SOCIAL CARE ENTITIES

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

NHS Leicester City CCG
NHS West Leicestershire CCG
NHS East Leicestershire and Rutland CCG
Nottingham University Hospitals NHS Trust
Leicestershire Partnership NHS Trust
North West Anglia NHS Foundation Trust
University Hospitals of Derby and Burton NHS Foundation Trust
NHS England - Central Midlands Local Office
NHS England - East Midlands Specialised Commissioning Hub
Health Education England
NHS Pension Scheme
NHS Resolution

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with the following organisations:

HM Revenue and Customs - VAT
HM Revenue and Customs - Other Taxes and Duties
Leicester City Council

University of Leicester:
During the reporting year, the Trust made payments to the University of Leicester amounting to £5,703k (2019/20 £6,329k). The majority of these payments relate to the provision of services to the Trust by medical staff employed by the University of Leicester, and research payments. As at 31st March 2021 a sum of £2,420k (2019/20 - £3,678) is included in payables in respect of the University of Leicester. The University paid us £3,954k (2019/20 - £5,861k) in the year, relating primarily to research work, and £1,425k (2019/20 - £1,939k) was included within receivables at 31st March 2021.

Note 35.1 Related parties (Trust)

Charitable Fund
The Trust is the Corporate Trustee for Leicester Hospitals Charity which is an independent charity registered with the Charity Commission. In 2020/21 the Trust received total asset donations of £4,919k (2019/20 - £348k). Full details will be included in the Charity's accounts as submitted to the Charity Commission.

Trust Group Holdings Limited
The financial statements of the parent (Trust) are presented together with the consolidated financial statements. Any transactions or balances between the group entities have been eliminated on consolidation. Trust Group Holdings Limited does not have any transactions with the NHS or other Government entities except those with the parent Trust and HMRC (payroll and social security taxes). The Trust's receivables includes £0k owed by the subsidiary (2019/20 £0k) and the Trust's payables include £2,866k (2019/20 - £2,959k) owed to the subsidiary.

Note 36 Better Payment Practice code

Non-NHS Payables	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Total non-NHS trade invoices paid in the year	169,638	716,378	194,926	743,680
Total non-NHS trade invoices paid within target	155,205	669,029	91,970	500,891
Percentage of non-NHS trade invoices paid within target	91.5%	93.4%	47.2%	67.4%
NHS Payables				
Total NHS trade invoices paid in the year	4,605	120,683	5,747	129,654
Total NHS trade invoices paid within target	2,827	100,253	1,701	87,189
Percentage of NHS trade invoices paid within target	61.4%	83.1%	29.6%	67.2%

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 37 External financing

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

	2020/21 £000	2019/20 £000
Cash flow financing	(59,198)	119,751
Other capital receipts	-	-
External financing requirement	**(59,198)**	**119,751**
External financing limit (EFL)	61,736	127,568
Underspend against EFL	**120,934**	**7,817**

Note 38 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	72,545	57,159
Less: Disposals	(25)	(4,617)
Less: Donated and granted capital additions	(9,960)	(348)
Charge against Capital Resource Limit	**62,560**	**52,194**
Capital Resource Limit	67,277	55,550
Underspend against CRL	**4,717**	**3,356**

Note 39 Breakeven duty rolling assessment

	To 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		51	1,013	88	91	(39,655)	(40,648)
Breakeven duty cumulative position	3,910	3,961	4,974	5,062	5,153	(34,502)	(75,150)
Operating income		697,692	696,257	719,154	758,665	770,393	834,376
Cumulative breakeven position as a percentage of operating income		0.6%	0.7%	0.7%	0.7%	(4.5%)	(9.0%)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(34,051)	(27,152)	(34,455)	(44,879)	(154,380)	46,161
Breakeven duty cumulative position	(109,201)	(136,353)	(170,808)	(215,687)	(370,067)	(323,906)
Operating income	866,036	924,269	960,790	992,246	1,086,035	1,282,199
Cumulative breakeven position as a percentage of operating income	(12.6%)	(14.8%)	(17.8%)	(21.7%)	(34.1%)	(25.3%)

The breakeven duty in-year financial performance is not disclosed on the same basis as the figures reported in the SOCI for Retained Deficit. In accordance with DHSC guidance we have disclosed the above financial performance as:

	2020/21	2019/20
Financial performance for the year	£000	£000
Adjusted financial performance surplus/(deficit) (control total basis)	46,161	(154,380)
Remove impairments scoring to Departmental Expenditure Limit	-	-
Breakeven duty financial performance surplus/(deficit)	46,161	(154,380)

Note 40 Non-Adjusting Post Balance Sheet Event

Glenfield Land Repurchase

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

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اگر آپ کو یہ معلومات کسی اور زبان میں درکار ہیں، تو براہِ کرم مندرجہ ذیل نمبر پر ٹیلی فون کریں۔

ਜੇ ਤੁਸੀਂ ਇਹ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੁੰਦੇ ਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਨੰਬਰ 'ਤੇ ਟੈਲੀਫੋਨ ਕਰੋ।

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