Walsall Healthcare
NHS Trust

Annual Accounts
2021/21

Caring for Walsall together

Safe, high quality care
Care at home
Partners
Value colleagues
Resources
Respect
Compassion
Professionalism
Teamwork

Walsall Healthcare NHS Trust

Annual accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	291,583	257,026
Other operating income	4	56,871	37,133
Operating expenses	5, 7	(338,499)	(284,183)
Operating surplus from continuing operations		**9,955**	**9,976**
Finance income	10	-	86
Finance expenses	11	(8,351)	(10,960)
PDC dividends payable		(510)	-
Net finance costs		**(8,861)**	**(10,874)**
Other gains / (losses)	12	-	-
Share of profit / (losses) of associates / joint arrangements		-	-
Gains / (losses) arising from transfers by absorption		-	-
Corporation tax expense		-	-
Surplus / (deficit) for the year from continuing operations		**1,094**	**(898)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		-	-
Surplus / (deficit) for the year		**1,094**	**(898)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	-	-
Revaluations	16	9,567	(983)
Share of comprehensive income from associates and joint ventures		-	-
Fair value gains / (losses) on equity instruments designated at fair value through OCI		-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability / asset		-	-
Gain / (loss) arising from on transfers by modified absorption		-	-
Other reserve movements		-	-
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		-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI		-	-
Foreign exchange gains / (losses) recognised directly in OCI		-	-
Total comprehensive income / (expense) for the period		**10,661**	**(1,881)**

Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		1,094	(898)
Remove net impairments not scoring to the Departmental expenditure limit		-	983
Remove (gains) / losses on transfers by absorption		-	-
Remove I&E impact of capital grants and donations		(454)	130
Prior period adjustments		-	-
Remove non-cash element of on-SoFP pension costs		-	-
Remove 2018/19 post audit PSF reallocation (2019/20 only)			(165)
Remove net impact of inventories received from DHSC group bodies for COVID response		(498)	
Adjusted financial performance surplus / (deficit)		**142**	**50**

The Trust has perfomed an internal indexation of assets valuation exercise in 20/21 in the absence of a professional full-site revaluation during the COVID-19 Pandemic and therefore not able to fully assess an impairment value for the capital enhancement works delivered in year. In 2019/20 a valuation exercise was undertaken on the refurbished Neonatal Unit and new Maternity Theatre which resulted in an impairment of £983k being charged to the Statement of Comprehensive

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	13	6,417	1,610
Property, plant and equipment	14	161,995	142,395
Investment property		-	-
Investments in associates and joint ventures		-	-
Other investments / financial assets	19	-	-
Receivables	19	561	861
Other assets		-	-
Total non-current assets		**168,973**	**144,866**
Current assets			
Inventories	18	2,951	2,620
Receivables	19	11,075	39,001
Other investments / financial assets	19	-	-
Other assets		-	-
Non-current assets for sale and assets in disposal groups		-	-
Cash and cash equivalents	20	43,532	9,056
Total current assets		**57,558**	**50,677**
Current liabilities			
Trade and other payables	21	(35,179)	(26,296)
Borrowings	23	(4,058)	(134,693)
Other financial liabilities	24	-	-
Provisions	25	(96)	(96)
Other liabilities	22	(284)	(1,480)
Liabilities in disposal groups		-	-
Total current liabilities		**(39,617)**	**(162,565)**
Total assets less current liabilities		**186,914**	**32,978**
Non-current liabilities			
Trade and other payables	21	-	-
Borrowings	23	(111,956)	(116,013)
Other financial liabilities	24	-	-
Provisions	25	-	-
Other liabilities	22	-	-
Total non-current liabilities		**(111,956)**	**(116,013)**
Total assets employed		**74,958**	**(83,035)**
Financed by			
Public dividend capital		215,632	68,300
Revaluation reserve		24,307	14,832
Financial assets reserve		-	-
Other reserves		-	-
Merger reserve		-	-
Income and expenditure reserve		(164,981)	(166,167)
Total taxpayers' equity		**74,958**	**(83,035)**

The notes on the following pages form part of these accounts.

Name	Professor David Loughton CBE
Position	Interim Chief Executive
Date	23 June 2021

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

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**68,300**	**14,832**	**-**	**-**	**-**	**(166,167)**	**(83,035)**
Surplus for the year	-	-	-	-	-	1,094	**1,094**
Gain/(loss) arising from transfers by modified absorption	-	-	-	-	-	-	-
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	(92)	-	-	-	92	-
Impairments	-	-	-	-	-	-	-
Revaluations	-	9,567	-	-	-	-	**9,567**
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	147,332	-	-	-	-	-	**147,332**
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
Taxpayers' and others' equity at 31 March 2021	**215,632**	**24,307**	**-**	**-**	**-**	**(164,981)**	**74,958**

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

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**64,190**	**15,925**	**-**	**-**	**-**	**(165,379)**	**(85,264)**
Prior period adjustment	-	-	-	-	-	-	-
Taxpayers' and others' equity at 1 April 2019 - restated	**64,190**	**15,925**	**-**	**-**	**-**	**(165,379)**	**(85,264)**
Deficit for the year	-	-	-	-	-	(898)	**(898)**
Gain/(loss) arising from transfers by modified absorption	-	-	-	-	-	-	-
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	(110)	-	-	-	110	-
Impairments	-	-	-	-	-	-	-
Revaluations	-	(983)	-	-	-	-	**(983)**
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly through OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	4,110	-	-	-	-	-	**4,110**
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
Taxpayers' and others' equity at 31 March 2020	**68,300**	**14,832**	**-**	**-**	**-**	**(166,167)**	**(83,035)**

Information on reserves

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

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

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

Merger reserve
This reserve reflects balances formed on merger of NHS bodies.

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

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus		9,955	9,976
Non-cash income and expense:			
Depreciation and amortisation	5.1	6,947	6,163
Net impairments	6	-	983
Income recognised in respect of capital donations	4	(642)	(93)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		28,544	(22,549)
(Increase) / decrease in inventories		(331)	(258)
Increase / (decrease) in payables and other liabilities		4,495	(4,376)
Increase / (decrease) in provisions		-	320
Tax (paid) / received		-	-
Operating cash flows from discontinued operations		-	-
Other movements in operating cash flows		-	-
Net cash flows from / (used in) operating activities		**48,968**	**(9,834)**
Cash flows from investing activities			
Interest received		-	83
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(1,043)	(667)
Sales of intangible assets		-	-
Purchase of PPE and investment property		(16,910)	(10,039)
Sales of PPE and investment property		-	-
Receipt of cash donations to purchase assets		-	-
Prepayment of PFI capital contributions		-	-
Investing cash flows from discontinued operations		-	-
Cash from acquisitions / disposals of subsidiaries		-	-
Net cash flows used in investing activities		**(17,953)**	**(10,623)**
Cash flows from financing activities			
Public dividend capital received		147,332	4,110
Public dividend capital repaid		-	-
Movement on loans from DHSC		(129,967)	36,043
Movement on other loans		-	-
Other capital receipts		-	-
Capital element of finance lease rental payments		-	-
Capital element of PFI, LIFT and other service concession payments		(4,158)	(3,990)
Interest on loans		(567)	(2,603)
Other interest		-	-
Interest paid on finance lease liabilities		-	-
Interest paid on PFI, LIFT and other service concession obligations		(8,351)	(8,233)
PDC dividend (paid) / refunded		(828)	-
Financing cash flows of discontinued operations		-	-
Cash flows from (used in) other financing activities		-	-
Net cash flows from financing activities		**3,461**	**25,327**
Increase / (decrease) in cash and cash equivalents		**34,476**	**4,870**
Cash and cash equivalents at 1 April - brought forward		**9,056**	**4,186**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**9,056**	**4,186**
Cash and cash equivalents transferred under absorption accounting		-	-
Unrealised gains / (losses) on foreign exchange		-	-
Cash and cash equivalents at 31 March	20.1	**43,532**	**9,056**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

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

The Trust has achieved its break-even duty by returning an adjusted performance surplus for the last 2 years, and future long-term plans are expected to continue the trend of acheiving a surplus thereby securing the future viability of the Trust.

Note 1.3 Interests in other entities

Joint operations

Walsall Healthcare NHS Trust is the host provider for ‘Walsall Together’. Walsall Together is a partnership which, in line with proposed government legislation will allow an Integrated Care Partnership (ICP) from April 2022 (or when legislation is enacted). While proposals may result in TUPE transfers and contractual arrangements, the partnership in 2020/21 saw closer working relationships but not financial responsibility transfer from host providers.

Note 1.4 Revenue from contracts with customers

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

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

The Trust receives payment of its contract activity income monthly and is adjusted where necessary following a forecast of performance which is agreed at the financial year-end. The income is invoiced and recognised in the accounts and may potentially have minor revisions following validation through the national contract reconciliation process.

Revenue from NHS contracts

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

<u>2020/21</u>

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

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

<u>Comparative period (2019/20)</u>

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

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

<u>For 2020/21 and 2019/20</u>

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 are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where theassets 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.

Measurement

Valuation

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

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

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

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

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has **not** been applied to the Trust’s Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where a valuer declares a materiality uncertainty attached to a valuation in light of the impact of COVID-19 on markets. As explained above, the Trust has not obtained a valuation report for 2020/21. Given the judgements explained above in preparing these 2020/21 financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation to which a materiality uncertainty might be attached.

In the absence of a professional full site valuation the Trust has performed an internal indexation of assets valuation following provision of industry indicators from the Trust's professional valuer advisor. The revaluation exercise ensures the Trust's assets have an approprate value having applied the requirements of IAS 16 prior to a full-site professional revaluation in 2021/22.

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

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

De-recognition

Assets intended for disposal are reclassified as ‘held for sale’ once 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.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Lifecycle replacement is capitalised annually and therefore included within the capital additions Property, Plant and Equipment note.

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	1	62
Dwellings	1	20
Plant & machinery	1	15
Transport equipment	1	7
Information technology	1	10
Furniture & fittings	1	10

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 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Information technology	-	-
Development expenditure	-	-
Websites	-	-
Software licences	1	10
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

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

Note 1.12 Investment properties

The Trust does not have investment properties.

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 or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

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

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

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

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

Derecognition

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

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

Note 1.15 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.

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.

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	-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 2020:

	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 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.17 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 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, 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 determined that it has no corporation tax liability.

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 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Note 1.23 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 1.24 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 1.25 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 1.26 Transfers of functions to other NHS bodies

No transfers of functions took place in 2020/21.

Note 1.27 Early adoption of standards, amendments and interpretations

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

Note 1.28 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 implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust’s PFI liabilities where future payments are linked to the rate of inflation. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

Other standards, amendments and interpretations

This is not applicable to the accounts for 2020/21.

Note 1.29 Critical judgements and estimation uncertainty in applying accounting policies

In the application of the Trust’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The below are the judgements made in the process of applying the accounting policies and assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

The Going Concern accounting rules (IAS 1) require management to assess, as part of the accounts preparation process, the NHS Trust's ability to continue as a going concern. This is discussed further in the earlier note 1.2.

Property Valuations and Asset Lives Valuations are undertaken by an independent external valuer in line with RICS guidance. These values will therefore be subject to changes in market conditions and marker values. The asset lives are also estimated by the independent external valuer. This was last undertaken at 31st March 2018.

The outbreak of 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. This has also restricted the Trust’s ability to undertake a valuation exercise in year and instead an indexation approach has been taken.

Of the £138.84 million net book value of land and buildings subject to valuation, £128.24 million relates to specialised assets valued on a depreciated replacement cost basis.

Accruals
Accruals included within the accounts are based on the best available information. This is applied in conjunction with historical experience and based on individual circumstances. The total value of accruals included in these accounts is £11.50 million.

Annual Leave Accruals
Walsall Healthcare NHS Trust has written to all members of staff requesting details of their outstanding annual leave at the end of March 2021. The value of the outstanding amount has been calculated based on the returns received back from staff and their average salary. Walsall Healthcare NHS Trust is carrying £3.55 million for outstanding leave in the accounts.

Note 1.30 Sources of estimation uncertainty

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

The Trust in the absence of a professional revaluation during the COVID-19 Pandemic has applied the requirements of IAS 16 to appropriately value its assets. The Trust has applied the BCIS index to value the assets which includes the current estimate for March's index. The indexation of all land, building and and dwellings included in the accounts for 2020/21 totals £9.58 million. The BCIS index is yet to be confirmed at the date of reporting.

Note 2 Operating Segments

The Trust has one operating segment, which is the provision of healthcare.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2020/21 £000	2019/20 £000
Acute services		
Block contract / system envelope income*	236,405	145,904
High cost drugs income from commissioners (excluding pass-through costs)	3,719	13,084
Other NHS clinical income	2,060	48,475
Community services		
Block contract / system envelope income*	32,479	32,216
Income from other sources (e.g. local authorities)	8,770	9,261
All services		
Private patient income	18	43
Additional pension contribution central funding**	7,575	7,035
Other clinical income	557	1,008
Total income from activities	**291,583**	**257,026**

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

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	29,632	28,225
Clinical commissioning groups	250,546	216,791
Department of Health and Social Care	-	-
Other NHS providers	2,060	1,698
NHS other	-	-
Local authorities	8,770	9,261
Non-NHS: private patients	18	43
Non-NHS: overseas patients (chargeable to patient)	21	68
Injury cost recovery scheme	536	940
Non NHS: other	-	-
Total income from activities	**291,583**	**257,026**
Of which:		
Related to continuing operations	291,583	257,026
Related to discontinued operations	-	-

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

	2020/21	2019/20
	£000	£000
Income recognised this year	21	68
Cash payments received in-year	8	64
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	-	-

Note 4 Other operating income

	2020/21			2019/20		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	216	-	**216**	366	-	**366**
Education and training	8,206	-	**8,206**	7,821	-	**7,821**
Non-patient care services to other bodies	6,895	-	**6,895**	4,807	-	**4,807**
Provider sustainability fund (2019/20 only)	-	-	**-**	5,665	-	**5,665**
Financial recovery fund (2019/20 only)	-	-	**-**	11,885	-	**11,885**
Marginal rate emergency tariff funding (2019/20 only)	-	-	**-**	1,383	-	**1,383**
Reimbursement and top up funding	33,151	-	**33,151**	-	-	**-**
Income in respect of employee benefits accounted on a gross basis	327	-	**327**	502	-	**502**
Receipt of capital grants and donations	-	642	**642**	-	93	**93**
Charitable and other contributions to expenditure	-	5,011	**5,011**	-	-	**-**
Support from the Department of Health and Social Care for mergers	-	-	**-**	-	-	**-**
Rental revenue from finance leases	-	-	**-**	-	-	**-**
Rental revenue from operating leases	-	206	**206**	-	201	**201**
Amortisation of PFI deferred income / credits	-	-	**-**	-	-	**-**
Other income	2,217	-	**2,217**	4,410	-	**4,410**
Total other operating income	**51,012**	**5,859**	**56,871**	**36,839**	**294**	**37,133**
Of which:						
Related to continuing operations			56,871			37,133
Related to discontinued operations			-			-

During the year the Department of Health & Social Care (DHSC) supplied the Trust with £5.01million of PPE stock to ensure frontline staff were appropriately equipped to provide the best and safest healthcare to patients during the COVID-19 Pandemic. The supply of PPE equipment has been included above as a charitable contribution.

Other income includes car parking income, IT recharges and other trading income.

Note 5.1 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	14,806	12,972
Purchase of healthcare from non-NHS and non-DHSC bodies	2,528	1,653
Purchase of social care	-	-
Staff and executive directors costs	218,420	186,929
Remuneration of non-executive directors	128	102
Supplies and services - clinical (excluding drugs costs)	20,651	18,433
Supplies and services - general	4,390	3,449
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	17,679	18,422
Inventories written down	172	59
Consultancy costs	3,288	1,064
Establishment	4,170	3,244
Premises	21,287	10,310
Transport (including patient travel)	1,270	1,515
Depreciation on property, plant and equipment	6,276	5,829
Amortisation on intangible assets	671	334
Net impairments	-	983
Movement in credit loss allowance: contract receivables / contract assets	356	67
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit	90	106
other auditor remuneration (external auditor only)	-	17
Internal audit costs	113	94
Clinical negligence	10,491	9,672
Legal fees	212	164
Insurance	247	199
Research and development	759	458
Education and training	1,644	742
Rentals under operating leases	1,277	1,143
Early retirements	-	-
Redundancy	-	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	4,595	4,486
Charges to operating expenditure for off-SoFP PFI schemes	-	-
Car parking & security	771	647
Hospitality	-	-
Losses, ex gratia & special payments	79	77
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	2,129	1,013
Total	**338,499**	**284,183**
Of which:		
Related to continuing operations	338,499	284,183
Related to discontinued operations	-	-

Note 5.2 Other auditor remuneration

	2020/21	2019/20
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	17
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**-**	**17**

Note 5.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2020/21 or 2019/20.

Note 6 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	-	-
Other	-	983
Total net impairments charged to operating surplus / deficit	**-**	**983**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**-**	**983**

The Trust completed the development of the Neonatal Unit and new Maternity theatre in 2019/20. Following an independent valuation the Trust recognised a total impairment loss of £1.966 million against the original cost of the development. The impairment was initially offset against the carried forward revaluation reserve balance for the Maternity Unit, and the remaining balance of £983k was charged to operating expenses as an impairment.

Note 7 Employee benefits

	2020/21	2019/20
	Total	Total
	£000	£000
Salaries and wages	161,553	140,525
Social security costs	15,153	13,503
Apprenticeship levy	734	666
Employer's contributions to NHS pensions	24,772	22,976
Pension cost - other	-	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	17,432	10,087
Total gross staff costs	**219,644**	**187,757**
Recoveries in respect of seconded staff	-	-
Total staff costs	**219,644**	**187,757**
Of which		
Costs capitalised as part of assets	-	-

Note 7.1 Retirements due to ill-health

During 2020/21 there were 3 early retirements from the Trust agreed on the grounds of ill-health (4 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £256k (£234k in 2019/20).

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

Note 8 Pension costs

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

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 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.

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

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

The Trust offers an additional defined workplace pension scheme, National Employment Savings Scheme (NEST), to which a minority of staff contribute.

Note 9 Operating leases

Note 9.1 Walsall Healthcare NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Walsall Healthcare NHS Trust is the lessor. The Trust has received rental income for use of the Urgent Care Centre.

	2020/21	2019/20
	£000	£000
Operating lease revenue		
Minimum lease receipts	206	201
Contingent rent	-	-
Other	-	-
Total	**206**	**201**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	206	201
- later than one year and not later than five years;	822	802
- later than five years.	3,494	3,409
Total	**4,522**	**4,412**

Note 9.2 Walsall Healthcare NHS Trust as a lessee

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

The Trust has operating leases with NHS Property Services for shared occupancy of numerous properties within the Walsall locality to deliver community healthcare services. The Trust has vehicle leases primarily relating to cars for employees working within community services. The employees have the option to renew their lease arrangment after 3 years. Employees do not have the option to purchase the vehicle at the end of the agreement.

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	1,277	1,143
Contingent rents	-	-
Less sublease payments received	-	-
Total	**1,277**	**1,143**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,148	1,016
- later than one year and not later than five years;	241	250
- later than five years.	60	120
Total	**1,449**	**1,386**
Future minimum sublease payments to be received	-	-

Note 10 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	-	86
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total finance income	**-**	**86**

Note 11.1 Finance expenditure

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

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	2,727
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	8,351	8,233
Contingent finance costs on PFI and LIFT scheme obligations	-	-
Total interest expense	**8,351**	**10,960**
Unwinding of discount on provisions	-	-
Other finance costs	-	-
Total finance costs	**8,351**	**10,960**

Note 11.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21	2019/20
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	18	58
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 12 Other gains / (losses)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	-	-
Losses on disposal of assets	-	-
Total gains / (losses) on disposal of assets	**-**	**-**
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
Other gains / (losses)	-	-
Total other gains / (losses)	**-**	**-**

Note 13.1 Intangible assets - 2020/21

	Software licences £000	Licences & trademarks £000	Patents £000	Internally generated information technology £000	Development expenditure £000	Goodwill £000	Websites £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	**8,556**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,556**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Additions	1,262	-	-	-	-	-	-	-	-	**1,262**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	4,216	-	-	-	-	-	-	-	-	**4,216**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 31 March 2021	**14,034**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,034**
Amortisation at 1 April 2020 - brought forward	**6,946**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,946**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Provided during the year	671	-	-	-	-	-	-	-	-	**671**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Amortisation at 31 March 2021	**7,617**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,617**
Net book value at 31 March 2021	**6,417**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,417**
Net book value at 1 April 2020	**1,610**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,610**

Note 13.2 Intangible assets - 2019/20

	Software licences £000	Licences & trademarks £000	Patents £000	Internally generated information technology £000	Development expenditure £000	Goodwill £000	Websites £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2019 - as previously stated	**7,889**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,889**
Prior period adjustments	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**7,889**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,889**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Additions	667	-	-	-	-	-	-	-	-	**667**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 31 March 2020	**8,556**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,556**
Amortisation at 1 April 2019 - as previously stated	**6,612**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,612**
Prior period adjustments	-	-	-	-	-	-	-	-	-	**-**
Amortisation at 1 April 2019 - restated	**6,612**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,612**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Provided during the year	334	-	-	-	-	-	-	-	-	**334**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Amortisation at 31 March 2020	**6,946**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,946**
Net book value at 31 March 2020	**1,610**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,610**
Net book value at 1 April 2019	**1,277**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,277**

Note 14.1 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward	**8,310**	**151,140**	**2,916**	**4,819**	**42,008**	**253**	**10,986**	**970**	**221,402**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	17	5,409	378	7,962	5,052	-	1,679	28	**20,525**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	713	8,725	129	-	-	-	-	-	**9,567**
Reclassifications	-	-	-	(4,198)	(18)	-	-	-	**(4,216)**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2021	**9,040**	**165,274**	**3,423**	**8,583**	**47,042**	**253**	**12,665**	**998**	**247,278**
Accumulated depreciation at 1 April 2020 - brought forward	**69**	**33,168**	**1,629**	**-**	**33,786**	**253**	**9,489**	**613**	**79,007**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,863	169	-	1,675	-	520	49	**6,276**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2021	**69**	**37,031**	**1,798**	**-**	**35,461**	**253**	**10,009**	**662**	**85,283**
Net book value at 31 March 2021	**8,971**	**128,243**	**1,625**	**8,583**	**11,581**	**-**	**2,656**	**336**	**161,995**
Net book value at 1 April 2020	**8,241**	**117,972**	**1,287**	**4,819**	**8,222**	**-**	**1,497**	**357**	**142,395**

Note 14.2 Property, plant and equipment - 2019/20

	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 2019 - as previously stated	**8,325**	**136,792**	**2,926**	**12,171**	**39,997**	**253**	**9,939**	**945**	**211,348**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**8,325**	**136,792**	**2,926**	**12,171**	**39,997**	**253**	**9,939**	**945**	**211,348**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	9	1,800	44	6,097	2,083	-	987	17	**11,037**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(983)	-	-	-	-	-	-	**(983)**
Reclassifications	(24)	13,531	(54)	(13,449)	(72)	-	60	8	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2020	**8,310**	**151,140**	**2,916**	**4,819**	**42,008**	**253**	**10,986**	**970**	**221,402**
Accumulated depreciation at 1 April 2019 - as previously stated	**69**	**28,493**	**1,471**	**-**	**32,139**	**253**	**9,206**	**564**	**72,195**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2019 - restated	**69**	**28,493**	**1,471**	**-**	**32,139**	**253**	**9,206**	**564**	**72,195**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,692	158	-	1,647	-	283	49	**5,829**
Impairments	-	983	-	-	-	-	-	-	**983**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2020	**69**	**33,168**	**1,629**	**-**	**33,786**	**253**	**9,489**	**613**	**79,007**
Net book value at 31 March 2020	**8,241**	**117,972**	**1,287**	**4,819**	**8,222**	**-**	**1,497**	**357**	**142,395**
Net book value at 1 April 2019	**8,256**	**108,299**	**1,455**	**12,171**	**7,858**	**-**	**733**	**381**	**139,153**

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	8,971	63,428	1,625	8,583	10,226	-	2,607	301	**95,741**
Finance leased	-	-	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	64,225	-	-	-	-	-	-	**64,225**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	590	-	-	1,355	-	49	35	**2,029**
NBV total at 31 March 2021	**8,971**	**128,243**	**1,625**	**8,583**	**11,581**	**-**	**2,656**	**336**	**161,995**

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	8,241	57,260	1,287	4,819	7,359	-	1,437	318	**80,721**
Finance leased	-	-	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	60,150	-	-	-	-	-	-	**60,150**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	562	-	-	863	-	60	39	**1,524**
NBV total at 31 March 2020	**8,241**	**117,972**	**1,287**	**4,819**	**8,222**	**-**	**1,497**	**357**	**142,395**

Note 15 Donations of property, plant and equipment

The Trust received cash donations totalling £21k from the donors to the Walsall Healthcare General Charitable Fund as a contribution to support the purchase of a equipment.

The Trust received equipment assets (ventilators and Imaging diagnostic equipment) from DHSC and NHS England as part of the coronavirus pandemic response in 2020/21 totalling £621k.

Note 16 Revaluations of property, plant and equipment

In the absence of a professional full site valuation the Trust has performed an internal indexation of the assets following provision of industry indicators from the Trust's professional valuer advisor. The revaluation exercise ensures the Trust's assets have an approprate value having applied the requirements of IAS 16 prior to a full-site professional revaluation in 2021/22. The desktop exercise has increased the value of the Trust's land, buildings and dwellings assets by £9.567million.

Note 17 Disclosure of interests in other entities

The Trust has no interest in other entities.

Note 18 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	1,259	1,234
Work In progress	-	-
Consumables	1,543	1,132
Energy	112	123
Other	37	131
Total inventories	**2,951**	**2,620**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £46,767k (2019/20: £39,263k). Write-down of inventories recognised as expenses for the year were £172k (2019/20: £59k).

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 £5,011k 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 19.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	10,810	39,025
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(1,838)	(1,404)
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	463	548
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	9
Finance lease receivables	-	-
PDC dividend receivable	318	-
VAT receivable	1,322	823
Corporation and other taxes receivable	-	-
Other receivables	-	-
Total current receivables	**11,075**	**39,001**
Non-current		
Contract receivables	723	1,101
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(162)	(240)
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	-	-
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
VAT receivable	-	-
Corporation and other taxes receivable	-	-
Other receivables	-	-
Total non-current receivables	**561**	**861**
Of which receivable from NHS and DHSC group bodies:		
Current	2,614	32,049
Non-current	-	-

The current contract receivables has reduced significantly by £29.7m when compared to 2019/20 primarily due to the settlement of the outstanding invoices for year-end overperformance on activity, high cost drugs and other service deliverables including the financial support due from the Department of Health & Social Care for COVID-19 in addition to achieving financial balance. During the year NHS organisations were encouraged to settle outstanding legacy balances in addition to settling in year invoices which has also contributed to the reduction in contract receivable balances.

Note 19.2 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**1,644**	**-**	**1,577**	**-**
Prior period adjustments			-	-
Allowances as at 1 April - restated	**1,644**	**-**	**1,577**	**-**
Transfers by absorption	-	-	-	-
New allowances arising	356	-	67	-
Changes in existing allowances	-	-	-	-
Reversals of allowances	-	-	-	-
Utilisation of allowances (write offs)	-	-	-	-
Changes arising following modification of contractual cash flows	-	-	-	-
Foreign exchange and other changes	-	-	-	-
Allowances as at 31 Mar 2021	**2,000**	**-**	**1,644**	**-**

Note 19.3 Exposure to credit risk

The Trust does not consider that it is exposed to credit risk as it is underwritten by the Department of Health & Social Care.

Note 20.1 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.

	2020/21	2019/20
	£000	£000
At 1 April	**9,056**	**4,186**
Prior period adjustments		-
At 1 April (restated)	**9,056**	**4,186**
Transfers by absorption	-	-
Net change in year	34,476	4,870
At 31 March	**43,532**	**9,056**
Broken down into:		
Cash at commercial banks and in hand	49	54
Cash with the Government Banking Service	43,483	9,002
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**43,532**	**9,056**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**43,532**	**9,056**

Note 20.2 Third party assets held by the trust

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

	31 March 2021	31 March 2020
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	**-**	**-**

Note 21.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	6,987	13,374
Capital payables	4,930	1,738
Accruals	15,051	4,253
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
Social security costs	2,127	1,953
VAT payables	-	-
Other taxes payable	1,818	1,625
PDC dividend payable	-	-
Other payables	4,266	3,353
Total current trade and other payables	**35,179**	**26,296**
Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables	-	-
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	2,977	7,263
Non-current	-	-

Note 21.2 Early retirements in NHS payables above

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

	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	-		-	
- number of cases involved		-		-

Note 22 Other liabilities

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	284	1,480
Deferred grants	-	-
Deferred PFI credits / income	-	-
Lease incentives	-	-
Other deferred income	-	-
Total other current liabilities	**284**	**1,480**
Non-current		
Deferred income: contract liabilities	-	-
Deferred grants	-	-
Deferred PFI credits / income	-	-
Lease incentives	-	-
Other deferred income	-	-
Net pension scheme liability	-	-
Total other non-current liabilities	**-**	**-**

Note 23.1 Borrowings

	31 March 2021 £000	31 March 2020 £000
Current		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from DHSC	-	130,534
Other loans	-	-
Obligations under finance leases	-	-
Obligations under PFI, LIFT or other service concession contracts	4,058	4,159
Total current borrowings	**4,058**	**134,693**
Non-current		
Loans from DHSC	-	-
Other loans	-	-
Obligations under finance leases	-	-
Obligations under PFI, LIFT or other service concession contracts	111,956	116,013
Total non-current borrowings	**111,956**	**116,013**

During the year the Trust converted the revenue and capital loans totalling £130,534k received from DHSC to Public Dividend Capital (PDC). The impact of this conversion has resulted in the Trust paying a £510k PDC dividend to the DHSC based on the net relevant assets of the Trust.

Note 23.2 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**130,534**	**-**	**-**	**120,172**	**250,706**
Cash movements:					
Financing cash flows - payments and receipts of principal	(129,967)	-	-	(4,158)	**(134,125)**
Financing cash flows - payments of interest	(567)	-	-	(8,351)	**(8,918)**
Non-cash movements:					
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Application of effective interest rate	-	-	-	8,351	**8,351**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Early terminations	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Carrying value at 31 March 2021	**-**	**-**	**-**	**116,014**	**116,014**

Note 23.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**94,367**	**-**	**-**	**124,162**	**218,529**
Prior period adjustment	-	-	-	-	**-**
Carrying value at 1 April 2018 - restated	**94,367**	**-**	**-**	**124,162**	**218,529**
Cash movements:					
Financing cash flows - payments and receipts of principal	36,043	-	-	(3,990)	**32,053**
Financing cash flows - payments of interest	(2,603)	-	-	(8,233)	**(10,836)**
Non-cash movements:					
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Application of effective interest rate	2,727	-	-	8,233	**10,960**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Early terminations	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Carrying value at 31 March 2020	**130,534**	**-**	**-**	**120,172**	**250,706**

Note 24 Other financial liabilities

	31 March 2021	31 March 2020
	£000	£000
Current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities	-	-
Total current other financial liabilities	**-**	**-**
Non-current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities	-	-
Total non-current other financial liabilities	**-**	**-**

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**-**	**-**	**96**	**-**	**-**	**-**	**-**	**96**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	-	-	-	**-**
Arising during the year	-	-	-	-	-	-	-	**-**
Utilised during the year	-	-	-	-	-	-	-	**-**
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	**-**
Reversed unused	-	-	-	-	-	-	-	**-**
Unwinding of discount	-	-	-	-	-	-	-	**-**
At 31 March 2021	**-**	**-**	**96**	**-**	**-**	**-**	**-**	**96**
Expected timing of cash flows:								
- not later than one year;	-	-	96	-	-	-	**-**	**96**
- later than one year and not later than five years;	-	-	-	-	-	-	**-**	**-**
- later than five years.	-	-	-	-	-	-	**-**	**-**
Total	**-**	**-**	**96**	**-**	**-**	**-**	**-**	**96**

The Trust had provided a general provision for annual leave payments in 2019/20 due to frontline staff carrying forward untaken leave whilst delivering patient care during the COVID-19 pandemic which has been recategorised to creditor accruals in line with DHSC guidance.

Note 25.2 Clinical negligence liabilities

At 31 March 2021, £223,878k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Walsall Healthcare NHS Trust (31 March 2020: £205,110k).

Note 26 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	4,814	2,776
Intangible assets	16	-
Total	**4,830**	**2,776**

Note 27 On-SoFP PFI service concession arrangements

Walsall Healthcare NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI scheme.

Note 27.1 On-SoFP PFI service concession arrangement obligations

The following obligations in respect of the PFI service concession arrangements are recognised in the statement of financial position:

	31 March 2021 £000	31 March 2020 £000
Gross PFI service concession liabilities	**174,203**	**183,593**
Of which liabilities are due		
- not later than one year;	9,108	9,390
- later than one year and not later than five years;	35,988	36,091
- later than five years.	129,107	138,112
Finance charges allocated to future periods	(58,189)	(63,421)
Net PFI service concession arrangement obligation	**116,014**	**120,172**
- not later than one year;	4,058	4,159
- later than one year and not later than five years;	17,625	16,976
- later than five years.	94,331	99,037

Note 27.2 Total on-SoFP PFI service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2021 £000	31 March 2020 £000
Total future payments committed in respect of the PFI service concession arrangements	**460,088**	**478,081**
Of which payments are due:		
- not later than one year;	18,234	17,797
- later than one year and not later than five years;	77,609	75,748
- later than five years.	364,245	384,536

Note 27.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2020/21 £000	2019/20 £000
Unitary payment payable to service concession operator	**17,789**	**17,363**
Consisting of:		
- Interest charge	8,351	8,233
- Repayment of balance sheet obligation	4,158	3,990
- Service element and other charges to operating expenditure	4,595	4,486
- Capital lifecycle maintenance	685	654
- Revenue lifecycle maintenance	-	-
- Contingent rent	-	-
- Addition to lifecycle prepayment	-	-
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-
Total amount paid to service concession operator	**17,789**	**17,363**

Note 28 Financial instruments

Note 28.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that Walsall Healthcare NHS Trust has with CCGs and the way CCGs are financed, Walsall Healthcare 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. Walsall Healthcare NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing Walsall Healthcare NHS Trust in undertaking its activities.

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

Currency risk

Walsall Healthcare NHS 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

Cash flow financing

Walsall Healthcare NHS 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.
Walsall Healthcare NHS Trust therefore has low exposure to interest rate fluctuations.

Credit risk

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

Liquidity Risk

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

Note 28.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	9,532	-	-	**9,532**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	43,532	-	-	**43,532**
Total at 31 March 2021	**53,064**	**-**	**-**	**53,064**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	38,491	-	-	**38,491**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	9,056	-	-	**9,056**
Total at 31 March 2020	**47,547**	**-**	**-**	**47,547**

Note 28.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	116,014	-	**116,014**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	28,911	-	**28,911**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2021	**144,925**	**-**	**144,925**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	130,534	-	**130,534**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	120,172	-	**120,172**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	20,218	-	**20,218**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2020	**270,924**	**-**	**270,924**

Note 28.4 Maturity of financial liabilities

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

	31 March 2021	31 March 2020 restated*
	£000	£000
In one year or less	38,019	160,142
In more than one year but not more than five years	35,988	36,091
In more than five years	129,107	138,112
Total	**203,114**	**334,345**

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

Note 28.5 Fair values of financial assets and liabilities

The book value is used as a reasonable approximation of fair value.

Note 29 Losses and special payments

	2020/21		2019/20	
	Total number of cases	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Cash losses	-	-	-	-
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned	-	-	-	-
Stores losses and damage to property	1	46	1	59
Total losses	**1**	**46**	**1**	**59**
Special payments				
Compensation under court order or legally binding arbitration award	11	71	11	83
Extra-contractual payments	-	-	-	-
Ex-gratia payments	16	6	23	11
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**27**	**77**	**34**	**94**
Total losses and special payments	**28**	**123**	**35**	**153**
Compensation payments received		-		-

Note 30 Gifts

	2020/21		2019/20	
	Total number of cases	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Gifts made	-	-	-	-

Note 31 Related parties

	Payments to Related Party Non-NHS Organisations
Professor S Field, Chair	£25,685.58
Ms D Oum, Chair	£25,335.58
Mr S Heer, Non-executive Director	Not Applicable
Mr P Assinder, Non-executive Director	£22,698.00
Mr J Hemans, Non-executive Director	£22,698.00
Mrs S Rowe, Associate Non-executive Director	Not Applicable
Mr R Beeken, Chief Executive	£22,698.00
Mr D Fradgley, Acting Chief Executive (from 1 February 2021), Director of Integration	Not Applicable
Mr R Caldicott, Director of Finance and Performance	£2,766.00
Mr N Hobbs, Chief Operating Officer	Not Applicable

The payments to related parties refer to non-nhs organisation only as significant transactions with the NHS organisations are included within the entities list below.

Professor S Field is the Chair of Royal Wolverhampton NHS Trust, Honorary Professor of Universities Birmingham & Warwick.
Ms D Oum is Co - Chair, Centre for Health and Social Care - University of Birmingham, and Non-executive Director of Royal Wolverhampton NHS Trust.
Mr S Heer is Non-executive Director Birmingham Community NHS Foundation Trust (NHS Entity), Black Country Partnership NHS Foundation Trust.
Mr P Assinder, is Chief Executive Officer - Dudley Integrated Health & Care Trust, and a Honorary Lecturer at University of Wolverhampton.
Mr J Hemans is a visiting lecturer of the University of Wolverhampton.
Mrs S Rowe is an Executive Director of Childrens Services for Walsall MBC.
Mr R Beeken's spouse is a Midwifery Lecturer at Wolverhampton University.
Mr D Fradgley's spouse is a Systems Manager at West Midlands Ambulance Service NHS Foundation Trust.
Mr R Caldicott, is an Executive Member of the West Midlands Branch of the Healthcare Financial Management Association.
Mr N Hobbs' father is a Governor of Oxford Health NHS Foundation Trust.

The Department of Health is regarded as a related party. During the year the Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. 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 organisations detailed below.

Walsall Clinical Commissioning Group
Dudley And Walsall Mental Health Partnership NHS Trust
Sandwell and West Birmingham Clinical Commissioning Group
South East Staffs and Seisdon Peninsular Clinical Commissioning Group
Dudley Clinical Commissioning Group
Cannock Chase Clinical Commissioning Group
Birmingham Cross City Clinical Commissioning Group
Stafford and Surrounds Clinical Commissioning Group
Wolverhampton Clinical Commissioning Group
Royal Wolverhampton Hospitals NHS Trust
Sandwell and West Birmingham Hospitals NHS Trust
Birmingham Women's & Children's Hospital NHS Foundation Trust
Unversity Hospitals Birmingham University NHS Foundation Trust
West Midlands Ambulance Service NHS Foundation Trust
The Dudley Group NHS Foundation Trust
St Helens and Knowsley NHS Trust
Oxford Health NHS Foundation Trust
NHS England
Health Education England
NHS Business Services Authority
NHS Pension Scheme
National Insurance Fund
NHS Litigation Authority
NHS Property Services
Walsall Metropolitan Borough Council

The Trust has also received revenue and capital payments from a number of charitable funds. The trustees of the Trust charity are also members of the Trust board.

32 **Note 32 Transfers by absorption**

This is not applicable to the accounts for 2020/21.

33 **Note 33 Prior period adjustments**

There were no prior period adjustments.

34 **Note 34 Events after the reporting date**

At the date of submission there are currently no events to report.

35 **Note 35 Final period of operation as a Trust providing NHS healthcare**

Not Applicable.

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	63,323	101,785	64,799	109,975
Total non-NHS trade invoices paid within target	49,700	83,047	16,694	48,470
Percentage of non-NHS trade invoices paid within target	78.5%	81.6%	25.8%	44.1%
NHS Payables				
Total NHS trade invoices paid in the year	1,241	23,306	1,340	14,207
Total NHS trade invoices paid within target	151	10,397	59	3,598
Percentage of NHS trade invoices paid within target	12.2%	44.6%	4.4%	25.3%

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 limit

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

	2020/21 £000	2019/20 £000
Cash flow financing	(21,269)	31,293
Finance leases taken out in year	-	-
Other capital receipts	-	-
External financing requirement	**(21,269)**	**31,293**
External financing limit (EFL)	17,339	39,282
Under / (over) spend against EFL	**38,608**	**7,989**

Note 38 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	21,787	11,704
Less: Disposals	-	-
Less: Donated and granted capital additions	(642)	(93)
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**21,145**	**11,611**
Capital Resource Limit	21,145	11,611
Under / (over) spend against CRL	**-**	**-**

Note 39 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus / (deficit) (control total basis)	142
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	1,616
Breakeven duty financial performance surplus / (deficit)	**1,758**

Note 40 Breakeven duty rolling assessment

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, Walsall Healthcare NHS Trust financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Breakeven duty in-year financial performance		1,998	3,247	4,164	3,853	565	(12,861)
Breakeven duty cumulative position	5,933	7,931	11,178	15,342	19,195	19,760	6,899
Operating income		168,545	179,749	226,983	228,409	237,049	239,491
Cumulative breakeven position as a percentage of operating income		4.7%	6.2%	6.8%	8.4%	8.3%	2.9%

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	(9,790)	(21,392)	(21,350)	(25,959)	1,839	1,758
Breakeven duty cumulative position	(2,891)	(24,283)	(45,633)	(71,592)	(69,753)	(67,995)
Operating income	243,525	244,742	243,963	253,034	294,159	348,454
Cumulative breakeven position as a percentage of operating income	(1.2%)	(9.9%)	(18.7%)	(28.3%)	(23.7%)	(19.5%)