NHS
Hertfordshire Community
NHS Trust

ANNUAL REPORT AND ACCOUNTS

FOR 2018-19

About this Report

Our Annual Report follows best practice in corporate governance by reporting our performance against strategic objectives and national targets and presenting information about our services and financial performance transparently and honestly.

The structure of the Report and Accounts also follows the requirements of the Companies Act 2006 and consists of a Performance Report, an Accountability Report, Remuneration and Staff Report and the Financial Statements.

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Contents

Foreword by the Chair

I am pleased to present our Annual Report and Accounts for 2018/19. During the year, we have continued to play a vital and valuable role in the health and social care system across Hertfordshire, supporting local people to have the best health possible. We have introduced new services and reconfigured existing services. In particular, our role as a system leader has been strengthened and become more significant as we work more closely in partnership with our colleagues in the NHS, voluntary sector and local authorities. There are many highlights and achievements from the past year which illustrate both our vision of maintaining and improving the health and lives of our communities and also our ethos of partnership working. Three of our services have been shortlisted for two prestigious national award schemes – the Health Service Journal Value Awards and the Health Service Journal Patient Safety Awards – and we are hopeful of success.

In September 2018, we were selected by Herts Valleys Clinical Commissioning Group as the lead provider for a new integrated nutrition and dietetics service for people living in west Hertfordshire. Having effective nutrition is a fundamental part of our lives, but for some people it can be really difficult to achieve, especially for someone with specific health conditions, recovering from illness or major surgery and for people who have other social care needs. By working with local partners in the NHS and the voluntary sector, we are using our collective expertise and knowledge to provide a range of health and social support for patients, their carers and families. The service also includes training and practical support for health and social care professionals in settings such as care homes so that in turn they can support the people they care for to have good nutrition and manage their dietary needs.
In last year's Annual Report we reported on how our involvement with Gypsy and Traveller Empowerment (GATE) Hertfordshire helps provide practical steps for gypsy and traveller communities to manage their health needs alongside other practical skills such as literacy and numeracy. This year, we helped teenager Ruby, a Romany gypsy from Hertford, to complete a week's work experience at Potters Bar Community Hospital. Ruby's dream is to have a career in medicine and her time working with us has further strengthened that wish. This is a great example of how our inclusion activities support us and our partners to provide really effective healthcare.

HCT is working in partnership with East and North Hertfordshire Clinical Commissioning Group and other partners to implement and deliver a well-coordinated, high quality service for our local frail population. In partnership with the Ernest Gardiner Treatment Centre, we have developed The Maple Frailty clinic model which focuses on the timely identification of patients with mild and moderate frailty and provides these patients with personalised care planning and rehabilitation. The Maple Frailty clinic pilot has been running since November 2018 and aims to improve the health, independence and well-being of frail patients and to support GPs and other health professionals to identify and care for patients with frailty more effectively. This model will help reduce the number of patients who are currently admitted to an acute hospital but who could remain at home with the right support, therefore also making better use of resources.

January brought the great news that we have retained our Good rating from the Care Quality Commission (CQC), the independent regulator of health and social care in England. This is a

fantastic achievement and a real testament to the hard work and dedication of our teams across Hertfordshire. There is much to celebrate in the CQC's report. In particular, the inspectors praised the compassionate care our teams provide to patients, how we involve patients in their care and how we effectively plan services so they meet the needs of local people. The CQC also highlighted our positive working culture which supports and values our staff. At the same time they reported on improvements we need to make, specifically in the management and administration of medicines, correct recording of mental capacity assessments and the timely testing and maintenance of medical equipment. We have action plans in place to support these improvements and we are confident that we are addressing the issues effectively.

In January we also received the very disappointing news that we had not retained the contract to provide adult community services in west Hertfordshire. This followed a market testing process run by Herts Valleys Clinical Commissioning Group which confirmed Central London Community Healthcare NHS Trust (CLCH) as the new provider for these services from 1 October 2019. HCT currently provides these services and has done so for many years. We did not feel that the outcome reflects the quality of the services we provide. We have also highlighted the possible implications for the wider health and social care system to our regulators - NHS England and NHS Improvement. In the meantime, our focus is on continuing to provide high quality services for our adult community patients in west Hertfordshire and to support a safe and smooth transition to CLCH for them and our staff, some of whom will transfer to CLCH as a result.

Within HCT, we have continued to see changes in our Executive team. David Law, who had been our Chief Executive since 2013, stood down in April 2018 following a period of ill health. Clare Hawkins, previously our Director of Nursing and Quality and Deputy Chief Executive, acted into the role from the summer of 2017 and we were delighted to be able to appoint Clare to the substantive Chief Executive post in October 2018 after a rigorous competitive recruitment process. Following her appointment, Clare has led further changes within the Executive team as colleagues have retired and moved to roles in other organisations. As I commented on in last year's Annual Report, changes in our leadership team are part and parcel of running any organisation and help bring fresh ideas and fresh perspectives to our work.

Our financial position is still a strong one. We have achieved all our financial targets with no audit recommendations for the eighth year running. This is a real achievement and is down to the diligence of colleagues right across the organisation. We have also retained our Single Oversight Framework rating of One from NHS Improvement. This is the highest possible rating and allows us maximum autonomy over our financial and operational activities. Recruitment continues to be a challenge for us, as it does for other health and social care providers. We are working closely with colleagues from our partner organisations across the Hertfordshire and West Essex Sustainability and Transformation Partnership, holding joint recruitment events and working with the University of Hertfordshire to support nursing and therapy students and encourage them to apply for roles in community healthcare when they qualify.

I want to thank my non-executive (NED) colleagues who work alongside me on the Trust Board. Our NEDs are all local people who live in Hertfordshire and who between them bring

us their many years of experience working in healthcare and other disciplines. They work behind the scenes to support much of the governance and checks and balances which are so important to the effective running of the organisation. I am always grateful for their expertise and time, which is willingly given.

This is also my last Annual Report as the Chair of Hertfordshire Community NHS Trust. I have been privileged to hold the position since February 2010 when community services in Hertfordshire were being divested from the former primary care trust and HCT was formed. There is so much for me to reflect on and look back on from the last nine years. Overall, I look back with a great sense of pride. Over this time, we have continued to increase the profile and the effectiveness of community healthcare services, which are very much the "glue" that connects and supports the whole health and social care system in Hertfordshire. The fact that we are increasingly working with and delivering services with our partners in the voluntary sector, local authorities and other NHS trusts is a real testament to the hard work and credibility of our teams, who are seen as essential to the work of the whole system in supporting and caring for our local communities. The NHS's latest Long Term Plan, published in January, clearly recognises and emphasises the contribution that primary and community health services make to patient care. Increasingly, we will be working ever more closely with our colleagues in primary care to really integrate our services with the work of GPs and other local services. I know that we have already laid the ground to make this an exciting reality, something I am particularly proud of as I step aside.

My final words are in recognition of our incredible staff. Every day, our teams provide compassionate, expert care and support, often in people's own homes, often working alone. Their work is as skilled and important as that of any healthcare professional. I am so pleased that the CQC's latest report on our services recognises their care and dedication so clearly. Everything they do is geared towards helping people live their lives to the full, whatever their health needs. This includes providing care that helps prevent people from having to be admitted to an acute hospital wherever possible and appropriate, giving people the support and skills they need to manage their health conditions and helping them retain the dignity and independence which we all hope and live for. I have been so incredibly privileged to be the Chair of an organisation that can do this. I wish HCT, our staff, patients, their carers and families, our partners and communities the very best for the future.

Declan O'Farrell
Chair
Hertfordshire Community NHS Trust
23 May 2019

Performance Report

Overview

The purpose of this section of the Report is to provide background information about Hertfordshire Community NHS Trust, its purpose, values and strategic objectives, the key risks related to the achievement of those objectives and how we have performed over the 2018/19 year.

About the Trust

The Trust's history

Hertfordshire Community NHS Trust (HCT) was established on 1 November 2010 by virtue of Statutory Instrument 2010 No. 2464 made under the National Health Service Act 2006. Prior to this, it was the provider services arm of the then Hertfordshire Primary Care Trust. HCT was established along with other "standalone" community healthcare trusts to provide community healthcare services in order to divide the provision of operational services from commissioning. Community healthcare services are also provided by NHS trusts which run other clinical services including acute and mental health care.

The Trust's principal activities

Hertfordshire Community NHS Trust (HCT) is the principal provider of community-based healthcare services to the 1.2 million population of Hertfordshire. The Trust is rated as 'Good' by the Care Quality Commission. It had an income of £145.7m during 2018/19 (£142.4m in 2017/18) and employed around 2,750 staff. (approximately 2,800 in 2017/18).

Community health services are at the forefront of NHS care and support. Every day, we deliver a wide range of high quality health services to people in their homes, in local clinics, in schools and in our community hospitals located across the county. We also provide the healthcare services at HMP The Mount in Bovingdon. We support people at every stage of their lives, from health visiting and school nursing services for children and young people to community nursing, rehabilitation and palliative care. In 2018/19 we had over 1.7 million patient contacts, a similar level to 2017/18.

We work in partnership with colleagues across NHS, social care, education, charities and local government helping people to maintain their independence for as long as possible and making sure people get the right care in the right place at the right time. A full list of our services and where they are provided are set out in the service portfolio on page 7.

Our vision, values and strategic objectives

Our vision

We will maintain and improve the health and wellbeing of the people of Hertfordshire and other areas served by the Trust.

Our values

Our vision is underpinned by values which complement the NHS Constitution, supporting patients' rights and in particular the right for all our patients, their carers and families to be treated with dignity and respect:

- **Care** - we put patients at the heart of everything we do
- **Respect** - we treat people with dignity and respect
- **Quality** - we strive for excellence and effectiveness at all times
- **Confidence** - we do what we say we will do
- **Improvement** - we will improve through continuous learning and innovation

Our strategic objectives

We have five strategic objectives which support our vision and values:

- We will support the people we serve to manage their own health and wellbeing
- We will improve clinical outcomes and enhance patient safety
- We will support the substantial expansion of community services through the delivery of excellent core services for adults and children
- We will use resources efficiently to enhance our ability to improve services
- We will develop the organisational capacity to deliver our vision and objectives

Service portfolio

The following table lists the services provided by the Trust and the locations where they are provided as at 31st March 2019.

Adult Community Services (Countywide)	
Bladder and Bowel Care	Lymphoedema (also West Essex)
Community Iipatient beds	Neurological inpatient beds
Community Neurological, including Early Supported Discharge	Nutrition and Dietetics
Discharge Home to Assess	Referral hub
End of Life and Specialist Palliative Care	Speech and Language
Foot Health (Podiatry)	Tissue Viability and Leg Ulcer
Integrated Diabetes	Overnight Nursing
Adult Community Services (East & North)	
Acute Therapies	Musculoskeletal Services
Clinical Navigators	Overnight Nursing Service
Hospital Day Service (Cheshunt)	Pain Management and Chronic Fatigue
In-reach Team	Pulmonary Rehabilitation
Integrated Care Teams	Respiratory
Minor Injuries Unit (also West Essex)	Skin Health
Adult Community Services (Herts Valleys)	
Cardiology including Cardiac Rehabilitation and Heart Failure	Overnight Nursing
Clinical Treatment Unit	Potters Bar Community Hospital Day Services
Community Adult Health Services (CAHS)	Prison Health Services (HMP The Mount)
Diabetic Retinal Screening	

Children and Young People's Services (Countywide)	
Child Health Information Services (CHIS) covering Hertfordshire, Bedford, Luton and Milton Keynes	PALMS (Positive Behaviour, Autism, Learning Disability and Mental Health Service)
Dental	Physiotherapy Service
Health Visiting and School Nursing	Public Health Nursing (Health Visiting and school nursing)
Looked After Children's Service	Specialist Nurse Coordinators (Transition and Sickle Cell)
Nascot Lawn Respite Care (services provided until November 2018)	Speech snd Language Therapy
Step2	Specialist School Nursing
Occupational Therapy	
Children and Young People's Services (Herts Valleys)	
Children's Community Nursing	Children's Hearing (Audiology)
Children's Eye Services (St Albans and Harpenden, Dacorum)	Community Medical Service

The performance of the Trust in 2018/19 – The Chief Executive's overview

This has been another transformative and challenging year for Hertfordshire Community NHS Trust and for the health and social care system in Hertfordshire and West Essex. At HCT, we continued to see ever greater demand for our services and a sustained need to respond to an environment of the competitive tendering of our services. Throughout the year, our performance has remained strong with continued improvement and we have made a significant contribution to the system. In particular:

- We retained our "Good" rating from the Care Quality Commission following a routine inspection in September 2018
- We achieved all our financial targets with no audit recommendations for the eighth year in a row
- We retained our top Single Oversight Framework rating with NHS Improvement
- We launched new services with partner organisations, including the countywide public health nursing service (school nursing and health visiting) and nutrition and dietetics services in west Hertfordshire with partner organisations
- Over 550 new colleagues joined us over the year, choosing to work in community services in Hertfordshire thanks to our reputation as a good employer

I am particularly pleased that our reputation for innovation, collaboration and partnership working has been strengthened by the successful launch of the public health nursing and nutrition & dietetics contracts, both of which contribute significantly to the health and wellbeing of our local communities, from pre-birth through to later life. This also reflects our organisational vision to provide care for people at all stages of their lives, whatever their needs. We are also now running the minor injuries service at Cheshunt Community Hospital with local partners, helping patients get excellent and effective care 365 days a year without having to go to local hospital accident and emergency departments. We had our best year ever for the uptake of flu immunisations for Hertfordshire children. We provide this vaccination service in partnership with Vaccination UK, with over 65 per cent of eligible children across the county receiving the vaccine. By helping more children to have the flu vaccine we are reducing the spread of flu in our communities, protecting people who are most vulnerable.

Managing and developing our estate is a key part of ensuring we can deliver high quality services in locations where our communities need them. Our patients and service users deserve to receive care in modern, fit-for-purpose surroundings and we strive to provide these wherever possible. During the year, we worked with Hertfordshire Partnership University NHS Foundation Trust to open the new Marlowes Health and Wellbeing Centre in the centre of Hemel Hempstead. The centre provides a range of mental and physical health services side by side, enabling patients and service users to benefit from a more joined up approach to their needs. In October, we opened our new Community Treatment Unit (CTU) at St Albans City Hospital, replacing an older, cramped facility. The new CTU provides a range of services for haematology, oncology and renal patients in light and airy surroundings and has almost double the capacity of the previous unit.

We continue to lead the way in agile working, with the majority of our staff working flexibly, both in terms of work patterns, and with mobile technology – laptops and smartphones – and utilising electronic patient records.

Being an outstanding employer and recruiting, supporting and retaining staff is a key ambition. The results from the 2018 NHS National Staff Survey once again showed that we are leading the way on a number of key measures of staff satisfaction, including the quality

of appraisals, feeling valued at work, having clear objectives and being supported to undertake training, learning and development. Compared with other NHS organisations in Hertfordshire and West Essex, we also have the highest appraisal rate, the lowest staff sickness rate and the second best training compliance record. We know that the quality of care patients receive is directly related to the happiness and motivation of staff, so it is particularly encouraging to see these results, despite the challenges and uncertainties the competitive procurement processes bring for affected employees. During the year, we also launched a new online learning system where staff can easily check their Continuing Professional Development records and book courses to achieve their Personal Development Plans.

These successes were recognised by the Care Quality Commission who once again gave us an overall rating of "Good" following our latest routine inspection in September 2018. As Declan has already said, the compassion and professionalism of our staff really shines through the CQC's report and is something that we are very proud of. I am particularly pleased that the improvements we have made in our community services which provide end of life care have also been recognised. The CQC highlighted areas where we need to improve and we have already made progress in ensuring that:

- all patients on our inpatient units receive their medicines on time
- patient records always include mental capacity assessments and that "do not resuscitate" agreements are recorded in line with our policies
- testing and maintenance of medical equipment is always carried out and recorded in line with our policies

The quality of our services has also been recognised through two prestigious national award schemes which are run by the Health Service Journal (HSJ). The HSJ Value Awards recognise excellent use of resources and improvements in outcomes for patients. Two of our services have been shortlisted:

- Our redesign of our adult community therapy service in west Hertfordshire, which has resulted in improved access to the service whilst increasing efficiency, is shortlisted for the Community Health Service Redesign Award
- Our innovative Positive Behaviour, Autism, Learning Disability and Mental Health Service (PALMS) which provides high quality support to help families of children with these conditions to positively manage their child's behaviour and wellbeing is shortlisted for the Specialist Service Award

We have also been shortlisted for the HSJ Patient Safety Awards for our innovative IT solution to support child safeguarding, an electronic system under which we can safely share health information on children between professionals in local acute hospitals, community services and general practice.

During 2018 we celebrated the NHS's 70 anniversary with a number of events across our centres. A real highlight of the celebrations was our HCT Superstars scheme, where we encouraged our staff to nominate their colleagues for a Superstar award. Over 300 people received an award, shining a spotlight on people who consistently go that extra mile. Our Superstars came from all our teams and services, including our healthcare assistants, physiotherapists, receptionists, nurses, doctors, administrators and mangers. I was incredibly lucky to be able to attend a special celebration service for the NHS's 70th anniversary at Westminster Abbey with two of our own HCT superstars.

This year we also received the very disappointing news that we were not successful in our bid to retain adult community health services in west Hertfordshire. After a market testing exercise, Herts Valleys Clinical Commissioning Group awarded a new contract for these services to Central London Community Healthcare NHS Trust (CLCH) which begins on

October 1 2019. HCT has successfully provided these services for many years and we do not feel that the decision is a fair reflection of this. This means we will say goodbye to around one third of our staff as they will transfer to CLCH. Our focus now is to support a safe and smooth transition for them. We will ensure we continue to provide high quality care for patients who use the services that are transferring to CLCH as well as maintaining and improving our remaining services in west Hertfordshire and across east and north Hertfordshire.

We welcome the emphasis that the NHS's Long Term Plan places on primary and community health services and the immense contribution that can be made to improve the health and wellbeing of our populations. We are already working closely with our primary care colleagues and this will be a key focus for us in the coming year as the primary care networks begin to form. We will build on initiatives we have introduced in the last year, including our new referral hubs for our adult community health services which speed up the process of triaging and managing patients who can be seen in the community. As set out in the Long Term Plan, we remain committed to creating fully integrated community-based healthcare and the introduction of more multidisciplinary teams – where different health and social care professionals come together to manage individual patients' care and support – as well as increasing dedicated healthcare support for people living in care homes. All of these will help us to make a step change in how we care for our communities in the future and I am very excited about the possibilities this brings us.

I am very privileged to lead HCT as the Trust's Chief Executive. I was absolutely thrilled to be appointed substantively into the role in October 2018 after a year as Acting Chief Executive. Bringing my many years' experience of community services and my passion for care closer to home, I look forward to leading this exciting time for community services. By continuing to work with our partners and support our staff to deliver great care, I am really confident that we can achieve this together.

Performance summary

We successfully maintained our CQC rating of “Good” after a routine inspection in September 2018 and are pleased to be recognised for continuing to deliver safe, effective, responsive, caring and well led services. We are now reflecting on how we can improve further as part of the Trust’s aim of working towards and achieving an “Outstanding” rating in the near future.

Whilst we are disappointed with the announcement by NHS Herts Valleys CCG on their decision to award adult services to CLCH next year, we were pleased that we worked closely with a number of partner organisations to set out an integrated service model for these services. This allowed us to present a bid which illustrated the Trust’s approach to working in partnership with other NHS providers, as well as the private and charity sectors.
This approach led to a successful joint bid with Herts Urgent Care and Lea Valley Health to run a nurse-led service providing urgent care services for people with minor injuries at Cheshunt Community Hospital from 1 April 2019.

We continue to be involved at all levels and work closely with our health and social care partners to take forward delivery of the Hertfordshire and West Essex Sustainability and Transformation Partnership (STP). Activity this year has included supporting new frailty models of care in East and North Hertfordshire.

During the year we reorganised our customer services function and created referral hubs within both East and North Hertfordshire and Herts Valleys which has helped improve access to the correct treatment for our service users.

On a financial note, the Trust has successfully achieved its planned financial position of making a small surplus of £0.8m for the year, which represents 0.5 per cent of our overall income. Because of the Trust’s operational and financial performance during the year, we have also been awarded a further £3.2m of centralised funding. Given the continued financial pressures the NHS has faced this year and will continue to face in future years, this performance should be recognised as a further achievement.

The Trust’s ability to rise to the challenge and achieve so much this year is due in no small way to the significant efforts, enthusiasm and dedication of our workforce. Our teams have and continue to work extremely hard for the people we serve, doing so with care and compassion. It is extremely pleasing that our staff have been recognised for their hard work in external national award schemes this year.

The Trust recognises the importance of its workforce and during the year a number of staff related events have occurred to celebrate the hard work and dedication of our staff. Key events have included the leading Light programme, Annual Leaders conference and Senior leader forums which have had the opportunity for staff to recognised for their dedication and leadership this year. The Trust’s Executive, Board and Senior Leaders have also regularly visited staff and service users throughout the country to ensure that our workforce have the opportunity to engage with the Trust’s Leadership and help enact change to improve the ways we deliver services.

Partnership and engagement

Strategic partnership

As part of our strategic aim of working in close partnerships with organisations across the health and social care system, the Trust has continued to invest in building, developing, and strengthening our relationships with other organisation to the benefit of our patients. This included driving forward place-based care with our partners across all ten localities in Hertfordshire via Integrated Care Delivery Boards (ICDBs). We provided capacity from our transformation team to support locality lead general practitioners (GPs) to deliver specific projects in localities and attended a range of meetings. As part of the Family Centre Service, HCT's Public Health Nursing service works in close partnership with the Family Support Service to deliver an integrated service offer for children and their families which maximises the services available.

In North Hertfordshire, we developed a programme with our system partners to tackle the lack of coordination across services for patients with increasing levels of frailty. This includes a 'One Stop Shop' for falls and frailty at the Ernest Gardner Treatment Centre, currently owned and run by Letchworth Garden City Heritage, a local charity. The purpose of this initiative is to bring staff and services together under one roof to improve the provision and coordination of services for frail elderly patients.

We opened The Marlowes Health and Wellbeing Centre in Hemel Hempstead, a joint venture with Hertfordshire Partnership University NHS Foundation Trust (HFPT). The centre provides around 20 community mental and physical health services on two floors, one each for adult and children's services. Arranging services in this way – rather than having separate floors for mental and physical healthcare – makes it easier for colleagues from mental and physical health services in the two trusts to interact and work together to provide more holistic care for patients. For example, a patient with a long term physical health condition such as diabetes or Crohn's disease may benefit from some psychological support to help them manage the impact of their condition. The way the centre is set up facilitates this style of intervention. The centre was officially opened on 11 May 2018 by The Rt. Hon Sir Mike Penning MP, Member for Hemel Hempstead, along with Clare Hawkins and Tom Cahill, Chief Executive of HPFT.

In Lower Lea Valley, we have developed a programme with system partners and volunteers to improve levels of diagnosis, treatment and support for people with dementia. Specific activities include launching an innovative 'Healthy Memory Café' in Broxbourne (cited as evidence of excellent partnership working on BBC Three Counties Radio) and piloting a local assessment, diagnosis and treatment clinic in partnership with Hertfordshire Partnership University NHS Foundation Trust.

We presented our findings on the Healthy Memory Café at the National Association of Primary Care conference in March 2019. The key benefits were:

- Increasing the number of patients diagnosed, helping with early interventions
- Reducing the number of patients attending GP surgeries or hospital accident and emergency departments in crisis, improving use of NHS resources
- More patients reporting that they feel better supported, helping them cope with symptoms and lead better quality lives
- Decreasing stigma and enabling service users to be more confident in asking for help
- Increasing the numbers of carers and families who are accessing services, helping providing them with better quality support
- Improving signposting for GPs and helping to provide a more joined up service
- Increasing community awareness and improving connections within the community
- Helping to provide a network of support by making partner organisations more aware of the services on offer which they can link to
- Increasing peer support

Engagement with stakeholders

The Trust is committed to ensuring that stakeholders have the opportunity to be involved in service improvement. Over the last year, this has included engagement around the buildings and facilities we provide our services from as well as changes to the operational delivery of our adult and children's services.

Involving the local community and service users in the development of new facilities

The Trust continued to work in partnership with the Harpenden Society and Harpenden Town Council to effectively communicate and engage with local people on the development of a new health and wellbeing centre in the town. This included a joint communications and engagement group and a public open event in April 2018 as part of the Harpenden Society's annual general meeting.

We have also worked with stakeholders and local residents in St Albans around the refurbishment of part of the St Albans Civic Centre, which will host a range of adult and children's healthcare services. We have provided information leaflets, regular email updates to stakeholders, posters and banners, as well as running an online survey and holding a focus group.

Since the opening of the Marlowes Health and Wellbeing Centre in Hemel Hempstead in 2018, two service user groups run jointly by HCT and Hertfordshire Partnership University NHS Foundation Trust (HPFT) have been held to gather feedback. As a result, improvements have been made to the service user experience such as rearranging the furniture in the adults' waiting room to create more space for service users with mobility difficulties.

Engaging with carers

The Trust has adopted the NHS England Always Events® framework to support co-production with service users. Engagement with carers via face to face and telephone interviews told us that what matters most to them is being kept informed and involved in every aspect of care and being given information about help and support available. Working directly with carers, an Always Event pilot in the neurological inpatient unit in Danesbury is currently underway with the aim that carers are always signposted for support.

The Trust has engaged with young carers though the Young Carers in Herts Youth Council. This initiative is designed to introduce young carers to HCT and our services in order to build relationships and allow them to gain a greater understanding of what we provide. Many of them will care for parents, other relatives and/or siblings who are using our services. The work has also enabled young carers to give their input to our carers' strategy and action plan which we will take forward into 2019-20 with their continued involvement.

Valuing the need for organisations to work together to support carers, the Trust participates in the Hertfordshire Carers Planning and Partnership Group and the Hertfordshire Carers Organisations Network. We also provide a system-wide annual training event for carers champions in collaboration with Carers in Herts. We ran the second of these events in February 2019. Approximately 35 colleagues from across HCT and our local partners attended, including champions from within Hertfordshire Partnership University NHS Foundation Trust, local GP practices and voluntary sector organisations. Participants gain a greater understanding of the needs of both young and adult carers, the support that is available to them and how to signpost people to that support.

Adult services engagement
Interviews were carried out with patients, their friends and families and carers across a range of services in west Hertfordshire to test out some ideas for service transformation. The questions included asking what matters most about the care received as well as seeking views on access to services, increased use of technology and what other services would be useful to access at a visit to a health and wellbeing centre. The feedback was used to inform the proposals for redesign including aspects such as care coordination for complex patients, single point of access and support at home following discharge. This information was used as part of our tender bid for adult services within the Herts Valleys, as we looked to reflect the patient needs as well as the CCG's service specifications.

Children's services engagement
We held two children's speech and language therapy (SLT) focus groups in 2018 gain service user feedback regarding the parent education and training programme offered by the service. Two stakeholder events took place in 2018. Invites were sent to Hertfordshire Parent Carers Involvement Group and to families known to the SLT service who had expressed interest in attending focus groups. Ten parents attended both sessions. Parents had requested that information on the education and training programme be made available on the HCT website and courses open to extended family members. Both these requests have been actioned and the service is also using the Eventbrite online booking service to make it as easy as possible for family members and health and social care professionals to attend courses.

We also worked with parents to enable them to feed into our proposals for an integrated service for children and young people (CYP) with complex needs. We held face to face interviews with nine parents on the three-tier therapy model to understand their views on how they would like to access therapy services. Parents' views were sought on some ideas for potential changes to the delivery of the service. The proposals and feedback received were as follows:

Potential changes to service delivery	**Feedback**
Referral to therapy services - If your child required referral to more than one therapy service, would it have been helpful if this had been made as one referral?	Parents would prefer referral to all therapy services at the same time when it is clear that their child will have multiple needs. Children who were identified with significant feeding difficulties at birth were immediately referred to the specialist SLT service by the hospital where the child was born.
The initial appointment - If your child needed to be seen by more than one therapist, would a joint appointment have been helpful?	Parents welcomed the idea of an initial joint therapy appointment. One parent said: *"It is the most annoying thing to have to keep on repeating her story. It's like no one reads the notes and I have to tell it all again"*
Follow-up therapy sessions - How important to you is it to see the specialist therapist each time? How would you feel if your therapy was with another experienced member of the team? If your child required follow-up by more than one therapist, would it be helpful for the appointment to be combined?	Eight out of nine parents welcomed the idea of joint follow up appointments. All of the parents fed back that as long as they have confidence in the person, they would be happy for their child to be seen by another member of the wider team.
The report and action plan - Would you prefer a separate report and action plan from each therapist involved or separate reports?	Eight out of nine parents were open to a joint report. One said: *"We currently have so many reports."*

The development of an integrated service for children and young people with complex needs is continuing. The following key actions are being taken forward:

- Piloting multidisciplinary initial assessments where these are clinically appropriate
- Setting up a single point of contact for all CYP therapy services
- Setting up an integrated therapies advice line
- Creating a single point of contact for education, health and care plan queries

As well as working with families, we have also discussed the proposals with colleagues in the education service. Their feedback will help us shape the following developments over the coming year.

- Setting up a single referral form
- Developing an integrated therapies website
- Extending and further developing e-learning modules to support education staff

Over the coming year, priorities will include:

- Continuing to engage with families and stakeholders through forums and school questionnaires
- Continuing to identify patient engagement champions within all CYP services.
- Investigating the feasibility of setting up a database of parents, families and stakeholders within the sevices
- Continuing to involve education service colleagues as regular contributors to engagement around change and improvement

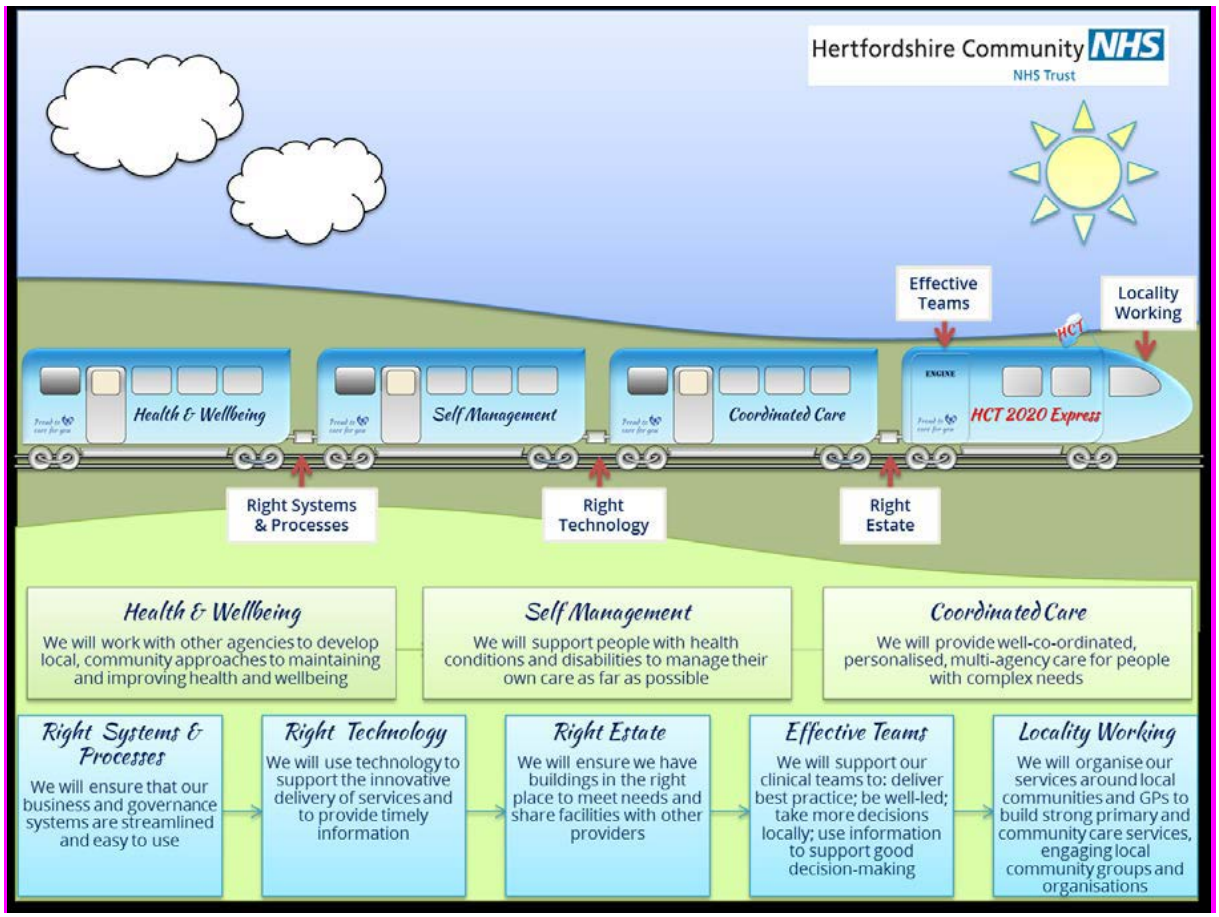
Other engagement activities

Throughout the year, we have continued to meet with elected councillors and other local representatives on a regular basis to update them on our services. We have attended health scrutiny meetings as well as inviting local representatives to specific events. For example, in December 2018 The Right Worshipful the Mayor of the City and District of St Albans, Councillor Rosemary Farmer, officially opened our new Community Treatment Unit based at St Albans City Hospital.

The Trust's Strategy and developments

Strategy

The Trust continued to deliver its Strategy - described in the image below - to deliver on the Five Year Forward View and help ensure we provide high-quality, integrated, and place-based care for the communities we serve. Over the coming year, we will implement our new Trust strategy which is aimed at delivering integrated community services with our primary care colleagues and other partners, aligned with primary care networks (PCNs) as described in the comprehensive NHS Long Term Plan.



Co-ordinated Care: Working with East and North Hertfordshire Clinical Commissioning Group, we changed the way we deliver our adult community services across east and north Hertfordshire to create a single, integrated model of care which launched in September 2018. The new model aims to make healthcare more preventative rather than reactive, and to empower local teams working in partnership with other providers to tailor services to the needs of their local communities. We are working with Hertfordshire Partnership University NHS Foundation Trust (HPFT) and social services colleagues as well as voluntary sector organisations via Age UK Hertfordshire and local community navigators. All these organisations work collaboratively together across nursing, therapy, mental health and social care to deliver better co-ordinated care for the local population. Community navigators work in partnership with the local teams to ensure patients are signposted and access the services they need. The main benefit of this approach is being able to undertake a multi-disciplinary

holistic assessment of each patient to ensure they receive the most appropriate response to their needs.

Self-management: Another element of our strategy is to support people to effectively manage their own care themselves, particularly those with long term conditions whose needs account for around 70 per cent of healthcare resources. People have better health when they can and do take on greater responsibility for their health. This also reduces demand on our services so that we can deliver more personalised care to those with greatest need. A staff training programme has been implemented to equip staff to work in partnership with people to build their confidence in managing their own health and wellbeing.

Over 2,000 of our staff have completed self-management e-learning courses. In addition, around 350 nurses and therapists in adults' specialist services and community teams have completed training in health coaching. A patient held 'MyPlan' enables people to record information about themselves and their goals. Recording of patient reported outcome measures (PROMS) in this way allows us to better support people to achieve their goals. Champions have been identified for each team and are available to support staff with a wide range of training materials available, including regular workshops and video guidance.

Health and Wellbeing: All these initiatives and developments support the third element of our strategy which is to maintain and improve the health and wellbeing of the broader population. Over the year, we have continued to work with colleagues across Hertfordshire and West Essex Sustainability and Transformation Partnership (STP) as well as providing programme management and project support to the locality provider boards. This will continue to be a focus for us in the coming year.

Enabling our strategy

We have also taken forward actions in the supporting areas of our strategy.

Effective teams: We worked with our teams to support the delivery of the effective leadership project. The project consisted of three strands: capability, development and talent management. Leadership and management teams in the Adults and Children's and Young People's business units undertook the Healthcare Leadership Model 360°assessment. This identified individual strengths and development areas which were fed back in a coaching session and a team composite report was then generated. Appropriate bespoke development interventions were then provided for individuals and the teams whilst access to all normal development opportunities continued. Regional talent work has been progressed in the organisation with HCT working closely with the regional Talent Board on system wide leadership. Partnership working has supported our graduate trainees from the NHS and Local Authority graduate schemes with the provision of high quality placements in the Trust. Additional resource has been secured to embed robust talent management processes to ensure all staff are able to have career conversations to maximise their potential. In addition, team/business unit away days were delivered as required to support delivery of business objectives. Coaching and mentoring was also offered to staff in addition to undertaking the 360° assessment framework.

Locality working: We continue to organise our services around local communities and GPs to build strong primary and community services, engaging local community groups and organisations. Localities have identified their priorities and we are working with other organisations to address them. For example, we have continued to build partnership working with providers, the voluntary and community sector, social care, local authorities and patient representatives through being an active participant in developing plans for each locality. During 2018 in the St Albans and Harpenden locality, we successfully piloted video conferencing between our community nursing teams and staff from a local care home to test the IT benefits of virtual working. The Watford locality successfully completed a short project

called *Pimping my Zimmer* with residents from a local care home and children from a nearby school. The aim of the project was to use haberdashery items to individualise residents' Zimmer frames, encouraging them to use their frames more readily.
The Hertsmere locality started jointly planning medication waste project involving social care, Hertfordshire Partnership University NHS Foundation, the Local Pharmaceutical Committee (LPC) and Hertsmere Borough Council. The locality successfully secured funds from the Borough Council to pilot 60 community pharmacy domiciliary visits to complete a medication under review (MUR) for people who are stockpiling medication and/or who do not comply with taking their medications.

Right estate: We developed a fully integrated estates function across HCT and Hertfordshire Partnership University NHS Foundation Trust (HPFT), which has significantly enhanced the integrated estates strategy for both organisations and will help us to deliver the right premises closer to where our patients live. The shared working arrangement benefits from not only the ambition to deliver an integrated approach but also from the advantages of a significant asset portfolio and the opportunities and flexibility this could offer.

A key target in 2018 was the opening of the Marlowes Health and Wellbeing Centre in Hemel Hempstead, an integrated mental health and community services facility which is vital to our strategic aim of delivering integrated services. We also completed a refurbishment of staff facilities at Peace Children's Centre in Watford to support the introduction of new referral hubs for our children's and young people's services. In 2019, our key aim is to open a new health and wellbeing centre in St Albans Civic Centre, enabling health services to work alongside local authority and voluntary sector services such as the local Citizens Advice Bureau in a "one stop shop" setting. Looking further ahead, we are working in partnership with Stevenage Borough Council to create a new community health hub as part of the Council's development of a new civic facility in Stevenage town centre which will include community and mental health services together with local authority services including a library. This exciting project is due for completion in 2022.

We continue to work with all our local stakeholders including clinical commissioning groups, Hertfordshire County Council, district and borough councils, HPFT, other NHS and voluntary sector partners, the private sector, our staff and service users to ensure that the estates strategy underpins our key health and well-being initiatives. This work also ensures we can support key national and local health outcomes, including the delivery of GP extended opening hours, facilitating multidisciplinary working between multiple organisations and helping patients and service users access a range of services in single locations.

Our Estates Development Programme has continued in close partnership working with various relevant partners. Current key developments include:

Development	Key Partners	Anticipated Delivery Date
St Albans Health and Wellbeing Centre (within St Albans Civic Centre)	• St Albans City and District Council • Central London Community Healthcare NHS Trust • Hertfordshire Partnership University NHS Foundation Trust	October 2019
Lower Lea Valley Health and Wellbeing Centre (Cheshunt and Waltham Cross)	• Hertfordshire County Council Public Health team • East and North Hertfordshire Clinical Commissioning Group • Central London Community Healthcare NHS Trust • Lea Valley Health GP Federation	2019/2021
Letchworth Health and Wellbeing Centre	• Letchworth Heritage Foundation • Hertfordshire County Council Public Health team • East and North Hertfordshire Clinical Commissioning Group	December 2020
Stevenage Community Hub	• Stevenage Borough Council • Hertfordshire County Council • East and North Hertfordshire Clinical Commissioning Group • NHS Property Services	December 2022

Information about our work which relates to climate change, energy use and sustainability can be found on page 32.

Right Technology: This year we have deployed around 1800 smartphones to frontline and management staff to enable them to more easily access key information whilst on the move. We have created a new interactive suite of reports enabling front line services to manage their workload more effectively using information which is updated daily. Across all our sites and buildings we have provided patients, service users and visitors with access free Wi-Fi. We moved our datacentres during the year to Welwyn Garden City and Farnborough, so we now have a very robust environment with the capability to run all systems from one datacentre in the event of a major incident.

Right systems and processes: We have largely delivered our Customer Service Transformation (CST) programme which has redesigned our administrative services to improve the customer service we offer to our patients and service users and the health and social care partners who refer people to us. The programme was implemented in our Adult Integrated Care Teams (ICTs) in East and North Hertfordshire, our Children and Young People's (CYP) Public Health Nursing service and our CYP specialist services in Herts Valleys. We are now providing a much improved customer experience much speedier responses to calls, issues, and queries.

Key strategic risks and uncertainties

Risks to the achievement of the Trust's strategic objectives are identified by the Executive Team and entered on the Trust's Board Assurance Framework (BAF). The BAF is submitted for review and discussion by the Audit Committee and the Board. Risks or implications are also considered by the Healthcare Governance Committee and Strategy and Resources Committee. Risks identified at Business Unit Level are entered on Business Unit Risk Registers. Risks scoring 15 or over are then recorded on a "High Level Risk Register" (HLRR). The HLRR is considered monthly by the Executive Team and is submitted to the Healthcare Governance Committee, Audit Committee and the Board meeting in public. Risks on the HLRR are linked to the BAF and those that are considered by the Executive Team to have a strategic impact are escalated to the BAF. A summary of the strategic risks on the BAF as at 31st March 2019 is shown on pages 57 and 58.

Going concern

When undertaking the Accounts preparation process, the Trust's management team is required to consider and assess the Trust's ability to continue as a going concern under *International Accounting Standard 1 – Presentation of Financial Statements*. The HM Treasury Financial Reporting Manual (FReM) directs that in the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without transfer to another entity.

The Board of Directors has carefully considered the principle of 'going concern' when approving the Trust's Annual Accounts. The Board recognises that there are potential uncertainties related to the financial sustainability (ability to breakeven) of the Trust going forward due to the loss of adult community services in Herts Valley from October 2019. Though this may cast doubt on the ability of the Trust to continue as a going concern, the Trust has a long term strategy to ensure its future sustainability which includes a number of transformation projects and minimal liabilities outside of its day to day operations.

This has enabled the Board of Directors to conclude that the Trust has a reasonable expectation to continue operations, to have access to adequate cash reserves to meet its liabilities and to continue to provide the planned range of clinical services in the foreseeable future. On that basis and for the reasons outlined below, the Board of Directors considers it is appropriate to prepare the 2018/19 Accounts on a going concern basis. The financial statements do not include the adjustments that would result if the Trust were unable to continue as a going concern:-

- The Board considers the Trust operates a significant portfolio of clinical services. The Trust has signed all material 2019/20 contracts with its main commissioners. These contracts support continued provision of services with no plans for disinvestment, with the exception of adult community services in Herts Valleys
- The Trust has submitted an annual plan with a small surplus of £0.039m to NHS Improvement/NHS England (NHSI/E) for 2018/19. This plan is control total compliant and is not dependant on the Trust receiving any revenue support loans. Subject to delivery of performance, the Trust is eligible to receive £1.174m of Provider Sustainability Funding (PSF) in 2019/20. If this is secured, the Trust's planned surplus would be increased to £1.213m
- The Trust has included an estimate of £5.356m of capital requirements within its 2019/20 operating plan. This includes the utilisation of £1.902m of its previously received PSF to invest in efficiency schemes. The Trust is in the process of submitting a business case to NHS I/E for approval which outlines plans to invest previously received PSF over the next three years.

2.2 Performance Analysis

Measuring and monitoring performance

Quality performance

Detailed information and analysis on the Trust's performance and objectives in relation to the quality and safety of our services is contained in our Quality Account for 2018/19. This is available on the NHS Choices website at https://www.nhs.uk/Services/trusts/Overview/DefaultView.aspx?id=3381 and also the Trust's own website at http://www.hct.nhs.uk/about-us/our-publications/

The Trust has continued to build a strong framework for ensuring the quality of our services over the last year. We define quality as being:

- Excellent clinical outcomes
- An outstanding patient experience
- Consistent and improving patient safety

Quality performance and initiatives are driven and assessed by a number of sources, including internally, via our commissioners and other statutory and regulatory bodies, via national initiatives, reports, guidance and legality and from the Care Quality Commission. Initiatives in these categories are set out below.

Internally

- The Trust's Care Quality Commission (CQC) Quality Improvement Plans, Quality Improvement Framework, Risk Management and Health and Wellbeing Strategy (plus related policies)
- Publication of an annual Quality Account
- Reports on all aspects of quality improvement and performance submitted to the Trust's Healthcare Governance Committee and Trust Board (including incidents, serious incidents and complaints)
- Escalation and management of patient care concern
- Identification and management of quality-related risks
- Quality assurance visits, internal peer reviews, service escalation reviews and "deep dives" of clinical services
- The Quality Governance, Well Led Framework and Memorandum
- The performance monitoring of the quality of services delivered as part of Business Unit Performance Reviews
- Internal audit informed by the Board Assurance Framework (BAF) risk register and clinical audits informed by national and locally agreed professional standards
- Staff appraisal, Continuing Professional Development, mandatory training and supervision
- Use of the responses to patient surveys/questionnaires, including the national "Friends and Family" Test
- Review of the Trust's performance against the national Safety Thermometer
- Staff survey outcomes – both the annual national NHS survey and our local quarterly Pulse survey
- Patient Led Assessment of the Care Environment (PLACE)
- Learning From Deaths Panel – all deaths occurring in our community hospitals and some deaths of patients in the community are subject to case record review with oversight by the Panel
- Setting our own quality priorities which support local population health and wellbeing
- Professional Clinical Leaders Group

By commissioners and other statutory/regulatory bodies

- Quality key performance indicators agreed in our contracts with commissioners (Plus monitoring through regular meetings and quality assurance visits by the commissioners)
- Commissioning for Quality and Innovation (CQUIN) schemes agreed with commissioners
- Monitoring of key national targets by NHS Improvement and NHS Digital
- Joint local area Special Educational Needs (SEND) inspection carried out by Ofsted and the Care Quality Commission (Children's Services)
- Review of complaints and improvements with the CQC's Hospital Inspectorate liaison lead and the CQC/Ministry of Justice (MoJ) liaison lead
- The Data Protection and Security Toolkit (DSPT) supports the management and reporting to the Information Commissioner's Office (ICO) office of baseline position
- Health and Justice Clinical Quality Visit and contract oversight of HMP The Mount Healthcare Service
- Risk management through the National Reporting & Learning System (NRLS)
- Reporting to the Hertfordshire County Council Health Scrutiny Committee
- NHS England national screening programme quality assurance visits
- Attendance by a representative from Healthwatch Hertfordshire at the Trust's Board and Healthcare Governance Committee and its Patient Safety and Experience subgroup meetings
- Section 11 audit of Safeguarding Children services and an annual review to provide assurance of compliance with safeguarding adults best practice carried out by commissioners

National initiatives, reports, guidance and legality

- External, national initiatives such as supporting patient flow and developing sepsis management
- NHS Improvement workforce implementation plan engagement, enabling support for Associate Nurse registration, First Contact Practitioners (Allied Health Professionals (AHPs)) pilot and future planning for AHPs
- The NHS Outcomes Framework
- National Institute for Health and Care Excellence (NICE) guidance and standards
- Public Sector Equality Duty (PSED) and the national NHS Workforce Race Equality Standard (WRES)
- New legislation, regulations or court judgements
- National Fraud Initiative
- Coroner Inquest reports
- Specialist or themed reports reviewed and local initiatives aligned including: Promoting professionalism, National Apprenticeship scheme, The NHS Long Term Plan, CQC Beyond Barriers, State of Care, Workforce Implementation Plan
- Local initiatives including working with the University of Hertfordshire around the joint development of an occupational therapy apprenticeship and scoping the development of an advanced care practitioner programme with local universities

Care Quality Commission (CQC)

The CQC carried out a focused inspection of the Trust in September 2018, with the final report published in January 2019 confirming an overall rating of *Good*. This focused inspection formally reviewed adult services as specific developments in end of life care provision since the previous inspection in April 2016. The 2018 inspection also considered how well led the Trust is.

An area of *Outstanding* practice identified by the inspectors was the establishment of a system for healthcare assistants to deliver insulin to diabetic patients, enabling registered nurses to deliver more complex care.

Areas cited as *Good* included:

- Staff understand how to protect patients from abuse and services work well with other agencies to do so
- The Trust manages patient safety incidents and generally learns from incidents
- Staff assess and manage patients' pain appropriately

The inspection also found that:

- Managers across the Trust promote a positive culture that supported and valued staff, creating a sense of common purpose based on shared values
- The Trust engages well with patients, staff, the public and local organisations to plan and manage appropriate services and collaborates effectively with partner organisations

However, the inspection also recognised the need for further improvement to ensure safe, effective medicines management in our inpatient units and that maintenance of medical equipment is undertaken in a timely manner. A formal action plan is in place and is already improving safety and efficiency.

A joint review by the Ministry of Justice and the Care Quality Commission was undertaken at Her Majesty's Prison The Mount in April 2018. Overall healthcare provision was found to be of a good standard with some minor actions undertaken to support unification of care records. A formal improvement action plan was developed and is being monitored to ensure maintenance for compliance of the fundamental standards.

The operational performance of the Trust in 2018/19

Activity

Patient Activity Figures	2016/17	2017/18	2018/19	
Total face to face contacts	1,707,202	1,598,304	1,507,585	↓
Total non-face to face contacts	153,364	180,584	187,452	↑
Total contacts	1,874,305	1,778,888	1,695,037	↓
Total referrals received	417,511	391,724	368,317	↓
Occupied bed days	67,512	66,174	62,307	↓
Minor injuries attendances	10,439	10,839	11,718	↑
Total admissions	2,180	2,193	2,212	↑

National and regional performance targets

The Trust met the majority of national targets and Key Performance Indicators (KPIs) in 2018/19. These are set out in the table below. Further information on performance against quality standards is included in the 2018/19 Quality Account.

Key Performance Indicators	2018/19 Targets/Thresholds	2018/19 Performance
Indicator		
Minor injuries unit patients seen within 4 hours	95%	99.5%
Mixed sex accommodation breaches	0	0
Avoidable MRSA bacteraemia (see note below)	0	1
C. difficile infections (see note below)	5	4*
Venous thromboembolism assessments	100%	100%
Retinal screening - percentage of diabetic cohort offered an annual screen	100%	93.2%
Retinal screening - percentage of diabetic cohort screened in 2018/2019	85%	74.8%
Patient waiting within 18 weeks (including Consultant & Non-consultant led services)	92%	94.1%
Human Papilloma Virus (HPV)	Dose1 80% Dose2 80%	83.7% 82.2%
NHS delayed transfer of care	5%	9.6%
School Nursing - percentage of children who have had height and weight monitored in reception and year 6	90%	95.1%
Percentage of children in reception year who have received vision and audiology screening (subject to school participation)	90%	97.3%
Stroke patients average length of stay	42 days	35 days (32 days rehab pathway)
Non Stroke (Rehab Pathway) Patients Average Length of Stay	21 days	19.9 days
CQC Registration	Registered no conditions	Good

The majority of indicators set with NHS Improvement and Clinical Commissioning Groups have been within target levels. Other issues to note are:

- Eight C.difficile cases were reported for the year. Two cases have undergone successful appeal and a further two are currently undergoing the appeal process. Therefore four actual cases have been confirmed against the target threshold of five
- The Trust reported its first MRSA case in seven years in 2018/19. Following a post infection review, a range of learning was identified which includes: the use of body maps on admission to enable monitoring of wounds, MRSA screening of wounds on admission and documentation of wounds assessments. As a result the learning will be cascaded throughout the organisation via a sharing lessons in practice document and via the monthly infection control updates

Exiting the European Union

In accordance with Department of Health and Social Care (DHSC) requirements, the Trust's Director of Finance has been identified as the Trust's European Union Exit Lead and the Trust's Director of Operations has been identified as his Deputy. The Trust has been preparing for exiting the EU and has been utilising the DHSC's seven work streams, listed below, to identify potential risks to the Trust and the services it provides:

- Supply of medicines and vaccines
- Supply of medical devices and clinical consumables
- Supply of non-clinical consumables, goods and services
- Workforce
- Reciprocal healthcare
- Research and clinical trials
- Data sharing, processing and access

Financial performance

This section is a summary and overview only. Further details of the Trust's financial position for the financial year 2018/19 can be seen in the financial statements and notes to the accounts in the Annual Accounts section of this Report which begins on page 84.

Financial reporting

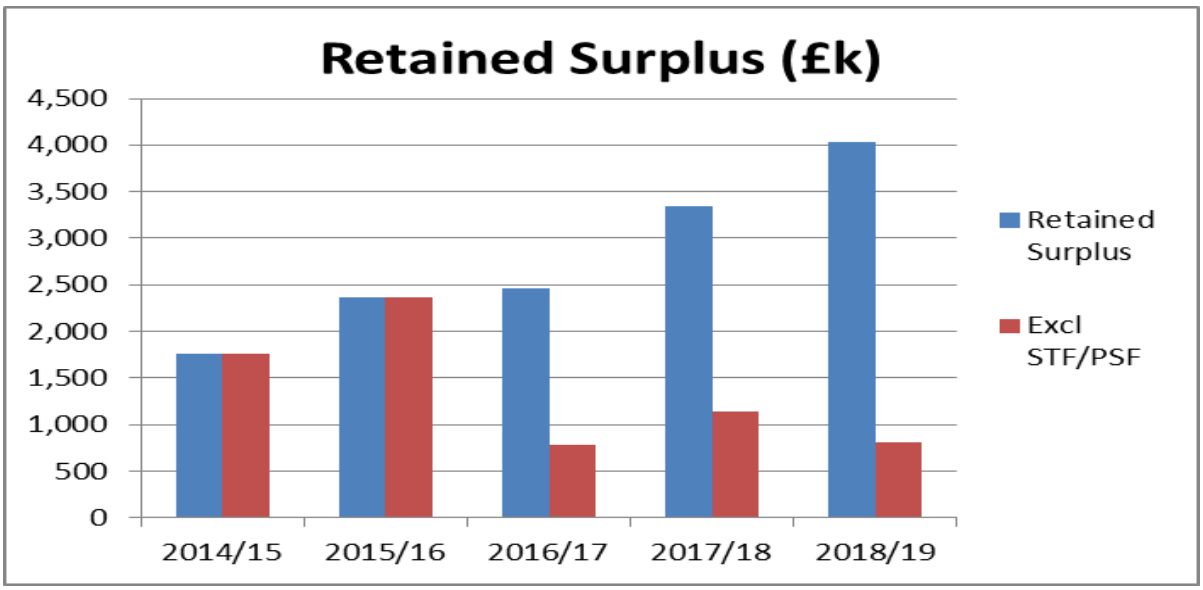
The Trust reports under the National Health Service Act 2006 chapter 41 schedule 15: Preparation of annual accounts.

Sources of finance

The Trust's funding comes from contracts with commissioners to provide health services. A majority of funding remains on a block basis for the majority of services, i.e. the Trust is paid a fixed sum of money to deliver a range of services with an agreed level of activity. We are however seeing an increase in income being received via cost per case funding which is counter to the agenda set out in the NHS Long Term Plan.

Summary of financial performance

The Trust is reporting a retained surplus for the current year of £4.0m which is £2.0m ahead of plan. The improved performance compared to plan is due in the main to additional central funding received from NHS Improvement/England relating to Provider Sustainability Funding (PSF), formerly known as Strategic Transformation Funding. This funding has been awarded to the Trust because of its good performance and financial control - the Trust overperformed against its agreed control total of £2.0m.

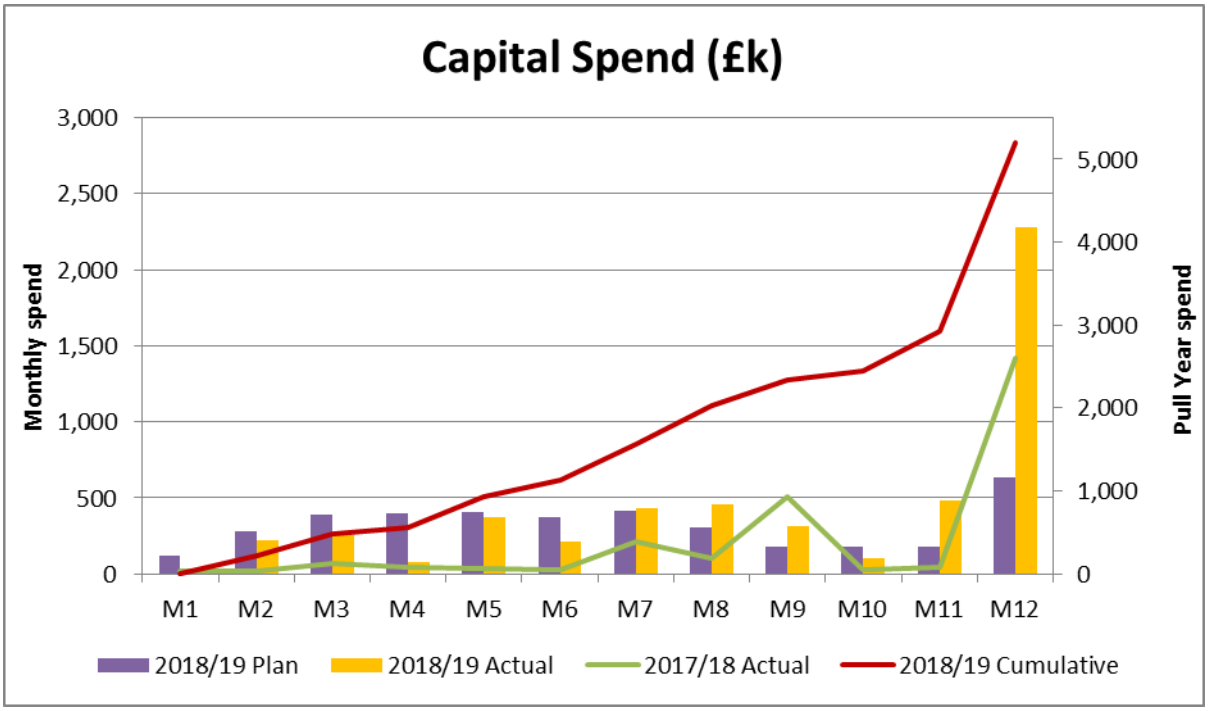


A comparison of planned and actual performance is shown in the table below.

Statement of Comprehensive Income	2017/18	2018/19 financial performance		
	Accounts £000s	Plan £000s	Actual £000s	Variance £000s
Gross Employee Benefits	(105,560)	(99,628)	(105,066)	(5,438)
Other Operating Costs	(32,806)	(33,055)	(35,595)	(2,540)
Revenue from Patient Care Activities	138,876	133,390	140,499	7,109
Other Operating Revenue	4,409	2,618	5,247	2,629
OPERATING SURPLUS/(DEFICIT)	**4,919**	**3,325**	**5,085**	**1,760**
Investment Revenue	47	31	131	100
Other Gains and (Losses)	(52)	413	408	(5)
Finance Costs (including interest on PFIs/Finance Leases/DH Financing/PDC Commitment Fee)	(28)	(46)	(48)	(2)
SURPLUS/(DEFICIT) FOR THE PERIOD	**4,886**	**3,723**	**5,576**	**1,853**
Dividends Payable on Public Dividend Capital (PDC)	(1,587)	(1,757)	(1,595)	162
Net gains/ (loss) on transfers by absorption	(1,206)	0	0	0
RETAINED SURPLUS/(DEFICIT) FOR THE PERIOD	**2,093**	**1,966**	**3,981**	**2,015**
Prior Period Adjustment	0	0	0	0
RETAINED SURPLUS/(DEFICIT) FOR THE PERIOD (AFTER PRIOR PERIOD ADJUSTMENTS)	**2,093**	**1,966**	**3,981**	**2,015**

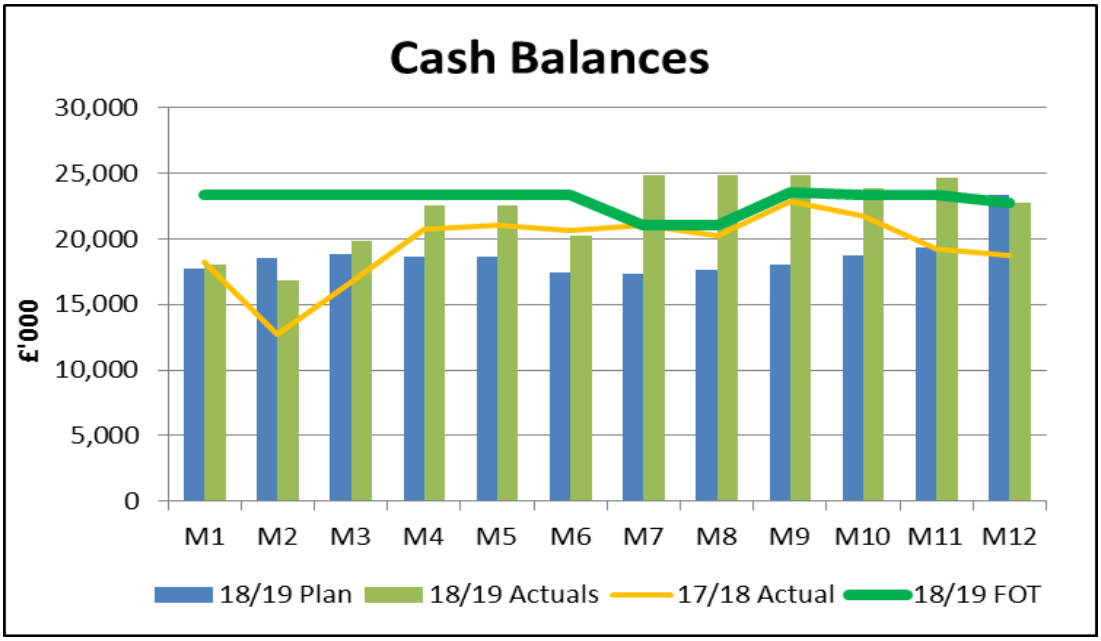
Capital investment

During the year, we invested £5.2m in capital schemes. The original plan was to spend £3.852m, but we sold an asset at the start of the year (worth £1.2m) and received additional central funding of £0.3m which enabled the overall figure to be increased. We underspent against an adjusted Capital Resource Limit of £4.1m (where no overspend is permitted) by £0.1m. We spent £2.082m of this allocation on programmes to upgrade our estate and the balance was invested in information technology and medical equipment.



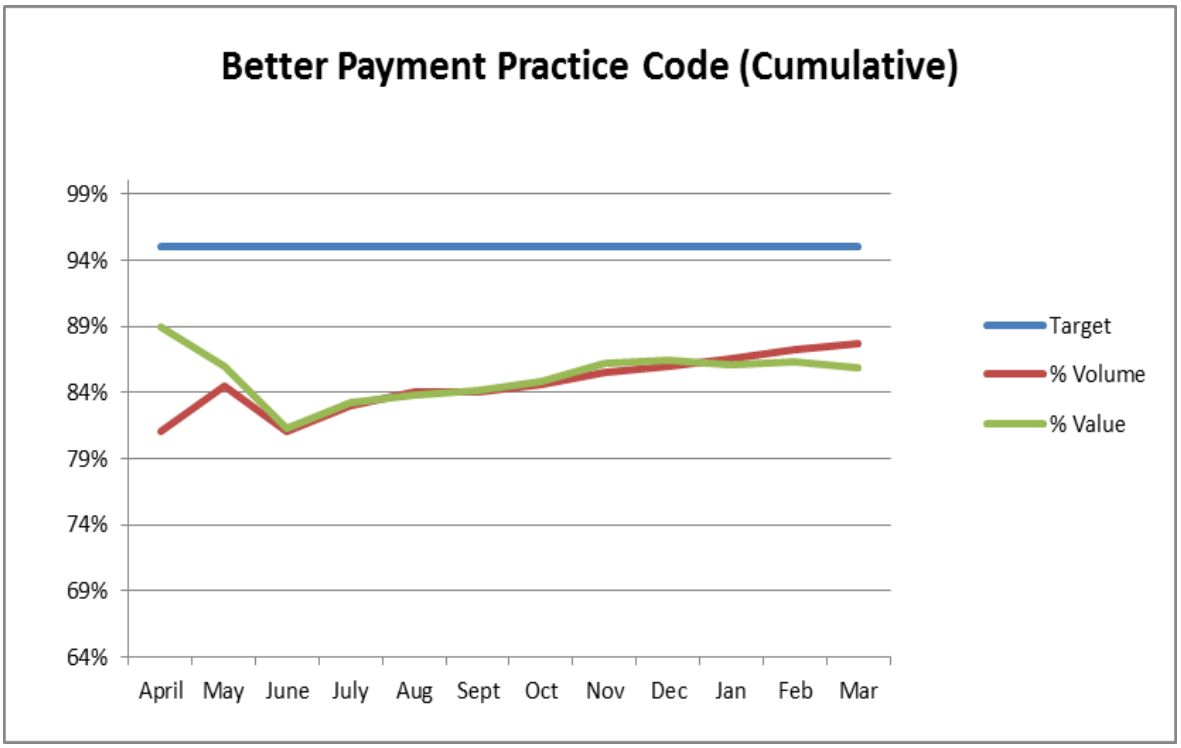
Cash

NHS trusts are required to manage cash within their notified External Financing Limit (EFL). This limit is set by the Department of Health and Social Care and determines how much cash a trust may spend beyond the income generated by its normal day to day operations. It is a breach of financial duty to overspend against the EFL. We achieved our obligation without any over or underspend during the year. We had £22.8m cash in the bank at the end of the year which was £0.6m below the plan due to late payment of outstanding debts from other NHS bodies. We expect to receive these payments in the new financial year.



Better Payments Practice Code

The Trust is required to comply with the Better Practice Payment Code (BPPC). The Code requires organisations to pay 95 per cent of suppliers within 30 days of receiving a valid invoice. The cumulative position, illustrated below, shows that we under achieved the target by volume by 7 per cent (2017/18 – 5 per cent) and the target by value by 15 per cent (2017/18 – 6 per cent).



Sustainability

Background

As an NHS organisation and a spender of public funds, the Trust has an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means the effective spending of public money including, but not limited to, the efficient use of natural resources and building healthy, resilient communities. Through the maximisation of social, environmental and economic assets we can improve health in both the immediate and longer term despite rising costs and limited natural resources. Demonstrating that we consider the social and environmental impacts of our activities ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met. NHS Trusts are required to comply with a number of statutory obligations relating to sustainability. These include:

The Climate Change Act 2008

This Act sets a legal obligation for organisations to achieve a 34 per cent reduction in carbon emissions by 2020, a 50 per cent reduction by 2025 and an 80 per cent reduction by 2050 compared to 1990 levels.

The NHS Carbon Reduction Strategy 2009

This strategy was published by the NHS Sustainable Development Unit (SDU) in 2009. It required NHS organisations to achieve a 10 per cent reduction in emissions by 2015 based on a baseline of 2007.

Current position

We have continued to invest significant capital into our current estate, particularly in replacing outdated electrical and mechanical systems including heating and lighting. These improvements combined with investment in building infrastructures have helped us to deliver a reduction in our carbon footprint. We have also made substantial improvements in space utilisation, enabling us to dispose of poor quality and surplus properties with poor carbon footprints which has also had a positive effect. We are currently calculating the impact of these developments and investments in partnership with Hertfordshire Partnership University NHS Foundation Trust (HPFT) to enable us to define a combined carbon reduction target.

We have now completed a building efficiency audit which includes energy efficiency comared with reduction targets. This will enable us to establish a clear and accurate benchmark position together with a building by building improvement plan which will provide investment guidance for inclusion in our five year capital plan.

Specific initiatives include:

- An ongoing programme of new-build and refurbished premises to incorporate green energy systems, including energy and ground or air source heat pumps
- Providing full recycling facilities provided in all premises
- Progressively introducing LED low energy lighting
- Phasing out non-medical disposable plastics
- Providing secure cycle storage at key locations

Equality, diversity and human rights

The Trust is committed to promoting equality and diversity amongst its staff and also seeking out areas of focus to improve equality of services for those who find it harder to access services and therefore experience poorer health outcomes.

Our achievements

During 2018/19, we took the following steps to promote equality and diversity:

- A new half day training course has been developed and implemented for senior recruiting managers, incorporating unconscious bias, equality and other relevant legislation and fair recruitment practices
- The operational HR team have worked hard to review staff turnover in relation to the reasons staff give for leaving and how these may be addressed. We have developed a new online exit survey to gain a deeper understanding of the reasons for leaving and perceptions of the Trust. 168 leavers have completed this since its introduction in September 2018. This has helped us to better understand the principle drivers for people leaving the organisation and has allowed additional training and retention policies to be delivered. A decrease in the number of leavers was seen as the year progressed
- A new Transgender Policy has been drafted and is going through the approval process
- In March 2019 we ran a series of equality focus groups to better understand relating to race equality
- We have undertaken a review of interview panel diversity with the intention of improving representation from a wider range of groups on panels
- We have adopted an easy read job application form for people with learning disabilities as part of our drive to make our recruitment process more accessible for a diverse range of candidates
- Our podiatry and special care dentistry services continue to promote the Purple Star strategy to deliver high quality care for patients with learning disabilities
- We continue to work with Gypsy and Traveller Empowerment (GATE) Hertfordshire on improving the health of gypsy and traveller people, including participating in the first national conference with a launch in the Houses of Parliament and workshops for other health and social care providers

Interpreting support for patients

We recognise the diversity within the local population and we are committed to providing effective communication with non-English speakers, people for whom English is a second language and patients with a sensory impairment who require communication support. Staff who have contact with patients are required to make every effort to understand their communication needs. We also aim to ensure that all patient information leaflets, booklets and posters state that patient information can be made available in Braille, large print or audio versions.

Improving the care of people with learning disabilities

Our focus is on ensuring the best outcomes for people with learning disabilities by working in partnership with individuals and their families and carers. We have a number of initiatives in place to support this focus.

- We train staff on meeting the diverse and complex needs of people with learning disabilities. All staff working in our community inpatient units received training to raise their awareness of the needs of patients with learning disabilities. We have also developed a resource pack which includes information on how patients and staff can access specialist advice from Hertfordshire County Council's Learning Disability Team, so that patients with learning disabilities admitted to our community inpatient units receive the care they need

- HCT is a key partner in the county-wide Purple Star strategy, which promotes equitable health care for people with learning disabilities by using the Purple Folder; appointing Learning Disability Champions; working with the Council's learning disability team and providing accessible information.
- Easy-read Friends and Family Test comment cards are available for use by all HCT services to enable patients with learning disabilities to provide feedback about the care they have received.
- HCT has actively participated in the Hertfordshire-wide Improving Health Outcomes Group for Learning Disabilities

Equality and community engagement forum

This forum enables our senior leaders to meet and plan service improvements with a wide range of representatives from Hertfordshire community organisations. The principle of community engagement has been an essential component of our patient experience approach and strategy.

Community forum members include representatives from the Herts Interfaith Group, the Deaf community, Gypsy and Traveller Empowerment Hertfordshire (GATE), Herts AID (an HIV and sexual health charity), Carers in Herts, HealthWatch Hertfordshire, Community Development Action and MIND. Forum meetings take place every three months and are chaired by the Director of Nursing and Quality. Partnership with grassroots organisations has been central to the success of the forum to date.

Inclusion Working Group

The Inclusion Working Group was set up to steer and refresh the approach to equality with the specific task of setting out the behaviours we wish to see embedded in our culture.

Disability Confident scheme

The Disability Confident scheme supports employers to make the most of the talents disabled people can bring to the workplace. The Trust was successful at achieving Level 2 Disability Confident Employer status and is working towards level 3, the highest level possible.

Gender Pay Gap reporting

In March 2019, the Trust published its second Gender Pay Gap information relating to its staff. As an employer with over 250 staff, the Trust is required by law to carry out Gender Pay reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The gender pay gap between men and women working at HCT is currently 12.2 per cent, an improvement on last year's figure of 14.1 per cent. We also compare favourably to the national mean pay gap. As with many organisations, gender pay gaps arise because a larger proportion of men are found in senior positions.

NHS Workforce Race Equality Standard

The national NHS Workforce Race Equality Standard (WRES) is designed to improve the representation and experience of Black and Minority Ethnic (BME) staff at all levels of the organisation. There are a total of nine indicators that make up the WRES, split across workforce data, the national NHS Staff Survey and Trust Board composition. The performance of each of the WRES indicators compared to 2017/18 is shown below.

WRES Indicator	Direction of change
INDICATOR 1 Percentage of staff in each of the AfC Bands 1-9 and VSM (including executive Board members) compared with the percentage of staff in the overall workforce	
INDICATOR 2 Relative likelihood of staff being appointed from shortlisting across all posts	
INDICATOR 3 Relative likelihood of staff entering the formal disciplinary process	
INDICATOR 4 Relative likelihood of staff accessing non-mandatory training and CPD	
INDICATOR 5 Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months	
INDICATOR 6 Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months	
INDICATOR 7 Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	
INDICATOR 8 In the last 12 months number of employees who have personally experienced discrimination at work from manager, team leader, or other colleague	
INDICATOR 9 Percentage difference between the organisation's Board voting membership and its overall workforce	

The Trust is especially keen to improve the representation of BME staff at all levels of the organisation. The action plan to improve the representation and experience of BME staff can be found on our website at https://www.hct.nhs/uk/about-us/equality-and-diversity.

Performance report signed by the Chief Executive.

Clare Hawkins
Chief Executive
Hertfordshire Community NHS Trust
23 May 2019

Accountability Report

Corporate Governance Report

This section of the Annual Report explains the composition and organisation of the Trust's governance structures and how they support the achievement of the Trust's objectives.

Director's Report

The Board 2018/19

The Trust Board as at 31st March 2019 consists of a Chair, appointed through NHS Improvement (NHSI), four Non-Executive Directors (also appointed through NHSI), and four voting executive directors including the Chief Executive. The Board is also supported by a non-voting Non-Executive Director (designate) and three non-voting executive directors.

The Board is responsible for setting and developing the strategic direction of the Trust, sustaining business viability and holding the executive directors to account for all aspects of the Trust's activities, including quality and safety of patient services, financial management and legal compliance. The role also includes seeking assurances from the executive directors that risks to the Trust are being appropriately assessed and managed.

In 2018/19, the Hertfordshire Community Trust (HCT) Board met formally in public on six occasions. This was on alternate months between May 2018 and March 2019. The Annual General Meeting to present the 2017/18 Annual Report and Accounts was held on 27 September 2018.

The Board has a duty to operate in a way that is transparent and to comply with best practice in probity. To this end, the Board signs up annually to following the Nolan principles of good governance, the NHS Code of Conduct and Accountability, the NHS Code of Openness and the NHS Constitution. The Board has also subscribed to principles of board etiquette as set out in the NHS Integrated Governance Handbook.

Throughout 2018/19, the Board has continued to undertake a programme of collective and individual development. The Board regularly hears specific stories from or about individual patients or services at the start of its meetings in public. Briefing and development sessions are also run to provide Board members with dedicated time to increase their strategic understanding and develop specific areas of knowledge related to the Trust's services and the environment in which it operates. During 2018/19, two sessions were held after regular Board meetings for Board members to meet with HCT service teams and local GPs to help develop closer relationships with primary care colleagues.

The voting members of the Board also act as the corporate trustees for HCT's charitable funds, for which a separate report and accounts are published.

Changes to the Board in 2018/19

The following changes to the Board occurred in 2018/19:

Month	Changes
April 2018	• Kevin Curnow - Acting Director of Finance – left • Dr John Omany - Medical Director - left
July 2018	• David Bacon joined as Interim Director of Finance
August 2018	• Phil Bradley - Director of Finance - left having been on secondment as Interim Director of Finance to Northampton General Hospital NHS Trust
September 2018	• Raj Bhamber joined as Interim Director of Strategy, People and Organisational Development • Dr Hari Pathmanathan joined as Medical Director • Debbie Eyitayo - Director of Human Resources and Organisational Development - left
November 2018	• Clare Hawkins - Acting CEO and Accountable Officer was appointed as CEO and Accountable Officer
December 2018	• Patricia Wren - Acting Director of Quality and Governance/Chief Nurse - left • David Bacon was appointed as Director of Finance having been Interim Director of Finance since July 2018 • Anand Nuckcheddee appointed as Acting Director of Nursing and Quality
February 2019	• Sarah Browne joined as Director of Nursing and Quality • Anand Nuckcheddee - Acting Director of Nursing and Quality - left • Julie Hoare - Director of Service Development and Partnership - left

Board and committee meeting attendance 2018/19

In 2018/19, the Trust Board was supported by the following committees, with membership and attendance records for meetings in 2018/19 as indicated (number attended/total meetings held in year eligible to attend as a committee member).

Committee:	Trust Board	Audit	Healthcare Governance	Strategy & Resources	Remun-eration	Partnership & Engagement	Charitable Funds Trustees	Charitable Funds Committee
Chair and Non- Executive Directors								
Total no. of meetings held in Year:	***6***	***5***	***6***	***12***	***4***	***2***	***1***	***2***
Declan O'Farrell Trust Chair	*(6)*	*(0) Non Member*	*(3) Non Member*	*(8) Non Member*	*(4) Member*	*(1) Non Member*	*(1) Member*	*(0) Non Member*
Alan Russell Non-Executive Director and Deputy Chair	*(5) Member*	*(0) Non Member*	*(1) Non Member*	*(10) Member*	*(0) Non Member*	*(2) Chair*	*(1) Member*	*(0) Non Member*
Anne McPherson Non-Executive Director	*(6) Member*	*(5) Member*	*(6) Chair*	*(11) Member*	*(4) Chair*	*(0) Non Member*	*(1) Member*	*(0) Non Member*
Jeff Phillips Non-Executive Director	*(4) Member*	*(5) Chair*	*(2) Member*	*(9) Member*	*(4) Member*	*(0) Non Member*	*(0) Member*	*(0) Member*
Dr Linda Sheridan Non-Executive	*(5) Member*	*(2) Non Member*	*(5) Member*	*(9) Chair*	*(0) Non Member*	*(2) Member*	*(1) Member*	*(2) Chair*
Brenda Griffiths Non-Executive Director Designate	*(5) Non-Voting Member*	*(4) Member*	*(4) Non Member*	*(9) Member*	*(0) Non Member*	*(2) Member*	*(1) Non Member*	*(2) Member*

Committee:	Trust Board	Audit	Healthcare Governance	Strategy & Resources	Remun-eration	Partnership & Engagement	Charitable Funds Trustees	Charitable Funds Committee
Executive Directors								
David Law [1] Chief Executive	*(0) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Non Member*
Clare Hawkins [2] Chief Executive	*(6) Member*	*(2) Non Member*	*(1) Non Member*	*(10) Member*	*(4) Non Member*	*(2) Non Member*	*(1) Member*	*(0) Non Member*
Phil Bradley [3] Director of Finance	*(0) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Member*
Kevin Curnow [4] Acting Director of Finance	*(0) Member*	*(1/1) Non Member*	*(0) Non Member*	*(1/1) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Member*
David Bacon [5] Director of Finance	*(5) Member*	*(5) Non Member*	*(0) Non Member*	*(10) Member*	*(0) Non Member*	*(0) Non Member*	*(1) Member*	*(2) Member*
Dr John Omany [6] Medical Director	*(0) Member*	*(0) Non Member*	*(0) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Member*
Dr Hari Pathmanathan [7] Medical Director/ Deputy CEO	*(3/4) Member*	*(0) Non Member*	*(2/4) Member*	*(1/7) Non Member*	*(0) Non Member*	*(0) Non Member*	*(1) Member*	*(0) Member*
Julie Hoare [8] Director of Service Development and Partnership	*(4/5) Non-Voting Member*	*(0) Non Member*	*(0) Non Member*	*(7/11) Non Member*	*(0) Non Member*	*(2) Member*	*(1) Non Member*	*(0) Non Member*
Marion Dunstone Director of Operations	*(4) Non-Voting Member*	*(0) Non Member*	*(6) Member*	*(9) Non Member*	*(0) Non Member*	*(0) Non Member*	*(1/1) Non Member*	*(0) Non Member*
Debbie Eyitayo [9] Interim Director of HR & OD	*(2/2) Non-Voting Member*	*(0) Non Member*	*(2/2) Member*	*(5/5) Member*	*(2/4) Non Member*	*(1/1) Member*	*(0) Non Member*	*(0) Non Member*
Raj Bhamber [10] Interim Director of Strategy, People & Organisational Development	*(0/4) Non-Voting Member*	*(0) Non Member*	*(3/4) Member*	*(6/7) Member*	*(2/4) Non Member*	*(1/1) Member*	*(0) Non Member*	*(0) Non Member*
Patricia Wren (*)[11] Acting Director of	*(1/1) Member*	*(0) Non Member*	*(2/3) Member*	*(1/1) Non Member*	*(0) Non Member*	*(0) Non Member*	*(0/0) Member*	*(0) Non Member*

Committee:	Trust Board	Audit	Healthcare Governance	Strategy & Resources	Remun-eration	Partnership & Engagement	Charitable Funds Trustees	Charitable Funds Committee
Nursing & Quality / Chief Nurse								
Anand Nuckcheddee(12) Acting Director of Nursing and Quality	*(1/1) Member*	*(0) Non Member*	*(2/4) Member*	*(0) Non Member*	*(0) Non Member*	*(0) Non Member*	*(0) Member*	*(0) Non Member*
Sarah Browne(13) Director of Nursing & Quality	*(2/2) Member*	*(0) Non Member*	*(0) Member*	*(1/2) Non Member*	*(0) Non Member*	*(0) Non Member*	*(0/0) Member*	*(0) Non Member*
Antonia Robson (14) Acting Director of Business Services	*(5/6) Non-Voting Member*	*(0/0) Non Member*	*(0/0) Non Member*	*(12/12) Non Member*	*(0) Non Member*	*(1/2) Member*	*(1/1) Non Member*	*(0) Non Member*

Notes:

(*) = Voting Board member

(1) Retired on 30 April 2018 following a period of long-term sickness
(2) Appointed Acting Chief Executive / Accountable Officer until 30 October 2018
Appointed Chief Executive from 1 November 2018
(3) Left the Trust on 31 August 2018 following a secondment to Northampton General Hospital NHS Trust
(4) Appointed Acting Director of Finance from 1 December 2017 and left the Trust on 30 April 2018
(5) Appointed Interim Director of Finance from 1 July 2018 and substantive Director of Finance from 6 December 2018
(6) Left the Trust on 30 April 2018
(7) Appointed Medical Director and Deputy Chief Executive on 3 September 2018 until 31 March 2019
(8) Left The Trust on 28 February 2019
(9) On secondment from Greenwich and Lewisham NHS Trust until 31 May 2018. Fixed term contract from 1 June 2018 and left the Trust on 16 September 2018
(10) Appointed Interim Director of strategy People and Organisational Development on 4 September 2018
(11) Appointed Acting Director of Nursing & Quality from 28 September 2017. Retired after period of long-term sick leave on 31 December 2018
(12) Appointed Acting Director of Nursing & Quality from 6 July 2018 until 25 February 2019
(13) Appointed Director of Nursing & Quality from 25 February 2019
(14) Appointed Acting Director of Business Services from 1 December 2017

The Board of the Trust as at 31 March 2019

(= voting member)*

Declan O'Farrell
Chair (*)

Declan was appointed Chair in February 2010. He was previously Chair of West Herts College in Watford for eight years from 2003, leading its transformation from a failing college to one with an OFSTED rating of Outstanding. Declan was also Chair of the Training and Enterprise Council in north west London and Chair of Business Link London. He was awarded a CBE in 2000 for services to businesses in London.

Declan is a qualified accountant who has held senior financial roles in Grand Metropolitan Group and London Transport. Whilst at London Transport he became Managing Director of a bus division which was then privatised and successfully listed on the London Stock Exchange. He has maintained an interest in public transport systems and in product development in music and retail marketing.

Declan has overseen the development of HCT's strategies in integrated service delivery and also represents HCT on the strategic oversight group for the development of the Hertfordshire and West Essex Strategic Transformation Partnership.

Committee membership
- Chair – Trust Board
- Member - Strategy and Resources Committee
- Member – Remuneration Committee

Appointment history
- Appointed from 1 October 2010 to 31 March 2013
- Reappointed in 2013 to 31 March 2015
- Extended in 2015 to 31 March 2017
- Extended in 2017 to 31 March 2019
- Extended in 2019 to 30 September 2019

Alan Russell
Deputy Chair (*)

Alan was appointed as a non-executive director in April 2010. He was previously Managing Director of Logica Consulting UK and prior to that Managing Director of Atos Consulting and Chair of its global consulting board. Both companies engaged in complex transformational change programmes for public and private sector organisations. He was a Director of the Management Consultancies Association and President in 2005.

Committee membership and other responsibilities

- Deputy Chair – Trust Board
- Senior Independent Director (SID)
- Chair - Partnership and Engagement Committee
- Member - Strategy and Resources Committee

Appointment history

- Appointed from 1 October 2010 to 31 March 2013
- Reappointed in 2013 to 31 March 2015
- Extended in 2015 to 31 March 2017
- Extended in 2019 to 31 March 2020

Dr Linda Sheridan
Non-Executive Director (*)

Linda was appointed as a non-executive director in June 2013. She qualified as a doctor from Trinity College, Dublin and moved to the UK for post-graduate training in general practice. Linda worked in primary care in Bedfordshire for over 15 years before training to be a public health medicine consultant. She worked in that capacity in London, Hertfordshire, Cambridgeshire and more widely across the East of England region. She retired from her post as Deputy Regional Director in March 2013.

During her time as a clinician, Linda has led many programmes aimed at improving the quality and resilience of health services, including GP prescribing, diabetes care, cancer screening, child health, maternity services, healthcare associated infection, emergency planning, the 2009 flu pandemic and NHS preparedness for the 2012 Olympic Games.

Committee membership

- Chair - Strategy and Resources Committee
- Chair - Charitable Funds Committee
- Member - Healthcare Governance Committee

Appointment history

- Appointed 1 June 2013 to 30 May 2017
- Reappointed in 2017 to 30 May 2019
- Extended in 2019 to 31 March 2020

Jeff Phillips
Non-Executive Director (*)

Jeff was appointed as a non-executive director in September 2011. He has a degree in Economics and is a qualified accountant. He has had a wide and varied career in the telecommunication and chemical industries.

Jeff has also served as a non-executive director for Luton Community Services and was the founding chairman of CHUMS, a bereavement and trauma social enterprise based in Bedfordshire. He is also former Treasurer of Shelter. Jeff is Vice Chair of Governors at Manland Primary School in Harpenden and is a member of Hertfordshire County Council Schools' Appeals Panel.

Committee membership

- Chair - Audit Committee
- Member - Healthcare Governance Committee
- Member - Strategy and Resources Committee
- Member - Charitable Funds Committee
- Member - Remuneration Committee

Appointment history

- Appointed from 1 September 2011 to 13 May 2015
- Reappointed in 2015 to 13 September 2017
- Extended in 2017 to 13 September 2019
- Extended in 2019 to 31 March 2020

Anne McPherson
Non-Executive Director (*)

Anne was appointed as a non-executive director in October 2010. She is a nurse and midwife with extensive board level experience. Anne was Chief Nurse for the former health authorities in Hertfordshire and held several other Director of Nursing posts, including at an integrated NHS trust. Anne was Executive Officer for the Nurse Directors Association and Associate Consultant for the International Hospitals Group where she was involved in commissioning new hospitals overseas. She is also a Specialist Advisor for the Care Quality Commission.

Anne has also served as a non-executive director for Dacorum Primary Care Trust and West Hertfordshire Primary Care Trust and as a Trustee for Isabel Hospice. She was also Independent Lay Chair for NHS England's Central Midlands and East Performers List Decision Panel. In January 2015 Anne was awarded the MBE for services to nursing and healthcare.

Committee membership and other responsibilities

- Chair - Healthcare Governance Committee
- Chair - Remuneration Committee
- Member - Audit Committee
- Member - Strategy and Resources Committee
- Lead non-executive director for Freedom to Speak Up
- Board lead for Patient Safety and Experience

Appointment history

- Appointed 1 October 2010 to 31 March 2013
- Reappointed in 2013 to 31 March 2015
- Extended in 2015 to 31 March 2017
- Extended in 2017 to 31 March 2019
- Extended in 2019 to 31 March 2020

Brenda Griffiths
Non-Executive Director (Designate)

Brenda was appointed as a non-executive director (designate) in June 2013. A trained nurse, she worked in the NHS for 25 years until 2003 when she was appointed as an independent member of Hertfordshire Police Authority. She remained on the Authority until its abolition in 2012.

Brenda was Chair of the Standards Committee of Hertsmere Borough Council from 2005 to 2011. She is a member of St Bartholomew's Hospital League of Nurses. She sits on the local committees for both Peace Hospice Care Watford and the Royal Medical Benevolent Fund. In February 2016, Brenda was elected as Foundation Master of The Guild of Nurses in the City of London. Brenda is Chair of the Board of Trustees of the Company of Nurses Charitable Trust. She is an Associate Member of the College of Policing and acts as an Assessor for senior selection, promotion, graduate and direct entry candidates.

Committee membership and other responsibilities

- Member - Strategy and Resources Committee
- Member - Audit Committee
- Member - Partnership and Engagement Committee
- Member - Charitable Funds Committee
- Non-executive lead for frailty
- Non-executive lead for diversity and inclusion

Appointment history

- Appointed 1 June 2013 to 31 May 2015
- Extended in 2015 to 31 May 2017 (Honorary contract)
- Re-appointed in 2017 to 30 May 2019

Clare Hawkins
Chief Executive (*)

Clare was appointed as Chief Executive in October 2018, having been Acting Chief Executive for the previous year. She was also previously Deputy Chief Executive.

Clare joined HCT as Director of Quality and Governance in March 2011. She is a Registered Nurse, District Nurse and Nurse Practitioner. Prior to joining HCT, Clare was Deputy Director and Director of Nursing and Quality at NHS Hertfordshire. She has held a number of other senior NHS management posts since 1995, including posts in London and as Director of Nursing and Operations and Deputy Chief Executive for Dacorum Primary Care Trust. Clare was also seconded to the nursing directorate at NHS Improvement for a day a week from January 2017 to October 2018, providing community services advice and expertise to the national team.

Clare's particular areas of interest are patient safety and patient experience. She is the Trust's Director of Infection Prevention and Control.

Clare was also seconded on aa part time basis to the nursing directorate at NHS Improvement from January 2017 to October 2018, providing community services advice and expertise to the national team, and continuous to support on an ad hoc basis.

Clare's portfolio

- Overall leadership of the Trust
- Trust strategy
- Director of Infection Prevention and Control
- Communications and engagement

David Bacon
Director of Finance (*)

David was appointed as Director of Finance in December 2018, having previously been Interim Director of Finance since July 2018.

David qualified as a Chartered Accountant in 1986 and joined the NHS in 1990 becoming Deputy Director of Finance of Leicestershire Health Authority in 1995. Between 2001 and 2010 he held Director of Finance and Turnaround Director posts in both the East Midlands and the East of England. Since 2010, David has been providing senior financial expertise to NHS organisations on an interim basis, working in a variety of senior roles for commissioners, providers and regulators across England in line management and project roles.

David holds an MBA and has completed the Strategic Financial Leadership Programme at Cass Business School. He is an active member of the Healthcare Financial Management Association (HFMA). He chairs the National Accounting and Standards Committee, the HFMA's annual pre-accounts planning conferences and the HFMA's Finance Team of the Year Award judging panel. He is also the Chief Assessor for the HFMA Academy. His work

for the HFMA was recognised in April 2011 when he received an HFMA inaugural Key Contributor award.

David's portfolio

- Financial management
- Performance management
- Contract management
- Business planning
- Information management and technology (IM&T)
- Senior Information Risk Owner (SIRO)
- Estates
- Financial governance
- Business and commercial development

Prior to David joining the Trust, the role of Director of Finance was undertaken by Kevin Curnow.

Raj Bhamber FCPD, MSc, BA
Interim Director of Strategy, People and Organisational Development

Raj joined the Trust as Interim Director of Strategy, People and Organisational Development in September 2018 from The Princess Alexandra Hospital NHS Trust where she was the Interim Director of People, Communications and OD.

Prior to her recent interim roles, Raj was a Director in the people and organisation practice and a member of the Public Health Sector Board at PriceWaterhouseCoopers (PwC) LLP for over three years. She has acquired extensive experience of working in the private and public sectors in the UK and abroad, including over 20 years of board level experience through a variety of Executive Director positions in health authorities and NHS foundation trusts in London and the Home Counties.

Raj spent her early career in the banking and broadcast media sectors in Vancouver, Canada and she is currently a trustee of two charities. She has an MSc (Leadership in Human Resources), is a Fellow of the Chartered Institute of Personnel and Development and an accredited coach and psychometrician. She is also the former National Chair of the Workforce & OD workstream of the NHS Seven Day Services Forum and a former member of the Medical Workforce Forum, the Staff Partnership Forum and the Consultant Contract Negotiating Committee. Raj's particular areas of interest are culture, health and wellbeing, leadership, communications and engagement.

Raj's portfolio

- Strategy and organisational development
- Corporate people services and corporate affairs
- Education, learning and leadership development
- Culture and wellbeing
- Staff engagement and trade union relationships
- Equality, diversity and social inclusion

Prior to Raj joining the Trust, the role was undertaken by Debbie Eyitayo.

Sarah Browne
Director of Nursing and Quality (*)

Sarah was appointed as Director of Nursing and Quality in February 2019 from Essex Partnership NHS Foundation Trust (EPUT), a combined mental health and community trust with services in Essex and Bedfordshire where she was Deputy Director of Nursing and Director of Infection Prevention and Control. Sarah was previously Acting Executive Nurse at South Essex Partnership University NHS Foundation Trust and she has worked at a senior level in the former Bedfordshire Community Health Services Trust.

Sarah brings a breadth and depth of experience to the Trust role. She has extensive experience of integrated community and mental health services, nursing and clinical leadership and workforce transformation across complex systems. She has worked at local, regional and national levels.

Sarah's portfolio

- Executive Lead and advisor for nurses and allied health professionals on the Trust Board
- Board lead for safeguarding
- Quality and governance
- Clinical leadership
- Patient safety
- Patient experience
- Risk management
- Deputy Director of Infection Prevention and Control

Prior to Sarah joining the Trust in February 2019, Patricia Wren and Anand Nuckcheddee were acting into the role of Director of Nursing and Quality.

Marion Dunstone
Director of Operations

Marion was appointed as Director of Operations in January 2016, having acted into the role for the previous six months. Prior to this, Marion was General Manager for Children's and Young People's Services.

Marion has many years of experience in the NHS. She initially qualified and worked as a dietitian and has managed adult and children's services in hospitals and within the community.

Marion leads the operational delivery of adult and children's services across HCT and is the emergency planning lead for the organisation.

Marion's portfolio

- Operational management
- Service transformation and improvement
- Emergency planning and resilience
- Communications with general practices and primary care networks
    - Integrated care

Dr Hari Pathmanathan
Medical Director and Deputy Chief Executive (*)

Hari was appointed as Medical Director in September 2018. He has been a GP in Hertfordshire for 20 years and been involved in NHS management and clinical leadership for 15 years. He has held board level positions as Director and Non-executive director at Welwyn and Hatfield Primary Care Trust, Hertfordshire Primary Care Trust and East & North Hertfordshire Clinical Commissioning Group. Between 2014 and 2018 he was Chair of East & North Hertfordshire Clinical Commissioning Group.

Hari is a Partner at Bridge Cottage Surgery in Old Welwyn.

Hari's portfolio

- Professional leadership for medical staff
- Clinical effectiveness, outcomes and audit
- Research and development
- Medical advisor to the Board
- Caldicott Guardian
- Controlled drugs Accountable Officer
- Medical revalidation

Prior to Hari joining the Trust in September 2018, the role of Medical Director was undertaken by John Omany.

Antonia Robson
Acting Director of Business Services

Antonia was appointed as Acting Director of Business Services in December 2017, having previously been Assistant Director of Planning and Contracting.

Antonia has worked for the NHS since 2009, initially as Associate Director of Corporate Services at Luton Primary Care Trust (PCT) and then as Director of Business Services for both Luton and Bedfordshire Primary Care Trusts when the trusts became a PCT cluster in 2011. She has also worked for NHS Central Eastern Commissioning Support Unit, supporting commissioners across Hertfordshire, Bedfordshire and Essex and leading on strategic development and tender preparation.

Prior to joining the NHS, Antonia worked for Barclays Corporate Banking for 12 years, predominantly in strategic marketing and planning and latterly in sales management. She brings commercial experience to the Trust from these roles and has a post-graduate diploma in marketing as well as an MBA.

Antonia's portfolio

- Contract management
- Business planning
- Business and commercial development
- Programme Management Office

The Board Register of Interests

The table shows the Board Members and their interests declared as at 31st March 2019.

Name	Position	Interests Declared
Declan O'Farrell (*)	Chair	Director: Castletown Corporation Ltd Beatselecta Limited Director and Chairman of Catena Publications Limited
Alan Russell (*)	Non- Executive Director	(Prospective FT) Member of West Herts Hospitals NHS Trust Member of Herts Urgent Care
Anne McPherson (*)	Non- Executive Director	Friend of Parkwood Surgery, Hemel Hempstead, Herts Specialist Adviser for the Care Quality Commission (CQC)
Jeff Phillips (*)	Non -Executive Director	School Governor, Manland School, Harpenden Lay Member HCC Schools Admissions Appeals Panel Member of Davenport House Patient Group, Harpenden Treasurer of the St. Albans and Harpenden Patient Group
Dr Linda Sheridan (*)	Non- Executive Director	Team leader and peer reviewer for External Quality Assurance reviews of non-cancer screening services for the National Screening Programmes, Public Health England (Occasional role) Daughter Employed in Operations Directorate, NHS Midlands and East
Brenda Griffiths	Non- Executive Director (Designate)	Member East and North Herts NHS Trust Member Red House (Radlett) Patient Reference Group Associate Member, The College of Policing Husband employed by UCL on Royal Free Campus Foundation Master of The Guild of Nurses in the City of London Member of the Royal Free London NHS Foundation Trust Member of the Executive Committee of the

Name	Position	Interests Declared
		Royal British Nurses Association Chair of the Board of Trustees of the Company of Nurses Charitable Trust
David Law (*) [1]	Chief Executive	Wife is working part-time for Questback
Clare Hawkins (*) [2]	Chief Executive Acting Chief Executive Director of Nursing	Community Services adviser. NHSI Nursing Directorate
Phil Bradley (*) [3]	Director of Finance	Director, Bradley Slade Consulting Limited
Kevin Curnow (*) [4]	Acting Director of Finance	None
David Bacon (*) [5]	Interim Director of Finance Director of Finance	Director and Owner of DB Interim Management Ltd a personal Services Company providing consultancy and management services predominantly in the NHS Chief Assessor, HFMA Academy Providing assessor services on a sessional basis to the HFMA Academy's Qualification Awarding Organisation
Dr John Omany (*)[6]	Medical Director	Omany Medical Ltd
Dr Hariharan Pathmanathan (*)[7]	Medical Director & Deputy Chief Executive	Partner, Bridge Cottage Surgery Ephedra Ltd (GP Federation) Director Bridge Cottage Pharmacy Ltd Director Vision Medicare Ltd
Julie Hoare [8]	Director of Service Development and Partnerships	None
Marion Dunstone	Director of Operations	None
Debbie Eyitayo [9]	Interim HR Director	None
Rajwant Bhamber [10]	Interim Director of Strategy, People and Organisational Development	Bhamber Estates Ltd Trustee of Scott's Learning Disability Trustee of The Staff College
Tricia Wren (*) [11]	Acting Director of Nursing & Quality	None
Anand Nuckcheddee (*) [12]	Acting Director of Nursing & Quality	Chambers Grove Risk Governance Solutions Ltd
Sarah Browne (*) [13]	Director of Nursing & Quality	None

Name	Position	Interests Declared
Antonia Robson (14)	Acting Director of Business Services	None

Notes:
(*) = Voting Board member

(1) Retired on 30 April 2018 following a period of long-term sickness
(2) Appointed Acting Chief Executive / Accountable Officer until 30 October 2018 from substantive role of Director of Nursing
Appointed Chief Executive from 1 November 2018
(3) Left the Trust on 31 August 2018 following a secondment to Northampton General Hospital NHS Trust
(4) Appointed Acting Director of Finance from 1 December 2017 and left the Trust on 30 April 2018
(5) Appointed Interim Director of Finance from 1 July 2018 and substantive Director of Finance from 6 December 2018
(6) Left the Trust on 30 April 2018
(7) Appointed Medical Director and Deputy Chief Executive on 3 September 2018 until 31 March 2019
(8) Left the Trust on 28 February 2019
(9) On secondment from Greenwich and Lewisham NHS Trust until 31 May 2018. Fixed term contract from 1 June 2018 and left the Trust on 16 September 2018
(10) Appointed Interim Director of strategy People and Organisational Development on 4 September 2018
(11) Appointed Acting Director of Nursing & Quality from 28 September 2017. Retired after period of long-term sick leave on 31 December 2018
(12) Appointed Acting Director of Nursing & Quality from 6 July 2018 until 25 February 2019
(13) Appointed Director of Nursing & Quality from 25 February 2019
(14) Appointed Acting Director of Business Services from 1 December 2017

Audit

The Trust has an Audit Committee which is chaired by a financially qualified non-executive director and has two other non-executive directors as members. As at 31st March 2019, membership is:

Chair: Jeff Phillips (Non-Executive Director)
Members: Anne McPherson (Non-Executive Director) (*)
Brenda Griffiths (Non-Executive Director Designate)

(*) Also Chairs the Trust's Healthcare Governance Committee and Remuneration Committee. Conversely, the Chair of the Audit Committee sits on the Trust's Healthcare Governance Committee.

The Audit Committee met five times in 2018/19, with four standing meetings and an extra-ordinary meeting to review the Trust's Annual Accounts, Annual Report, Quality Account and other mandatory submissions.

In 2018/19, internal audit services were provided by RSM and the external auditors were Grant Thornton UK LLP. The cost of external audit for work undertaken in 2018/19 was £48,500 plus VAT (2017/18 = £39,500 plus VAT.) The external auditors have not undertaken any non-audit work which may have given rise to conflict of interest or compromised the audit function. As far as the Directors are aware, there is no relevant audit information of which the NHS body's auditors are unaware. The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Personal data-related incidents

During 2018/19, the Trust had two lapses of data security that warranted reporting to the Information Commissioner's Office:

- October 2018 - Patient details on a dermatology clinic list were viewed by a friend who had been at the same surgery on the same day and had seen the patient's name on a list in the reception area
- October 2018 – A bag containing a locum therapist's observation notes from four home visits was stolen from a car which was broken into. The notes included observations, demographics and one key safe number

As at April 2019, the Trust has not received any further communication from the Information Commissioner's Office in relation to either of these incidents. All staff continue to be reminded of the need for vigilance when handling and sending confidential data. In addition, the Trust has reviewed all data security incidents. Changes in practice have been made in some cases to minimise the risk of repetition, A standard operating procedure has been adopted across the Trust for the handling and processing of correspondence that includes personal confidential data.

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

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

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

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

Clare Hawkins
Chief Executive
23 May 2019

The Governance Statement 2018/19

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Hertfordshire Community NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hertfordshire Community NHS Trust for the year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

The governance structure within the Trust enables an embedded risk management approach across all corporate and operational services, with discussions being reflected at the key governance committees reporting directly to the Board of Directors.

This ensures identification, assessment, management and monitoring of strategic and operational risks at all levels. In addition, an annual audit cycle of governance due diligence is undertaken by the internal auditors who report to the Audit Committee and provide assurance on the efficacy of the Trust's governance programme. The annual audit cycle includes an audit of the risk management process, including escalation/de-escalation of risk to and from the High Level Risk Register and the impact upon the Board Assurance Framework (BAF).

The risk architecture/risk management process is supported by clearly-defined leadership roles in all levels of the Trust from staff to Board members. Every staff member is responsible for identifying, escalating and managing risks within their sphere of competency, supported by their managers, as outlined in the Risk Management Policy.

Managers are also required to demonstrate that appropriate control measures are in place and actions are being undertaken to mitigate negative risk and enable positive risk achievement, reporting to their respective lead Executive Director responsible for the aligned portfolio of services.

The Trust uses an electronic risk management system. All staff undertake generic risk management awareness training and an introduction to the electronic risk management system as part of their induction. Focused risk management training in risk assessment, recording, management and monitoring risk is arranged with all new staff relevant to their area of responsibility with refresher training provided for existing system users. In addition there is a programme of risk management, incident and patient experience training delivered in year with additional support provided directly to staff when requested. The training programme is also supported with guidance tools embedded into the electronic risk management system utilised by the Trust.

There are named key specialists within the Trust who offer further specialist risk management training and guidance to all Trust employees, including for health and safety, back awareness, patient handling training, infection prevention and control, safeguarding adults, safeguarding children and information governance. The Trust's annual training programme reflects this provision. Key elements are recorded within staff mandatory training records, a summary of which is monitored at Executive Team and Board level
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The risk and control framework

The Trust has a five year risk management strategy which is annually reviewed and refreshed at the Board. This ensures both national and local changes in health and social care developments are given due consideration and inform both the strategy and implementation milestones.

Policies and standard operating procedures to support effective risk management in practice are developed, reviewed and refreshed in line with national guidance. They support the overall risk strategy and workforce and organisational development training programmes. Risks to the achievement of the Trust's strategic objectives are identified by the Executive Team and entered on the Board Assurance Framework (BAF). The BAF is submitted for review and discussion by the Board, the Healthcare Governance Committee and the Strategy and Resources Committee. It is also assessed annually for "fitness for purpose" by the Audit Committee.

Risks identified at business unit level are entered on business unit risk registers. Risks scoring 15 or over are then recorded on the High Level Risk Register (HLRR).
Risks on the HLRR are linked to the BAF and those that are considered by the Executive Team to have a strategic impact are escalated to the Board.

Local risk activity is reviewed at service and business unit performance meetings and risk summits. High level risks are scrutinised further at committee, Executive Team and Board level with a remit to challenge where appropriate and receive assurance on the efficacy of controls and actions.

Business unit performance reviews and focused reviews enable lessons to be shared in the identification and management of risk while supporting the alignment of resources to optimise the Trust's ability to achieve its objectives.

As at March 31st 2019, the Trust had 118 risks being actively managed across all business units. The Trust's risk team work with risk owners to ensure they are being reviewed, managed and updated appropriately.

The Board cycle ensures there is oversight, review and challenge of both the High Level Risk register and the BAF.

Risk management is seen as an integral part of everyday clinical and non-clinical practice, supporting delivery of the Trust's strategic objectives. As part of the Trust's Estates strategy and risk planning, consideration is made around the impact of our services on the environment and their contribution to climate change.

Our risk assessment and mitigation processes take into account the UK Climate Projections 2018 and our responsibilities under the Climate Change Act. We continuously look to minimise the impact our services have on the environment and we will continue to adapt and enhance our reporting on environmental impacts. Lessons learned from risks which materialise plus sources such as complaints, claims, incidents and internal or external reports highlighting any areas of weakness are shared throughout the organisation through a variety of communication tools, newsletters, bulletins and operational forums.

Workforce strategy

The Trust has short and long term workforce models which take into account short, medium and long term strategies and risks. These include but are not limited to:

- Stated commissioner intentions and STP strategic plans to develop community services as part of the Five Year Forward View and NHS Long Term Plan. This includes the rollout of new models of service delivery to support the wider system and deliver good value services to patients closer to home
- The Trust's Health and Wellbeing Strategy (a combined clinical and quality strategy) and Adults and Children's service delivery models which are developed with wide clinical involvement
- The Trust's underpinning five year Workforce and OD Strategy, which supports the Health and Wellbeing Strategy and sets out how the workforce will be developed to meet future requirements (developed with input from staff representatives on the Joint Negotiating Committee).
- The NHS National Quality Board's (NQB's) requirements, which ensure that the Trust:
    - must deploy sufficient suitably qualified, competent, skilled and experienced staff to meet care and treatment needs safely and effectively
    - must use an approach that reflects current legislation and guidance where it is available
    - should have a systematic approach to determining the number of staff and range of skills required to meet the needs of people using the service and keep them safe at all times
- Other supporting strategies, such as estates and information technology
- Service plans developed by multi-disciplinary teams which are based on relevant metrics, guidance and evidence-based tools where applicable
- Cost improvement plans developed by multi-disciplinary teams
- National policy developments, such as 'Right Staff, Right Skills, Right Place and Time' as well as consideration of the NHS improvement developing workforce safeguards and the eight recommendations outlined within the report

The Trust's annual Workforce Plan, as part of the wider Operating Plan, is approved by the Executive Team and then signed off by the Trust Board. Delivery of the Workforce and OD Strategy and Plan is monitored throughout the year by the Workforce and OD Group, with a summary of progress going to the Strategy and Resources Committee. This provides assurance that staffing governance processes are safe and sustainable and is also compliant with the NQB's 2016 guidance which required the embedding of safe staffing within the Trust's governance arrangements.

Strategic risks

The strategic risks on the BAF as at 31st March 2019 were:

Risk Identification	Summary Description	Overall Risk Score
Financial-01	**National and local system-generated financial pressures** Real terms cuts in financial resources available to the Trust and increasing number of contracts with financially linked KPIs may lead to: • The Trust's inability to transform and implement productivity improvement at sufficient scale or pace to mitigate financial pressures • Financial penalties if KPIs are not met, leading to: o Pressure to deliver financial targets set by NHSI o The Trust developing a poor reputation o Inability to acquire new business due to poor reputation o Difficulties in renewing current contracts	**12** (4x3)
Quality and Regulatory 01	**Fundamental standards and regulatory compliance** Inability to maintain current *Good* CQC rating following the formal inspection in 2018 may adversely impact on the Trust's reputation for delivering safe, effective, well led care resulting in a potential loss of confidence by key stakeholders including the local population, commissioners and partner organisations and a potential reduction in staff morale.	***12*** *(4x3)*
Corporate 01	**Workforce** Insufficient supply of workforce with the right skills and culture may lead to difficulties in meeting current and future service needs impacting on the ability to deliver our vision and objectives.	**16** (4x4)
Corporate 02	**Workforce** There is a risk that the current climate of external and internal pressure will have a negative impact on staff satisfaction, wellness and turnover.	**12** (3x4)
Corporate 03	**Not being able to evidence improved outcomes** Insufficient consistent reporting of clinical measure intervention and outcomes may lead to difficulties in demonstrating evidence based clinical interventions, potentially leading to queries about clinical effectiveness.	**16** (4x4)
Corporate 04	**Reliance on other organisations/agencies for integrated service delivery, including partnerships** Misalignment or changing delivery priorities within organisations that the Trust partners with may potentially lead to the Trust being unable to deliver its services within its defined timelines, potentially impacting on: • Patient experience • Patient flow through the Trust's services • Performance monitoring • Trust's reputation • Delivery of Trust strategy	**12** (4 x3)
Corporate 05	**Underdeveloped/ineffective use of technology and cyber security risks** May result in the Trust having outdated or vulnerable technical systems and/or working practices which hinder the delivery of modern, effective healthcare and affect efficiency, operational viability or market competitive advantages. All these factors could lead to the Trust's information being at risk and its services and functions being compromised, impacting on its ability to deliver effective healthcare	**15** (5x3)

Risk Identification	Summary Description	Overall Risk Score
Corporate 06	**Failure to succeed in re-tendering of current contracts** Failure of HCT to succeed in the tendering of services will lead to a reduction in financial income leading to the Trust's inability to financially sustain the delivery of some services, reputational loss and loss in confidence by key stakeholders as well as partner organisations, impacting on staff morale, recruitment and retention.	**15** (5x3)

The overall risk score is calculated as the product of current likelihood and current impact. There is a maximum score of 25 for each rating. The following table shows the calculation formula used where the total score is the consequence multiplied by the likelihood.

	Likelihood score				
	1	**2**	**3**	**4**	**5**
Consequence score	**Rare**	**Unlikely**	**Possible**	**Likely**	**Almost certain**
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

Quality governance

The Healthcare Governance Committee monitors arrangements and seeks assurance on behalf of the Board in respect of the quality and safety of services provided by the Trust, including follow-up actions as necessary. These include:

- Standing reports on serious incidents and complaints, including follow-up actions
- Clinical audit and clinically-related internal audits
- Quality Improvement Plan
- Quality priorities for each year with action plans to achieve them
- Production and content of the Trust's Quality Account
- CQUINS
- Clinical policies
- CQC registration compliance
- Infection Prevention and Control
- Safeguarding
- Safe staffing levels
- Mortality review
- Response to external reports and initiatives
- Monitoring progress against relevant action plans
- Assessment and challenge of quality information
- Assurance on compliance with CQC registration requirements

The Healthcare Governance Committee also undertakes periodic operational reviews where specific services or specialties are reviewed in depth.

In 2018/19 the Healthcare Governance Committee was supported by various groups)which are accountable to the Executive Team), with associated forums as follows:

Group	Associated Forums
Clinical Effectiveness Group	Medicines Management Clinical Effectiveness Equality & Community Engagement
Patient Safety & Experience Group	Safeguarding Adults Safeguarding Children Infection Prevention and Control Medical Devices Learning from Deaths Serious Incident Panel
Professional Leaders Group	Professional Forums: Nurses Allied Health Professionals Doctors and Dentists
Medical Revalidation Decision Making Group	

In addition to the Healthcare Governance Committee Chair's assurance report and minutes of the meetings, the Board receives quarterly quality reports and regular reports on complaints, incidents and safe staffing. Quality issues and risks also feature in the Director of Nursing and Quality's reports which go to each Board meeting.

Data security

The Director of Finance, as the Trust's Senior Information Risk Owner (SIRO), has accountability for data security. In this role he is supported by the work of the Assistant Director of Performance and Information, the Head of Performance and Information and the Head of Information Governance.

Management and control of data security risks is also undertaken by the Trust's outsourced IT service supplier. Oversight of data security is through the Trust's Information Governance Group, which reports to the Executive Team.

Risks to data security identified are, in common with other risks, entered on the appropriate risk register, as relevant to the risk.

NHS provider licence condition FT4

Whilst NHS trusts are exempt from the requirement to apply for and hold the NHS Provider Licence, directions from the Secretary of State require NHS Improvement to ensure that NHS trusts comply with conditions equivalent to the licence as it deems appropriate. This includes compliance with Provider Licence Condition FT4.

In June 2018 and again in May 2019, the Board confirmed self-certification of compliance with NHS Provider Licence Condition 4. This included consideration of assurances/evidence, identification of risks and actions identified to mitigate these risks, as matched against 20 prescribed statements which form the Licence Condition.

The following extract shows the outcome of the self-certification in respect of:

- The effectiveness of governance structures
- The responsibilities of directors and subcommittees
- Reporting lines and accountabilities between the Board, its subcommittees and the Executive Team
- The submission of timely and accurate information to assess risks to compliance with the conditions of the licence
- The degree and rigour of oversight the Board has over the Trust's performance

Ref.	Corporate Governance Statement	Assurance/ Evidence	Confirmed/ Unconfirmed	Risks (*)	Mitigating actions (*)
3	**The Board is satisfied that the Licensee has established and implements:**				
3(a)	Effective Board and committee structures;	• Committee Structure reviewed annually by The Audit Committee and The Board	Confirmed	Ineffectiveness contributes to failure in achieving the Trust's objectives or being weak with respect to assurance	Keep Board and Committee structure under review and periodically test effectiveness Entry on BAF or High Level Risk Register as appropriate
3(b)	Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees;	• Scheme of Reservation & Delegation • Terms of Reference for all Committees • Committee Chair's Assurance Reports to Board • Standing Orders • Standing Financial Instructions • Trust policies	Confirmed	Lack of clarity results in confusion, duplication, gaps and lack of clear accountability	Review Committee Terms of Reference if evident that responsibilities are not clear Entry on BAF or High Level Risk Register as appropriate
3(c)	Clear reporting lines and accountabilities throughout its organisation.	• Job Descriptions • Scheme of Reservation and Delegation • Operational Scheme of Delegation • Trust Policies • Structure Charts	Confirmed	As above	Review and amend evidence documents as necessary Entry on BAF or High Level Risk Register as appropriate
4	**The Board is satisfied that the Licensee has established and effectively implements systems and/or processes:**				

Ref.	Corporate Governance Statement	Assurance/ Evidence	Confirmed/ Unconfirmed	Risks (*)	Mitigating actions (*)
4(b)	For timely and effective scrutiny and oversight by the Board of the Licensee's operations;	• Part 1 and Part 2 Board Meetings every other month. • Board Escalation Reports • IBPR • Miscellaneous standing reports to Board. (eg Quarterly Quality Report, safe staffing, serious incidents, complaints, mortality review, finance, business opportunities, contracting, etc.) • Board Committee papers • Committee Chair's Assurance Reports	Confirmed	Information required for effective scrutiny and oversight is of poor quality, isn't timely or, doesn't reach the Board	Board and Committee review after each meeting of agenda and quality and timeliness of papers Increased reporting frequency to Executive Team/Committees/Board as required. Ability to call additional meetings if required for specific issues or concerns Entry on BAF or High Level Risk Register as appropriate

(*) These columns depict risks which may arise in the event of not complying with the Licence Condition and they do not reflect the current position of the Trust.

The Well Led Framework

The Trust undertook a self-assessment against the CQC Well Led Framework in May 2018 which was supported through the CQC Well Led Inspection.
The CQC scored the Trust as *Good* within the well led domain and confirmed that:

- The Trust had managers at all levels with the right skills and abilities to run a service providing high quality sustainable care. There was a mix of experience within the executive directors with some new to their executive roles at the Trust and others with considerable experience
- The Trust had a clear vision for what it wanted to achieve and workable plans to turn it into action. The vision was developed with involvement from staff, patients and key groups representing the community
- Managers across the Trust promoted a positive culture that supported and valued staff and created a sense of common purpose based on shared values. Staff felt supported, respected and valued and felt proud to work for the organisation
- The Trust used a systematic approach to continually improve the quality of its services and safeguard high standards of care
- The Trust had effective systems for identifying risks, planning to eliminate or reduce them and coping with both the expected and unexpected
- The Trust collected, analysed, managed and used information well to support all its activities, using secure electronic systems with secure safeguards

- The Trust engaged very well with patients, staff, the public and local organisations to plan and manage services, and collaborated with partner organisations effectively
- There was Trust wide commitment to innovation with patient experience and safety at the heart of improvements.
-

The CQC also found that although a process for reviewing deaths was in place, it was not well established and shared learning from deaths was not effective.

Registration with the Care Quality Commission

The Trust is fully compliant with the registration requirements of the Care Quality Commission and currently holds a CQC rating of *Good*. The last inspection was in September 2018.

Managing conflicts of interest in the NHS

The Trust publishes an up-to-date register of interests for decision-making staff twice a year. The Board meeting in public receives a Board Governance update in July which includes the up to date Register of Interest. This is recorded in the publically posted minutes and the end of year Annual Report includes an updated Register of Interest. The Board Register of Interests is also posted on the Trust website and is updated whenever any changes or amendments are advised.

NHS pension scheme rules

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

Modern Slavery Act 2015 - Transparency in supply chains

The Trust is aware that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse. The Trust is committed to maintaining and improving systems, processes and policies across the organisation to avoid complicity in human rights violation.

Our policies, governance and legal arrangements are robust, ensuring that proper checks and due diligence take place in our procurement and employment procedures to ensure compliance with this legislation.

Equality, diversity and human rights

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

Emergency preparedness, resilience and response

The Trust works closely with partner agencies and external organisations across the healthcare economy to ensure resilience during times of disruption, regardless of the cause. Robust plans are in place to maintain critical services when interruptions occur, for example severe weather, infrastructure failures or disruption to transport. These measures are planned and put in place to provide safe care to both our patients and our staff at all times. The Trust is proud to maintain full compliance with the NHS England core standards requirement for emergency planning, resilience and response.

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

The Trust's financial performance is monitored at the monthly Strategy and Resources Committee. The committee monitors financial performance in its broadest sense and is concerned with the overall efficiency and effectiveness relating to the deployment of Trust resources. Further assurance is sought at the Trust Board.

The Trust's Audit Committee also performs a pivotal role in providing the Board with assurance on the use of resources. Each year the Audit Committee commissions the internal auditors to undertake reviews of key internal risks with a view to gaining assurance that there are sufficient and appropriate processes in place to demonstrate the economic, efficient and effective use of resources.

To ensure that the Trust is able to demonstrate the effectiveness of its services, it participates in local and national benchmarking exercises. Linked to this, the Trust is a member of the Lord Carter Model Hospital cohort for community trusts. This group enables the Trust to compare itself with peer organisations and allows conversation between trusts on best practice.

The Trust also participates in the national reference costs collection process. For the year 2018/19, the Trust has a reference cost index of 97 which is below the national average indicator set at 100. This was an increase from the previous year index of 91. Any score below 100 indicates that a provider is more efficient than the average for the amount of activity delivered.

Information governance

All information governance incidents are taken seriously and advice is taken as appropriate from the Medical Director, as Caldicott Guardian, and/or the Director of Finance, as Senior Information Risk Owner (SIRO). Incidents are fully investigated, remedial action is taken and lessons learned are applied across the organisation.

The Trust's Information Governance Group, which includes the SIRO and Caldicott Guardian, reviews all data security incidents. Changes in practice have been made in some cases to minimise the risk of repetition, a standard operating procedure has been adopted across the Trust for the handling and processing of correspondence that includes Personal Confidential Data.

Information Governance policies and Trust processes have been updated during the year to meet the requirements of the General Data Protection Regulation and the Data Protection Act 2018.

The Trust has achieved 'Standards Met' compliance for the Data Security and Protection Toolkit (DSPT) that replaced the Information Governance toolkit during 2018/19. Under the previous IG Toolkit, organisations received a score based on levels 1 to 3 with 3 being the highest. Under DSPT assessment, organisations can only achieve a rating of *Standards Met* or *Standards Not Met*.

During 2018/19, the Trust reported two lapses of data security to the Information Commissioner's Office. Further information can be found on page 53.

Annual Quality Account

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

The Trust has a formal reporting process to collate the quality data (both quantitative and qualitative) which forms the basis of information provided in the end of year Quality Account. The quarterly quality report and Trust performance data is reviewed and validated internally through relevant performance and quality governance committees/groups, including the Executive Team, prior to sign-off. It is shared with our commissioners and is incorporated within our contract review meetings, thus ensuring external validation of all relevant data.

The Quality Account is developed through a robust process which commences early in Quarter 4 each year and involves input and oversight from the Executive Team and Trust Board. The draft Quality Account is shared with key stakeholders for comment, providing an external overview of its content and balance as well as agreement for the key quality priorities set out in the Account. The final version is signed off by the Executive Team and the Board.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the audit committee, the healthcare governance committee and other sources. Plans to address weaknesses and ensure continuous improvement of the system are in place.

The Head of Internal Audit opinion for 2018/19

The Head of Internal Audit opinion for 2018/19 is that:
"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

More specific actions were identified in the areas of GP engagement and General Data Protection Regulations. The Trust is the process of implementing the actions to close the gap on the weaknesses identified. The Trust also has some overdue actions relating to the previous year's work covering estates, STP governance and assurance and data quality. The Trust is actively resolving these outstanding actions as soon as possible.
The Head of Internal Audit opinion also concluded that "*we do not consider that within these areas there are any issues that need to be flagged as significant control issues*".

Assurances as to the effectiveness of internal controls

Executive managers within the Trust who have responsibility for the development and maintenance of the system of internal control also provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- Internal audit reports and the Head of Internal Audit's opinion
- External audit
- Care Quality Commission (CQC) registration requirements and outcomes
- CQC inspection reports
- The Trust's monthly Integrated Business Performance Report
- Business Unit performance reports (BUPRs)
- Minutes and papers of the Trust Board, Board committees and sub-committees, including reports from executive directors as standing items
- Reports from the local counter-fraud specialist
- Submissions to, and feedback from, NHS Improvement (NHSI)
- Quality and contract review meetings with commissioners
- Board and Executive site visits and "deep dives" into services
- Assurance reports from the chairs of groups which report to the Executive Team
- Compliance with the NHS Data Security and Protection Toolkit (DSPT)
- Board self-certification of compliance with NHS Provider Licence conditions GC6 and FT4

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, Healthcare Governance Committee, Strategy & Resources Committee and the Executive Team.

The following have a role in maintaining and reviewing the effectiveness of the system of internal control:

- The **Board** has been actively involved in developing and reviewing the Trust's risk management processes including receiving and reviewing minutes and chair's observations from all committees which report to the Board. The Board also reviews the Board Assurance Framework, High Level Risk Register, Integrated Performance reports and Quality reports
- The **Audit Committee** has been a directing force in relation to reviewing the framework of internal control particularly with regard to corporate risk, the Assurance Framework, the High Level Risk Register and counter fraud
- The **Healthcare Governance Committee** is responsible for the governance and management of clinical risk, including ensuring compliance with regulatory standards and requirements, adoption of clinical policies and review of clinical aspects of performance, including incidents and complaints. The Committee also provided assurance to the Board in respect of patient safety, quality of services and patient experience and sought assurance as to the assessment of the quality impacts of cost improvement schemes.
- The **Strategy and Resources Committee** scrutinised current financial performance and future financial plans; reviewed financial, workforce and business risks; monitored that decisions involving finance, resources and assets were properly made to promote good financial practice throughout the Trust and received assurances that an integrated and holistic approach was taken to the use of all the Trust's resources for the delivery of the Trust strategy
- The **Information Governance Group** reports to the Executive Team and is responsible for the governance and management of information associated risk and compliance with the Data Security and Protection Toolkit (DSPT)

- The **Executive Team** met weekly and operationally managed all areas of risk, including the risk and control framework. The Executive Team also populates and reviews the Board Assurance Framework and reviews the High Level Risk Register, as well as ensuring that key risks have been highlighted and monitored within their directorates and the necessary action has been taken to address them
- **Internal audit** has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee and endorsed by the Board. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management
- **Clinical audit** is overseen by the Trust's Clinical Effectiveness Group, which reports to the Executive Team and gives assurance to the Healthcare Governance Committee. The clinical effectiveness programme is also reported to the Trust's Audit Committee. Lessons learned from clinical audits are fed back to services and lessons of general application are disseminated through the Trust's Shared Lessons in Practice (SLiPs) notices.
-

My review confirms that Hertfordshire Community NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Conclusion
No significant control issues have been identified for 2018/19.

Clare Hawkins
Chief Executive
23 May 2019

Remuneration and staff reports

Remuneration report

Remuneration and the Remuneration Committee

The Trust's Remuneration Committee makes decisions to recommend to the Board on the remuneration, terms and performance related pay of the Chief Executive and executive directors on Very Senior Manager (VSM) terms and conditions.
The Remuneration Committee also reviews all severance payments as required by the NHS Improvement (NHSI) Accountability Framework. This relates to all employees at Executive Director level and below.
Membership of the Committee consists of:

- Anne McPherson - Non-Executive Director and Chair of the Remuneration Committee
- Declan O'Farrell – Chair of HCT
- Jeff Phillips – Non-Executive Director and Chair of the Audit Committee

The following may also be in attendance:

- Chief Executive
- Director of Strategy, People and Organisational Development
- Executive Directors (except when their remuneration or terms and conditions of service are discussed)

During 2018/2019, the Committee met on four occasions. The main items addressed were:

- Consideration of national guidance on remuneration for executive directors
- Salary, terms and conditions for new executive directors (substantive and interim)
- Executive structures, including executive director roles and responsibilities
- Executive director performance and appraisals
- Executive recruitment and selection processes
- Submissions to NHSI as required

The Chair and Non-Executive Directors are remunerated at rates prescribed by the Secretary of State for Health and Social Care. Executive directors are remunerated as set out in the NHS Very Senior Managers (VSM) Pay Framework and senior managers are paid in accordance with NHS Agenda for Change pay scales.

Executive directors are appointed on substantive, permanent contracts, on a notice period of three months, with remuneration overseen by NHS Improvement. Where there is a temporary vacancy, an interim Director may be appointed. In the event of termination by the Trust, any payment due is paid in accordance with the reason for termination and the contract of employment.

During 2018/19, the Trust made four new substantive appointments:

- Chief Executive – Clare Hawkins
- Director of Finance – David Bacon
- Medical Director – Dr Hari Pathmanathan
- Director of Nursing and Quality – Sarah Browne

Prior to these substantive appointments, acting-up arrangements were in place to cover these posts during the recruitment process. In addition, the interim Director of Human Resources and OD was replaced by an interim Director of Strategy, People and OD in September 2018.

Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/member in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director/member in Hertfordshire Community NHS Trust in the financial year 2018/19 was £149,999 (2017/18 - £143,727). This was 5.07 times (2017/18 - 4.99) the median remuneration of the workforce, which was £29,608 (2017/18 - £28,746). *(This paragraph was subject to audit and is referred to in the Auditor's Opinion).*

In 2018/19, no (2017/18 - no) employees received remuneration in excess of the highest-paid director/member. Remuneration ranged from £6,157 to £149,999 (2017/18 - £6,157 to £143,727).Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Compensation on early retirement or for loss of office and payments to past directors

The Trust made no payments in respect of exit packages or severance payments to directors in 2018/19 and no payments were made to past directors. *(This paragraph was subject to audit and is referred to in the Auditor's Opinion).*

Exit packages

One exit package was agreed in 2018/19 and is set out in the table below. This related to a contractually obligated payment in respect of redundancy.

Exit package cost band (including any special payments)	Number of compulsory redundancies (Whole numbers only)	Cost of compulsory redundancies £s	Number of other departures	Cost of other departures Agreed £s	Total number of exit packages (Whole numbers only)	Total cost of exit packages £s	Number of departures where special payments have been made	Cost of special payment element included in exit packages £s
Less than £10,000								
£10,000 to £25,000								
£25,001 to £50,000								
£50,001 to £100,000	1	£66,858			1	£66,858		
£100,001 to £150,000								
£150,001 to £200,000								
Over £200,000								
Total	1	£66,858			1	£66,858		

Non-contractual exit payments

The Trust made no non-contractual exit payments in 2018/19. Non-contractual payments are those made without contractual or legal obligation, including those from judicial mediation.


Proud to
care for you
NHS
Hertfordshire Community
NHS Trust
Congratulations
Mary Heffernan
You are a
HCT Superstar

Board Salaries and Pensions

(This section was subject to audit and is referred to in the Auditor's Opinion).

Board Salaries and Allowances 2018/19

2018/19			(a)	(b)	(c)	(d)	(e)	(f)
Name	Title	Dates	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000	£00	£000	£000	£000	£000
Declan O'Farell	Chair	1/4/18 - 31/3/19	20 - 25	0	0	0	0	20 - 25
Alan Russell	Non-Executive Director	1/4/18 - 31/3/19	5 - 10	0	0	0	0	5 - 10
Anne McPherson	Non-Executive Director	1/4/18 - 31/3/19	5 - 10	0	0	0	0	5 - 10
Jeff Phillips	Non-Executive Director	1/4/18 - 31/3/19	5 - 10	0	0	0	0	5 - 10
Dr Linda Sheridan	Non-Executive Director	1/4/18 - 31/3/19	5 - 10	0	0	0	0	5 - 10
Brenda Griffiths	Non-Executive Director (Designate)	1/4/18 - 31/3/19	5 - 10	0	0	0	0	5 - 10
David Law	Chief Executive Officer	1/4/18 - 30/4/18	10-15	0	0	0	57.5-60	70-75
Clare Hawkins	Chief Executive Officer	1/4/18 - 31/3/19	145-150	0	0	0	57.5-60	200-205
Marion Dunstone	Director of Operations	1/4/18 - 31/3/19	100-105	0	0	0	37.5-40	140-145
Julie Hoare	Director of Service Development & Partnerships	1/4/18 - 28/2/19	105-110	0	0	0	47.5-50	155-160
Debbie Eyitayo	Director of Human Resources & Organisation	1/6/18 - 16/9/18	75-80	0	0	0	35-37.5	95-100
Dr John Omany	Medical Director	1/4/18 - 30/4/18	5-10	0	0	0	40-42.5	45-50
Phil Bradley *	Director of Finance	1/4/18 - 30/4/18	50-55	0	0	0	57.5-60	110-115
Kevin Curnow	Acting Director of Finance	1/4/18 - 3/5/18	10-15	0	0	0	15-17.5	30-35
Antonia Robson	Acting Director of Business Services	1/4/18 - 31/3/19	80-85	0	0	0	12.5-15	95-100
Patricia Wren	Acting Director Quality & Governance/Chief Nurse	1/4/18 - 31/12/18	75-80	0	0	0	25-27.5	100-105
David Bacon	Director of Finance	1/7/18 - 31/3/19	75-80	0	0	0	25-27.5	100-105
Rajwant Bhamber	Director of Human Resources & Organisation	4/9/18 - 31/3/19	55-60	0	0	0	25.27.5	85-90
Hariharan Pathmanathan	Medical Director / Deputy Chief Executive	3/9/18 - 31/3/19	60-65	0	0	0	0	60-65

Information on each director's period of employment is detailed in the section starting on page 36.

Board Salaries and Allowances 2017/18

2017/18			(a)	(b)	(c)	(d)	(e)	(f)
Name	Title	Dates	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£000	£00	£000	£000	£000	£000
Declan O'Farell	Chair	1/4/17 - 31/3/18	20 - 25	0	0	0	0	**20 - 25**
Alan Russell	Non-Executive Director	1/4/17 - 31/3/18	5 - 10	0	0	0	0	**5 - 10**
Anne McPherson	Non-Executive Director	1/4/17 - 31/3/18	5 - 10	0	0	0	0	**5 - 10**
Jeff Phillips	Non-Executive Director	1/4/17 - 31/3/18	5 - 10	0	0	0	0	**5 - 10**
Dr Linda Sheridan	Non-Executive Director	1/4/17 - 31/3/18	5 - 10	0	0	0	0	**5 - 10**
Brenda Griffiths	Non-Executive Director (Designate)	1/4/17 - 31/3/18	5 - 10	0	0	0	0	**5 - 10**
David Law	Chief Executive	1/4/17 - 31/3/18	140 - 145	0	0	0	20 - 22.5	**160 - 165**
Clare Hawkins	Acting Chief Executive Officer	17/9/17 - 31/3/18	115 - 120	0	0	0	137.5 - 140	**255 - 260**
Clare Hawkins	Director of Quality & Governance	1/4/17 -16/9/17						
Marion Dunstone	Director of Operations	1/4/17 - 31/3/18	95 - 100	0	0	0	57.5 - 60	**155 - 160**
Julie Hoare	Director of Service Development & Partnerships	1/4/17 - 31/3/18	105 - 110	0	0	0	17.5 - 20	**125 - 130**
Debbie Eyitayo	Director of Human Resources & Organisation Development	1/4/17 - 31/3/18	95 - 100	0	0	0	87.5 - 90	**185 - 190**
Dr John Omany	Medical Director	1/4/17 - 31/3/18	110 - 115	0	0	0	20 - 22.5	**135 -140**
Phil Bradley	Acting Deputy CEO	1/4/17 - 30/11/17	80 - 85	0	0	0	47.5 - 50	**130 - 135**
Phil Bradley	Director of Finance	1/4/17 - 30/11/17						
Kevin Curnow	Acting Director of Finance	1/12/17 - 31/3/18	30 - 35	0	0	0	32.5 - 35	**65 - 70**
Antonia Robson	Acting Director of Business Services	1/12/17 - 31/3/18	25 - 30	0	0	0	57.5 - 60	**85 - 90**
Patricia Wren	Acting Director Quality & Governance	28/9/17 - 31/3/18	55 - 60	0	0	0	87.5 - 90	**140 - 145**

Pension Benefits 2018/19 (and 2017/18)

(This section was subject to audit and is referred to in the Auditor's Opinion).

Pension Benefits 2018/19

Name	Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31st March 2019 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 1st April 2018	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31st March 2019	Employers contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£00
David Law	Chief Executive Officer	0 - 2.5	0 - 2.5	55-60	150-155	1183	0	0	
Clare Hawkins	Chief Executive Officer	7.5-10	25-27.5	55-60	175-180	970	294	1293	
Marion Dunstone	Director of Operations	0 - 2.5	0 - 2.5	35-40	90-95	613	99	731	
Julie Hoare	Director of Service Development & Partnerships	5-7.5	7.5-10	45-50	130-135	800	1196	2131	
Debbie Eyitayo	Director of Human Resources & Organisation Development	0 - 2.5	0 - 2.5	35-40	85-90	552	8	595	
Dr John Omany	Medical Director	0 - 2.5	0 - 2.5	40-45	125-130	0	16	189	
Phil Bradley *	Director of Finance	0 - 2.5	5-7.5	55-60	170-175	1056	98	1321	
Kevin Curnow	Acting Director of Finance	0 - 2.5	0 - 2.5	15-20	£0	113	6	178	
Antonia Robson	Acting Director of Business Services	2.5-5	0 - 2.5	10-15	£0	114	52	169	
Patricia Wren	Acting Director Quality & Governance/Chief Nurse	0 - 2.5	60-62.5	25-30	165-170	651	0	0	
David Bacon	Director of Finance	20-22.5	55-57.5	25-30	75-80	0	453	603	
Rajwant Bhamber	Director of Human Resources & Organisation Development	15-17.5	42.5-45	25-30	75-80	0	341	596	
Hariharan Pathmanathan	Medical Director / Deputy Chief Executive	0 - 2.5	0 - 2.5				0		

Information on each director's period of employment is detailed in the section starting on page 36.

Pension Benefits 2017/18

Name	Title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31st March 2018 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31st March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1st April 2017 £000	Real increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31st March 2018 £000	Employers contribution to stakeholder pension £00
David Law	Chief Executive	0 - 2.5	5 - 7.5	50 - 55	160 - 165	1090	94	1184	
Clare Hawkins	Acting Chief Executive Officer previously Director of Quality & Governance	5 - 7.5	20 - 22.5	45 - 50	140 - 145	789	180	970	
Clare Hawkins	Director of Quality & Governance								
Marion Dunstone	Director of Operations	2.5 - 5	2.5 - 5	35 - 40	90 - 95	533	80	613	
Julie Hoare	Director of Service Development & Partnerships	0 - 2.5	- 0 - 2.5	40 - 45	115 - 120	740	61	801	
Debbie Eyitayo	Director of Human Resources & Organisation Development	5 - 7.5	7.5 -10	30 - 35	80 - 85	445	107	552	
Dr John Omany	Medical Director	- 0 - 2.5	- 0 - 2.5	35 - 40	115 - 120	0	0	0	
Phil Bradley	Director of Finance and Acting Deputy CEO	2.5 - 5	57.5 - 60	50 - 55	155 - 160	923	89	1056	
Kevin Curnow	Acting Director of Finance	0 - 2.5	0	12.5 - 15	0	94	6	113	
Antonia Robson	Acting Director of Business Services	0 - 2.5	0	10 - 12.5	0	79	12	114	
Patricia Wren	Acting Director Quality & Governance	0 - 2.5	47.5 - 50	25 - 30	80 - 85	534	59	651	

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

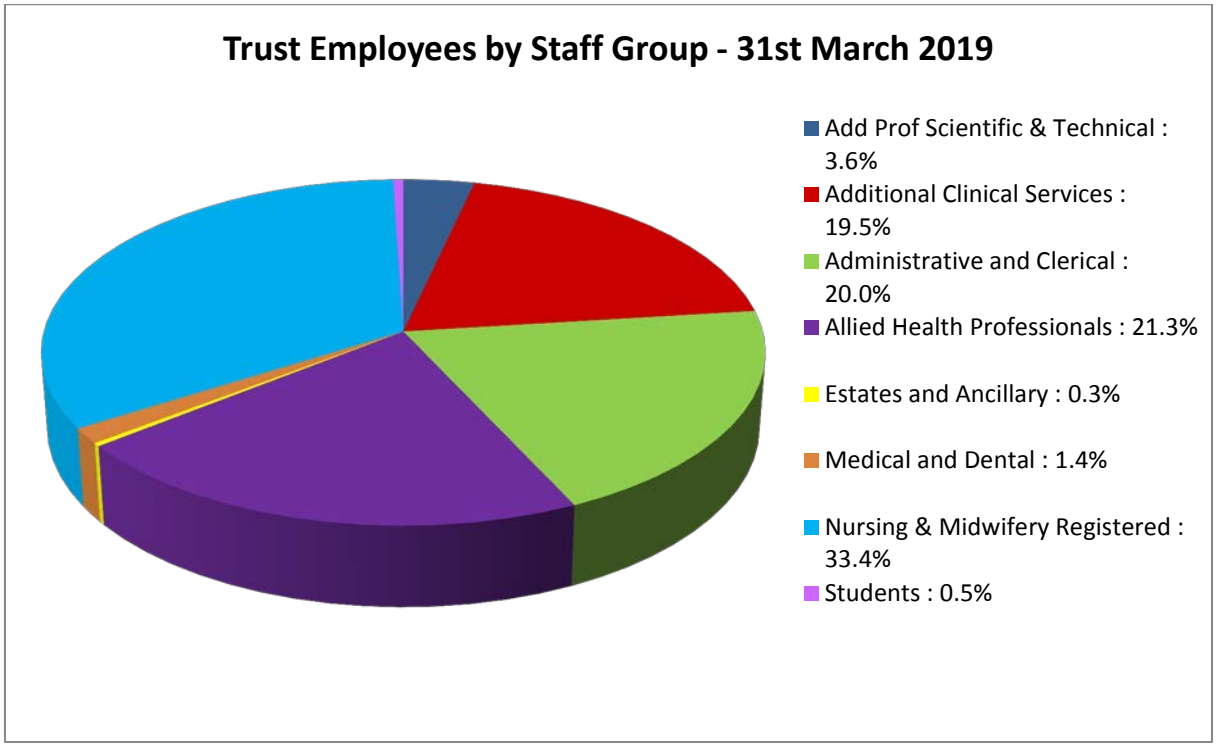
Pension liabilities

Pension liabilities are treated as payables in the accounts. The accounting policy 1.5 refers to the treatment of pensions within the Trust's accounts.

Staff report

The Trust had 2,781 (2,283.5FTE) positions filled as at 31 March 2019. This compares to 2,749 (2,253.89 FTE) as at 31 March 2018. *(This paragraph was subject to audit and is referred to in the Auditor's Opinion).*

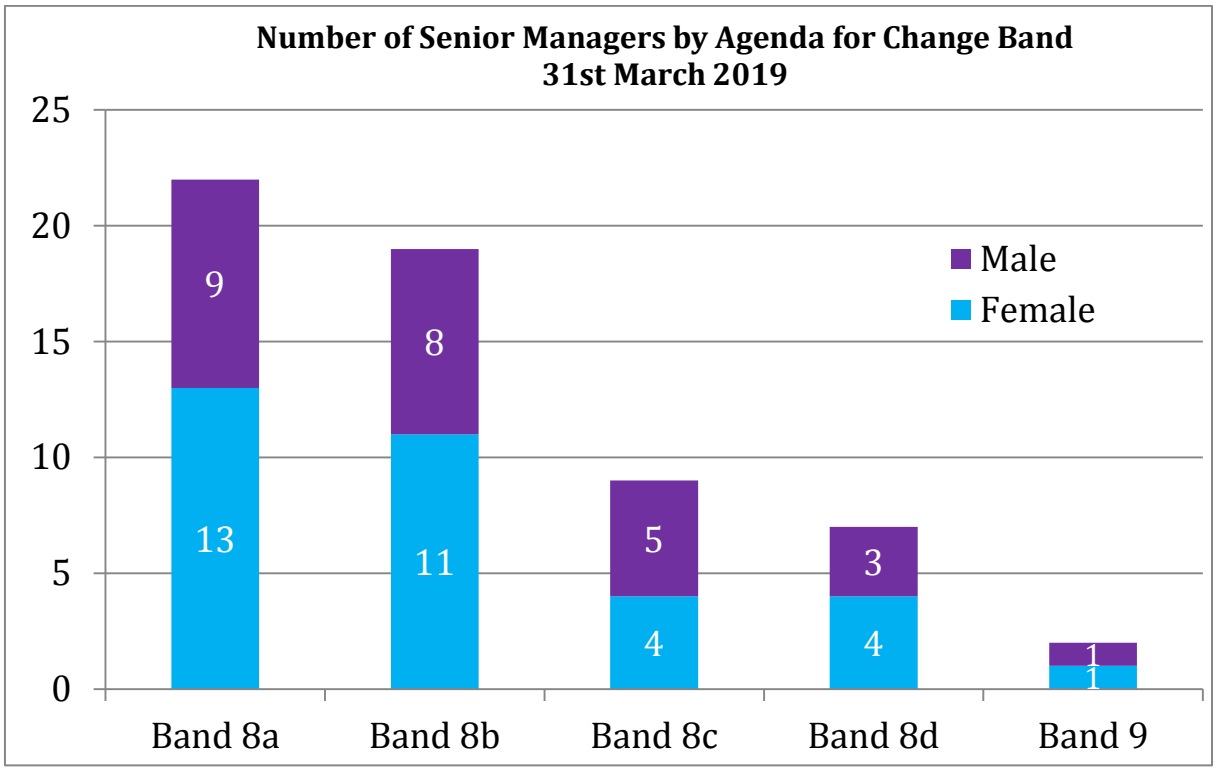
Staff Groups



Staff Group by Headcount 31st March 2019	Substantively Employed
Nursing and Midwifery Registered	930
Allied Health Professionals	592
Administrative and Clerical	556
Healthcare Assistants and other Clinical Support	550
Professional Scientific and Technical	99
Medical and Dental	40
Student Health Visitors	14
Total	**2,781**

Senior managers

For the purposes of the graph below a senior manager has been classed as a non-clinical member of staff on Agenda for change Band 8a or above.



Staff by gender

Staff by Gender 31st March 2019	Male	Female	Total
Directors	2	4	**6**
Senior Managers (Non-Clinical)	26	33	**59**
All other Staff	184	2,532	**2,716**
Total	**212 (7.6%)**	**2569 (92.4%)**	**2781**

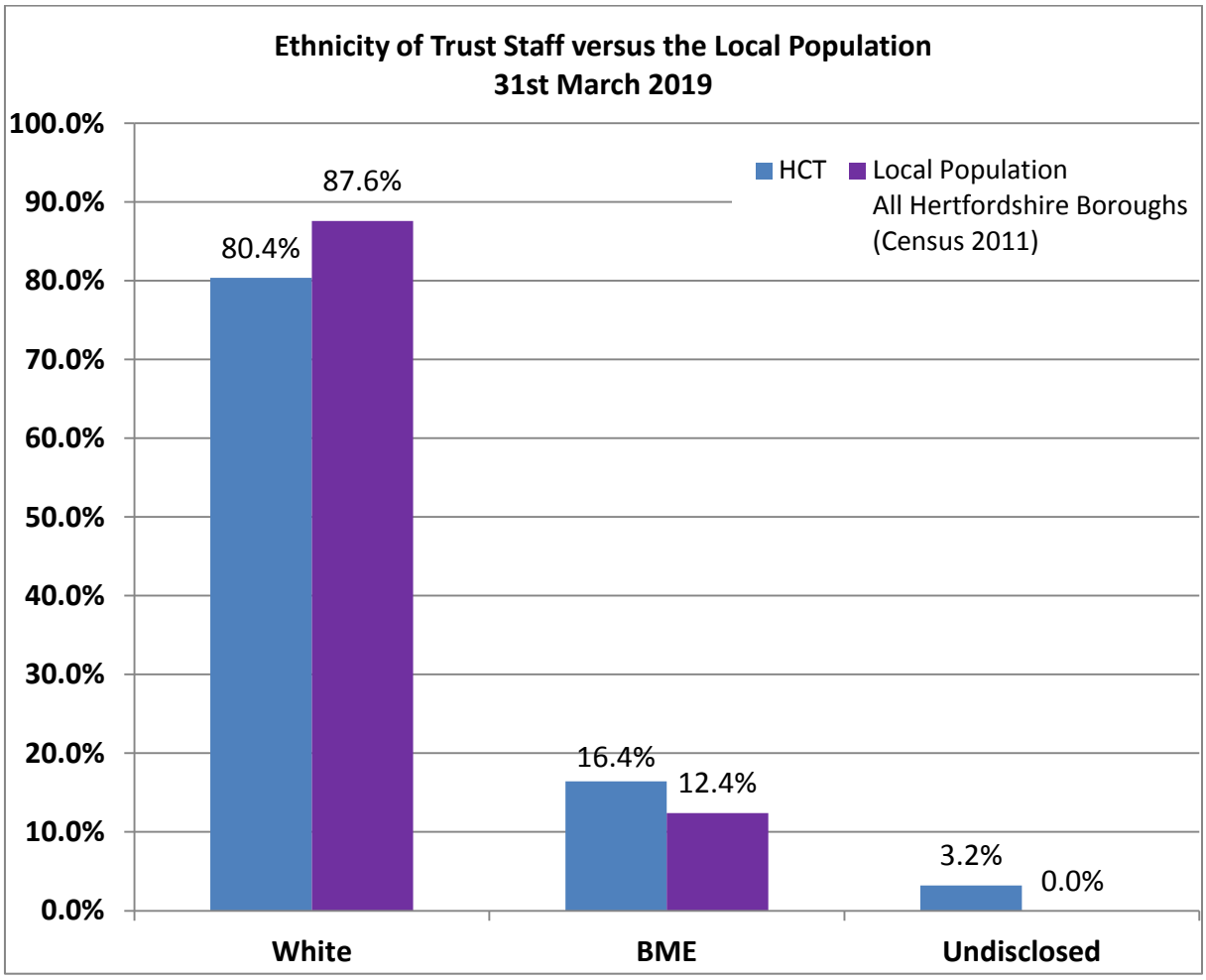
The Trust Board and Executive Directors by gender

The mix of gender on the Board of Directors as at 31st March 2019 was as follows (*):

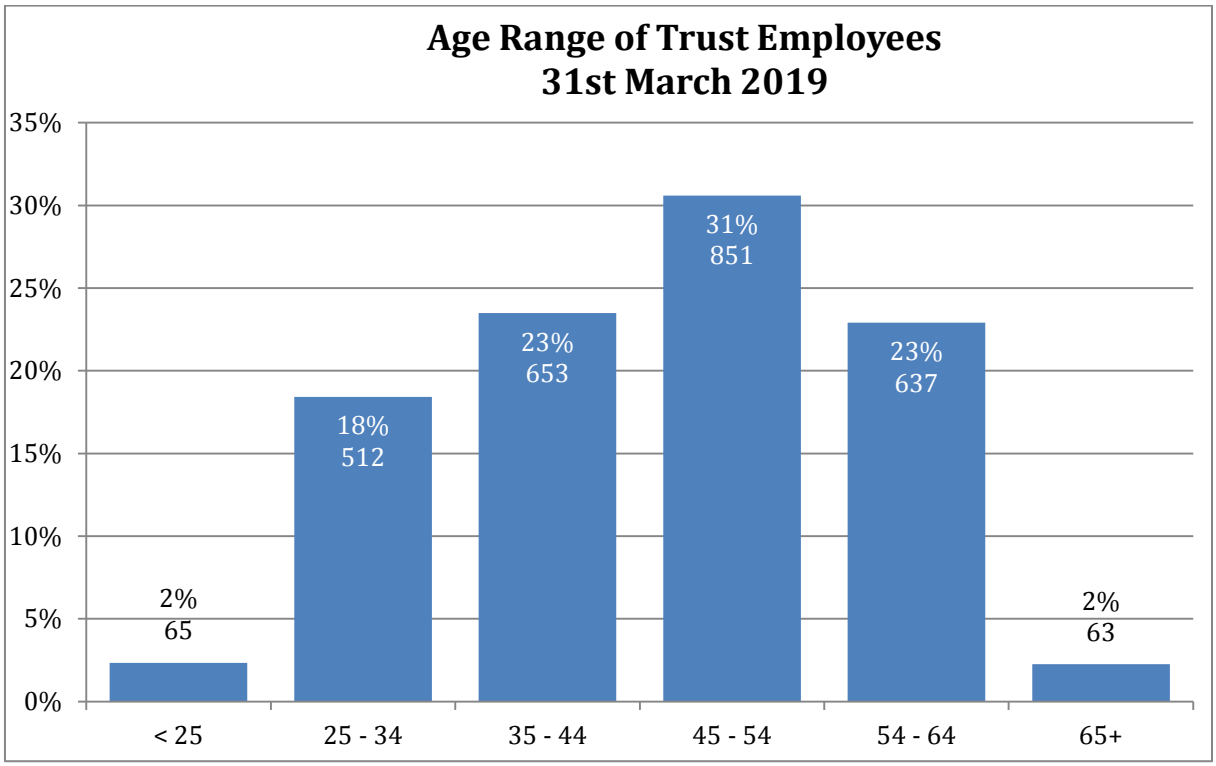
Trust Board and Executive Directors 31st March 2019	Male	Female	Total
Chair and Non-Executive Directors	3 50%	3 50%	**6**
Executive Directors	2 33%	4 67%	**6**
Combined	**5** **42%**	**7** **58%**	**12**

(*) Includes voting, non-voting and interim members

Staff by ethnic background



Staff by age band



Staffing cost analysis

The tables below show the average number of staff throughout the year and the total costs of staff to the Trust as employer.

Average number of employees(*) Total costs	Total Staff Average Number	Total Staff Costs £000s	Permanently Employed Staff Average Number	Total Staff Costs Permanent £000s	Other Staff Average Number	Total Staff Costs Other £000s
Medical and dental	31	4,613	31	4,038	1	575
Ambulance staff	0	0	0	0	0	0
Administration and estates	478	19,887	424	18,164	54	1,723
Healthcare assistants and other support staff	461	14,856	455	11,484	6	3,372
Nursing, midwifery and health visiting staff	771	38,943	756	34,192	14	4,751
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	542	26,414	519	24,058	23	2,356
Healthcare science staff	0	0	0	0	0	0
Social care staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	**2,283**	**104,713**	**2,185**	**91,936**	**98**	**12,777**
Staff costs engaged on on capital projects (included above)		**254**		**254**		

Employee Expenses - Gross Expenditure	2018/19			2017/18		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	76,110	76,110	0	77,621	76,136	1,485
Social security costs	6,329	6,329	0	6,323	6,323	0
Apprenticeship levy	353	353	0	351	351	0
Employer's contributions to NHS pensions	9,749	9,749	0	9,685	9,685	0
Pension cost - other	2	2	0	0	0	0
Temporary staff - External Bank	4,249	0	4,249	3,085	0	3,085
Temporary staff - Agency / contract staff	8,528	0	8,528	8,634	0	8,634
Total Employee Benefits Including Capitalised Costs	**105,320**	**92,543**	**12,777**	**105,699**	**92,495**	**13,204**
Costs capitalised as part of assets	254	254	0	139	139	0
Total Employee Benefits Excluding Capitalised Costs	**105,066**	**92,289**	**12,777**	**105,560**	**92,356**	**13,204**

Workforce vision

Through 2018/19, our workforce vision was ‘to have a workforce with the right skills and values, organised and supported in the right way, working together to maintain and improve the health and wellbeing of the people we serve’.

This vision has been delivered through the strategic objectives set out in our five year Workforce and OD Strategy and supporting delivery plan. The strategy defined our commitment to staff in a range of key areas, including staff engagement, leadership, training and development, equality and diversity and staff health and wellbeing.
These will remain strong commitments in our new strategy being introduced in 2019/20, which will focus on the five pillars of:

- Embedding a health and wellbeing culture

- Developing a workforce and resourcing plan
- Investing in learning, leadership and team development
- Implementing new service and workforce models
- Maximising the use of technology

Staff engagement

Staff engagement has continued to be a strong focus over the past year, with particular emphasis on involving our staff in the further development of our services, including our Customer Services Transformation programme and our innovative new Adult and Children's service models designed to meet the needs of our patients and service users.

Our regular Chief Executive video and email briefings supplement our wide range of other communication mechanisms, including our programme of Board visits to services, staff listening events, the Clinical Matters newsletter, local business unit bulletins, HCT Facebook and Twitter accounts and our weekly staff e-bulletin *Noticeboard*. Over the last year, we have also introduced new 'Being the Best Together' staff feedback groups for new starters and potential leavers.

The Trust has a well-established Joint Negotiating Committee and Medical Local Negotiating Committee and engages regularly with union and professional association representatives on issues such as policy development, staff health and wellbeing and equalities, as well as in relation to organisational change and individual case management.

Staff recognition

The Trust recognises the achievements of staff through a range of mechanisms, including through nominations for a range of external awards. This includes the prestigious Health Service Journal awards, with two Trust entries being shortlisted as finalists in March 2019.

As part of the NHS 70th Birthday celebrations, the Trust introduced an NHS70 Superstars awards scheme, with around 300 superstar badges and certificates being presented to staff from right across the Trust. This has more recently been relaunched as our HCT Superstar awards, with a further 100 staff being nominated in the first month of the revised scheme. These were recognised at a new *Afternoon Tea with the Chief Executive* event, with excellent feedback from attendees.

Staff achievements are also recognised through our annual Trust Leading Lights Awards, presented at our celebration event in June 2018. These awards include individual and team nominations under a range of categories, with all nominees being recognised for their achievements and certificates and vouchers being presented to the winners and runners up. Long Service Awards were also presented at this event, recognising 25, 30 and 40 years of NHS service, along with recognition for our long serving retirees.

National Annual Staff Survey

The Trust runs the National Annual Staff Survey as a full on-line census of all staff. The percentage response rate to the 2018 survey was 55 per cent, compared to 58 per cent in 2017, with over 1,400 of our staff giving us their feedback. This response rate was above the average of 53 per cent for our cohort of community healthcare trusts and significantly higher than the overall national average participation rate of 46 per cent, indicating a relatively well engaged workforce.

The results of the survey overall showed a stable picture, with the Trust scoring well above the community healthcare trust average on:

- the quality of appraisals
- staff feeling valued and having clear objectives
- staff being supported by managers to undertake training, learning and development

However, we scored less well on staff feeling able to give the quality of care they aspired to and on overall staff morale, reflecting the challenging environment that staff have been working in over the last year.

Compared with 2017, the Trust remained statistically the same except for the *safe environment - bullying* theme which covers questions relating to bullying and harassment from patients, managers and colleagues. Whilst our score for this theme this showed a small deterioration over 2017, it still remains in line with the average for community healthcare trusts.

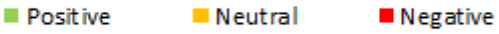
We take the staff survey results very seriously and are working to develop Trustwide and local action plans to address the areas requiring further development.

Pulse surveys

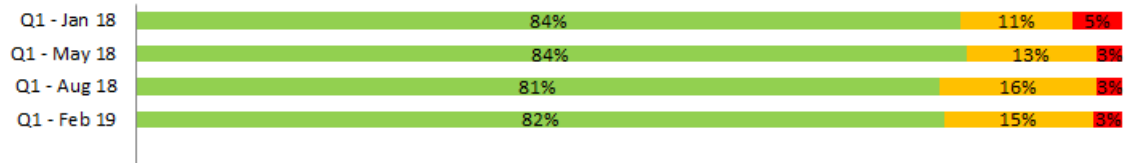
In addition to the annual National Staff Survey, we undertake our own quarterly Pulse surveys. These comprise a number of core questions plus some 'hot topic' questions on areas of particular interest. Response rates are high for this type of survey, at between 23-27% of the workforce each quarter. The Pulse surveys have shown a similar picture to the Annual Staff Survey with a plateauing of scores over the last year.

The Pulse survey also includes the staff Friends and Family Test questions, with stable results for the questions on staff recommending the Trust as a place to receive treatment and as a place to work.

Key:



How likely are you to recommend your Trust to friends and family if they needed care or treatment?



How likely are you to recommend your Trust to your friends and family as a place to work?

Leadership development

The Trust is committed to continual development of our leaders at all levels through training and induction programmes, action learning sets, secondments, project work, coaching and access to regional strategic leadership programmes.

These development opportunities have been supported by a range of engagement events and forums where leaders have come together to network, celebrate good practice, learn and influence. This includes our quarterly Senior Leaders and Leaders Forums, various clinical forums and an Administration Conference. Our annual leadership conference in 2018 focussed on agility, innovation and resilience. It was attended by over 200 staff, with opportunities to attend workshops and celebrate service improvements and staff came away inspired and motivated.

Over the last year, we have continued to use the Healthcare Leadership Model 360° tool to assess leadership capability in our senior operational management teams and we have planned and delivered development interventions in response to the findings. We shared talent management information with the business units and have commenced work on a wider talent management strategy.

We participated in the Herts Accelerated Directors Development programme and were early adopters with our partners in delivering the local model of the Mary Seacole Leadership Academy Programme. This is a six month leadership development programme, designed to develop knowledge and skills in leadership and management for first-time leaders in healthcare. We also continued to support the Hertfordshire County Council and NHS graduate schemes by providing placements.

Staff development

Over the last year, we have continued to build on our training programme with other trusts and the University of Hertfordshire to develop the skills and competencies of our staff, enabling them to deliver new models of care and to support patients as partners in their own health. Training in user self-management is being rolled out across the Trust.

Increasing the uptake of mandatory training has continued to be a key priority to ensure staff are confident to treat patients safely. 95 per cent of staff completed this essential refresher training in the last year. Our new electronic learning system ‘My Learning Zone’ uses a single system for staff to identify their training needs, book future sessions and complete e-learning. Our staff have reported that this is much quicker and easier to use than the previous system, releasing time for them to concentrate on patients. The Trust also accepts training that has been completed with other NHS employers to enable new recruits to start work more quickly, and this has reduced the time needed for corporate induction.

A three year apprenticeship plan has been developed to support the implementation of the new Apprenticeship Levy and to use the Levy to up-skill our workforce. We have worked closely with local partners to select training providers who can support us to provide a wide variety of career pathways for staff. We now have 14 staff training as nursing associates, with the first four graduating in April 2019. We have more than doubled the number of staff undertaking apprenticeship programmes this year, including leadership and HR qualifications.

We have implemented our new locally developed appraisal recording system, with good feedback from staff about how this has streamlined the process. In addition, we have continued to train appraisers to improve the quality of our appraisals. 90 per cent of our staff received appraisals in the year and the 2018 national annual staff survey showed that we were once again a top-rated community healthcare trust for the quality of our appraisals.

Staff recruitment and retention

The Trust recognises the vital importance of being able to recruit sufficient numbers of high quality staff to deliver safe and effective services to our patients and service users, along with retaining the experienced staff we already have working in our teams.

To address this important area, the Trust has a Workforce Resourcing Plan and is implementing a wide range of initiatives to attract new staff. During 2018/19, this has included expanding our use of social media for recruitment and running innovative advertising campaigns on petrol pumps, at shopping centres and local cinemas. This has helped us reduce our vacancy rate to 10.6 per cent at year end.
We have also focused on retention, working as part of a national collaborative to improve nursing retention. Alongside ongoing work on staff engagement, health and wellbeing and flexible working to improve colleagues' working lives, we have:

- introduced a new online exit survey
- held focus groups to ask staff what is important to them
- improved preceptorship by providing increased support/buddying
- introduced career clinics for nurses looking to change roles

Equal opportunities in employment

We are committed to being an equal opportunities employer and our Equality and Diversity Policy sets out our aim to ensure that all employees, irrespective of their background, are supported to develop their full potential. An equal opportunity statement is included in all job descriptions to ensure staff are aware of their responsibilities.

We are committed to leading and embedding fairness in the culture and behaviours of our staff by:

- providing an environment where staff can thrive, are confident to be themselves, feel valued and treat each other with fairness, dignity and respect
- helping and supporting staff to understand the importance of personalisation, fairness and diversity in the planning and delivery of services
- showing zero tolerance towards bullying, harassment, inappropriate language and behaviour and encouraging the reporting of all cases of discrimination

We review and report on the profile of our workforce through our Public Sector Equality Duty (PSED) report, NHS Workforce Race Equality Standard (WRES) report and Gender Pay Gap Report, with development of associated action plans. We train managers and staff in equality and diversity and are committed to implementing our equality and diversity objectives, which include further analysis of our equalities data to address any unconscious bias.

Disability

The Trust has achieved Level 2 Disability Confident Employer status under the Disability Confident scheme. This supports employers to make the most of the talents disabled people can bring to the workplace, by helping them to successfully recruit and retain disabled people and those with health conditions.

We currently employ 82 staff with a declared disability (2.95 per of our workforce). Over the last year we have recruited 18 new staff with a disability to work in our services. We recognise the need to do more, however, and have introduced an application process to make it easier for people with learning difficulties to apply for posts.

Health and wellbeing and sickness absence

One of our workforce priorities is to sustain positive initiatives for staff health and wellbeing in recognition of the significant transformational change we are asking our staff to deliver and the pressure they are working under.

Over the last year, we have worked towards national quality targets on staff health and wellbeing and delivered a significant work programme to promote awareness of muscular skeletal issues, mental health and healthy eating and to support staff flu vaccination uptake. Working with our extended staff health and wellbeing network, we have participated in the national Workplace Challenge, supported our staff through our comprehensive Employee Assistance Programme, run cholesterol and blood sugar tests and embedded our fast track physiotherapy service for staff. A Staff Health and Wellbeing Task Force has been set up to further progress this work and a Staff Mental Health Plan has been developed for implementation in 2019/20.

Staff sickness continues to be managed with the support of our Health at Work (Occupational Health) Service. For the 12 month period to March 2019, our cumulative absence rate (Whole Time Equivalent) was 4.0 per cent. This equates to 14.6 calendar days per employee, an increase compared with the previous year's rate of 3.81 per cent or 13.91 calendar days per employee.
The Trust's Health at Work Service is provided by East and North Hertfordshire NHS Trust, which is accredited under the SEQOHS (Safe Effective Quality Occupational Health Service) scheme. In 2018/19:

- 656 pre-placement assessments were undertaken
- 391 employees were referred to the Health at Work Service for advice
- 316 appointments were attended for occupational immunisations (including vaccines and blood tests for Hepatitis B, chickenpox, measles, mumps, rubella and tuberculosis). This figure does not include flu vaccinations

We also ran our annual flu campaign, with Health at Work and our flu champions vaccinating 70 per cent of eligible front-line staff to protect them and vulnerable patients. This was in line with the 70.3 per cent national average and higher than the average of 65.7 per cent for the East of England region.

Annual Accounts for the year ended 31 March 2019

Hertfordshire Community NHS Trust

Annual accounts for the year ended 31 March 2019

Contents: Page

Statement of Directors' Responsibilities in respect of the Accounts

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

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

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

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

By order of the Board

Date 23 MAY 2019 ..... Chief Executive

Date 23 MAY 2019 ..... Finance Director

Audit Certificate and Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hertfordshire Community NHS Trust (the 'Trust') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

unlawful and likely to cause a loss or deficiency; or

- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(1)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, and to report by exception where we are not satisfied.

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

Report on other legal and regulatory requirements – Certificate

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

Use of our report

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

Paul Dossett

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

London
24 May 2019

Statement of Comprehensive Income

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	3	140,499	137,748
Other operating income	4	5,247	4,657
Operating expenses	6, 8	(140,661)	(137,486)
Operating surplus/(deficit) from continuing operations		**5,085**	**4,919**
Finance income	11	131	47
Finance expenses	12	(48)	(28)
PDC dividends payable		(1,595)	(1,587)
Net finance costs		**(1,512)**	**(1,568)**
Other gains / (losses)	13	408	(52)
Gains / (losses) arising from transfers by absorption		-	(1,206)
Corporation tax expense		-	-
Surplus / (deficit) for the year from continuing operations		**3,981**	**2,093**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		**-**	**-**
Surplus / (deficit) for the year		**3,981**	**2,093**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(583)	(392)
Revaluations	16	582	3,293
Share of comprehensive income from associates and joint ventures		-	-
Total comprehensive income / (expense) for the period		**3,980**	**4,994**

The retained surplus for the Trust for the year 2018-19 is £3.980m

Statement of Financial Position

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Intangible assets	14	429	384
Property, plant and equipment	15	63,506	62,998
Total non-current assets		**63,935**	**63,382**
Current assets			
Receivables	17	7,227	10,743
Cash and cash equivalents	18	22,789	18,734
Total current assets		**30,016**	**29,477**
Current liabilities			
Trade and other payables	19	(13,853)	(15,388)
Borrowings	22	(178)	(176)
Provisions	24	(404)	(91)
Other liabilities	21	(169)	(1,977)
Total current liabilities		**(14,604)**	**(17,632)**
Total assets less current liabilities		**79,347**	**75,227**
Non-current liabilities			
Borrowings	22	(2,180)	(2,356)
Provisions	24	(1,098)	(1,038)
Total non-current liabilities		**(3,278)**	**(3,394)**
Total assets employed		**76,069**	**71,833**
Financed by			
Public dividend capital		1,387	1,131
Revaluation reserve		18,477	19,602
Other reserves		4,946	4,946
Income and expenditure reserve		51,259	46,154
Total taxpayers' equity		**76,069**	**71,833**

The notes on pages 94 to 132 form part of these accounts.

The financial statements on pages 90 to 93 were approved by the Board on the 23rd of May 2019 and signed on its behalf by :

Signature: 

Name: Clare Hawkins

Position: Chief Executive

Date: **23-May-19**

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

	Public dividend capital	Revaluation reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	**1,131**	**19,602**	**4,946**	**-**	**46,154**	**71,833**
Impact of implementing IFRS 15 on 1 April 2018	-	-	-	-	-	**-**
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	-	**-**
Surplus/(deficit) for the year	-	-	-	-	3,981	**3,981**
Other transfers between reserves	-	(1,124)	-	-	1,124	**-**
Impairments	-	(583)	-	-	-	**(583)**
Revaluations	-	582	-	-	-	**582**
Public dividend capital received	256	-	-	-	-	**256**
Taxpayers' equity at 31 March 2019	**1,387**	**18,477**	**4,946**	**-**	**51,259**	**76,069**

* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets

Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital	Revaluation reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2017 - brought forward	**1,131**	**17,221**	**4,946**	**-**	**43,541**	**66,839**
Prior period adjustment	-	-	-	-	-	**-**
Taxpayers' equity at 1 April 2017 - restated	**1,131**	**17,221**	**4,946**	**-**	**43,541**	**66,839**
Surplus/(deficit) for the year	-	-	-	-	2,093	**2,093**
Other transfers between reserves	-	(520)	-	-	520	**-**
Impairments	-	(392)	-	-	-	**(392)**
Revaluations	-	3,293	-	-	-	**3,293**
Taxpayers' equity at 31 March 2018	**1,131**	**19,602**	**4,946**	**-**	**46,154**	**71,833**

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.

Other reserves
The balance of this reserve represents the opening balance fof Hertfordshire Community NHS Trust at its establishment in November 2010; the balances were transferred from Hertfordshire PCT.

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

Statement of Cash Flows

	Note	2018/19 £000	2017/18 £000
Cash flows from operating activities			
Operating surplus / (deficit)		5,085	4,919
Non-cash income and expense:			
Depreciation and amortisation	6	3,467	3,501
(Increase) / decrease in receivables and other assets		3,348	(4,134)
Increase / (decrease) in payables and other liabilties		(1,426)	206
Increase / (decrease) in provisions		373	(25)
Other movements in operating cash flows		(411)	-
Net cash generated from / (used in) operating activities		**10,436**	**4,467**
Cash flows from investing activities			
Interest received		131	47
Purchase of intangible assets		(224)	(16)
Sales of intangible assets		-	-
Purchase of property, plant, equipment and investment property		(6,731)	(2,815)
Sales of property, plant, equipment and investment property		2,004	84
Net cash generated from / (used in) investing activities		**(4,820)**	**(2,700)**
Cash flows from financing activities			
Public dividend capital received		256	-
Movement on loans from the Department of Health and Social Care		(176)	(176)
Interest on loans		(46)	(49)
PDC dividend (paid) / refunded		(1,595)	(1,581)
Net cash generated from / (used in) financing activities		**(1,561)**	**(1,806)**
Increase / (decrease) in cash and cash equivalents		**4,055**	**(39)**
Cash and cash equivalents at 1 April - brought forward		**18,734**	**18,773**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**18,734**	**18,773**
Cash and cash equivalents transferred under absorption accounting		-	-
Unrealised gains / (losses) on foreign exchange		-	-
Cash and cash equivalents at 31 March	18	**22,789**	**18,734**

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 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. An assumption of going concern has been made as the Trust is a non-trading entity in the public sector with full expectation that the services it provides will continue in the future. This is in accordance with the GAM 2018/19 issued by the Department of Health and Social Care.

Note 1.3 Acquisitions and discountinued operations

Activities are considered to be ‘acquired’ only if they are taken on from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one public sector body to another.

Note 1.4.1 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

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

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

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

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

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 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 1.4.2 Revenue grants and other contributions to expenditure

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

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

Note 1.4.3 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees.The Trust leave year runs from 1st April to 31 March. The Trust has a policy of not allowing any staff to carry forward untaken leave into the new financial year, however, the Trust acknowledges that those staff on maternity leave or long-term sickness leave are entitled to annual leave that they will not have been able to take during the year and, therefore, an accrual has been made to take into account of this.

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

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

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

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

Note 1.6 Expenditure on other goods and services

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

7 **Note 1.7 Property, plant and equipment**

7 **Note 1.7.1 Recognition**

Property, plant and equipment is capitalised where:

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

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

7 **Note 1.7.2 Measurement**

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

All 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. The Trust undertakes a full revaluation of all its properties every 5 years. In the intervening period an interim desk top valuation is carried out at 3 years with individual valuation exercises being performed on specific assets where significant works have been undertaken. 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.

The last full revaluation was undertaken at 31st March 2015.

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.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

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

Depreciation
Freehold land, assets under construction or development, and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives.
At each financial year-end, the NHS trust checks whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.
A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

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.

7 **Note 1.7.3 De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:
• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable ie:

- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

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

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

7 **Note 1.7.4 Donated and grant funded assets**

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

Note 1.7.5 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

	Min life Years	**Max life Years**
Land	-	-
Buildings, excluding dwellings	1	47
Dwellings	1	-
Plant & machinery	1	15
Transport equipment	1	1
Information technology	1	10
Furniture & fittings	1	15

Note 1.8 Intangible assets

Note 1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably and where the cost is at least £5000.

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, it is recognised as an operating expense in the period which it is incurred.

Internally generated assets are recognised if, and only if, all the following have been demostrated:

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

Software
Software which is integral to the operation of hardware, 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.

Note 1.8.2 Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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.

Note 1.8.3 Useful economic life 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	**Max life**
	Years	**Years**
Software licences	5	10

9 **Note 1.9 "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.

10 **Note 1.10 Financial assets and financial liabilities**

10 **Note 1.10.1 Recognition**

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

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

10 **Note 1.10.2 Classification and measurement**

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

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value trough income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets

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

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

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

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

10 **Note 1.10.3 Derecognition**

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

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

Note 1.11 Leases

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

Note 1.11.1 The trust as lessee

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

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

The annual rental 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. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

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

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

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

Note 1.11.2 The trust as lessor

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

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

Note 1.12 Provisions

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

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at Note 7.1 but is not recognised in the Trust’s accounts.

Audit negligence costs
The audit liability to the Trust on operational negligence is limited to £2 million.

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 1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 25 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in Note 25, 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.

14 **Note 1.14 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.

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

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

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

15 **Note 1.15 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.

16 **Note 1.16 Losses and special payments**

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

However 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.

17 **Note 1.17 Critical judgements in applying accounting policies**

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

In the application of the NHS trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and 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 Trust has considered its position with regard to financial, operational and other asociated risks and determined that it is a going concern. These accounts have been prepared on this basis.

17 **Note 1.17.1 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 has estimated the life of assets capitalised as Plant, Property & Equipment based on advice from specialist staff and previous experience - **Note 14.**

The Trust continues to hold a provision for impairment of receivables. All non NHS debts over 30 days old are fully provided for.

The Trust is carrying a liability for provisions. In order to calculate the carrying amount the Trust has estimated the costs of dilapidation repairs required, its liability for potential litigation or claims during 2018-19 and beyond from issues arising in the current year such possible redundancies.

The Trust has made a number of accruals for both income and expenditure; these have been estimated using the most appropriate information available for instance data provided by a counterparty organisation or the Trust's own internally generated information.
The Trust has used, wherever possible, advice from specialist providers or information from counterparty organisations to support estimated values within the accounts. If these were not available then the Trust's own data and experience has been used to calculate estimated amounts. This should reduce the risk of material errors arising in 2019-20 and future years from the estimated values included in these accounts.

18 **Note 1.18.1 Standards, amendments and interpretations in issue but not yet effective or adopted**

The HM Treasury FReM does not require the following Standard and Interpretation to be applied in 2018-19. These standard is still subject to HM Treasury FReM interpretation, with IFRS 16 being for implementation in 2019-20.

● IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.19 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

For Hertfordshire Community NHS Trust the values of Charitable Funds are not material and are therefore not consolidated.

Note 2 Operating Segments

The Trust engages in its activities as a single operating segment ie the provision of healthcare. The main source of revenue for the Trust is from commissioners of healthcare services which are principally CCGs and NHS England. The Department of Health has deemed that as CCGs and NHS England are under common control they are classed as a single customer for the purposes of segmental analysis.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)	**2018/19**	**2017/18**
	£000	**£000**
Community services		
Community services income from CCGs and NHS England	106,333	106,959
Income from other sources (e.g. local authorities)	32,790	30,789
All services		
Private patient income	36	-
Agenda for Change pay award central funding	1,340	-
Other clinical income	-	-
Total income from activities	**140,499**	**137,748**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2018/19**	**2017/18**
	£000	**£000**
NHS England	8,786	7,600
Clinical commissioning groups	97,277	100,174
Department of Health and Social Care	1,340	74
Other NHS providers	8,996	6,222
NHS other	-	20
Local authorities	23,671	23,571
Non-NHS: private patients	36	28
Non-NHS: overseas patients (chargeable to patient)	-	-
Injury cost recovery scheme	19	31
Non NHS: other	374	28
Total income from activities	**140,499**	**137,748**
Of which:		
Related to continuing operations	140,499	137,748
Related to discontinued operations	-	-

Note 4 Other operating income

	2018/19	2017/18
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	-	173
Education and training (excluding notional apprenticeship levy income)	1,042	810
Non-patient care services to other bodies	-	669
Provider sustainability / sustainability and transformation fund income (PSF / STF)	3,220	2,215
Income in respect of employee benefits accounted on a gross basis	-	9
Other contract income	663	781
Other non-contract operating income		
Rental revenue from finance leases	-	-
Other non-contract income	322	-
Total other operating income	**5,247**	**4,657**
Of which:		
Related to continuing operations	5,247	4,657
Related to discontinued operations	-	-

Note 5.1 Additional information on revenue from contracts with customers recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1561
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-

Note 5.2 Transaction price allocated to remaining performance obligations	2018/19
	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	
within one year	-
after one year, not later than five years	-
after five years	-
Total revenue allocated to remainig performance obligations	**-**

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

Note 6 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	438	207
Purchase of healthcare from non-NHS and non-DHSC bodies	2,340	295
Staff and executive directors costs	104,999	105,300
Remuneration of non-executive directors	55	50
Supplies and services - clinical (excluding drugs costs)	1,945	6,376
Supplies and services - general	6,096	2,397
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	900	995
Inventories written down	-	-
Consultancy costs	1,453	682
Establishment	6,275	4,816
Premises	7,867	9,021
Transport (including patient travel)	2,133	2,128
Depreciation on property, plant and equipment	3,288	3,282
Amortisation on intangible assets	179	219
Movement in credit loss allowance: all other receivables and investments	450	(396)
Increase/(decrease) in other provisions	-	18
Audit fees payable to the external auditor		
audit services- statutory audit	49	40
other auditor remuneration (external auditor only)	-	-
Internal audit costs	63	48
Clinical negligence	225	287
Legal fees	206	76
Insurance	9	6
Research and development	-	106
Education and training	472	441
Rentals under operating leases	591	749
Redundancy	387	260
Other	241	83
Total	**140,661**	**137,486**
Of which:		
Related to continuing operations	140,661	137,486
Related to discontinued operations	-	-

Note 7 Impairment of assets	2018/19	2017/18
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Total net impairments charged to operating surplus / deficit	**-**	**-**
Impairments charged to the revaluation reserve	583	392
Total net impairments	**583**	**392**

A desk-top revaluation was carried out by an Independent Professional Valuer which resulted in some of the land and buildings revalued less than the carrying book value and the resulting net negative impact of this exercise was £583k. See Note 16

Note 8 Employee benefits

	2018/19	2017/18
	Total	Total
	£000	£000
Salaries and wages	76,110	77,621
Social security costs	6,329	6,323
Apprenticeship levy	353	351
Employer's contributions to NHS pensions	9,749	9,685
Pension cost - other	2	-
Temporary staff (including agency)	12,777	11,719
Total gross staff costs	**105,320**	**105,699**
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**105,320**	**105,699**
Of which		
Costs capitalised as part of assets	254	139

Note 8.1 Retirements due to ill-health

During 2018/19 there were 3 early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £251k (£23k in 2017/18).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from 1st April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

Note 10 Hertfordshire Community NHS Trust as a lessee

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

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	591	683
Contingent rents	-	-
Less sublease payments received	-	66
Total	**591**	**749**

	2019	2018
	£000	£000
Future minimum lease payments due:		
- not later than one year;	652	535
- later than one year and not later than five years;	1,984	1,704
- later than five years.	742	919
Total	**3,378**	**3,158**
Future minimum sublease payments to be received	-	-

Note 11 Finance income

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	131	47
Total finance income	**131**	**47**

Note 12.1 Finance expenditure

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

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	48	49
Total interest expense	**48**	**49**
Unwinding of discount on provisions	-	(21)
Other finance costs	-	-
Total finance costs	**48**	**28**

Note 13 Other gains / (losses)

	2018/19	2017/18
	£000	£000
Gains on disposal of assets	408	-
Losses on disposal of assets	-	(52)
Total gains / (losses) on disposal of assets	**408**	**(52)**

Note 14.1 Intangible assets - 2018/19

	Software licences	Development expenditure	Other (purchased)	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**1,780**	**-**	**-**	**1,780**
Additions	224	-	-	**224**
Valuation / gross cost at 31 March 2019	**2,004**	**-**	**-**	**2,004**
Amortisation at 1 April 2018 - brought forward	**1,396**	**-**	**-**	**1,396**
Provided during the year	179	-	-	**179**
Amortisation at 31 March 2019	**1,575**	**-**	**-**	**1,575**
Net book value at 31 March 2019	**429**	**-**	**-**	**429**
Net book value at 1 April 2018	**384**	**-**	**-**	**384**

Note 14.2 Intangible assets - 2017/18

	Software licences	Development expenditure	Other (purchased)	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**1,772**	**-**	**-**	**1,772**
Prior period adjustments	-	-	-	**-**
Valuation / gross cost at 1 April 2017 - restated	**1,772**	**-**	**-**	**1,772**
Transfers by absorption	-	-	-	**-**
Additions	16	-	-	**16**
Reclassifications	(8)	-	-	**(8)**
Valuation / gross cost at 31 March 2018	**1,780**	**-**	**-**	**1,780**
Amortisation at 1 April 2017 - as previously stated	**1,177**	**-**	**-**	**1,177**
Prior period adjustments	-	-	-	**-**

Amortisation at 1 April 2017 - restated	**1,177**	**-**	**-**	**1,177**
Transfers by absorption	-	-	-	**-**
Provided during the year	219	-	-	**219**
Amortisation at 31 March 2018	**1,396**	**-**	**-**	**1,396**
Net book value at 31 March 2018	**384**	**-**	**-**	**384**
Net book value at 1 April 2017	**595**	**-**	**-**	**595**

Note 15.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**20,198**	**41,249**	**4,610**	**1,129**	**22**	**11,982**	**266**	**79,456**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Additions	-	1,516	567	490	-	2,411	-	**4,984**
Impairments	(349)	(234)	-	-	-	-	-	**(583)**
Revaluations	-	582	-	-	-	-	-	**582**
Reclassifications	-	3,928	(4,181)	253	-	-	-	**-**
Disposals / derecognition	(560)	(627)	-	-	-	-	-	**(1,187)**
Valuation/gross cost at 31 March 2019	**19,289**	**46,414**	**996**	**1,872**	**22**	**14,393**	**266**	**83,252**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**8,165**	**-**	**385**	**22**	**7,686**	**200**	**16,458**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Provided during the year	-	1,462	-	116	-	1,687	23	**3,288**
Accumulated depreciation at 31 March 2019	**-**	**9,627**	**-**	**501**	**22**	**9,373**	**223**	**19,746**
Net book value at 31 March 2019	**19,289**	**36,787**	**996**	**1,371**	**-**	**5,020**	**43**	**63,506**
Net book value at 1 April 2018	**20,198**	**33,084**	**4,610**	**744**	**-**	**4,296**	**66**	**62,998**

Note 15.2 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**20,639**	**39,482**	**1,541**	**802**	**22**	**10,834**	**266**	**73,586**
Prior period adjustments	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2017 - restated	**20,639**	**39,482**	**1,541**	**802**	**22**	**10,834**	**266**	**73,586**
Transfers by absorption	(416)	(1,113)	-	-	-	-	-	**(1,529)**

Additions	-	14	3,069	327	-	1,216	-	**4,626**
Impairments	(25)	(367)	-	-	-	-	-	**(392)**
Reversals of impairments	-	-	-	-	-	-	-	**-**
Revaluations	-	3,293	-	-	-	-	-	**3,293**
Reclassifications	-	-	-	-	-	8	-	**8**
Disposals / derecognition	-	(60)	-	-	-	(76)	-	**(136)**
Valuation/gross cost at 31 March 2018	**20,198**	**41,249**	**4,610**	**1,129**	**22**	**11,982**	**266**	**79,456**
Accumulated depreciation at 1 April 2017 - as previously stated	**-**	**7,092**	**-**	**251**	**20**	**5,962**	**174**	**13,499**
Prior period adjustments	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2017 - restated	**-**	**7,092**	**-**	**251**	**20**	**5,962**	**174**	**13,499**
Transfers by absorption	-	(323)	-	-	-	-	-	**(323)**
Provided during the year	-	1,396	-	134	2	1,724	26	**3,282**
Accumulated depreciation at 31 March 2018	**-**	**8,165**	**-**	**385**	**22**	**7,686**	**200**	**16,458**
Net book value at 31 March 2018	**20,198**	**33,084**	**4,610**	**744**	**-**	**4,296**	**66**	**62,998**
Net book value at 1 April 2017	**20,639**	**32,390**	**1,541**	**551**	**2**	**4,872**	**92**	**60,087**

Note 15.3 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019							
Owned - purchased	19,289	35,302	996	1,371	5,020	38	**62,016**
Owned - donated	-	1,485	-	-	-	5	**1,490**
NBV total at 31 March 2019	**19,289**	**36,787**	**996**	**1,371**	**5,020**	**43**	**63,506**

Note 15.4 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018							
Owned - purchased	20,198	31,612	4,610	743	4,296	60	**61,519**
Owned - donated	-	1,472	-	1	-	6	**1,479**
NBV total at 31 March 2018	**20,198**	**33,084**	**4,610**	**744**	**4,296**	**66**	**62,998**

Note 16 Revaluations of property, plant and equipment

The Trust undertakes a full revaluation of all its properties every five years; the last full revaluation was undertaken at 31st March 2015, carried out by the Trust's qualified chartered surveyor. In the intervening period an interim desk top valuation is carried out at three years and in other years a review is undertaken, in consultation with the Trust's valuer, to ensure that the Trust's land and property is being held at current value in existing use.

The current interim desk top valuation was undertaken by Mr David Boshier Chartered Surveyor, an independent and experienced External Valuer of Boshier & Company, resulted in the values of the Trust's three specialised properties being increased by 1.3% in line with current forecasts for 2018/19. Forecast increases for both land and non specialised properties is negligible in the context of current property values, therefore, no adjustment has been made to these categories of non current asset.

The net increase in valuation for specialised properties was £1k (-£583k impairment and £582k increase in revaluations); more detail is provided in the Statement of Changes in Taxpayers' Equity and Note 17.1 Property, plant and equipment.

Note 17.1 Trade receivables and other receivables

	31 March 2019	31 March 2018
	£000	£000
Current		
Contract receivables*	6,982	
Trade receivables*		8,621
Accrued income*		526
Allowance for other impaired receivables	(450)	(248)
Deposits and advances	-	-
Prepayments (non-PFI)	395	1,402
PDC dividend receivable	0	168
VAT receivable	297	190
Other receivables	3	84
Total current trade and other receivables	**7,227**	**10,743**
Total non-current trade and other receivables	**-**	**-**
Of which receivables from NHS and DHSC group bodies:		
Current	7,220	7,704
Non-current	-	-

*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

Note 17.2 Allowances for credit losses - 2018/19

	Contract receivables and contract	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward		**248**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	-	(248)
Allowances at start of period for new FTs	**-**	**-**
Transfers by absorption	-	-
New allowances arising	-	450
Changes in existing allowances	-	-
Reversals of allowances	-	-
Utilisation of allowances (write offs)	-	-
Changes arising following modification of cotractual cash flows	-	-
Foreign exchange and other changes	-	-
Transfer to FT upon authorisation	-	-
Allowances as at 31 Mar 2019	**-**	**450**

Note 18 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.

	2018/19	2017/18
	£000	£000
At 1 April	**18,734**	**18,773**
Prior period adjustments	-	-
At 1 April (restated)	**18,734**	**18,773**
Transfers by absorption	-	-
Net change in year	4,055	(39)
At 31 March	**22,789**	**18,734**
Broken down into:		
Cash at commercial banks and in hand	1	1
Cash with the Government Banking Service	22,788	18,733
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**22,789**	**18,734**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**22,789**	**18,734**

Note 19.1 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
Current		
Trade payables	3,125	1,947
Capital payables	400	2,147
Accruals	6,476	8,472
Social security costs	1,059	1,038
VAT payables	6	2
Other taxes payable	666	647
PDC dividend payable	(162)	6
Accrued interest on loans*	-	2
Other payables	2,283	1,127
Total current trade and other payables	**13,853**	**15,388**
Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance (including payments on account)	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables	-	-
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	1,739	3,624
Non-current	-	-

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 21 Other liabilities

	31 March 2019	31 March 2018
	£000	£000
Current		
Deferred income: contract liabilities	-	1,977
Other deferred income	169	
Total other current liabilities	**169**	**1,977**
Non-current		
Total other non-current liabilities	**-**	**-**

Note 22 Borrowings

	31 March 2019	31 March 2018
	£000	£000
Current		
Loans from the Department of Health and Scoial Care	178	176
Total current borrowings	**178**	**176**
Non-current		
Loans from the Department of Health and Scoial Care	2,180	2,356
Total non-current borrowings	**2,180**	**2,356**

Note 23 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**2,532**	**-**	**-**	**2,532**
Cash movements:				
principal	(176)	-	-	**(176)**
Financing cash flows - payments of interest	(46)	-	-	**(46)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	2	-	-	**2**
Transfers by absorption	-	-	-	**-**
Additions	-	-	-	**-**
Application of effective interest rate	48	-	-	**48**
Change in effective interest rate	-	-	-	**-**
Changes in fair value	-	-	-	**-**
Other changes	(2)	-	-	**(2)**
Transfer to FT upon authorisation	-	-	-	**-**
Carrying value at 31 March 2019	**2,358**	**-**	**-**	**2,358**

Note 24 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 2018	**-**	**-**	**15**	**-**	**-**	**-**	**1,114**	**1,129**
At start of period for new FTs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	-	-	-	**-**
Arising during the year	-	-	69	-	-	320	-	**389**
Reversed unused	-	-	-	-	-	-	(16)	**(16)**
Unwinding of discount	-	-	-	-	-	-	-	**-**
At 31 March 2019	**-**	**-**	**84**	**-**	**-**	**320**	**1,098**	**1,502**
Expected timing of cash flows:								
- not later than one year;	-	-	84	-	-	320	-	**404**
- later than one year and not later than five years;	-	-	-	-	-	-	1,098	**1,098**
- later than five years.	-	-	-	-	-	-	-	**-**
Total	**-**	**-**	**84**	**-**	**-**	**320**	**1,098**	**1,502**

Legal Claims:

These are provisions for Employer Liability and NHS Resolution member provision.

Other:

Other includes provisions for dilapidations in respect of leased buildings, the non achievement of improvement targets which have been invoiced on an estimated basis but may have to be part credited when actual activity becomes available, and the review of floor space utilisation with respect to specific rental income.

* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within [other provisions / early departure costs]

Note 24.1 Clinical negligence liabilities

At 31 March 2019, £26k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Hertfordshire Community NHS Trust (31 March 2018: £25k).

Note 25 Contingent assets and liabilities

	31 March 2019 £000	31 March 2018 £000
Value of contingent liabilities		
NHS Resolution legal claims	-	-
Employment tribunal and other employee related litigation	-	(4)
Redundancy	-	(15)
Other	(16)	-
Gross value of contingent liabilities	**(16)**	**(19)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(16)**	**(19)**
Net value of contingent assets	**-**	**-**

Note 26 Contractual capital commitments

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	54	2,147
Intangible assets	-	-
Total	**54**	**2,147**

Note 27 Financial instruments

Not relevant for the Trust

Note 27.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

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

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Note 27.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
Carrying values of financial assets as at 31 March 2019 under IFRS 9	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	6,948	-	-	**6,948**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents at bank and in hand	22,789	-	-	**22,789**
Total at 31 March 2019	**29,737**	**-**	**-**	**29,737**

	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
Carrying values of financial assets as at 31 March 2018 under IAS 39	**£000**	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	8,621	-	-	-	**8,621**
Cash and cash equivalents at bank and in hand	18,734	-	-	-	**18,734**
Total at 31 March 2018	**27,355**	**-**	**-**	**-**	**27,355**

Note 27.3 Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Held at fair value through the I&E	Total book value
	£000	**£000**	**£000**
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	2,358	-	**2,358**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	12,284	-	**12,284**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2019	**14,642**	**-**	**14,642**

	Other financial liabilities	Held at fair value through the I&E	Total book value
	£000	**£000**	**£000**
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			

Loans from the Department of Health and Social Care	2,532	-	**2,532**
Trade and other payables excluding non financial liabilities	11,546	-	**11,546**
Total at 31 March 2018	**14,078**	**-**	**14,078**

Note 27.5 Maturity of financial liabilities

	31 March 2019	**31 March 2018**
	£000	**£000**
In one year or less	12,462	11,546
In more than one year but not more than two years	176	176
In more than two years but not more than five years	528	528
In more than five years	1,476	1,828
Total	**14,642**	**14,078**

Note 28 Losses and special payments

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	4	1
Stores losses and damage to property	1	-	4	2
Total losses	**1**	**-**	**8**	**3**
Special payments				
Extra-contractual payments	-	-	-	-
Ex-gratia payments	5	2	2	5
Total special payments	**5**	**2**	**2**	**5**
Total losses and special payments	**6**	**2**	**10**	**8**
Compensation payments received		-		-

Note 30.1 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £2k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a -£248k increase in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classifiction of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

Note 30.2 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

Note 31 Related parties

There have not been any related party transactions with individuals during 2018-19.

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

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

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Hertfordshire County Council	-	23,671	-	365

The Hertfordshire Community NHS Trust Board acts as a Corporate Trustee of Hertfordshire Health Charitable Funds (Registered Charity No 1061325).

Note 1 Better Payment Practice code

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	14,227	55,903	12,452	50,562
Total non-NHS trade invoices paid within target	12,534	49,306	11,284	44,913
Percentage of non-NHS trade invoices paid within target	88.1%	88.2%	90.6%	88.8%
NHS Payables				
Total NHS trade invoices paid in the year	1,384	17,850	913	14,333
Total NHS trade invoices paid within target	1,168	13,990	773	12,511
Percentage of NHS trade invoices paid within target	84.4%	78.4%	84.7%	87.3%

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 2 External financing

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

	2018/19 £000	2017/18 £000
Cash flow financing	(846)	(137)
Finance leases taken out in year		
Other capital receipts	(3,975)	(3,047)
External financing requirement	(4,821)	(3,184)
External financing limit (EFL)	(4,821)	(3,047)
Under / (over) spend against EFL	0	137

Note 3 Capital Resource Limit

	2018/19 £000	2017/18 £000
Gross capital expenditure	5,208	4,642
Less: Disposals	(1,187)	(136)
Less: Donated and granted capital additions	-	-
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**4,021**	**4,506**
Capital Resource Limit	4,108	4,633
Under / (over) spend against CRL	**87**	**127**

Note 4 Breakeven duty financial performance

	2018/19 £000
Adjusted financial performance surplus / (deficit) (control total basis)	4,030
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**4,030**

Note 5 Breakeven duty rolling assessment

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Breakeven duty in-year financial performance	2,419	2,512	3,350	4,030
Breakeven duty cumulative position	8,530	11,042	14,392	18,422
Operating income	146,266	148,281	142,405	145,746
Cumulative breakeven position as a percentage of operating income	5.8%	7.4%	10.1%	12.6%

Staff costs

	Permanent	Other	2018/19 Total	2017/18 Total
	£000	£000	£000	£000
Salaries and wages	76,110	-	**76,110**	77,621
Social security costs	6,329	-	**6,329**	6,323
Apprenticeship levy	353	-	**353**	351
Employer's contributions to NHS pensions	9,749	-	**9,749**	9,685
Pension cost - other	2	-	**2**	-
Temporary staff	-	12,777	**12,777**	11,719
Total gross staff costs	**92,543**	**12,777**	**105,320**	**105,699**
Recoveries in respect of seconded staff	-	-	**-**	-
Total staff costs	**92,543**	**12,777**	**105,320**	**105,699**
Of which				
Costs capitalised as part of assets	254	-	**254**	139

Average number of employees (WTE basis)

	Permanent	Other	2018/19 Total	2017/18 Total
	Number	Number	Number	Number
Medical and dental	31	1	**31**	29
Ambulance staff	-	-	**-**	10
Administration and estates	420	44	**464**	434
Healthcare assistants and other support staff	455	6	**461**	462
Nursing, midwifery and health visiting staff	756	14	**771**	815
Nursing, midwifery and health visiting learners	-	-	**-**	-
Scientific, therapeutic and technical staff	519	23	**542**	554
Other	4	10	**14**	-
Total average numbers	**2,185**	**98**	**2,283**	**2,304**

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