NHS

Wye Valley NHS Trust

Annual Report and Accounts 2017-18

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FOREWORDS

Chief Executive's foreword

Looking back over the last 12 months there are many milestones which illustrate our commitment to improving our services as we seek to provide the quality of care we'd want for our family and friends.

Encouragingly, these milestones indicate a direction of travel which puts us in a great position to build on the changes we've made, many of which have been embedded in our processes and routines and which are, above all, sustainable in the long term.

Whilst it's the Board's responsibility to set the Trust strategy and to facilitate and monitor its delivery, successful healthcare organisations devolve responsibility to clinical teams and support them to operate and innovate. So an important action for us at the start of the year was to establish a clear '10 Point' plan and to review our delivery structure. This review concluded that we needed to devolve more and support our leaders at all levels more. This approach saw the creation of two new Divisions.

We also held a number of staff engagement and consultant engagement sessions and have created an action plan from these which will underpin our continued organisational turnaround project including quality and performance improvement. A key element of this has been a desire to improve our standing as an employer so that we can recruit and retain more staff and reduce our dependency on temporary labour. The end of the year saw some encouraging signs on this front including marked improvements in nursing retention.

Our Ten Point Plan served us well last year and as a consequence the plan for the coming year retains many consistent themes. Having stabilised the Trust we need to start to put in place changes that our clinical teams, patients and service users want to see. Over the year we created the 'Flow Academy' through which we have championed many improvements which we will increasingly implement and embed. In doing so we will improve our performance in urgent and elective care, something which is now a real priority for us.

A number of key initiatives stand out as testament to our ability to try new ways of working, and during 2017/18 we have had our *Perfect Week* (and weekend), *Red2Green*, *Hospital at Night* and *Silver Week* to help us test different ways of working to improve patient flow.

In May we ran our *Hospital@OutofHours* programme which adopted a multi-professional and multi-speciality approach to deliver care at night and out of hours

During the summer last year we agreed a memorandum of understanding with our commissioners, the Herefordshire Clinical Commissioning Group. This paved the way for the move towards the principles of an Accountable Care System for Herefordshire.

This was significant as it ushered in a new relationship between the Trust and HCCG and puts patients and the needs of individual communities at the heart of our service planning.

Our formal partnership with South Warwickshire NHSFT was further cemented when we announced in the summer last year that we would become a "Foundation Group" to help both Trusts tackle the sustainability challenges faced within the NHS.

As part of this process, a joint board committee with Board directors from WVT and SWFT has been established to look at areas such as service improvement and ways to formalise the sharing of best practice across both Trusts.

A major transformational project which had an impact right across the Trust was the eagerly anticipated Electronic Patient Record system – phase one went live in the summer.

This was the culmination of many months of hard work and will help us deliver real benefits as it supports patient care pathways.

In tandem with this, we were named as one of 18 NHS Trusts to benefit from a £160 million fund to progress the use of new technology to improve patient care. This effectively puts the Trust in the digital fast lane under the scheme which will see the Trust work closely with Taunton and Somerset NHS FT to develop technology solutions with the aim of replacing paper record and printed orders where possible.

More recently our planning application to

replace our old hutted wards with state-of-the-art wards fit for 21st century nursing is due for approval within the next few months. We now await the green light from NHSI which will signal the start of work in earnest on the site.

Of course, all this must be seen in the light of the difficult financial situation the NHS finds itself in. Despite the national trend of deteriorating finances, locally we have achieved significant turnaround. Our cost and productivity improvement programmes have significantly reduced our operating deficit without impacting on the volume and quality of care. It will be important for us to use this success as a platform for further improvement and to help to secure a long-term financial settlement for the Trust, and for the NHS in Herefordshire. We ended the year setting out a clear and compelling statement of our organisational strategy demonstrating our commitment to continuous focus on quality and helping our communities to live healthier lives.

Glen Burley
Chief Executive

Chairman's foreword

2017 was another demanding year for our Trust. The combined challenges of limited funding, a very tough winter and driving the necessary changes to ensure we remain a Trust our community can be proud of should not be underestimated. Wye Valley Trust has a number of almost unique issues but at their core are two central challenges. The first is a financial one. This mainly relates to the requirement for us to offer the comprehensive range of clinical and medical services of a District General Hospital but with a relatively low population base with a higher than average age profile. To do this in the way we are currently funded is unsustainable. This makes our financial situation more difficult than almost any other NHS Trust. Our second challenge is staff recruitment and we have struggled for a number of years to recruit as many staff as we need and therefore are far too reliant on agency staff. Glen Burley outlines in his Chief Executive Summary how we have begun to respond to these challenges. Given this backdrop I believe our Trust performed well in 2017/18.

This has been the first full year of the collaboration with the South Warwickshire NHS Trust (SWFT) and this has led to shared learnings and benefits to both ourselves and SWFT as the year developed. Importantly both organisations share similar challenges and a shared view on how to respond to them. Our strategy going forwards is focused on engaging our staff better than historically we have done so they can help us improve the safety and effectiveness of our care.

Working with our partners in the Herefordshire Healthcare system to improve our collective productivity and the experience of our patients.

Helping all of us to help ourselves to live longer and happier lives. Each of us can, and needs to, do more to stay healthy and to look after members of our community who may be lonely or need practical help.

Our new strategy, which can be seen on our website, addresses these challenges.

It would be remiss of me not to publicly thank those who work so hard to deliver the best service we can. Our staff have worked incredibly hard particularly over the Winter period.

There are many heroic tales of staff who battled in to work despite several feet of snow. I would like to thank members of the Herefordshire 4X4 group who willingly carried out more than 400 journeys ferrying staff to and from work when the snow arrived in abundance.

I would also like to pay tribute to our Health at Work team – our staff flu vaccination campaign has drawn national attention after we were named the second best Trust in the country with a total of 91.16 per cent of clinical staff having received their vaccination.

We also achieved another national success when we passed the five year mark without a case of hospital-acquired MRSA. This is a magnificent achievement and puts the Trust in the number one slot among NHS Trusts in the UK.

There have been a number of other significant achievements during the last year; we have recently signed a new Managed Equipment Services contract with Phillips, which will mean new radiology equipment, and the extension to our A&E department has opened, creating three new consulting rooms and increasing the capacity of the waiting area.

The major appeal we launched this year – our Born Sleeping appeal for a maternity bereavement suite – has taken off with many local groups, organisations and individuals raising money through a host of different activities.

Our grateful thanks go out to all those who go the extra mile to support the Trust in so many ways – and I would like to thank, once again, the team of volunteers who devote so much time to improve the experience of patients and visitors to our hospitals.

Finally I want to thank the senior leaders and Board of the Trust for their hard work as we have driven change through the organisation. Working in the NHS is not easy at the moment and being a leader within it has its own challenges. The improvements and successes outlined above have happened due to individual and team efforts which we can all be proud of; advances like these do not happen by accident.

Nonetheless we still have much to do. Our waiting times are too long, our financial deficit too large and our staff vacancies are too great. All of these are being addressed as a priority and I am very confident we will make good progress in the year ahead.

Russell Hardy
Chairman

1 Overview

1a Overview of Wye Valley NHS Trust

Wye Valley NHS Trust was established on 1 April 2011. The Trust provides community care and hospital care to a population of just over 189,000 people in Herefordshire and a population of more than 40,000 people in mid-Powys, Wales. The Trust's catchment area is characterised by its rural nature and remoteness, with more than 53% of its population living more than five miles from Hereford city or a market town. We are the only secondary care provider for an area where the average age of the population is older than the national average. This demographic is driving health and social care needs that are often more complex than in areas where the average age of patients is lower. All dates referred to in this report are for the year 1 April 2017 – 31 March 2018, unless otherwise specified.

1b Strategic objectives

Our strategic objectives are to:

- Improve the quality and safety of care to our patients, their carers and families
- Improve the responsiveness of our services for the benefit of our patients and their families
- Provide more productive, better value care that improves the sustainability of our services
- Develop a highly skilled, motivated and engaged workforce
- Develop first class facilities and technology to support the care we provide
- Transform health and wellbeing through working with our partners
- Play our role as an important asset to the people of Herefordshire and the surrounding areas

1c 10 point plan review

Improved care for patients

- Pressure ulcers decreased for patients
- Improved Sepsis bundle compliance from 40% to 76%
- Delivered against all national targets for cancer care
- 10% more patients being treated within the 18 week national standard

Developments

Approved a number of areas for investment:

- £15 million in Radiology equipment
- £5 million to implement e-prescribing
- Business case for £15 million to replace the old hutted wards
- 7 day pharmacy services
- Expanded Emergency Department

Financial stability

- Reduced our financial deficit by £10m
- Successful tender to continue to deliver community children's services

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1d Developing our CARE values

They are:

Compassion – we will support patients and others, putting individuals at the heart of every decision and ensuring they are cared for with compassion, dignity and respect

Accountability – we will act with integrity, assuming responsibility for our actions and decisions

Respect – we will treat every individual in a non-judgemental manner, ensuring privacy, fairness and confidentiality

Excellence – we will challenge ourselves to do better and strive for excellence

These values are embedded in our recruitment, appraisal and reward processes.

1e Improvements to service structures

The operational management of the Trust continues to evolve to ensure that there is good clinical and managerial leadership for our services. The 'One Herefordshire Plan' is integral to the improvement and sustainability of clinical services for our population and is a collaboration of commissioners and providers within Herefordshire. The 'One Herefordshire' approach is a precursor to developing an integrated care organisation and to this end we have developed an Integrated Care Division to improve integrated services between acute, community, primary and social care services in the county. We have recruited a local GP to clinically lead the division working with our multi-professional teams and managers. This Division is joined by a Clinical Support division in April 2018 which will assist the other divisions and develop standardised ways of working across the services to help maintain and improve clinical pathways.

Medical Division

- Rheumatology
- Dermatology and Plastics
- Stroke and Wye Ward
- Frailty and GAU
- Discharge Lounge/ Medical DCU
- Diabetes and Endocrine
- Nephrology
- Respiratory and Arrow Ward
- Cardiology, Cath Lab, CCU and Lugg Ward
- Gastro-enterology and Frome Ward
- Neurology and Neuro-physiology
- Emergency Department
- Clinical Assessment Unit
- Clinical Site Management

Surgical Division

- Paediatrics (Acute and Community)
- Gynaecology and Women's Health Ward
- Midwifery (Acute and Community), Delivery Suite and Maternity Ward
- Special Care Baby Unit
- General Surgery, Monnow Ward and Leadon Ward
- Orthopaedics Redbrook Ward and and Teme Ward
- Breast
- Urology
- ENT
- Colorectal
- Maxillofacial, Oral and Dental
- Theatres
- Endoscopy
- Daycase
- Anaesthetics
- Intensive Therapy Unit

Clinical Support Division

- Referral Management Centre
- Outpatients
- Validation Team
- Oncology – Macmillan Renton Unit
- Specialist Lymphodema Team
- Clinical Haematology
- Specialist Palliative Care
- Radiology
- Pathology
- Audiology
- Pharmacy

Integrated Care Division

- Community Nursing Teams
- Hospital at Home Team
- Community Hub
- Community Hospitals (Leominster, Ross and Bromyard)
- OT
- Physiotherapy
- Dietics
- SALT
- Podiatry

2 Performance analysis

2a A strengthening partnership (Foundation group achieved)

The strategic partnership that was established in August 2017 with South Warwickshire NHS Foundation Trust – or SWFT – continues to go from strength to strength.

In January 2018, a SWFT group strategy committee was launched – made up of senior leaders from both WVT and SWFT – which supports the Board of Directors from both organisations. It enables best practice to be shared effectively and has strengthened sustainability, operational and financial performance.

The two Trusts share a Chief Executive and Chairman. This alliance continues to ensure that:

- Local services are shaped and delivered locally
- Cost savings are made thanks to the adoption of standard practices across both Trusts

2b Herefordshire and Worcestershire Sustainability and Transformation Partnership

What is a Sustainability and Transformation Partnership (STP)?

STPs are about finding the best way to plan and deliver health and social care services to meet the needs of local people. They aim to ensure that services are delivered in the best possible way for those who use them, including in patients' homes where appropriate, rather than relying on traditional hospital-led care.

The vision

The vision that the Herefordshire STP seeks to deliver is: *"Local people will live well in a supportive community with joined up care underpinned by specialist expertise and delivered in the best place by the most appropriate people"*

What geographical area does the STP cover?

The Herefordshire and Worcestershire STP covers a population of 780,000 people. This includes more than 40,000 people who live in mid-Powys who use Herefordshire hospitals.

What are the financial challenges facing services?

The way we currently deliver services is not affordable in the long-term, given that the demand for them is continuing to rise against tighter budgets.

If we do nothing to change how services are delivered and carry on as we are, by 2020/21, the funding gap for health services in Herefordshire and Worcestershire is projected to be £311.1 million. Including social care budgets, this total funding gap equals £395 million.

Key areas included in the STP plan

This is a summary of some of the key areas included in the STP Plan. For the full STP document visit www.hacw.nhs.uk/yourconversation.

- People taking more responsibility for their health – reducing smoking, obesity and poor diet
- Investing more in mental health services
- Better cancer screening
- Treating more people proactively at home thereby reducing unplanned hospital activity by focusing more on prevention
- Investing more money into out-of-hospital care for people with complex long term conditions and frail, older people
- More investment in primary care services 7 day access/same day access and longer appointments
- Improving maternity care across the two counties
- Sharing infrastructure in order to improve care

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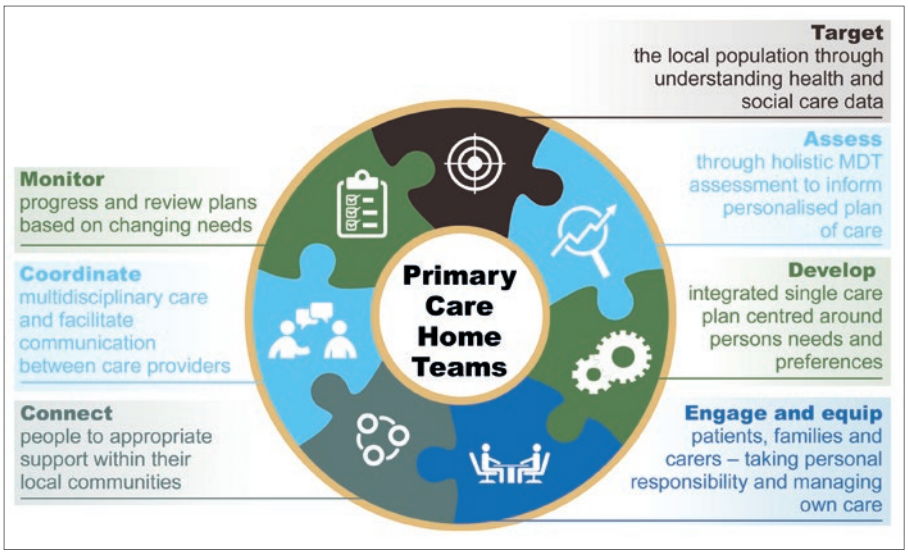
2c Herefordshire Integrated Care Alliance

Through the work of the Herefordshire Integrated Care Alliance, we are developing our services within four local areas to help promote local ownership and support improved outcomes. The overarching aim of this approach is to deliver first class home-based care as well as being sensitive to the resources available and the local residents we serve.

The local GP federation is partnership with the Trust has been successful in its application to be part of an initiative called Primary Care Home, a model championed by the National Association of Primary Care. Together with WVT Community Services as well as partners in mental health, adult social care and the voluntary sector, the Trust has developed Primary Care Home Locality teams – working within GP practice areas – which, in essence, provide care as close to people's homes as possible. The principle underlining this is that 'own bed is best'.

The work of The Herefordshire Integrated Care Alliance, the One Herefordshire initiative and Primary Care Home are defined by similar aims which include managing the health of local patients, employees who are integrated and multi-disciplinary, a focus on populations between 30,000 and 50,000 people as well as financial considerations.

As part of this initiative, teams of supported GP Locality Champions are now steering the development of the service within their individual areas.



Improvement projects already identified within certain areas include the following:

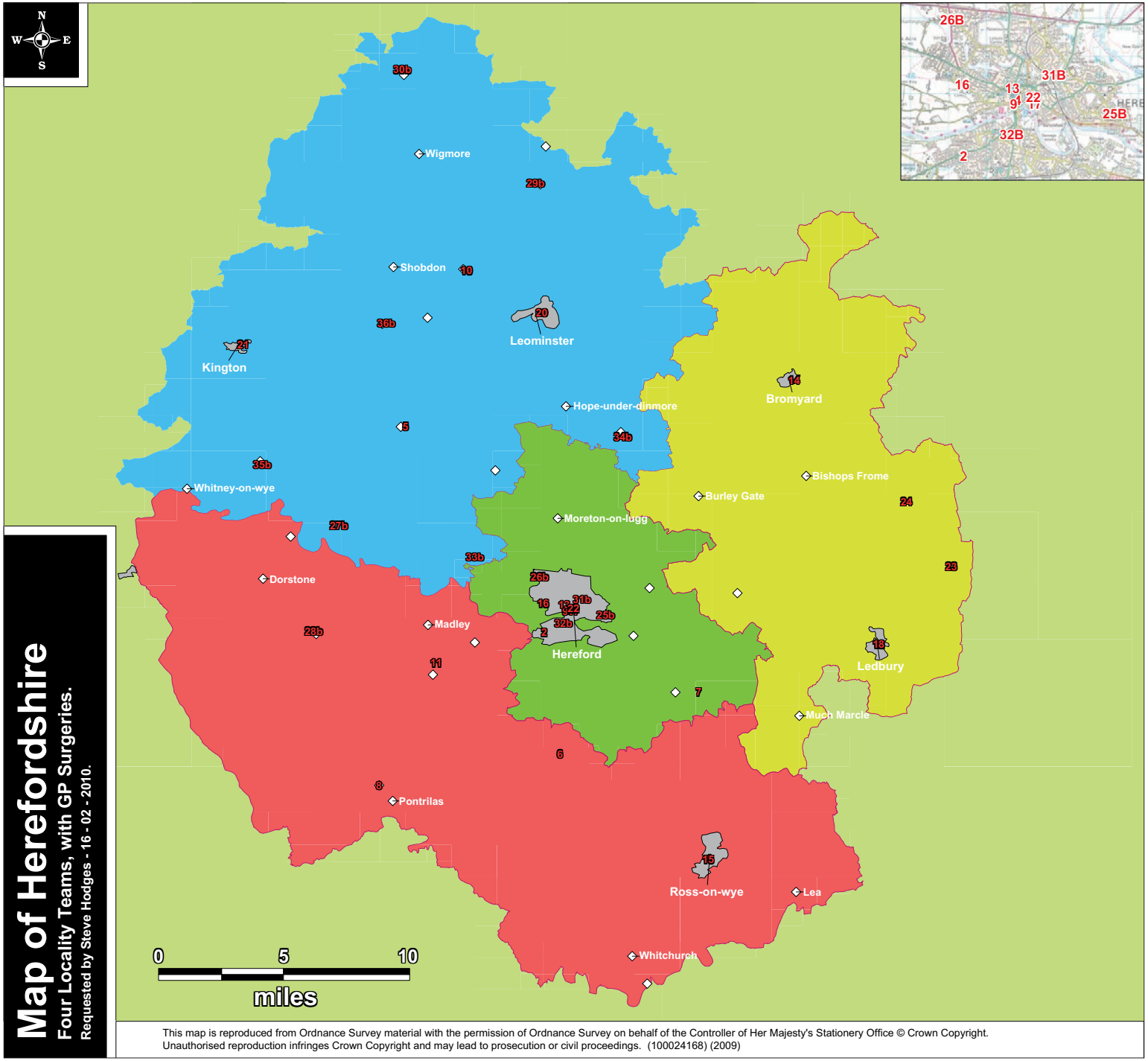
- Dementia and wider mental health (south and west)
- End of life care (north and west)
- Frailty (east)
- Urgent care (city)
- Social prescribing or community referral (countywide)
- Community EMIS or electronic patient records (countywide)

City	North & West	East	South & West
Belmont	Kington	Colwall	Alton St
Cantilupe	Marches	Cradley	Fownhope
Greyfriars	Mortimer	Market Street	Golden Valley
King Street	Weobley	St Katherine's	Kingstone
Moorfield	Westfield	Nunwell	Much Birch
Quay			Pendeen
Sarum			
Wargrave			

Further integrated care

To support the above initiative, the Trust has also established a third Division entitled Integrated Care. This has brought together community based teams, community hospitals, a number of therapies and specialist teams to improve pathways for patients in the community. A significant development in this area is the Home First service, a partnership with Herefordshire Council. With investment from the Better Care Fund, this service aims to provide care, support and therapy to improve a patient's independence.

During 2018, this integrated approach is set to grow with plans in place to recruit a number of dementia nurses to join the team, improve mobile working, develop a shared records system and continue to invest in the county's care homes.



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2d Quality Improvement Programme (QIP)

Originally developed to support the Trust in moving out of special measures in 2016, the quality improvement programme was adopted as a 'business as usual' model in the summer of 2017; since then it has been superseded by the Trust's quality priorities programme. The priorities that are embraced as part of this quality approach are made up of the following :

- Improving patient engagement
- Enhancing care of vulnerable patients
- Reducing waiting times
- Strong maternity safety culture
- Reducing hospital mortality
- Improving pressure area care management
- Timely treatment of sepsis
- Management of the deteriorating patient
- Reducing falls resulting in harm
- Increasing incident reporting
- Undertaking harm reviews
- Improving identification of urinary tract infection
- Developing a continuous improvement culture
- Improving staff engagement
- Improving organisational learning
- Strengthening our governance structure

2e Delivery of the CQUINS programme

The Commissioning for Quality and Innovation (CQUIN) payment framework is a national initiative. Each financial year, we agree a set of quality improvement goals with our commissioners with financial incentives attached. These schemes are designed to improve the quality and efficiency of services that we provide for our patients.

The CQUIN framework was first introduced in 2009-2010.

In the last 12 months we have continued to deliver the programme with quality at the forefront of our efforts. Our indicators for this period are:

- Improving the health and well-being of staff
- Providing healthy food for staff, visitors and patients
- Timely identification – and treatment – of patients with sepsis in emergency departments and acute inpatient settings
- Assessment of clinical antibiotic review between 24 and 72 hours of patients with sepsis who are still inpatients at 72 hours
- Reduction in antibiotic consumption per 1000 admissions
- Improving services for people in A&E with mental health needs
- Supporting active and safe discharge from both hospital and within the community
- Preventing ill health by risky behaviours such as alcohol and tobacco
- Improving the assessment of wounds
- Delivering personalised care and support planning

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2f Patient and public Involvement

PLACE results

Inspections this year took place at Hereford County Hospital, Bromyard, Ross and Leominster Community Hospitals, and Hillside Centre in Hereford.

The results show that the Trust scored 81% for food served to patients in hospital. A score of 92% was given for cleanliness, 86% for the environment and 74% for patient privacy and dignity. The Trust also scored 65% for the dementia assessment. The scores are improved in most areas when compared to last year with the exception of dementia and privacy and dignity.

Feedback from the PLACE inspections help ensure patients are cared for to the highest possible standards

Inpatient survey results

The 2017 national survey of patients who stayed one night or more in hospital received positive feedback, as well as highlighting where improvements can be made.

1203 patients, who received care and treatment at the Trust in July 2016, responded to a range of questions. The results confirmed a high level of confidence in the doctors and nurses who look after them; other strengths include communication from anaesthetists and single sex accommodation.

Areas where improvements need to be made include supporting our patients when they leave hospital, involving patients in decision making and improving waiting times; these areas for improvement are reflective of the national picture and findings for many trusts. It is also recognised that further work is required to improve the quality of food provision at the Trust.

The Trust runs a Patient Engagement Forum; this forum is instrumental in ensuring we focus on those matters that are important to our patients.

Patient Led Assessment of the Care Environment (PLACE)

Site Name	Site Type	Cleanliness	Food	Privacy, dignity and wellbeing	Condition, appearance and maintenance	Dementia friendly	Disability friendly
Leominster Community Hospital	Community	82.7%	81.5%	68.2%	84.4%	70.9%	74.7%
Bromyard Community Hospital	Acute/ specialist	91%	81.3%	78.4%	89%	77.5%	77.4%
Ross Community Hospital	Acute/ specialist	83%	79.6%	78.7%	80.9%	65.9%	67.8%
Hillside centre for intermediate care	Community	95.9%	79.6%	88.7%	88.4%	73.1%	79.3%
County Hospital	Acute/ specialist	94%	82.3%	73.5%	86.6%	63%	68%
National average		93.4%	89.7%	83.7%	94.%	76.7%	82.6%
Wye Valley Trust overall score		92.3%	81.8%	74.7%	86.2%	65%	69.5%

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Charitable funds

Wye Valley Hospitals NHS Trust Umbrella Charity supports staff, patients, families and carers at hospitals and within the local community. The focus is on raising money for where it is needed most in areas not covered or fully supported by NHS funding.

The principle function of the charity's team is to ensure that donations are processed, acknowledged and spent in their intended areas.

Overseeing the 37 funds, the Charity received donations and transactions of (£ TBC) in the last financial year. These included:

A £159,000 legacy to benefit the Urology service has resulted in the Trust's Urology team now providing a 'one stop' clinic for patients, allowing for the early diagnosis of all urological problems, meaning patients will be seen and receive same day diagnostic tests with treatment decided there and then in the majority of cases. This will cut waiting times in early treatment, save patients multiple trips to hospitals and of course reduce the anxiety of waiting for treatment.

A template biopsy service, which allows for a far more accurate and swifter way of diagnosing prostate cancer, was launched in March 2017, also funded through public giving. The department continues to receive support from the charity ROBOCAP that raises funds to support the purchase of equipment.

A local fundraising group, The Merry Millers, donated £26,014 which was divided between the urology department, breast care and respiratory department to buy additional equipment.

The charity has purchased a £90,000 Fibroscan® through charitable donations to benefit gastroenterology patients increasing the number and speed at which patients can have their livers assessed.

The Born Sleeping Appeal (target £75k)

In December 2017 the Trust's charity launched The *Born Sleeping* Appeal – with a target of £75,000 – to create a dedicated maternity bereavement suite designed for mothers experiencing pregnancy loss. Due for completion in 2018, it will consist of three rooms, a delivery room, an ensuite family room and a room for counselling. Families who lose a baby will be able to stay in the private space for as long as they wish after the birth.

Young Ambassadors

Our Young Ambassadors are a group of young people aged 12-17 who have all had hospital experience. The scheme, established in 2014, launched the Voice of the Child project and looked at how the Trust runs our services listening to the views of such young people; the initiative has been successful in influencing positive changes both within and outside the organisation. The ambassadors are recognised by the CQC having been confirmed as 'outstanding' in the last CQC report.

This year they have been involved in interviewing and successfully recruiting 3 Paediatric Consultants, giving feedback to the panel and making decisions about their appointments.

They met with the Well Being Ambassadors who are linked with the local CLD (counselling, learning, development) organisation for children with mental health problems. This meeting focused on how they could influence children's ward staff about our environment, pathways and information for these young people.

The ambassadors also took part in the Children's Commissioner Takeover Challenge where several of the ambassadors shadowed health care professionals and decision makers in the Trust.

2g Estates strategy

The main focus of the work to improve our buildings in 2017/18 has been the development of the business case to replace the hutted wards. The business case was approved by the Board in October 2017 and the Trust submitted a planning application to Herefordshire Council in March 2018 to demolish the hutted wards and build a new two-storey surgical ward block that will provide ten extra beds over the current 38 beds available on Monnow and Leadon wards.

The project is subject to £15 million funding from NHS Improvement – the planning application has to be approved before the Trust receives final funding approval.

The Trust is expecting to receive planning permission in the next few months and begin building work later in 2018. Leadon Ward and Monnow Ward will remain in use until the new ward development is completed in 2020, when they will then be demolished.

The new ward development will be located on the site currently occupied by the huts used by health records and anaesthetics. A plan to move staff out of these huts has also been approved and delivered; demolition of these huts is due to begin in the summer of 2018. In order to achieve this, the Trust has worked closely with Herefordshire Council through the One Public Estate initiative to lease the Franklin Barnes building and the old County Archive building in Harold Street to house over a hundred staff from the Trust's non-clinical services.

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2h Service developments

Red2Green

Sometimes patients spend days in hospital that do not directly contribute towards their discharge. At the Trust we believe that, by working in collaboration, we can reduce the number of these 'red days' in favour of value-added 'green days'.

This approach is used to reduce internal and external delays as part of the SAFER patient flow bundle.

The five elements of the SAFER patient flow bundle are:

S Senior review – all patients will have a senior review before midday by a clinician able to make management and discharge decisions;

A All patients – will have an expected discharge date and clinical criteria for discharge. This is set assuming ideal recovery and no unnecessary waiting;

F Flow – of patients will commence at the earliest opportunity from assessment units to inpatient wards. Wards that routinely receive patients from assessment units will ensure the first patient arrives on the ward by 10.00 am.

E Early discharge – 33% of patients will be discharged from inpatient wards before midday;

R Review – a systematic multi-disciplinary team review of patients with extended lengths of stay (>7 days – 'stranded patients') with a clear 'home first' mindset.

Emergency Planning

WVT NHS as a Category 1 Responder under the Civil Contingencies Act 2004 is legally required to carry out risk assessments together with the preparation of emergency and business continuity plans that have been tested and validated through exercise and training scenarios. The Trust's Emergency Planning Officer has been reviewing and updating the Trust's suite of emergency plans and is currently planning training and exercises related to our plans for 2018. In 2017 there were 66 Core Standards against which the Trust was required to complete a self-assessment, the results gave a partial level of compliance which was largely due to the need to update and test our plans; slightly hindered by staff changes. There were also 6 'deep dive' core standards and the Trust was compliant with 4 of the 6; importantly, the two areas of non-compliance have now been addressed relating to the appointment of a Non-Executive Director, Frank Myers MBE, who formally holds the Emergency Preparedness, Resilience and Response portfolio as well as the entry of the Trust's level of compliance in our Annual Report.

#Fit2Sit – improving patient flow in the Emergency Department

The national initiative #Fit2Sit – a campaign which encourages frontline health professionals and paramedics to put an end to patients lying down on trolleys and stretchers if they are well enough to sit or stand – is gaining momentum in the Trust's Emergency Department.

And it is having a direct and positive impact on the flow of patients brought into the department by ambulance.

The Flow Academy – a group of senior managers tasked with making improvements to patient flow in the Emergency Department – are aware that by failing to properly assess the mobility of patients, the Trust may inadvertently cause muscle loss especially in frail older people.

In the Emergency Department, patients can wait for long periods for the next thing to happen and in some cases they wait on trolleys.

The ambulance service has adopted #Fit2Sit and will:

- Keep patients fully clothed where possible
- Encourage patients to walk if they can
- Use a wheelchair rather than a stretcher or a trolley

The Trust aims to:

- Have a clear plan for when and how a patient will become mobile
- Check whether a patient is able to walk at every point of contact
- Discuss patient mobility at board rounds and safety huddles
- Keep patient mobility on the agenda

Silver week

Our Silver Week was a week-long initiative to reduce waiting times for frail patients in the Emergency Department and to commence a comprehensive geriatric assessment early in their journey through our services. The multidisciplinary team from the Gilwern Assessment Unit (GAU) worked closely with the Emergency Department Team to ensure that frail patients were seen quickly by a consultant who was able to make decisions about their health and care needs. For some patients this meant that they were treated and discharged back to their own homes, for those who needed to be admitted we pulled the patients quickly through the system into GAU meaning that they received the right care in the right place.

The Victoria simulator

As part of the Trust's commitment to provide specialist training to ensure the best patient care, a state-of-the-art birthing simulator was purchased in May 2017. This was funded by a successful bid application from the national Health Safety Executive.

The Victoria simulator is a complete simulation solution, developed from decades of obstetrical experience. It is a comprehensive package of tools and support designed to help improve patient safety in women's health through education and training.

The full training programme is due to be rolled out during the next financial year.

A £15million investment

The Trust has announced a £15million investment commitment as part of the managed equipment service contract – or MES – which will result in the replacement of all the radiology equipment to ensure it continues as a state of the art department. The MES will also manage the servicing of the equipment. Importantly, this is not a one off investment but an 11 year project.

2i INFORM – improving digital and electronic records and systems

Improving and investing in the Trust's IT continues, ensuring that the delivery of a first-class system remains our future goal.

In the last year, the following development has had a significant positive benefit for both patients and Trust employees :

A new Electronic Patient Record (EPR) system was launched in July 2017; this replaced previous separate Patient Administration Systems with a single system. Further additions and improvements to the system are planned, such as the capability to electronically request pathology and radiology tests for patients and the ability to review their results in their electronic record. The introduction of the EPR system also improves bed management and provides a patient tracker functionality.

Its introduction has better facilitated patient care allowing clinicians to access and readily update individual records; this will lead to a significant reduction in the use of paper-based records. Prior to its introduction, 2000 paper records were in circulation every day within the Trust.

2j Intranet developments

The autumn of 2017 also saw a new Intranet launched. The system – which holds information on a number of service areas such as HR procedures and important material on the correct use of medication – was becoming increasingly difficult to navigate due to the amount of information added by a growing number of contributors.

Re-designing the system and streamlining the process has resulted in the following :

- A new technology platform which has increased the system's security
- A fresh new look which is easy to use and more accessible
- New relevant content populated by trained and nominated individuals
- Improvements in both internal communication and also communications between the Trust and the wider health community such as Primary Care

2k Developments within our e-procurement system dimension

In June 2017, the Trust introduced a new feature into its existing e-procurement system, the e-Catalogue, which provides consistent supplier data resulting in fast, error-free transactions. In essence this means the system channels purchases through identified suppliers to ensure the most cost effective products are purchased. This has resulted in significant savings of £216,000.

2l A Fast Follower Trust

In September 2017, a national review was launched by the NHS to identify those Trusts that were considered to be digitally mature. The programme exists to improve health and care by establishing national blueprints for improving the digital maturity of NHS Trusts. Those Trusts that were deemed to have well developed digital strategies were invited to become Global Digital Exemplars and, as part of this, a network of Fast Followers – the next wave of digital pioneers – was set up.

Our application to become a Fast Follower Trust was successful and we are now working with Taunton and Somerset NHS Foundation Trust – itself a Global Digital Exemplar – in our bid to become more digitally advanced.

2m Patient safety

Our Quality Account 2017-18, available from the Director of Nursing, Lucy Flanagan, contains comprehensive information on quality and safety: lucy.flanagan@wvt.nhs.uk 01432 364000

2n Agency nursing partnership

In September 2017, the Trust successfully introduced a Master Vend contract for the supply of agency nursing across the Trust. Our aim is to maximise the numbers of our own nurses, however we still on occasion, to cover vacancies and sickness, require the use of agency nurses. By using a single supplier, the Trust has been able to negotiate competitive rates, streamline the booking process and reduce the associated administration overheads. In the next 12 months, our aim is to strengthen this relationship resulting in best value for money and assure excellent quality standards and care are provided by our agency nurses.

3 Performance tables

3a Acute hospital

Acute activity levels achieved during the financial year were dominated by emergency activity, specifically between December and March. A 3% rise in emergency attendances and a 7.8% rise in emergency admissions impacted on the Trust's ability to provide capacity to support elective care and the levels of activity achieved during the year are reflective of that.

The Trust is working with other health providers, commissioners and regulators to revise its approach for winter 2018-19

Activity	2016-17	2017-18	Increase/ Decrease 2017-18 on 2016-17	Difference 2017-18 to 2016-17
Elective spells	4,404	3,303	-25%	-1,101
Day case spells	17,733	22,810	28.6%	5,017
Emergency spells	21,977	23,695	7.8%	1,718
New outpatient attendances	74,665	68,787	-7.9%	-5,878
Follow-up outpatient attendances	167,326	153,652	-8.2%	-13,674
Emergency Department attendances	53,984	55,603	3%	1,619

*Changes in activity counting for endoscopic procedures during 2017-18 (now counted as day case activity) make the direct comparison of 2016-17 and 2017-18 activity for both day case outpatients problematic.

3b Community activity

Activity	2016-17	2017-18	Increase/Decrease 2017-18 on 2016-17	Difference 2017-18 to 2016-17
Day case spells	1,064	950	-10.7%	-114
Community bed days	33,595	33,602	-1.6%	7
New outpatient attendances	14,083	14,164	0.6%	81
Follow up outpatient attendances	60,781	59,096	-2.8%	-1,685
Minor Injury Unit attendances*	4,515	3,788	-16.1%	-727

*MIUs at Ross and Leominster were closed December and January.

NHS Wye Valley NHS Trust

3c Key targets

Emergency department

Emergency Department standard	2016/17	2017/18
Total time in A&E: four hours or less	86.9%	82.1%

The Trust did not achieve the national standard of 95% of patients being seen, admitted or discharged within four hours from time of arrival. During the year there was continued pressure on the Emergency Department with an overall rise of 3% in patient attendances and a 7.8% rise in emergency admissions; performance for the year was 82.1%.

The Urgent Care programme was established in 2017 to coordinate and support a number of initiatives through to completion to improve the quality, consistency and timeliness of care received in the Emergency Department and improve the availability of inpatient beds for those patients that require them. The projects delivered to date include:

- The establishment of the 'Flow Academy' – a weekly meeting where clinical staff drive quality improvement and transformation
- The development of a 'fit2sit' approach in the Emergency Department – encouraging independence and reducing demand on resources in the Emergency Department
- Building works to the Emergency department to increase capacity and support the development of the Primary Care Streaming service

The Urgent Care programme will continue to support initiatives throughout 2018-19

18 week wait, referral to treatment (RTT)

The Trust has not met the performance standard for elective care for either English or Welsh patients during 2017-18. Emergency pressures on inpatient capacity over the winter period was very high and regrettably a significant proportion of elective capacity was lost between mid-December and the end of March, severely impacting performance.

The Trust is working up plans for 2018-19 to protect both outpatient and inpatient care in the coming winter.

RTT Incomplete performance:

	March 2017	March 2018
English (18 weeks)	72.1%	75.2%
Welsh (26 weeks)	81.8%	79.3%

NB:

English commissioned performance is 92% of patients treated within 18 weeks

Welsh commissioned performance is 95% of patients treated within 26 weeks

NHS Wye Valley NHS Trust

Cancer care

The Trust achieved all but two of the national cancer standards for the year, a significant improvement on the previous year's performance. Robust plans are in place to build on this performance in the coming year and it is anticipated that all standards will be met in 208-19.

Key performance indicators	Key target 2017-18	Actual 2017-18
Cancer Two Week Waits	93%	94.7%
Two Week Waits (Breast Symptomatic)	93%	84%
Cancer 31 Days	96%	96.3%
Cancer 31 Days Subsequent Treatments	98%	93.5%
Cancer 62 Days	85%	86.1%
Cancer 62 Days Screening	90%	96.4%
Cancer 62 Days Upgrades (no National Target set)		92.3%
Cancer 31 Days Rare Cancers	85%	88.9%

3d Mortality reporting and governance

Mortality ratios are a means of representing the rate of death in a hospital or another defined community such as a geographical region. They are influenced by a number of factors including the health of the local population, the mixture of clinical cases seen in a hospital and administrative processes in documenting the severity of illness in a population. The ratios at the Trust have been elevated for a number of years.

12 months rolling to:	HMSR rate
11/2017	119.71
11/2016	118.9
11/2015	116.53
11/2014	110.69
11/2013	120.83

This has resulted in a proactive approach towards improving local healthcare, including :

- Substantial efforts are being made to assess patients quickly, make earlier decisions about their healthcare and to action these swiftly
- Improving aspects of clinical care – the Trust has dramatically improved the number of patients who are prescribed antibiotics within an hour of arriving at hospital. Importantly, we will be trialling a series of 'care bundles', supported by smartphone based apps and electronic early warning systems. We have also introduced a Critical Care out of hours service
- We have adopted the principles from the government publication called Learning from Deaths and review patient deaths in order to learn and improve our care
- The above approaches are part of a journey of continuous improvement and have been developed into a mortality strategy for 2018/19 approved by the Board of Directors in April 2018

4 Key Financial Information

4a Statutory basis

The Trust has fulfilled its responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with the Manual for Accounts and the International Financial Reporting Standards.

4b Financial performance

In 2017-18, the Trust delivered a deficit of £26.2m which was in line with the Control Total agreed with NHS Improvement. By achieving the Control Total, the Trust received £5.1m of Sustainability and Transformation Funding (STF).The table below shows the overall value of the deficit once factors relating to the change in value of tangible assets and other technical adjustments are accounted for.

I&E: retained (deficit)/surplus	2017-18	2016-17
Income and expenditure: retained (deficit)/surplus	(33,179)	(37,172)
IFRIC 12 adjustment		0
Impairment of assets	6,967	(54)
Net adjustments for donated asset additions/ (depreciation)	54	22
Absorption accounting adjustment		0
Adjusted retained surplus	(26,158)	(37,204)

In relation to 2018/19, the Trust has been issued with a Control Total (before application of the Provider Sustainability Fund), by NHSI, of £27.222m deficit. The Trust has set budgets in order to deliver this Control Total. This includes a Cost and Productivity Improvement Programme (CPIP) totalling £10m.

The Trust's five year financial plan indicates that the Trust is likely to remain with a significant deficit for the foreseeable future. In view of this, the Trust will continue to pursue a recurrent financial solution with NHSI.

4c Trust break even duty

The Trust break even duty is calculated based on the retained surplus/(deficit) for the year adjusted for asset impairments and revaluations, the impact of donated assets and gains/ losses from absorption accounting. It also takes account of the impact of IFRIC 12 which requires the Trust to account for PFI assets on the balance sheet.

The adjusted retained surplus/(deficit) was £26.2m which means that the Trust has failed to deliver the break even duty and now has a cumulative deficit position of £80.9m.

At the beginning of the 2017/18 financial year, the Trust set a deficit budget in line with the deficit Control Total (which was ultimately delivered by the Trust). However, as a consequence of setting a deficit budget, which would result in the Trust missing the break-even duty over a three year period, the external auditors issued a Section 30 letter to the Secretary of State for Health. The Trust noted this position but confirmed that it had set its budget in line with the Control Total set by NHSI.

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4d Resources

The Trust generated income of £188.5m during 2017/18. The pie chart (Fig 1) identifies income received from different sources for health related activity. The largest share of income is derived from the Herefordshire Clinical Commissioning Group (CCG), which this year was through a block contract arrangement.

The second pie chart (Fig 2) identifies annual expenditure during the year. Salaries and wages paid to permanent and temporary staff, including those employed through agencies, totalled £135.2m. Expenditure on goods and services amounted to £7.6m and finance costs (interest payable) totalled £7.6m.

Trust staffing costs increased by £1.6m (1.2%) which broadly reflects national salary increases. Interest payable also increased by £1.2m reflecting the increased value of loans outstanding.

Fig 1. 2017/18 Income Sources (£m)

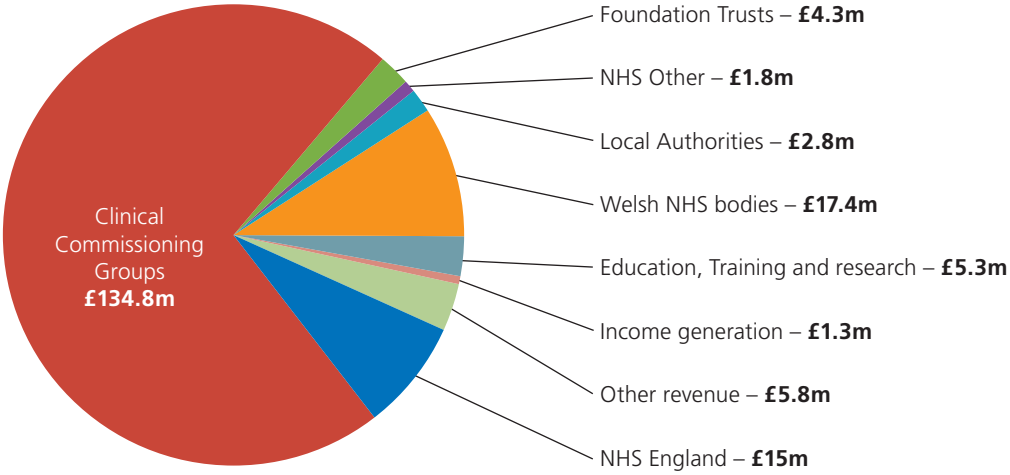
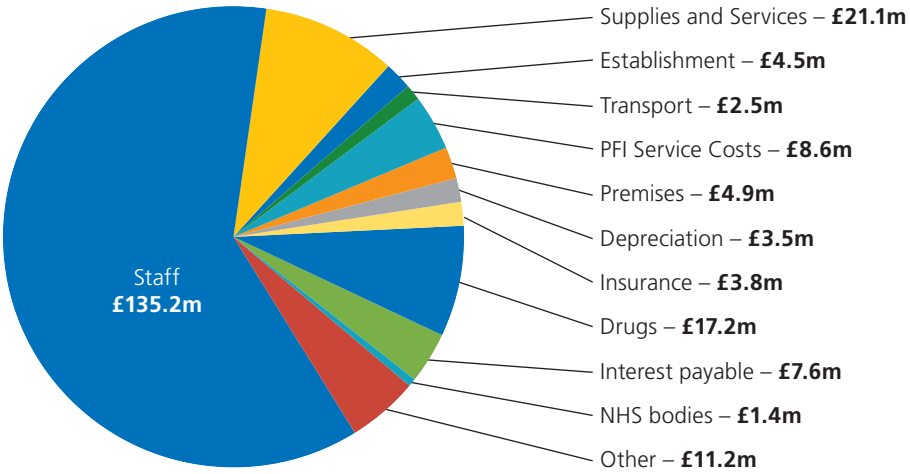


Fig 2. 2017/18 Annual Expenditure (£m)



NHS
Wye Valley
NHS Trust

4e Cost Improvement Plan (CIP)

As part of the financial plan for 2017/18, the Trust was required to deliver cost reductions of £10.2m. This was the largest savings figure faced by the Trust and so the Divisions and the Corporate functions were each issued with their own savings target. In addition, a small team of CIP managers was established to help implement cost saving measures. Performance against the target was monitored through monthly performance meetings

By the end of the year, the Trust had saved £8.9m, which was the largest level of saving ever delivered by the Trust. The main elements of this saving programme included reductions in the use of agency nurses and doctors, a number of recruitment and retention measures, improvements in productivity and reductions in non-pay spend.

4f Capital development

By the end of the financial year, the Trust had spent £7,531k on capital schemes. The most significant element of this related to the Electronic Patient Record (£3,725k), which was implemented during the year. A further £500k was spent on other IT schemes. Just over £2,500k was spent on estates and building issues, including the extension to ED. Finally, just over £700k was invested in new medical equipment.

4g Pension liabilities – see note 10

Within the annual accounts, ongoing employer pension contribution costs are included within employee costs (see note 10 of the full accounts for more detail).

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website.

4h Going concern

International Accounting Standard 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. 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 the transfer of its services to another entity.

In view of the fact that the Trust delivered a deficit of £26.2m, and is forecasting further deficits in the next two financial years, the Directors have carefully considered the principle of going concern. However, as NHSI has set a deficit Control Total for the Trust for 2018/19 and as the Trust has agreed contracts with its local commissioners for 2018/19 (including a block contract with HCCG) and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations, they have concluded that the Trust remains a going concern. The going concern basis has thus been adopted for the preparation of the accounts.

NHS Wye Valley NHS Trust

4i Better payment practice code

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 a valid invoice, whichever is later. The Trust is a signatory of the Government's Prompt Payment Code.

It can be seen in the tables below that the Trust struggled to deliver the required standard during 2017/18. This was a direct consequence of the impact of running a significant deficit and having to borrow in order to maintain cashflow.

Non-NHS payables

Better payment practice code	2017-18 (number)	2017-18 (£000s)	2016-17 (number)	2016-17 (£000s)
Total Non NHS trade invoices paid in the year	56,949	99,063	69,345	131,161
Total Non NHS trade invoices paid within target	25,664	59,018	23,850	80,090
Percentage of bills paid within target	45.1%	59.6%	34.39	61.06

NHS payables

Better payment practice code	2017-18 (number)	2017-18 (£000s)	2016-17 (number)	2016-17 (£000s)
Total NHS trade invoices paid in the year	1,068	7,231	1,115	6,794
Total NHS trade invoices paid within target	299	4,157	255	3,205
Percentage of bills paid within target	28%	57.5%	22.87	47.17

4j Principles for remedy

The Trust has adopted the Parliamentary and Health Service Ombudsman Principles for Remedy in full and they form part of the Trust's Management of Complaints, Concerns, Comments and Compliments Policy.

4k Fraud

The Trust employs RSM to provide an anti fraud service. This service undertakes investigations in addition to doing proactive work in relation to fraud in the NHS. There was one fraud referral during the year with no fraud proven.

5 Sustainable development

A Sustainability and Development Plan for 2016-20 has been developed in line with the NHS Sustainability Strategy. A copy of the plan can be obtained from Alan Dawson, Director of Strategy and Planning: alan.dawson@wvt.nhs.uk, 01432 364000

6 Statement of disclosure to Auditors

As far as the Directors are aware there is no relevant audit information of which the Trust's auditor is unaware. All steps have been taken by Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Accountable Officer:

Organisation: Wye Valley NHS Trust

Signature:_____

Date: 24th May 2018

Accountability report

1 Corporate Governance Report

During 2017- 2018 the Board comprised 11 voting Directors. In addition to this there were also five non-voting Executive Directors and the Company Secretary in attendance.

Board of directors as at 31 March 2018

Non-Executive Directors	
Russell Hardy Appointed: November 2016	**Chairman** Attended: 10/11 Board Meetings
Mark Waller Appointed: August 2011 Reappointed: August 2017	**Deputy Chairman, Senior Independent Director and Chair of Finance and Performance Committee** Attended:9/11 Board Meetings
Frank Myers MBE Appointed: November 2011 Reappointed: April 2016	**Chairman of Charitable Funds Committee** Attended:11/11 Board Meetings
Richard Humphries Appointed: November 2014 Reappointed: December 2016	**Chair of Workforce and Development Committee** Attended: 9/11 Board Meetings
Andrew Cottom Appointed: November 2014 Reappointed: December 2016	**Chair of Audit Committee** Attended: 8/11 Board Meetings
Reverend Christobel Hargraves Full time NED appointed: July 2015	**Chair of Clinical Quality Committee** Attended: 9/11 Board Meetings

Executive Directors and Advisors	
Glen Burley Appointed: November 2016	**Chief Executive** Attended: 9/11 Board Meetings
Jane Ives Appointed: November 2016	**Managing Director** Attended: 9/11 Board Meetings
Howard Oddy Appointed: July 2007	**Director of Finance & Information** Attended: 11/11 Board Meetings
Lucy Flanagan Appointed: September 2016	**Director of Nursing** Attended:9/11 Board Meetings
Charles Ashton Appointed: December 2017	**Medical Director** Attended: 8/11 Board Meetings
Martin Sandler Appointed: December 2017	**Deputy Medical Director** Attended: 9/10 Board Meetings
David Mowbray Appointed: March 2018	**Operational Medical Director** Attended: 1/2 Board Meetings
Jon Barnes Appointed: April 2015	**Chief Operating Officer** Attended: 9/11 Board Meetings
Sue Smith Appointed: October 2016	**Director of Human Resources & Organisational Development** Attended: 11/11 Board Meetings
Nicola Licence Appointed: May 2008	**Associate Director of Corporate Governance and Company Secretary** Attended: 11/11 Board Meetings
Malcolm Hunter Appointed: October 2016	**Improvement Director** Attended: 4/7 Board Meetings
Alan Dawson Appointed: October 2016	**Associate Director of Strategy and Planning** Attended: 6/9 Board Meetings

Register of board of directors' interests – as at 31 March 2018

Board Member	Designation	Declared Interest
Charles Ashton	Medical Director	South Warwickshire NHS Foundation Trust – Medical Director Solihull CCG Governing Body – Member
Jon Barnes	Chief Operating Officer	No declared interests
Glen Burley	Chief Executive	South Warwickshire NHS Foundation Trust – Chief Executive
Andrew Cottom	Non-Executive Director	No declared interests
Alan Dawson	Associate Director of Strategy and Planning	No declared interests
Lucy Flanagan	Director of Nursing	Rental of Property to Day Webster employee
Nicola Foreman	Associate Director Corporate Governance / Company Secretary	Hereford Community Foundation – Trustee / Company Secretary Safe Ventures Ltd – Company Secretary
Russell Hardy	Chairman	Nuffield Health & Nuffield Health Pension Scheme – Chairman Maranatha I Ltd – Chairman and Majority Owner Fosse Healthcare including ADPRAC – Executive Chairman South Warwickshire NHS Foundation Trust – Chairman 'Cherished' – Chairman
Christobel Hargraves	Non-Executive Director	League of Friends, Knighton Community Hospital – Secretary & Treasurer Local Maternity System Board for Herefordshire and Worcestershire – Chair
Richard Humphries	Non-Executive Director	University of Worcester – Visiting Professor
Jane Ives	Managing Director	South Warwickshire NHS Foundation Trust – Director Operations Wiper Blades Ltd – Director & Secretary
David Mowbray	Operational Medical Director	No declared interests
Frank Myers MBE	Non-Executive Director	Hereford Community Foundation – Chairman Myers Road Safety Ltd – Joint Owner and Managing Director MCP Systems Consultants Ltd – Joint Owner and Director Queen Elizabeth Foundation for Disabled People – Trustee and Director MERU – Director Herefordshire Business Board – Chairman Marches Local Enterprise Partnership – Board Member Voluntary Association for Surrey Disabled – Director Surrey Shop Mobility – Director Riversea Holdings Ltd – Non-Executive Director
Howard Oddy	Director of Finance and Information	No declared interests
Sue Smith	Director of Human Resources and Organisational Development	No declared interests
Mark Waller	Non-Executive Director	Herefordshire MIND – Chairman Ledbury Places – Chairman

Statement of accountable officers responsibilities

See Governance Statement section 1 page 26

Annual Governance Statement 2017-18

1 Scope of responsibility

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Wye Valley 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 Wye Valley NHS Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

a. Leadership to Risk Management

The Trust Board of Directors is responsible and accountable for owning the risk and control framework, and for ensuring that any risks that could affect the achievement of the Trust's strategic objectives are adequately controlled through the Board Assurance Framework. The Board also reviews the effectiveness of internal controls and monitors the work of the Committees with delegated responsibility for risk management.

Board members are responsible for:

- Approving the Risk Management and Board Assurance Framework Strategy
- Ensuring risk information is available to them to support the decision making process
- Participating in the identification and evaluation of risks appropriate to the decisions they are making

The Audit Committee, through assurance processes including Internal and External Audit, provides an independent objective opinion to the Board on whether the risk management arrangements in place are effective.

The Quality Committee provides the Board with an independent and objective review of all aspects of quality and safety relating to the provision of care and services.

An Executive Risk Committee was set up in January 2017. The Committee is Chaired by the Trust's Managing Director and attended by the Executive Team in addition to Divisional Directors. The Executive Risk Committee meets on a monthly basis and reviews the following risks:

- Medical, Surgical, Integrated Care, Maternity and Corporate Risks rated 15 (extreme) and above
- New risks opened during the previous month rated 15 (extreme) and above
- Risks closed during the previous month
- The Board Assurance Framework before presentation to the Board of Directors on a quarterly basis

A Corporate Risk Committee meets monthly and is attended by representatives from the following corporate functions:

- Health and Safety
- Information and IT
- Information Governance
- Human Resources
- Finance
- Emergency Planning
- Estates

The Corporate Risk Committee is chaired by the Associate Director of Corporate Governance and reviews the following:

- Corporate risks rated 12 (high) and above from each of the Corporate Departments

The Corporate Risk Committee reports into the Executive Risk Management Committee all Corporate Risks rated 15 (extreme) and above.

The Health and Safety Group ensures the Trust discharges its health and safety duties, by setting strategy, monitoring health and safety performance, reviewing audit findings, and agreeing plans. The Group reports to the Executive Risk Committee

Key individuals are also responsible for advising and co-ordinating specific risk issues and have a role in ensuring both deterrents to, as well as prevention of risks, are in place.

b. Training

Risk Management training that has been provided on an individual basis over the last 12 months and linked to risk assessments which have been completed. The Patient Safety Manager has directed staff to the Trust's procedural document to guide them on completing risk assessments and then the Patient Safety Manager would meet to discuss and review the assessment.

NHS Wye Valley NHS Trust

4 The risk and control framework

a. Risk Management Strategy

The Trust has a Risk Management and Board Assurance Framework Strategy in place and this was last reviewed and approved by the Board of Directors on 5th April 2018. The strategy was developed to support the delivery of strategic objectives, comply with legal and statutory requirements, national guidance and National Health Service Litigation Authority requirements.

The purpose of the strategy is to provide clear instruction on the process for risk management, and to enable the Trust to actively monitor, manage and prioritise the management of all risks. The key elements of the strategy are:

- Statement of Intent
- Definitions
- Duties of staff
- Risk Management Organisational Structure
- Risk Management Process
- Communication
- Training
- Key Performance Indicators
- Equality Impact Assessments

The Risk Management and Board Assurance Framework Strategy describes management responsibility for accepting actual and potential risks. The score of a risk will determine at what level decisions on acceptability of the risk are made and where it should be escalated to. It also states the key individuals in the Trust, which are kept informed about new risks or changes to existing risks.

b. Risk identification, evaluation and control

Wye Valley NHS Trust undertakes a consistent approach in the assessment of risks and follows a five-step process:

- identify
- analyse
- evaluate
- treat
- monitor

The details for how this is achieved are set out in the Risk Management and Assurance procedure which reflects the approach of the management of all types of risks.

c. Risk appetite

The Board of Directors agreed that the Trust's Risk appetite would be reviewed using the Good Governance Institute Matrix for NHS Organisations. The matrix has six risk levels as follows:

Avoid	Avoidance of risk and uncertainty is a Key Organisational objective
Minimal	Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
Open	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward
Seek	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)
Mature	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

d. Risk Maturity Review

A Risk Maturity Review was undertaken by the Trusts Internal Auditors RSM in February 2018. The review provided the Trust with the following position in relation to Governance (managed), Risk Identification (managed), Risk Assessment (managed), Risk Mitigation (defined/managed), Assurance (managed), Monitoring and Reporting (managed). This is an improvement in each element and the internal auditors gave an overall audit opinion of 'substantial assurance'.

e. Quality Governance

Assurance is provided to the Board of Directors on quality governance through the Trust's Clinical Quality Committee. The Clinical Quality Committee is chaired by a Non-Executive Director. The Clinical Quality Committee has the following committees and groups reporting into it all of which have responsibility for an element of quality governance:

- Clinical Effectiveness Committee
- Safeguarding
- Infection Prevention Committee
- Divisional Quality and Safety
- Experience
- Reducing Harm

The Director of Nursing is the Executive Lead for Quality Governance and is supported in this role by a Deputy Director of Quality Governance and a Quality and Safety Team.

f. Data Security

Risks to data security are managed through the Trusts Information Management and Technology Committee which is chaired by the Director of Finance and Information. The risk register for Information Management and Technology is reviewed by this Committee each month and any risks to data security are added to this risk register. This risk register from this Committee is also reviewed on a monthly basis by the Corporate Risk Committee.

NHS Wye Valley NHS Trust

g. Board Assurance Framework

For 2017-2018, the Trust Board maintained its review of strategic risk and extreme operational risks, on a quarterly basis, through the Board Assurance Framework. The Board Assurance Framework follows Department of Health guidance and includes the following elements:

- The Trust's strategic objectives
- Executive Director Lead for each risk
- Principle risks that may threaten the achievement of the objectives
- Key controls to manage the risks
- Arrangements for obtaining assurance on the key controls
- Gaps in control
- Plans to take corrective action where gaps are identified

The Board Assurance Framework supports the organisation in delivering a sound system of internal control and provides evidence to support the Annual Governance Statement.

At the 31st March 2018 the following risks were on the Board Assurance Framework. These risks have been reviewed monthly by the Trust's Executive Risk Management Committee and quarterly by the Board of Directors.

- There is a risk to performance during out of hours and at the weekend due to the inability to recruit and retain staff which results in delays in care and non-achievement of the four hour standard.
- There is a risk of continuing poor performance against the four hour standard due to the failure of the patient flow improvement work which results in continued poor flow and long waits in the Emergency Department.
- There is a risk that the published high mortality indices are an alert of possible poor quality of care resulting in potentially avoidable deaths, adverse publicity and reputational damage and increased scrutiny from the regulators.
- There is a risk of deteriorating performance against the Refer to Treatment (RTT) standard and an increase in 52 week waits due to the National decision to freeze elective work during January and February 2018. This resulted in no work being undertaken, poor patient experience, reputational harm and increased clinical risk, inability to earn Welsh income and a chance of clawback on funds from the CCG.
- There is a risk of insufficient outpatient and theatre capacity to treat patients due to an inability to recruit medical staffing resulting in delays in care, poor performance against the standard and failure to achieve income targets.
- There is a risk that the Trust is unable to comply with the agency cap of 7.4% due to high levels of band 5 staff nursing vacancies resulting in the use of high cost agency expenditure and non-compliance with NHS Framework.
- There is a risk of continued high turnover of Band 5 nurses of 15-19% due to high levels of retirement in future and the continued inability to fill nurse vacancies and retain nursing staff leading to the use of high cost agency.
- There is a risk of an inability to proactively fill nursing shifts due to an ineffective bank service for meeting need of temporary staffing resulting in the use of high cost agency.
- There is a risk of failure in achieving the Trust's financial target and Sustainability and Transformation Fund (STF) including failure to identify full CIP value of £10.2m resulting in none delivery of one of the Trusts objectives within the 10 point plan.
- There is a risk to the delivery of Financial Targets due to the emergence of unbudgeted cost pressures resulting in a deteriorating financial deficit position.
- There is a risk of continued financial unsustainability and material deficit for the Trust due to a possible lack of support from NHSI to continue operating at a material deficit for up to 5 years
- There is a risk of poor clinical performance and poor rota compliance due to a high level of consultant and middle grade staff vacancies leading to use of locum staff and a lack of capacity to deliver national standards which also impacts upon the financial position.
- There is a risk to the management of the medical workforce due to the absence of a Policy Framework in relation to leave, study leave and Clinical Excellence Award's resulting in poor productivity and service planning.
- There is a risk that the key interdependencies which support a sustainable model do not get delivered or resolved e.g. delivery of CIP and financial target, A & E Target, RTT and workforce issues resulting in poor progress on organisation sustainability.
- The use of 'escalation' areas creates a direct risk to patient safety due to a) the unsuitability of the physical space for providing inpatient care b) clinical staffing constraints c) providing access to areas that are normally restricted (e.g. ITU, Theatres)

The following strategic risks were closed during the financial year 2017-2018

- There is a risk to the delivery of the Trust's Financial Plan due to failure to generate required levels of income resulting in a worsening deficit position.
- There is a risk to the delivery of the Trust's Financial Plan due to successful contract challenges by the CCG resulting in reduced income.
- There is a risk of not producing a Medium Term Financial Plan in a timely manner due to lack of capacity resulting in the Trust not having a clear understanding of its financial position.
- There is a risk of unsustainable and unviable financial position due to the lack of appetite to change clinical services resulting in an unsustainable financial future.
- There is a risk of continued financial unsustainability and material deficit for the Trust due to lack of ongoing support resulting in an unsustainable financial future.

- There is a risk of increased attendances of 25 people per day to the A & E Department due to the closure of the walk in centre.
- There is a risk that the organisational model which gets defined is not supported by key stakeholders.
- There is a risk of continued pressure in the Emergency Department and inpatient capacity due to continued rise in emergencies due to out of County ambulance conveyances resulting in deteriorating patient flow.
- There is a risk of poor care to patients due to non-delivery of the Trust's Clinical Services Strategy resulting in a threat to the long term viability of acute services.

h. Future Risks 2018/19

Future risks for 2018/19 will be managed through the Board Assurance Framework by monthly review at Executive Risk Management Committee and quarterly review by the Board of Directors. The risks will be mapped to the Trust's new objectives approved by the Trust Board of Directors on 5th April 2018.

i. Well Led Framework

The Board of Directors has undertaken a self-assessment of leadership and governance using the Well Led Framework published by NHSI Improvement in June 2017. The self-assessment comprised each Board Member reviewing performance against the eight key lines of enquiry (KLOE). A rating for each KLOE was then agreed, along with areas for improvement. The self-assessment was approved by the Board of Directors on 1st March 2018 with the following ratings:

KLOE	Definition	Self-assessment rating
KLOE 1	Is there leadership capacity to deliver high quality, sustainable care?	Good
KLOE 2	Is there a clear, visible and credible strategy to deliver high quality, sustainable care to people and robust plans to deliver	Good
KLOE 3	Is there a culture of high quality, sustainable care?	Requires improvement
KLOE 4	Are there clear responsibilities, roles and systems of accountability to support good governance and management?	Good
KLOE 5	Are there clear and effective processes for managing risk, issues and performance?	Good
KLOE 6	Is appropriate and accurate information being effectively processed, challenged and acted on?	Requires improvement
KLOE 7	Are the people who use services, the public, staff and external partners engaged and involved to support high quality sustainable services	Requires improvement
KLOE 8	Are there robust systems for learning, continuous improvement and innovation?	Good

The next stage of the Well Led review will be to commission an external facilitator to review the self-assessment and to agree with the Board of Directors areas which require further scrutiny.

j. Compliance with NHS Provider Licence Trust Condition 4

Detailed below is the Trusts compliance with NHS Provider Licence Condition 4:

	Corporate Governance Statement	Response	Actions / Supporting Information
1	The Board is satisfied that the Licensee applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	Confirmed	The Board complies with the UK Corporate Governance Code and has during the year undertaken a self-assessment review against NHSI's developmental reviews of leadership and governance using the well-led framework. This was presented and approved by the Board of Directors on 1st March 2018.
2	The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time.	Confirmed	Regular review of guidance issued is undertaken by the Company Secretary in addition to this the Trust Internal and External Auditors provide progress reports and updates which would identify any new guidance issued which the Trust need to be aware of.
3	The Board is satisfied that the Licensee has established and implements: (a) Effective board and committee structures; (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and (c) Clear reporting lines and accountabilities throughout its organisation.	Confirmed	A review of the Governance Structures within the Trust was undertaken by the Managing Director and approved by the Board of Directors in 2017. This structure has remained in place over the last 12 months. On an annual basis a review is undertaken of each of the Terms of Reference for Committees reporting to the Board of Directors. These are approved by each Committee and then the Board of Directors. Approval was given to the Terms of Reference on 5th April 2018.
4	The Board is satisfied that the Licensee has established and effectively implements systems and/or processes: (a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; (b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations; (c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions; (d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); (e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; (f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence; (g) To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and (h) To ensure compliance with all applicable legal requirements.	Confirmed	An integrated performance report is presented to the Board of Directors each month. This report covers the key areas of Quality, Performance Workforce and Finance and highlights variances from plan and what actions are being taken to improve. The Clinical Quality Committee ensures compliance in relation to quality governance and the Care Quality Commission's standards and other regulatory bodies. All business plans are reviewed by the Trust Management Board prior to presentation to the Board of Directors for approval (subject to financial values). The Finance and Performance Committee reviews performance within the divisions on Finance, quality, performance and workforce. Material risks are managed through the Trust's Board Assurance Framework which is cross referenced to the 10 Point Plan. Internal and External Assurance is provided through the Trust Internal and External Auditors. The Trust's provision of legal services is outsourced to a firm of healthcare lawyers who provide regular bulletins and updates on legislative changes effecting the NHS.

5	The Board is satisfied that the systems and/or processes referred to in paragraph 4 (above) should include but not be restricted to systems and/or processes to ensure: (a) That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided; (b) That the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations; (c) The collection of accurate, comprehensive, timely and up to date information on quality of care; (d) That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care; (e) That the Licensee, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and (f) That there is clear accountability for quality of care throughout the Licensee including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.	Confirmed	The Director of Nursing is the Executive lead for Quality Governance. The Clinical Quality Committee meets on a monthly basis and a report is provided by the Chair of the Clinical Quality Committee to the Board of Directors summarising discussions and decisions. In addition to the summary report from the Chair of the Clinical Quality Committee the Director of Nursing provides a report on Quality which includes KPIs and forms part of the monthly Integrated Board Report. The minutes of the Clinical Quality Committee are also presented to the Board of Directors The Trust's 10 Point Plan has enhanced Quality and Safety and a specific objective relates to the Quality and Safety in the new objectives for 2018/19 approved by the Board of Director on 5th April 2018.
6	The Board is satisfied that there are systems to ensure that the Licensee has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.	Confirmed	The Board of Directors comply with the Fit and Proper Persons Test which is reviewed on an annual basis to ensure continued compliance. The Fit and Proper Persons Test was last undertaken in March 2018 and reported to the Remuneration and Terms of Service Committee on 20th March 2018 to confirm compliance.

k. Embedding Risk Management

Risk Management is embedded within the activity of the organisation in the following ways:

- **Business Plans**

  Each Business Plan presented to the Trust Management Board, or if the value requires, the Board of Directors includes a risk assessment of the situation requiring investment. The risk assessment can support the business plan and investment. In addition to this to ensure that there is no impact on quality a Quality Impact Assessment is also undertaken

- **Cost and Productivity Improvement Plan (CPIP)**

  Each year the Trust identifies through its CPIP areas of the Trust where savings can be made or where productivity can be improved. To ensure that productivity improvements and savings are viable as part of the CPIP procedure a quality impact assessment and an equality impact risk assessment is undertaken.

- **Quality Impact Assessments**

  Quality Impact Assessment are undertaken as stated above to ensure that there is no impact on:

  - Safety
  - Effectiveness
  - Experience

  A 5 x 5 standard risk matrix is used which considers consequence and likelihood of a CPIP impacting upon quality.

- **Equality Impact Assessments**

  Equality Impact Assessments are also undertaken as part of the CPIP procedure to ensure there is no potential to cause adverse impact or discriminate against different groups.

- **Incident Reporting**

  Incident reporting is well established and embedded within the Trust and each month both the Clinical Quality Committee and Board of Directors receive a report on serious incidents reported.

  The use of Datix Web allows any member of staff to be able to report an incident. These incidents are monitored by the Quality and Safety Team who ensure that incidents reported are acted upon within the Divisions.

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

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.

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

The trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Trust had a significant Cost Improvement Plan to achieve during 2017/18 of £10.2 m. At the time of writing the Annual Governance Statement the Trust was forecast to deliver £8.9m against the £10.2 m Plan. As a consequence the Trust is on target to hit it's control total agreed with NHSI.

The Trust has, for the forthcoming year, significantly improved the governance arrangement relating to the Cost Improvement Plan and also changed the name of the programme to the Cost and Productivity Improvement Plan (CPIP) to help change the emphasis from just cost savings.

The governance arrangements were strengthened due to an internal audit assessment providing a 'partial assurance' rating to the previous arrangements which were in place.

The Trust uses Model Hospital to review where further savings can be identified and then fed into the CPIP Programme. A quarterly meeting of Model Hospital is chaired by the Director of Finance and Information to review where savings can be identified.

The Trust received a presentation on Model Hospital from NHSI on 6th April where variances were discussed and how improvement could be made to ensure changes in the future.

6 Information governance

There have been 23 data security breaches during 2017/18 22 of which were Information Governance Serious Incident Level 2 and 1 which was level 1. The profile on Information Governance has been significantly raised during the financial year and this has led to a high level or reporting and more awareness with staff. The breaches were the following types:

Breach Type	Volume
Disclosed in error	20
Non secure disposal	0
Lost / stolen paperwork	0
Unauthorised access / disclosure	3
Other	0
Total	**23**

A Root Cause Analysis (RCA) was undertaken on each of the 23 breaches and all identified actions from the RCA have been completed.

All 23 breaches have been reported to the Information Commissioner and at the time of writing 20 of the cases had received 'no action required' from the Information Commissioner. For the other 3 cases the Trust is waiting to hear if any action will be taken by the Information Commissioner.

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7 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 Quality Committee provides the Trust Board with assurance on Quality Governance and reviewed the draft Quality Account 2017-2018 on 26th April 2018 prior to it being circulated to stakeholders for comment. The Stakeholders who reviewed and commented on the Quality Account were:

- Overview and Scrutiny Committee
- Healthwatch Herefordshire
- Herefordshire Clinical Commissioning Group

The governance process associated with the production of the Quality Account 2017-18 was presented to the Audit Committee for review on 26th March 2018 prior to presentation of the Quality Account to the Board of Directors on 24th May 2018 for approval.

The Trust's external auditors, Grant Thornton, undertake a limited assurance audit on the Quality Account each year and then present a report to the Audit Committee on its findings.

Quality and accuracy of data is provided by the auditor undertaking a review of 2 subject areas each year. For 2017/18 the auditors will be reviewing 2 KPIs these are:

- Venous thromboembolism (VTE)
- Clostridium difficile (CDiff)

Accuracy of Data Quality

The Trust gains assurance on accuracy of data quality through its Internal Audit Plan. For the financial year 2017/18 the Trust had two audits undertaken in relation to data quality these were:

- Data Quality – Cancer Waits
- Data Quality – 18 Weeks Referral to Treatment

The internal audit on Data Quality – Cancer Waits provided a positive opinion of reasonable assurance and concluded that there was evidence of a strong team and leadership helping to ensure data was recorded and reported accurately with strategic leadership and operational delivery evident. The team are also committed to improving performance by implementing tight performance monitoring and reviewing the policies in place to support cancer waiting times and performance. This was reported to the Audit Committee in June 2017 and the Board of Directors in July 2017 through the summary Audit Committee Report to the Board.

The internal audit on Data Quality – 18 Weeks Referral to Treatment provided a positive opinion of reasonable assurance and confirmed that the Trust had made considerable efforts to address issues which resulted in the Trust being unable to report on RTT between April 2015 and January 2017. The Trust has also implemented a new PAS system and from August 2017 the Trust is able to scan the majority of referral letters. The auditors confirmed that they observed a strong and committed team with clear leadership who work with the Divisions to improve performance. The Trust is now able to produce data quality reports and has sight of patients waiting. The audit also confirmed robust monitoring of 18 weeks RTT. There were a few areas where data quality could be improved this included transfers to other Trusts, incorrect codes on pathways, diagnostic tests recorded as treatment received. This was reported to the Audit Committee in May 2018 for the period 2017/18.

8 Review of effectiveness

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

a. The Board of Directors 2017/18

During 2017-2018, the Trust Board comprising 11 Directors: the Chairman, five Non-Executive Directors and five Executive Directors led the Trust.

The five voting Executive Board Members are:

- Chief Executive
- Finance Director
- Medical Director
- Director of Nursing
- Managing Director

In attendance at the Board of Directors is also the Chief Operating Officer, Director of Human Resources, Operational Medical Director and the Associate Director of Strategy and Planning. The Board is supported and advised by the Associate Director of Corporate Governance / Company Secretary.

During the year four committees have been in place to help the Board discharge it functions, these are:

- Audit Committee
- Remuneration and Terms of Service Committee
- Clinical Quality Committee
- Charitable Funds Committee

The **Trust Board** met formally on 11 occasions during the financial year and achieved an overall attendance rate of 86%. The Board had a work plan in place which is developed around the Trust's 10 Point Plan.

1 Deliver ED standard
2 Deliver RTT standard
3 Financial Benchmark with SWFT
4 Reduce spend on Agency Nursing
5 Medical Workforce Review
6 Progress One Herefordshire Plan
7 Review and Streamline Governance
8 Assess Clinical Sustainability Models
9 Agree Financial Recovery Trajectory with NHSI
10 Review Organisational Sustainability

b. The Board's Performance

Board Effectiveness Review

The Board undertook its annual review of effectiveness in June 2017 and the results of this review were presented to the Trust Board of Directors in July 2017.

c. Committees of the Board

The Audit Committee and Remuneration and Terms of Service Committee are statutory Committees of the Trust Board.

The **Audit Committee** is a Non-Executive Director Committee which met on five occasions during the year and achieved an attendance rate of 88%. The Chairman of the Trust Board is not a member of the Audit Committee although may attend on the invitation of the Committee Chair. Executive Directors are invited to attend the Audit Committee when there are relevant items on the agenda. The Committee is supported by the Company Secretary. The Trust's Internal and External Auditors are also invited to attend the Audit Committee meetings. The Committee approved a work plan for the financial year 2017-2017, which covered the following key areas:

- Governance and Risk
- Internal Audit
- External Audit
- Counter Fraud

The **Remuneration and Terms of Service Committee** is a Non-Executive Director Committee, which met on three occasions during the financial year and achieved an attendance rate of 87%. The Chief Executive and Director of Human Resources are invited to attend. The Committee is supported by the Company Secretary.

The Committee's Membership during the year was as follows:

- Russell Hardy – Committee Chairman (from April 2017)
- Andrew Cottom – Non Executive Director
- Christobel Hargraves – Non Executive Director
- Richard Humphries – Committee Chairman (until April 2017)
- Frank Myers MBE – Non Executive Director
- Mark Waller – Non Executive Director
- Glen Burley – Chief Executive (from April 2017)

The Committee approved a work plan for 2017-2017, which covered the following key areas:

- Appointment and Salary Reviews
- Objectives of Executive Directors
- Governance

The **Clinical Quality Committee** comprises Non-Executive, Executive Directors and other staff within its membership. It met on 12 occasions during the financial year and achieved an attendance rate of 84%. The Company Secretary maintains corporate oversight of the governance arrangements of the Committee.

During the year, the Committee approved a work plan for 2017-2018 and key priorities for quality improvement which covered the following areas:

- Enhanced care of vulnerable patients
- Reducing waiting times
- Improving pressure area care management
- Timely treatment of sepsis
- Management of the deteriorating patient
- Strong maternity safety culture
- Reducing falls resulting in harm
- Increasing incident reporting
- Undertaking harm reviews
- Improving identification of urinary tract infections
- Developing a continuous improvement culture
- Improving staff engagement
- Improving organisational learning
- Strengthening governance structure.

The **Charitable Funds Committee** supports the Trust Board to discharge its functions as the Corporate Trustee, for Wye Valley NHS Trust Charitable Funds. The Committee met on four occasions during the year and achieved an attendance rate of 48%. The Charitable Funds Committee approved a work plan for 2017/18 which covered the following key areas:

- Strategy
- Governance
- Finance 9

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Conclusion

I can confirm that there are no significant internal controls issues which have been identified. However, the Head of Internal Audit Opinion for 2017/2018 concluded 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"***

This is due to the fact that the Internal Auditors issued two negative (partial assurance) opinions and two advisory reports which require improvement. These are:

- Complaints (partial assurance) – good progress has been made in this area on addressing the actions identified since the review was undertaken.
- Cost Improvement Programme (partial assurance) – good progress has been made in this area to strengthen processes since the review was undertaken.
- Recruitment and retention – there remain challenges in this area regarding the completeness of the establishment.
- IG Toolkit – progress has been made on this area in addressing the actions identified.

The Trust also continues to face the following significant issues:

- Difficulty in achieving the four hour target in A & E and the Referral to Treatment target.
- Difficulties in recruiting and retaining nursing and medical workforce resulting in high cost agency spend.
- A challenging financial deficit position of £XX and a Cost and Productivity Improvement Programme of £10 m.

Accountable Officer:

Organisation: Wye Valley NHS Trust

Signature:_____

Date: 24th May 2018

2 Remuneration and staff report

2a Statement on policy on remuneration

The policy of the Remuneration and Terms of Service Committee has continued to be guided by five principles:

1. Reward will attract and retain high quality people
2. There must be a clear link between performance and reward
3. The rationale for setting salary / performance pay levels must be clear to all
4. Competitive levels of remuneration will be determined by reference to similar posts within comparable NHS Trusts
5. Rewards will reflect the market but not drive it

Executive Directors receive a fixed base salary. Benefits include pension provision. Directors are not paid a car allowance, nor are they provided with a Trust funded vehicle and they do not receive any private healthcare provision.

Contracts of full time substantive Executive Directors include a six month notice period; senior managers have a three months' notice period.

During the year the Trust engaged a third party for the services of Interim deputy medical Director.

2b Methods used to assess performance of executive directors

Executive Directors all have objectives set for the financial year by the Managing Director. A review of performance of achievement of objectives is undertaken mid-way through the year and at the end of the year.

2c Remuneration of Chairman and non-executive directors

The Secretary of State for Health sets and reviews the level of remuneration payable to the Chairman and Non-Executive Directors (excluding NHS Foundation Trusts who set their own rates). In 2017-18 there was not an increase to the remuneration of these roles. The rates were £6,157 for Non-Executive Directors and £18,621 for the Chairman of the Trust. The Chairman and the Non-Executive Directors do not receive a pension provision.

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2d Salaries and allowances (subject to audit)

			2017-18						2016-17					
Name	Title	Duration	Salary (bands of £5000) £000	Expense payments (taxable nearest £100) £000	Annual performance related bonus (bands of £5000) £000	Long term performance related bonus (bands of £5000) £000	All pension related benefits (bands of £2500) £000	Total (bands of £5000) £000	Salary (bands of £5000) £000	Expense payments (taxable nearest £100) £000	Annual performance related bonus (bands of £5000)	Long term performance related bonus (bands of £5000) £000	All pension related benefits (bands of £2500) £000	Total (bands of £5000) £000
S Smith	Director of People and Development		95-100				120-125	215-220	40-45				100-102.5	140-145
H Oddy	Director of Finance		110-115				(10)-(15)	95-100	110-115				5-7.5	115-120
L Flanagan	Director of Nursing		95-100				0-(5)	95-100	55-60				25-27.5	80-85
J Barnes	Chief Operating Officer		95-100				(35)-(40)	60-65	100-105				45-47.5	145-150
G Burley[1]	Chief Executive		45-50					45-50	10-15					10-15
J Ives[1]	Managing Director		135-140					135-140	25-30					25-30
C Ashton[1]	Medical Director		40-45					40-45	10-15					10-15
M Hunter[1]	Director of Improvement	From Oct 16 to Dec 17	70-75					70-75	50-55					50-55
R Hardy	Chairman		15-20					15-20	5-10					5-10
F Myers MBE	Non Executive Director		5-10					5-10	5-10					5-10
M Waller	Non Executive Director		5-10					5-10	5-10					5-10
R Humphries	Non Executive Director		5-10					5-10	5-10					5-10
A Cottom	Non Executive Director		5-10					5-10	5-10					5-10
C Hargraves	Non Executive Director		5-10					5-10	5-10					5-10

Note 1 *Remuneration identified on the table excludes payments made whilst on secondment when costs were met by NHSI.*

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2e Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. For 2016/17 the median salary based on annualised full time equivalent hours was calculated to be £24,624 pa (2016/17, £24,304 pa). The highest paid director at Wye Valley NHS Trust in the financial year 2017/18 was £135,750 – 5.5 times median salary.

The reduction in pay multiple is due to a reduction in remuneration for the highest paid Director. This is due to a change in make-up of the Board. The median salary has not changed materially.

Salaries paid by the Trust on a full time equivalent basis varied between £15,404 and £348,138 pa.

In 2017/18, 38 employees received remuneration in excess of the highest paid director based on payment received in 2016/17. Remuneration relating to these employees was in a range between £135k and £348k. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

2f Pension benefits 2016-17 (subject to audit)

Name	Title	Real increase in pension at 60 (£2500 bands) £000	Real increase in lump sum at 60 (£2500 bands) £000	Accrued pension at 60 as at 31.3.18 (£5000 bands) £000	Accrued lump sum as at 31.3.18 (£5000 bands) £000	Cash equivalent transfer values as at 1.4.17	Real increase in cash equivalent transfer value £000	Cash equivalent transfer values as at 31.1.18	Employer's contribution to stakeholder pension £000	Notes
S Smith	Director of HR and Organisational Development	5-7.5	12.5-15.0	30-35	95-100	522	147	675	0	
H Oddy	Director of Finance	0-2.5	0.0-2.5	45-50	140-145	917	69	995	0	
L Flanagan	Director of Nursing	0-2.5	0	30-35	70-75	457	18	479	0	
J Barnes	Chief Operating Officer	0	0	40-45	105-110	732	3	742	0	

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2g Off payroll engagements

For all new off-payroll engagements between 1 April 2017 and 31 March 2018, for more than £220 per day and last longer than six months:

Table 1: Off Payroll engagements longer than 6 months	**Number**
Number of existing engagements as of 31 March 2018	44
Of which the number that have existed:	
For less than one year at the time of reporting	15
For between one and two years at the time of reporting	6
For between two and three years at the time of reporting	10
For between three and four years at the time of reporting	3
For four or more years at the time of reporting	10

All existing off-payroll engagements have been subject to a risk based assessment to seek assurance that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: New Off Payroll Workers	**Number**
Number of New engagements or those that reached six months in duration between 1st April 2017 and 31st March 2018	15
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	15
Of which:	
Assurance has been received	15
Assurance has not been received	
Engagements terminated as a result of assurance not being received	

2h Consultancy expenditure

The Trust engaged external consultants on the project below during 2017/18 incurring total expenditure of £42k.

Analysis of consultancy services expenditure (+)	Expenditure		Forecast Outrun
	Type	Supplier	Value
EPR Programme	IT Services	Venn Group	£42k

2i Exit packages

The Trust reported one exit package in 2017/18 for the value of £60k. This has been detailed in the annual accounts.

2j Compensation for loss of office (subject to audit)

There has been no payment or compensation paid for early retirement or loss of office.

2k Staff survey

	Wye Valley NHS Trust in 2016	Average (median) for combined Acute and Community Trusts	Wye Valley NHS Trust in 2017
"Care of patients / service users is my organisation's top priority."	75%	75%	68%
"My organisation acts on concerns raised by patients /service users."	71%	73%	67%
"I would recommend my organisation as a place to work."	56%	59%	55%
"If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation."	60%	69%	58%
"Staff recommendation of the organisation as a place to work or receive treatment"	3.65	3.75	3.58

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2l Social media and recruitment

Social media continues to play a key role in how the Trust attracts new employees; importantly it also allows for greater transparency into the culture of the Trust as well as more flexibility in how we communicate with potential candidates.

In the last 12 months, we have continued to use Facebook as a platform to promote our nurse open days; thanks to Facebook, we were successful in attracting 58 nurses to our February open day. We subsequently offered 15 posts to newly qualified students and a further 8 bank and pool posts to registered nurses and healthcare assistants. We also attracted return to work practice nurses. Facebook allows us to keep in touch with them all, allowing us to develop and nurture an online talent pool of both nurses and students.

In June 2017, we ran another effective social media campaign – through our Facebook recruitment page which reached 3850 people – this time for paediatric consultants, successfully appointing three consultants.

Innovation and Recruitment Award

The Trust was a finalist in the 2017 Innovation and Recruitment Awards, thanks to our work in recruiting via social media. We were commended for having a proven track record in successfully introducing a social media strategy and its execution. Importantly, the award has helped to change the way the Trust advertises consultant posts as well as other vacancies within the organisation.

2m Education and development

This year, the Trust has been working to improve and enhance mandatory training, appraisal and development opportunities for all staff groups within the Trust.

This has included a drive to work with an interdisciplinary focus across the organisation and the Herefordshire Health economy and in collaboration with Herefordshire and Worcestershire Sustainability and Transformation Partnership. This has involved participation in initiatives and leading and facilitating various Health Education England sponsored projects to improve and maximise development opportunities for staff and explore and introduce new ways of working.

The Education and Development team is working to support organisational development, leadership and better access to clinical learning, including e-learning and development of simulated learning.

Achievements this year include:

- Enhancing resources for interdisciplinary skills delivery and simulated learning
- Continued development of physicians associates
- Supporting a cohort of 11 trainee nursing associates
- Successful completion of Higher Apprenticeship awards for 25 staff in the development of assistant practitioner roles
- Enhancing in house management development programme mapped to an optional nationally recognised Institute of Leadership and management award, funded through the Trust's apprenticeship levy
- Development and access to leadership programmes for all levels of staff
- Working with HR colleagues and NHSI to support recruitment and retention initiatives
- Supporting staff with apprenticeship awards and developing apprenticeship roles for the future including administration, dental nursing and leadership and management
- An expansion of access to the return to practice nursing programme in partnership with regional universities
- Involved in the development of an integrated cohort of Adult health and social care apprenticeship pilot across the local health economy with other key stakeholders
- Participation in the development of dementia awareness trainers, to enhance training and care across health and social care providers within Herefordshire
- Further development of preceptorship programmes for newly qualified practitioners incorporating an offer of the Institute of Leadership and Management programme
- Continued success in the development of education programmes to support overseas recruitment initiatives
- Continuing support for provision of placements for pre-registration professional programmes
- Continued success in delivering a clinical work experience programme for young people across Herefordshire and attending Careers Advice events, advocating healthcare professions as a rewarding career choice

NHS Wye Valley NHS Trust

2n Staff sickness

Staff sickness absence and ill health retirements

	2017-18	2016-17
Total days lost	26,493	27,506
Total staff years	2,644	2,612
Average working days lost per person	10.02	10.53
Number of persons retired early on ill health grounds	1	1

	£000s	£000s
Total additional pensions liabilities accrued in the year		71

Cumulative sickness absence for the year was 4.68%

2o Workforce by ethnicity as at 31 March 2018

Ethnic Origin	Ethnic Description	Headcount	%
A	White – British	2,794	88.03%
B	White – Irish	12	0.38%
C	White – Any other White background	99	3.12%
D	Mixed – White & Black Caribbean	4	0.13%
E	Mixed – White & Black African	5	0.16%
F	Mixed – White & Asian	6	0.19%
G	Mixed – Any other mixed background	2	0.06%
H	Asian or Asian British – Indian	110	3.47%
J	Asian or Asian British – Pakistani	22	0.69%
K	Asian or Asian British – Bangladeshi	7	0.22%
L	Asian or Asian British – Any other Asian background	38	1.20%
M	Black or Black British – Caribbean	10	0.32%
N	Black or Black British – African	26	0.82%
P	Black or Black British – Any other Black background	1	0.03%
R	Chinese	8	0.25%
S	Any Other Ethnic Group(including Filipino)	41	1.29%
Z	Not Stated	104	3.28%
Grand Total		**3,174**	**100.00%**

Gender split for general staff

Female	2,769
Male	520
Grand Total	**3,289**

Gender split for Trust Board

Female	5
Male	9
Grand Total	**14**

NHS Wye Valley NHS Trust

2p Employee health & well being

The Trust's scheme *Fit to Work* – set up to improve the health and wellbeing of staff – continues to provide a platform that encourages both achieving and maintaining a healthy lifestyle.

Developments in the last 12 months include:

- 91.52 per cent of clinical staff and 72.79 per cent of staff overall were vaccinated for flu, one of the highest NHS uptakes in the country
- The introduction of onsite circuit training in January 2017
- A strengthening resilience training programme for those who are returning to work after time off with stress, anxiety or depression
- A stress awareness roadshow that coincided with the national Stress Awareness Day in November 2017
- During September 2017, a month-long staff benefits campaign highlighted these as well as promoted the services of Occupational Health within the Trust
- In the autumn of 2017, we launched a Health & Wellbeing Employee of the Month which celebrates those employees who have made a real difference to his or her colleagues' physical and mental health
- Every member of Occupational Health has a nominated area within the Trust where, on a fortnightly basis, they 'walk the floor' offering direct support to staff

Workforce profile 2017-18 as at 31.03.18

Staff Group	Head count
Add Prof Scientific and Technical	130
Additional Clinical Services	757
Administrative and Clerical	726
Allied Health Professionals	267
Estates and Ancillary	101
Healthcare Scientists	64
Medical and Dental	306
Nursing and Midwifery Registered	932
Students	6
Grand Total	**3,289**

NHS
Wye Valley
NHS Trust

2q Staff communication and engagement

Two way communication channels with our staff are essential to a robust culture within our organisation. During the last 12 months we have continued to make progress in improving staff engagement with senior members of the Trust's team.

Our Rumour Mill acts as a virtual pin board on our Intranet, allowing staff to post questions and discuss any rumours. The executive team then respond for all to see. In the past year, its popularity has grown with 850 postings on a vast range of issues.

Through our successful Open Door programme, the managing director's office door is open twice a month for staff to drop in and talk about any issues.

Our *Let's Talk* scheme – face to face briefings on key Trust initiatives as well as discussions about issues affecting them – now take place at all six Trust sites. Through the initiative, staff are also encouraged to invite executives to their regular team meetings.

Other important staff communication developments include our *Perfect Day*, which resulted in staff telling us at 6 engagement sessions what their *Perfect Day* looked like. Feedback included accessibility and transport; time to do the best job; enough staff; skills and training; information; equipment and resources; work life balance; team work and shared goals as well as getting our patients safely home.

Importantly, we have also developed a Leadership Charter – a set of principles for everyone in a leadership role – which has been developed following a series of engagement sessions with staff; it includes encouragement, communication, visibility and approachability, listening skills and professionalism.

2r Freedom to speak up

The Trust has introduced a new *Freedom to Speak Up* policy, which seeks to create a reporting culture in which staff feel able to speak up confidently about issues and concerns regarding clinical practices they feel are unsafe.

Following national recommendations, the Trust operates a *Freedom to Speak Up* policy led by a *Freedom to Speak Up* Guardian, Christobel Hargraves, supported by a number of *Freedom to Speak Up* Champions representing each Division. The aim of this policy is to ensure that all members of staff are able to report concerns relating to unsafe clinical practice where they are not able to do so through normal management channels. This policy can also be used to report inappropriate behaviour relating to staff.

Concerns are investigated where appropriate and actions taken as required. The Clinical Quality Committee receives a quarterly report on concerns raised and a six monthly report is made to the Board. Quarterly returns are made to the National *Freedom to Speak Up* Guardian.

During the last 12 months, 32 concerns were reported of which 5 are still being investigated.

NHS
Wye Valley
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2s Recognising staff

Many members of staff go above and beyond the call of duty to make a difference to the experiences of patients, visitors, colleagues and clients. The *Going the Extra Mile* Scheme was introduced to acknowledge and celebrate their dedication and achievement.

Between March 2017 and April 2018, there were an outstanding 56 GEM winners; 30 of these were awarded under the category *Making an Outstanding Contribution (Individual)* and another 26 for *Making an Outstanding Contribution (Team).*

The nominations over the last 12 months are nothing short of inspirational. Examples include :

"Whenever I mention his easy disposition and his willingness to help, I am greeted with similar comments from my colleagues. He is absolutely how we all would want our counterparts and peers to perform to make things happen in this organisation. I could nominate him on a number of our core values but it is for his overall excellence in his role and in his work that I wish to put him forward for Going the Extra Mile."

"He is an amazing, compassionate doctor who really cares about the children he meets. During my son's 3 year 6 month leukaemia treatment he has been the one doctor who I have 100% put my trust in. My son has such a great relationship with him that he can't wait until he sees him again. When my son was admitted during his treatment, the doctor would often ring the ward or myself to see how my son was, whether he was working or indeed on a day off. I literally cannot praise this doctor enough."

In the coming year, the awards will play a key role in further engaging with staff and recognising their outstanding contributions to the Trust.

NHS
Wye Valley
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2t Staff policies

Equality and Diversity

The Trust ensures compliance with the Disability Discrimination in Employment Policy by adopting procedures that prevent discrimination against future or current employees in all aspects of the recruitment process or their employment.

The Trust takes all reasonable steps to make adjustments and remove barriers that put disabled workers at a disadvantage, including ensuring that training, career development, and promotion opportunities are equally available to the Trust's disabled employees.

The Trust has an Equal Opportunities Policy that has been formally agreed.

The Trust has a key responsibility to ensure that promoting equality and valuing diversity is central to all Trust policy making, service delivery, employment practices and community involvement. All levels of staff are required to undertake training in Equality and Diversity, and thus understand the principles of this. Staff receive training on Equality and Diversity every three years.

Health and Safety

The Trust is supported by a Health and Safety Officer and a Fire Officer who provide professional advice, guidance and training to managers with the aim of ensuring that safe working practices are adopted and legal obligations met.

The main focus of this work is the development of practical risk assessments, policies and working procedures that ensure and maintain high standards.

Health and Safety performance is monitored by the Trust's Health and Safety Committee, which reports to the Quality Committee, a committee of the Board.

Health at Work

The Trust provides Occupational Health Services for all staff with an on-site Health at Work Department.

The Health at Work Department is concerned with all aspects of health related to work and the working environment and therefore undertakes assessments of how the work employees undertake affects their health as well as how their health may impact on their ability to work.

The Trust recognises its legal responsibilities to safeguard employees' health and safety at work; the Health at Work Department helps the Trust achieve this.

Counter Fraud and Corruption

The Trust has in place effective arrangements to ensure a strong counter fraud and corruption culture exists across the organisation and to enable any concerns to be raised and appropriately investigated. These arrangements are underpinned by a dedicated Local Counter Fraud Specialist and a programme of counter fraud education and promotion. The fitness for purpose of these arrangements is overseen by the Audit Committee which has confirmed them as being effective and proportionate to the assessed risk of fraud.

Financial statement and notes to the accounts

Independent auditor's report to the Directors of Wye Valley NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wye Valley NHS Trust (the 'Trust') for the year ended 31 March 2018 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 Accounts, including Accounting policies and other information. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 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 2017-18; 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.

Who we are reporting to

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.

Material uncertainty related to going concern

We draw attention to note 1.1.2 in the financial statements, which indicates that the Trust incurred a deficit of £33.2 million during the year ended 31 March 2018 and, at that date had a cumulative deficit of £110.4 million and an overall negative net asset balance of £71.4 million. As stated in note 1.1.2, the Trust's current financial plan for 2018/19 forecasts the delivery of a further deficit of £22.8 million (after application of Provider Support Funding) necessitating further revenue cash borrowing. For 2018/19 the Trust has forecast that additional revenue loans of £23 million will be required together with an additional £16 million of capital loans. At the date of our report this support and the sources of borrowing have not been confirmed These events or conditions, along with the other matters explained in note 1.1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trusts ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 3 to 34, 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 course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resource 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 this 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 Report 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 2017-18 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 have reported a matter 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 have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had 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 have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 22 May 2017 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust's breach of its three year break-even duty for the three year period ending 31 March 2017 and its ongoing breach for subsequent years including the year ended 31 March 2018.

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 the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit Committee is Those Charged with Governance.

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

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, Wye Valley NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for adverse conclusion

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

Financial Sustainability

The Trust incurred a deficit of £33.2 million during the year ended 31 March 2018, which equates to 17.6 per cent of turnover. At 31 March 2018 the Trust had a cumulative deficit of £110.4 million. The Trust's current financial plan for 2018/19 forecasts the delivery of a further deficit of £22.8 million. The 2018/19 financial plan includes significant savings targets of £10 million, with £1.9 million of this being unidentified as at April 2018.

Operational Performance

In 2017/18 the Trust's agency spend was £5.1 million above its agency ceiling cap of £9.76 million. The high reliance on agency staff continues to cause significant financial pressures for the Trust and has quality

implications. The Trust's HR department has been through a significant restructure in 2017/18. The Trust did not have a workforce strategy during the early part of the year and the current strategy has only been in place since December, so it is still in its early stages.

These matters identify weaknesses in the Trust's arrangements for:

- setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the rural locality of the Trust and the current configuration of services;
- workforce planning

These issues are evidence of weaknesses in proper arrangements for:

- sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- planning, organising and developing the workforce effectively to deliver strategic priorities.

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(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources 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 2018, 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 Wye Valley NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Jon Roberts

Partner
for and on behalf of Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

24 May 2018

Statement of Comprehensive Income

	Note	2017/18 £000	2016/17 £000
Operating income from patient care activities	3	166,249	159,111
Other operating income	4	22,249	18,456
Operating expenses	5, 7	-214,079	-208,223
Operating surplus/(deficit) from continuing operations		-25,581	-30,656
Finance income	10	24	22
Finance expenses	11	-7,622	-6,538
Net finance costs		-7,598	-6,516
Surplus / (deficit) for the year from continuing operations		-33,179	-37,172
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		0	0
Surplus / (deficit) for the year		-33,179	-37,172
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	-7,454	0
Revaluations	14	139	3,644
Total comprehensive income / (expense) for the period		-40,494	-33,528

IFRIC 12 Adjustment

Due to the introduction of International Financial Reporting standards (IFRS) accounting in 2009/10 and the associated revenue cost of bringing PFI assets on to the balance sheet, an NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. Any additional cost is not considered part of the organisation's operating position. Subsequently, in January 2013, the DH introduced new guidance on this adjustment which stated that, where IFRIC 12 costs were lower than those under UK GAAP (as is the case with Wye Valley NHS Trust), the shortfall will not be an additional charge included within reported financial performance.

Impairments to Fixed Assets

An impairment charge or reversal of any previous impairment made is not considered part of the Trust's operating position.

The notes on pages 7 to 50 form part of this account.

Statement of Financial Position

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Intangible assets	12	9,459	6,457
Property, plant and equipment	13	74,880	88,610
Trade and other receivables	17	206	176
Total non-current assets		**84,545**	**95,243**
Current assets			
Inventories	16	3,426	3,494
Trade and other receivables	17	12,049	8,689
Cash and cash equivalents	18	4,931	2,565
Total current assets		**20,406**	**14,748**
Current liabilities			
Trade and other payables	19	(23,156)	(20,530)
Borrowings	20	(19,822)	(5,147)
Provisions	22	(43)	(42)
Total current liabilities		**(43,021)**	**(25,719)**
Total assets less current liabilities		**61,930**	**84,272**
Non-current liabilities			
Borrowings	20	(132,278)	(115,140)
Provisions	22	(1,044)	(1,020)
Total non-current liabilities		**(133,322)**	**(116,160)**
Total assets employed		**(71,392)**	**(31,888)**
Financed by			
Public dividend capital		22,030	21,040
Revaluation reserve		16,928	24,243
Income and expenditure reserve		(110,350)	(77,171)
Total taxpayers' equity		**(71,392)**	**(31,888)**

The notes on pages 7 to 50 form part of these accounts.

The financial statements on pages 2 to 6 were approved by the Board on 24 May 2018 and signed on its behalf by

Signature
Name Glen Burley
Position Chief Executive
Date 24 May 2018

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

	Public dividend capital	Revaluation reserve	Available for sale investment reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2017 - brought forward	**21,040**	**24,243**	**-**	**-**	**-**	**(77,171)**	**(31,888)**
Surplus/(deficit) for the year	-	-	-	-	-	(33,179)	**(33,179)**
Impairments	-	(7,454)	-	-	-	-	**(7,454)**
Revaluations	-	139	-	-	-	-	**139**
Public dividend capital received	990	-	-	-	-	-	**990**
Taxpayers' equity at 31 March 2018	**22,030**	**16,928**	**-**	**-**	**-**	**(110,350)**	**(71,392)**

Statement of Changes in Equity for the year ended 31 March 2017

	Public dividend capital	Revaluation reserve	Available for sale investment reserve	Other reserves	Merger reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2016 - brought forward	**21,040**	**20,599**	**-**	**-**	**-**	**(39,999)**	**1,640**
Surplus/(deficit) for the year	-	-	-	-	-	(37,172)	**(37,172)**
Impairments	-	-	-	-	-	-	**-**
Revaluations	-	3,644	-	-	-	-	**3,644**
Public dividend capital received	-	-	-	-	-	-	**-**
Taxpayers' equity at 31 March 2017	**21,040**	**24,243**	**-**	**-**	**-**	**(77,171)**	**(31,888)**

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 DHSC as the public dividend capital dividend.

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

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

Statement of Cash Flows

	Note	2017/18 £000	2016/17 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(25,581)	(30,656)
Non-cash income and expense:			
Depreciation and amortisation	5.1	3,495	4,024
Net impairments	6	6,967	(54)
Income recognised in respect of capital donations	4	(263)	(256)
(Increase) / decrease in receivables and other assets		(3,387)	(1,119)
(Increase) / decrease in inventories		68	(559)
Increase / (decrease) in payables and other liabilties		3,357	(1,582)
Increase / (decrease) in provisions		9	210
Net cash generated from / (used in) operating activities		**(15,335)**	**(29,992)**
Cash flows from investing activities			
Interest received		21	22
Purchase of intangible assets		(3,324)	(13)
Purchase of property, plant, equipment and investment property		(4,579)	(6,243)
Receipt of cash donations to purchase capital assets		263	256
Net cash generated from / (used in) investing activities		**(7,619)**	**(5,978)**
Cash flows from financing activities			
Public dividend capital received		990	-
Movement on loans from the Department of Health and Social Care		34,993	44,151
Capital element of PFI, LIFT and other service concession payments		(3,180)	(2,802)
Interest paid on PFI, LIFT and other service concession obligations		(5,464)	(5,296)
Other interest paid		(2,019)	(1,128)
Net cash generated from / (used in) financing activities		**25,320**	**34,925**
Increase / (decrease) in cash and cash equivalents		**2,366**	**(1,045)**
Cash and cash equivalents at 1 April - brought forward		**2,565**	**3,610**
Cash and cash equivalents at 31 March	18	**4,931**	**2,565**

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 2017/18 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 accounts.

Note 1.1.1 Accounting convention

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

Note 1.1.2 Going concern

International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. Paragraph 4.12 of the Government Accounting Manual identifies that the continuation of the service is 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 the transfer of its services to another entity within the public sector. In preparing the financial statements the Board of Directors have considered the Trust's overall financial position against the requirements of IAS1.

The Trust reported a surplus of £0.84m in 2014/15 only after the receipt of £12.7m of non-recurrent funding. In 2015/16 the Trust reported a deficit of £20.5m plus a capital to revenue transfer of £2.87m. In 2016/17 the Trust has reported a deficit of £37.2m, 20.9% of turnover and in 2017/18 the deficit reported is £33.2m, 17.6% of turnover.

The high level of deficit delivered over recent years reflects the underlying structural nature of the Trust’s financial position. The cumulative Income and Expenditure position now shows a deficit of £110.4m. As at 31 March 2018 the total value of revenue loans outstanding was £86.2m; capital loans outstanding totalled £17.3m. Consequently, the total value of interest payable during 2017/18 was £2.1m.

For 2018/19, the Trust has forecast that additional revenue loans of £23m will be required together with an additional £16m of capital loans. The total value of interest payable is set to increase to £2.7m.

Revenue loans are taken out for a set term (3-5 years) repayable at the end of the term. Future plans indicate that loans will not be able to be repaid at the end of their duration.

Finally, the Trust recorded an overall negative net asset balance of £31.9m at the end of 2016/17 and £71.4m at the end of 2017/18.

The Trust has also been subject to a referral by its external auditors to the Secretary of State under Section 30 of the Local Audit and Accountability Act, 2014 relating to its deficit position and an adverse value for money conclusion relating to its financial resilience. The Trust's current financial plan for 2018/19 forecasts the delivery of a further deficit of £22.8m (after application of Provider Support Funding) necessitating further revenue cash borrowing (as outlined above). This support and the sources of borrowing have not been confirmed although it is expected that the Department of Health and Social Care will continue to provide cash support. The Trust is very clear about the scale of the accumulated deficit in relation to turnover, and the financial plan for 2018/19 indicates that only a small reduction in the value of the annual deficit is achievable. The Trust is limited by geographical constraints that means it cannot meaningfully reconfigure services and address structural limitations on its capacity to undertake elective activity. In addition, the relatively high impact of the PFI site on Trust finances results in an unavoidable cost pressure which will continue for at least a further eleven years. The Board of Directors have carefully considered the principle of "going concern" and the Directors have concluded that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability of the Trust to continue as a going concern.

Nevertheless, the Directors have concluded that assessing the Trust as a going concern remains appropriate. The Trust has agreed contracts with its local commissioners for 2018/19 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. The Trust's strategic partnership with South Warwickshire NHS Foundation Trust provides executive leadership and support. No decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board of Directors also has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

The Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will continue as a going concern for the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts and has not included the adjustments that would result if it were unable to continue as a going concern. The assessment accords with the statutory guidance contained within the 2017/18 Department of Health and Social Care Group Accounting Manual.

Note 1.2 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. However, the value of charitable funds held by the Trust is not deemed to be material and has therefore not been consolidated in to the accounts.

Note 1.3 Critical judgements in applying accounting policies

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

Radiotherapy unit

Gloucestershire Hospitals NHS Foundation Trust (GHNHSFT) has a built a Radiotherapy unit at the County Hospital site on land owned by the Trust.GHNHSFT have financed the build. Completion of the project was delivered in 2014/15 and on completion GHNHSFT took control of the unit. The Trust receive a nominal rent for the land from GHNHSFT and the Trust will receive the unit at nil consideration at the end of the agreement in 25 years time. Any costs incurred by the Trust are being recovered from GHNHSFT. The Trust has determined that, as it does not control the use of the unit, it is not its asset and will not be included in its SoFP. The asset will be recognised when the asset is transferred to the Trust in 25 years time. The trust is accruing a deferred debtor over the period of the contract to reflect the eventual value of the asset transfer.

Note 1.3.1 Sources of estimation uncertainty

No sources of estimation uncertainty that might give rise to a material impact on the accounts have been identified.

Note 1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services. At the year end, the trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

The NHS 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 e.g. by an insurer. The NHS trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

For all other income involving sales, the Trust recognises the income on delivery of the service or goods. The income is measured at the agreed price for that item.

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 1.5 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. No account has been made for the carry over of annual leave on the grounds of materiality.

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. There, the schemes are accounted for as though they are defined contribution schemes.

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

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

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

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.

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 economic lives.

Note 1.7.2 Measurement
All property, plant and equipment (PPE) is measured initially at cost, representing the cost 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 fair value.

Land and buildings are stated in the Statement of Financial Position (SOFP) at their revalued amounts, being the fair value at the date of revaluation less any impairment.
Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

land and non-specialised buildings – market value for existing use; and
specialised buildings – depreciated replacement cost (DRC).

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

All land and buildings are restated to fair value using professional valuations in accordance with IAS16 every five years. A three-year interim revaluation is also carried out. The last asset valuations were undertaken in 2017 as at the prospective valuation date at 01 April 2017.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The property valuations are carried out primarily on the basis of (DRC) for specialised operational property (e.g. NHS patient treatment facilities) and Existing Use Value (EUV) for non-specialised operational property. The value of land for existing use purposes is assessed at EVU. For non-operational land including surplus land, the valuations are carried out at Market Value.

The Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence. In the past, functional obsolescence has not been reflected in asset valuations for the NHS.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

The carrying values of PPE are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The costs arising from financing the construction of PPE are not capitalised but are charged to the Statement of Comprehensive Income (SOCI) in the year to which they relate.

All impairments resulting from price changes are charged to the SOCI. If the balance on the revaluation reserve is less than the impairment the difference is taken to SOCI.

The Trust's land and building valuation was carried out by the Trust's current valuer DVS, on a MEA "Optimised Alternative Site" method valuation, and applied on 01 April 2017.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance. The Trust has valued its land and buildings at fair value - non-specialised assets at existing use value and specialised operation assets at depreciated replacement cost.

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

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – modern equivalent asset basis.
- Plant and Equipment - revaluation based upon the application of relevant inflation indices to gross cost and accumulated depreciation on an annual basis.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has chosen to adopt this approach for the valuation of its buildings.

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

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

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

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

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

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

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

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

Note 1.7.3 Derecognition
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 dropped 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.7.4 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

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

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

However, as the initial contract only quoted an overall value of such works per year and did not specify the individual elements of work to be undertaken, the Trust is unable to assess whether lifecycle works have been performed to the assumed timetable. Therefore, in accordance with the accounting methodology adopted in previous financial years, all costs have been charged to the year's operating expenses in line with the original contract.

Assets contributed by the NHS Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Trust's Statement of Financial Position.

Note 1.7.5 Useful economic lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	0	0
Buildings, excluding dwellings	4	67
Dwellings	21	29
Plant & machinery	1	15
Transport equipment	0	1
Information technology	3	7
Furniture & fittings	1	25

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

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.

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

Expenditure on research is not capitalised.

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

• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
• the Trust intends to complete the asset and sell or use it
• the Trust has the ability to sell or use the asset
• how the intangible asset will generate probable future economic or service delivery benefits, 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
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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 economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic lives of intangible assets
Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Software licences	3	8

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Allowances acquired under the scheme are recognised as intangible assets.

Note 1.12 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as "fair value through income and expenditure", loans and receivables and "available-for-sale financial assets".

Financial liabilities are classified as "fair value through income and expenditure" or as "other financial liabilities".

Financial assets and financial liabilities at "fair value through income and expenditure"

Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and "other receivables".

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Financial liabilities
All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets
At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

Note 1.13 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 1.13.1 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 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 1.13.2 The Trust as lessor
Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trusts' 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 1.14 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.

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.10% (2016-17: positive 0.24%) in real terms. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:
• A short term rate of negative 2.42% (2016-17: negative 2.70%) for expected cash flows up to and including 5 years

• A medium term rate of negative 1.85% (2016-17: negative 1.95%) for expected cash flows over 5 years up to and including 10 years
• A long term rate of negative 1.56% (2016-17: negative 0.80%) for expected cash flows over 10 years.
All percentages are in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

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 23.2 but is not recognised in the trust's accounts.

Non-clinical risk pooling

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

Note 1.15 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 24 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 24, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 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.

Note 1.17 Value added tax
Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.18 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.19 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.

Note 1.20 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.21 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted
The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2017-18. These standards are still subject to HM Treasury FReM interpretation.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM
- IFRS 15 Revenue from Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM

Note 2 Operating Segments

The Trust reports its performance as a single business segment which relates to the provision of healthcare.
Under IFRS 8 (Operating Segments), the Trust has determined that, within its internal Business Unit management structure, one unit has similar charactaristics to another and can, therefore, be aggregated under the standard. This particularly relates to the similarities of services offered by each area and the patient population that they serve. Overall, each area's main objective is the delivery of acute health care to NHS patients.

The income from external sources for the Trust is £188,498k and further analysis is provided within Notes 3 (Operating income from patient care activities) and 4 (Other operating income).

Those customers who account for income of 10% or more of the Trust's total are as follows:

Bodies covered by the NHS in England	**2017/18 £000**	2016/17 £000	**2017/18 % of total**	2016/17 % of total
Herefordshire CCG	**124,374**	119,757	**66.0%**	67.4%
Healthcare bodies covered by the Welsh Assembly Government				
None				

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)	2017/18 £000	2016/17 £000
Acute services		
Elective income	23,864	24,082
Non elective income	37,339	35,793
First outpatient income	10,890	11,520
Follow up outpatient income	10,463	13,808
A & E income	7,989	6,802
High cost drugs income from commissioners (excluding pass-through costs)	11,510	11,026
Other NHS clinical income	28,865	21,564
Community services		
Community services income from CCGs and NHS England	29,562	29,262
Income from other sources (e.g. local authorities)	3,850	4,255
All services		
Private patient income	507	413
Other clinical income	1,410	586
Total income from activities	**166,249**	**159,111**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18 £000	2016/17 £000
NHS England	12,259	12,130
Clinical commissioning groups	133,421	124,969
NHS other	16,840	17,474
Local authorities	2,929	3,542
Non-NHS: private patients	507	410
Non-NHS: overseas patients (chargeable to patient)	8	14
NHS injury scheme	285	491
Non NHS: other	-	81
Total income from activities	**166,249**	**159,111**
Of which:		
Related to continuing operations	166,249	159,111

Injury cost recovery income is subject to a provision for impairment of receivables of 22.84% to reflect expected rates of recovery.

NHS Other income consists of income from Welsh NHS bodies of £17,808k. In 2016/17 £17,474k of income from Welsh NHS bodies was reported against the Non-NHS Other line.

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

	2017/18	2016/17
	£000	£000
Income recognised this year	8	14
Cash payments received in-year	7	17

Note 4 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	234	281
Education and training	5,126	4,589
Receipt of capital grants and donations	263	256
Non-patient care services to other bodies	-	3,366
Sustainability and transformation fund income	5,114	-
Other income	11,512	9,964
Total other operating income	**22,249**	**18,456**
Of which:		
Related to continuing operations	22,249	18,456
Related to discontinued operations	-	-

Other income includes cross charges and drug recharges to NHS Herefordshire (£1,474k; 2016/17 £3,912k), Gloucestershire Hospitals NHS Foundation Trust recharges (£3,985k; 2016/17 £3,460k), Powys LHB recharges (£1,505k; 2016/17 £912k), 2Gether Recharges, (£319k; 2016/17 £364k) and other recharges (£521k; 2016/17 £635k).

Note 5.1 Operating expenses

	2017/18	2016/17
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,437	1,331
Purchase of healthcare from non-NHS and non-DHSC bodies	2,946	2,077
Staff and executive directors costs	134,938	133,582
Remuneration of non-executive directors	51	55
Supplies and services - clinical (excluding drugs costs)	16,574	21,507
Supplies and services - general	1,285	1,817
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	17,217	17,572
Inventories written down	-	68
Consultancy costs	42	247
Establishment	3,484	3,618
Premises	4,898	4,849
Transport (including patient travel)	1,276	1,220
Depreciation on property, plant and equipment	3,173	4,022
Amortisation on intangible assets	322	2
Net impairments	6,967	(54)
Increase/(decrease) in provision for impairment of receivables	-	25
Change in provisions discount rate(s)	16	145
Audit fees payable to the external auditor		
audit services- statutory audit	76	91
other auditor remuneration (external auditor only)	-	12
Internal audit costs	60	76
Clinical negligence	3,742	2,774
Legal fees	132	230
Insurance	83	101
Research and development	13	10
Education and training	718	424
Rentals under operating leases	1,205	910
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	10,197	8,020
Car parking & security	-	100
Hospitality	22	15
Losses, ex gratia & special payments	83	380
Other	3,122	2,997
Total	**214,079**	**208,223**
Of which:		
Related to continuing operations	214,079	208,223

*Services from NHS bodies does not include expenditure which falls into a category below
Total Other costs include amounts relating to patients travel, £1,267k; ICT services, £1,052k; professional fees, £289k; variable PFI charges, £461k and Other, £53k.

Note 5.2 Other auditor remuneration

	2017/18	2016/17
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	-
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	12
Total	**-**	**12**

Note 5.3 Limitation on auditor's liability

The auditor's liability for external work carried out for the financial year 2017/18 is limited to £2,000,000.

Note 6 Impairment of assets

	2017/18	2016/17
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	-	-
Other (see note below)	6,967	(54)
Total net impairments charged to operating surplus / deficit	**6,967**	**(54)**
Impairments charged to the revaluation reserve	7,454	-
Total net impairments	**14,421**	**(54)**

The impairment to asset values totalling £6,967k arise as a result of a number of actions during the financial year.

- Decision to revalue PFI buildings net of VAT reflecting the view that a replacement would be provided via a PFI arrangement.
- Revaluation of trust land and buildings using an optimised modern equivalent asset approach
- Both the above are partially offset by a rise in buildings indexation of 15.1%
- The net reduction in asset value is £14.1m of which £10.2m has been set against the existing revaluation reserve
- the revaluation was applied to all the trust's land and buildings assets.

Note 7 Employee benefits

	2017/18 Total £000	2016/17 Total £000
Salaries and wages	95,265	90,709
Social security costs	9,604	9,300
Apprenticeship levy	473	-
Employer's contributions to NHS pensions	11,525	11,285
Temporary staff (including agency)	19,525	22,288
Total staff costs	**136,392**	**133,582**
Of which		
Costs capitalised as part of assets	1,250	-

Note 7.1 Retirements due to ill-health

During 2017/18 there was 1 early retirement from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £60k (£71k in 2016/17).

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

Note 8 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

Note 9 Operating leases

Note 9.1 Wye Valley NHS Trust as a lessee

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

The Trust operate leasing arrangements relating to some items of medical equipment and vehicles.
The leases held include £968k in lease payments for a number of different items of medical equipment and £237K for the lease of vehicles.

Independent advice is taken prior to the agreement of all new leases to establish that the lease contract entered in to is an operating lease as defined by principles contained within IFRS. The contingent rental in respect of the leases is governed by the individual lease agreement which sets out the lease term, annual charge and arrangements at the end of the lease period.

	2017/18	2016/17
	£000	£000
Operating lease expense		
Minimum lease payments	1,205	910
Total	**1,205**	**910**

	31 March 2018	31 March 2017
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,055	884
- later than one year and not later than five years;	1,783	1,363
- later than five years.	64	61
Total	**2,902**	**2,308**

Note 10 Finance income

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

	2017/18	2016/17
	£000	£000
Interest on bank accounts	24	22
Interest on impaired financial assets	-	-
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total	**24**	**22**

Note 11.1 Finance expenditure

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

	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,142	1,128
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	1,750	1,850
Contingent finance costs on PFI and LIFT scheme obligations	3,714	3,446
Total interest expense	**7,606**	**6,424**
Unwinding of discount on provisions	16	114
Other finance costs	-	-
Total finance costs	**7,622**	**6,538**

Note 12.1 Intangible assets - 2017/18

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2017 - brought forward	**504**	**6,412**	**6,916**
Additions	2,643	681	**3,324**
Impairments	-	-	**-**
Reclassifications	6,412	(6,412)	**-**
Gross cost at 31 March 2018	**9,559**	**681**	**10,240**
Amortisation at 1 April 2017 - brought forward	**459**	**-**	**459**
Provided during the year	322	-	**322**
Amortisation at 31 March 2018	**781**	**-**	**781**
Net book value at 31 March 2018	**8,778**	**681**	**9,459**
Net book value at 1 April 2017	**45**	**6,412**	**6,457**

Note 12.2 Intangible assets - 2016/17

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2016 - as previously stated	**497**	**-**	**622**
Prior period adjustments	**-**	**-**	**-**
Valuation / gross cost at 1 April 2016 - restated	**497**	**-**	**622**
Additions	13	3,932	**3,945**
Impairments	-	-	**(10)**
Reclassifications	(6)	2,480	**2,359**
Valuation / gross cost at 31 March 2017	**504**	**6,412**	**6,916**
Amortisation at 1 April 2016 - as previously stated	**457**	**-**	**457**
Prior period adjustments	**-**	**-**	**-**
Amortisation at 1 April 2016 - restated	**457**	**-**	**457**
Provided during the year	**2**	**-**	**2**
Amortisation at 31 March 2017	**459**	**-**	**459**
Net book value at 31 March 2017	**45**	**6,412**	**6,457**
Net book value at 1 April 2016	**40**	**-**	**165**

Note 13.1 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2017 - brought forward	**6,148**	**81,424**	**991**	**1,621**	**10,592**	**41**	**2,923**	**513**	**104,253**
Additions	-	1,250	37	870	863	-	679	26	**3,725**
Impairments	(517)	(6,838)	(99)	-	-	-	-	-	**(7,454)**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	318	-	-	16	**334**
Reclassifications	-	(314)	459	(142)	(3)	-	-	-	**-**
Valuation/gross cost at 31 March 2018	**5,631**	**75,522**	**1,388**	**2,349**	**11,770**	**41**	**3,602**	**555**	**100,858**
Accumulated depreciation at 1 April 2017 - brought forward	**-**	**6,864**	**206**	**-**	**6,075**	**41**	**2,231**	**226**	**15,643**
Provided during the year	**-**	**1,851**	**42**	**-**	**954**	**-**	**274**	**52**	**3,173**
Impairments	498	6,469	-	-	-	-	-	-	**6,967**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	187	-	-	8	**195**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2018	**498**	**15,184**	**248**	**-**	**7,216**	**41**	**2,505**	**286**	**25,978**
Net book value at 31 March 2018	**5,133**	**60,338**	**1,140**	**2,349**	**4,554**	**-**	**1,097**	**269**	**74,880**
Net book value at 1 April 2017	**6,148**	**74,560**	**785**	**1,621**	**4,517**	**-**	**692**	**287**	**88,610**

Note 13.2 Property, plant and equipment - 2016/17

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2016 - as previously stated	**6,148**	**76,862**	**760**	**4,382**	**9,282**	**41**	**2,765**	**495**	**100,735**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2016 - restated	**6,148**	**76,862**	**760**	**4,382**	**9,282**	**41**	**2,765**	**495**	**100,735**
Additions	-	596	35	292	1,237	-	-	9	**2,169**
Impairments	-	64	-	-	-	-	-	-	**64**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	3,462	94	-	83	-	-	5	**3,644**
Reclassifications	-	440	102	(3,053)	(10)	-	158	4	**(2,359)**
Valuation/gross cost at 31 March 2017	**6,148**	**81,424**	**991**	**1,621**	**10,592**	**41**	**2,923**	**513**	**104,253**
Accumulated depreciation at 1 April 2016 - as previously stated	**-**	**4,351**	**65**	**-**	**5,037**	**41**	**1,938**	**189**	**11,621**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2016 - restated	**-**	**4,351**	**65**	**-**	**5,037**	**41**	**1,938**	**189**	**11,621**
Provided during the year	**-**	**2,513**	**141**	**-**	**1,038**	**-**	**293**	**37**	**4,022**
Impairments	-	64	-	-	-	-	-	-	**64**
Reversals of impairments	-	(64)	-	-	-	-	-	-	**(64)**
Revaluations	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2017	**-**	**6,864**	**206**	**-**	**6,075**	**41**	**2,231**	**226**	**15,643**
Net book value at 31 March 2017	**6,148**	**74,560**	**785**	**1,621**	**4,517**	**-**	**692**	**287**	**88,610**
Net book value at 1 April 2016	**6,148**	**72,511**	**695**	**4,382**	**4,245**	**-**	**827**	**306**	**89,114**

Note 13.3 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018									
Owned - purchased	5,133	9,895	1,140	2,349	3,241	-	1,097	269	**23,124**
Finance leased	-	-	-	-	64	-	-	-	**64**
On-SoFP PFI contracts and other service concession arrangements	-	48,519	-	-	-	-	-	-	**48,519**
Owned - donated	-	1,924	-	-	1,249	-	-	-	**3,173**
NBV total at 31 March 2018	**5,133**	**60,338**	**1,140**	**2,349**	**4,554**	**-**	**1,097**	**269**	**74,880**

Note 13.4 Property, plant and equipment financing - 2016/17

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017									
Owned - purchased	6,148	20,182	785	1,621	3,181	-	692	287	**32,896**
Finance leased	-	-	-	-	134	-	-	-	**134**
On-SoFP PFI contracts and other service concession arrangements	-	52,165	-	-	-	-	-	-	**52,165**
Owned - donated	-	2,213	-	-	1,202	-	-	-	**3,415**
NBV total at 31 March 2017	**6,148**	**74,560**	**785**	**1,621**	**4,517**	**-**	**692**	**287**	**88,610**

Note 14 Revaluations of property, plant and equipment

Land and Buildings
The Trust's estate was valued as at 31 March 2018 by Mr Neil Rayner BSc (Hons) MSc DIC MRICS, Principal Surveyor at the District Valuation Service (DVS).

The valuations took the form of an asset valuation report as at 31 March 2018. The valuation took the form of a desk-top valuation update to the full valuation carried out as at 1 April 2017 which was based on an inspection of the properties and sites. The valuation basis used was on an optmised MEA basis. This represented an allowable change to valuation methodology. The valuation has been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards 2014 UK edition.

Impact of the changes in Estate valuation
The valuation of the Trust estate has resulted in some significant changes to the values assigned to properties. The adoption of an alternative optimised MEA approach to valuing specialist assets has resulted in a reduction in the value of the Trust's assets. Subsequently the desk-top valuation exercise as at 31 March 2018 has incorporated an increase in building valuations of 15.1% to reflect the changes to the BCIS index and location factor. Overall the value of land and buildings have fallen by £14.4 million. Of this value, £6.95m of reduction has been charged to the income and expenditure account as an impairment with the balance of £7.45m charged to the revaluation reserve.

Useful economic lives
Buildings (excl dwellings) - 4 to 67 years (2016/17 4 to 67 years)
Dwellings - 21 to 29 years (2016/17 19 to 19 years)
Plant & Machinery - 1 to 15 years (2016/17 1 to 15 years)
Transport equipment - 0 to 1 year (2016/17 0 to 1 year)
Information Technology - 3 to 7 years (2016/17 1 to 7 years)
Furniture & Fittings - 1 to 25 years (2016/17 1 to 21 years)

Intangible Assets
Software and licences 3 to 8 years (2016/17 1 to 4 years)

Note 15 Disclosure of interests in other entities

The Trust maintains a 15% share in Hoople Limited, established in 2011 as a joint venture between Herefordshire County Council and local health organisations. The value of the Trust's share in the company is estimated to be £150k.

Note 16 Inventories

	2018	2017
	£000	£000
Drugs	1,346	976
Work In progress	-	-
Consumables	2,054	2,484
Energy	26	34
Other	-	-
Total inventories	**3,426**	**3,494**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £19,613k (2016/17: £22,800k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £68k).

The Trust did not incur any write downs of inventories. However, the trust has recognised losses in pharmacy in-year relating to date-expired stocks and these have been recognised in year as losses and accounted for accordingly.

Note 17.1 Trade receivables and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	6,810	6,665
Accrued income	3,964	1,023
Provision for impaired receivables	(259)	(309)
Deposits and advances	1	-
Prepayments (non-PFI)	1,158	937
Interest receivable	4	1
VAT receivable	371	372
Total current trade and other receivables	**12,049**	**8,689**
Non-current		
Other receivables	206	176
Total non-current trade and other receivables	**206**	**176**
Of which receivables from NHS and DHSC group bodies:		
Current	7,859	4,792
Non-current	-	-

The great majority of trade is with NHS clinical commissioning groups and NHS England. As NHS bodies are funded by Government to buy NHS patient care services no credit scoring of them is considered necessary.

The Trust has no material concerns about the credit quality of other receivables.

Note 17.2 Provision for impairment of receivables

	2017/18	2016/17
	£000	£000
At 1 April	**309**	**284**
Increase in provision	-	25
Amounts utilised	(50)	-
At 31 March	**259**	**309**

This applies to non-NHS debts only and also excludes Welsh NHS bodies.

Although the Trust employs the services of a debt collection agency, the impairment was calculated whilst being mindful of whether such outstanding amounts were uneconomic to recover. Furthermore, where extenuating circumstances existed which could impact on successful recovery, these were considered on a case by case basis.

Note 17.3 Credit quality of financial assets

	31 March 2018		31 March 2017	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
Ageing of impaired financial assets	£000	£000	£000	£000
0 - 30 days	23	-	32	-
30-60 Days	22	-	16	-
60-90 days	17	-	22	-
90- 180 days	34	-	37	-
Over 180 days	163	-	202	-
Total	**259**	**-**	**309**	**-**
Ageing of non-impaired financial assets past their due date				
0 - 30 days	-	-	-	-
30-60 Days	-	-	-	-
60-90 days	455	-	1,450	-
90- 180 days	945	-	560	-
Over 180 days	538	-	569	-
Total	**1,938**	**-**	**2,579**	**-**

Financial assets include the curremt value of accounts receivable held with other NHS bodies which are held pending resolution of settlement which is anticipated in full.

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.

	2017/18 £000	2016/17 £000
At 1 April	**2,565**	**3,610**
Net change in year	2,366	(1,045)
At 31 March	**4,931**	**2,565**
Broken down into:		
Cash at commercial banks and in hand	13	52
Cash with the Government Banking Service	4,918	2,513
Total cash and cash equivalents as in SoFP and SoCF	**4,931**	**2,565**

Note 19 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade payables	9,424	7,344
Capital payables	714	1,568
Accruals	7,399	6,436
Receipts in advance (including payments on account)	84	393
Social security costs	1,383	1,323
VAT payables	-	10
Other taxes payable	1,100	1,040
Accrued interest on loans	443	320
Other payables	2,609	2,096
Total current trade and other payables	**23,156**	**20,530**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	3,084	2,169
Non-current	-	-

Note 20 Borrowings

	31 March 2018 £000	31 March 2017 £000
Current		
Loans from the Department of Health and Social Care	16,463	1,967
Obligations under finance leases	70	64
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	3,289	3,116
Total current borrowings	**19,822**	**5,147**
Non-current		
Loans from the Department of Health and Social Care	87,048	66,551
Obligations under finance leases	-	70
Obligations under PFI, LIFT or other service concession contracts	45,230	48,519
Total non-current borrowings	**132,278**	**115,140**

Borrowings/Loans - repayment of principal falling due in:

	DHSC £000	Other £000
0-1 years	16,463	3,288
1-2 years	44,420	3,445
2-5 years	35,383	11,549
Over 5 years	7,245	30,237
TOTAL	**103,511**	**48,519**

Loans from the Department of Health and Social Care	Loan Date	Capital or Revenue	Loan Duration	Repayment Method	Interest Rate	Repayment date	Principal O/S at 31 Mar 2018. £000	of which Current £000	of which Non-Current £000
CIL/08-09/RLQ/1	Mar-09	Capital	10 Years	Equal Instalments	2.69%	Mar-19	80	80	
CIL/10-11/RLQ/1	Sep-10	Capital	10 Years	Equal Instalments	2.02%	Aug-20	975	390	585
ITFF/ISCIL/RLQ/2015-04-07/A	Aug-15	Capital	15 Years	Equal Instalments	1.91%	Jul-30	4,280	343	3,937
ITFF/ISCIL/RLQ/2015-06-23/A	Nov-15	Capital	7 Years	Equal Instalments	1.04%	Oct-22	5,930	1,317	4,613
DHPF/ISCIL/RLQ/2017-11-29/A	Dec-17	Capital	7 Years	Equal Instalments	1.64%	Nov-24	6,047		6,047
Total Capital Loans							**17,312**	**2,130**	**15,182**
DHPF/ISRWF/RLQ/2015-03-20/A	Apr-15	Revenue	5 Years	Termination date	3.50%	Mar-20	18,479		18,479
DHPF/ISWBL/RLQ/2015-12-01/A	Dec-15	Revenue	3 Years	Termination date	1.50%	Nov-18	14,333	14,333	
DHPF/ISUCL/RLQ/2016-10-04/A	Oct-16	Revenue	3 Years	Termination date	3.50%	Oct-19	1,645		1,645
DHPF/ISUCL/RLQ/2016-11-04/A	Nov-16	Revenue	3 Years	Termination date	3.50%	Nov-19	9,643		9,643
DHPF/ISUCL/RLQ/2016-12-02/A	Dec-16	Revenue	3 Years	Termination date	3.50%	Dec-19	2,139		2,139
DHPF/ISUCL/RLQ/2017-01-06/A	Jan-17	Revenue	3 Years	Termination date	3.50%	Jan-20	3,355		3,355
DHPF/ISUCL/RLQ/2017-02-03/A	Feb-17	Revenue	3 Years	Termination date	3.50%	Feb-20	3,465		3,465
DHPF/ISUCL/RLQ/2017-03-03/A	Mar-17	Revenue	3 Years	Termination date	3.50%	Mar-20	2,960		2,960
DHPF/ISUCL/RLQ/2017-04-05/A	Apr-17	Revenue	3 Years	Termination date	1.50%	Apr-20	3,542		3,542
DHPF/ISUCL/RLQ/2017-05-03/A	May-17	Revenue	3 Years	Termination date	1.50%	May-20	2,431		2,431
DHPF/ISUCL/RLQ/2017-06-12/A	Jun-17	Revenue	3 Years	Termination date	1.50%	Jun-20	2,089		2,089
DHPF/ISUCL/RLQ/2017-07-05/A	Jul-17	Revenue	3 Years	Termination date	1.50%	Jul-20	2,480		2,480
DHPF/ISUCL/RLQ/2017-08-02/A	Aug-17	Revenue	3 Years	Termination date	1.50%	Aug-20	3,852		3,852
DHPF/ISUCL/RLQ/2017-08-31/A	Sep-17	Revenue	3 Years	Termination date	1.50%	Sep-20	2,135		2,135
DHPF/ISUCL/RLQ/2017-10-05/A	Oct-17	Revenue	3 Years	Termination date	1.50%	Oct-20	3,985		3,985
DHPF/ISUCL/RLQ/2017-11-01/A	Nov-17	Revenue	3 Years	Termination date	1.50%	Nov-20	2,107		2,107
DHPF/ISUCL/RLQ/2017-11-29/A	Dec-17	Revenue	3 Years	Termination date	1.50%	Dec-20	3,054		3,054
DHPF/ISUCL/RLQ/2018-01-05/A	Jan-18	Revenue	3 Years	Termination date	1.50%	Jan-21	1,516		1,516
DHPF/ISUCL/RLQ/2018-01-31/A	Feb-18	Revenue	3 Years	Termination date	1.50%	Feb-21	2,401		2,401
DHPF/ISUCL/RLQ/2018-02-28/A	Mar-18	Revenue	3 Years	Termination date	1.50%	Mar-21	588		588
Total Revenue Loans							**86,199**	**14,333**	**71,866**
Total DHSC Loans							**103,511**	**16,463**	**87,048**

Note 21 Finance leases

Note 21.1 Wye Valley NHS Trust as a lessee

Obligations under finance leases where Wye Valley NHS Trust is the lessee.

	31 March 2018 £000	31 March 2017 £000
Gross lease liabilities	**70**	**134**
of which liabilities are due:		
- not later than one year;	70	64
- later than one year and not later than five years;	-	70
Net lease liabilities	**70**	**134**
of which payable:		
- not later than one year;	70	64
- later than one year and not later than five years;	-	70
- later than five years.	-	-

The above table relates to an MES taken out in 2012/13 to replace an existing MRI machine. Under IFRS the contract has been broken down in to constituent parts for accounting purposes. Although the former element of the contract has been accounted for as an operating lease, the works element (as in the case of the PFI scheme) appears on the organisation's balance sheet. The value is written down over the contract term of 7 years and will be fully discharged by November 2018. At the balance sheet date, the principal outstanding was £70k (2016/17 £134k).

Note 22.1 Provisions for liabilities and charges analysis

	Pensions - early departure costs	Legal claims	Re-structuring	Continuing care	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	**249**	**813**	**-**	**-**	**-**	**-**	**-**	**1,062**
Change in the discount rate	15	1	-	-	-	-	-	**16**
Arising during the year	-	50	-	-	-	-	-	**50**
Utilised during the year	(11)	(42)	-	-	-	-	-	**(53)**
Reversed unused	(4)	-	-	-	-	-	-	**(4)**
Unwinding of discount	-	16	-	-	-	-	-	**16**
At 31 March 2018	**249**	**838**	**-**	**-**	**-**	**-**	**-**	**1,087**
Expected timing of cash flows:								
- not later than one year;	12	31	-	-	-	-	-	**43**
- later than one year and not later than five years;	50	159	-	-	-	-	-	**209**
- later than five years.	187	648	-	-	-	-	-	**835**
Total	**249**	**838**	**-**	**-**	**-**	**-**	**-**	**1,087**

Legal claims relate to permanent injury benefit for three former employees which is paid quarterly until death and employer' liability claims which are currently being processed by the Trust's insurers. The provision for 2017/18 has been revised using updated actuarial life tables provided by the Office for National Statistics. The discount rate applicable to these and pensions provisions has been reduced to 0.10% in 2017/18 (2016/17 0.24%) by HM Treasury.

Note 22.2 Clinical negligence liabilities

At 31 March 2018, £59,943k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wye Valley NHS Trust (31 March 2017: £44,070k).

Note 23 Contractual capital commitments

	31 March 2018 £000	31 March 2017 £000
Property, plant and equipment	254	151
Intangible assets	656	1,786
Total	**910**	**1,937**

Note 24 On-SoFP PFI, LIFT or other service concession arrangements

The PFI project involved the redevelopment of the site at Hereford County Hospital to enable the Trust to integrate its existing operations on that one site, thus ensuring that the previous sites at the General Hospital and Victoria Eye Hospital became surplus to requirements. The 30 year contract saw the Trust's PFI partner become responsible for the provision of design, construction, insurance, ongoing maintenance and hotel services at the County Hospital. Furthermore, the contract replaced some major equipment within the Radiology department.

The contract start date of the scheme was 16 April 1999 with the end of the concession period being 15 April 2029. At this date, the assets revert to the ownership of the Trust.

Under the terms of the Trust's PFI contract, its PFI partner has leased, with full title guarantee, the land at Hereford County Hospital over a period of 125 years at peppercorn rent. However, the lease will automatically cease on expiry of the PFI agreement.

Under IFRIC 12, the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Both elements are shown in the tables below.

The information below is required by the Department of Heath for inclusion in national statutory accounts

Note 24.1 Imputed finance lease obligations

Wye Valley NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2018 £000	31 March 2017 £000
Gross PFI, LIFT or other service concession liabilities	**59,286**	**64,152**
Of which liabilities are due		
- not later than one year;	4,932	4,866
- later than one year and not later than five years;	20,394	20,172
- later than five years.	33,960	39,114
Finance charges allocated to future periods	(10,767)	(12,517)
Net PFI, LIFT or other service concession arrangement obligation	**48,519**	**51,635**
- not later than one year;	3,289	3,116
- later than one year and not later than five years;	14,994	14,288
- later than five years.	30,236	34,231

Note 24.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2018 £000	31 March 2017 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	222,779	240,279
Of which liabilities are due:		
- not later than one year;	17,913	17,500
- later than one year and not later than five years;	76,092	74,284
- later than five years.	128,774	148,495

Note 24.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the trust's payments in 2017/18:

	2017/18 £000	2016/17 £000
Unitary payment payable to service concession operator	18,777	18,005
Consisting of:		
- Interest charge	1,750	1,850
- Repayment of finance lease liability	3,116	2,936
- Service element and other charges to operating expenditure	8,632	8,020
- Capital lifecycle maintenance	1,565	1,753
- Revenue lifecycle maintenance	-	-
- Contingent rent	3,714	3,446
- Addition to lifecycle prepayment	-	-
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-
Total amount paid to service concession operator	**18,777**	**18,005**

Note 24.4 Payments committed to in respect of all off SOFP PFI and the lifecycle element of on SOFP PFI	**2017/18 £000s**	**2016/17 £000s**
Analysed by when PFI payments are due		
No Later than One Year	**1,470**	1,565
Later than One Year, No Later than Five Years	**5,221**	5,584
Later than Five Years	**1,212**	2,319
Total	**7,903**	9,468

Note 24.5 Payments committed to in respect of all off SOFP PFI and the interest element of on SOFP PFI	**2017/18 £000s**	**2016/17 £000s**
Analysed by when PFI payments are due		
No Later than One Year	**1,644**	1,750
Later than One Year, No Later than Five Years	**5,399**	5,884
Later than Five Years	**3,723**	4,883
Total	**10,766**	12,517

Note 24.6 Present Value Imputed 'finance lease' obligations for on SOFP PFI contracts due	**2017/18 £000s**	**2016/17 £000s**
Analysed by when PFI payments are due		
No Later than One Year	**3,288**	3,116
Later than One Year, No Later than Five Years	**14,994**	14,288
Later than Five Years	**30,237**	34,231
Total	**48,519**	51,635

Note 24.7 Number of on SoFP PFI Contracts

Total number of On SoFP PFI contracts	1
Number of on PFI contracts which individually have a total commitments value in excess of £500m.	0

Note 24.8 PFI Lifecycle Costs

The Trust accounts for lifecycle costs in line with the operators model. All lifecycle costs are expensed due to the uncertainty in the timing of the capital programme. The capital element expensed in the contract to date is £1,565K (2016/17 £1,753K). The future total commitments for lifecycle costs is disclosed in Note 27.

The current operator model does not include inflation although the future liabilities disclosed in Note 27 have been adjusted to reflect the impact of future years inflation assumptions.

Note 25 Financial instruments

Note 25.1 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 NHS 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. All treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

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

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point the 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 2017/18 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Note 25.2 Carrying values of financial assets

	Loans and receivables	Assets at fair value through the I&E	Held to maturity at	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2018					
Trade and other receivables excluding non financial assets	10,726	-	-	-	**10,726**
Cash and cash equivalents at bank and in hand	4,931	-	-	-	**4,931**
Total at 31 March 2018	**15,657**	**-**	**-**	**-**	**15,657**

	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	7,380	-	-	-	**7,380**
Cash and cash equivalents at bank and in hand	2,565	-	-	-	**2,565**
Total at 31 March 2017	**9,945**	**-**	**-**	**-**	**9,945**

Note 25.3 Carrying value of financial liabilities

	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2018			
Borrowings excluding finance lease and PFI liabilities	103,511	-	**103,511**
Obligations under finance leases	70	-	**70**
Obligations under PFI, LIFT and other service concession contracts	48,519	-	**48,519**
Trade and other payables excluding non financial liabilities	20,589	-	**20,589**
Total at 31 March 2018	**172,689**	**-**	**172,689**

	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	68,518	-	**68,518**
Obligations under finance leases	134	-	**134**
Obligations under PFI, LIFT and other service concession contracts	51,635	-	**51,635**
Trade and other payables excluding non financial liabilities	17,774	-	**17,774**
Total at 31 March 2017	**138,061**	**-**	**138,061**

Note 25.4 Fair values of financial assets and liabilities

Book value (carrying value) is deemed to be a reasonable approximation of fair value for all the financial assets and liabilities disclosed.

Note 25.5 Maturity of financial liabilities

	31 March 2018	31 March 2017
	£000	£000
In one year or less	40,404	22,921
In more than one year but not more than two years	47,871	19,652
In more than two years but not more than five years	46,932	57,768
In more than five years	37,482	37,720
Total	**172,689**	**138,061**

Note 26 Losses and special payments

	2017/18		2016/17	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	-	-
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	334	12	419	9
Stores losses and damage to property	24	92	24	127
Total losses	**358**	**104**	**443**	**136**
Special payments				
arbitration award	3	44	2	8
Extra-contractual payments	-	-	-	-
Ex-gratia payments	15	7	17	3
Special severence payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**18**	**51**	**19**	**11**
Total losses and special payments	**376**	**155**	**462**	**147**

Note 27 Related parties

The Department of Health is regarded as a related party. During the year 2017/18, Wye Valley 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. Those entities where transactions during the year were greater than £100k and/or outstanding balances at 31 March 2018 were greater than £50k are listed below:

NHS England
NHS Blood and Transplant Authority
NHS Resolution
NHS Pensions Scheme
Herefordshire CCG
South Worcestershire CCG
Gloucestershire CCG
Shropshire CCG
Telford and Wrekin CCG
Health Education England
Public Health England
NHS Property Services
Royal Wolverhampton NHS Trust
Sandwell and West Birmingham NHS Trust
Shropshire and Community NHS Trust
Worcestershire Acute Hospitals NHS Trust

In addition, the Trust has had a number of material transactions (within the limits defined above) with other government departments and other central and local government bodies. The largest of these transactions has been with Herefordshire Council, however, most have been with Foundation Trusts (such as South Warwickshire NHS Foundation Trust plus Gloucestershire Hospitals NHS Foundation Trust, 2gether NHS Foundation Trust and University Hospitals Birmingham NHS Foundation Trust). The Trust also engages in activity with the Welsh Assembly Government (primarily through the Local Health Boards of Powys and Monmouth) which accounts for over £17.8m of income. The Trust also engages with HM Revenue and Customs in relation to income tax, NI and VAT transactions.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the Trust board.

The Trust received £683k (2016/17, £878k) in funding in respect of donations from Wye Valley NHS Trust Charitable Fund in respect of capital and revenue payments. In addition, the Trust received £21k (2016/17, £21k) in respect of payment for the provision of management and administrative services and £40k (2016/17, £40k) in respect of fundraising costs relating to the operation of the charitable fund.

The summary financial statements of the Wye Valley NHS Trust Charitable Funds are available separately.

Note 28 Events after the reporting date

There were none to report.

Note 29 Better Payment Practice code

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	56,949	99,063	69,345	131,161
Total non-NHS trade invoices paid within target	25,664	59,018	23,850	80,090
target	**45.06%**	**59.58%**	**34.39%**	**61.06%**
NHS Payables				
Total NHS trade invoices paid in the year	1,068	7,231	1,115	6,794
Total NHS trade invoices paid within target	299	4,157	255	3,205
Percentage of NHS trade invoices paid within target	**28.00%**	**57.49%**	**22.87%**	**47.17%**

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 30 External financing

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

	2017/18 £000	2016/17 £000
Cash flow financing	30,437	42,394
Finance leases taken out in year	0	0
Other capital receipts	0	0
External financing requirement	**30,437**	**42,394**
External financing limit (EFL)	33,676	43,825
Under / (over) spend against EFL	**3,239**	**1,431**

Note 31 Capital Resource Limit

	2017/18 £000	2016/17 £000
Gross capital expenditure	7,049	6,191
Less: Disposals	-	-
Less: Donated and granted capital additions	(263)	(333)
Plus: Loss on disposal of donated/granted assets	-	-
Charge against Capital Resource Limit	6,786	5,858
Capital Resource Limit	8,181	6,799
Under / (over) spend against CRL	1,395	941

Note 32 Breakeven duty financial performance

	2017/18 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(26,158)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back income for impact of 2016/17 post-accounts STF reallocation	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	(26,158)

Note 33 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		1,165	46	(1,958)	294	1,029	844	(20,456)	(37,204)	(26,158)
Breakeven duty cumulative position	1,510	2,675	2,721	763	1,057	2,086	2,930	(17,526)	(54,730)	(80,888)
Operating income		116,785	121,544	171,898	175,798	173,450	182,637	178,046	177,567	188,498
Cumulative breakeven position as a percentage of operating income		2.29%	2.24%	0.44%	0.60%	1.20%	1.60%	-9.84%	-30.82%	-42.91%

Since 2008/9, the trust has faced financial challenges. Up until 2014/15 the Trust maintained a cumulative break-even/surplus position only with the assistance of non-recurrent monies. From 2015/16, the trust has not received non-recurrent funding and consequently has not attained its cumulative break-even position. The trust's annual plan for 2018/19 continues to reflect a projected deficit and NHSI are aware of the trust's recurrent financial issues.

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 an Accountable Officer.

Signed.....Chief Executive

Date.....24/5/18

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.

By order of the Board

24/5/18 Date ..... Chief Executive

24/5/18 Date Howard K Oddy ..... Finance Director