NHS
Wye Valley
NHS Trust

Annual Report and Accounts

2018/19

Compassion • Accountability • Respect • Excellence

If you require this document in an alternative format please email amanda.millichip@wvt.nhs.uk

Contents

Chief Executive's foreword

If success could be measured in terms of the number of warm and positive comments received, it would be fair to say this Trust has exceeded all targets.

In the real world, however, success is more than just positive feedback and glowing thank you cards which adorn many of the walls in the wards across the Trust.

The last 12 months have been significant; the Trust's commitment and our staff's passion and drive to deliver the kind of services we'd want for our own family and friends have built on the momentum created in recent years and we've seen marked improvements across the board.

The growing number of thank you cards on wards do not in themselves demonstrate improvement, but they do show how our improving standards of care are valued by our patients.

These improvements were quantified by the team of Care Quality Commission inspectors who paid the Trust a visit last year and upped our ratings in seven areas.

There are two common themes which run through all we do; improvement is everyone's business and, a focus on valuing patients' time.

These were reflected in our nine point plan which has served us well and underpinned our objectives and priorities in the past 12 months.

The creation of two new divisions has allowed us to devolve responsibility to clinical teams and give them the freedom to be innovative and creative in their approach.

This has paid dividends as we see the further coming together of Herefordshire's health and care providers working in partnership and establishing links with the emerging Primary care networks – working beyond traditional organisational boundaries delivering more care either in people's homes, or closer to people's homes.

As part of this process we've taken the first steps towards the integration of our Home First and Hospital@Home service.

There are some great examples of how this is practically being worked out – in the northwest locality we've introduced diabetes specialist nursing to both empower patients to self-manage their condition, and provide opportunities for staff to be upskilled in the clinics at Leominster Community Hospital.

We also now have one integrated and co-located hospital discharge team led by a manager for health and social care teams.

One of our biggest successes was our reduction in our mortality rates – we are the most improved acute Trust in the NHS during the last two years – the statistical indicator has moved from being an outlier to being better than average.

This is a huge credit to the Trust, and, although there is still work to be done, the significance of this cannot be overlooked. This has been an issue the Trust has wrestled with for many years. It has taken a considerable amount of time, effort and expertise to achieve this significant reduction.

There has also been a huge effort to improve waiting times over the year. Long waiters, those who have waited more than 52 weeks, have fallen during the year from 160 to zero and our total waiting list has also fallen by more than 1,600 patients.

Last year we announced that we had been successful in our bid to access £5m of national funding to progress the use of new technology to improve patient care.

We've taken the 'digital by default' mantra to heart and have taken huge strides forward on a range of projects capitalising on technology. We're making laboratory results available to GPs, we've extended our electronic patient records to cover parts of the community, we're using IT to streamline district nursing rotas and now all English GP referrals come in electronically (these alone amount to more than 2,600 a month).

This is all good news as the growing demand on our services has continued to grow during 2018/19. In response to this demand, our overall productivity has gone up dramatically – we've seen an 8 per cent increase in the number of outpatients (17,781), and an increase of 15 per cent in patients seen at one of our sites, and a 72 per cent increase in inpatients seen off-site.

The 'Wye Valley Way' has become synonymous with service improvement. The programmes of work which sit under this including our urgent care programme, primary care streaming, driving home for Christmas, ward reconfiguration, our frailty pathway and our flow academy, have all seen marked improvements over the way patients pass through our care.

Significantly, and following huge efforts from staff and our PFI partner, Sodexo, we opened a new Acute Medical Unit just in time for Christmas. This 24-bedded ward has made a huge impact on patient flow – the results of which are now being seen in our four-hour Emergency department (ED) standard.

Progress has also been made as we seek to replace the 1930s hutted wards at the back of the County Hospital. A handful of the old huts (previously used as wards but more recently used by consultants and for medical records) have been demolished. We have planning permission for a three-floor building to replace the remaining hutted wards – we're currently at the final stages of securing finances for the scheme from NHSI/E and hope to hear good news soon.

Our formal partnership as part of the Foundation Group continues. We were joined by the George Eliot Hospital NHS Trust in the summer last year and now share a common approach to improvements.

A Group leadership development strategy is now in place and we are collaborating on a range of issues – including procurement, information, contracting, financial systems, the prevention strategy and communication.

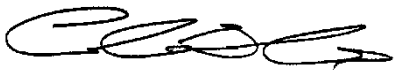
Together we are pioneering this format of Foundation Group and many eyes are watching our success across the country.

Finance, however, remains challenging. Despite finding savings of £10 m – the most by this Trust in one year and proportionately higher than any other trust in the region – we still ended the year with a deficit of £42.5m.

Negotiations are ongoing to secure a more equitable and sustainable funding regime for the Trust. While we can influence this to a degree, the final decision lies very much with our commissioners and regulators.

To summarise, despite the challenging financial backdrop, I can say that the last 12 months have seen achievements and an increase in productivity and quality of services never before seen at the Trust. These are the things that our patients value and deserve.

Our commitment remains to provide the quality of care we'd want for our family and friends and working closely with partners, we will continue to do so.



Glen Burley
Chief Executive

Chairman's foreword

It would be true to say that the last 12 months have not been without their challenges!
Finances remain unsustainable and the pressure on services continues to rise.
It is against this backdrop that I'm delighted to report that productivity has risen, mortality rates have fallen, there are fewer vacancies compared to 12 months ago and we're keeping more of our valuable staff members.
Our NHS staff survey this year showed a 5 per cent improvement in the number of staff who would recommend the Trust as a place to work and receive care.
We also improved in four other areas: safety culture; quality of staff appraisals; staff engagement; and, creating a safe environment.
The strength of the Trust is its amazing staff so these results are encouraging as they help to reinforce the fact that the Trust is a great place to work, a great place to develop your career and a great place to reach your potential.
This is demonstrated by the increasing number of overseas nurses who are bringing their own skills to the Trust and adding to the rich diversity of our staff members.
We've also seen an 11.2 per cent reduction on our agency paybill and are working with the Certificate of Eligibility for Specialist Registration (CESR) programme to grow our own consultants for the future.
We are continuing our dialogue with staff and the popular engagement sessions – which resulted in our Leadership Charter, our revamped Going the Extra Mile awards scheme and staff long service awards.
It's been great to see the amount of support shown from right across the county for our main appeal, the Born Sleeping Appeal, to create a maternity bereavement suite.
Countless individuals and local groups have raised funds for this project and I was delighted to hear that earlier this year it reached its £75,000 target. Money is still coming in and this is still needed to furnish the rooms and create a much needed and important space for families.
A significant milestone last year was the opening of the Acute Medical Unit. This has had a terrific impact on the flow of patients through our care and significantly improve the quality and timeliness of the care we provide.
This was only possible thanks to huge efforts by both Trust staff and colleagues from Sodexo, our PFI partner.
The idea of the 24-bedded ward at the front of the County Hospital was conceived in the summer last year. The order for the unit was placed in September. By the end of October the modules had been delivered and on the afternoon of Friday, December 21, the ward opened its doors to the first patients.
This was a monumental effort by so many people. Even on the day of opening a team of staff members, armed with mops and buckets, were ready to clean the new ward at 6am.
Without this huge effort the ward would not have opened in time for Christmas.
This is just one example of how our amazing staff go beyond the call of duty every day, and it's been my pleasure to present teams and individuals with their Going the Extra Mile monthly awards at board meetings throughout the year.
The shear breadth and scale of their achievements and the real and tangible difference they are making to our patients is truly awe-inspiring.
Thank you to those who I've met – and thank you to the many unsung heroes who go the extra mile behind the scenes to give patients the kind of care we'd want for our friends and relatives.
This includes our marvellous band of volunteers – at the County Hospital and our community hospitals.

You truly make a difference to the experience we give our patients and without you, we'd be much the poorer – thank you.
Finally, I'd like to thank the senior leaders at the Trust for their hard work and commitment throughout 2018/19. Without your determination, passion and drive we wouldn't be where we are.
Be under no illusions, working in the NHS is not easy and there are more challenges now than there ever have been.
It's thanks to your passion and drive that we have seen these improvements which are not just another set of performance figures, but translate into changes which make tangible differences to the experiences of our patients every day.

Russell Hardy
Chairman

1 Overview

General overview

Wye Valley NHS Trust was established on April 1, 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 per cent 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 April 1, 2018 – March 31, 2019, unless otherwise specified.

During 2018/19, 24 hours a day, 365 days a year…

People attending ED during the year	60,560
Average number of people in ED per day	165
Average number of people visited in the community every day	622
Average number of diagnostic tests/procedures carried out each month	6,299
Average number of babies born each month	138

Our CARE values

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.

A strengthening partnership

The Foundation Group

In June 2018, George Eliot Hospital NHS Trust joined the Foundation Group that was formed in 2017 when South Warwickshire NHS Foundation Trust formalised its collaboration with Wye Valley NHS Trust. All three organisations face similar challenges and have a common strategic vision for how these can be solved. The Foundation Group model retains the identity of each individual trust whilst strengthening the opportunities available to secure a sustainable future for local health services.

Glen Burley is the chief executive at all three trusts, with managing directors in post whom are responsible for each individual organisation; Jayne Blacklay at South Warwickshire NHS Foundation Trust, David Eltringham at George Eliot Hospital NHS Trust and Jane Ives at Wye Valley NHS Trust.
Since the Foundation Group was established, a significant number of benefits have been realised for each organisation. The increase in scale enables strengthened negotiating abilities when procuring new systems or services, as well as increasing each individual trust's access to strategic advice and support. More importantly it has created a wider platform to share learning and best practice to improve patient care in hospital and community settings. A collaborative approach is already underway in a number of areas, including; procurement and information, service improvement, digital strategy, communications and business planning, more will follow.

Herefordshire Integrated Care Alliance

Herefordshire Integrated Care Alliance (HICA) is a partnership between Wye Valley NHS Trust, Herefordshire Council, the local GP Federation (Taurus) and 2gether NHS Foundation Trust.

Through our work together, we continue to develop 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 in partnership with the Trust continues to run an initiative called Primary Care Home, a model championed by the National Association of Primary Care. Together with the Trust community services as well as partners in mental health, adult social care and the voluntary sector, the Trust continue to run 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'.

This 'hospital@home' approach has been the focus of the HICA over the past 12 months; working with Herefordshire Council, hospital at home therapists and community nurses, endeavouring to avoid hospital admissions and ensure that, where possible and safe to do so, patients can stay in their own homes. Importantly, an integrated discharge manager has been appointed to manage the process between the different partners.

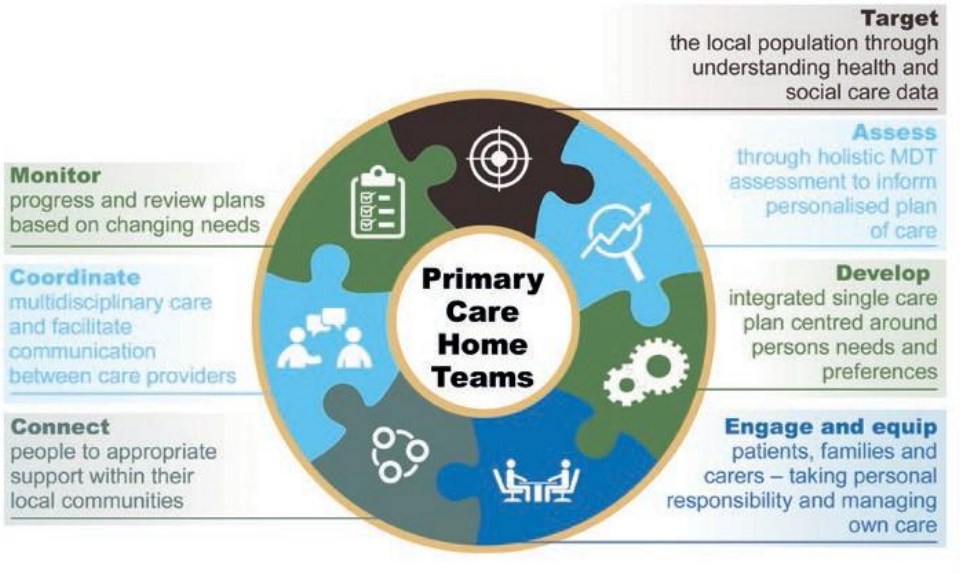
The work of the HICA, the 'One Herefordshire' initiative and Primary Care Home are defined by similar aims which include managing the health of local patients, employees who are integrated and multi-disciplinary, a focus on populations between 30,000 and 50,000 people as well as financial considerations.

As part of this initiative, teams of supported GP locality champions continue to steer the development of the service within their individual areas. This primary care focus is supported by a ten year plan which will see the introduction of infrastructure to support locality boards with the aim of continuing to improve population health; as part of this the Trust is leading on health population data, identifying health challenges in particular areas.

Improvement projects 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)

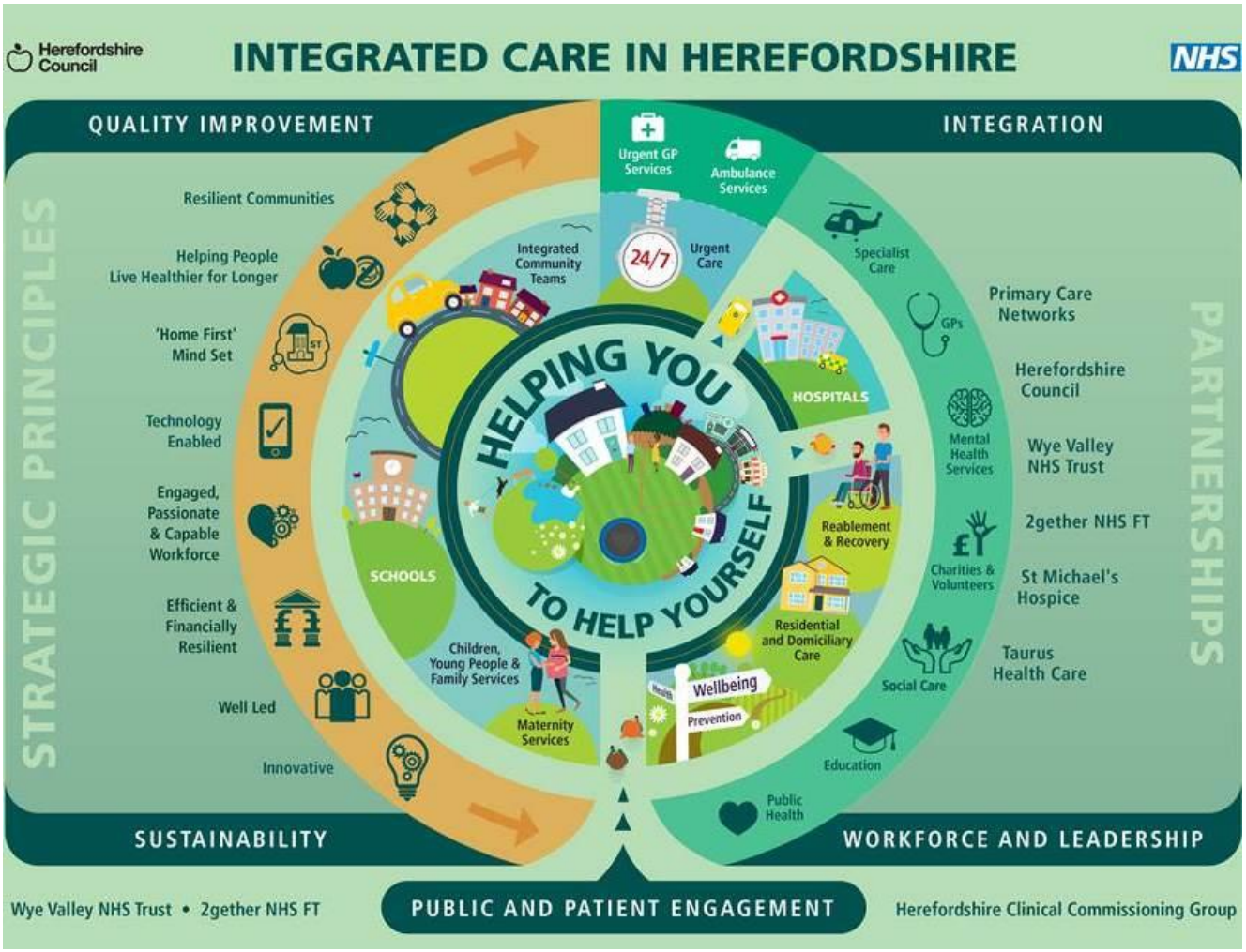


Further integrated care

To support the above initiative, the Trust has an Integrated Care Division. This brings together community based teams, community hospitals, and 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 provides care, support and therapy to improve a patient's independence.

During 2018/19, this integrated approach has seen a marked improvement in mobile working. By rolling out smart phones, not only has team resilience been strengthened amongst district nurses, benefits have included reducing the burden on clinical staff as well as providing the ability to track the location of staff in real time as well as ensuring safety. This, combined with the development of an electronic scheduling system, continues to embed within this care initiative.

City	North and west	East	South and 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			



Strategic objectives

- 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 well-being through working with our partners
- Play our role as an important asset to the people of Herefordshire and the surrounding areas

Our nine point plan

Our focus for 2018/19 was as follows:

NHS long term plan

2018 saw the NHS celebrate its 70th anniversary; although there have undoubtedly been many achievements, milestones and innovations made in healthcare since 1948, we continue to face complex challenges. It is therefore vital that we continue to improve in order to deliver the best care for the communities we serve.

We also now have more opportunities available to develop the way we care for people through clinical and technological advancements, with an aim to secure a sustainable future for the NHS.

All of this has been considered for the national NHS long term plan, which outlines key areas and priorities for all healthcare providers during the next ten years. It is an opportunity for colleagues in all health and social care settings to see how we can work together to ensure we all provide the right services for our local populations.

It is encouraging to see that much of the best practice highlighted has already been implemented locally, with the focus on prevention, integration and developing care outside of the hospital setting.

The plan is fully consistent with the Trust's strategy and our local Sustainability and Transformation partnership (STP), and is welcomed.

Improvements to service structures

The operational management of the Trust continues to evolve to ensure that there is good clinical and managerial leadership of our services.

The 'One Herefordshire' plan is integral to the improvement and sustainability of clinical services for our population and is a collaboration of providers and commissioners within Herefordshire. The 'One Herefordshire' approach is a precursor to developing an integrated care partnership. This will mean changes to the way the Trust works as the integrator of services working with health and social care partners. The development of primary care networks led by GP clinical directors is an important development announced in the NHS long term plan and integrated service delivery at locality level will be the linchpin of wrapping services around patients' needs. We have been working on this model over the last year to develop our locality based community teams.

Medical Division		Surgical Division	
Rheumatology (Osteoporosis)	Respiratory and Arrow ward	Paediatrics - In Patients and Out Patients (Acute and Community)	Orthopaedics
Dermatology and Plastics	Cardiology, Path lab, CCU and Lugg ward	Obs and Gynae (inc Women's Health services)	Redbrook ward
Stroke and Wye ward	Gastroenterology and Lugg ward	Midwifery (Acute and Community) and Delivery suite and Maternity ward	Teme ward
Frailty and GAU	Neurology and Neurophysiology	Children's ward	General Surgery and Colorectal
Discharge lounge/Medical DCU	Heart and Lung		Breast
Diabetes and Endocrine	Emergency Department		Urology
			ENT

Nephrology	Acute Medical Unit/Clinical Assessment Unit Clinical Site Management	Special Care Baby Unit Health Visiting, School Nursing	Maxillofacial, Orthodontics and Oral Ophthalmology Monnow ward Leadon ward Theatres - Endoscopy Daycase Pre-Op Anaesthetics Intensive Therapy Unit Critical Care Dentistry Podiatric Surgery
Clinical Support Division		**Integrated Care Division**	
Referral Management Centre Outpatients RTT Validation team Radiology Pathology Phlebotomy Audiology Vascular lab	Oncology - MacMillan Renton Unit Specialist Lymphodema team Clinical Haematology Specialist Palliative Care Pharmacy	Community nursing teams Community Hub Community Hospitals Community Urgent Care Complex discharge Hospital@home Home first	Therapies/specialist teams Bladder and bowel service Specialist community teams (MS, epilepsy and Parkinson's) OT and orthotics, Dietetics SALT Podiatry Health psychology Acquired brain injury MSK physiotherapy Community and inpatient physiotherapy Podiatry Speech and Language therapy Herefordshire Acquired

			Brain Injury Team Health Psychology Community Stroke service Falls Prevention service

2 Performance and Improvements

Care Quality Commission inspection

Our Care Quality Commission (CQC) inspection commenced in March 2018 with the outcome announced in July. The core services inspected were urgent and emergency care, surgery, outpatients, maternity, medicine, children and young people, community inpatients and community end of life care.

We are delighted to report the Commission said the following:

- Care is "good" across the board, and outstanding for children and young people
- Staff in all our services showed compassion and kindness, provided emotional support and involved patients in their care
- In our urgent and emergency services, managers promoted a positive culture that supports and values staff
- "Outstanding" practice in Maternity services with collaborative working to establish local maternity system singled out for praise
- Services for children and young people – "strong, visible patient and family-centred culture" where staff went "above and beyond"
- Outpatient staff had good awareness of patients with specific needs and provided additional support
- Community health services – safety monitoring results used well to improve the service

Areas for improvement were identified as follows:

- Patients could not access services when they needed to: only 75.2 per cent of patients were able to access planned care within 18 weeks against a national standard of 92 per cent
    - We are working hard to improve earlier access to care for our patients in partnership with our commissioners
- A failure to meet the four hour waiting target in ED;
    - We opened a new 24 bedded Acute Medical Unit (AMU) just before Christmas and are starting to see improved access for emergency and elective patients
- Mortality rates were worse than expected
    - This was historical information and our teams have worked hard to improve care. Mortality rates are now within an 'as expected' range
- Use of resources were rated as 'inadequate'
    - We have notified regulators that a structural deficit exists in Herefordshire due to the PFI hospital and remote and rural services and so funding needs to be at a higher level. However, there is much that we can do ourselves to improve productivity and make every pound count. We have delivered just over a £10m cost and productivity improvement programme and expect to improve the finances of the Trust in the coming year

Practised was deemed as 'outstanding' in the following areas:

- Children's and young people's ambassador group
- Emotional health and well-being for children and young people with mental health problems
- Sleep specialist team providing Continuous Positive Airways Pressure therapy for sleep apnoea

- Neonatal audit participation and outcomes
- Implementation and use of electronic foetal growth charts
- Cystic fibrosis team for children and young people transitioning into adult services

Quality priorities

The Trust adopted the following quality priorities for 2018/19, the priorities were focussed on areas where the Trust wanted to drive quality improvement and improve patient experience:

- Reducing avoidable death rates
- Focusing on improved identification, treatment and management of the deteriorating patient
- Ensuring timely identification and treatment of sepsis
- Reducing variation in clinical practice by focusing on complying with best practice care bundles
- Improving discharge planning, ensuring discharge is timely and respects patient's wishes
- Improving urgent care delivery
- Ensuring that harm reviews are undertaken for patients who have to wait longer than expected
- Enhancing care for vulnerable patients with a particular focus on dementia and learning disability

Delivery of the CQUINS programme

The Commissioning for Quality and Innovation (CQUIN) payment framework is a national initiative. Each financial year, a set of quality improvement goals are set with our commissioners. 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.

The CQUINs identified below have been set for two years and cover the period between 2017 and 2019:

- 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 EDs 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 ED with mental health need
- 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

Patient and public involvement

During 2018/19 patients and carers have been a priority. This has included the development of a patient forum. During the year this forum has been involved in reviewing plans for new estate, commenting on patient information, developing a Carers' Charter and participating in Patient Led Assessment of the Care Environment (PLACE).

At each Board meeting a patient or carer story is presented; these are presented by the individual themselves and often lead to a wide discussion.

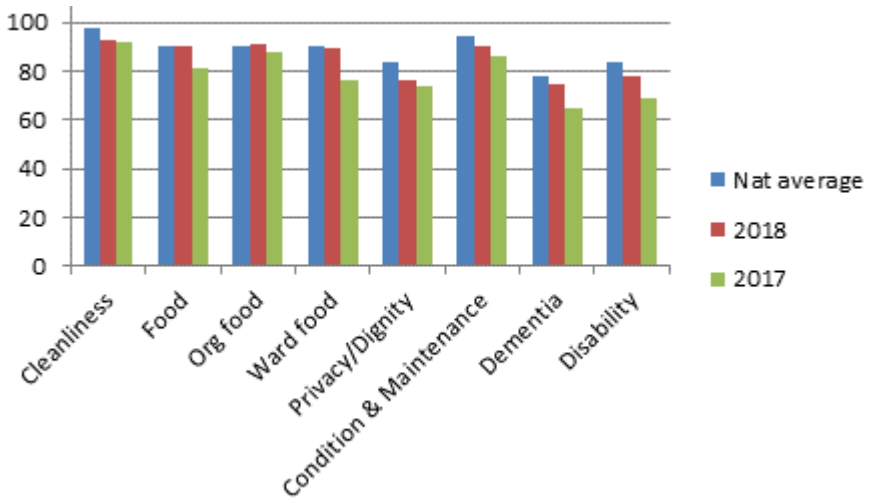
The Trust held some of its Board meetings across the county during 2018/19 to enable wider public engagement.

Patient Led Assessment of the Care Environment results

Inspections this year took place at Hereford County Hospital, Bromyard, Ross and Leominster Community Hospitals. PLACE inspections are patient led and are intended to focus on what is important to patients. The scores have improved in all areas when compared to 2017/18 and are detailed below.

The results show that the Trust scored:

- 90 per cent for food served to patients in hospital
- 93 per cent for cleanliness
- 90 per cent for the environment
- 76 per cent for patient privacy and dignity
- 75 per cent for dementia assessment



Inpatient survey results

The 2017 survey was published in May 2018. This was a survey of patients who stayed one night or more and who were discharged in July 2017. 644 surveys were returned and the Trust's scores in the main mirrored the scores of the 2016 survey. The Trust had improved in two specific areas. The two areas were, communicating with patients regarding their discharge medication and the provision of equipment upon discharge.

Areas where improvements still need to be made include improving waiting times, reducing the length of time it takes to get a bed, noise at night and provision of food, although it should be noted that food scored well in the PLACE inspection.

The Patient Engagement forum helps us to ensure we focus on those matters that are important to our patients and the forum has been instrumental in developing the 'night charter' to address noise at night.

Estates strategy

In December 2018 a new 24 bed modular ward opened its doors to patients at Hereford County Hospital. The new AMU is being used to see and treat patients in need of urgent care who come to the ED. Previously the Trust had to use areas on other wards and units

which could be used in times of pressure on services. These areas are now used less resulting in fewer cancellations of routine operations and a better patient experience. The opening of the ward was very timely. In 2018, the Trust experienced an ongoing increase in the number of patients seen in the ED. In 2016 the number of weekly emergency adult admissions who were admitted during the summer was 190. In 2017 this rose to 225 and last year the figure rose to 250. It means the Trust has been admitting around a third more patients each week now than it was two years ago.

New wards
October 2018 to February 2019 saw the start of the demolition of the old unoccupied Canadian hutted offices at the hospital to make way for new wards expected to open in 2021. The new wards will replace the two hutted wards still currently in use for inpatients at Hereford County Hospital and will provide additional bed capacity.

Service developments

Emergency Care
Acute Medical Unit
A new 24 bedded ward, the Acute Medical Unit, was opened on the December 21 and has helped to improve the way in which urgent medical patients are treated and cared for.

Surgical assessment area and gynaecology assessment area
Two dedicated units have been created within the hospital to improve the way patient presenting with either an urgent surgical or gynaecological condition are treated and cared for.

The Emergency Department
The ED team continued to develop and improve the way in which it provides timely care for its patients, in the last 12 months the team have developed a number of new initiatives, including:

- 'Fit2Sit' – the introduction of a dedicated area for patients who are able to sit whilst they are in the ED. This helps to improve the experience in the ED for many patients and helps to maintain independence.
- Rapid Assessment - the creation of a senior medical review for unwell patients as soon as they present to ensure that patients have the rapid access to investigations and are cared for by the right clinicians in the ED.
- Single clerking – the development of a single medical 'clerking' process to reduce duplication, release junior doctor time and enhance the timeliness of clinical decision making

Front Door Frailty Team
A multi-disciplined frailty team has been introduced in to the ED to provide dedicated assessment and treatment of patients presenting with frailty conditions. The team are able to improve the care these patients receive and often avoid unnecessary admissions to hospital.

Community Care
The first steps towards the integration of 'Home First' and 'Hospital@Home service' has taken place with one integrated and co-located hospital discharge team led by one manager for both health and social care teams.

Planned Care

Radiology Equipment

The Trust approved an eleven-year multi-million partnership agreement with Philips that will see the latest equipment and technology systems installed across Herefordshire, for example, X-ray machines, CT scanners and fluoroscopy – at both Hereford County Hospital and at Ross-on-Wye and Leominster Community Hospitals. This will mean quicker diagnostic times for patients as well as better working environments for staff and patients to be treated in.

Ophthalmology Outpatient redesign

A project to reconfigure the ophthalmology outpatient department has been completed in year and provides much improved accommodation for staff and patients, improving patient's experience and privacy and builds in increased capacity to allow more patients to be treated in the department.

One stop urology clinic

A 'one-stop' urology clinic, where investigation and consultation occur at the same time and in one place, has been introduced and has halved patients waiting times for the patients concerned from 11.3 to 5.4 days to discharge or diagnosis.

Digital programme

The Trust has continued to invest significant funds in its Digital programme during 2018/19.

Having successfully implemented phase one of the Electronic Patient Record (EPR), work commenced on phase two and the development of the functionality which will result in the creation of the electronic record. At the point of go live, we are expecting that no more paper records will be added to the existing records. This project will see significant progress in 2019/20.

In addition to the EPR, the Trust secured funding in 2018/19 to implement a community EPR which will be able to interface with the system operated by GPs, thus enabling more integrated community services. Although much of 2018/19 was spent on the planning and preparation for this system, the first phase successfully went live on April 9, 2019.

In 2018/19, the Trust also started to access the funds that it has been awarded for being a Fast Follower; we are 'following' Taunton and Somerset NHS Foundation Trust which is a Global Digital Exemplar. The Trust is using the available funding to implement an e-prescribing system which will lead to more effective and safer prescribing of medicines.

The Trust also implemented the new Malinko scheduling system, which has already produced major improvements in the scheduling of district nurse visits.

Patient safety

Our Quality Account 2018/19 is available from Lucy Flanagan, Director of nursing at lucy.flanagan@wvt.nhs.uk and contains comprehensive information on quality and safety: 01432 364000.

Performance tables

Acute Hospital

The number of patient attending the Trust's ED continued to increase with 8.9 per cent growth in total in 2018/19 when compared to 2017/18. Throughout the year a number of initiatives were introduced to ensure the Trust was able to improve 'patient-flow' all year round and to better manage the pressure that is always experienced over the winter period These initiatives included, the commissioning of a new 24-bedded ward, the Acute Medical Unit, the introduction of a Front Door Frailty Team and the reconfiguration of the medical wards to increase the numbers of respiratory and geriatric speciality beds.

The resulting improvement in 'patient-flow' over the winter months allowed for more timely urgent and planned care and the Trust's performance in both regards improved significantly by the end of the financial year.

The volumes of 'elective' patients treated both as 'outpatients' and as 'inpatients' was significantly higher with over 6,500 more elective admissions and over 15,000 more outpatient appointments

Activity	2017/18	2018/19	Increase/decrease 2018/19 on 2017/18	Difference 2018/19 to 2017/18
Elective spells	3,303	4,169	866	26.2%
Day case spells	22,810	28,650	5,840	25.6%
Total emergency spells	23,695	24,078	383	1.6%
General and Acute emergency spells	17,954	18,680	726	4%
New outpatient attendances	68,787	73,326	4,539	6.6%
Follow-up outpatient attendances	153,652	163,784	10,132	6.6%
ED attendances	55,603	60,560	4,957	8.9%

Community activities

Activity	2017/18	2018/19	Increase/decrease 2018/19 on 2017/18	Difference 2018/19 to 2017/18
Day case spells	945	1,039	94	9.9%
Community bed days	26,169	27,308	1,139	4.4%
New outpatient attendances	14,164	15,296	1,132	8.0%
Follow-up outpatient attendances	59,096	61,515	2,419	4.1%
Minor Injury Unit attendances*	3,790	3,272	-518	-13.7%

Both of the Trust's Minor Injuries Units (MIU), based at Ross Community Hospital and Leominster Community Hospital were closed between December 3, 2018 and May 1, 2019 The temporary MIU closures allowed the Trust to redeploy experienced emergency nurse practitioners to provide enhanced support to the ED at Hereford County Hospital.

Key targets

Emergency department

ED standard	2017-18	2018-19
Total time in ED: four hours or less	82.1%	76.1%

The Trust did not achieve the national standard of 95 per cent of patients being seen, admitted or discharged within four hours from time of arrival in the ED. The ED experienced significant additional demand for the majority of the year with an overall rise of 8.9 per cent in patient attendances and a 1.6 per cent rise in emergency admissions; performance for the year was 76.1 per cent.

The new initiatives described above did help performance against the four hour standard to improve by the end of the financial year with performance in March 2019 at 85.1 per cent, the best performance in a month since June 2017

Referral to Treatment/52 weeks

In England, under the NHS Constitution patients 'have the right to access certain services commissioned by NHS bodies within maximum waiting times, or for the NHS to take all reasonable steps to offer a range of suitable alternative providers if this is not possible'. The NHS Constitution sets out that patients should wait no longer than 18 weeks from GP referral to treatment.

The Trust was able to deliver greater volumes of planned care during the year and as a result significantly improved its waiting times for both outpatient and inpatient care for both English and Welsh patients.

By the end of the year the Trust had also reduced the number of patients waiting over a year for treatment to four patients. By the end of April 2019 this was further reduced to zero.

RTT Incomplete performance

	March 2018	March 2019
English (18 weeks)	75.2%	80.0%
Welsh (26 weeks)	79.3%	83.8%

NB: English commissioned performance is 92 per cent of patients waiting under 18 weeks for treatment, Welsh commissioned performance is 95 per cent of patients waiting under 26 weeks for treatment.

Cancer Care

The Trust has not consistently met all of the cancer standards each month and continues to work with the clinical specialties to provider quicker access to appointments, diagnostics and treatments

The Cancer Two Weeks 'Breast Symptomatic' standard has not been achieved in any month during 2018/19 with performance in the second half of the year particularly poor. A sharp rise in referrals and an underlying capacity shortfall both contributed to the poor performance against this standard. The position did improve at the very end of the year after a short term increase in capacity was achieved and work is now underway to ensure the capacity shortfall is substantively addressed.

Key performance indicators	Key target 2018-19	Actual 2018-19
Cancer two week waits	93%	91.3%
Two week waits (breast symptomatic)	93%	28%
Cancer 31 days	96%	90.6%
Cancer 31 days Subsequent treatments	98%	86.1%
Cancer 62 days	85%	80.5%
Cancer 62 days screening	90%	79.4%
Cancer 62 days upgrades	85%	90.2%

(no national target set)		
Cancer 31 days rare cancers	85%	100%

Mortality reporting and governance

WVT mortality is the most improved acute Trust in the NHS in last two years.

Background

Over the last few years there has been increased scrutiny on mortality rates within healthcare organisations with high profile investigations identifying failings in the governance of mortality review meetings[1]. Around 50 per cent of all deaths occur in hospital and most of these are inevitable, but around 3 – 5 per cent of acute hospital deaths are thought to be potentially preventable[2].

The launch of the Royal College of Physicians Structured Judgment Review (SJR) into mortality cases commissioned by the National Mortality Case Record Review Programme[3] (NMCRR) recognises these concerns and the importance of learning from mortality. The SJR approach to mortality reviews allows for both quantitative and qualitative information on care to be reviewed and uses a standardised way of reviewing the case records of adults who have died by improving understanding and learning about problems and processes in healthcare associated with mortality, and to share best practice. The Trust has actively adopted this system and adapted the previous mortality review form to incorporate this more structured review.

There is an associated increased drive for trust boards to be assured that deaths are reviewed and opportunities to improve care for future patients are not missed. The CQC's publication in December 2016 of a review into the way NHS Trusts review and investigate the deaths of patients 'Learning, candour and accountability' builds on the need to maximise learning from deaths[4].

The subsequent publication of the National Quality Board National Guidance on Learning from Deaths[5] has further extended the recommendations made to trusts on how undertaking clinical reviews and Learning from Deaths should happen to enable maximum learning takes place.

What did Wye Valley NHS Trust do?

The Reducing Mortality strategy, developed by the Trust, provides a framework for aligning systems, processes and quality improvement initiatives for the purpose of ensuring that the organisation is learning from mortality and engendering a culture of clinical excellence. It is a dynamic document which will be reviewed and developed over time.

The strategy outlines the commitment to improving the outcomes for its patients and details the initiatives already undertaken by the Trust in 2017/18 and was used as a framework for identifying systems, processes and quality improvement initiatives for the purpose of learning from mortality for 2018/19.

One Herefordshire Mortality Group monthly meetings – involvement of partner organisations, which include primary care. At these meetings, the most current mortality data is reviewed and updates on the progress of each improvement action plan.

Provide dedicated project support, to working alongside clinicians, to deliver focussed clinical quality improvement in response to sustained higher than expected mortality rates. Driven by

clinical leads for each area, this dedicated support allows clinical teams to identify and define the areas for improvement.

Recruitment of a dedicated sepsis lead nurse to deliver sustained improvements across the Herefordshire Health Economy by working closely with partner organisations.

Learning from deaths

Development of an in-house IT system to capture the learning from mortality reviews, and provide an in-depth analysis of the key themes and patterns for any issues. These are reviewed on a monthly basis, and the learning is driven in to local service improvement plans.

Implement a robust 'Learning from Deaths' process, in alignment with the support National Guidance[5].

- Achieved - Internal target for reviewing at least 75 per cent of all in-hospital deaths.
- Learning into Action – delivering the learning, established from reviews, into local service improvement plans.
- Thematic Audits – through monthly monitoring of our current mortality, we are able to identify areas for potential concern or areas where the Trust believe there could be learning.
- Medical Examiners to provide a further level of scrutiny of patient case notes to extract all learning, and where appropriate, there is an escalation process for further in-depth reviews.

References:

1. Professor Sir Bruce Keogh (July 2013), Review into the quality of care and treatment provided by 14 hospital trusts in England.
2. Hogan H, Zipfel R, Neuberger J, Hutchings A, Darzi A, Black N. Avoidability of hospital deaths and association with hospital-wide mortality ratios: retrospective case record review and regression analysis. *BMJ* 2015;351:h3239.
3. Royal College of Physicians (2016) National Mortality Case Review Programme. https://www.rcplondon.ac.uk/projects/national-mortality-case-record-review-programme
4. Care Quality Commission (December 2016), Learning, candour and accountability: a review of the way NHS trusts review and investigate the deaths of patients in England
5. National Guidance on Learning from Deaths. National Quality Board.

What have we achieved in the past 12 months?

A summary of the Key Mortality Indicators highlight the progress of Wye Valley NHS Trust in relation to mortality.

In-hospital deaths: (hospital standardised mortality ratio)

HSMR	Jan-18	Jan-19	Trend	Change
Rolling	116.88	99.7	▼	17.18
Weekday (rolling)	114.1	98.11	▼	15.99
Weekend(rolling)	124.74	103.55	▼	21.19

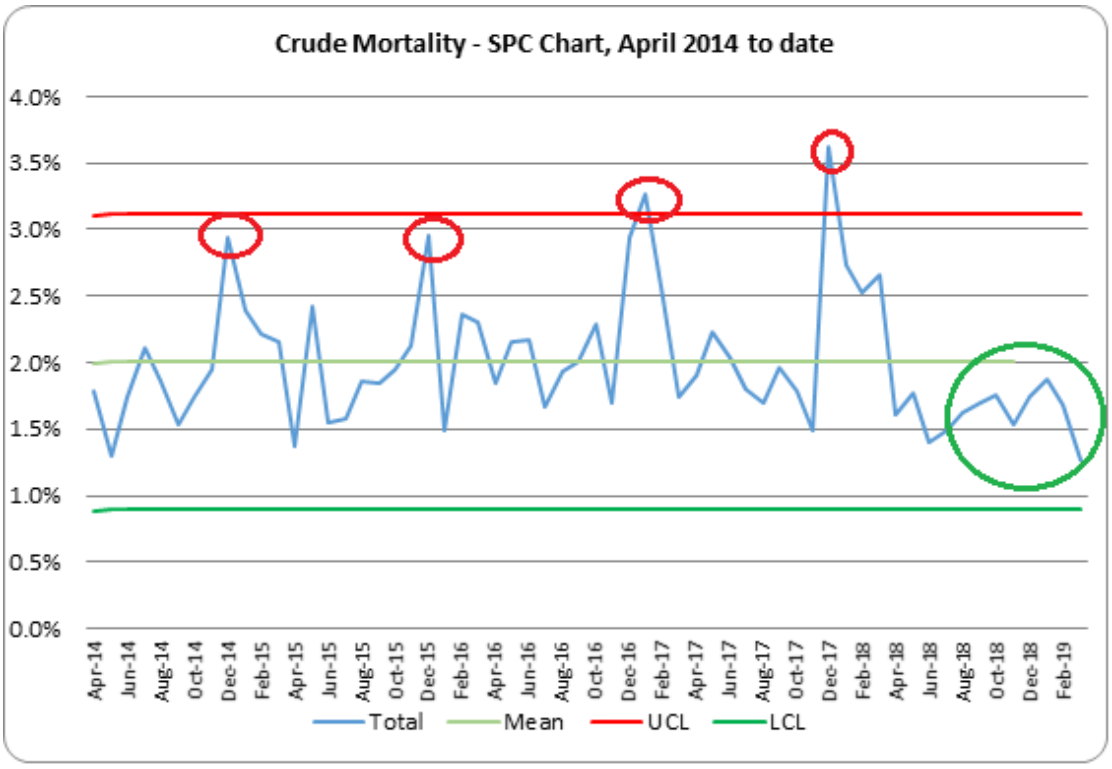
In-hospital plus 30 day post discharge deaths: (standardised hospital mortality index)

SHMI	Dec-17	Dec-18	Trend	Change
Rolling	116.01	104.81	▼	11.2
Weekday	109.72	103.68	▼	6.04
Weekend	134.96	108.22	▼	26.74

Throughout the year, there has been continued reductions in the SHMI and HSMR, with the latest figures being the lowest ever reported for Wye Valley NHS Trust.

Currently, the overall Trust position has less than the expected number of deaths in this 12 month period. 703 observed in-hospital deaths against an expected 707 deaths.

Crude Mortality
Crude Mortality is the actual number of deaths as a proportion of admissions (planned and emergency) in to the trust.



Crude	Dec-17	Jan-18	Feb-18	Mar-18
Emergency	12.2%	10.0%	9.5%	9.9%
All	3.6%	2.7%	2.5%	2.7%

Crude	Dec-18	Jan-19	Feb-19	Mar-19
Emergency	5.2%	6.07%	5.6%	4.95%
All	1.7%	1.87%	1.7%	1.65%

From the Crude Mortality chart above, there is a pattern of significant spikes for previous winter peaks in mortality, from 2014 – 2018. This winter has seen a significant reduction and shift in this trend, with reduced numbers of deaths during this winter period.

Mortality outlier group
As mentioned above, there has been focussed improvements with key areas and diagnosis groups. These key areas were highlighted based on their higher than expected levels of mortality.

12 month comparison

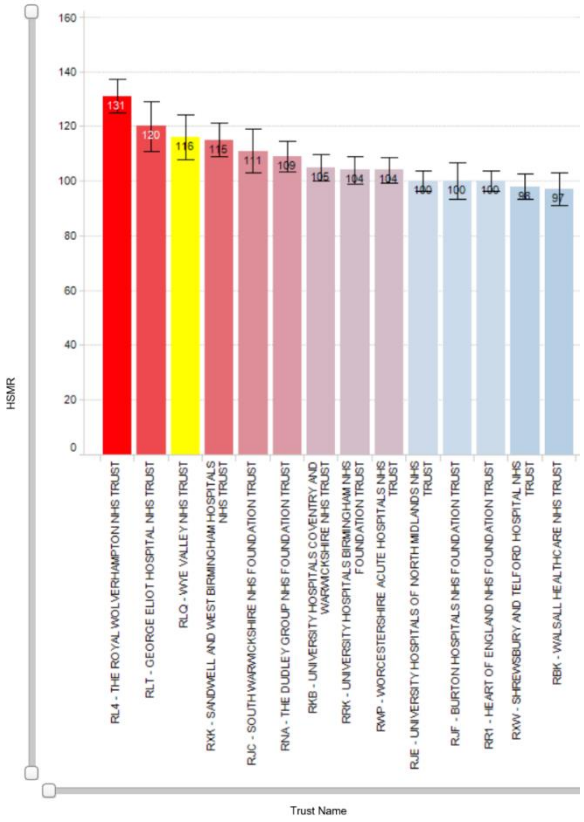
Outlier Groups-HSMR	Jan-18	Jan-19	Trend	Change
Chronic Obstructive Pulmonary Disease	142.86	111.18	▼	31.68
Pneumonia	108.05	89.13	▼	18.92
Acute Bronchitus	165.75	104.91	▼	60.84
Congestive Heart failure	140.21	87.90	▼	52.31
Septicemia	136.49	90.50	▼	45.99
Gastrointestinal Bleeds	123.19	97.96	▼	25.23
Fractured Neck of Femur	136.81	162.42	▲	-25.61

There were a combined total of 335 deaths for the Mortality outliers, listed above, between February 2018 and January 2019. This was four less deaths than the expected 339 for this time period.
Please note that through our regular monitoring of the Trusts mortality figures, we have identified the gradual rise in mortality rates for patients with a confirmed fractured neck of femur. This has since been escalated to a mortality outlier, and provided with dedicated support for improvements with the aim of reducing these mortality rates to an expected level.

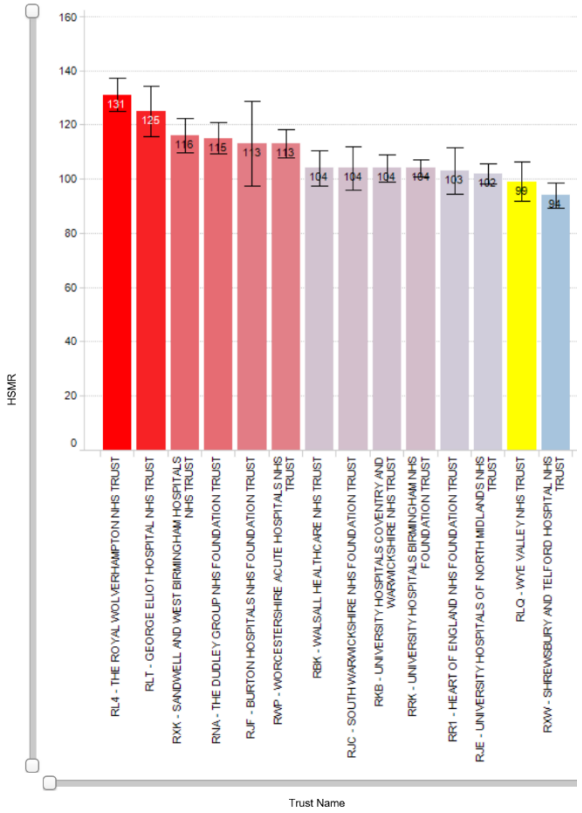
How are we performing regionally and nationally?

Regionally (*West Midlands*)

January 2018
HSMR (February 2017 – January 2018) - 116

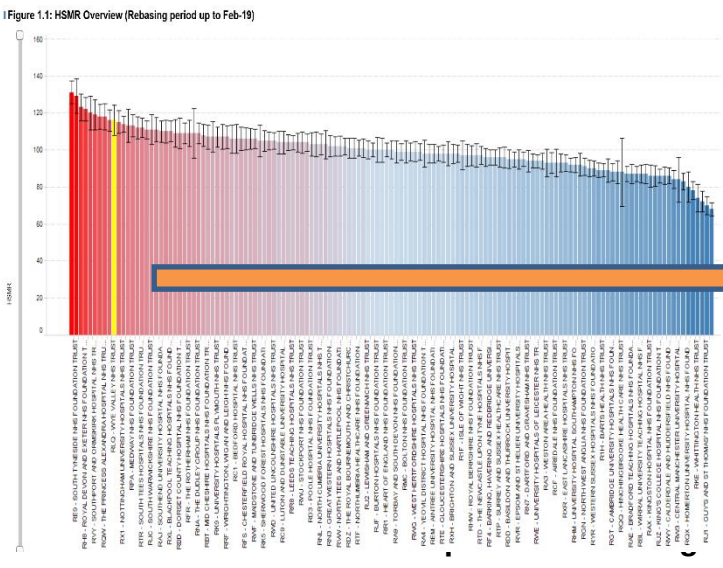


January 2019
HSMR (February 2018 – January 2019) – 99.43

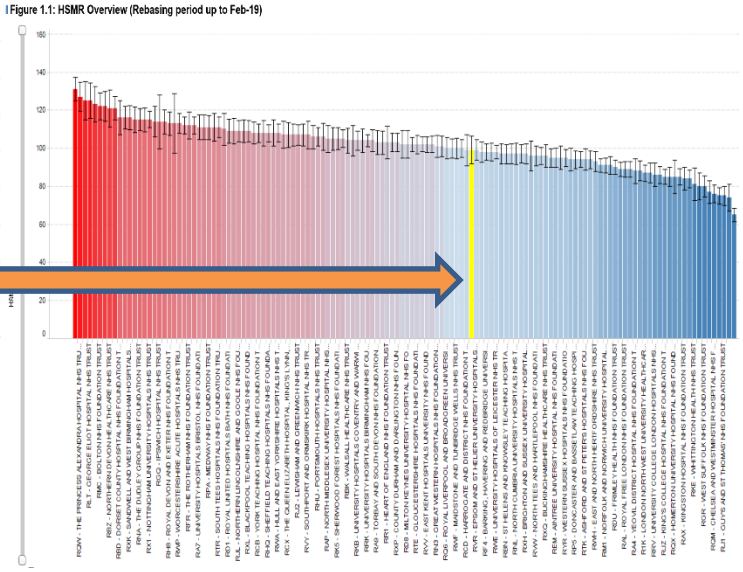


National

January 2018
HSMR (*February 2017 – January 2018*) - 116



January 2019
HSMR (*February 2018 – January 2019*) – 99.43



To build on our success at Wye Valley NHS Trust, in relation to reducing mortality, we are aiming to have;

- Integration in to primary care, through further development on successful pilot projects which highlighted the benefits of a collaborative approach between primary and secondary care clinicians
- A whole system approach to improve patient care with input and engagement from
- Continuing to work alongside and support clinicians to deliver the improvements.
- Development of our Business Intelligence to identify patients requiring an intervention ‘up-stream’ to prevent subsequent admissions and attendances to the hospital

3 Finance

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 which give a true and fair view in accordance therewith.

Financial break-even

In 2018/19, the Trust delivered a deficit of £42,461k.
The table below indicates 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	2018/19	2017/18
Income and expenditure: retained (deficit)/surplus	(42,461)	(33,179)
Impairment of assets	359	6,967
Asset re-evaluation	(117)	54
Adjusted retained surplus	(42,219)	(26,158)

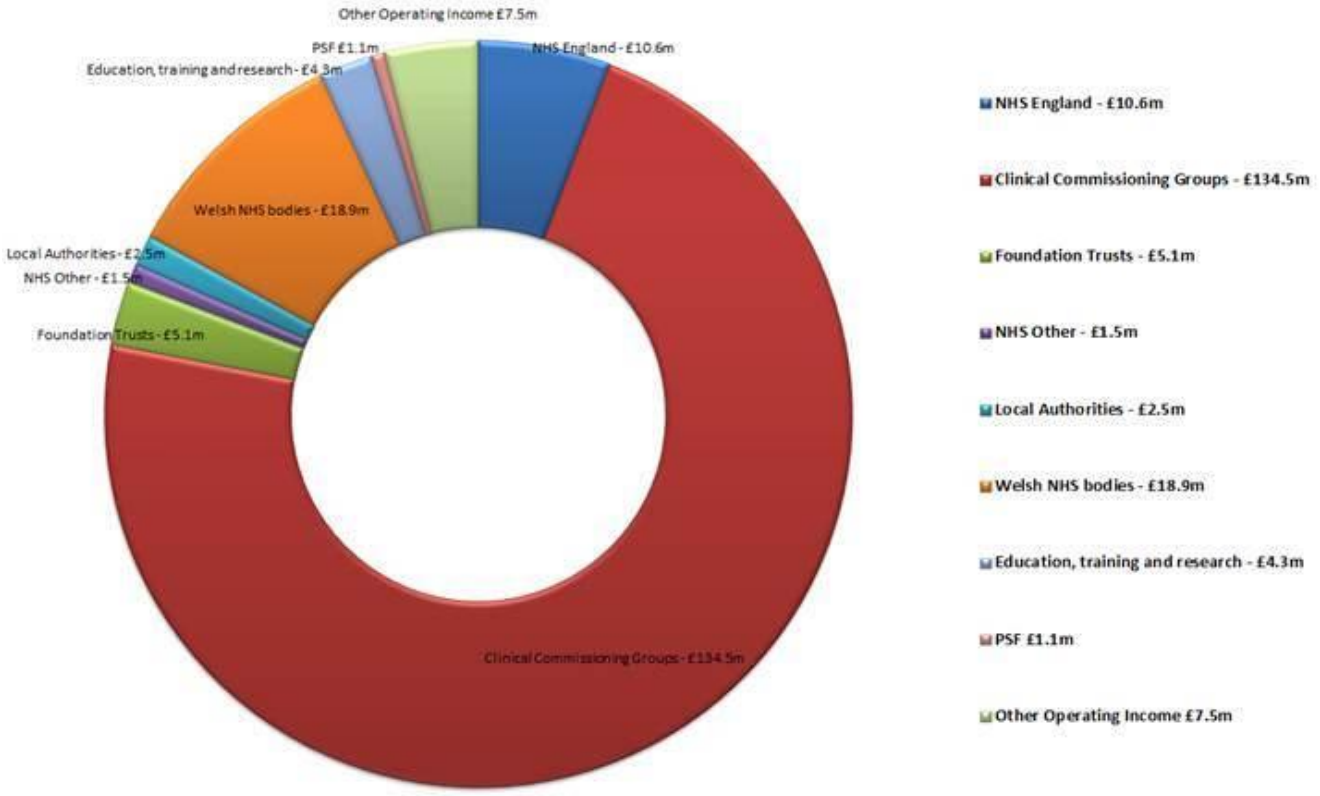
Trust break-even duty

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.
The adjusted retained deficit was £42.2m - this is the fourth year that the Trust has failed to deliver the break-even duty and now has a breakeven duty cumulative position as reported in Note 34 to the accounts of £123.1m.

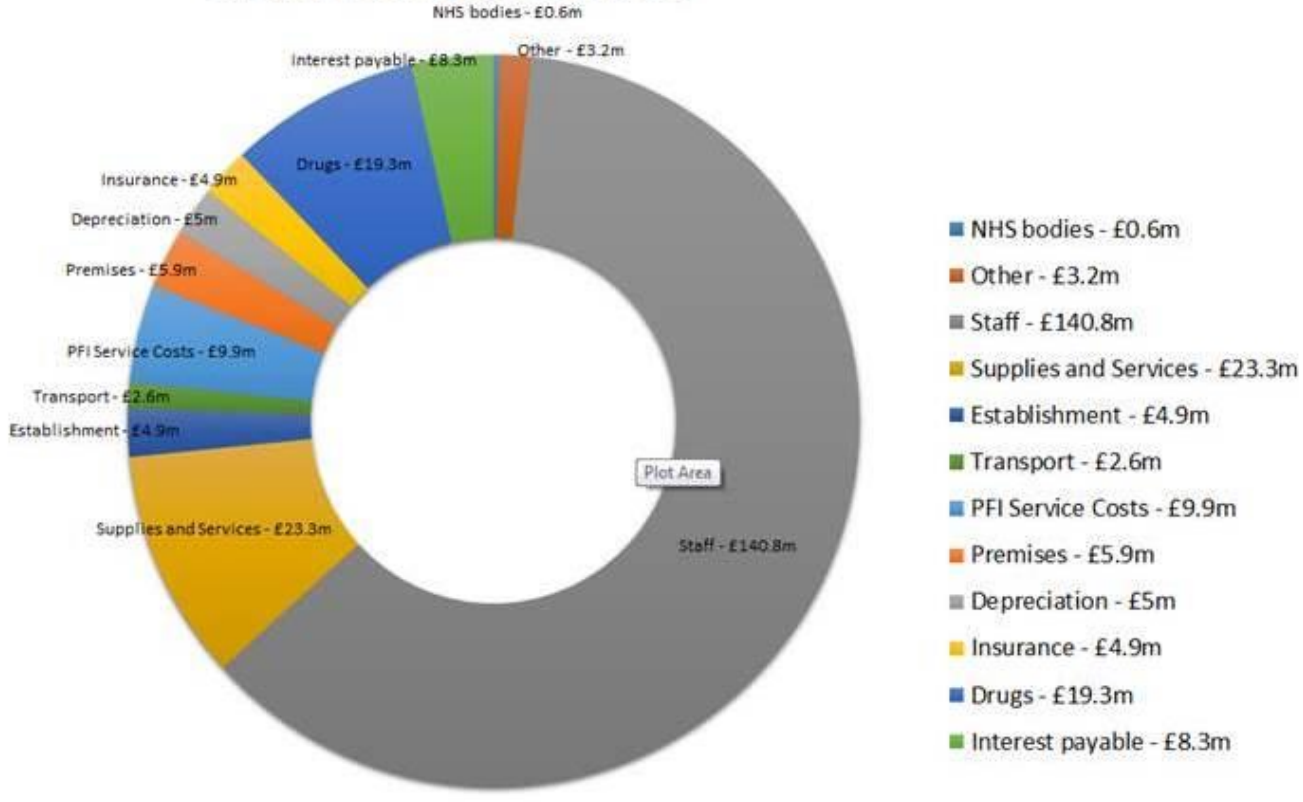
Resources

The Trust generated income of £186m during 2018/19. The pie chart identifies income received from different sources for health related activity. The largest share of income is derived from Herefordshire Clinical Commissioning Group (CCG).
The second pie chart identifies annual expenditure incurred in the year. Salaries and wages paid to permanent and temporary staff , including those employed through agencies, totalled £141.5m. Total expenditure on goods and services amounted to £220.2m and finance costs (interest payable) totalling £8.3m.

2018/19 Income Sources (£m)



2018/19 Annual Expenditure (£m)



Cost and Productivity Improvement Plan (CPIP)

As part of the financial plan for 2018/19, the Trust was required to deliver cost reductions of £10.9m. 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. Performance against the target was monitored through monthly performance meetings. By the end of the year, the Trust had saved £10m, which was the largest level of saving ever delivered by the Trust and indeed the largest Trust saving across the West Midlands. 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.

Capital development

The Trust spent £12.2m on capital investments during 2018/19. The table below provides a summary of that expenditure. The most significant elements within the capital programme were £3.6m on the provision of the AMU, £3.3m on a number of IT projects and £2.3m on preparation for the replacement of the hutted wards.

2018/19 Capital expenditure	**£k**
Funded from Emergency Capital Loan	
I, M & T	637
Ward Replacement Programme	2,842
Other Estates	654
Clinical Equipment and enabling works	925
Sub Total	5,058
Funded from specific capital loan	
Electronic Patient Record	2,197
Funded from PDC awarded	
Acute Medical Unit development	3,600
Community Information System	458
Other schemes	484
Sub Total	4,542
Funded from Donations	423
Total Capital Expenditure	**12,220**

Pension liabilities

Within the annual accounts, ongoing employer pension contribution costs are included within employee costs (see note 8 to the annual 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 at www.nhsbsa.nhs.uk/nhs-pensions.

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 £42.2m, and is forecasting further deficits in the next two financial years, the Directors have carefully considered the principle of going concern. The Trust has agreed contracts with its local commissioners for 2019/20 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 the Foundation Group also continues to provide executive leadership and support to the Trust. The Board has thus concluded that the Trust remains a going concern and the going concern basis has been adopted for the preparation of the accounts.
Further details on going concern can be found within the disclosure within the financial statements.

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 table below that the Trust struggled to deliver the required standard during 2018/19. This was a direct consequence of the impact of running a significant deficit and having to borrow in order to maintain cash-flow.

Non NHS payables

Better payment practice code	2018/19 (number)	2018/19 (£000s)	2017/18 (number)	2017/18 (£000s)
Total Non NHS trade invoices paid in the year	50,547	105,205	56,949	99,063
Total Non NHS trade invoices paid within target	22,465	60,032	25,664	59,018
Percentage of bills paid within target	44.4%	57.1%	45.1%	59.6%

NHS payables

Better payment practice code	2018/19 (number)	2018/19 (£000s)	2017/18 (number)	2017/18 (£000s)
Total NHS trade invoices paid in the year	1,334	10,204	1,068	7,231
Total NHS trade invoices paid within target	346	5,709	299	4,157
Percentage of bills paid within target	25.9%	55.9%	28%	57.5%

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.

Fraud

The Trust employs RSM UK tax and accounting Ltd to provide a 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.

Sustainable development

The Trust has undertaken risk assessments and has a sustainable management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are compiled with.

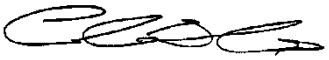
A Sustainability and development plan for 2016/20 has been developed in line with the NHS sustainability strategy. A copy of the plan can be obtained from Alan Dawson, Director of strategy and planning, alan.dawson@wvt.nhs.uk, 01432 364000

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: Glen Burley

Organisation: Wye Valley NHS Trust

Signature:  Date: 28 May 2019

4 People

Staff survey

The staff survey results are analysed using ten themes and this year the Trust achieved good results for eight of these themes with either an improvement or remaining the same.

Improvement	Remained the same	Reduction
Quality of appraisals	Equality, diversity and inclusion	Health and well-being
Safe environment – bullying and harassment	Immediate managers	
Staff engagement	Quality of care	
Safety culture	Safe environment – violence	

The survey also included a new theme for 2018 'Morale'.
The graph below benchmarks the Trust against the national results.

Action plan

Going forward the Trust will focus on the following areas:

- Health and well-being charter
    - people and their environment
- Leadership and management development
    - group plan, talent mapping and succession planning
- Staff engagement and recognition
- Equity of opportunity
    - disability, race, gender pay gap

Staff communication and engagement

Going the Extra Mile (GEM) staff recognition scheme

Under the GEM scheme, nominations are invited for those staff and volunteers who make a difference through living the values of the Trust and through their commitment to improving the experiences of patients, service users, visitors, colleagues and clients.
Between April 1, 2018 and March 31, 2019 89 nominations were received for the GEM award scheme – 63 for individuals and 26 for teams. All nominations were recognised by a letter and presentation of a GEM certificate. Each month an employee of the month and a team of the month were chosen by the GEM panel and presented with a 'star award'.
Annual awards were also presented at the Annual General Meeting (AGM) in July. Last year, the pharmacy volunteer service team was chosen as the annual winner of the Chairman's award for 'innovation', the clinical trials team was chosen as the annual winner of the 'Making an outstanding contribution' (team) GEM award and Phoebe Price was chosen as the annual winner of the 'making an outstanding contribution' (individual) GEM award.

Long service awards

In July 2018 the Trust celebrated the long service that many of our staff have given to the NHS. In total the Trust presented 172 awards and a further 41 awards were collected after the event. The awards were issued over six categories: 25 five years' service (47 awards); 30 years' service (54 awards); 35 years' service (45 awards); 40 years' service (20 awards); 45 years' service (6 awards) and 50 years' service (3 awards). Staff received a personal invitation to the event to be presented with their award.

NHS70 – 70 years of the NHS

As a Trust we marked the 70th anniversary of the NHS in July. A celebratory cake was cut by Jane Ives, Trust managing director assisted by staff members who had individually clocked up more than 50 years NHS service. They also hoisted a new hospital flag created especially to mark the anniversary.
The Trust also created a new Facebook page (My NHS Herefordshire) which contains old photographs of life at hospitals in the county throughout the decades.
The events were supported by a range of local companies, shops and Unison who provided the NHS70 cakes for the various Trust sites.

Two trust employees attended the special birthday celebration held at Westminster Abbey. The event included hearing about experiences from both patients and colleagues.

The Trust received two large birthday cards from Unison and The Labour Party thanking staff for their hard work and dedication to the local community.

A showcase of clinical excellence

On February 15, 2019, the Trust held a day to celebrate clinical excellence, with two keynote speakers, ten presentations and a roomful of displays and posters. It also included a presentation of awards to Trust staff, nominated by Trust staff.

Our #AmazingWVTApprentices

As a Trust we are absolutely committed to supporting local people and our employees through the apprenticeship schemes and qualifications, as we recognise the huge value that they bring to our organisation. The Trust managing director Jane Ives took part in an engagement session on December 3, 2018 with a cohort of apprentices from across the Trust who shared their experiences so far.

Employee health and well-being

The Trust's 'Fit to Work' scheme, set up to improve the health and well-being of staff, continues to provide a platform that encourages both achieving and maintaining a healthy lifestyle. Developments in the last 12 months include:

- 69.08 per cent of clinical staff and 62.2 per cent of staff overall were vaccinated for flu
- A mental health awareness day was undertaken in the Trust and in the community
- The establishment of mental health first aid trainers who can help identify when staff may not be well and signpost them to both Occupational health as well as outside agencies
- A health and well-being day where staff could have their cholesterol and blood glucose measured, their blood pressure taken and general health and well-being advice given. The counselling service was also on hand to give advice. Local gym Halo and a dietician also attended
- Resilience training continues for those who are returning to work after time off with stress, anxiety or depression as well as any member of staff that feels this training would benefit them
- A stress awareness roadshow was undertaken to coincide with the National Stress Awareness day in November 2018
- A Health and well-being employee of the month acknowledgement continues, to celebrate those employees who have made a real difference to their physical and mental health
- Every member of occupational health has a nominated area within the Trust where, on a monthly basis, they offer direct support to staff and managers
- A weight loss clinic was undertaken after Christmas for those staff wanting to lose weight to improve their health and well-being

Freedom to Speak Up

The Trust has the Freedom to Speak Up (FTSU) 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. The policy is led by a FTSU guardian, Den Macpherson who is supported by a number of FTSU 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.

Staff are supported with various methods of reporting concerns.

- Reporting to a line manager
- Open door session with the Trust managing director
- An anonymous online system 'Rumour Mill' where questions are asked by staff
- FTSU champions
- FTSU guardian

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 FTSU guardian.

During the last 12 months, 21 concerns were reported of which 16 have been concluded and five are still being investigated.

Education and development

This year, education and development has continued to work to improve and enhance training and development opportunities for all staff across the Trust. We have continued to work in collaboration with the STP, higher education institutes, Health Education England and NHSI focusing our work in accordance with local and national drivers and leading and being involved in key projects and initiatives supporting new ways of working and the development of new roles.

The team is working to support the development of elearning resources and clinical skills acquisition using a multiprofessional approach, enhancing learning through simulation, management and leadership development and formation of learning academies to focus on the development of key staff groups.

Achievements

- Our executive team designed and recruited a new role of associate medical director for education demonstrating a commitment to education development and a recognition of the need for multiprofessional education rather than splitting medical from non-medical
- An education strategy was drafted by the new associate medical director and team through wide consultation with stakeholders; this strategy has been praised by Health Education England and will be used as an exemplar of good practice on the National Association of Clinical Tutors (NACT) website as well as being commissioned for an article in the NACT journal
- A multiprofessional education core faculty group was convened by the Associate medical director, which meets monthly and includes discussions regarding high level education progress throughout the Trust
- We also designed and recruited a new role of divisional accountant for education in order to work purely with the learning and development agreement (education funding stream) to ensure all monies are correct and governance is transparent

Medical education

- An undergraduate medical education review undertaken by the University of Birmingham medical school provided positive feedback highlighting educational leadership and Trust dedication to education; it was noted that there was a “potential to be outstanding”
- Appointments to consultant educational roles, both undergraduate and postgraduate, have resulted in approximately 100 consultants now in educational roles in the Trust.
- All educational and clinical supervisors have an educational appraisal reviewed by Associate medical director for education before recommending them to the General Medical Council (GMC) for accreditation
- As part of a 2018 GMC survey all eight college tutors met the Associate medical director for education to review red2green (visual system used to ensure best use of patients’ time to ensure a timely discharge) areas and formulate action plans. As a result, general surgery has had extra support for its bespoke development programme. Health Education England has complimented the Trust on its survey results for the year

Non-medical achievements this year include:

- Review of mandatory and statutory training delivery with emphasis on streamlining core skills through the promotion of e-learning and supporting the acquisition of essential, nonclinical and clinical skills through a blended flexible approach to learning
- Involvement in the development of the admin academy and planning and implementation of a Clinical support worker academy

- Continued development of new roles and ways of working including nursing associates and physicians associates working alongside clinical colleagues and leads and higher education institutes
- Planning and introduction of new Foundation Group approach to leadership development
- Utilisation of apprenticeship levy to support key areas of development including Institute of Leadership and Management courses, administration and trainees nursing associates
- Continued support of 'return to practice' nursing programmes in partnership with higher education institute
- Development of new and enhanced preceptorship programmes for newly qualified practitioners incorporating leadership
- Expansion of placement provision for preregistration health care professional programmes
- Continued success in the delivery of a clinical work experience programme for young people across Herefordshire and attending careers advice events

Delivery of Health Education England sponsored projects

- Trained 13 mental health first aid training instructors and commenced roll out of training across the STP, with projected number of 300 staff trained by summer 2019
- Delivery of rotational paramedic project to investigate ways to enable paramedics to work differently in responding to the urgent care needs of patients
- 35 international nurses trained to become registered with the Nursing and Midwifery Council through the international objective structured clinical examination programme
- Involvement in the delivery of a primary care home project focusing on the development of a training and skills plan across primary care home sites
- Hosted falls, fractures and frailty training programme across the STP
- Commencement of a project to scope the existing work and capacity to deliver a Certificate of Eligibility for specialist registration doctors and to review and revise current postgraduate medical teaching programmes offered across the STP.

National apprentice week

To celebrate National apprentice week in March, our practice education team provide an awareness stand to promote nursing associate roles; a role that bridges the gap between healthcare support workers and registered nurses.

Trust launch the Support Worker Academy

The Trust launched a Support Worker Academy for staff on March 25, 2019. This academy ensures the organisation's own standards, values and codes of behaviour are complied with by non-clinically qualified staff such as support workers. As a training provider, the academy will also offer a unique package of acute and community placement training and qualifications to our workforce. This will create a system of 'growing your own' support staff via the apprenticeship route. This will ensure that our care values of compassion, accountability, respect and excellence will be explicit within our care delivery. It is vital for our organisation to have the confidence in our own staff to deliver our vision and values of personalised care throughout their daily work.

Social media and recruitment

Social media

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 as well as develop and nurture an online talent pool of both nurses and students.

Nurse open day

The nurse open day, held in February was well attended with more than a dozen potential new recruits meeting a variety of staff from various disciplines before being given a tour of the hospital. Its aim was to introduce potential new staff members to the Trust, with a team on hand to talk about how the Trust can help individuals reach their potential.

Franklin Barnes windows promote A-Z of local NHS jobs

New advertising vinyls are in place on the windows of Franklin Barnes building, Blue School, Street, Hereford. These promote an A-Z of NHS jobs to help people understand that while we need nurses, we're recruiting for a range of other professions and specialities. This is part of the Trust's drive to recruit and retain staff. Figures indicated a vacancy rate of 6.1 per cent and a staff turnover of 11.9 per cent. The nursing and medical vacancies have decreased due to continued international recruitment campaigns in the last 12 months.

Flying the flag for local schools

Throughout February, recruitment and education staff promoted the NHS as a place to work and develop careers. Staff attended locals schools within the county, meeting more than 1000 pupils. Events attended included the Trust taking part in a career discussion event at Hereford Academy on February 7 with 130 pupils from Year 9. Similar events will be held across other secondary schools in Herefordshire in the future.

Agency nursing partnership

In September 2017, the Trust successfully introduced a master vendor contract for the supply of agency nurses across the Trust, this contract was renewed for a second year in 2018. The Trust remains more reliant on agency than we would like to be and our aim is to recruit our own nurses either to substantive or bank roles. The Trust is in the process of reviewing our 'bank offer' to incentivise our own staff to work additional shifts. Inevitably there will be a requirement for agency nurses and by using a single supplier we are able to benefit from a streamlined booking process and reduced administration overheads.

Agency medical partnership

The medical agency reduction programme commenced in July 2018 and consists of the following five key elements:

- Executive leadership
- Improved controls
- Introduction of technology
- Improved use of internal bank and better recruitment
- Better procurement

Improvements are as follows:
We have seen an agency reduction both in cost and volume. This is predominantly due to not filling vacant shifts and increased controls around booking agency staff; with a particular focus on ensuring the shifts worked do not exceed the original booking.
The Direct Engagement (DE) agency position has improved once again with the percentage of shifts covered with a DE agency increasing significantly from 68 per cent to 77 per cent. The individual DE agencies usage has actually decreased from December 2018 to January 2019 by 3 per cent; the shift increase has therefore been achieved through a focus on ensuring DE agencies are used for areas requiring a high volume of shifts to be covered.
The 9 per cent increase in DE shifts is reflected in the VAT saving; we have seen an increase from £41,000 to £49,000. This is especially positive considering the overall agency spend has reduced; the avoidable VAT paid has reduced by £5,000.
The Trust is actively working to replace high cost agencies with lower cost agencies and/or DE agencies, or to replace with bank or substantive staff. It continues to work on plans to replace or eliminate the requirement for long term agencies.

Areas where improvements are required include:

- A reduction in bank volume, but an increase in cost. This is partially due to staff switching from agency to bank and new junior grade supernumerary posts in the ED being supported by middle grades and consultants.

- Middle grade and junior grade costs have remained almost static. However, consultant costs have increased by 6 per cent. This could be due to lower paid agency consultants switching to bank.

Medical agency reduction plan - action plan update

- Board level and Challenge Board dashboards – these are now in regular use but with continual improvement
- Agency reduction project team formed in September 2018 meeting fortnightly to progress both rapid improvement work and medium work
- Fortnightly agency reduction challenge board meetings commenced in November 2018
- Top 10 earners and longest serving with fortnightly updated action plan (to be provided at the Challenge Board meetings)
- Priority high impact areas identified
- Tighter controls around agency timesheet ‘sign off’
- Recruitment drive and ‘live’ vacancy tracker to ensure a continual proactive approach to combat vacancies
- Revised job plan policy for ratification in February 2019
- Bank and WLI review and analysis underway to gain a greater understanding of spend.
- Overarching trustwide agency reduction project plan implemented in February 2019
- Technology – e-rostering with annual leave/study leave incorporated – delayed due to a reduction in the amount of expected emergency funding
- Develop controls – monthly reporting, divisional accountability, Trust defined escalation rates with executive sign off, medical agency reduction programme board chaired by finance/medical director
- Workforce review – review of workforce at specialty level; consultant job plan review
- Develop further internal bank facilitated by electronic

Public

Charitable funds

Wye Valley Hospital NHS Trust Umbrella Charity has the overriding aim of investing funds in a way that will benefit staff and patients. The focus is on raising money for where it is needed most but in areas not covered or fully supported by NHS funding.
The Charity comprises 37 funds and totalled £1,377k at the end of March 2019. During 2018/19, the Charity received donations of £498k and made expenditure of £348k.
The Trust has either spent or committed significant sums from its charitable funds in the last year. The most material of these was the purchase and installation of a new Gamma Camera which went live in April 2019. In addition, the Trust has committed to developing a new gynaecological assessment area. Both of these investments will ensure that the Trust continues to develop its services and to offer patients better facilities.

The Born Sleeping Appeal (target £75k)

In December 2017 the Trust's charity launched The Born Sleeping Appeal, with a target of £75k, to create a dedicated maternity bereavement suite, designed for mothers experiencing pregnancy loss. Families who lose a baby will be able to stay in the private space for as long as they wish after the birth.
The target sum was reached during 2018 and the Trust would like to thank everyone who contributed so generously in terms of time and money in order to achieve this target.
The scheme, which will consist of three rooms; a delivery room; an ensuite family room; and a room for counselling, are due to open in summer 2019.

Complaints

During 2018/19 the patient engagement committee has continued to meet under the leadership of the deputy director of nursing. The members have experienced a wide range of services and are drawn from across the local community. Together they have used their experience to provide feedback and influence direction on Trust initiatives including;

- The carers' charter
- Participation in PLACE
- Reviewed and advised on proposed developments including plans for new wards

Complaints year on year

2016/17	284
2017/18	231
2018/19	299

During 2018/19 there has been an increase in the number of complaints received compared to the previous years. 57 per cent of these were about experience in the surgical division. Failure or delays in treatment was the highest reason for complaint.
Further work this year has been undertaken to review the process with complaints, incidents and claims.

5 Appendices

Corporate governance report

During 2018/19 the Board comprised 11 voting Directors. In addition to this there were also four non-voting Executive directors and the Company secretary in attendance.

Board of directors as of March 31, 2019

Non executive directors

Russell Hardy Appointed: November 2016	Chairman, Chair of Remuneration and Terms of Service Committee Attended: 12/12 Board Meetings
Mark Waller Appointed: August 2011 Reappointed: August 2017	Deputy Chairman, Senior Independent Director Attended: 12/12 Board Meetings
Frank Myers MBE Appointed: November 2011 Reappointed: April 2018	Chair of Charitable Funds Committee Attended: 12/12 Board Meetings
Richard Humphries Appointed: November 2014 Reappointed: December 2016	Attended: 10/12 Board Meetings
Andrew Cottom Appointed: November 2014 Reappointed: December 2016	Chair of Audit Committee Attended: 11/12 Board Meetings
Reverend Christobel Hargraves Appointed: July 2015	Chair of Clinical Quality Committee Attended: 12/12 Board Meetings

Executive directors and advisors

Glen Burley Appointed: November 2016	Chief Executive Attended: 11/12 Board Meetings
Jane Ives Appointed: November 2016	Managing Director Attended: 12/12 Board Meetings
Howard Oddy Appointed: July 2007	Director of Finance & Information Attended: 11/12 Board Meetings
Lucy Flanagan Appointed: September 2016	Director of Nursing Attended: 11/12 Board Meetings
Charles Ashton Appointed: December 2017	Medical Director Attended: 7/9 Board Meetings
David Mowbray Appointed: March 2018, becoming medical director in March 2019	Operational Medical Director Attended: 9/12 Board Meetings
Jon Barnes Appointed: April 2015	Chief Operating Officer Attended: 9/12 Board Meetings
Sue Smith Appointed: October 2016	Director of Human Resources & Organisational Development Attended: 10/12 Board Meetings
Nicola Foreman Appointed: May 2008 Left : July 2018	Associate Director of Corporate Governance and Company Secretary Attended: 4/4 Board Meetings
Erica Hermon Seconded : July 2018 Appointed : January 2019	Associate Director of Corporate Governance and Company Secretary Attended: 8/8 Board Meetings
Alan Dawson Appointed: October 2016	Director of Strategy and Planning Attended: 12/12 Board Meetings

Register of board of directors' interests – as at March 31, 2019

Board Member	Designation	Declared Interest
Charles Ashton	Medical Director	South Warwickshire NHS Foundation Trust – Medical Director
Jon Barnes	Chief Operating Officer	No declared interests
Glen Burley	Chief Executive	South Warwickshire NHS Foundation Trust – Chief Executive George Eliot Hospital NHS 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	No declared interests
Nicola Foreman	Associate Director Corporate Governance / Company Secretary	Hereford Community Foundation – Trustee / Company Secretary Safe Ventures Ltd – Company Secretary
Russell Hardy	Chairman	Nuffield Health – Chairman Maranatha I Ltd (trading as Fosse Healthcare Limited and Fosse ADPRAC) – Chairman and Majority Owner South Warwickshire NHS Foundation Trust – Chairman George Eliot Hospital NHS 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
Erica Hermon	Associate Director Corporate Governance / Company Secretary	No declared interests
Richard Humphries	Non-Executive Director	University of Worcester – Visiting Professor Humphries Associates Ltd - Director
Jane Ives	Managing Director	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

The Trust has an up-to-date policy and register of interest for decision-making staff. The register will soon be published, as required by the 'Managing Conflicts of Interest in the NHS' guidance. In the meantime, copies of the register can be obtained from the Company Secretary Erica.hermon@wvt.nhs.uk

Annual Governance Statement 2018/19

1 Scope of responsibility

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

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 March 31, 2019 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

a. Leadership of 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 BAF. 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 BAF 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.

The Executive Risk 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, Clinical Support and Corporate Divisions risks rated 15 (extreme) and above
- New risks opened during the previous month rated 15 (extreme) and above
- The BAF before presentation to the Board of Directors on a quarterly basis

- A deep dive by rotation of all divisional risks rated 12 (high) and above

A Corporate Division 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
- Quality and safety (Patient safety and risk management)

The Corporate Division 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
- A deep dive by rotation of all of each functions' risks
- New risks

The Health and Safety Committee was chaired by the Chief Operating Officer until September 2018 after which it became the Health, Safety and Well-being committee chaired by the Associate Director of corporate governance. The committee ensures the Trust discharges its health, safety and well-being duties, by setting strategy, monitoring health, safety and well-being performance, reviewing audit findings, and agreeing plans. The ommittee reports to the Executive Risk Committee.

b. Training

Over the past two years, all risk registers have been moved to the 'Datix' system, web-based incident reporting and risk management software, ensuring a standardised format and approach to risk capture and management. Over the last 12 months, risk management training has continued to be provided on an individual basis. The patient safety manager has directed staff to the Trust's procedural document to guide them on completing risk assessments on Datix which are completed by the risk owner.

4 The risk and control framework

a. Audit opinion

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

The factors and findings which informed the audit opinion were, of the six reports issued to date the internal auditors have issued three positive (either a substantial or reasonable) assurance opinions, one negative (partial) assurance opinion and two advisory reports on Corporate Governance and Data Security Protection toolkit.

b. 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 April 5, 2018. The strategy was developed to support the delivery of strategic objectives, comply with legal and statutory requirements, national guidance and National Health Service Resolution 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 BAF 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. The strategy is supported by a Risk Management and Assurance procedure with provides further guidance to staff.

c. 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.

d. 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.

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 the Corporate Division risk register.

g. Board Assurance Framework
For 2018/19, the Trust Board maintained its review of strategic risk and extreme operational risks, on a quarterly basis, through the Board Assurance Framework (BAF). The BAF 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 BAF supports the organisation in delivering a sound system of internal control and provides evidence to support the Annual Governance Statement.

These risks have been reviewed monthly by the Trust's Executive Risk Management committee and quarterly by the Board of Directors. At the March 31, 2019, the following risks were on the Board Assurance Framework. 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 NHS Institute for Innovation and Improvement, NHS England and the CCG.
- That patients receive poor care due to the lack of acute bed capacity at the county hospital site resulting in sub optimal patient experience and outcomes
- To performance due to the medical rota being insufficient to meet clinical needs resulting in delays in care and the non-achievement of the four hour standard and sub optimal outcomes and experiences

- Of continued poor performance against the four hour standard due to failure of patient flow improvement work resulting in continued poor patient flow and long waits in the ED
- That the use of 'escalation' areas creates a direct risk to patient safety due to: the unsuitability of the physical space; clinical staffing constraints; providing access to areas which are normally restricted e.g. ITU and theatres
- Of not meeting RTT national plan requirements due to insufficient commissioned activity and underperformance due to bed pressures / theatre capacity
- Of continued high turnover of nurses and support staff due to inflexible working practices, lack of engagement and leadership resulting in high cost agency and difficulty recruiting
- Of poor clinical performance due to being unable to recruit to consultant vacancies resulting in the use of agency staff and a lack of capacity to deliver national standards
- That failure to have a comprehensive roster system (both for medical and nursing) in place impacts upon the ability to proactive book staff and undertake reporting of effectiveness resulting in an inability to interface with external agencies in the timely and effective provision of agency staff
- That Staff engagement scores are lower than national average leading to reduced recruitment and increased turnover
- Of impaired management of the medical workforce due to the absence of a policy framework in relation to leave, study leave, Clinical Excellence Awards etc. resulting in poor job planning, productivity and service planning
- Of delivery to the financial plan due to the emergence of unbudgeted cost pressures resulting in deteriorating financial deficit position
- That the £6m deficit currently sat on the Wye Valley books is not satisfactorily resolved by WVT/CCG/NHSE/ NHSI
- Of failure to hit the Trusts financial plan and achieve PSF including failure to identify and deliver the full CPIP value of £10.9m
- That the Trust is unable to comply with the agency cap due to high levels of vacancies in nursing and nursing support staff (and medical) resulting in the use of high cost agency spend
- To a number of services such as cardiology, diabetes, plastics, vascular etc. due to workforce, efficiency, quality and lack of capacity resulting in the services being fragile
- That poor recruitment to home first and Hospital@Home Services restricts capacity to care for patients at home
- To the delivery of the Digital Strategy due to a lack capital and lack of capacity in IT project support leading to non-delivery

The following strategic risks were closed during the financial year 2018/19:

- If the modular 24-bed AMU is not operationally by December 17, 2018 there is a risk that: the Trust will not be able to meet demand for winter pressures; NHSI will reclaim capital costs; and, associated reputational risk

The following strategic risk was added to the BAF during the financial year 2018/19:

- That, as the profile of the whole workforce shows a high risk of retirement in the next 12 months are at retirement age (or will be in the next 12 months), the Trust is at risk of not being able to meet its priorities and statutory requirements

h. Future Strategic Risks 2019/20

Future strategic risks for 2019/20 will be managed through the BAF 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.

i. Well-Led

The CQC reinforces the strong link between the quality of overall management of a trust and the quality of its services. For that reason, at their inspection in June/July 2018, they considered the quality of leadership at every level. They also looked at how well the Trust manages the governance of its services including how well leaders continually improve the quality of services and safeguard high standards of care by creating an environment for excellence in clinical care to flourish.

Of the 13 individual services inspected across the whole Trust, the CQC rated 'well-led' as 'good' for 11 services and only two services as 'requires improvement'.

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
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 since but is currently under review. 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.
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	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

	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.		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 executive reviews performance within the divisions on Finance, quality, performance and workforce. Material risks are managed through the Trust's BAF which were cross referenced to the nine Point Strategic Plan. Internal and external assurance is provided through the Trust internal and external auditors. The Trust's provision of legal services is outsourced via a framework arrangement.
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.		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
6	The Board is satisfied that there are systems		The Board of directors comply with the Fit

	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.		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 2019.

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.

Quality Impact Assessments
Quality Impact Assessment (QIA) 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 Cost and Productivity Improvement Plan impacting upon quality.

Equality duty
Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. EIAs are also undertaken to ensure there is no potential to cause adverse impact or discriminate against different groups.

Workforce strategies and staffing systems
Quarterly updates are provided to the Board to demonstrate progress against the Workforce Strategy. The Workforce Strategy describes how we will create the workforce we need to deliver our vision of Right Care, Right Place, Right Time…Every Time. The workforce strategy and underpinning action plan sets out our strategic priorities, the approach we will take over the next five years to deliver them, and is key to the delivery of our clinical strategy. The Board has had various workshops on the initiatives in progress to deliver the workforce we need. Included is staff engagement and the nurse and medical agency reduction programmes in which recruitment (including overseas) and retention of permanent staff are major themes. The Trust will be implementing the newly published 'developing workforce safeguards' set of guidelines on workforce planning which include new recommendations on reporting and governance approaches.

Incident reporting
Incident reporting is well established and embedded within the Trust and each month 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.

I. Other

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 members' pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

2018/19 has been challenging for Wye Valley NHS Trust both operationally and financially. To ensure ongoing monitoring and scrutiny, operational and strategic plans are reviewed by the Board. Budget setting each year involves detailed analysis by qualified accountants within the finance team using current year actuals as a baseline. The team then works with departments and managers to review their proposed budgets, making amendments based on their input as required.
Non-executive and Board challenge ensures that resources are planned on an economic, efficient and effective basis.
Overall performance is monitored via the Board meetings by executive-led divisional finance and performance monthly meetings.
Operational management and the co-ordination of services are delivered by the division which comprise divisional directors of operations, associate medical directors and divisional directors of nursing.
The Trust's internal audit operational plan includes sections on financial assurance and managing resources effectively; the findings of all audits are reported to the audit committee.
There is also scrutiny as to the economy, efficiency and effectiveness of the use of resources as part of the external audit plan.

The Trust had significantly improved the governance arrangement relating to the CPIP to help change the emphasis from just cost savings. 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 QIA and an EIA are undertaken. To ensure outcomes and timescales are understood, where required, project charters and plans are developed.
The Trust achieved a saving of £10.0m during 2018/19

6. Information Governance

There were seven data security breaches during 2018/19, of which four did not have to be reported to the Information Commissioner's Office (ICO). There were, however, three

breaches that were reported to the ICO, one of which related to a deliberate breach and which was dealt with under the Trust's disciplinary procedures. A final written warning was issued to the staff member. The ICO outcome was no further action from them, as they stated the action taken by the Trust was proportionate to the breach.
The numbers reported are considerably lower this year to last year owing to a different methodology being applied within the new incident reporting tool.

The breaches were the following types:

Breach Type	Volume
Disclosed in error	6
Non secure disposal	0
Lost / stolen paperwork	0
Unauthorised access / disclosure	1
Other	0
Total	7

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 Clinical Quality Committee provides the Trust Board with assurance on Quality for the organisation. Quality Accounts were published on NHS Choices on June 30, 2018. They had been approved by the Trust Board prior to publishing and had been reviewed by stakeholders Herefordshire and Powys CCGs, Herefordshire Healthwatch and Herefordshire Council Health Overview and Scrutiny Committee.
The Quality Account for 2018/19 was presented to the Audit Committee for review on 23 May 2019 with a recommendation for approval to the Board of directors on the same day.
The Trust's external auditors, Grant Thornton, undertake an assurance audit on the Quality Account each year and then present their findings to the Audit Committee.
Quality and accuracy of data is provided by the auditor undertaking a review of two subject areas each year. For 2018/19 the auditors will be reviewing two performance indicators these are:

- Venous thromboembolism (VTE);
- Clinical incidents.

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 2018/19

During 2018/19, 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
- Director of finance and information
- Medical director
- Director of nursing
- Managing director

In attendance at the Board of Directors is also the Chief operating officer, Director of human resources and organisational development and the 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 its functions, these are:

- Audit committee
- Remuneration and terms of service committee
- Clinical Quality Committee
- Charitable funds committee

The Trust Board met formally on 12 occasions during the financial year and achieved an overall attendance rate of 92.4 per cent. The Board had a work plan in place which is developed around the Trust's nine point plan.

b. 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 100 per cent. 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 2018/19, 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 includes the Chairman of the Trust Board and the Chief executive. The Committee met on three occasions during the financial year and achieved an attendance rate of 76.1 per cent. The Director of human resources and organisational development is 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
- Andrew Cottom – Non executive director
- Christobel Hargraves – Non executive director
- Richard Humphries – Committee chairman
- Frank Myers MBE – Non executive director
- Mark Waller – Non executive director
- Glen Burley – Chief executive

The Committee approved a work plan for 2018/19, 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 86.1 per cent. The Company Secretary maintains corporate oversight of the governance arrangements of the committee.
During the year, the committee approved a work plan for 2018/19 and key priorities for quality improvement.

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 per cent. The Charitable funds committee approved a work plan for 2017/18 which covered the following key areas:
- Strategy
- Governance
- Finance

Conclusion
There are a small number of internal control issues which have been identified.
The Head of Internal Audit's opinion for 2018/19 is that "*the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure it remains adequate and effective*".

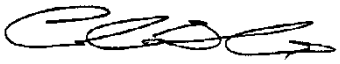
The factors and findings which informed the audit opinion were, of the six reports issued to date the internal auditors have issued three positive (either a substantial or reasonable) assurance opinions, one negative (partial) assurance opinion and two advisory reports on Corporate Governance and Data Security Protection Toolkit.

In addition, the Health and Safety Executive (HSE) have identified contraventions of health and safety law and consequently two improvement notices have been issued to the Trust in relation to poor standards of sharps management. The action plan being implemented by the Trust will ensure we comply with the measures required of the improvement notices.

The Trust also continues to face the following significant issues:
- Difficulty in achieving the four hour target in ED and the RTT
- Difficulties in recruiting and retaining nursing and medical workforce resulting in high cost agency spend
- A challenging financial deficit position of £42.5m and a CPIP of £6 m

Accountable Officer: Glen Burley

Organisation: Wye Valley NHS Trust

Signature 

Date 28 May 2019

Remuneration of staff

Statement on policy on remuneration

All executive directors at WVT were confirmed as being paid in line with the 'established' pay ranges listed for small acute NHS trusts and foundation. The salaries of all executive directors were increased in line with the recommendations of the NHSI in their guidance on the annual cost of living increases, backdated to 1 April 2018.

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.

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). Current rates are £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.

Salaries and allowance table (subject to audit)

Name	Title	Duration	Note	2018/19					
				Salary (bands of £5,000)	All taxable benefits (nearest £100)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
				£000	*£*	*£000*	*£000*	*£000*	*£000*
S Smith	Director of People and Development			95-100				15-17.5	110-115
H Oddy	Director of Finance			110-115				2.5-5	115-120
L Flanagan	Director of Nursing			100-105				20-22.5	120-125
J Barnes	Chief Operating Officer			100-105				17.5-20	115-120
G Burley	Chief Executive		1	40-45	1,100				40-45
J Ives	Managing Director		1	125-130	5,200			0-2.5	130-135
C Ashton	Medical Director	Left Jan 19	1	25-30	900				25-30
D Mowbray	Medical Director	From Feb 19		25-30				5-7.5	30-35
R Hardy	Chairman			15-20					15-20
F Myers MBE	Non Executive Director			5-10					5-10
M Waller	Non Executive Director			5-10					5-10
R Humphries	Non Executive Director			5-10					5-10

A Cottom	Non Executive Director			5-10					5-10
C Hargraves	Non Executive Director			5-10					5-10

Note 1 Directors were seconded from South Warwickshire NHS Foundation Trust for a proportion of their time and the remuneration identifed reflects this.

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 2018/19 the median salary based on annualised full time equivalent hours was calculated to be £25,346 pa (2017/18, £24,624 pa). The highest paid director at Wye Valley NHS Trust in the financial year 2018/19 was £167,500 full year effect (2017/18, £135,750). This was 6.6 times (2017/18, 5.5) the median salary of the workforce. The movement relates to a change in the make-up of the Board of Directors. The median salary has increased by 2.9 per cent from the previous year.

Salaries paid by the Trust on a full time equivalent basis, varied between £17,460 and £379,560 per annum.

The following Directors were shared appointments with South Warwickshire NHS Foundation Trust and their full salaries were as follows; G Burley, £200k-205k; J Ives, £125k-£130k; C Ashton, £210k-215k (of which £140k-£145k related to a clinical consultant role).

In 2018/19, 18 employees received remuneration in excess of the highest paid director based on payment received in the year. Remuneration relating to these employees was in a range between £132k and £380k. 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.

D Mowbray's remuneration included £20k payable for his role as a Consultant Surgeon for the Trust. The significant increase in pension related benefits is related to an increase in pay as a result of taking up the post of Medical director.

The taxable benefits identified and applicable to some of the Directors relate to the provision of a lease car.

Pension benefits 2018-19 (subject to audit)

Name	Title	Real in-crease in pension at 60 (£2500 bands)	Real increase in lump sum at 60 (£2500 bands)	Accrued pension at 60 as at 31.3.19 (£5000 bands)	Accrued lump sum as at 31.3.19 (£5000 bands)	Cash equivalent transfer values as at 1.4.18	Real increase in cash equivalent transfer value	Cash equivalent transfer values as at 31.1.19	Employ- er's con-tribution to stake-holder pension
		£000	£000	£000	£000		£000		£000
J Ives	Managing director	0-2.5	2.5-5	55-60	165-170	1,096	132	1,261	18
S Smith	Director of HR and Organisational Development	0-2.5	0	35-40	100-105	675	82	790	
H Oddy	Director of Finance	2.5-5	0	50-55	150155	995	107	1,147	
L Flanagan	Director of Nursing	0-2.5	0	30-35	70-75	479	73	581	
D Mowbray	Medical Director	0-2.5	0	35-40	90-95	656	13	769	Commenced role in Feb 2019
J Barnes	Chief Operating Officer	0-2.5	0	40-45	105-110	742	95	873	

Note

J Ives, although included in the remuneration report, is excluded from the pensions benefit report. Her pension details are recorded by the employing authority, (South Warwickshire NHS Foundation Trust).

The real increase in D Mowbray's cash equivalent transfer value has been apportioned for the two months for which he has held the role.

Off payroll engagements

Table 1: Off Payroll engagements longer than 6 months

	Number
Number of existing engagements as of 31 March 2019	37
Of which the number that have existed:	
For less than one year at the time of reporting	21
For between one and two years at the time of reporting	5
For between two and three years at the time of reporting	3
For between three and four years at the time of reporting	3
For four or more years at the time of reporting	5

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 2018 and 31st March 2019	21
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	21
Of which:	
Assurance has been received	21
Assurance has not been received	0
Engagements terminated as a result of assurance not being received	0

Consultancy expenditure

The Trust spent £54k in 2018/19 on consultancy services relating to IT and Business Analyst services.

Exit packages

The Trust reported no exit packages in 2018/19.

Compensation for loss of office (subject to audit)

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

Staff Sickness

Staff sickness absence and ill health retirements

	2018/19	**2017/18**
Total days lost	30,207	26,493
Total staff years	2,691	2,644
Average working days lost per person	11.23	10.02
Number of persons retired early on ill health grounds	4	1

Workforce by ethnicity as at March 31, 2019

Ethnic Origin	Ethnic Description	Headcount	%
A	White – British	2807	84.07
B	White – Irish	15	0.45
C	White – Any other White background	97	2.91
D	Mixed – White and Black Caribbean	5	0.15
E	Mixed – White and Black African	3	0.09
F	Mixed – White and Asian	9	0.27
G	Mixed – Any other mixed background	3	0.09
H	Asian or Asian British – Indian	125	3.74
J	Asian or Asian British – Pakistani	23	0.69
K	Asian or Asian British – Bangladeshi	7	0.21
L	Asian or Asian British – Any other Asian background	48	1.44
M	Black or Black British – Caribbean	9	0.27
N	Black or Black British – African	33	0.99
P	Black or Black British – Any other Black background	1	0.03
R	Chinese	9	0.27
S	Any other ethnic group(including Filipino)	48	1.44
Z	Not Stated	97	2.91
Grand total		**3339**	**100%**

Gender split for general staff

Female	2809
Male	530
Total	3339

Gender split for Trust Board

Female	5
Male	10
Total	15

Nb includes one South Warwickshire Foundation Trust staff (chief executive)

Workforce profile 2018/19 as at March 31, 2019

Staff group	Head count
Add Prof Scientific and Technical	131
Additional Clinical Services	757
Administrative and Clerical	753
Allied Health Professionals	269
Estates and Ancillary	98
Healthcare Scientists	65
Medical and Dental	322
Nursing and Midwifery Registered	942
Students	2
Grand total	**3339**

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, safety and wellbeing committee, which reports to the Executive Risk Committee.

Health at Work

The Trust provides occupational health services for all staff with an on-site health@work department.
The health@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.

Wye Valley NHS Trust

Annual accounts for the year ended 31 March 2019

Statement of Comprehensive Income

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	3	168,940	166,249
Other operating income	4	17,080	22,249
Operating expenses	5, 7	(220,243)	(214,079)
Operating surplus/(deficit) from continuing operations		**(34,223)**	**(25,581)**
Finance income	10	64	24
Finance expenses	11	(8,302)	(7,622)
Surplus / (deficit) for the year from continuing operations		**(42,461)**	**(33,179)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		**-**	**-**
Surplus / (deficit) for the year		**(42,461)**	**(33,179)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	(2,822)	(7,454)
Revaluations	14	58	139
Total comprehensive income / (expense) for the period		**(45,225)**	**(40,494)**

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.

NHSI Control Total

The Trust's deficit position is £42,461k once technical adjustments relating to impairment of assets and donated asset adjustments are accounted for, which exceeds the control total of £27,222k before application of PSF (£22,801k after PSF is applied). The control total was set by NHSI for the Trust to deliver against.

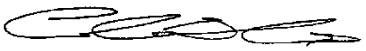
The notes on pages 6 to 53 form part of this account.

Statement of Financial Position

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Intangible assets	12	11,091	9,459
Property, plant and equipment	13	78,205	74,880
Receivables	17	264	206
Total non-current assets		**89,560**	**84,545**
Current assets			
Inventories	16	3,028	3,426
Receivables	17	10,677	12,049
Cash and cash equivalents	18	4,767	4,931
Total current assets		**18,472**	**20,406**
Current liabilities			
Trade and other payables	19	(25,551)	(23,156)
Borrowings	20	(45,118)	(19,822)
Provisions	22	(44)	(43)
Total current liabilities		**(70,713)**	**(43,021)**
Total assets less current liabilities		**37,319**	**61,930**
Non-current liabilities			
Borrowings	20	(148,360)	(132,278)
Provisions	22	(989)	(1,044)
Total non-current liabilities		**(149,349)**	**(133,322)**
Total assets employed		**(112,030)**	**(71,392)**
Financed by			
Public dividend capital		26,617	22,030
Revaluation reserve		14,092	16,928
Income and expenditure reserve		(152,739)	(110,350)
Total taxpayers' equity		**(112,030)**	**(71,392)**

The notes on pages 6 to 53 form part of these accounts.

The financial statements on pages 2 to 5 were approved by the Board on 23 May 2019 and signed on its behalf by:



Name Glen Burley
Position Chief Executive
Date 23 May 2019

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	**22,030**	**16,928**	**(110,350)**	**(71,392)**
Surplus/(deficit) for the year	-	-	(42,461)	**(42,461)**
Transfers by absorption: transfers between reserves	-	-	-	**-**
reserve for impairments arising from consumption of economic benefits	-	-	-	**-**
Other transfers between reserves	-	-	-	**-**
Impairments	-	(2,822)	-	**(2,822)**
Revaluations	-	58	-	**58**
Transfer to retained earnings on disposal of assets	-	(72)	72	**-**
Public dividend capital received	4,587	-	-	**4,587**
Taxpayers' equity at 31 March 2019	**26,617**	**14,092**	**(152,739)**	**(112,030)**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£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)**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2018/19 £000	2017/18 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(34,223)	(25,581)
Non-cash income and expense:			
Depreciation and amortisation	5.1	5,032	3,495
Net impairments	6	359	6,967
Income recognised in respect of capital donations	4	(423)	(263)
(Increase) / decrease in receivables and other assets		1,317	(3,387)
(Increase) / decrease in inventories		398	68
Increase / (decrease) in payables and other liabilties		1,522	3,357
Increase / (decrease) in provisions		(30)	9
Net cash generated from / (used in) operating activities		**(26,048)**	**(15,335)**
Cash flows from investing activities			
Interest received		61	21
Purchase of intangible assets		(3,038)	(3,324)
Purchase of property, plant, equipment and investment property		(7,866)	(4,579)
Sales of property, plant, equipment and investment property		788	-
Receipt of cash donations to purchase capital assets		423	263
Net cash generated from / (used in) investing activities		**(9,632)**	**(7,619)**
Cash flows from financing activities			
Public dividend capital received		4,587	990
Movement on loans from the Department of Health and Social Care		43,167	34,993
Capital element of finance lease rental payments		(813)	-
Capital element of PFI, LIFT and other service concession payments		(3,288)	(3,180)
Interest on loans		(2,511)	(2,019)
Interest paid on PFI, LIFT and other service concession obligations		(5,626)	(5,464)
Net cash generated from / (used in) financing activities		**35,516**	**25,320**
Increase / (decrease) in cash and cash equivalents		**(164)**	**2,366**
Cash and cash equivalents at 1 April - brought forward		**4,931**	**2,565**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**4,931**	**2,565**
Cash and cash equivalents at 31 March	18	**4,767**	**4,931**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention
These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern
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 reported a deficit of £37.2m, 20.9% of turnover and in 2017/18 the deficit reported was £33.2m, 17.6% of turnover. The deficit reported in 2018/19 was £42.5m, 21.8% 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 £152.7m. As at 31 March 2019 the total value of revenue loans outstanding was £129.8m; capital loans outstanding totalled £17.5m. Consequently, the total value of interest payable during 2018/19 was £2.7m.

For 2019/20, the Trust has forecast that additional revenue loans of £35m will be required together with an additional £5m of capital loans. The total value of interest payable is set to increase to £3.4m.

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 in 2016/17, £71.4m in 2017/18 and £112m at the end of 2018/19.

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 2019/20 forecasts the delivery of a further deficit of £17.2m (after application of Provider Support Funding of £3.2m, financial recovery funding of £14.8m and MRET support of £1.4m) 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 2019/20 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 2019/20 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 2018/19 Department of Health and Social Care Group Accounting Manual.

Note 1.3 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. 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 1.4 Revenue from contracts with customers
Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

The Trust recognises income in relation to healthcare contracts based upon delivery of performance obligations carried out in relation to the contract during the year. This will include the receipt of contract payments made during the year plus accruals where deemed necessary to reflect activity delivered against contract but not invoiced before year-end.

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

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

Note 1.4.1 Revenue grants and other contributions to expenditure
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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

Note 1.4.2 Other income
Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. 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. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

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

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

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 lives.

Note 1.7.2 Measurement
Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

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

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

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 full asset valuation was undertaken as at 31 March 2018. A further desk top revaluation was carried out as at 31 March 2019.

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 Trust 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 lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

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

Revaluation gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating 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 De-recognition
Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:
• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable ie:
- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

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

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

Note 1.7.4 Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

Note 1.7.5 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 1.7.6 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	17	43
Dwellings	21	29
Plant & machinery	1	15
Transport equipment	1	5
Information technology	3	7
Furniture & fittings	2	25

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

Note 1.8 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.

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.

Amortisation

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

Note 1.8.3 Useful economic life of intangible assets

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

	Min life Years	Max life Years
Software licences	3	7

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 assets and financial liabilities

Note 1.12.1 Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

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

Note 1.12.2 Classification and measurement
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 or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at fair value through income and expenditure.

Financial liabilities classified as subsequently measured at fair value through income and expenditure.

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

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

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

The Trusts's financial assets other than cash mainly comprise trade and other receivables. Most trade receivables relate to other NHS bodies and any credit risk is assumed to be minimal. Any credit issues are resolved as part of the agreement of balances exercise.

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

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

Note 1.12.3 Derecognition
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.

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 charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

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

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

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

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

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

Note 1.14 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 detailed in the table below. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date. These are also detailed below:
All percentages are in real terms.

Discount Provisions	**2018/19**	**2017/18**
Short term, 0-5 years	0.76% (Nom)	-2.42% (real)
Medium term, 6-10 years	1.14% (Nom)	-1.85% (real)
Long term, 10 years plus	1.99% (Nom)	-1.56% (real)
Employee early departure obligations	2.90% (Nom)	+0.10% (real)

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 22.2 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 a note where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in a note 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 Critical judgements in applying accounting policies
The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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

Note 1.23 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted
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 characteristics 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 £186,020k 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	**2018/19 £000**	2017/18 £000	**2018/19 % of total**	2017/18 % of total
Herefordshire CCG	123,000	124,374	66%	66%

Healthcare bodies covered by the Welsh Assembly Government

None

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2018/19 £000	2017/18 £000
Acute services		
Elective income	29,598	23,864
Non elective income	45,594	37,339
First outpatient income	9,806	10,890
Follow up outpatient income	11,229	10,463
A & E income	8,937	7,989
High cost drugs income from commissioners (excluding pass-through costs)	12,121	11,510
Other NHS clinical income	16,955	28,865
Community services		
Community services income from CCGs and NHS England	29,116	29,562
Income from other sources (e.g. local authorities)	3,160	3,850
All services		
Private patient income	188	507
Agenda for Change pay award central funding	1,863	-
Other clinical income	373	1,410
Total income from activities	**168,940**	**166,249**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2018/19 £000	2017/18 £000
NHS England	10,642	12,259
Clinical commissioning groups	134,967	133,421
Department of Health and Social Care	1,863	-
Other NHS providers	2	-
NHS other	18,049	16,840
Local authorities	2,856	2,929
Non-NHS: private patients	188	507
Non-NHS: overseas patients (chargeable to patient)	5	8
Injury cost recovery scheme	368	285
Total income from activities	**168,940**	**166,249**
Of which:		
Related to continuing operations	168,940	166,249
Related to discontinued operations	-	-

Injury cost recovery income is subject to a provision for impairment of receivables of 21.89% to reflect expected rates of recovery.
NHS Other income consists of income from Welsh NHS bodies of £17,271k (2017/18 £17,808k, some of which relates to Note 4, Other Contract Income).

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

	2018/19	2017/18
	£000	£000
Income recognised this year	5	8
Cash payments received in-year	2	7
Amounts written off in-year	3	-

Note 4 Other operating income

	2018/19	2017/18
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	253	234
Education and training (excluding notional apprenticeship levy income)	4,501	5,126
Provider sustainability fund (PSF)	1,141	5,114
Other contract income	10,762	11,512
Other non-contract operating income		
Receipt of capital grants and donations	423	263
Total other operating income	**17,080**	**22,249**
Of which:		
Related to continuing operations	17,080	22,249
Related to discontinued operations	-	-

Other income includes cross charges to Gloucestershire Hospitals NHS Foundation Trust (£5,127k; 2017/18 £3,985k), Powys LHB recharges (£973k; 2017/18 £1,505k), 2Gether FT Recharges, (£251k; 2017/18 £319k) and other recharges (£3,622k; 2017/18 £521k). In addition there were recharges recorded in 2018/19 for Worcestershire Acute Hospitals NHS Trust, £566k and Worcestershire Health and Care NHS Trust, £224k.

Note 5.1 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	582	1,437
Purchase of healthcare from non-NHS and non-DHSC bodies	2,207	2,946
Staff and executive directors costs	140,509	134,938
Remuneration of non-executive directors	52	51
Supplies and services - clinical (excluding drugs costs)	18,985	16,574
Supplies and services - general	1,621	1,285
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	19,255	17,217
Consultancy costs	60	42
Establishment	3,282	3,484
Premises	5,949	4,898
Transport (including patient travel)	1,343	1,276
Depreciation on property, plant and equipment	3,700	3,173
Amortisation on intangible assets	1,332	322
Net impairments	359	6,967
Movement in credit loss allowance: contract receivables / contract assets	47	
Change in provisions discount rate(s)	(25)	16
Audit fees payable to the external auditor		
audit services- statutory audit	66	76
other auditor remuneration (external auditor only)	11	-
Internal audit costs	67	60
Clinical negligence	4,785	3,742
Legal fees	72	132
Insurance	86	83
Research and development	26	13
Education and training	681	718
Rentals under operating leases	1,008	1,205
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	11,340	10,197
Hospitality	14	22
Losses, ex gratia & special payments	4	83
Other	2,825	3,122
Total	**220,243**	**214,079**
Of which:		
Related to continuing operations	220,243	214,079
Related to discontinued operations	-	-

Total Other costs include amounts relating to patients travel, £1,236k; ICT services, £1,115k; professional fees, £403k and variable PFI charges and Other, £71k.

Note 5.2 Other auditor remuneration

	2018/19	2017/18
	£000	£000
Other auditor remuneration paid to the external auditor:		
Other non-audit services (Quality and Charitable Funds)	11	-
Total	**11**	**-**

Note 5.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2017/18: £2m).

Note 6 Impairment of assets

	2018/19	2017/18
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Other	359	6,967
Total net impairments charged to operating surplus / deficit	**359**	**6,967**
Impairments charged to the revaluation reserve	2,822	7,454
Total net impairments	**3,181**	**14,421**

The impairment to assets totalling £3,181k arise as a result of a number of actions during the financial year:

- Demolition of office accommodation on main site in readiness for future development
- Impairment of value of new AMU ward following construction in 2018/19.
- Annual revaluation of the Trust's estate as at 31 March 2019.

Note 7 Employee benefits

	2018/19 Total £000	2017/18 Total £000
Salaries and wages	100,841	95,265
Social security costs	10,150	9,604
Apprenticeship levy	500	473
Employer's contributions to NHS pensions	11,945	11,525
Temporary staff (including agency)	18,060	19,525
Total staff costs	**141,496**	**136,392**
Of which		
Costs capitalised as part of assets	766	1,250

Analysis of Temporary Staff

Bank Staff	4,445	4,319
Agency Staff		
Medical and Dental	5,593	5,803
Nursing and Midwifery	7,091	8,675
Other	931	728
Total Agency	13,615	15,206
Total Temporary Staff	**18,060**	**19,525**

Note 7.1 Retirements due to ill-health

During 2018/19 there were 3 early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £163k (£60k in 2017/18).

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 for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

Note 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 operates leasing arrangements relating to some items of medical equipment and vehicles.
The leases held include £814k in lease payments for a number of different items of medical equipment and £194k 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.

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	1,008	1,205
Total	**1,008**	**1,205**

	31 March 2019	31 March 2018
	£000	£000
Future minimum lease payments due:		
- not later than one year;	622	1,055
- later than one year and not later than five years;	1,101	1,783
- later than five years.	3	64
Total	**1,726**	**2,902**
Future minimum sublease payments to be received	-	-

Note 10 Finance income

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	64	24
Total finance income	**64**	**24**

Note 11 Finance expenditure

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

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,689	2,142
Finance leases	-	-
Main finance costs on PFI and LIFT schemes obligations	1,644	1,750
Contingent finance costs on PFI and LIFT scheme obligations	3,982	3,714
Total interest expense	**8,326**	**7,606**
Unwinding of discount on provisions	(24)	16
Total finance costs	**8,302**	**7,622**

Note 12.1 Intangible assets - 2018/19

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**9,559**	**681**	**10,240**
Additions	341	2,697	**3,038**
Reclassifications	412	(347)	**65**
Valuation / gross cost at 31 March 2019	**10,312**	**3,031**	**13,343**
Amortisation at 1 April 2018 - brought forward	**781**	**-**	**781**
Provided during the year	1,332	-	**1,332**
Reclassifications	139	-	**139**
Amortisation at 31 March 2019	**2,252**	**-**	**2,252**
Net book value at 31 March 2019	**8,060**	**3,031**	**11,091**
Net book value at 1 April 2018	**8,778**	**681**	**9,459**

Note 12.2 Intangible assets - 2017/18

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**504**	**6,412**	**6,916**
Valuation / gross cost at 1 April 2017 - restated	**504**	**6,412**	**6,916**
Additions	2,643	681	**3,324**
Reclassifications	6,412	(6,412)	**-**
Valuation / gross cost at 31 March 2018	**9,559**	**681**	**10,240**
Amortisation at 1 April 2017 - as previously stated	**459**	**-**	**459**
Amortisation at 1 April 2017 - restated	**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 13.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**5,133**	**60,338**	**1,140**	**2,349**	**11,770**	**41**	**3,602**	**555**	**84,928**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	4,985	35	2,872	2,524	-	269	177	**10,862**
Impairments	(11)	(6,168)	(21)	-	-	-	-	-	**(6,200)**
Reversals of impairments	190	2,814	15	-	-	-	-	-	**3,019**
Revaluations	-	(2,035)	(50)	-	176	-	-	8	**(1,901)**
Reclassifications	-	-	-	(118)	-	-	(157)	210	**(65)**
Disposals / derecognition	(287)	(501)	-	-	-	-	-	-	**(788)**
Valuation/gross cost at 31 March 2019	**5,025**	**59,433**	**1,119**	**5,103**	**14,470**	**41**	**3,714**	**950**	**89,855**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**-**	**7,216**	**41**	**2,505**	**286**	**10,048**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	2,035	50	-	1,240	-	319	56	**3,700**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(2,035)	(50)	-	121	-	-	5	**(1,959)**
Reclassifications	-	-	-	-	-	-	(139)	-	**(139)**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**8,577**	**41**	**2,685**	**347**	**11,650**
Net book value at 31 March 2019	**5,025**	**59,433**	**1,119**	**5,103**	**5,893**	**-**	**1,029**	**603**	**78,205**
Net book value at 1 April 2018	**5,133**	**60,338**	**1,140**	**2,349**	**4,554**	**-**	**1,097**	**269**	**74,880**

Note 13.2 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 - as previously stated	**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)**
Revaluations	(498)	(15,184)	(248)	-	318	-	-	16	**(15,596)**
Reclassifications	-	(314)	459	(142)	(3)	-	-	-	**-**
Valuation/gross cost at 31 March 2018	**5,133**	**60,338**	**1,140**	**2,349**	**11,770**	**41**	**3,602**	**555**	**84,928**
Accumulated depreciation at 1 April 2017 - as previously stated	**-**	**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**
Revaluations	(498)	(15,184)	(248)	-	187	-	-	8	**(15,735)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2018	**-**	**-**	**-**	**-**	**7,216**	**41**	**2,505**	**286**	**10,048**
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 13.3 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	5,025	18,789	793	5,103	2,985	-	1,029	603	**34,327**
Finance leased	-	-	-	-	1,537	-	-	-	**1,537**
On-SoFP PFI contracts and other service concession arrangements	-	39,193	326	-	-	-	-	-	**39,519**
Owned - donated	-	1,451	-	-	1,371	-	-	-	**2,822**
NBV total at 31 March 2019	**5,025**	**59,433**	**1,119**	**5,103**	**5,893**	**-**	**1,029**	**603**	**78,205**

Note 13.4 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 14 Revaluations of property, plant and equipment

The Trust's estate was valued as at 31 March 2019 by Mr Neil Rayner BSc (Hons) MSc DIC MRICS, Principal Surveyor at the District Valuation Service (DVS).

The valuations took the form of a desk-top asset valuation report as at 31 March 2019. This was based on an 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 also undertook a full valuation of assets where known changes had been identified. The valuation basis used was on an optimised 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 Estate valuation

The valuation of the Trust's estate has not resulted in significant changes to the values assigned to properties. The valuation methodology using the optimised MEA approach to valuing specialised assets has been retained and is consistent with the prior year. The valuation of land across all sites has increased by a small amount. Building valuations have remained broadly comparable with 2017/18. The overall value of land and buildings held as at 31 March 2019 has been impacted by the disposal of 1 Ledbury Road which has resulted in a reduction in the value of this class of assets held.

Useful economic lives

Buildings (excl dwellings) - 17 to 43 years (2017/18, 17 to 43 years)

Dwellings - 21 to 29 years (2017/18, 21 to 29 years)

Plant & Machinery - 1 to 15 years (2017/18, 1 to 15 years)

Transport equipment - 1 to 5 years (2017/18, 1 to 5 years)

Information Technology - 3 to 7 years (2017/18, 3 to 7 years)

Furniture & Fittings - 2 to 25 years (2017/18, 1 to 25 years)

Intangible Assets

Software and licences - 3 to 7 years (2017/18 3 to 8 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

	31 March 2019 £000	31 March 2018 £000
Drugs	1,210	1,346
Consumables	1,784	2,054
Energy	34	26
Total inventories	**3,028**	**3,426**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £22,828k (2017/18: £19,613k). Write-down of inventories recognised as expenses for the year were £0k (2017/18: £0k).

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 2019 £000	31 March 2018 £000
Current		
Contract receivables*	9,569	
Trade receivables*		6,810
Accrued income*		3,964
Allowance for impaired contract receivables / assets*	(306)	
Allowance for other impaired receivables	-	(259)
Deposits and advances	13	1
Prepayments (non-PFI)	1,107	1,158
Interest receivable	7	4
VAT receivable	212	371
Other receivables	75	-
Total current trade and other receivables	**10,677**	**12,049**
Non-current		
Contract receivables*	264	
Other receivables	-	206
Total non-current trade and other receivables	**264**	**206**
Of which receivables from NHS and DHSC group bodies:		
Current	5,892	7,859
Non-current	-	-

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

Note 17.2 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward		**259**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	259	(259)
New allowances arising	47	-
Allowances as at 31 Mar 2019	**306**	**-**

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.

Contractual cash flows have been modified without derecognition of the receivable / financial asset (IFRS 7, para 35J)

Amounts written off in the year are still subject to enforcement activity (IFRS 7, para 35L)

Note 17.3 Allowances for credit losses - 2017/18

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	All receivables
	£000
Allowances as at 1 Apr 2017 - as previously stated	**309**
Amounts utilised	(50)
Allowances as at 31 Mar 2018	**259**

Note 18 Cash and cash equivalents movements

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

	2018/19	2017/18
	£000	£000
At 1 April	**4,931**	**2,565**
Net change in year	(164)	2,366
At 31 March	**4,767**	**4,931**
Broken down into:		
Cash at commercial banks and in hand	18	13
Cash with the Government Banking Service	4,749	4,918
Total cash and cash equivalents as in SoCF	**4,767**	**4,931**

Note 19 Trade and other payables

	2019	2018
	£000	£000
Current		
Trade payables	8,772	9,424
Capital payables	2,030	714
Accruals	9,460	7,399
Receipts in advance (including payments on account)	315	84
Social security costs	1,488	1,383
Other taxes payable	1,222	1,100
Accrued interest on loans*		443
Other payables	2,264	2,609
Total current trade and other payables	**25,551**	**23,156**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	1,604	3,084
Non-current	-	-

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note 20.1. IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 20.1 Borrowings

	31 March 2019 £000	31 March 2018 £000
Current		
Loans from the Department of Health and Social Care	41,597	16,463
Obligations under finance leases	76	70
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	3,445	3,289
Total current borrowings	**45,118**	**19,822**
Non-current		
Loans from the Department of Health and Social Care	105,713	87,048
Obligations under finance leases	861	-
Obligations under PFI, LIFT or other service concession contracts	41,786	45,230
Total non-current borrowings	**148,360**	**132,278**

Borrowings/Loans - repayment of principal falling due in:

	DHSC £000	PFI £000	Other £000
0-1 Year	41,597	3,445	76
1-2 Years	33,411	3,710	164
2-5 Years	70,804	16,853	493
Over 5 Years	1,498	21,223	204
Total	**147,310**	**45,231**	**937**

Analysis of Loans from DHSC

Loan Reference Number	Loan Date	Capital or Revenue	Loan Duration	Repayment Method	Interest Rate	Repay-ment date	Principal O/S @ 31.03.19. £000	of which Current £000	of which Non-Current £000
CIL/10-11/RLQ/1	Sep-10	Capital	10 Years	Equal Instalments	2.02%	Aug-20	586	391	195
DHPF/ISCIL/RLQ/2017-11-29/A	Dec-17	Capital	6 Years	Equal Instalments	1.64%	Nov-24	8,300	1,422	6,878
ITFF/ISCIL/RLQ/2015-04-07/A	Aug-15	Capital	15 Years	Equal Instalments	1.91%	Jul-30	3,964	370	3,595
ITFF/ISCIL/RLQ/2015-06-23/A	Nov-15	Capital	7 Years	Equal Instalments	1.04%	Oct-22	4,618	1,322	3,296
Total Capital Loans							**17,468**	**3,505**	**13,963**
DHPF/ISUCL/RLQ/2016-10-04/A	Oct-16	Revenue	3 Years	End of Loan Period	3.50%	Oct-19	1,671	1,671	-
DHPF/ISUCL/RLQ/2016-11-04/A	Nov-16	Revenue	3 Years	End of Loan Period	3.50%	Nov-19	9,765	9,765	-
DHPF/ISUCL/RLQ/2016-12-02/A	Dec-16	Revenue	3 Years	End of Loan Period	3.50%	Dec-19	2,160	2,160	-
DHPF/ISUCL/RLQ/2017-01-06/A	Jan-17	Revenue	3 Years	End of Loan Period	3.50%	Jan-20	3,378	3,378	-
DHPF/ISUCL/RLQ/2017-02-03/A	Feb-17	Revenue	3 Years	End of Loan Period	3.50%	Feb-20	3,479	3,479	-
DHPF/ISUCL/RLQ/2017-03-03/A	Mar-17	Revenue	3 Years	End of Loan Period	3.50%	Mar-20	2,964	2,964	-
DHPF/ISUCL/RLQ/2017-04-05/A	Apr-17	Revenue	3 Years	End of Loan Period	1.50%	Apr-20	3,566	24	3,542
DHPF/ISUCL/RLQ/2017-05-03/A	May-17	Revenue	3 Years	End of Loan Period	1.50%	May-20	2,444	13	2,431
DHPF/ISUCL/RLQ/2017-06-12/A	Jun-17	Revenue	3 Years	End of Loan Period	1.50%	Jun-20	2,098	9	2,089
DHPF/ISUCL/RLQ/2017-07-05/A	Jul-17	Revenue	3 Years	End of Loan Period	1.50%	Jul-20	2,487	7	2,480
DHPF/ISUCL/RLQ/2017-08-02/A	Aug-17	Revenue	3 Years	End of Loan Period	1.50%	Aug-20	3,858	6	3,852
DHPF/ISUCL/RLQ/2017-08-31/A	Sep-17	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,136	1	2,135
DHPF/ISUCL/RLQ/2017-10-05/A	Oct-17	Revenue	3 Years	End of Loan Period	1.50%	Oct-20	4,012	27	3,985
DHPF/ISUCL/RLQ/2017-11-01/A	Nov-17	Revenue	3 Years	End of Loan Period	1.50%	Nov-20	2,118	11	2,107
DHPF/ISUCL/RLQ/2017-11-29/A	Dec-17	Revenue	3 Years	End of Loan Period	1.50%	Dec-20	3,067	13	3,054
DHPF/ISUCL/RLQ/2018-01-05/A	Jan-18	Revenue	3 Years	End of Loan Period	1.50%	Jan-21	1,520	4	1,516
DHPF/ISUCL/RLQ/2018-01-31/A	Feb-18	Revenue	3 Years	End of Loan Period	1.50%	Feb-21	2,405	4	2,401
DHPF/ISUCL/RLQ/2018-02-28/A	Mar-18	Revenue	3 Years	End of Loan Period	1.50%	Mar-21	588	-	588
DHPF/ISUCL/RLQ/2018-04-05/A	Apr-18	Revenue	3 Years	End of Loan Period	1.50%	Apr-21	2,495	17	2,478
DHPF/ISUCL/RLQ/2018-05-02/A	May-18	Revenue	3 Years	End of Loan Period	1.50%	May-21	3,114	17	3,097
DHPF/ISUCL/RLQ/2018-05-30/A	Jun-18	Revenue	3 Years	End of Loan Period	1.50%	Jun-21	2,906	12	2,894
DHPF/ISUCL/RLQ/2018-07-04/A	Jul-18	Revenue	3 Years	End of Loan Period	1.50%	Jul-21	2,836	8	2,828
DHPF/ISUCL/RLQ/2018-08-01/A	Aug-18	Revenue	3 Years	End of Loan Period	1.50%	Aug-21	4,199	7	4,192
DHPF/ISUCL/RLQ/2018-09-05/A	Sep-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-21	1,266	1	1,265
DHPF/ISUCL/RLQ/2018-10-04/A	Oct-18	Revenue	3 Years	End of Loan Period	1.50%	Oct-21	5,481	37	5,444
DHPF/ISUCL/RLQ/2018-10-31/A	Nov-18	Revenue	3 Years	End of Loan Period	1.50%	Nov-21	3,950	22	3,928
DHPF/ISUCL/RLQ/2018-12-05/A	Dec-18	Revenue	3 Years	End of Loan Period	1.50%	Dec-21	2,762	12	2,750
DHPF/ISUCL/RLQ/2019-01-04/A	Jan-19	Revenue	3 Years	End of Loan Period	1.50%	Jan-22	2,759	9	2,750
DHPF/ISUCL/RLQ/2019-01-30/A	Feb-19	Revenue	3 Years	End of Loan Period	1.50%	Feb-22	9,700	19	9,681
DHPF/ISUCL/RLQ/2019-02-27/A	Mar-19	Revenue	3 Years	End of Loan Period	1.50%	Mar-22	1,785	1	1,784
DHPF/ISRWF/RLQ/2015-03-20/A	5 Years	Revenue	Apr-15	End of Loan Period	3.50%	Mar-20	18,479	-	18,479
DHPF/ISWBL/RLQ/2015-12-01/A	Rolling	Revenue	Dec-15		1.50%	TBC	14,394	14,394	-
Total Revenue Loans							**129,842**	**38,092**	**91,750**
Total DHSC Loans							**147,310**	**41,597**	**105,713**

Note 20.2 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2018	**103,511**	**-**	**70**	**48,519**	**152,100**
Cash movements:					
Financing cash flows - payments and receipts of principal	43,167	-	(813)	(3,288)	**39,066**
Financing cash flows - payments of interest	(2,500)	(11)	-	(1,644)	**(4,155)**
Non-cash movements:					
Impact of implementing IFRS 9 on 1 April 2018	443	-	-	-	**443**
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	1,680	-	**1,680**
Application of effective interest rate	2,689	11	-	1,644	**4,344**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Carrying value at 31 March 2019	**147,310**	**-**	**937**	**45,231**	**193,478**

The above table includes details of liabilities arising from DHSC loans, the PFI scheme and finance leases. The finance lease refers to an MES taken out in April 2018 to replace equipment and provide a service within the Radiology department. The equipment provided under the terms of the MES is included within the Trust SoFP. The MES agreement is for 11 years and allows for the replacement of equipment throughout the the duration of the contract.

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 2019 £000	31 March 2018 £000
Gross lease liabilities	**937**	**70**
of which liabilities are due:		
- not later than one year;	76	70
- later than one year and not later than five years;	657	-
- later than five years.	204	-
Finance charges allocated to future periods	-	-
Net lease liabilities	**937**	**70**
of which payable:		
- not later than one year;	76	70
- later than one year and not later than five years;	657	-
- later than five years.	204	-
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as an expense in the period	-	-

The above table refers to an MES taken out in April 2018 to replace equipment and provide a service within the Radiology department. The equipment provided under the terms of the MES is included within the Trust SoFP. The MES agreement is for 11 years and allows for the replacement of equipment throughout the the duration of the contract.

Note 22.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits*	Legal claims	Total
	£000	£000	£000	£000
At 1 April 2018	**249**	**-**	**838**	**1,087**
Change in the discount rate	(4)	-	(21)	**(25)**
Arising during the year	-	-	40	**40**
Utilised during the year	(12)	-	(31)	**(43)**
Reversed unused	(2)	-	-	**(2)**
Unwinding of discount	(4)	-	(20)	**(24)**
At 31 March 2019	**227**	**-**	**806**	**1,033**
Expected timing of cash flows:				
- not later than one year;	12	-	32	**44**
- later than one year and not later than five years;	50	-	127	**177**
- later than five years.	165	-	647	**812**
Total	**227**	**-**	**806**	**1,033**

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 2018/19 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 changed to 2.9% (nominal) in 2018/19 (2017/18 0.10% - real) by HM Treasury.

* In 2018/19 the analysis of provisions has been revised to separately identify new provisions for injury benefit liabilities. In previous periods, these provisions were included within legal claims.

Note 22.2 Clinical negligence liabilities

At 31 March 2019, £76,644k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wye Valley NHS Trust (31 March 2018: £59,943k).

Note 23 Contractual capital commitments

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	187	254
Intangible assets	412	656
Total	**599**	**910**

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 2019 £000	31 March 2018 £000
Gross PFI, LIFT or other service concession liabilities	**54,354**	**59,286**
Of which liabilities are due		
- not later than one year;	4,978	4,932
- later than one year and not later than five years;	20,539	20,394
- later than five years.	28,837	33,960
Finance charges allocated to future periods	(9,123)	(10,767)
Net PFI, LIFT or other service concession arrangement obligation	**45,231**	**48,519**
- not later than one year;	3,445	3,289
- later than one year and not later than five years;	15,648	14,994
- later than five years.	26,138	30,236

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 2019 £000	31 March 2018 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**224,934**	**222,779**
Of which liabilities are due:		
- not later than one year;	20,141	17,913
- later than one year and not later than five years;	85,572	76,092
- later than five years.	119,221	128,774

Note 24.3 Analysis of amounts payable to service concession operator

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

	2018/19 £000	2017/18 £000
Unitary payment payable to service concession operator	**20,254**	**18,777**
Consisting of:		
- Interest charge	1,644	1,750
- Repayment of finance lease liability	3,288	3,116
- Service element and other charges to operating expenditure	9,870	8,632
- Revenue lifecycle maintenance	1,470	1,565
- Contingent rent	3,982	3,714
Total amount paid to service concession operator	**20,254**	**18,777**

Note 24.4 Payments committed to in respect of all off SOFP PFI and the lifecycle element of on SOFP PFI	**2018/19 £000**	**2017/18 £000**
Analysed by when PFI payments are due		
No Later than One Year	**1,535**	1,470
Later than One Year, No Later than Five Years	**4,483**	5,221
Later than Five Years	**415**	1,212
Total	**6,433**	7,903

Note 24.5 Payments committed to in respect of all off SOFP PFI and the interest element of on SOFP PFI	**2018/19 £000**	**2018/19 £000**
Analysed by when PFI payments are due		
No Later than One Year	**1,533**	1,644
Later than One Year, No Later than Five Years	**4,891**	5,399
Later than Five Years	**2,699**	3,723
Total	**9,123**	10,766

Note 24.6 Present Value Imputed 'finance lease' obligations for on SOFP PFI contracts due	**2018/19 £000**	**2018/19 £000**
Analysed by when PFI payments are due		
No Later than One Year	**3,445**	3,288
Later than One Year, No Later than Five Years	**15,648**	14,994
Later than Five Years	**26,138**	30,237
Total	**45,231**	48,519

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	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 £1,470k (2017/18 £1,565k). The future total commitments for lifecycle costs is disclosed in Note 24.4

The current operator model does not include inflation although the future liabilities disclosed in Note 24.2 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 2018/19 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

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

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
Carrying values of financial assets as at 31 March 2019 under IFRS 9	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	9,547	-	-	**9,547**
Cash and cash equivalents at bank and in hand	4,767	-	-	**4,767**
Total at 31 March 2019	**14,314**	**-**	**-**	**14,314**

	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
Carrying values of financial assets as at 31 March 2018 under IAS 39	**£000**	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	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**

Note 25.3 Carrying value of financial liabilities

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

	Held at amortised cost	Held at fair value through the I&E	Total book value
	£000	**£000**	**£000**
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	147,310	-	**147,310**
Obligations under finance leases	937	-	**937**
Obligations under PFI, LIFT and other service concession contracts	45,231	-	**45,231**
Trade and other payables excluding non financial liabilities	22,526	-	**22,526**
Total at 31 March 2019	**216,004**	**-**	**216,004**

	Other financial liabilities	Held at fair value through the I&E	Total book value
	£000	**£000**	**£000**
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	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**

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 2019	31 March 2018
	£000	£000
In one year or less	67,644	40,404
In more than one year but not more than two years	37,285	47,871
In more than two years but not more than five years	83,234	46,932
In more than five years	27,841	37,482
Total	**216,004**	**172,689**

Note 26 Losses and special payments

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	-	-
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	368	11	334	12
Stores losses and damage to property	24	159	24	92
Total losses	**392**	**170**	**358**	**104**
Special payments				
Compensation under court order or legally binding arbitration award	1	-	3	44
Extra-contractual payments	-	-	-	-
Ex-gratia payments	11	3	15	7
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**12**	**3**	**18**	**51**
Total losses and special payments	**404**	**173**	**376**	**155**
Compensation payments received		-		-

Note 27.1 Initial application of IFRS 9

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

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

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £443k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £0k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £285k.

Note 27.2 Initial application of IFRS 15

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

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

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

Note 28 Related parties

The Department of Health is regarded as a related party. During the year 2018/19, 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 2019 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 received £498k (2017/18, £683k) 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 (2017/18, £21k) in respect of payment for the provision of management and administrative services and £40k (2017/18, £40k) in respect of fundraising costs relating to the operation of the charitable fund.

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

Note 29 Events after the reporting date

There were none to report.

Note 30 Better Payment Practice code

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	50,547	105,205	56,949	99,063
Total non-NHS trade invoices paid within target	22,465	60,032	25,664	59,018
Percentage of non-NHS trade invoices paid within target	44.4%	57.1%	45.1%	59.6%
NHS Payables				
Total NHS trade invoices paid in the year	1,334	10,204	1,068	7,231
Total NHS trade invoices paid within target	346	5,709	299	4,157
Percentage of NHS trade invoices paid within target	25.9%	55.9%	28.0%	57.5%

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 31 External financing

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

	2018/19 £000	2017/18 £000
Cash flow financing	**43,817**	30,437
Finance leases taken out in year	**1,680**	0
Other capital receipts	**-788**	0
External financing requirement	**44,709**	**30,437**
External financing limit (EFL)	50,133	33,676
Under / (over) spend against EFL	**5,424**	**3,239**

Note 32 Capital Resource Limit

	2018/19 £000	2017/18 £000
Gross capital expenditure	13,900	7,049
Less: Disposals	-788	0
Less: Donated and granted capital additions	-423	-263
Plus: Loss on disposal from capital grants in kind	0	0
Charge against Capital Resource Limit	**12,689**	**6,786**
Capital Resource Limit	12,689	8,181
Under / (over) spend against CRL	**0**	**1,395**

Note 33 Breakeven duty financial performance

	2018/19 £000
Adjusted financial performance surplus / (deficit) (control total basis)	-42,219
Breakeven duty financial performance surplus / (deficit)	**-42,219**

Note 34 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
		£000	£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)	(42,219)
Breakeven duty cumulative position	1,510	2,675	2,721	763	1,057	2,086	2,930	(17,526)	(54,730)	(80,888)	(123,107)
Operating income		116,785	121,544	171,898	175,798	173,450	182,637	178,046	177,567	188,498	186,020
Cumulative breakeven position as a percentage of operating income		2.3%	2.2%	0.4%	0.6%	1.2%	1.6%	(9.8%)	(30.8%)	(42.9%)	(66.2%)

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 2019/20 continues to reflect a projected deficit and NHSI are aware of the trust's recurrent financial issues.

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 cisclosed and explained in the accounts.

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

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

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

By order of the Board

23/05/19 Date ..... Chief Executive

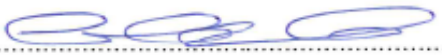
23 MAY 2019 Date Howard K Oddy Finance Director

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.....23/05/19.....

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements which indicates that the Trust incurred a deficit of £42.5 million during the year ended 31 March 2019. The Trust had incurred a cumulative deficit of £152.7 million by 31 March 2019 and had a negative net asset balance of £112 million. The Trust had outstanding loans from the Department of Health and Social Care (DHSC) totalling £147.3 million at 31 March 2019, of which £129.8 million were revenue loans and £17.5 million were capital loans. For 2019/20, the Trust has forecast that it requires £35 million of additional revenue loans and £5 million of further capital loans from DHSC. As stated in note 1.2, DHSC has not, at the date of our report, confirmed this support. These events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the above matters except on 7 May 2019 we referred a matter to the Secretary of State under section 30(a) of the Local Audit and Accountability Act 2014 in relation to Wye Valley NHS Trust's ongoing breach of its breakeven duty for the three-year periods ending 31 March 2019 and 31 March 2020.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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 2019.

Basis for adverse conclusion

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

Financial sustainability

- the Trust incurred a deficit of £42.2 million in 2018/19 after making technical adjustments in respect of asset impairment and donated assets. This equated to 21.8% of turnover and exceeded the financial target set for the Trust by NHS Improvement of a deficit of £22.1 million
- at 31 March 2019 the Trust's cumulative deficit totalled £152.7 million and it had a negative net asset balance of £112 million
- the Trust is heavily reliant on borrowing from the Department of Health and Social Care (DHSC) and had loans outstanding of £147.3 million with DHSC at 31 March 2019
- the Trust's financial plan for 2019/20 forecasts the delivery of a further deficit of £17.2 million and for loans of £40 million to be needed from DHSC
- the Trust does not have a financial recovery plan to return it to breakeven position.

Workforce planning

- the Trust struggles to recruit medical staff and in 2018/19 its spend on agency staff was £5.21 million against a ceiling cap of £8.39 million
- the high reliance on agency staff continues to cause significant financial pressures for the Trust and has implications for the quality of services provided
- the Trust's staff sickness rate is well above the national average.

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

- setting a sustainable budget with sufficient capacity to absorb emerging cost pressures, and
- workforce planning

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

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

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

Report on other legal and regulatory requirements – Certificate

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

Use of our report

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

JD Roberts

Jon Roberts, Key Audit Partner

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

Bristol

28 May 2019