NHS
Hertfordshire
Partnership University
NHS Foundation Trust

Annual Report and Accounts 2019/20

as one

Our Values
Welcoming Kind Positive Respectful Professional

Hertfordshire Partnership University NHS Foundation Trust Annual Report and Accounts 2019-20
Presented to Parliament pursuant to Schedule 7,
paragraph 25 (4) (a) of the National Health Service Act 2006

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Foreword

This Report sets out how the Trust has performed over the last year, including the key risks to the achievement of our aims and aspirations and the progress we have made towards these.

The Annual Report has been prepared on the same 'group' basis as the accounts and provides a fair, balanced and understandable analysis of how the Trust performed in 2019/20. The Report provides the necessary information for patients, regulators and other stakeholders to assess the performance, business model and strategy of the Trust.

The accounts within the Report are prepared in accordance with paragraphs 24 and 25 of Schedule 7 of the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Chris Lawrence, Chair
Dated: 23 June 2020

Tom Cahill, Chief Executive
Dated: 23 June 2020

1. Performance Report

1.1 Performance Overview

1.1.1 Introduction

This Report sets out how the Trust has performed over the last year, including the key risks to the achievement of our aims and aspirations and the progress we have made towards these aims.

This report on the Trust's performance provides a fair, balanced and understandable analysis of how the Trust performed in 2019/20.

Our Trust is a provider of mental health and learning disability services and is committed to providing excellent health and social care for people with mental ill health, with physical ill health, and those with learning disabilities.

We have been an NHS Foundation Trust since our authorisation in August 2007 and continue to value the opportunities that this provides in building upon, and improving, our services. These include:

- A strong involvement with local communities through our members and Council of Governors.
- Working closely with our partner organisations, so that we can grow and develop our services specifically to meet the needs of our service users and communities.
- Retaining our surpluses to re-invest in local service developments and facilities.
- The ability to borrow finance to support our capital investment programme.

Like all NHS Foundation Trusts we are regulated by NHS Improvement (NHSI) under the Health and Social Care Act 2012. We provide integrated health and social care across community and inpatient settings treating and caring for people across Hertfordshire, and within Buckinghamshire, Norfolk and Essex. Most of our income comes from contract arrangements with our commissioners. Our largest contract is with the Integrated Health and Care Commissioning Team who act on behalf of East and North Clinical Commissioning Group (CCG), Herts Valleys CCG and Hertfordshire County Council. Currently our income is largely paid as a fixed sum and does not vary to reflect changes in activity levels, our service users' and carers' needs, or variations in clinical outcomes.

Our Vision, Mission and Good to Great strategy
Our Vision, Mission and Strategy were developed together with our service users and their carers.

Our Vision: Delivering great care and great outcomes – together

Our Mission: We help people of all ages live their lives to their full potential by supporting them to keep mentally and physically well

The Trust is now focussed on continuing its journey from **Good to Great**.

outstanding Trust. We are working towards this vision by focussing on four themes that will underpin our working during 2020/21.

1. **Great Care, Great Outcomes:** Outcomes and experience will be amongst the best nationally.

2. **Great People:** Colleagues can and do make decisions to improve care.

3. **Great Organisation:** We continuously make measurable improvements in how services are delivered.

4. **Great Networks and Partnerships:** Partnerships are in place that support the delivery of joined up care.

This means shaping services around the needs of service users and working closely with them to continuously improve the care we deliver.

The vision is underpinned by seven objectives across the four themes of the 'Good to Great' strategy:

Great Care, Great Outcomes

1. We will provide safe services so people feel safe and are protected from avoidable harm.
2. We will deliver a great experience of our services, so that those who need to receive our support feel positively about their experience.
3. We will improve the health of our service users through the delivery of effective evidence-based practice.

Great People

4. We will attract, retain and develop people with the right skills and values to deliver consistently great care, support and treatment.

Great Organisation

5. We will improve, innovate and transform our services to provide the most effective, productive and high-quality care.

Great Networks and Partnerships

6. We will deliver joined-up care to meet the needs of our service users across mental, physical and social care services, in conjunction with our partners.
7. We will shape and influence the future development and delivery of health and social care to achieve better outcomes for our population(s).

This performance report covers the year ending 31 March 2020.

1.1.2 Performance Overview from Chief Executive and Chair

The 12 months to March 2020 represented the penultimate year of our five-year Good to Great strategy. Launched in 2016 it puts our service users, their families and carers at the heart of everything we do as we seek to continually develop and improve services in line with their health and care needs. The strategy guides our work around the four key areas of great care and outcomes; great people; great organisation and great partnerships. This annual report looks at how we have continued working to deliver our strategy and the improved outcomes that have resulted.

The start of the year, May 2019, saw the Care Quality Commission (CQC) publish its inspection report with the Trust achieving an overall rating of *outstanding*, including being rated as *outstanding* for quality of care and as a well-led organisation. This was a significant milestone for the Trust, with the CQC recognising our strong safety culture and the commitment of all our caring staff who exemplify the Trust values and demonstrate leadership at every level. The professionalism and dedication of our staff throughout the year has ensured we continue to provide high quality and timely care in the face of growing demands for mental health services supporting people living in Hertfordshire, Buckinghamshire, Essex and Norfolk. We have made real progress in addressing the actions identified by CQC, working tirelessly to maintain our *outstanding* rating and make improvements across all aspects of the Trust.

2019/20 has included significant work to continue to deliver our Good to Great strategy:-

- In September 2019 we launched the Trust Quality Strategy which focuses care on three domains of quality – safety, effectiveness and experience. The Strategy was co-produced with service users and carers and at its heart is a drive towards compassionate partnership, underpinned by recovery values, evidence-based care, continuous quality improvement and shared decision making.
- The quality of care we provide is heavily reliant on our ability to recruit and retain great people and enable them to develop and flourish. We worked hard to ensure we have a just culture that actively encourages inclusion and diversity, introducing improved processes for interviews and appointments and a new approach to disciplinaries to ensure no ‘second victim’. We have made good progress but are committed to strengthening our commitment in 2020/21.
- Our ongoing engagement with staff included our extensive programme of Good to Great events across the Trust and we have enhanced this through our ‘Big Listen’ events, regular ‘pulse’ surveys and bi-weekly live Q&A

events with the Chief Executive and members of the Executive team. We have also launched an exciting development programme of 'Great Teams', which supports teams to identify how they can grow and develop. It also gives individuals and teams a voice and the tools to create change and to improve.

- We launched our Digital Strategy. With its four key aims to: Improve the experience and outcomes for our services users and carers; Improve the safety and effectiveness of our services and support integrated pathways; Improve productivity and time to care; Drive quality improvement across our health and care networks. Significant enhancements have been the launch of a new dashboard version of our management information system called SPIKE2 which provides real time data, allowing our staff to find out what they need to know quickly and easily. Streamlining our electronic patient record system – PARIS and rolling out videoconferencing to provide care to service users and enable meetings whilst working virtually.
- The year has also seen the continued improvements to the physical environments for our service users and staff., including refurbishment and upgrade of section 136 room on Oak ward; bedroom and ensuite reconfiguration on Aston ward, resulting in removing shared dormitory bedrooms; conversion of space at Prospect House to provide Enhanced Primary Care Team facilities; extensive office and reception refurbishment at Saffron Ground.

As well as the launch of these key strands of our Good to Great Strategy there have been noteworthy developments that demonstrate our ongoing progress with service development including implementation of our approach to primary care mental health; re modelling of our community CAMHs service and dramatically improving access to assessment; in adult crisis services a new home treatment service started to supported by a 24/7 first response service; a new day hospital for Eating Disorders was established to offer more robust local management of service user. Learning Disability service have established an Enhanced Rehabilitation Outreach Service (EROS) to support those with long term health needs to step down to the community and The Beason successfully achieved Accreditation for Inpatient Services.

Among the many initiatives over the last 12 months, we are delighted to mention a few. These include:

- HPFT being selected as a trailblazer for a national pilot to help students with mild to moderate health needs. New mental health teams are working more closely with teachers in 32 schools and colleges in St Albans and East Hertfordshire, helping students in their educational settings and providing closer links to specialist NHS mental health services.
- We celebrated with our CAMHS Home Treatment Team who won a national HSJ Award for their new model of care aimed at reducing hospital admissions and lengths of stay for young people, by providing intensive support in the comfort of their home environments whenever possible.
- Our older people's teams have been working more closely with care homes to provide our expertise and help them reduce the prescribing of antipsychotics as a first line of treatment. This is an important step in improving quality and safety of the services for care home residents.

- We were the first NHS Trust to invest in the development and introduction of an app called Books Beyond Words. This ground-breaking app includes a series of picture books, covering a number of different scenarios, such as grief or having an operation. Our health professionals are using it to help support people with learning disabilities, by helping them to understand and communicate more effectively about situations going on in their own lives which may be troubling them.
- Last year we also launched an intuitive easy-to-use new intranet site for our staff called The Hive. Information is clearly presented and can be accessed easily in different ways including mobile devices.

The Trust reports its performance to NHS Improvement through their Single Oversight Framework, which measures performance in relation to quality of care; finance and use of resources; operational performance; strategic change; and leadership and improvement capability. More details on these specific areas are contained further on in the report, but in spite of a continuing rise in demand for mental health services, the Trust is still performing strongly overall against the key performance indicators (KPIs) agreed with our commissioners, which includes meeting national access standards.

This is a good and positive outcome considering referral demand has increased by 6% over the year and testament to the hard work of all our staff. We are particularly pleased to report that during the year we significantly improved access for children and young people, adults and older people, where there was a complete recovery of performance, and has seen us exceed access targets since quarter 3.

There have been demand pressures for inpatient services during the year and work has focussed on ensuring service users continue to receive the right service at the right time to meet their needs. Whilst for some discharge may not have been as timely as we would wish, there have been improvements in this process during the year with delays at their lowest levels in six years by the end of the year. Once again, we were able to deliver a strong financial performance over the course of the year following a challenging first quarter.

We were able to draw on the outcome of two key independent national surveys during the year.

Our performance in the annual community survey for adult mental health did not improve as we would have liked and we have been focusing on the key factors emerging from the views of service users including the new place-based community mental health model, reviewing communication with service users, continuing implementation of Shared Clinical Decision making, continuing implementation of the Individual Placement Support (IPS) scheme and further expansion of peer support workers

Our staff survey response rate of 57.4% was the highest ever and is a rich source of information from staff. Overall the results continue to improve year on year and told us that the Trust continues to become an even better place to work. In 73 of the 91 questions asked, staff expressed improvements from last year and in 57 questions, the results were better than the national average. Of note is a reflection of the work undertaken to support staff through new wellbeing initiatives including options for flexible working and an employee support helpline available seven days a week. are areas for continued focus.

We have exciting plans to further implement our digital strategy later this year, which will ensure we continue to use technology to enhance the quality of our services and experience for both our staff and service users. The implementation will build on the significant digital advances we have recently made in responding to the Covid-19 pandemic. These have seen us rapidly implement a secure online video conferencing system to enable us to hold video calls with service users and increase the number of staff who can work remotely and from home.

We are very grateful to the members of our Board, who have all continued to demonstrate consistently strong leadership of the Trust. We are also very grateful to our Governors, who provide another vital link with our communities and strive to make sure their views are always represented. Their contributions ensure HPFT keeps moving in the right direction for our service users and the wider population throughout all four counties we serve.

We firmly believe that by continually building on our partnerships and relationships, through regular communication and collaboration, we are in the best position to tackle our challenges in a more cohesive way. We believe that we are stronger and more effective by working collaboratively with our partners in order to reach our common aims.

An important part of our collaborative work continues to be working towards achieving ever greater integration between mental and physical health and social care by:

- Working together with commissioners across all four counties to deliver on our newly awarded long-term contracts providing for high quality integrated health and social care services;
- Active involvement in *A Healthier Future*, the Sustainability and Transformation Plan (STP) for Hertfordshire and West Essex, by ensuring that mental health continues to be a high priority of the STP's work, especially as it transitions to become an Integrated Care System (ICS) as set out in the NHS Long Term Plan;
- As a University Trust we have continuing and close links with the University of Hertfordshire which enables us both to strengthen our clinical research and provide excellent learning and development opportunities for staff. We also work closely with them to support the mental health of their students, with a

dedicated mental health nurse working on site with their Wellbeing Team. Towards the end of 2019, HPFT was selected to showcase this work at the annual NHS Providers conference.

- We are continually working with our partners to deliver integrated services to support and care for people holistically through managing people's mental and physical health together. We are also working with our NHS partners to enhance the delivery of care closer to people's homes and to give people greater access to mental health services through their GPs' surgeries.
- During the last year we have also worked closely with our partners to establish the New Care Models collaborative, taking the lead on the development of services for CAMHS and Learning Disabilities across the East of England region. This is an exciting opportunity to transform specialist services, involving taking on responsibility for both provision and commissioning, with very positive quality improvements already being demonstrated. The collaborative will continue into 2020/21 with an expected formal launch later in the year.

To ensure we are on target to deliver the promises made in the NHS Long Term Plan, there is a great deal of work to be done on establishing our Integrated Care Partnership (ICP) for Mental Health and Learning Disability. We will ensure that this works in tandem with the other ICPs in East and North Hertfordshire, West Hertfordshire and West Essex, as part of the new Herts and West Essex Integrated Care System.

Prime Minister Boris Johnson meets with staff from HPFT and West Herts Hospitals NHS Trust in October 2019 to hear about collaboration between the two trusts.

Of course we cannot ignore the ongoing Coronavirus COVID-19 outbreak during which our Emergency Preparedness, Resilience and Response (EPRR) plan, as well as our Business Continuity plans, have proved themselves to be thorough and robust when put into action. These have ensured that we have been able to adapt our services as necessary and remain open for our service users. Our team of staff has truly risen to all the challenges we have faced, with continued positivity, professionalism and resilience - always keeping the safety and quality of care for our service users at the heart of everything they do.

As well as our determination to ensure we continue to maintain high quality services, throughout the pandemic, the next 12 months will no doubt bring other challenges for us not least in meeting the expectations of the NHS Long Term Plan, increasing demand for services and the need to respond in new and innovative ways. These will be in a range of areas as the NHS and our communities find ways to operate with a Covid-19 secure approach. How this will specifically impact on the Trust is still emerging but it will see changes to how services are best provided and how staff work to support service users and carers.

In 2019/20 we delivered our key objectives and the priorities detailed in our annual plan, coupled with strong financial and service performance. The next 12 months will bring many challenges but we are confident that HPFT meet these and emerge stronger from them with our focus, as always, on providing safe and high quality support and care, at the right time and in the right place for people that need our services.

Chris Lawrence, Chair
Dated 23.6.2020

Tom Cahill, Chief Executive
Dated 23.6.2020

1.1.3 Key Issues and risks that could affect delivery of the Trust's objectives, its future success and sustainability

The Trust has identified the key risks, issues, opportunities that could affect our ability to achieve the goals set out within this strategy. The Annual Governance Statement set out in this report identifies the framework for managing these major risks to future performance. These form a core element of our quality improvement plans for 2019/20 and are summarised below:

Risk	Description	Mitigation
Management of Demand and Capacity	Volume, acuity and complexity of demand leading to inability to respond effectively.	• Developing new approaches to demand management working closely with primary care and utilising digital technology. • Reviewing staffing establishment and introduce new roles. • Improving processes and systems within our Single Point of Access. • Utilisation of SPIKE2 to provide staff with accurate accessible data.
Workforce Recruitment and Retention	Inadequate staffing levels or inappropriate mix of permanent and agency staff impacting on the quality of patient care.	• Detailed recruitment planning with focused recruitment drives. • Recruitment incentives • Mitigating action for cohort of potential retirees. • Developing new roles and ways of working.
Financial Targets	Insufficient resources to manage demand and maintain quality and ensure long term financial sustainability.	• Strengthening expenditure controls. • Robust processes to ensure efficiency • Independent quality impact assessment assurance. • Clinically led support to identify efficiency opportunities. • Positive relationships with commissioners.

Changing external landscape and wider system pressures	Insufficient influence and resources available	• Regular review of position by the Board. • Active monitoring and intervention by the Council of Governors. • Strong leadership roles for staff within local STP. • STP mental health work stream and development of Mental Health and Learning Disability Integrated Care Partnership.

We also recognise that the current rapidly changing health and social care landscape, nationally and locally, combined with wider system pressures, poses a potential risk to the sustainability of high-quality service provision for people with mental illness or a learning disability. Our Board reviews this regularly, and the Trust provides strong leadership within the local (Sustainability and Transformation Partnership) STP and maintains good relationships with commissioners, local providers and other key stakeholders.

1.1.4 Going Concern Disclosure

The accounts have been prepared on the basis that the Trust continues to operate as a 'going concern', reflecting the ongoing nature of its activities. After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. This is based upon consideration of the matters listed below. For this reason, they continue to adopt the going concern basis in preparing the accounts. In making these enquires the directors have made full consideration of any risk relating to the impact of Covid-19

Factors that might cast doubt on going concern	**HPFT management response and consideration**
1. Financial conditions, such as:	
a. Poor NHSI financial risk rating	The Trust has a Use of Resources Risk Rating for 2019/20 of 1 throughout the year.
b. Necessary borrowing facilities have not been agreed	No additional loan facilities projected with current capital plans fully funded from available cash net of scheduled loan repayments. Sufficient headroom on current projections.
c. Existence of significant operating losses, historical and projected	The Trust has a surplus of £53k for the year plus PSF monies of £1.8m. The Trust had submitted its draft Plan for 2020/21 showing a break even position. The planning assumptions have been superseded by the temporary contracting arrangements implemented

Factors that might cast doubt on going concern	HPFT management response and consideration
	initially until July 2020. These arrangements will ensure that the Trust reports a breakeven position through the reimbursement of costs related to Covid-19 and the income supplement arrangements. Arrangements for the remainder of the year are being considered by NHSI with the possibility of the existing or similar arrangements being extended at least until 31 October. These arrangements are to continue to provide the range of services required throughout the period.
d. Anticipated or actual major loss of commissioner income	There was no significant income loss incurred in 20/21, with the principal contract within Hertfordshire agreed for a period of five years with an option to extend for a further two. Additional income was expected from commissioners implementing the MHIS investment requirement. The income that was due from the application of this standard is available through the temporary contracting arrangements implemented as part of Next Steps on NHS Response to Covid-19 Financial Arrangements.
e. Major Cash Releasing Efficiency Savings (CRES) programme with high risk of non-achievement	CRES programme for 2019/20 delivered below Plan. For 2020/21 the amount of CRES required was set at circa £6m which was recognised as challenging and at the high end of what is achievable. The CRES requirement for 20/21 has been recognised as being impacted by the response to Covid-19 and as a consequence the 1.1% efficiency requirement withdrawn from the contract which is £2.3m giving a revised requirement of £4.7m. Whilst challenging this is considered achievable.
f. Major losses or cash flow problems which have arisen since the balance sheet date	None. Cash balances at the EoY are £56m with further cash expected through PSF funding and payments from debtors. No expected working capital issues.
g. Inability to repay loans when they fall due	Scheduled repayments will be fully met for foreseeable future from available cash levels.

Factors that might cast doubt on going concern	HPFT management response and consideration
2. Operating conditions, such as:	
a. Loss of key management without replacement	Full senior management team with processes and track record of recruiting to vacancies that arise from time to time.
b. Loss of key staff without replacement and/or labour difficulties	Recruitment and retention remains challenging for the Trust and is a major focus. Trust continues to believe current risk is manageable with a recent trend of very successful recruitment.
c. Poor CQC rating	CQC rating of Outstanding with no expectation of any deterioration.
d. Significant failure to achieve Care Quality standards resulting in any restrictions on services provided	No concerns.
e. Fundamental changes in the market or technology to which the Trust is unable to adapt adequately	Trust playing key role in ICS development with MHLD ICP agreed, and continuing to extend services with significant potential for further growth. Agreement of Digital Strategy with continued investment in technology to support service delivery.
3. Other conditions, such as:	
a. Serious non-compliance with regulatory or statutory requirements	None in existence.
b. Pending legal or regulatory proceedings against the trust that may, if successful, result in claims that are unlikely to be satisfied	Not significant, any material existing claims are covered by CNST/NHSLA or are provided for.
c. Changes in legislation or government policy expected to adversely affect the Trust	Not significant.
d. Issues which involve a range of possible outcomes so wide that an unfavourable result could affect the appropriateness of the going concern basis.	The financial arrangements in response to Covid-19 are designed to ensure that NHS provider organisations can continue to deliver the healthcare required both during the current period and the subsequent recovery.

1.1.5 Summary of Performance Matters (other than those set out earlier)

Our Financial Plan for the year was set in accordance with the NHSI Control Total requirement. The actual surplus achieved was slightly above this and as a result the Trust has been awarded £1.8m Provider Sustainability funding through NHS Improvement. We will use this to support the future capital investment programme that forms a key part of the strategy to continue to provide great care.

1.2 Performance Analysis

1.2.1. How the Trust measures performance (including details of KPIs and performance against KPIs)

Throughout the year, the Board receives regular reports on Trust performance. We base our quarterly formal Performance Review Meetings (held between the Executive Team and the Strategic Business Units) on these reports which cover the following areas:

- The key performance measures agreed by the Board relating to the areas of operational significance. These focus on the service quality measures of access, safety and effectiveness, workforce and finance. The reporting of these includes the trends in performance as well as deep dives in to specific issues requested by the Board and its sub-committees.
- Regulatory requirements from NHS Improvement and others.
- The contractual measures reported regularly to commissioners and other partner organisations.
- Progress on the Trust Annual Plan and the achievement of the related objectives.

Our ambition is to become an information-led organisation and the continued development of our intelligence system: SPIKE2 helps support our service team's performance by improving their access to information. The availability of high quality operational data, updated daily, has provided new opportunities for us to fine tune how we monitor and manage our performance.

1.2.2 Detailed analysis of the development and the performance of the Trust

Regulatory performance
The reporting of regulatory performance is governed by the NHS Oversight Framework first introduced in October 2016 to replace the previous Risk Assessment Framework.

The framework is designed to identify NHS providers' support needs across five themes:

- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability

Providers are monitored against each of these themes to identify any support needed to enable them to meet the agreed standards in each area. Individual trusts are segmented into four categories according to the level of support each trust needs. Where improvements in performance are required, a package of support is agreed with the provider to help them achieve this.

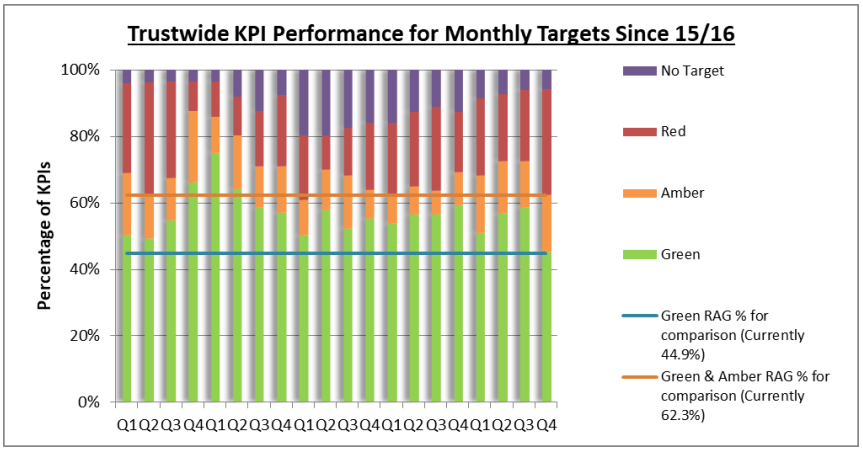
The performance framework

- Single Oversight Framework SOF (6)
- Access (24)
- Safe and Effective (25)

- Workforce (9)
- Finance (5)

The focus of this report is performance across the whole year and as a result it is written from that perspective, however it is important to bear in mind that the last few weeks of 2019/20 herald a new normal due to Covid-19 and our services and our performance will change as a result in 2020/21.

Over the year our performance has remained consistent, as measured by our Key Performance Indicators (KPIs), and there has been a net improvement in the number of KPI's where we are hitting target. Achieving consistent and improving services is a good outcome considering referral demand has increased by 6% over the year, CRES has challenged us to find £6m in savings and services have continued to evolve to reach higher standards in a more timely manner.

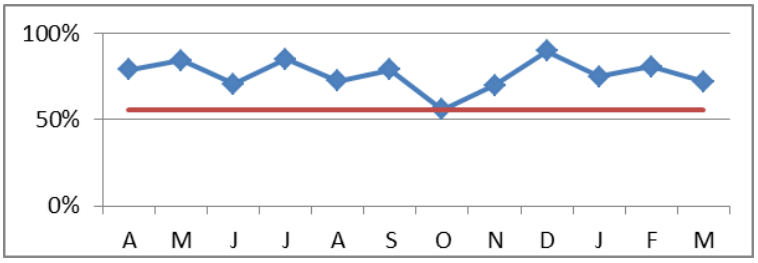


NHS Oversight Framework

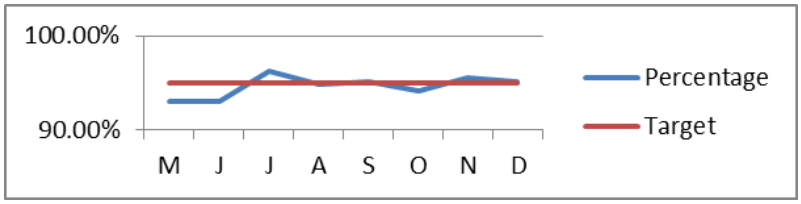
There are six Key Performance Indicators (KPIs) under this domain. Over the year we consistently met five out of six KPIs, however people referred to out of area beds increased over the last six months of the year and exceeded our target. We are now seeing improvements in this area, however the local and national picture reveals that all secondary care services are challenged when it comes to finding beds in the South East of England.

The charts below show how we performed over the year against each of our six indicators.

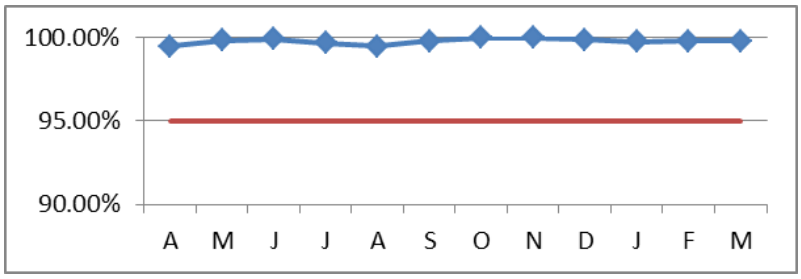
- People with First Episode Psychosis receive treatment within two weeks of referral



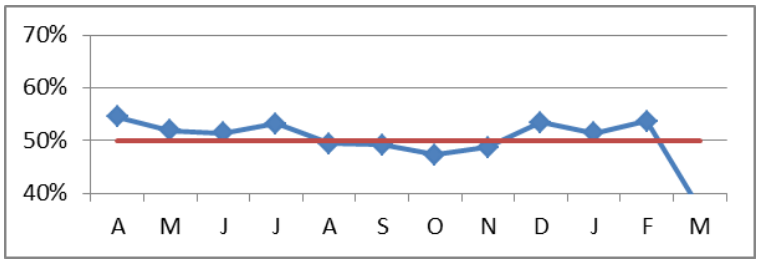
- Data Quality Maturity Index (reported three months in arrears)



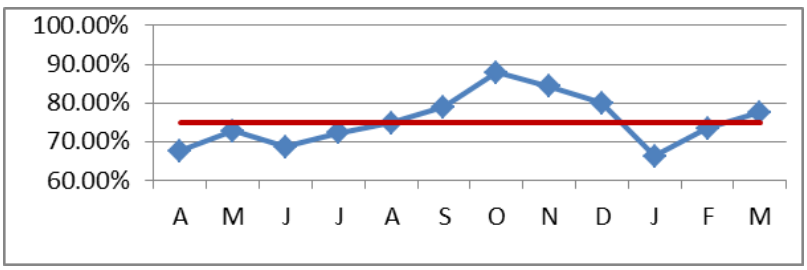
- Improving Access to Psychological Therapies (IAPT) (18 week access)



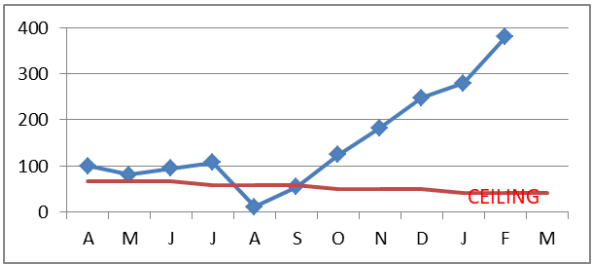
- Improving Access to Psychological Therapies (IAPT) recovery (Target 50%)



- IAPT waiting time to receive treatment (within six weeks)



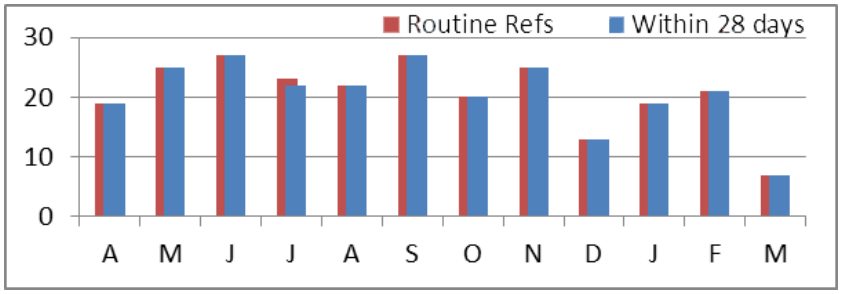
- Inappropriate Out of Area Placements



Access
Over the year we met or exceeded 15 out of our 24 access indicators. Throughout the year we have almost met or exceeded our internal target of 98% of all people to be treated within 18 weeks of referral to us.

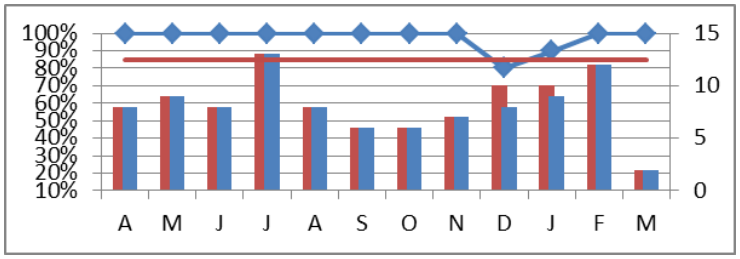
In the first half of the year we had access challenges for all services apart from people with Learning Disabilities and our Eating Disorders Services, both of which have remained close to 100% all year. Over the year our efforts to improve access for children and young people, adults and older people has resulted in complete recoveries for all services and we have exceeded access targets in all four categories of service since Quarter 3. Charts showing performance against these key indicators are shown below.

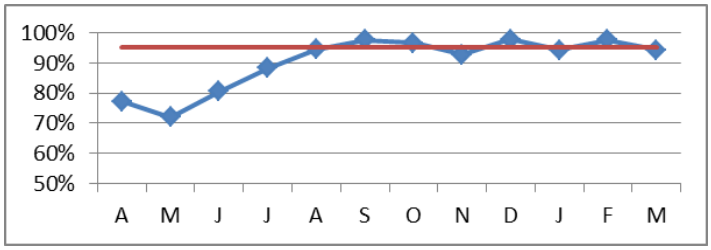
- 28 Day Waiting Time for People with Learning Disabilities



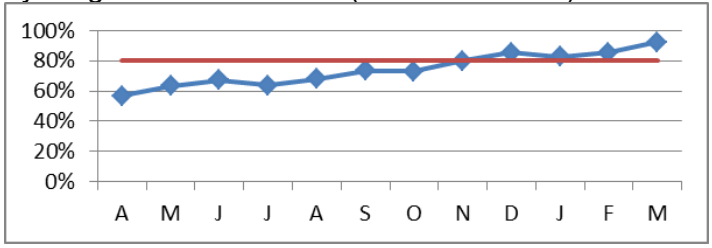
Bars show numbers accessing the service

- CAMHS 28 Day Waiting Time





- Early Memory Diagnosis Assessment (within 12 weeks)



Safe and Effective
There are 25 Safety and Effectiveness Key Performance Indicators which describe our performance in terms of safety, experience, quality and data. Thirteen have been fully met, five are almost met, and six where we have been focussing improvement activities over the year.

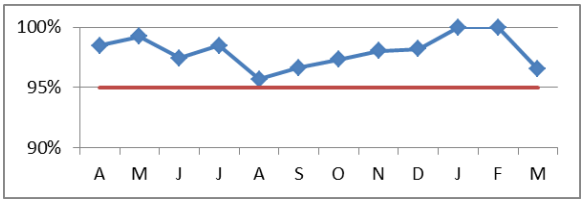
Areas in which we have performed particularly strongly are the number of people discharged from inpatient units who are followed up within seven days, carers that feel valued by staff and staff recommending trust services to family and friends if they need them.

Indicators that have not been met in the year have seen month on month improvement in the majority of cases. In particular, IAPT recovery rates have seen significant improvement over the year and are now consistently above target, as are regular reviews for people on the Care Programme Approach (CPA).

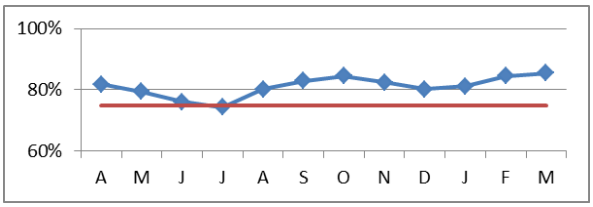
Bed pressures have meant that we have seen delays in discharges from inpatient services across the year. These are now back to the lowest levels we have seen over the last six years but remain higher than our aspiration which remains for people to be discharged to the most appropriate location when they are ready to move on from our services.

Charts showing performance against some of our key safe and effective indicators are shown below:

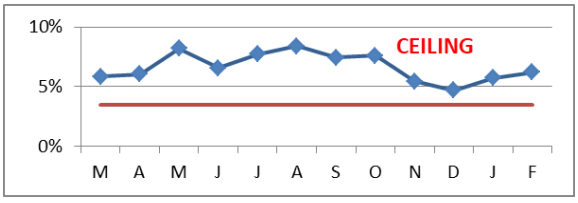
- People followed up within seven days of discharge from an inpatient unit



- Carers feeling valued by staff



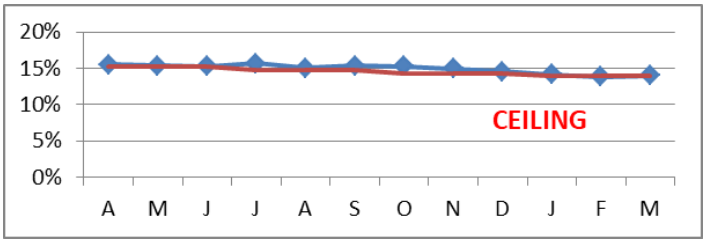
- Delayed Transfers of Care



Workforce
Across 2019/20 we have made significant progress in attracting and retaining staff. We have met our targets for the year and strive to make our organisation a great place to work.

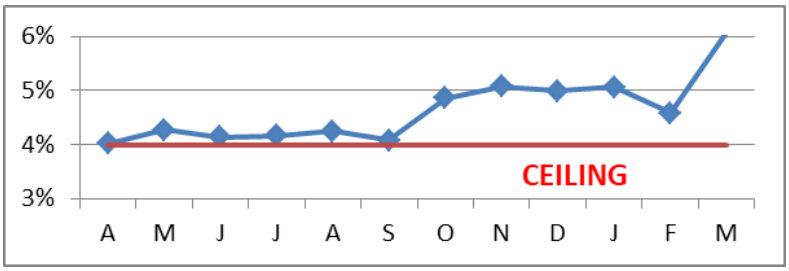
We have developed new ways of recruiting to address high levels of staff turnover. Those new services attract new talent and we work hard to identify and retain our most experienced and committed staff members. Staff turnover has improved over 2019/20, as demonstrated by the chart below.

- Staff Turnover Rate



Seasonal illnesses means that our consistently low sickness rate rises to over 5% in the winter months. An increased focus on inoculating staff against flu has undoubtedly avoided some illness over the winter and the variety of wellbeing activities and services offered across the Trust help maintain physical and mental wellbeing in our workforce. The chart below shows staff sickness rates over 2019/20. It is worth noting that the increase in sickness in March is a result of Covid-19 which, at one stage, meant that 26% of our workforce was absent. Fortunately this position had recovered by the end of April and whilst absence is high by normal standards we are proving able to maintain our performance levels.

- Staff Sickness Rate



Analysis of Financial Performance and Financial Overview

Our track record of solid financial performance continues this year and we have been able to invest in improvement at the same time as maintaining strong financial control. Draft accounts for the financial year 2019/20 were completed and submitted to NHSEI and the external audit completed in line with national timetable. The Trust has reported a normalised surplus of 53k for the year against a Plan of 0k (break-even). A number of provisions were made, mainly in line with the previous year, including Pensions, Injury Benefit, CHC and Dilapidations; as well as an additional new provision of £1.2m relating to service changes expected. Covid-19 costs for 2019/20 of £953k were included in the accounts matched by an income accrual which was fully paid by NHSE/I in April. Any other impact of Covid-19 was limited for 2019/20.

The table below summarises the financial overview.

Ref	Financial Indicator	Target	Current Period Numbers (Mar 2019/20)	Current Period (March 2019/20 UNLESS STATED)	Previous Period (February 2019/20 UNLESS STATED)	Change on previous period	Comments and Data Quality Issues	Forecast for next period (April 2020/21)
F1	To Achieve Surplus in year (not including PSF)	**£0k (break even)**	**£0k (break even)**	**£53k Surplus**	**£131k surplus**	**£77k deficit**	£53k suplus is the underlying position, due to COVID 19 additional income and a change in our control total was made.	
F2	Use of Resources (formerly Financial Service Risk Rating)	**1**		**1**	**1**		Currently 1 and expecting to remain so	
F3	To keep agency spend below the Trust ceiling of £5.8m spend for the year (NB NHSI agency spend ceiling is £7.3 million for the year)	**Trust Plan is £5,800k spend in the year (NHSI ceiling is £7,327k)**	**Trust Plan is £5,800k spend in the year (NHSI ceiling is £7,327k)**	**£6,324k**	**£5,991k**	**£332k**	Continue to be below the NHSI Ceiling	
F4	NHSI Agency Price Caps: (*wage caps no longer reported to NHSI) - monthly number of shifts breaching price caps reported weekly to NHSI in period	**Reduce to Zero**			**392**		Figures as per NHSI weekly submission. Figure based on full weeks that contain days in the reporting period. Current period figure includes weeks commencing; 03/02/20 10/02/20 17/02/20 24/02/20	
F5	Delivering Value (cash releasing efficiency savings in Financial Year)	**£6,500k savings target**	Current estimate of savings requirement for the year is £6,500k	**Current savings programme totals £4,911k for the year**	**Current savings programme totals £4,911k for the year**		No change	↔

Important events since the end of the financial year affecting the Trust
Since year end the Trust has continued to respond to Covid-19 pandemic, this has seen our Trust implement its Business Continuity Plans, adapt our services and ensure our staff are supported to provide great care to our services users. The impact of the pandemic on how the Trust will work and provide services is becoming clear and moving forward the Trust will work hard to ensure it is able to meet the needs of its existing and new service users. We will work with partners, staff and service users to restore services, adopting good practice and learning from our response to the pandemic. We will work hard to ensure we continue our strong financial performance against what will be a challenging environment.

In the early part of 2020/21 we will start the process to recruit a new Chair and two new Non-Executive Directors for the Trust. The Appointments and Remuneration Committee, on behalf of the Council of Governors will oversee the recruitment process.

The Covid-19 pandemic at the very end of the 2019/20 has had a significant impact. For the 2-3 weeks in 2019/20 volumes of referrals into our services reduced by 65% and we responded by re-configuring our services to focus on identifying and meeting the needs of our high risk and high acuity service users. At the same time our own staff absence rates peaked at 26% which drove the need for resilience and innovation. This meant adopting new ways of reaching and caring for our service users and new ways of working for our staff.

Conclusion and looking ahead
Our performance has steadily improved across the year in the key areas of access to services, safety and also the recruitment and retention of our people. Strong financial performance has continued to allow us to invest where necessary to keep service standards high against increases to demand.

Over the next year we are going to see much greater levels of integration with partners and commissioners and we expect our organisation to evolve and adapt to these challenges. Our Annual Plan and Good to Great Strategy stand us in good shape to make necessary changes and as the organisation develops we monitor performance carefully to make sure that standards maintain and improve whilst the system develops towards Integrated Care Partnership working.

Tom Cahill, Chief Executive
Dated: 23.6.2020

Accountability Report

2.1 Directors' Report

2.1.1 The Trust Board

The Trust is managed by full-time Executive, and part-time Non-Executive Directors who collectively make up the Trust's unitary Board of Directors. The Board considers all the Non-Executive Directors to be independent in accordance with the Code of Governance. A representative from Hertfordshire County Council receives all Board papers and is invited to attend key Board meetings to support partnership arrangements.

The NHS Foundation Trust Code of Governance specifies that Non-Executive Directors, including the Chairman, should be subject to re-appointment at intervals of no more than three years, following formal performance evaluation. Any term beyond six years should be subject to rigorous review and take into account the need for progressively refreshing the Board. Non-Executive Director appointments are made with support of an external recruitment company through open competition. Executive Directors are appointed through open competition in accordance with the Trust's recruitment and selection policies and procedures. The period of notice for executives is six months.

Director's responsibility for the Annual Report and Accounts

The Directors are collectively and individually responsible for the preparation of the Annual Report.

This Annual Report has been prepared on the same group basis as the accounts. Having reviewed all the information contained in the Annual Report and Accounts, and taking into account all other relevant information of which they are aware, the Directors confirm that they consider that (taken together) the Annual Report and Annual Accounts:

a: Are fair, balanced and understandable
b: Provide the necessary information for patients, regulators and other stakeholders to assess the performance, business model and strategy of the Foundation Trust.

Board Members

Chris Lawrence, Trust Chair and Chair of the Council of Governors

Chris joined the Board of HPFT in 2012 as a Non-Executive Director. He was appointed as the Chair in 2014 and re-appointed for a second term of office in 2017.

Committed to system working, Chris is active at the heart of the Hertfordshire and West Essex STP's governance and its journey to ICS status. He is a member of the Herts public sector leaders steering group. He collaborates closely with key stakeholders, regionally and nationally to build and strengthen partnerships for improving better wellbeing and health outcomes for patients, service users and their families. He initiated and led the development and introduction of the NHS Chair Competency Framework leading to a radical reassessment of competencies for all NHS Board Executive and Non-Executive roles.
Qualifications: BA (Hons) Leeds University
Professional profile: Fluent in French, Spanish and Portuguese, he spent 35 years working on international mergers and acquisitions with Citicorp, Rothschilds and PwC. Much of his working life has centred around leading major transformational change including a senior role in the global merger of Price Waterhouse and Coopers & Lybrand. A lifelong musician, Chris spent three years as Managing Director of the London Philharmonic in the mid1990s. He is also Chair of the UEA staff Pension Fund and a Christian residential activity centre for young people in Norfolk.

Tom Cahill - Chief Executive

As the Chief Executive, Tom is the accountable officer for the Trust and carries full responsibility for the Trust's strategic direction, performance, planning, business management and development. He also leads the Executive Team. Tom has overseen a major transformation programme that has covered the development of new models of care, new facilities and the Trust culture. Under his leadership, HPFT has recently been rated as 'Outstanding' by the CQC.

Tom has been recognised for his leadership, and was named HSJ Chief Executive of the Year in 2017. He has also been included in the HSJ Top 50 Chief Executives in five out of the last six years.

Qualifications: Diploma in Company Direction - Institute of Directors 2012, Masters in Business Administration (MBA) 1999, Diploma in Management Studies (DMS) 1996, Registered Mental Health Nurse (RMN) 1987

	Professional profile: Tom began his NHS career as a mental health nurse in 1987 and between 1998 and 2001 held senior posts with several trusts before being appointed to Director level roles within North Essex Mental Health Partnership Trust. He moved to Hertfordshire Partnership University NHS Foundation Trust in 2005 as Executive Director of Strategy and Nursing, became Deputy Chief Executive in late 2007 and Chief Executive in April 2009. He celebrated his 10 year anniversary as Chief Executive of the Trust in April 2019. **Membership of professional, national and regional bodies:** Institute of Directors (IoD), Nursing and Midwifery (NMC) Registrant
	**Keith Loveman, Deputy Chief Executive/Director Finance** Keith is responsible for financial performance, contracting and procurement, capital projects, estates and facilities. **Qualifications:** IoD Certificate in Company Direction, Chartered Institute of Public Finance and Accountancy, BSc (Hons) Sports Science **Professional Profile:** Keith joined the NHS in 1990, qualifying as an accountant in 1994. He has worked in a range of NHS finance settings but predominately with organisations providing mental health and learning disability services in Hertfordshire. Previously Deputy Director of Finance and Performance Improvement with HPFT, he became Director in 2010 and Deputy Chief Executive in 2018. **Membership of professional, national and regional bodies:** Chartered Institute of Public Finance and Accountancy
	**Dr Jane Padmore, Director Quality and Safety** Jane is responsible for a diverse range of areas in HPFT including quality and safety, regulatory compliance, mental health legislation, governance, infection control and safeguarding. Jane is Board level lead to all clinical disciplines with the exception of medical staff and pharmacy and is the Executive Nurse. She is also the Caldicott Guardian for the Trust. **Qualifications:** Kings College London Doctorate in Healthcare, 2013, Kings College London MSc Mental Health Studies, 2005, University of Surrey BSc (Hons) Specialist Practice in Community Health (Mental Health), 1997, Registered mental health nurse,1994

	Professional profile: Jane has worked in mental health and learning disability services since 1990, initially as a healthcare assistant. She has experience across learning disability and adult and child mental health as well as forensic services. Jane has been involved in clinical, service development and academic work throughout her career Jane joined the Trust in 2014 as Deputy Director of Nursing Quality and Safety and was appointed into her current role in 2016. **Membership of professional, national and regional bodies:** Royal College of Nursing, Steering Group of the National Mental Health and Learning Disability Director of Nursing Forum
	**Dr Asif Zia, Director Quality and Medical Leadership** Asif is responsible for medical leadership in the Trust, research and development, clinical effectiveness, pharmacy and medicines management. **Qualifications:** Nye Bevan NHS Leadership Academy 2017, Professor of Psychiatry (Hons) 2016, Doctor of Medicine (MD) 2012, MRCPsych 1999 **Professional profile:** Asif joined HPFT in 2012. He has worked as a consultant psychiatrist for learning disabilities both in the community and on acute assessment and treatment units. Asif has been involved in service development and quality improvement activities in his psychiatrist career and was appointed to his current role in 2017. **Membership of professional, national and regional bodies:** Regional advisor Royal College of Psychiatrists, Council member Clinical Senate, NHS East of England
	**Karen Taylor, Director Strategy and Integration** Karen is responsible for strategy development, business planning and development and performance. She also leads the development of integrated care across the Trust, working with health and social care partners to develop new models of integrated care across primary, community and specialist services. **Qualifications:** BSc (Hons) Sociology and Psychology, Post Graduate Diploma in Management **Professional profile:** Karen has worked in the NHS for over 20 years in a range of senior roles including Director of Operations of an acute trust and Deputy CEO and Director of Operations of a community trust. She joined HPFT as Chief Operating Officer in 2012 and became Executive Director, Strategy and Integration in June 2016.

Sandra Brookes, Director of Service Delivery and Service User Involvement

Sandra is responsible for service delivery, service user and carer involvement and complaints.

Qualifications
Masters in Health Management, City University 1994
Diploma in Occupational Therapy 1986

Professional profile
Sandra has worked in the NHS since 1986. She has clinical experience in a range of mental health settings including acute, rehabilitation, primary care, community and older people's services. She has a held a number of operational roles within mental health and learning disability trusts.

Sandra joined the Trust at the end of 2014 as Managing Director for the West SBU and after two years moved into the Managing Director post in East and North SBU. In March 2018 she took on the new role as Deputy Director of Service Delivery and Service User Experience. Sandra was appointed as Director of Service Delivery and Service User Experience in April 2019.

Ann Corbyn, Director of People and Organisational Development

Ann leads the development of innovative People, Culture and Organisational Development strategies that support the Trust's aims of providing great care and great outcomes for our service users and which enable our people by developing a work place where people grow, thrive and succeed.

Qualifications
Post Graduate Diploma, HR Management, Anglia Polytechnic University

Professional Profile
Ann has 18 years' experience operating at a strategic level in HR and OD - her career spans both the public and private sector, with HR leadership roles in Policing, Social Housing and Care, the NHS, FMCG and business support services amongst others; Ann joined the Trust in February 2020 having begun her HR career with Tesco.

	**Helen Edmondson, Head of Corporate Affairs and Company Secretary** Helen is responsible for advising the Board and the organisation on all aspects of governance. She guides the Board and its sub committees in the responsible and effective conduct of their roles, ensuring it acts fairly and with integrity. She is responsible for the smooth running of the office of the Chair and Chief Executive by managing the Corporate Office. She is the primary point of contact and advice for the Non-Executive Directors and Trust Governors. **Qualifications** BSc (Hons) International Politics and International History Certificate of Performance in Coaching Practice Certificate in Management **Professional profile** Helen has worked in the NHS for over 28 years in a range of managerial roles; including Director of Corporate Affairs and HR in an ambulance Trust and Associate Director of Governance in a large CCG. She has worked in the Hertfordshire health and care system for over 10 years in both commissioning and strategic planning organisations. She joined HPFT from Hertfordshire and West Essex STP.
	**Loyola Weeks, Non-Executive Director** **Qualifications:** BSc (Hons), General and Community Nurse, Midwife and Health Visitor, DPSN, NCAS trained Case Investigator **Professional profile:** Loyola was appointed as Non-Executive Director in August 2014. Prior to this she was a governor at HPFT. Having undertaken numerous Leadership Mentoring and Coaching training across the NHS and private sector she continues to support aspirant Leaders and Directors. She has been a Clinical and Executive Nurse for over 40 years undertaking roles in commissioning and provider organisations. **Membership of professional, national and regional bodies:** Director O'Donovan Weeks Ltd

	**Catherine Dugmore, Non-Executive Director, Senior Independent Director** **Qualifications:** Association Chartered Accountants (ACA) **Professional profile:** Catherine was appointed as Non-Executive Director in August 2016. She trained with PwC in London, before specialising in financial services clients and becoming a partner in South Africa as multinationals were setting up there. When Catherine relocated to the UK in 2002 she decided to pursue a full time Non-Executive Director career in the public and voluntary sectors. Catherine is currently a Trustee of RGB Kew and WWF-UK, as well as serving as a Non-Executive Board Member of Natural England. Prior to this, for a decade she was associated with Action for Children becoming Chair of the Audit Committee and Vice Chair of the organisation. Catherine was also Chair of Victim Support from 2014 to 2017, overseeing a significant internal transformation of the organisation and building its external profile. She has also been Chair of the Audit Committee and Vice Chair of North Middlesex University Hospital NHS Trust. **Membership of professional, national and regional bodies:** Institute of Chartered Accountants of England and Wales
	**Tanya Barron, Non-Executive Director** **Qualifications:** BA (Hons) 2:1 Social Science, PGCE honoris causa, OBE **Professional profile:** Tanya was appointed as Non-Executive Director in 2016. She has worked at Board level in an international disability organisation, has worked for the European Commission as an external manager and chaired the UNICEF NGO committee in Geneva for many years. Tanya was the CEO of Plan International UK. In this role, Tanya lead a £80m turnover international development organisation, with a particular focus on girl's rights and gender equality. She is currently the Chair of a national provider of services to people with a learning disability.

	**Sarah Betteley, Non-Executive Director. Deputy Chair** **Qualifications:** LLB (Hons) Solicitor, Post Graduate Diploma in EU Law **Professional profile:** Sarah was appointed as Non-Executive Director in 2014. She is a lawyer with significant non-executive experience in the NHS. Sarah has worked in senior executive commercial roles across BT and on a number of charity boards. Sarah has also acted in a consultant capacity supporting small businesses with strategy and growth development.
	**Rt Hon Dame Janet Paraskeva, Non-Executive Director** **Professional profile:** Janet was appointed as Non-Executive Director in 2019. Having begun her career as a teacher, Janet went on to work in youth and community work, establishing and becoming the first Chief Executive of the National Youth Agency and creating the European Confederation of Youth Club Organisations. She set up and was the first Director of the England operation of the National Lottery Charities Board and was the Chief Executive of the Law Society from 2000-2006. She has since served as First Civil Service Commissioner in Whitehall, a Non-Executive Director of the Serious and Organised Crime Agency and of the Consumer Council for Water. She was Chair of the Child Maintenance and Enforcement Commission and is currently Chair of the Appointments Commission for the States of Jersey and of the Council for Licensed Conveyancers. She was made a Privy Councillor to assist in her role as a member of the Detainee Inquiry established by the Prime Minister in 2010, has been Chair of the development charity Plan UK. Janet is also Chair of Regulation and Standards for RICS-Royal Institute for Chartered Surveyors In 2010 she became a Dame.
	**David Atkinson, Non-Executive Director** **Professional Profile:** David was appointed as a Non-Executive Director in August 2019. David is Chair of the Finance and Investment Committee. David is a former banker with 26 years' experience, working in London, Tokyo and Hong Kong. He specialised in finance and risk management, with region-wide responsibilities in Europe and then Asia Pacific.

	**Diane Herbert, Non-Executive Director** **Professional Profile:** Diane was appointed as a Non-Executive Director in May 2019. Diane is an HR professional by background and was previously HR Director at Channel 4. Alongside her non-executive roles, Diane also works as an executive coach and consultant specialising in helping to build and develop cultures that support creativity, innovation and change.
	**Sarita Dent**, **Associate Non-Executive Director** **Professional Profile:** Sarita was appointed as an Associate Non-Executive Director in May 2019. With 25 years' experience of senior commercial and financial leadership with some of the most distinguished media consultancies owned by publicly listed media groups, Sarita has specialised in leading commercially successful transformations in forward thinking innovative and creative businesses, at international levels. Since 2015, Sarita has been a Treasurer and Trustee for a UK national charity.

Note: The individuals listed below held Board positions in year but are not in post at 31 March 2020.

Mariejke Maciejewski	Interim Director Workforce and Organisational Development (left the Trust end of September 2019)
Ronke Akerele	Director Innovation and Transformation (left the Trust end of August 2019)
Susan Young	Interim Director of Workforce and Organisational Development (1 October 2019 to 31 March 2020)
Jill Hall	Interim Company Secretary (left the Trust 19 April 2019)
Linda Storey	Interim Company Secretary (13 June to 15 September 2019)
Simon Barter	Non-Executive Director (left the Trust end of July 2019)

2.1.2 Board of Directors appointments and committee attendance

There were 11 Board of Directors meetings between 1 April 2019 and 31 March 2020. The Trust also holds an Annual General Meeting for members. The term of appointment and individual attendance of each Board member at Board of Director and sub-committee meetings of which they are members is set out below.

Table 1- Appointments and attendance at Board of Directors meetings and statutory and assurance committees

Table 1: 1 April 2019 - 31 March 2020

Board Member	Term of Appointment	Trust Board	Nominations and Remuneration committee	Audit Committee	Integrated Governance Committee	Finance and Investment Committee
		Attendance/actual/maximum				
Non-Executive Directors						
Chris Lawrence (Chair)	01/08/2012-31/07/2020	11/11	9/9	n/a	n/a	n/a
Simon Barter	01/08/2016-31/07/2019	5/5	1/1	1/2	n/a	2/2
Sarah Betteley	01/08/2014-31/07/2020	10/11	8/9	n/a	5/5	5/6
Catherine Dugmore	01/08/2016-31/07/2019	10/11	5/9	5/5	n/a	5/6
Tanya Barron	01/09/2017-01/09/2020	9/11	8/9	n/a	5/5	6/6
Loyola Weeks	01/08/2014-31/07/2020	10/11	8/9	4/5	5/5	n/a
David Atkinson	01/08/2019-31/07/2022	5/6	6/6	3/3	n/a	4/4
Dame Janet Paraskeva	01/09/18–31/08/21	10/11	7/9	n/a	3/5	n/a
Diane Herbert	01/05/2019-30/04/2022	8/11	6/9	n/a	2/5	n/a
Directors In Attendance						
Tom Cahill (CEO)	01/04/2009 – ongoing	9/11	n/a	1/1	n/a	n/a
Keith Loveman	04/10/2010 –	9/11	n/a	n/a	n/a	5/6
Dr Asif Zia	01/07/2017-ongoing	10/11	n/a	n/a	4/5	1/6
Dr Jane Padmore	17/11/2016-ongoing	11/11	n/a	n/a	5/5	5/6
Sandra Brookes	01/04/2019 - ongoing	9/11	n/a	n/a	3/5	4/6
Karen Taylor	27/02/2012-ongoing	9/11	n/a	n/a	n/a	5/6
Mariejke Maciejewski	01/07/2018 – 30/09/2019	6/6	n/a	n/a	2/3	n/a
Susan Young	1/10/2019 – 31/03/2020	3/3	n/a	n/a	1 /2	n/a
Ann Corbyn	01/02/2020 - ongoing	1 /2	n/a	n/a	n/a	n/a

Other Directors and Attendees			
Helen Edmondson*	Head of Corporate Affairs and Company Secretary	02/09/2019	Ongoing
Aderonke Akerele*	Director of Innovation and Transformation (non-voting)	04/0	31/08/2019
Jill Hall*	Interim Company Secretary	01/06/2018	19/04/2019
Linda Storey*	Interim Company Secretary	13/06/2019	15/09/2019

Note David Atkinson was appointed Associate NED from 1 May to 31 July 2019. Sarita Dent has worked as Associate NED from 1 May 2019 until 31 July 2020.

2.1.3 Details of Company Directorship

Details of Interests declared by members of the Board of Directors, including Company Directorship are held in a register of Directors' Interests by the Head of Corporate Affairs and Company Secretary.

The register of Directors' Interests is available from the Company Secretary or on our website at: Hertfordshire Partnership University NHS Foundation Trust, The Colonnades, Hatfield, Hertfordshire AL10 8YE Tel: 01707 253866 or https://www.hpft.nhs.uk/media/4609/dec-conflict-of-interest-register.pdf

There is no company directorship held by the Directors where companies are likely to do business with, or seek to do business with the Trust.

2.1.4 Statement of compliance with cost allocation and charging guidance

The NHS Foundation Trust has complied with the cost allocation and charging requirements set out by HM Treasury.

2.1.5 Details of Political Donations

There were no political donations made during the reporting period.

2.1.6 Liability to pay Interest

The Trust paid £317 interest as the result of failing to pay invoices within the 30 day credit periods so agreed.

2.1.7 Statement of Better Payment Practice Code

The NHS Foundation Trust has adopted the Better Payment Practice Code, formerly known as the CBI policy on prompt payment. This requires payment to creditors within 30 days of the receipt of goods, or a valid invoice, whichever is the later, unless covered by other agreed payment terms. The Trust's performance against this target in the year was as follows;

	£000's	Number
Total non-NHS bills paid in the year	122,652	45,809
Total non-NHS bills paid within target	113,171	41,858
Percentage of bills paid within target (2019/2020 percentages)	92%	91%
Percentage of bills paid within target (2018/2019 percentages)	88%	85%

	£000's	Number
Total NHS bills paid in the year	14,944	842
Total NHS bills paid within target	12,087	673
Percentage of bills paid within target (2019/2020 percentages)	81%	80%
Percentage of bills paid within target (2018/2019 percentages)	59%	79%

2.1.8 The Well-Led Framework

The Trust has in place arrangements to ensure services are well-led and these have been developed to reflect NHS Improvement's "Well-Led Framework". These include: strong leadership at Board level that support the development and delivery of a clear vision and strategy. There are robust governance systems supporting the Board, Sub-Committees and Council of Governors that ensures risks are managed appropriately. High quality information is available to inform decision making and working within our values we ensure we engage and include others in our strategy development and deliver. All of these ways of working are subject to self-assessment and formal reviews by internal audit. There is additional information on these arrangements and approach in the Annual Governance Statement (section 2.7).

To support "Well-Led Framework" the Board and committees undertook effectiveness self-assessments but the findings were not reviewed due to Covid-19.

2.1.9 Disclosure relating to Quality Governance

2.1.9.1 How the Trust has regard to the quality Governance Framework

Quality governance is the combination of structures and processes at and below Board level to lead on trust-wide quality performance including:

- ensuring required standards are achieved
- investigating and taking action on sub-standard performance
- planning and driving continuous improvement
- identifying, sharing and ensuring delivery of best practice and
- identifying and managing risks to quality of care

Examples of good practice linked to our Quality Governance Framework Strategy to ensure the continual provision of high quality safe services are highlighted in Table 2 below.

Table 2 - Quality Governance Framework – examples of good practice

1. Strategy	Examples of good practice
1a: Does quality drive the trust's strategy?	Quality is embedded in the Trust's overall strategy. • The Trust's strategy comprises a small number of ambitious trust-wide quality goals covering safety, clinical outcomes and patient experience which drive year on year improvement • Quality goals reflect local as well as national priorities, reflecting what is relevant to patient and staff • Quality goals are selected to have the highest possible impact across the overall Trust • Wherever possible, quality goals are specific, measurable and time-bound • Overall Trust-wide quality goals link directly to goals in divisions/services (which will be tailored to the specific service) • There is a clear action plan for achieving the quality goals, with designated lead and timeframes • Applicants are able to demonstrate that the quality goals are effectively communicated and well-understood across the Trust and the community it serves. • The Board regularly tracks performance relative to quality goals
1b: Is the Board sufficiently aware of potential risks to quality?	The Board regularly assesses and understands current and future risks to quality and is taking steps to address them. The Board regularly reviews quality risks in an up-to-date Trust risk register. The Trust risk register is supported and fed by quality issues captured in directorate/service risk registers. This is also supported by a regularly updated Board Assurance Framework, which the Board reviews at least quarterly.

	The risk register covers potential future external risks to quality (e.g., new techniques/technologies, competitive landscape, demographics, policy change, funding, regulatory landscape) as well as internal risks. There is clear evidence from the Trust of actions in place to mitigate risks to quality. Proposed initiatives are rated according to their potential impact on quality (e.g. clinical staff cuts would likely receive a high risk assessment). Initiatives with significant potential to impact quality are supported by a detailed assessment that could include: • 'Bottom-up' analysis of where waste exists in current processes and how it can be reduced without impacting quality (e.g., Lean) • Internal and external benchmarking of relevant operational efficiency metrics (of which nurse/bed ratio, average length of stay, bed occupancy, bed density and doctors/bed are examples which can be markers of quality) • Historical evidence illustrating prior experience in making operational changes without negatively impacting quality (e.g. impact of previous changes to nurse/bed ratio on patient complaints) The Board is assured that initiatives have been assessed for quality All initiatives are accepted and understood by clinicians There is clear subsequent ownership (e.g. relevant clinical director) There is an appropriate mechanism in place for capturing front-line staff concerns, including a defined whistle-blower policy Initiatives' impact on quality is monitored on an ongoing basis (post-implementation) Key measures of quality and early warning indicators identified for each initiative Quality measures monitored before and after implementation Mitigating action taken where necessary
2. Capabilities and culture	**Examples of good practice**
2a. Does the Board have the necessary leadership and skills and	The Board is assured that quality governance is subject to rigorous challenge, including full NED engagement and review (either through participation in Audit Committee or relevant quality-focused committees and sub-committees).

knowledge to ensure delivery of the quality agenda?	The capabilities required in relation to delivering good quality governance are reflected in the make-up of the Board. Board members are able to: • Describe the Trust's top three quality-related priorities • Identify well and poor-performing services in relation to quality, and actions the Trust is taking to address them • Explain how it uses external benchmarks to assess quality in the organisation (e.g. adherence to NICE guidelines, recognised Royal College or Faculty measures) • Understand the purpose of each metric they review, be able to interpret them and draw conclusions from them • Be clear about basic processes and structures of quality governance • Feel they have the information and confidence to challenge data • Be clear about when it is necessary to seek external assurances on quality, e.g. how and when it will access independent advice on clinical matters Board members are able to give specific examples of when the board has had a significant impact on improving quality performance. The Board conducts regular self-assessments to test its and capabilities; and has a succession plan to ensure they are maintained.
3. Structures and processes	**Examples of good practice**
3a. Are there clear roles and accountabilities in relation to quality governance?	Each and every Board member understand their ultimate accountability for quality. There is a clear organisational structure that cascades responsibility for delivering quality performance from 'board to ward to board' (and there are specified owners in-post and actively fulfilling their responsibilities). Quality is a core part of main Board meetings, both as a standing agenda item and as an integrated element of all major discussions and decisions. Quality performance is discussed in more detail every other month by a quality-focused Board sub-committee with a stable, regularly attending membership.
3b: Are there clearly defined, well understood processes for escalating and resolving issues and	The Board is clear about the processes for escalating quality performance issues to the Board. • Processes are documented Robust action plans are put in place to address quality

managing performance?	performance issues (e.g. including issues arising from serious untoward incidents and complaints). With actions having: • Designated owners and time frames • Regular follow-ups at subsequent Board meetings Lessons from quality performance issues are well-documented and shared across the Trust on a regular, timely basis, leading to rapid implementation at scale of good-practice. There is a well-functioning, impactful clinical and internal audit process in relation to quality governance, with clear evidence of action to resolve audit concerns. • Continuous rolling programme that measures and improves quality • Action plans completed from audit • Re-audits undertaken to assess improvement Both 'whistleblower' and error reporting processes are defined and communicated to staff; and staff are prepared if necessary to "blow the whistle". There is a performance management system with clinical governance policies for addressing under-performance and recognising and incentivising good performance at individual, team and service line levels.
3c: Does the Board actively engage patients, staff and other key stakeholders on quality?	Quality outcomes are made public (and accessible) regularly, and include objective coverage of both good and bad performance. The Board actively engages patients on quality, for example: • Patient feedback is actively solicited, made easy to give and based on validated tools • Patient views are proactively sought during the design of new pathways and processes • All patient feedback is reviewed on an ongoing basis, with summary reports reviewed regularly and intelligently by the Board • The Board regularly reviews and interrogates complaints and serious untoward incident data • The Board uses a range of approaches to "bring patients into the board room" (e.g. face-to-face discussions, video diaries, ward rounds, patient shadowing) The Board actively engages staff on quality, for example: • Staff are encouraged to provide feedback on an ongoing basis, as well as through specific mechanisms (e.g. monthly "temperature gauge" plus annual staff survey; regular 'Big Listen' events) • All staff feedback is reviewed on an ongoing basis with summary reports reviewed regularly and intelligently by the Board The Board actively engages all other key stakeholders on quality, for example: • Quality performance is clearly communicated to

	commissioners to enable them to make educated decisions • Feedback from PALS and local Healthwatch groups is considered • For care pathways involving GP and community care, discussions are held with all providers to identify potential issues and ensure overall quality along the pathway • The Board is clear about Governors' involvement in quality governance
4. Measurement	**Examples of good practice**
4a: Is appropriate quality information being analysed and challenged?	The Board reviews a monthly 'dashboard' of the most important metrics. Good practice dashboards include: • Key relevant national priority indicators and regulatory requirements • Selection of other metrics covering safety, clinical effectiveness and patient experience (at least three each) • Selected 'advance warning' indicators • Adverse event reports/ serious untoward incident reports/ patterns of complaints • Measures of instances of harm (e.g. Global Trigger Tool) • NHS Improvement risk ratings (with risks to future scores highlighted) • Segmentation against NHS Improvement's Single Oversight Framework • Where possible/appropriate, percentage compliance to agreed best-practice pathways • Qualitative descriptions and commentary to back up quantitative information The Board is able to justify the selected metrics as being: • Linked to Trust's overall strategy and priorities • Covering all of the Trust's major focus areas • The best available ones to use • Useful to review The dashboard is backed up by a 'pyramid' of more granular reports reviewed by sub-committees, divisional leads and individual service lines. Quality information is analysed and challenged at the individual consultant level. The dashboard is frequently reviewed and updated to maximise effectiveness of decisions; and in areas lacking useful metrics, the Board commits time and resources to developing new metrics.
4b: Is the board assured of the robustness of the quality information?	There are clearly documented, robust controls to assure ongoing information accuracy, validity and comprehensiveness • Each directorate/service has a well-documented, well-functioning process for clinical governance that assures the Board of the quality of its data • Clinical audit programme is driven by national audits, with processes for initiating additional audits as a result of identification of local risks (e.g. incidents)

	• Electronic systems are used where possible, generating reliable reports with minimal ongoing effort • Information can be traced to source and is signed-off by owners. • There is clear evidence of action to resolve audit concerns • Action plans are completed from audit (and subject to regular follow-up reviews) • Re-audits are undertaken to assess performance improvement • There are no major concerns with coding accuracy performance • Trust internal audit plan also includes audits linked to the review of the quality of data and information
4b: Is quality information being used effectively?	Information in Quality Reports is displayed clearly and consistently. Information is compared with target levels of performance (in conjunction with a R/A/G rating), historic own performance and external benchmarks (where available and helpful). Information being reviewed must be the most recent available, and recent enough to be relevant. 'On demand' data is available for the highest priority metrics. Information is personalised where possible (e.g. unexpected deaths shown as an absolute number, not embedded in a mortality rate). Trust is able to demonstrate how reviewing information has resulted in actions which have successfully improved quality performance.

2.1.8.2 Material inconsistencies in reporting

There are no material inconsistencies in reporting.

2.1.8.3 Summary of Service User care activities

Every service user has a comprehensive care plan which is co-produced with the service user. Where appropriate this co-production may also include a relevant carer. Direct care in the Trust takes many different forms including:

- Round the clock medical and nursing care
- Access to a range of therapies including:
  - occupational therapy
  - talking therapies
  - physical health such as physiotherapy

These are based on the principles of the Care Act.

2.1.8.4 Summary of stakeholder relations

Hertfordshire Partnership University NHS Foundation Trust (HPFT) maintains significant partnerships and relationships which support and facilitate the delivery of care and benefits for our service users/carers. Our strong relationships with key commissioners across Hertfordshire, Essex, Buckinghamshire and Norfolk have secured ongoing income for services, and funding for a number of developments during 2019/20 and onwards into 2020/21.

HPFT operates within the Hertfordshire and West Essex STP footprint, and has positive and developing relations with all key stakeholders within that partnership. HPFT itself is leading or undertaking a support role across work streams including the STP-wide mental health work stream as well as leading the work to establish a Mental Health and Learning Disabilities Integrated Care Partnership for Hertfordshire. We have also been at the forefront of the New Care Models collaborative that see us working closely with other specialist providers to develop pathways for CAMHS and Learning Disability services. This is an exciting opportunity that will continue into 2020/21.

Within each geographical footprint (Hertfordshire, Essex, Buckinghamshire, Norfolk) there are also examples of good stakeholder relations across the full range of statutory and non-statutory partners. These include Mind, Age UK, the Police, local acute hospitals, local commissioners and county councils. HPFT is part of the Integrated Care Partnerships for West Hertfordshire and East and North Hertfordshire, who are working together to improve outcomes for the local population.

HPFT has a strong history of co-production with both external stakeholders and importantly with service users and carers. We have demonstrated this throughout 2019/20 across our services both in the development of our Trust-wide strategies and in our individual services.

2.1.9 Income Disclosures

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) states that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The NHS Foundation Trust met this requirement.

In accordance with Section 43(3A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) the NHS Foundation Trust confirms it has several income sources that are not directly linked to patient care of which the main sources are training and education funding and research grants. These income streams contribute positively to the provision of goods and services for the purposes of the health service in England.

Fees and charges (income generation)
The NHS Foundation Trust has no fees and charges where the full cost exceeds £1 million or the service is otherwise material to the accounts.

2.1.10 Statement of disclosure of information to auditors (s418)

Each of the Directors, whose name and functions are listed in the Board of Directors section of this Annual Report and Accounts and was a director at the time the report is approved, confirms that, to the best of each person's knowledge and belief and so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and the Director has taken all the steps that ought to have been taken as a Director in order to make him or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Accounting Officer approval of the Accountability Report	
	Tom Cahill, Chief Executive

2.2 Remuneration Report

2.2.1 Annual Statement of Remuneration

This report covers the remuneration of the most senior managers of the Trust, the Board of Directors, including both Executive Directors and Non- Executive Directors as those people who have the authority and responsibility for controlling the major activities of the Trust.

The following paragraphs provide information about the Remuneration Committees, the policy on remuneration and detailed information about the remuneration of the Executive and Non-Executive Directors of the Trust.

2.2.1.1 Substantial changes to senior managers remuneration

A review of the senior managers' remuneration policy if required is provided to the Nominations and Remuneration Committee by a pay specialist, during 2019/20 no advice external to the Trust was received. No Board Director is involved in setting their own remuneration. In setting the remuneration levels, the Committee balances the need to attract, retain and motivate directors whilst maintaining the quality required. There have been no substantial changes made in relation to senior managers' remuneration during the year.

2.2.1.2 Major decisions on senior managers' remuneration

During the accounting period the major decision for the Nominations and Remuneration Committee relates to performance-related pay for Executive Directors. The remuneration for the Executive Team includes an element of performance-related pay where performance is assessed in relation to organisational performance against agreed objectives relating to the Trust's strategic goals, and individual performance against annual personal objectives and contribution to the performance of the organisation. Progress towards achievement of these objectives is reviewed and regularly recorded during the year by the Chief Executive for the Executive Directors and by the Trust Chair for the Chief Executive, and is subsequently reported to the Nominations and Remuneration Committee.

For 2019/20 the performance targets set at the beginning of the year and actual performance against those targets is set out in the following section. The estimated resultant performance payment payable is set out in section 2.2.2 of the remuneration report. For 2019/20 any award remains subject to consideration of the performance of the Executive Team by the Nominations and Remuneration Committee.

The full remuneration report of salary, allowances and benefits of senior managers are set out in section 2.2.3.7 of the Annual Report on Remuneration.

Chris Lawrence, Chair
Date: 23.6.2020

2.2.2 Senior managers Remuneration Policy

The remuneration policy for the Trust's Executive Directors ensures remuneration is consistent with market rates for equivalent roles in Foundation Trusts of comparable size and complexity and that regardless of the level of pay the remuneration is reasonable. It also takes into account the performance of the Trust, comparability with employees holding national pay and conditions of employment, pay awards for senior roles elsewhere in the NHS and pay/price changes in the broader economy, any changes to individual roles and responsibilities, as well as overall affordability.

The remuneration of the Executive Team includes a deferred performance pay scheme, based on a two year cycle. The principles of the performance framework focus on reinforcing the collective performance of the organisation rather than that of individual directors.

The scheme has a threshold performance level which has to be achieved before the scheme becomes applicable. These include factors such as CQC requirements, quality indicators, and financial performance to ensure that basic performance is achieved before any consideration of any performance related payment can be made. There are a number of stretching objectives which focus on the advancing the Trust against both its strategic objectives and annual plan.

Where an individual Executive Director is paid more than £150,000, the Trust has taken steps to ensure that remuneration is set at a competitive rate in relation to other similar Foundation Trusts and that this rate enables the Trust to attract, motivate and retain executive directors with the necessary abilities to manage and develop the Trust's activities fully for the benefits of service users.

The Nominations and Remunerations Committee annually reviews and determines the threshold/gateway parameters that will apply for performance pay and agree, in conjunction with the Chief Executive, the performance scheme measures and weighting for each measure at the beginning of the annual cycle. These measures are normally five or six stretching objectives with a number of sub-components.

On achievement of the entry threshold the Nomination and Remuneration Committee will consider performance against the stretch objectives and will award the percentage amount available to be paid as performance pay to the team. The value of the payment can be up to a maximum of 15% of an Executive team member's salary. The percentage awarded will be moderated by the Chief Executive through the annual performance review cycle to reflect the performance of the individual directors; The Chair making the award in respect of the Chief Executive. Based on this an individual director will receive a sum individual to them and reflective of their performance, but limited to the overall collective performance of the organisation. For an individual director the award is moderated as a percentage of the eligible payment as follows:

- 100% for excellent performance

- 50% for average performance
- 25% of eligible payment available for a director at a development stage or with adequate performance

Where performance is deemed below an adequate level or there are issues of conduct and capability there will be no entitlement to a performance payment. Only 50% of the payment award will be paid in any one year for that year's performance, whilst the remaining 50% will be deferred to the following year.

2.2.2.1 Future Policy

For 2019/20 the performance targets set at the beginning of the year and the actual performance against those targets are set out in Table 3. An amount has been included in the Annual Accounts to reflect the estimated amount payable. The performance related payment for 2019/20 notes the maximum estimated level payable and is included as a potential payment within the annual accounts. No payment has been made and the award remains subject to consideration by the Remunerations and Nominations Committee in accordance with the terms of the deferred performance pay scheme.

2.2.2.2 Service Contract Obligations

The Trust is obliged to give Directors six months' notice of termination of employment, which matches the notice period, expected of Executive Directors from the Trust. The Trust does not make termination payments beyond its contractual obligations which are set out in the contract of employment and related terms and conditions. Executive Directors' terms and conditions, with the exception of salary shadow the national arrangements, inclusive of sick pay and redundancy arrangements and do not contain any obligations above the national level.

2.2.2.3 Policy on payment for loss of office

The principles of the determination of payments for loss of office are in accordance with the national agenda for change guidance and in accordance with employment legislation.

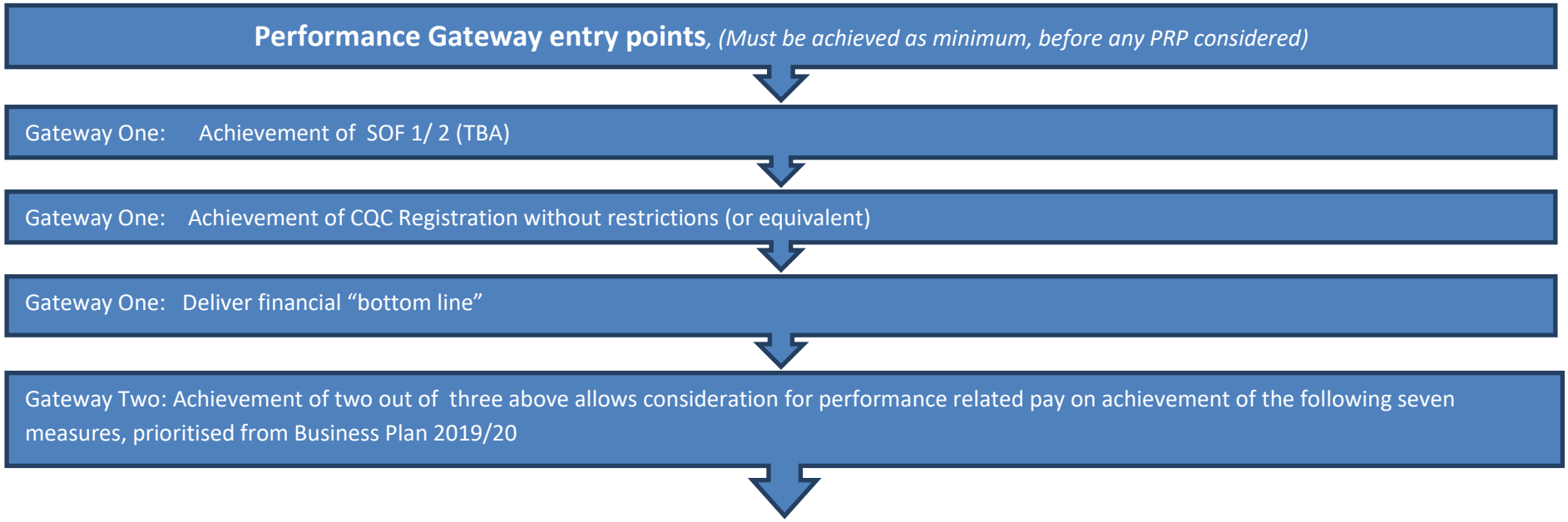
2.2.2.4 Statement of consideration of employment conditions

The Trust adheres to the national agenda for change guidelines for the setting of notice periods. Director contracts, however, are subject to six months' notice periods.

Table 3 Executive Performance Scorecard 2019/20

Executive Team Performance Scorecard 2019/20

The Executive team has collective accountability for delivering against the plan as a whole. Within that individual members of the Executive team lead on and are accountable for delivery against individual objectives. The Executive Team Objectives have been developed to reflect those areas where the collective ownership, leadership and drive of the whole team are especially critical to delivering on a given priority:



Objective	Focus Areas	Expected Outcomes	Baseline and Target	Q4	Final Award
1) Delivering Quality	The key areas of focus for delivering quality will be as follows: • Service Users kept safe • Improved access to service • Reducing out of area placements • Reducing suicide rate • Out of' requires improvement' for Older People's Inpatients	The outcomes that we would expect to see if we deliver on the key areas of focus will be as follows: (25%) • A reduction in violence and aggression leading to a reduction in harm to service users and staff (5%) • An improvement in CAMHs & Adults referrals meeting assessment waiting time standards - ROUTINE (28 DAYS) (5%) • A reduction in out of inappropriate out of area placements (based on average per month from performance report) (5%) • A reduction in suicide rate – (measured by suspected suicides reported in the Annual Plan) (5%) • The Trust will come out of requires improvement for Older Peoples effectiveness domain. (5%) **Payment** **100% delivery = 100% payment** **75% Delivery = 50% payment** **4/5 100% delivery =100% payment**	Baseline: 806 (total for the year) Target: 726 Baseline: 83% Target: 85% Baseline: 100 Target: 58 Baseline: 53 Target:48 Current Position: 22 Baseline: Requires Improvement Target: Good	**Overall number of reported incidents of assault resulting in harm have increased.** **CAMHS (targeted) 95.83%** **CAMHS (routine) 90.98%** **Adult (95.19%)** **Data awaited but target not met** **34** **No inspection by CQC** ***Total***	Not met 0% Target met 100% 5% 0% Target met 100% 5% Not met Actions from CQC partly completed **10%**

Objective	Focus Areas	Expected Outcomes	Baseline and Target	Q4	Final Award
2) Improving the experience for our Workforce	The key areas of focus for workforce will be as follows: • Reducing staff turnover • Reducing vacancy rates • Improved staff experience with a reduction in staff saying they feel bullied and harassed • Reduction in violence and aggression • Improving inclusion and diversity	The outcomes that we would expect to see if we deliver on the key areas of focus will be as follows: • Minimum 10% reduction in Trust turnover rate (5%) • Minimum 10% reduction in vacancy rates (5%) • Decrease in staff feeling bullied and harassed in the staff and pulse survey results (5%) • Increase in staff feeling safe in comparison to Q4 pulse survey (5%) • Improvements in inclusion and diversity in staff and pulse survey for recruitment and disciplinary processes (5%) **Payment** **100% delivery = 100% payment** **75% Delivery = 50% payment** **4/5 100% delivery =100% payment**	Baseline: 16.3% Target: 14.7% Baseline:13.2% Target:11.8% Baseline: 14.4% Target: 12% Baseline: 89% (first time question asked was Q1 this yr) Target: 93% Baseline: <50% Target: 100%	**Turnover 14.05%** **Vacancy Rate11.23%** **2018 B&H from managers 14.4%** **2019 B&H from managers 11.7%** **Pulse Survey Q4 88%** **Disciplinary** **18/19 2.2** **19/20 1.25*** **Recruitment** **18/19 1.64** **19/20 1.42*** ***19/20 provisional pending finalised WRES metrics** ***Total***	Target met 100% 5% Target met 100% 5% Target met 100% 5% Not met Partially met 2.5% 17.5%

Objective	Focus Areas	Expected Outcomes	Baseline and Target	Q4	Final Award
3) Resources	The key areas of focus for resources will be as follows:	The outcomes that we would expect to see if we deliver on the key areas of focus will be as follows:			
	• Recurrent delivery of CRES target	• CRES delivered as planned (10%)	Baseline: N/A Target: £6.5m	**£6.5m delivered of which £4.911k was planned**	Met 75% of target 5%
	• Reduced agency usage •	• Reduced agency usage (5%)	Baseline: £5.8m Target: £5.8m	**Agency spend £6,324k**	Not met 0%
	• Increased productivity resulting in increased time to care	• % increase of direct care time (5%)	Baseline:42% Target: 50%	**Overall increase 7.2%**	Met 75% of target 2.5%
	• Improvements in delayed transfers of care (DTC)	• Reduction of DTC to national target of 3.5% (5%)	Baseline: 8% Target: 3.5%	**DToCs – 6.1% Q4**	Not met 0%
		Payment **100% delivery = 100% payment** **75% Delivery = 50% payment** **3/4 100% deliveyr =100% payment** ***** must include CRES Delivery**		***Total***	**7.5%**

Objective	Focus Areas	Expected Outcomes	Baseline and Target	Q4	Final Award
4) Strategy/Systems Leadership	The key areas of focus for strategy and system leadership will be as follows:	The outcomes that we would expect to see if we deliver on the key areas of focus will be as follows: • Significant progress in the development of the new mental health model • Significant progress in the development of the East of England provider Collaborative • Evidence of leadership and influence across the STP and regionally **Payment** **100% delivery = 100% payment** **75% Delivery = 50% payment** **(Rem Com judgement)**	Baseline: N/A Target: Green on milestones Baseline: N/A Target: Green on milestones Baseline: N/A Target: Green on milestones	**Annual Plan Outcomes** **Green. MH and LD ICP established. Transformation of MH and secure additional resources** **Green. Provided leadership of CAMHs and also LD** **Green.** ***Total: 25%***	Met 100% Met 100% Met 100% **25%**
				Overall Total	**60%**

2.2.3 Annual Report on Remuneration

2.2.3.1 Service Contracts

As stated in 2.2.2.2 above, all directors are subject to a six months' notice period. Table 4 below shows their start and finish dates, where applicable or if their role is current:

Table 4 Trust Board Members for the Year Ending 31 March 2020

Name	Title	Contract Date From	Contract Date To
Non-Executive Directors			
	Trust Chair	01 July 2014	30 June 2020
Sarah Betteley *(Deputy Chair)*	Non-Executive Director	01 August 2014	31 July 2020
Catherine Dugmore (*Senior Independent Director)*	Non-Executive Director	01 August 2016	31 July 2022
David Atkinson	Associate Non-Executive Director Non-Executive Director	01 May 2019 01 August 2019	31 July 2019 31 July 2022
Simon Barter	Non-Executive Director	01 August 2016	31 July 2019
Tanya Barron	Non-Executive Director	01 August 2017	31 July 2020
Diane Herbert	Non-Executive Director	01 September 2018	31 August 2021
Dame Janet Paraskeva	Non-Executive Director	01 September 2018	31 July 2021
Loyola Weeks	Non-Executive Director	01 August 2014	31 July 2020
Directors			
Tom Cahill	Chief Executive	01 April 2009	Current
Keith Loveman	Director Finance and Deputy CEO	14 October 2010	Current
Dr Asif Zia	Director of Quality and Medical Leadership	July 2017	Current
Dr Jane Padmore	Director Quality and Safety	17 November 2016	Current
Karen Taylor	Director of Strategy and Integration	27 February 2012	Current
Aderonke Akerele*	Director of Innovation and Transformation	04 September 2017	31 August 2019
Mariejke Maciejewski	Director of Workforce and Organisational Development	01 July 2018	30 September 2019
Susan Young	Interim Director of People and OD	01 October 2019	31 March 2020
Ann Corbyn	Director of People and OD	02 February 2020	Current
Sandra Brookes	Director Delivery and Service User Experience	01 April 2019	Current

Other Directors and Attendees			
Helen Edmondson	Head of Corporate Affairs and Company Secretary	02 September 2019	Current
Jill Hall	Company Secretary	01 June 2018	19 April 2020
Linda Storey	Interim Company Secretary	13 June 2019	15 September 2019

***Non-Voting**

Note: In April 2020 Chair, Chris Lawrence and Non-Executive Directors Sarah Betteley and Loyola Weeks tenures were extended until 31 December 2020 due to Covid-19.

2.2.3.2 Remuneration Committee

The Trust has two Remuneration Committees – the Board of Directors' Nomination and Remuneration Committee and the Council of Governors' Appointments and Remuneration Committee.

2.2.3.3 Nomination and Remuneration Committee

The Nomination and Remunerations Committee reviews and makes recommendations to the Board on the composition, skill mix and succession planning of the Executive Directors of the Trust and is chaired by the Trust Chair.

All Non-Executive Directors are members of the Committee, and the Chief Executive, Head of Corporate Affairs and Company Secretary, and the Executive Director of People and Organisational Development are normally in attendance.

There were nine meetings of the committee during the financial period and the members' attendance is shown below:

- Chris Lawrence (9 of 9)
- Loyola Weeks (8 of 9)
- Sarah Betteley (8 of 9)
- Catherine Dugmore (5 of 9)
- Tanya Barron (8 of 9)
- Janet Paraskeva (7 of 9)
- David Atkinson (6 of 6)
- Simon Barter (3 of 3)

The Executive Director of People and Organisational Development and the Head of Corporate Affairs and Company Secretary serves and provides advice to the Committee. No advice external to the Trust was received in relation to the Remuneration Committee in 2019/20. During 2019/20 the Committee undertook a self-assessment and identified a small number of actions.

2.2.3.4 Policy on diversity and inclusion used by Remuneration Committee

The Nomination and Remuneration Committee follows the Trust policy on Equal Opportunities and ensures all decisions made are in line with the principles laid out in the policy to:

- Eliminate discrimination of all kinds
- Promote equality of opportunity
- Work to improve relationships between different groups of staff
- Advocate for fairness in the workplace

This is part of Strategic Objective 4 for the Trust that we will attract, retain and develop people with the right skills and values to deliver consistently great care, support and treatment.

2.2.3.5 Appointments and Remuneration Committee

The Board of Governors' Appointments and Remuneration Committee is responsible for making recommendations to the Council of Governors on the following:

- Appointment and remuneration of the Chair and Non-Executive Directors
- Appraisal of the Chair

- Succession planning for posts of Chair and Non-Executive Directors
- Analysis of action required following appraisal of performance of Board of Governors

The committee is made up of six Governors: four from the public constituency, one staff governor and one appointed governor. The Chair, Head of Corporate Affairs and Company Secretary, Executive Director of People and Organisational Development and the Chief Executive are normally in attendance. The committee is chaired by the Lead Governor.

There were four meetings of the committee during this financial period, and the members' attendance is shown below:

- Chris Lawrence (Chair) (7 of 7)
- Caroline Bowes-Lyon (Public Governor) (3 of 4)
- Dr Michael Shortt (Staff Governor) (1 of 2)
- Emma Paisley (Public Governor) (2 of 3)
- Jon Walmsley (Lead Governor) (5 of 7)
- Ilana Rinkoff (Public Governor) (5 of 7)
- Eni Bankole-Race (5 of 7)
- Vanessa Cowle (Staff Governor) (3 of 4)
- Ray Gibbons (appointed Governor (5 of 7)

The Executive Director of People and Organisational Development and the Head of Corporate Affairs and Company Secretary services and provides advice to the Committee.

The appointing of the Non-Executive Directors in 2019/20 and an external search agency was supported by open advertising.

2.2.3.6 Disclosures required by the Health Social Care Act

Remuneration for senior managers is set out within section 2.2.3.7 of the Remuneration Report. For all other staff the Trust adheres to the national agenda for change guidelines for the setting of pay and notice periods.

Governors may claim travel expenses at the rate of 45p per mile as well as other reasonable expenses incurred on Trust business. Non-Executive Directors may claim in line with the Trust's expenses policy and Executive Directors may claim travel expenses in accordance with national Agenda for Change guidelines as well as other reasonable expenses. They are not otherwise remunerated. During the accounting period expenses were paid as follows:

	2018/19			
	No of individuals	**£**	**No of individuals**	**£**
Governors	3	1,127	4	345
Non-Exec Directors	3	14,092	4	12,209
Exec Directors	8	8,378	9	10,346

2.2.3.7 **Senior Managers' remuneration**

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

The banded remuneration of the highest paid director in the Trust in the financial year 2019/20 was £200k-£205k (2018/19, £195k to £200k). This was 6.4 times (2018/19, 6.5 times) the median remuneration of the workforce, which was £31,574 (2018/19, £30,528). Remuneration ranged from £7,410 to £201,745, (2018/19, £5,929 to £199,176). The main reason for the increase in the median pay figure, and therefore the reduction in the ratio, is due to the agenda for change contract refresh.

In 2019/20, 0 (2018/19, 0) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Senior Managers remuneration details and pension benefits for 2019/20 are set out in the tables below. These are subject to audit. During the accounting period no payments were made to past senior managers and no payments were made for loss of office.

Salary and Pension Entitlements of Senior Managers – Remuneration

Name and Title	2019/20						2018/19					
	Salary and fees (bands of £5,000)	Taxable benefits * (nearest £00)	Performance related bonuses (bands of £5,000)**	Long term Performance related bonuses (bands of £5,000)	Pension related benefits (bands of £2,500)***	Total (bands of £5,000)	Salary and fees (bands of £5,000)	Taxable benefits * (nearest £00)	Performance related bonuses (bands of £5,000)**	Long term Performance related bonuses (bands of £5,000)	Pension related benefits (bands of £2,500)***	Total (bands of £5,000)
	£000	£	£000	£000	£000	£000	£000	£00	£000	£000	£000	£000
Christopher Lawrence (Non Executive Director and Chair)	50 to 55					50 to 55	50 to 55					50 to 55
Catherine Dugmore (Non Executive Director)	15 to 20					15 to 20	15 to 20					15 to 20
Sarah Betteley (Non Executive Director)	15 to 20					15 to 20	15 to 20					15 to 20
Loyola Weeks (Non Executive Director)	15 to 20					15 to 20	15 to 20					15 to 20
Tanya Barron (Non Executive Director)	15 to 20					15 to 20	15 to 20					15 to 20
Janet Paraskeva (Non Executive Director) Appointed September 2018	15 to 20					15 to 20	5 to 10					5 to 10
Diane Herbert (Non Executive Director) Appointed May 2019	10 to 15					10 to 15						
David Atkinson (Non Executive Director) Associate from May to July 2019, Appointed August 2019	10 to 15					10 to 15						
Sarita Dent (Associate Non Executive Director) Appointed May 2019	5 to 10					5 to 10						
Simon Barter (Non Executive Director) Resigned July 2019	5 to 10					5 to 10	15 to 20					15 to 20
Robert Burns (Non Executive Director) Resigned July 2018							5 to 10					5 to 10
Michelle Maynard (Non Executive Director) Resigned September 2018							5 to 10					5 to 10
Tom Cahill (Chief Executive)	180 to 185		15 to 20			200 to 205	180 to 185		15 to 20			195 to 200
Asif Zia (Director of Quality & Medical Leadership) ****	180 to 185		0 to 5		70 to 72.5	255 to 260	175 to 180		0 to 5		15 to 17.5	195 to 200
Keith Loveman (Deputy CEO/Director of Finance) Appointed Deputy CEO December 2018	140 to 145	6,000	10 to 15		130 to 132.5	290 to 295	125 to 130	5,300	10 to 15		27.5 to 30	175 to 180
Karen Taylor (Director of Strategy & Integration)	130 to 135		10 to 15		47.5 to 50	190 to 195	130 to 135		10 to 15		35 to 37.5	180 to 185
Jane Padmore (Director of Quality & Safety)	130 to 135		10 to 15		50 to 52.5	195 to 200	130 to 135		10 to 15		75 to 77.5	220 to 225
Sandra Brookes (Director of Delivery and Service User Experience) Appointed April 2019	125 to 130		10 to 15		182.5 to 185	320 to 325						
Aderonke Akerele (Director of Innovation and Transformation) Resigned September 2019	85 to 90				20 to 22.5	105 to 110	125 to 130		10 to 15		37.5 to 40	175 to 180
Susan Young (Interim Director of Workforce & Organisational Development) Appointed October 2019, Resigned March 2020	65 to 70					65 to 70						
Mariejke Maciejewski (Interim Director of Workforce & Organisational Development) Resigned September 2019	50 to 55				17.5 to 20	70 to 75	70 to 75				60 to 62.5	135 to 140
Ann Corbyn (Director of Workforce & Organisational Development) Appointed February 2020	15 to 20		0 to 5		2.5 to 5	25 to 30						
Jess Lievesley (Director of Delivery and Service User Experience) Resigned March 2019	0 to 5					0 to 5	130 to 135		10 to 15		47.5 to 50	190 to 195
Harjinder Kandola (Deputy CEO/ Director of Workforce & Organisational Development) Resigned June 2018							40 to 45				200 to 202.5	240 to 245

Band of highest paid director's total remuneration	180 to 185	180 to 185
Median total remuneration	£31,574	£30,528
Ratio	6.4	6.0

Senior Managers are defined as "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS FT".
* Taxable benefits represents the liability for tax payable by Executive Directors who are members of the NHS FT lease car scheme. Each Executive Director pays for their own private fuel consumption.

** The performance related bonus for 2019/20 notes the maximum estimated amount payable. No payment has been made and the award remains subject to consideration by the Remunerations and Nominations Committee in accordance with the terms of the deferred performance pay scheme. The detail of the scheme is contained within the Remuneration section of the Annual Report.

*** The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

**** The salary & fees for the Director Quality & Medical Leadership includes £140k for Asif Zia in relation to their clinical role.

Pensions Benefits

Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer value at 31 March 2020	Cash Equivalent Transfer value at 31 March 2019	Real increase in Cash Equivalent Transfer value
	£000	£000	£000	£000	£000	£000	£000
Tom Cahill*	0 to -2.5	-5 to -7.5	90 to 95	270 to 275	1,977	1,977	-36
Keith Loveman	5 to 7.5	7.5 to 10	45 to 50	120 to 125	1,020	867	91
Jane Padmore	0 to 2.5	0 to -2.5	50 to 55	120 to 125	927	860	31
Karen Taylor	0 to 2.5	0 to -2.5	40 to 45	80 to 85	649	594	28
Aderonke Akerele	0 to 2.5	0 to 0	10 to 15	0 to 0	121	103	4
Asif Zia	2.5 to 5	0 to -2.5	50 to 55	110 to 115	1,026	934	47
Mariejke Maciejewski	0 to 2.5	0 to -2.5	15 to 20	20 to 25	246	224	12
Sandra Brookes	7.5 to 10	15 to 17.5	45 to 50	110 to 115	923	729	123
Ann Corbyn	0 to 2.5	0 to 0	0 to 5	0 to 0	5	0	1

Non-Executive Directors do not receive pensionable remuneration.

* Tom Cahill has Mental Health Officer status and has reached maximum service of 40 years. There is no real increase to his pension or lump sum at age 60. His CETV has not increased as he has now opted out of the pension scheme.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Accounting Officer approval of the Remuneration Report	
	Tom Cahill, Chief Executive

2.3 Staff report

2.3.1 Analysis of staff costs

Staff Group	Permanently employed	Other	Total
	£0	£0	£0
Admin and Estates	32,494	544	33,038
Healthcare assistants and other support	30,149	829	30,978
Medical and Dental	23,292	1,497	24,789
Nursing and Midwifery	41,352	2,843	44,195
Scientific, Therapeutic and Technical	36,224	990	37,214
Grand Total	**163,511**	**6,703**	

2.3.2 Staff numbers analysis

Staff Group	Permanently employed	Other	Total
Admin and Estates	415	19	434
Healthcare assistants and other support	1060	303	1363
Medical and Dental	186	17	203
Nursing and Midwifery	656	155	810
Scientific, Therapeutic and Technical	612	33	645
Grand Total	**2928**	**527**	**3445**

Breakdown of the number of male and female staff

Staff Group	Female	Male	% Female	% Male	Total
Directors	4	4	50%	50%	8
Other Senior Managers	3	5	38%	63%	8
Medical and Dental	123	103	54%	46%	226
Employees	2964	1014	75%	25%	3978
Grand Total	**3094**	**1126**	**73%**	**27%**	**4220**

Sickness absence data

The People and Organisational Development (OD) Team work closely with operational managers to offer advice on the application of the sickness absence policy and procedure, providing training and one-to-one coaching to ensure the fair and consistent application of the policy. Throughout 2019/20 we have continued to be supportive towards staff who have been absent from work due to ill health, and have worked with our Occupational Health providers to offer advice and make reasonable adjustments in the workplace for staff returning to work after periods of absence.

We continue to focus on areas with high sickness absence in order to support staff back to work and to sustain their attendance in the workplace via wellbeing initiatives and the Employee Assistance Programme. We have also focused on managing long-term sickness absence cases as well as supporting those employees with high Bradford scores (the Bradford formula is used to measure absenteeism).

We work with our Occupational Health provider to identify trends and take the necessary action. The services we offer to staff include:

- An employee assistance programme
- Cognitive Behavioural Therapy (CBT)
- Physiotherapy services

We have run a significant number of health and wellbeing activities throughout the year, including:

- Mini health checks
- Massages
- Mindfulness sessions

- Couch to 5k
- Swimming challenge
- Sports days

We provide regular monthly reports to the Strategic Business Units and corporate (central support) areas. The sickness KPI is an indicator on the Trust performance dashboard and we provide the Trust Board with workforce information including sickness absence every quarter.

The table below shows the number of full-time equivalent days available in 2019/20 against the full-time equivalent days lost to sickness.

Staff Group	FTE Days available	FTE Days Sickness	%FTE Days Sickness
Admin and Estates	249,253.22	9,712.78	3.90%
Healthcare assistants and other support	322,693.51	19,544.18	6.06%
Medical and Dental	71,195.41	2,914.76	4.09%
Nursing and Midwifery	249,604.92	11,903.05	4.77%
Scientific, Therapeutic and Technical	208,875.82	6,418.86	3.07%
Grand total	**1,101,622.88**	**50,493.64**	**4.58%**

2.3.3 Staff policies and action applied during the financial year

We have continued to work on streamlining our policies, benchmarking where possible with other NHS Trusts and professional bodies. We aim to provide a streamlined process which is less onerous for all staff and managers. We carry out this work in partnership with our staff side colleagues. Our policies are discussed and agreed at the Trust's Policy Group before final ratification at Joint Consultative Negotiating Committee (JCNC). Our policy group is chaired by an operational manager with input and representation from operational and professional leads. This allows us to explore a variety of professional opinions and expertise when we consider how a new or amended policy will work in practice.

The work our change management group does is vital to considering changes to clinical teams and the workforce as a whole. It aims to ensure that employee's legal rights to consultation and representation are upheld when changes are made in the workplace. Staff representatives are fully updated and take an active role in change management or TUPE transfers within the Trust. They attend consultation meetings, and one-to-one meetings to discuss organisational change and are updated on the outcomes – including those involving staff redeployment of any change management process.

We work in partnership with full-time and local staff representatives. The Trust has both formal and informal monthly meetings with the trade unions. We discuss strategic issues at JCNC meetings which take place once every two months, while operational issues and staff concerns are raised and addressed at operational Partnership Group meetings, which also run every other month. The Trust also works in partnership with staff representatives in applying the Agenda for Change job evaluation process and to implement joint working on the roll out of the new Agenda for Change Contract Refresh. We also work in partnership on key projects and plans in relation to Bullying and Harassment action plans, Gender Pay Gap and WRES.

Anti-fraud and corruption

The Trust engages a dedicated local counter-fraud specialist (LCFS) through RSM Risk Assurance Services LLP to counter fraud and corruption. Our anti-fraud and Corruption Policy and work plan is approved by the Board of Directors' Audit Committee. It reflects the NHS Counter Fraud and Security Management Services framework, and the Audit Committee receives regular reports throughout the year. The Trust has also adopted a new Standards of Business Conduct Policy and both policies are on the Trust website.

Our LCFS provides regular fraud awareness briefings and workshops, specific training for targeted groups and awareness raising as part of the Trust induction programme for all new employees.

Staff incidents

The Trust has reported a total of 32 staff incidents to the Health and Safety Executive (HSE) under the Reporting Injuries and Dangerous Occurrences Regulations (RIDDOR) during 2019/20. This compares to 25 in 2018/19.

The Trust has issued over 878 lone working devices to those staff who undertake "High Risk" lone working duties. There were 4 Red Alert activations during the year requesting the emergency services to attend to support and assist staff.

The Trust operates an Equal Opportunities Policy, which sets out that we will give full and fair consideration to applications for employment made by disabled persons. The policy also cites the Trust's 'Managers Guide for Supporting Staff With a Disability', which describes the Trust's approach to ensuring support for staff who have become disabled, as well as our approach to applicants and existing disabled staff. The Equal Opportunities Policy and Management Guidance are complemented by the Trust's Absence Management Policy and our Recruitment and Selection Policy. The Trust is a Disability Confident employer. As part of our Disability Confident commitment, our Recruitment and Selection Policy states that all applicants with a disability who meet the minimum shortlisting requirements for a position will be shortlisted for the post and guaranteed an interview and we have robust systems for monitoring this.

Occupational Health
The Trust has an external Occupational Health Service, which assesses new staff prior to employment to ensure that any risks in relation to their own or others' health and safety are identified and actions taken to mitigate these and recommend reasonable adjustments for disabled staff. In addition, the Occupational Health Service assesses existing staff to assess their fitness for work and advise how we can support our people, including making reasonable adjustments for disabled staff. During 2019/20, the Trust worked with the organisations that make up the Hertfordshire and West Essex STP in relation to the sharing of Occupational Health Services. As a result of this work, the Trust has entered into an arrangement with a neighbouring trust to secure a new Occupational Health Service from April 2020. This arrangement fully complies with the need to ensure value for money, procurement rules and all relevant standards for Occupational health Services, such as SEQOHS (Safe Effective Quality Occupational Health Service standard). Section 2.3.3 details incident information for 2019/20.

2.3.4 NHS National staff survey

2.3.4.1 Our approach to staff engagement

To increase organisational performance engaging with the workforce is key. The Trust has used the Holbeche & Matthews model of engagement which connects four areas between individuals and the organisation.

- Support – This is about the vital role of line managers. The practical help, guidance and other resources provided to help people do a great job. Ensuring that managers provide support both in good and bad times.
- Connection – This is about identification with the organisation, its values and core purpose the 'why'. To what extent is there a strong sense of belonging to the organisation, both in terms of sharing the same beliefs and/or values and in an individual's readiness to follow the direction of the organisation?
- Voice – This is about the opportunity to be involved and contribute. The extent to which people are informed, involved and able to contribute to shaping their work environments.
- Scope – This is about creating an environment in which people can thrive and flourish. Giving employees the opportunities to meet their own needs grow and develop and have control over their work. This is reliant on mutual trust underpinned by meaning and purpose.

We have developed a number of ways of supporting managers to develop and provide support to their teams. This includes a management fundamentals workshop and the Leadership Academy and we are in the process of developing a new manager's induction programme.

We value the input of all members of staff at all levels and are committed to staff engagement. A programme of engagement events have run throughout the year sponsored and delivered by the Executive Team to ensure effective two way communication. These events capture staff ideas and feedback, which is collated, analysed and reported by in a 'you said, we did' summary which is circulated and available to all staff.

Engagement events included two Big Listen events held at The Colonnades, Hatfield and an "Admin Conference" designed to engage with our administrative workers. These events are open to staff in the organisation and provide the opportunity for the Executive Team to hear staff views directly on key topics and priorities, informing actions and improving employee satisfaction and wellbeing.

The Senior Leaders Forum brings together the top 70 leaders from across the organisation on a regular basis throughout the year for joint problem solving and development activities.

The Chief Executive holds breakfast meetings every quarter inviting different staff groups to feedback their views and experiences of working for the Trust and explore how we can improve the quality of care for service users. This year breakfast meetings were held with staff groups from Heads of Department, Corporate, Middle Management, Charge Nurses and Psychiatrists.

The Executive Team have also held more face-to-face engagement sessions across the Trust to develop our Good to Great strategy. The roadshows were an opportunity for staff to have conversations with the Executive Team and provide feedback on the areas of interest.

We also run quarterly 'pulse' surveys to review staff satisfaction levels throughout the year. The questionnaire has a number of questions similar to the National Staff Survey plus extra questions relating to local evaluation or commissioner reporting. We analyse the quantitative and qualitative data and report them to Trust Board. The results inform local activity plans.

As a result of employee engagement feedback we have:

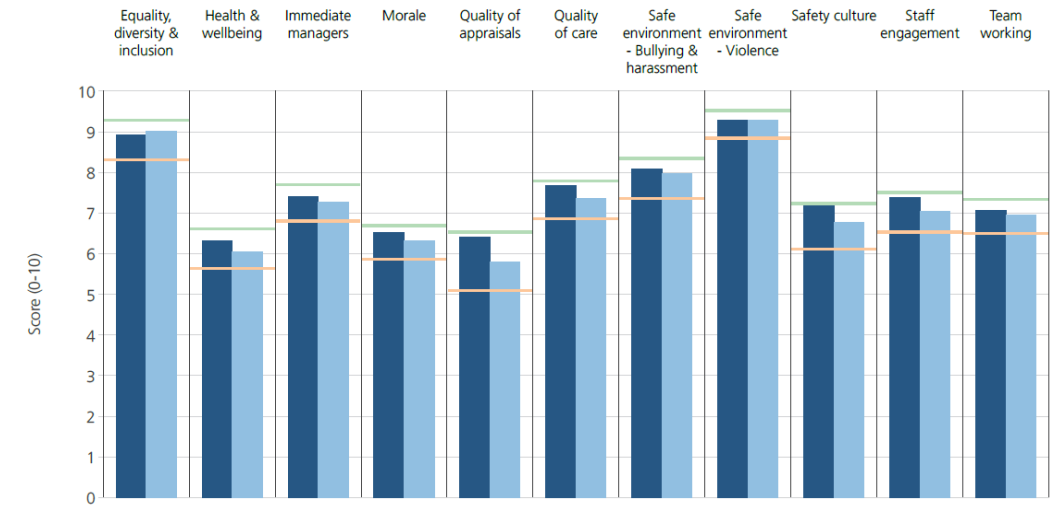
- Introduced Long Service Awards
- Gained a greater understanding of staff experience of Bullying and Harassment
- Introduced a comprehensive staff contact list
- Introduced Coaching as a Management Style workshops to facilitate meaningful conversations
- Continued the development of staff wellbeing activities
- Greater personal development opportunities with the refreshed Leadership Academy and the Trust has trained in houses coaches to support personal development

2.3.4.2 Summary of performance

Our 2019 National NHS Staff Survey results were the best results in 5 years. The Trust achieved a 57% return rate, which was a significant increase on the 41% of 2018.

Our position across all 11 themes of the survey is shown below in relation to other Mental Health and Learning Disability Trusts.

Overview of Themes



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.3	6.6	7.7	6.7	6.5	7.8	8.3	9.5	7.2	7.5	7.3
Your org	8.9	6.3	7.4	6.5	6.4	7.7	8.1	9.3	7.2	7.4	7.1
Average	9.0	6.0	7.3	6.3	5.8	7.4	8.0	9.3	6.8	7.0	7.0
Worst	8.3	5.6	6.8	5.9	5.1	6.9	7.4	8.8	6.1	6.5	6.5
Responses	1,757	1,766	1,765	1,734	1,450	1,533	1,748	1,752	1,755	1,776	1,756

We improved our scores in all 11 of the themes of the survey, with a significant improvement in seven of the themes, as shown in the table below.

Theme respondents	2018 Score	2019 Score	
Equality, diversity and inclusion	**8.8**	**8.9**	Not significant
Health and wellbeing	**6.1**	**6.3**	Not significant
Immediate managers	**7.1**	**7.4**	↑
Morale	**6.2**	**6.5**	↑
Quality of appraisals	**5.9**	**6.4**	↑
Quality of care	**7.4**	**7.7**	↑
Safe environment - Bullying & harassment	**8.0**	**8.1**	Not significant
Safe environment - Violence	**9.3**	**9.3**	Not significant
Safety culture	**7.0**	**7.2**	↑
Staff engagement	**7.2**	**7.4**	↑
Team working	**6.9**	**7.1**	↑

For the theme of “safety culture” the Trust
improved our score to 7.2 and achieved the national best score for the second successive year.

Our five highest ranking scores, all of which are above national average for Mental Health and Learning Disability Trusts are:

	Top 5 scores (compared to average)
76%	Q21d. If friend/relative needed treatment would be happy with standard of care provided by organisation
74%	Q21c. Would recommend organisation as place to work
54%	Q19e. Appraisal/performance review: organisational values definitely discussed
71%	Q22c. Feedback from patients/service users is used to make informed decisions within directorate/department
85%	Q21b. Organisation acts on concerns raised by patients/service users

The Trust's bottom ranking scores are below.

	Bottom 5 scores (compared to average)
68%	Q19f. Appraisal/performance review: training, learning or development needs identified
36%	Q5g. Satisfied with level of pay
72%	Q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours
87%	Q19a. Had appraisal/KSF review in last 12 months
36%	Q10c. Don't work any additional unpaid hours per week for this organisation, over and above contracted hours

NHS Providers summarise the key points at a national level, reflecting on the positive trends for providers in quality of management, staff recognition, pay, engagement between staff and senior leaders, as well as any concerning findings regarding bullying, harassment and incidents of violence and discrimination at work. Below is how HPFT compares to the national picture and not just similar trusts.

- ✓ **63.3%** of staff would recommend their organisation as a place to work – a 2% increase from 2018 **(HPFT 73.7%)**
- ✓ **38%** of staff are satisfied with their pay – a 2% increase and the highest level in the past five years **(HPFT 36.7%)**
- ✓ There has been no significant decrease in the proportion of staff reporting bullying and harassment from colleagues **(19.1%) (HPFT 15.8%)**, or their immediate manager **(12.3%) (HPFT 11.7%)**

- ✓ There remains a disparity between white staff and BME staff in feelings of receiving equal opportunity, with BME staff **16% (HPFT 13%)** less likely to feel they are offered an equal shot at career progression or promotions
- ✓ **59.5% (HPFT 65.1%)** of staff look forward to going to work, and **74.5% (HPFT 77%)** are often or always enthusiastic about their jobs – both show small increases from 2018
- ✓ Only **22.9% (HPFT 22.8%)** of staff never or rarely suffer from unrealistic time pressures at work

People are our greatest asset and a focus for us has been to continue to improve the experience of staff inclusivity in the workplace. One element of this is our aspiration to eliminate any experience of bullying and harassment. We have put in place actions designed to support this aspiration which are monitored constantly and progress is evaluated on a regular basis. Our values are embedded across the organisation and the recent CQC report has confirmed this is felt by our service users. In 2019/20 we continued to focus on demonstrating how our values translate into the workplace and

develop our working relationships as a means of eliminating bullying and harassment within the Trust.

We have maintained a very good overall staff engagement score which demonstrates the value of our current organisational development, learning and wellbeing initiatives and the benefits of the staff engagement events. We will continue to promote and develop these offerings as part of our employer brand and address the issues of impact on the staff experience as a priority. The outcomes of the staff survey will inform the organisational development activity plan for the next year. These will include:

- Staff experiencing bullying and harassment
- Support from managers
- Health and wellbeing of staff
- Staff morale and recognition

The development of the Innovation Hub and continuous improvement initiatives has also facilitated employee engagement and feedback.

2.3.4.3 Future Priorities and Targets

Our priorities going forward are to support the delivery of the Good to Great strategy by:

- Embedding a culture of innovation and continuous improvement across the Trust
- Developing leaders by building on the Collective Leadership model.
- Introducing the Great Team model
- Building on the engagement activities within the Trust
- Continuing the development of current clinical leaders
- Supporting developments to improve the experience of all staff working for HPFT
- Developing our staff to better support service users to stay as well as possible as outlined in the Trust Quality and Service Delivery Strategy

The Workforce and Organisational Development Group will measure how we perform against our priorities. We will also monitor the feedback received in the quarterly

Pulse Survey and from staff during the various engagement events running throughout 2019/20.

2.3.5 Expenditure on Consultancy

The total expenditure on consultancy for the year is £271k. This includes the provision of specific expertise or short-term project capacity on areas such as Estates development, Service redesign, project assurance and IT consultancy where the Trust does not have the specialist expertise and/or the capacity to deliver projects and initiatives within the required timescales. The main area of expenditure in this category for 2019/20 were £198k for IT support for the development of the Trust's Business Intelligence and performance system (SPIKE2).

2.3.6 Trade Union Facility Time

From 1 April 2017 the Trade Union (Facilities Time Publication Requirements) Regulations 2017 were introduced. At HPFT facilities time is agreed in partnership with accredited trade unions that actively support members of staff. This information is public on the Trade Union Facilities time government portal. The regulations require public sector employees to collect and publish, annually a range of data in relation to their usage and spend of trade union facilities time in respect of their employees who are trade union representatives. Facilities time is defined as the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties as a trade union representative. This is a statutory entitlement to reasonable time off for undertaking union duties.

The publication requirements and our data as at 31 July 2019 was:

- HPFT had 15 employees who were relevant union officials during the relevant reporting period. This equates to 14.5 fuli-time equivalents
- Of the 15 employees who were relevant union officials;
  - 1 spent 0% of their working hours on facilities time
  - 14 spent 1-50% of their working hours on facilities time
  - 0 spent 51-99% of their working hours on facilities time
  - 2 spent 100% of their working hours on facilities time
- The percentage of the total pay bill spent on facilities time was 0.08%
- The time spent on paid trade union activities as a percentage of the total facilities time hours was 1.91%

2.3.7 Exit Packages

There were no exit packages agreed in 2019/20 (0 in 2018/19).

2.3.8 Off-payroll engagement

Table a: Off-payroll engagements as of 31 March 2020, for more than £245 per day and last for longer than six months

	Number
Total number of existing arrangements as of 31 March 2020	**3**
Of which the number that have existed for;	
less than one year at time of reporting	0
between one and two years at time of reporting	0
between two and three years at time of reporting	0
between three and four years at time of reporting	2
four or more years at time of reporting	1

We confirm that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Trust policy is to minimise the number of off-payroll engagements and to ensure strict compliance with the requirements of IR35. All off-payroll engagements are routinely reported and monitored as part of financial control processes. For highly paid staff, approval is required from the Executive Director of Finance (who is the executive lead for agency expenditure) and for Board level appointments approval would be by the Nominations and Remuneration Committee.

Table b: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	0
Of which;	
No. assessed as within the scope of IR35	0
No. assessed as not within the scope of IR35	0
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. that saw a change to IR35 status following the consistency review	0

Table c: Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

	Number
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	10

2.3.9 Gender pay gap reporting

Legislation has made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. We have a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). We deliver equal pay through a number of means, but primarily through adopting nationally agreed terms and conditions for our workforce.

Our gender pay gap analysis identifies a mean gender pay gap of 11.5% and median of 4.66%. We are confident this pay gap does not stem from paying men and women differently for the same or equivalent work. Rather it is the result of the roles in which men and women work within the organisation and the salaries that these roles attract. Whilst reporting is in its early stages, we will continue to monitor the gender pay gap and, during 2020/21, will consider the next steps we should take to reduce it.

There are national historic anomalies regarding gender pay that the Trust will seek to address and resolve. Please see the link to further details on our Trust website https://www.hpft.nhs.uk/about-us/gender-pay-gap-reporting/

2.3.10 Equality, Diversity and Human Rights

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

We are committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy and maternity, sexual orientation, gender reassignment or disability.

Our equality and diversity work is centred on ensuring that we comply with the Public Sector Equality Duty and are delivering best practice as a lead for equality and diversity. This work focusses on activity to:

- eliminate unlawful discrimination
- advance equality of opportunity

We completed our most recent grading of the NHS Equality Delivery System 2 in January 2018 with an overall outcome of 'good' and this reflects ongoing progress and improvement. We are currently undertaking a similar grading with stakeholders. During 2020/21 we will be undertaking a full regrading exercise once EDS3 is in place with underpinning activity to include:

- Data quality improvement programmes with a review of equity of access to services and care outcomes
- Initial reporting and action planning for the Workforce Disability Equality Standard
- Launch of Gender Identity bitesize training for front line services
- Increased activity for the NHS Accessible Information Standard
- Launch of new online forum for staff carers

2.3.11. Modern Slavery Act Reporting

The Modern Slavery and Human Trafficking Act 2015. The Trust is committed to maintaining and improving systems, processes and policies to avoid complicity in human rights violation. We realise that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse.

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

2.4 Code of Governance

The purpose of NHS Improvement's NHS Foundation Trust Code of Governance ('the Code') is to assist trusts to deliver effective and quality corporate governance, contribute to better organisational performance and ultimately discharge their duties in the best interests of patients. The Code is best practice advice but imposes specific disclosure requirements. The Annual Report includes all the disclosures required by the Code.

Hertfordshire Partnership University NHS Foundation Trust (HPFT) has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

We have reviewed the make-up and balance of the Board, including the appropriateness of current appointments. The Board believes that its membership is balanced, complete and appropriate to the requirements of a Foundation Trust that no individual group or individuals dominate the Board meetings. The skills and experience of all Board members is set out in more detail in this report under 'Board Committees'.

The Trust complied throughout the review period with the main and supporting principles of the Code of Governance with no exceptions, the Audit Committee and Board received a report providing detail of compliance. The following information summarises the evidence against the Code of Governance.

The Trust is properly constituted and Well-Led as the CQC Well-led Inspection Report (2019) demonstrated.

The Governance Structure in the Annual Governance Statement demonstrates the roles and relationships of the Council of Governors, the Board of Directors and its statutory committees (the Nominations and Remuneration Committee and the Audit

Committee) and its two assurance committees: the Integrated Governance Committee and the Finance and Investment Committee. We have already made reference to the Remuneration Committees of the Council of Governors and the Board of Directors (see Section 2.2.3.2).

The Board of Directors, Chair and Executive
The Board of Directors believes the Foundation Trust is led by an effective Board as it is collectively responsible for the exercise and the performance of the Trust. This is evidenced through the periodic appraisal of Board performance.

Chair and Chief Executive
The Board of Directors has agreed a clear division of responsibilities between the chairing of the Board of Directors and Council of Governors and the executive responsibility for the running of the Foundation Trust's business.

The Chair is responsible for providing leadership to the Board of Directors and Council of Governors ensuring governance principles and processes are maintained while encouraging debate and discussion. The Chair is also responsible for ensuring the integrity and effectiveness of the relationship between the Governors and Directors. The Chair also leads the performance appraisals of both the Board and the Council, as well as the Non-Executive Directors' performance appraisals.
The appraisal of the Chair is led by the Lead Governor, who is Chair of the Appointments and Remuneration Committee. This includes input from the Senior Independent Director. This was felt appropriate due to the role of the Governors in the appointment and remuneration of the Chair.

The statutory and assurance committees of the Board
The Audit Committee provides assurance to the Board through oversight of the probity and internal financial control of the Trust, and works closely with external and internal auditors. Key activities include reviewing governance, risk management and assurance functions. The committee approves the annual plans for external and internal audit, and for counter fraud, receiving and reviewing regular reports, monitoring the implementation of recommendations, issues of risk and their mitigation.

The committee also assures itself of the review of accounting policies and draft annual accounts prior to submission to the Board of Directors.

The committee also received regular updates from management in relation to the financial position and, in particular, key risks and issues arising during the year, and their treatment and mitigation. During the year the key risks and issues considered were:

- Internal Audits. Receiving updates on progress against actions from internal audits such as Appraisals, Health and Safety and key Financial Controls.
- Counter Fraud. Regular updates and progress on fraud issues and investigations as well as compliance with NHSCFA standards for Providers.
- Preparations for leaving the European Union. Receiving updates and plans to mitigate against any possible risk of exiting the EU.
- Accounting issues. Presentation of key areas of management judgement in the preparation of the annual financial statements with particular reference to:
- The level and nature of provisions for potential future costs including the continuing care obligations the liability for dilapidations or restatement costs on the leasehold properties currently occupied, potential employment claims

and the costs of providing alternative care arrangements whilst a major inpatient ward refurbishment is undertaken.
- The current Property Valuations and the proposal to carry out a partial valuation this year in particular focussed on the continued relevance of use of 'Modern Equivalent Asset' valuations for specific properties.

For each area, the approach being taken by management was set out and discussed and agreed by the committee.

During the year the committee undertook a thorough self assessment. The self assessment was positive and the committee agreed actions to improve on some areas.

External Audit

KPMG is the appointed auditors for the Trust. The primary duty of our external auditors is to conduct an official inspection (audit) of the Annual Report, financial statements of the Trust and provide a level of assurance on each of these and an overall level of assurance.

The Audit Committee approves the External Audit Plan before the audit starts, and receives regular updates as it progresses. The annual accounts were reviewed by our independent external auditors, who issued an unqualified opinion. So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. The Directors have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The audit is conducted in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board (APB), the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by NHS Improvement. It remains important that the external auditor's independence from management is both maintained and transparent. Therefore, any additional non-audit work carried by or contracted with KPMG LLP is reported within their annual plan and updated and reported again in their year end report. Throughout the year any non-audit work agreed between the Trust and KPMG LLP will be reported and approved by the Audit Committee prior to contracting. The cost of any non-audit work is shown separately in the accounts and in the table below. No non-audit work has been carried out or contracted in year. The KPMG external audit team are contracted to provide assurance over the Quality Report and audit Quality Accounts. KPMG partly completed the work and following an update to guidance in the Annual Reporting Manual 2019/20, therefore this work was not completed in 2019/20 as the work was no longer required due to Covid-19.

The total external audit fee for 2019/20 (excluding VAT) was £65k, comprising:

Audit Area	Audit Fee £k
Statutory	60
Quality	5

Anyone who may be concerned about a matter of corporate governance or probity can contact any member of the Audit Committee in confidence.

The Chief Executive is invited to attend the Audit Committee at least once a year to discuss, with the committee, the process for assurance that supports the Annual Governance Statement.

Integrated Governance Committee (IGC)

The role of the Integrated Governance Committee is to:

- Assure adherence to CQC and other relevant regulatory requirements for quality and safety and receive reports from all relevant quality and safety groups.
- Receive minutes, reports, action plans and risk registers from the following standing sub-committees of the IGC:
    - Quality and Risk Management Committee
    - Workforce and Organisational Development
    - The following groups will also report on specific items relating to areas of regulatory compliance:
        - Operations Group
        - Information Governance Group.
- Supervise, monitor and review Trust governance systems and processes and the Trust-wide Risk Register and make recommendations for improvement.
- Scrutinise and provide assurance to the Trust Board through regular reports on governance, quality and risk issues and to escalate any risks or concerns to the Board Assurance Framework (BAF) as appropriate where assurance is not adequate. Reports are also being sent to the Audit Committee for scrutiny and recommendations.
- Set standards for the Trust Governance systems in order to:
    - Meet performance targets
    - Meet core and developmental standards
    - Manage risks
- Recommend to the Trust Board necessary resources needed for the IGC to undertake its work.
- Advise on the production and content of the Annual Governance Statement and make recommendations to the Chief Executive as necessary prior to its review at Audit Committee, its approval at the Board and subsequent inclusion in the Annual Report.
- Advise on the content, format and production of an Assurance Framework for the Trust Board and monitor its ongoing suitability and make recommendations to the Audit Committee and the Board as necessary.
- Advise on the content, format and production of the annual Quality Accounts.
- Ensure that appropriate risk management processes are in place that provide the Board with assurance that action is being taken to identify risks and manage identified risks within the Trust.
- Be responsible for developing systems and processes for ensuring that the Trust implements and monitors compliance with the Care Quality Commission's (CQC) registration requirements.
- Oversee the establishment of appropriate systems for ensuring that effective practice governance arrangements are in place throughout the Trust.
- Ensure that the learning from inquiries carried out in respect of Serious Incidents is shared across the Trust and implemented through policies and procedures as necessary.

- Ensure that services and treatments provided to service users are appropriate, reflect best practice and represent value for money.
- Ensure that plans are in place to improve the service user experience.
- Ensure that services are accessible and responsive to service users' needs and reflect local "nuances".
- Ensure that the environments in which services are provided are appropriate and therapeutic.
- Ensure that the organisation is engaged in public health programmes and these are integrated throughout the services we provide.
- Provide assurance with regard to the workforce and organisational development work of the Trust.

The Finance and Investment Committee

The role of the Finance and Investment Committee: Financial Policy, Management and Reporting

- To consider the Trust's operational performance, including delivery of the annual plan.
- To consider the Trust's financial strategy, in relation to both revenue and capital.
- To consider the Trust's annual financial targets and performance against them.
- To review the annual budget, before submission to the Trust Board of Directors.
- To consider the Trust's financial performance, in terms of the relationship between underlying activity, income and expenditure, and the respective budgets.
- To review proposals for major business cases and their respective funding sources.
- To commission and receive the results of in-depth reviews of key financial issues affecting the Trust.
- To maintain an oversight of, and receive assurances on the robustness of the Trust's key income sources and contractual safeguards.
- To oversee and receive assurance on the financial plans of the transformation programme.

- To consider the Trust's tax strategy.
- To annually review the financial and accounting policies of the Trust and make appropriate recommendations to the Board of Directors.

Investment Policy, Management and Reporting

- To approve and keep under review, on behalf of the Board of Directors, the Trust's investment strategy and policy.
- To maintain oversight of the Trust's investments, ensuring compliance with the Trust's policy and NHS Improvement's requirements.

Other

- To make arrangements as necessary to ensure all Board of Directors members maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust.
- To examine any other matter referred to the Committee by the Board of Directors.
- To review performance indicators relevant to the remit of the Committee.

During the year the Integrated Governance committee and Finance and Investment Committee undertook thorough self assessments. The self assessments were positive and the committees agreed actions to improve on some areas.

The frequency and attendance of Board members at Board and Committees are summarised in Table 1 of The Directors' Report.

Council of Governors

The Trust is able to have up to 40 Governors. The Council of Governors is constituted to have 21 public governors from two constituencies, namely Hertfordshire and the Rest of England and Wales, plus 5 Staff Governors and up to 11 appointed governors, nominated by the Trust's partner organisations. **Table 5** below shows the current Trust Governor profiles.

Table 5. Governors: 01 April 2019 to 31 March 2020

Name	Date Appointed	End Date	Resignation / End Date	Number of Terms	Meetings Attended
Chris Lawrence (Chairman)	01 July 2012	31 December 2020		2	4/5
Tap Bali	01 August 2012	31 July 2021		3	5/5
Caroline Bowes-Lyon	01 August 2011	31 July 2020		3	4/5
Barry Canterford	01 August 2013	31 July 2022		3	2/5
Mark Edgar	01 August 2013	31 July 2019	End of Term	2	1/2
Mathew Kunyeda	01 August 2018	31 July 2021		1	0/5
Verity Masters	01 August 2016	31 July 2019	End of Term	1	0/2
Kwasi Opoku	01 August 2013	31 July 2019	Not re-elected	2	0/2

Bob Taylor	01 August 2016	31 July 2022		2	5/5
Jon Walmsley Lead Governor	01 August 2016	2022		2	5/5
Emma Paisley	01 August 2015	31 July 2021	Resigned October 2019	2	2/2
Richard Pleydell-Bouverie	01 August 2013	31 July 2019	Resigned January 2019	2	0/1
Ilana Rinkoff	01 August 2016	31 July 2022		2	4/5
Name	**Date Appointed**	**End Date**	**Resignation / End Date**	**Number of Terms**	**Meetings Attended**
Angelina Sclafani-Murphy	01 August 2013	31 July 2019	End of Term	2	0/2
William Say	01 August 2017	31 July 2020		1	4/5
Colin Egan	01 August 2017	31 July 2020		1	1/5
Meredith Bradford	01 August 2017	31 July 2020		1	2/5
Harinder Singh-Pattar	01 August 2017	31 July 2020		1	0/5
Emily Burke	01 August 2018	31 July 2021		1	3/5
Catherine Adedoyin Akanbi	01 August 2018	31 July 2021		1	2/5
Eni Bankole Race	01 August 2018	31 July 2021		1	4/5
Maria Watkins	01 August 2019	31 July 2022		1	1/3
George Ashcroft	01 August 2019	31 July 2022		1	2/3
Louis Sanford	01 August 2019	31 July 2022		1	1/3
Michael Shapiro	01 August 2019	31 July 2022		1	1/3
Maria Teresita Basford	01 August 2019	31 July 2022	Deceased March 2020	1	2/3
Michelle Maddison	01 August 2019	31 July 2022		1	1/3
Cynthia Price	04 November 2019	03 September 20200		1	2/3

Appointed Governors				
	Date of Appointment	**End of Office**		
David Andrews	01 August 2013	31 July 2022		2/5
Ray Gibbins	04 September 2018	03 September 2021		3/5
Fran Deschampsneufs	01 August 2012	31 July 2021		3/5
Rosemary Farmer	01 December 2014	30 November 2023		3/5
Eve Atkins	07 January 2017	06 January 2023		3/5
Staff Governors				
Herbie Nyathi	01 August 2016	31 July 2022	2	2/5
Michael Shortt	01 August 2016	31 July 2019	1	1/2
Grahame Wright	01 August 2016	31 July 2019	1	0/2
Sue Nolan	01 August 2019	31 July 2022	1	2/3
Francis Bernard	01 August 2019	31 July 2022	1	2/3
MJ Cruz	01 August 2019	31 July 2022	1	1/3
Vanessa Cowle	01 August 2019	31 July 2022	1	3/3

We thank all our governors for their valuable contribution to the Trust and, in particular, those who have served two terms with us. Their expertise and knowledge will be missed and we hope they will continue their involvement with the Trust by acting as mentors to new governors.

The Council of Governors and the Board of Directors have a good working relationship. Both are chaired by the Trust Chair, and they hold five joint meetings annually, including the AGM. The Directors also have an open invitation to attend all Council of Governors meetings. The Chair and the Head of Corporate Affairs Company Secretary act as the main links between the Board and the Council, and reports and briefings are shared by the Governors and Directors. The Trust Constitution includes a process for settling any disagreements between the Council and the Board of Directors. This process was written by the Council and the Board. Any other significant commitments the Trust Chair has are disclosed to the Council of Governors before appointment, and any changes to such commitments reported as they arise. The Trust Chair has made a formal declaration of interests and these are recorded and held in the register of Directors' interests maintained by the Head of Corporate Affairs and Company Secretary. The significant commitments declared by the Chair are:

- Chair, University of East Anglia Staff Superannuation Scheme
- Director, Lambeth Conference Company
- Chair of Trustees, The Horstead Residential Activities Centre, Norfolk

The range of issues the Council of Governors has dealt with as part of their statutory duties, includes:

- Appointing the Trust's External Auditors
- Electing a Deputy Chair Governor
- The recruitment of non-executive director roles

The Governors have also been involved in:

- The Trust's Annual Members' Day and several members' workshops focusing on Trust Services.
- Undertaking the Chair's performance appraisal of the Chair.
- Once a year we hold a workshop with Governors so they can contribute feedback, their own and the views of members, staff members and the public, to the Trust's forward plan.

The Council's three working groups continue to meet regularly to take forward work plans on behalf of the Governors, and provide a full report at each of the Council of Governors meetings. The three groups are:

- Engagement
- Performance
- Quality and Effectiveness

All governors are invited to participate in the groups. Group meetings have been attended by Board members and senior managers to support information sharing and engagement with governors.

Details of interests declared by members of the Council of Governors including Company Directorships are maintained in the register of Governors' interests. This is available from the Head of Corporate Affairs Company Secretary at: Hertfordshire Partnership University NHS Foundation Trust, The Colonnades, Beaconsfield Road, Hatfield, Hertfordshire, AL10 8YE Tel: 01707 253866.

Governors hold no company directorships in companies likely to do business with, or that seek to do business with, the Trust.

Membership

Currently our membership stands at 9,194. The Trust have a data management system to ensure it has accurate membership data. We are encouraging our members to receive membership correspondence by email in a further effort to reduce costs and over the year we have noticed a definite trend towards members choosing electronic forms of communication.

We continue to look at new and innovative ways to both recruit and retain members that represent the diverse population we serve. We have encouraged people to join up by supporting governors to speak to local U3A's and other groups. Through our website we have encouraged more people to join the Trust and to get involved in a wide range of ways: from standing in our Governor Elections to becoming members of our Involvement Councils and promoting volunteering.

To be eligible for membership, people must be:

- over the age of 14 and living either within the County of Hertfordshire or the Rest of England and Wales

- or be employed by the Trust and have a permanent contract or a temporary contract lasting 12 months or more
- or, although not directly employed by the Trust, have been either employed for longer than 12 months by another organisation that is providing core services to the Trust or seconded to the Trust to provide core services

Our website remains our primary medium for engaging with members and the wider community and is a good source of information about the work of the Council of Governors.

It is important that we continue our efforts to recruit a diverse and representative membership. So, in the next 12 months we will increase our efforts to find new ways and creative ways to reinvigorate our membership.

Membership size and movements

Public constituency	**2018/19**	**2019/20**
Year start (01 April)	10,173	9,194
New members	22	10
Members leaving	1,001	289
Year end (31 March)	9,194	8,916
Staff constituency	**2018/19**	**2019/20**
Year start (01 April)	3329	3354
New members	5	617
Members leaving	526	493
Year end (31 March)	3354	3478

Public constituency	**2018/19**	**2019/20**
Age (years)		
0 - 16	3	3
17 - 21	9	4
22+	8,525	8,286
Not specified	657	623

Ethnicity	**2018/19**	**2019/20**
White	7,736	7,500
Mixed	434	415
Asian or Asian British	450	440
Black or Black British	7	118
Other		7
Not specified	446	436

Gender analysis	2018/19	2019/20
Male	3,666	3,547
Female	5,512	5,353
Not specified	16	16

Disclosure Issues

Requests for Information

Freedom of Information Act 2000 (FOIA)

The number of Freedom of Information Act 2000 (FOIA) requests received by the Trust during this year has not changed significantly since last year, however the complexity and number of questions asked have increased. The Trust received a total of 373 requests compared with 392 in 2018/19 and 320 for 2017/18.

Who has asked for information?

Under the FOIA an applicant does not need to inform us who they are, or give a reason why they want the information. However, where we have been able to establish the identity of a requester, year on year figures show that requests from journalists are becoming more frequent and the FOIA appears to be increasingly used as an investigative tool.

Requests have been received from the following applicants (where identifiable):

Type of requester	Number of requests 2019/20	Number of requests 2018/19	Number of requests 2017/18
Other/Unknown	245	248	188
Companies	10	10	28
	51	63	60
Staff/Other NHS Trusts	30	30	34
Students/Research	30	36	1
MPs	7	5	9
Total Number	**373**	**392**	**320**

Timescales for responses

FOIA legislation requires public authorities to provide a response to requests for information within 20 working days. Whilst every effort is made to complete all requests within this timescale, it is not always achievable due to the sheer complexity of some requests that require input from numerous teams.

When it is evident that a request is going to take longer than 20 working days, the applicant is informed of the delay and regular updates are provided.

Information has been provided to applicants within the following timescales:

Response Time (in working days)	Number of requests 2019/20	Number of requests 2018/19
1 - 5 days	5	59
6 - 10 days	26	26
11 - 15 days	40	32
16 - 20 days	33	23
21+ days	187	203
Requests currently being processed	82	49

Exemptions

The FOIA exemptions ensure a proper balance is achieved between the right to know and the right to personal privacy.

The following exemptions were considered and applied to all or part of a request during 2017/18:

- Section 1: Do not hold this information
- Section 12: Cost of compliance exceeds appropriate limit
- Section 14: Vexatious
- Section 21: Information available by other means
- Section 22: Information intended for future publication
- Section 31: Law enforcement
- Section 40: Personal information
- Section 41: Information provided in confidence
- Section 43: Commercial interests

Year	No of requests with exemptions applied	Exemptions used and frequency
2019/20	136 exemptions were applied (2018/19, 101 exemptions were applied)	Section 1 x 26
		Section 12 x 30
		Section 14 x 1
		Section 21 x 57
		Section 22 x 2
		Section 31 x 5
		Section 40 x 6
		Section 41 x 2
		Section 43 x 7

Publication of information requested (disclosure log)

Requests from the previous two financial years are routinely published on the FOIA disclosure log on the Trust website. This enables us to direct applicants to information already available and to apply exemption Section 21 (information accessible by another means) where the same/similar information has been requested. The Trust has applied this exemption for 57 requests received during the period 2019/20.

Over the course of the next year, the Trust will be identifying trends in FOIA requests to understand the key areas of interest for the public; the intention being to make this information available on our website in a clear and accessible format.

Data Protection Act 2018 (DPA)

The DPA gives an individual (or someone appointed on behalf of the individual with the appropriate authority) the right to apply to see the information we process on them. Below are the figures year on year for Subject Access Requests (SARs) received by the Trust.

Year	SARs Received	Continuing Care (CC)	SARs Processed (Excluding CC)	% Increase / Decrease Year on Year
2019/20	821	14	807	44%
2018/19	583	24	559	25%
2017/18	465	8	457	6%

Please note, in addition to the above figures for 2019/20 we have received a request from the Police for a specific operation they are conducting; there were 16 requests of which we have completed 9.

Timescale for responses

DPA legislation requires the Trust to provide information within one calendar month. HPFT works to a 28 day turnaround to enable good practice. The Department of Health guidance advises that healthcare organisations should aim to respond within 21 days.

During the period 1 April 2019 – 31 March 2020, SARs were processed within the following timescales (this excludes the special project details above):

Response Time	Number of SAR requests 2019/20
Within 21 calendar days	226
Within 28 calendar days	231
Within 30 calendar days	50
30+ calendar days	31
No longer required or closed during processing	172
In progress	14

The Trust will endeavour to respond to SARs within 21 calendar days; however due to the number of requests and large volumes of notes that require processing, this is not always achievable. We aim to keep applicants informed of any delay and provide regular updates if a request is going to take longer than the statutory deadline.

We receive SARs form a variety of sources, the largest number came from the sources below.

Type of requester	Total
Advocate	2
Continuing Care	14
Court Order	19
Investigatory Body	11
Other NHS Trust	31
Police	145
Relatives	44
Service Users	246
Solicitors	301
Others	8
Total Number	**821**

1 The Publication Scheme is a complete guide to the information routinely published by HPFT. It is a description of the information about our Trust which we make publicly available.

2.5 NHS Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs.

The framework covers five themes:

1. Quality of care
2. Finance and use of resources
3. Operational performance
4. Strategic change
5. Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its license.

Segmentation
This segmentation information shows our position as at 31 March 2020. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

The performance against the financial performance ratings for the Trust for 2019/2020 are summarised in the table below;

Area	Metric	2019/20 Scores				2018/19 Scores			
	Capital	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
sustainability	Services capacity	1	1	2	1	2	1	2	2
	Liquidity	1	1	1	1	1	1	1	1
Financial efficiency	I&E margin	1	2	2	2	1	2	2	
Financial controls	Distance form financial plan	1	1	1	1	1	1	1	1
	Agency Spend	1	1	1	1	1	1	1	2
Overall Scoring		1	1	1	1	1	1	1	2

We exceeded our planned Use of Resources ratings for Capital Servicing Capacity and those relating to the I&E Margin. This was because our surplus was above plan, our capital spend lower than planned, and capital charges were reduced. Agency costs reduced again from the previous year and we achieved our agency spend target of £7.3m resulting in a rating of 1.NHS Improvement have maintained the expenditure cap to £7.3m for next year.

We met our planned target of achieving an overall 1 rating. This confirms the Trust's strong financial position and careful use of resources.

2.6 Statement of Accounting Officer's Responsibilities

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Hertfordshire Partnership University NHS Foundation Trust to prepare for each financial year a statement of accounts on the form and on the basis required by those Directors. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Hertfordshire Partnership University NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements

- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance

- 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 foundation trust's performance, business model and strategy and

- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum.*

Accounting Officer approval of the Statement of Accounting Officers responsibilities	
	Tom Cahill, Chief Executive

2.7 Annual Governance Statement 2019/20

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation 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 Foundation Trust Accounting 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 Hertfordshire Partnership University NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hertfordshire Partnership University NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

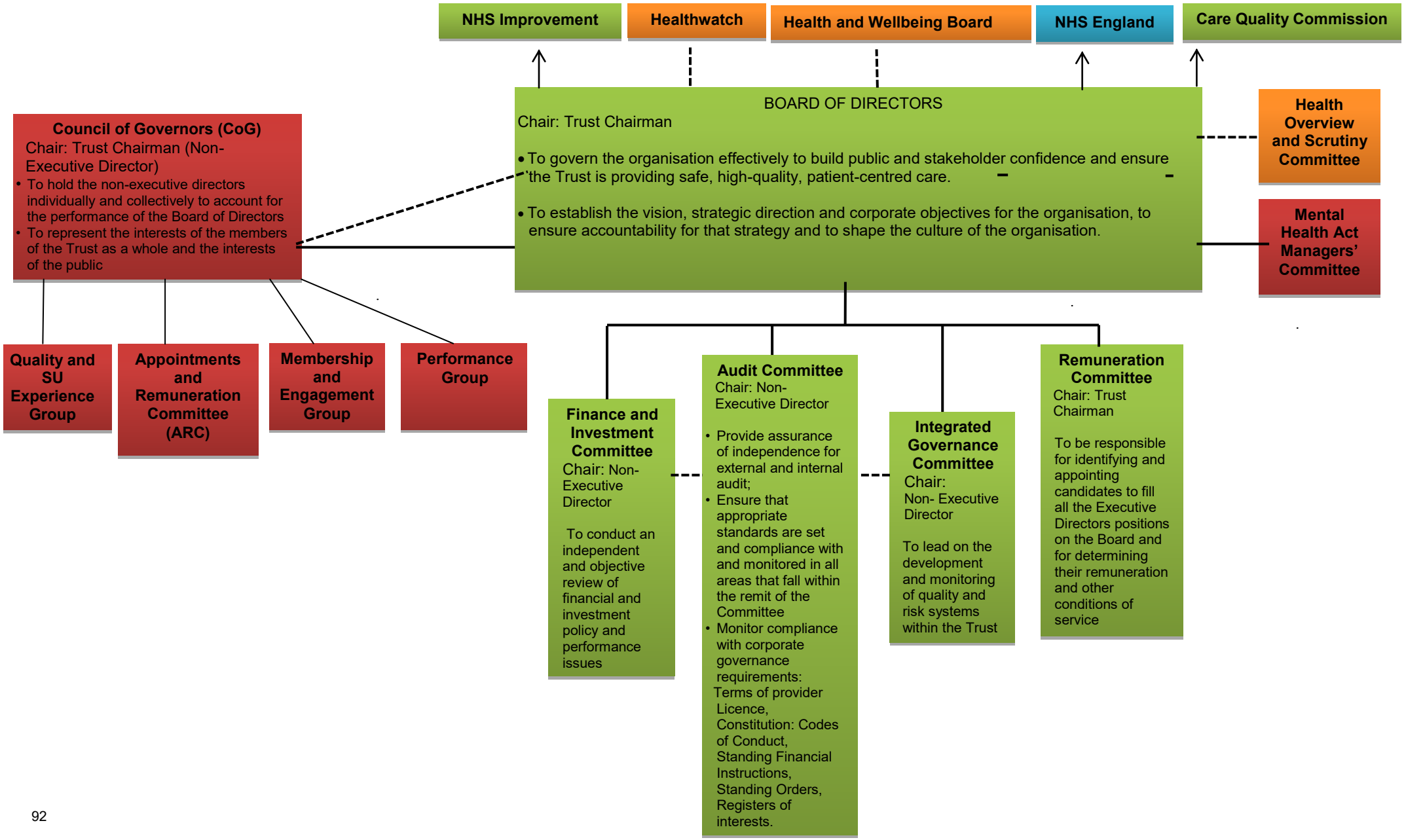
3. Capacity to handle risk

As Accounting Officer I am accountable for the quality of the services provided by the Trust. I have overall responsibility for risk management within the Trust and this responsibility is incorporated within the risk management strategy. Elements of risk management are delegated to members of my Executive Management Team and designated specialist staff:

Overall Risk Management	Executive Director of Quality and Safety (Caldicott Guardian)
Clinical Governance	Executive Director of Quality and Safety
Clinical Risk and Medical Leadership	Executive Director of Quality and Medical Leadership
Corporate Governance	Head of Corporate Affairs and Company Secretary
Board Assurance and Escalation	Head of Corporate Affairs and Company Secretary
Financial Risk	Executive Director of Finance
Compliance with NHS Improvement Regulatory Framework	Executive Director of Finance and Head of Corporate Affairs and Company Secretary
Compliance with CQC Regulatory Framework	Executive Director of Quality and Safety
Information Risk	Executive Director of Finance

Figure 1 below illustrates the robustness and effectiveness of our risk management and performance processes via our governance structure.

Figure 1
HPFT GOVERNANCE STRUCTURE



In addition, the Director of Delivery and Service User Experience is responsible for the day-to-day management of risk and performance within operational services and there are designated roles of Deputy Director, Safer Care and Standards and Deputy Director of Nursing and Quality providing leadership and support in their respective areas.

Staff members have a responsibility for handling the management of clinical and non-clinical risks according to their roles and duties within the Trust. Mandatory training on key risk areas is undertaken by all staff at induction into the Trust and on a regular refresh basis.

Capacity and capability is developed across the Trust through training events commensurate with staff duties and responsibilities and includes risk management training for all new staff. Awareness raising sessions have also taken place for existing staff teams.

Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the Trust. Learning is shared through Clinical Management Teams and Trust-wide forums such as the Quality and Risk Management Committee and Health and Safety Committee. Learning is acquired from a variety of sources which include:

- Analysis of incidents, complaints, claims and acting on the findings of investigations
- External Inspections
- Internal and external audit reports
- Clinical audits
- Outcome of investigations and inspections relating to other organisations.

In accordance with its *Standing Orders* and as required by NHS Improvement's *Code of Governance,* the Trust has an Audit Committee whose role is to review and report upon the adequacy and effective operation of the organisation's overall system of governance and internal control which encompasses risk management – both clinical and non-clinical.

In order to assist both the Board and the Audit Committee, specific risk management is overseen by two other Board Assurance Committees:

- *Integrated Governance Committee* (which receives reports from the Quality & Risk Management Committee and Workforce and Organisational Development Group) and has the specific purpose of delivering assurance to the Board on the management of clinical risk and operational performance against the CQC domains.
- *Finance and Investment Committee*, which provides assurance on management of risks relating to resources – both financial, human; service performance and the strategic direction of the Trust.

Our Risk Management and our Risk Escalation Models are set out at **Figure 2** and **Figure 3** respectively.

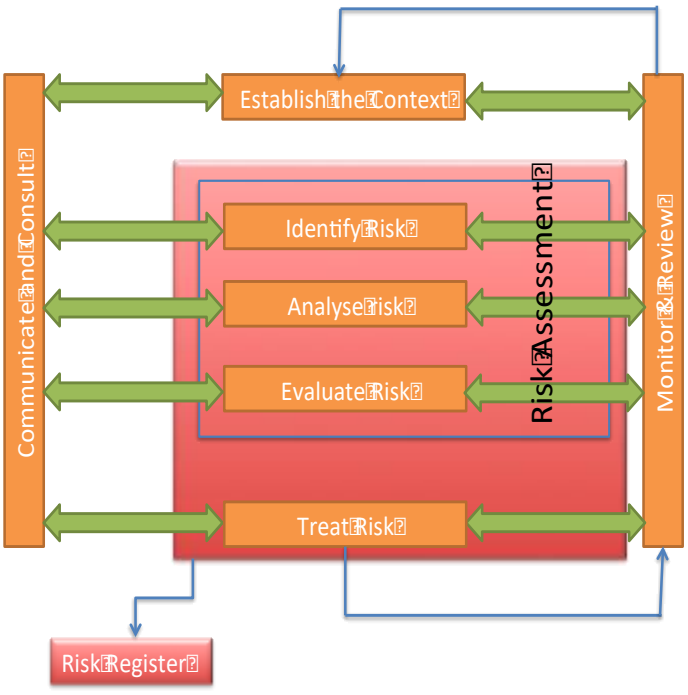
4. The risk and control framework

4.1 Risk management by the Board is underpinned by four interlocking systems of internal control:

- The Board Assurance Framework
- Trust Risk Register (informed by Strategic Business Units, Departments and Teams)
- Audit Committee
- Annual Governance Statement

The Risk Management Strategy which is an effective guide on risk management have continued to work effectively during 2019/20. Our Risk Management system, Datix, has continued to be a source of effective risk management across all levels and a source of just-in-time reports as necessary. The risk management processes remained the same as defined within the Board Assurance and Escalation Framework. This clearly outlines the leadership, responsibility and accountability arrangements. These responsibilities are then taken forward through the Board Assurance Framework, the Risk Registers, Business Planning and Performance Management processes enabling the coherent and effective delivery of risk management throughout the organisation.

As **Figure 2** below illustrates risk management and how it involves the identification, analysis, evaluation and treatment of risks – or more specifically recognising which events (hazards) may lead to harm and therefore minimising the likelihood (how often) and consequences (how badly) of these risks occurring:



20/09/15 4

Figure 2 Source: AS/NZS 4360:1999

Risk is managed at all levels, both up and down the organisation and in order to ensure triangulation between the *Annual Plan* and the *Board Assurance Framework (BAF),* the Trust produces a *Performance Report* for the Board on activity within the Trust Risk Register which details the risks that have either come onto the Trust Risk

Register or those that the Executive Team has approved to come off the Risk Register.

The Audit Committee is responsible for scrutinising the overall systems of internal control (clinical and non-clinical) and for ensuring the provision of effective independent assurance via internal audit, external audit and local counter fraud services. The Audit Committee reports to the Board at least bi-monthly after every meeting and annually on its work in support of the *Annual Governance Statement*, specifically commenting on the fitness for purpose of the BAF, the completeness and extent to which risk management is embedded in the Trust and the integration of governance arrangements.

The Integrated Governance Committee is the central driving force for the Risk Management Strategy and the Trust's internal control mechanisms, regularly reporting to the Trust Board on the risks being faced by the organisation, and how they are being managed/ controlled. This includes oversight of the performance and quality dashboards which show compliance with CQC registration requirements and other statutory compliance with quarterly reports being scrutinised prior to their submission to the Board.

The Trust recognises the need for a robust focus on the identification and management of risks and therefore risk is an integral part of our overall approach to quality and the management of risk is an explicit process in every activity in which the Trust and its employees take part.

Risk management in the Trust is discharged through clearly focusing responsibility for all clinical governance and risks with the respective Directors. The Directors, working closely with the Chief Executive, have responsibility for all Trust care services and supporting corporate functions in this context. The management lead for risk rests with the Director of Quality and Safety who is also the Caldicott Guardian.

The Trust has a strong track record in:

- The identification and mitigation of risks
- Responding quickly when there have been untoward and serious incidents
- Ensuring that the lessons learned are implemented swiftly across the

Our comprehensive approach to risk is embedded in the culture of the organisation and implemented through robust processes and procedures including "*concerns at work*" and our "*ward to board"* assurance processes.

These are supplemented by the Chief Executive's and Directors' '*Good to Great'* and engagement sessions. These have encouraged teams and individuals to share any risks and concerns openly as well as helping identify areas of good practice that should be celebrated. Our strong performance in the Staff Survey is particularly positive and demonstrates how we are creating and reinforcing an open culture in which staff feel both motivated and safe to raise any concerns they may have.

Regular discussions take place at Board meetings concerning the Trust's appetite for risk. These set the strategic parameters within which staff can make decisions involving various types of risk on a sound and consistent basis.

4.2 Board Assurance Framework (BAF)

Board assurance is a systematic method of:

- Identifying
- Analysing
- Evaluating, treating, monitoring, reviewing and
- Communicating

All clinical and non-clinical risks combined with the integration and management of both types of risk.

The requirement to develop a Board Assurance Framework (BAF) was established by the Department of Health (now NHS England), *Assurance: The Board Agenda (July 2002).* The BAF is designed to help the Board to satisfy itself that risks are being managed and strategic objectives are being achieved. The Board has established a robust BAF so that I, as Chief Executive, can confidently sign the *Annual Governance Statement* which deals with statements of internal control.

A Board Assurance Framework has been in place throughout the year which is designed and operating to meet the requirements of the 2019/2020 *Annual Governance Statement*. During 2019/20 the BAF has undergone a fundamental review and been updated in line with feedback following an internal audit.

The BAF, which is Board owned provides a vehicle for the Board to be assured that the systems, policies and procedures in place are operating in a way that is effective and focussed on the key strategic risks which could prevent the Trust's strategic objectives being achieved. The BAF is robustly discussed and analysed at Board sub-committees before being discussed by the Board. Updates of progress against actions are provided at each meeting of the IGC, Audit Committee and quarterly by the Board.

The BAF provides a structure and process to enable the organisation to focus on the risks that might compromise the achievement of its strategic objectives and therefore, the operational plan. It maps out the key controls to mitigate the risks and provide a mechanism to inform the Board of the assurances received about the effectiveness of these controls. The Board receives assurances directly or via its statutory and assurance Committees: Audit; Remuneration; Integrated Governance and Finance and Investment.

It is a dynamic tool which supports the Chief Executive to complete the *Annual Governance Statement* at the end of each financial year. It is part of this wider 'Assurance and Escalation Framework' to ensure the Trust's performance across the range of its activities is monitored and managed; resulting in targets being met, objectives achieved, and good outcomes for service users.

The formation and maintenance of the BAF is the responsibility of the Head of Corporate Affairs and Company Secretary and is regularly reviewed by each Principal Risk Owner (Executive Directors). This is to ensure the controls and assurances remain valid and any identified gaps are mitigated by timely implementation of clearly defined actions.

Risks monitored over the year included:

- Regulatory Compliance
- Quality and Safety including the 2019 CQC Action Plan
- Preparation for EU Exit
- Financial Resources including Placements
- Workforce - recruitment and retention
- Cyber security
- Data Quality and General Data Protection Regulations

- Response to Covid-19 pandemic

The BAF has been updated during 2019/20 to reflect the Board's review of the Trust's strategic objectives and has been reviewed by Head of Corporate Affairs and Company Secretary and the Board on a quarterly basis. The format has been revised to give greater clarity on the sources of 1st, 2nd and 3rd lines of assurance, as well as the actions in place to mitigate any risks.

Leaving the European Union

During the year the Trust has undertaken business continuity risk assessments to ensure any gaps in controls are addressed in preparation for an exit of the EU. The Trust continues to consider the risk assessments and that appropriate business continuity plans are in place. Oversight was provided by the Emergency Planning Group, reporting to the Executive Team and Integrated Governance Committee.

Tests of Business Continuity and Incident Management Plans have been undertaken and Risk Assessments and Business Continuity Arrangements have been reviewed against the following preparedness areas as advised by the Department of Health and Social Care. The Audit Committee and Board have also received reports on EU Exit Preparedness and the potential risks included specifically on the Trust Risk Register. As the end of the transition period approaches the Trust will ensure its contingency plans are well developed and robust to minimise any possible disruption.

The Trust will continue to test business continuity plans during 2020/21 as the UK moves to final exit from the EU in December 2020.

Covid-19

In March the Trust implemented its framework for emergency planning and business continuity in response to the Covid-19 pandemic in line with the Business Continuity Plan, Major Incident Plan and the associated command structure. The operational response was supported by a Covid-19 risk register that was reviewed regularly by the Board and Integrated Governance Committee.

In response to the pandemic and in line with national guidance from the NHSE/I, Reducing the Burden and releasing capacity at NHS providers and commissioners to manage the Covid-19 pandemic, the Trust implemented streamlined interim corporate governance arrangements. The arrangements were in line with Trust Standing Orders and constitution and approved by the Board. The interim arrangements saw the establishment of a new Board Assurance Sub-Committee responsible for providing the Board of Directors with assurance with regard to monitoring of safety, quality, risk, financial and contract arrangements during planning and response to the Covid-19 pandemic. Alongside the new sub-committee the Audit Committee continued to provide the Board of Directors with assurance with regard to Trust's systems of internal control. Part of the interim governance arrangements is the establishment of a Clinical and Advisory Committee which

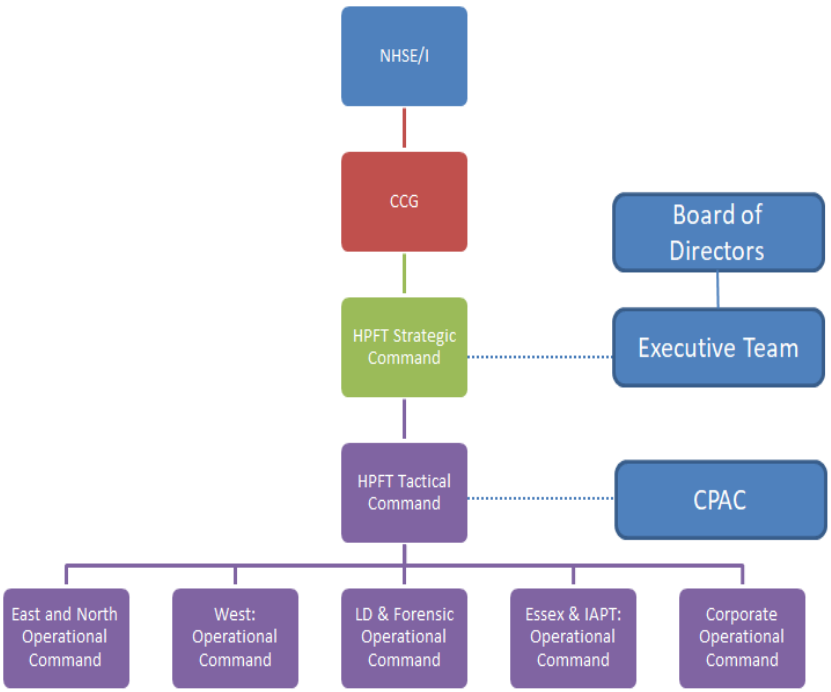
provides expert guidance and advice relating to the clinical and practice issues in relation to Covid-19.

During this period the risk escalation process has been enhanced with the Covid-19 specific risk register reviewed daily at tactical command in relation to appropriate mitigating actions. The review is informed by operational command in the SBUs and corporate as well as CPAC with key risks and concerns escalated to strategic command on a daily basis. The full Covid-19 risk register is then reviewed by the executive team on a weekly basis and considered by the Board Assurance Sub-Committee: Covid-19 and Board.

All risks that are entered onto Datix (anyone can alert the organisation to a risk through Datix) are reviewed by the Risk and Governance Team and these are fed into the relevant risk register, including the Covid-19 risk register.

To support this approach to risk management the Trust has a Freedom to Speak Up Guardian, with a dedicated email address and Datix whistleblowing facility. Also, CQC inform the Trust of any concerns that they are alerted to. All of these are fed into the Covid-19 or Trust risk register.

Diagram 1: Governance Command Structure during Covid-19



4.3 Trust's Risk Monitoring Escalation and Assurance Process

The Risk Management Strategy sets out how risk is identified and assimilated into the Risk Registers and reported, monitored and escalated throughout the directorate and corporate governance structures.

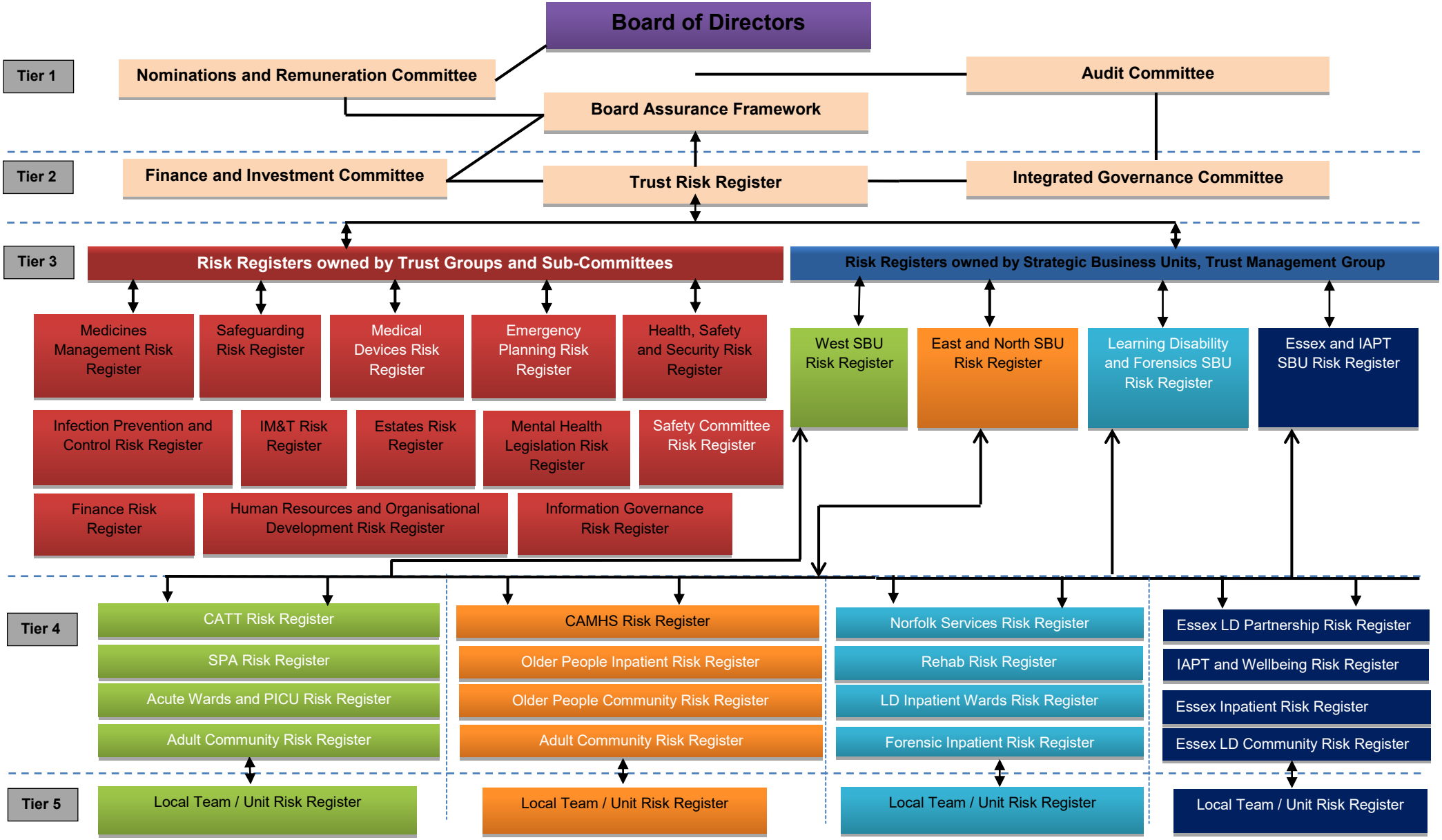
In addition to the Board Assurance Framework (BAF), the Trust operates five tiers of risk management which are all interlinked via an escalation process. The escalation

of a risk is dependent upon the level of the risk, or on whether it is felt that the risk needs specialist management at a higher tier, such as the risk requiring a multi-directorate approach to its management.

The registers are recorded using a standardised risk matrix and the severity of each risk is rated according to the Consequence x Likelihood risk assessment matrix within the Risk Management Strategy to establish the risk score which helps guide action at the appropriate level.

There is a clear process for escalating high or significant risks (see **Figure 3** below). The Trust does not have a static risk appetite. The Board may vary the amount of risk that it is prepared to tolerate depending on the circumstances at the time. In any event there must be consultation with the Board if there needs to be material altering of significant risk scores by directorates, departments or teams. The statutory and assurance committees and the Executive Team have regular oversight of all relevant risks from the Trust Risk Register.

Figure 3


Board of Directors
Tier 1
Nominations and Remuneration Committee
Audit Committee
Board Assurance Framework
Tier 2
Finance and Investment Committee
Trust Risk Register
Integrated Governance Committee
Tier 3
Risk Registers owned by Trust Groups and Sub-Committees
Risk Registers owned by Strategic Business Units, Trust Management Group
Medicines Management Risk Register
Safeguarding Risk Register
Medical Devices Risk Register
Emergency Planning Risk Register
Health, Safety and Security Risk Register
West SBU Risk Register
East and North SBU Risk Register
Learning Disability and Forensics SBU Risk Register
Essex and IAPT SBU Risk Register
Infection Prevention and Control Risk Register
IM&T Risk Register
Estates Risk Register
Mental Health Legislation Risk Register
Safety Committee Risk Register
Finance Risk Register
Human Resources and Organisational Development Risk Register
Information Governance Risk Register
Tier 4
CATT Risk Register
SPA Risk Register
Acute Wards and PICU Risk Register
Adult Community Risk Register
CAMHS Risk Register
Older People Inpatient Risk Register
Older People Community Risk Register
Adult Community Risk Register
Norfolk Services Risk Register
Rehab Risk Register
LD Inpatient Wards Risk Register
Forensic Inpatient Risk Register
Essex LD Partnership Risk Register
IAPT and Wellbeing Risk Register
Essex Inpatient Risk Register
Essex LD Community Risk Register
Tier 5
Local Team / Unit Risk Register
Local Team / Unit Risk Register
Local Team / Unit Risk Register
Local Team / Unit Risk Register

4.4 Local and Directorate Risk Registers

Each ward team or department produces a local risk register. The register is developed in response to the identification of local risks that may impact on the delivery of their immediate service. Local risk registers are recorded using the risk module in Datix.

Appropriate steps have been taken to ensure that processes are in place at both clinical service and departmental levels to update and maintain their risk registers. Monthly updates from local and directorate risk registers are provided via the Risk and Compliance Manager for potential inclusion into the Trust's Risk Register.

All local risks are systematically reviewed within a specified timeframe by the local teams to ensure that controls in place are effective, and to assess whether the risk changes over time.

Risks may be identified through internal processes e.g. complaints, incidents, claims, service delivery changes, risk assessments or financial interests. They may also be identified by external factors e.g. national reports and recommendations or regulatory and enforcement notices etc.

4.5 Care Quality Commission essential standards of quality

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC).

The Trust receives periodic unannounced CQC Mental Health Act inspections. No significant issues have arisen during 2019/2020. However, during 2019 the CQC re-organised their review structure to focus on the Guiding Principles from the MHA Code of Practice and how we implement them within the services.

The Trust registered with the Care Quality Commission on 1 April 2010 and has not received a scheduled service inspection in 2019/20.

4.6 Health and Safety Executive Report

The Trust received an inspection from the Health and Safety Executive in May 2019, which was part of the nationally planned programme to examine the management arrangements for violence and aggression (V&A) and musculoskeletal disorders (MSDs) at care providers in the public sector. Following the visit the Trust was given a Notice of Contravention (NOC) and four improvement notices. The improvement notices received by the Trust related to:

1. *Violence and aggression against staff and need to improve processes, plans, learning and risk assessment.* Produce a policy detailing how and when incidents of violence and aggression will be investigated.
2. *Risk Assessment for violence and aggression to employees and those not in our employment from or by service users.* Carry out a suitable and sufficient assessment of the risks to H&S for staff whilst working with service user.
3. *Arrangements to get all slings under a thorough scheme of examination.* Put arrangements in place to ensure that all the reusable slings used for moving and handling service users are thoroughly examined at least every six months
4. *Arrangements to review and update all moving and handling risk assessments for service users.* Put arrangements in place to review and update moving and handling risk assessments, making these less generic and including situations lence and aggression are increased.

A detailed action plan was developed to address all the issues raised and all the actions have been completed in 2019/20.

4.7 Workforce Strategies

The Trust has a Workforce and Organisational Development Group (WODG) which oversees delivery of the workforce strategy, short medium and long term, and reports routinely to the Integrated Governance Committee. The WODG is supported in its role by a number of task oriented groups which focus on specific elements of strategy delivery and operational management including:

- Recruitment and Retention Group
- Workforce Board
-

The Annual Workforce Plan is set out within the Trust's Annual plan which is reviewed and approved by the Trust Board.

The Integrated Governance Committee and Trust Board receive periodic safe staffing reports from the Executive Director – Quality and Safety, confirming that staffing levels are safe, effective and sustainable, in line with the 'Developing Workforce Safeguards' recommendations. The Trust has a framework for ensuring real time risk based safe staffing assessment and processes, supported by SafeCare software technology as follows :

- **SafeCare Census checks** – three times daily and monitored by the Team Leader and Modern Matron with weekly reporting detailing the overall weekly
- **SafeCare calls –** these are held daily and chaired by the Head of Nursing to manage and monitor safe staffing within their area of responsibility, ensuring consistency across the Trust on a daily basis (for the next 24 hours). This enables deployment of staff in response to acuity levels, admissions and discharges
- **eRoster Scrutiny –** on a weekly basis, chaired by the Head of Nursing or Service Line Lead to ensure the effective utilisation of the eRoster
- **Safe Staffing Group –** held on a monthly basis, chaired by the Deputy Director of Nursing and Quality, responsible for overseeing staffing regarding effective utilisation of eRostering and SafeCare, bank and agency usage, staffing skill mix and establishments.

4.8 Register of Interests

HPFT has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the "Managing Conflicts of Interest in the NHS" guidance. https://www.hpft.nhs.uk/media/4609/dec-conflict-of-interest-register.pdf

5. Pension Schemes

As an employer with staff entitled to membership of the NHS Pension Scheme and the Hertfordshire Local Government Pension Scheme, control measures are in place to ensure all employer obligations contained within the Schemes regulations are complied with. This includes ensuring that deductions from salary, employer's

contributions and payments into the Schemes are in accordance with each Scheme's rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

In 2018/19 a small number of staff who had transferred under TUPE from Essex County Council remained members of the Essex Pension Fund. The NHS FT is not yet an admitted fully funded member of the pension scheme so has not accounted for such in 2019/20, but expects to become a member in 2020/21.

6. Equality, Diversity and Human Rights

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

We are committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy and maternity, sexual orientation, gender reassignment or disability.

Our equality and diversity work is centred on ensuring that we comply with the Public Sector Equality Duty and are delivering best practice as a lead for equality and diversity. This work focusses on activity to:

- Eliminate unlawful discrimination
- Advance equality of opportunity
- Foster good relations

We completed our most recent partial re-grading of the NHS Equality Delivery System 2 in May 2019 with an overall outcome of 'good' and this reflects ongoing progress and improvement. We are currently waiting for NHS England and NHS Improvement to release the new EDS3 and once this comes into effect we will undertake a full regrading EDS3; activity will include:

- Data quality improvement programmes with a review of equity of access to services and care outcomes
- Reporting and action planning for the Workforce Equality Standards (WRES, WDES)
- Increased activity for the Information Standards (AIS, SOIS)
- Launch of Gender Identity bitesize training for frontline services
- Launch of new online forum for staff carers
- Review of our Unconscious Bias Training
- Gender Pay Gap reporting

7. Energy and Carbon Reduction

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

8. Internal and external stakeholders and service user and carer Involvement

The Trust has a:

- Service User Council
- Carer Council
- Parent Carer's Council
- Young People's Council
- Forest House Council (CAMHS Inpatient)
- 'Making Services Better' Group for people with Learning Disabilities

All of our councils and groups ensure that stakeholder views are embedded in the ways we work.

Service User and Carer Groups/Councils have been a significant presence in the Trust for over 10 years. They raise and discuss a variety of topics with Trust staff at all levels, and are vital critical friends that the Trust can approach for honest feedback and comment from the perspective of lived experience.

We are also proud of our unique Peer Experience Listening project, which has been running successfully since 2010. This project is led by people who have a lived experience, who collect feedback from current service users. Over the last year, the Peer Experience Listeners have conducted qualitative interviews with people using services including: Feeling safe in acute and Improving the responsiveness of community services.

All our Experts by Experience and volunteers undertake the same induction. This covers topics including:

- Equality and diversity
- Safeguarding

- Conflict resolution
- Health and safety
- Information governance.
- Wellbeing and Mindfulness (self-care)

2019/20 was a productive and active year for service user and carer involvement. A number of members of the service user and carer councils are also elected Trust Governors and equality and diversity champions, and have supported raising awareness of disability, gender and mental health. Over the past year, the Inclusion and Engagement Team have lead on the priorities in our Equality Plan (2019 – 2022) and Carer Plan (2019 – 2021). Our Staff Disabled Network (Diversability) and our Staff Mental Health Network have been instrumental in supporting our work around the NHS Workforce Disability Equality Standard (WDES) which we are now monitored on as part of our standard NHS contract.

At every Board meeting, a service user, carer and professional from a specific service are invited to share their experiences and suggest actions for positive change. At one meeting during 2019/20, a service user presented to the Board, informing them of a lack of choice with regard to receiving medication injections. As a result the Trust is considering how to ensure service users wishes are met regarding the site for receiving medication injections.

Having service users and carers sharing their stories at the start of every Board meeting helps set the tone of the meeting and brings the focus back to the Trust vision to deliver Great Care and Great Outcomes for people, together.

As Trust we also aim to have a service user or Peer by Experience on every recruitment panel, this is an important element to ensuring people recruited to the Trust are in tune with our values.

All our groups have worked relatively intensively with staff on local projects that impact service users and carers day-to-day care including CQI projects. We also work with our other stakeholders to listen and act on people's lived experience. Our third sector partners have been vital in carers feedback contributing to local commissioning decisions.

Our focus over the past year has been to use key events to bring a diverse range of people together to focus on a particular area of quality improvement. This has enabled both celebration of diversity and awareness around inequalities that require attention in order to remove barriers and further promote social inclusion. These have included:

- LGBT History Month
- Time to Talk and Blue Monday
- Carers week and Carers Rights Day
- Diversity and Leadership
- Hertfordshire Pride
- Equality, Diversity and Human Rights Week

9. Quality Governance Framework

The Trust's Risk Management Strategy details the relationship between the Trust's strategic goals, principal risks and the Board Assurance Framework. The Risk Management Policy outlines the process for assessing, prioritising and managing all types of risk through risk registers and includes:

- Risk Assessment and Risk Register flow charts
- Risk definitions including Risk Appetite
- Duties and responsibilities of individuals and committees
- The risk assessment process
- The risk management process

- The Integrated Governance and Risk Management Structure
- Board assurance framework and risk register templates

The Risk Management Strategy and Policy are enhanced by the Practice Governance Framework and the Quality Strategy.

The principal strategic and operational risks are outlined in the Risk Strategy which sets out how the Trust endeavours to ensure that they do not prevent the Trust from achieving its strategic objectives. The Strategy, therefore, sets out the role of the Board, its statutory and assurance committees in the identification, management and mitigation of risks. **Figure 3** (on page 93) illustrates the risk escalation process.

The Strategy emphasises the role of the Board Assurance Framework and Risk Register in the management of strategic and operational risks respectively.

The Internal Audit Plan has as part of its remit, audit of the Risk Management processes and the Board Assurance Framework. The Integrated Governance Committee, the Finance and Investment Committee and the Audit Committee scrutinise and monitor clinical and non-clinical risks where appropriate, on behalf of the Board. **Figure 1, (page 85)** our governance structure above depicts the role of Board Committees and their inter-relationship in the management of quality and risk. The whole corporate and clinical structure is designed to ensure that the Trust has

10. Data quality and governance

The Trust has an Information Governance Policy in place. The four key interlinked strands to the information governance policy are:

1. Information security
2. Legal compliance
3. ; Openness
4. Quality assurance

The policy contains duties and responsibilities for information governance and highlights the reporting structure, with reference to the Information Management and Technology (IM&T) Programme Board as a key forum for discussion, challenge and oversight.

The Trust has a Data Protection and Privacy Impact Assessment Policy. The policy outlines the GDPR requirements for the Trust and the limitations for personal data processing. The policy also details the responsible owners for Personal Confidential Data and Personal Identifiable Data.

The Trust follows these steps to assure the Board that there are appropriate controls ensuring the quality of the data:

- We provide all staff, including all new starters, with appropriate training on inputting data
- Where possible, we eliminate manual approaches to data gathering and analysis. This includes investing in new systems
- We audit supervision to gain assurances that our clinical record keeping and data quality processes are robust

- We conduct a separate audit of Clinical Records Management

The accuracy of information for Quality Reports is assessed via:

- Systematic checks within the Informatics and Performance Improvement teams
- Board scrutiny of the quarterly reports, ensuring that any errors and/or corrections are noted
- An annual External Audit assurance as mandated by NHS Improvement

We continue to review our performance reporting framework, considering the increasing size and complexity of the quality measurement and reporting in the Trust. During the year our business intelligence system has been further developed and enhanced to provide additional real time information.

The quality metrics which are contained in quarterly Board reports are agreed by the Board after a period of internal and external consultation. Each quality metric is reviewed quarterly at Board meetings, where they are checked for accuracy and relevance as well as progress made. Should an error occur during the year, the errors are corrected at the next Board quarterly report and the occurrence noted.

11. Information Governance

Reporting of Personal Data Related Incidents
The Trust takes the management of risks to data security very seriously and the loss of data is a risk which is monitored nationally.

Data breaches are now risk assessed to establish the impact a breach could have, against the likelihood of harm occurring as a result. Breaches which result in a risk to the rights and freedoms of data subjects are reportable to the ICO. As impact levels are subjective, there has been an increase in reportable breaches as the effects will differ for each data subject.

The following table details every data incident for 2019/20 which met the threshold as a reportable data loss/breach. Of these seven met the threshold for reporting to the ICO.

Themes of reportable data loss/breaches	
	Total Number Reported 2019/20
A Corruption or inability to recover historic data	**3**
B Disclosed in error	**184**
C Lost in transit	**3**
D Lost or stolen hardware	**6**
E Lost or stolen paperwork	**33**
F Non-secure disposal - hardware	**0**
G Non-secure disposal – paperwork	**0**
H Uploaded to website in error	**1**
I Technical security failing (including hacking)	**19**
J Unauthorised access/disclosure	**89**
Total	**338**

There were seven incidents requiring investigation reported to the ICO in 2019/20 as follows, compared to 20 reported in 2018/19. All seven were formally reported as potential or actual breaches of confidentiality involving person identifiable data. The ICO has closed seven of the seven reported incidents. In all cases, the Commissioner has been satisfied with the steps taken by the Trust to address the incident, and no further action was required

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

The key financial policies and processes
As Accounting Officer I have responsibility to the Board for the economy, efficiency and effectiveness of the use of resources. This is achieved operationally through good governance and systems of internal control designed to ensure that resources are applied efficiently and effectively.

The effective and efficient use of resources is managed by the following key policies:

Standing Orders
Standing Orders are contained within the Trust's Constitution and set out the regulatory processes and proceedings for the Board of Directors and the Council of Governors and their committees and working groups including the Audit Committee, whose role is set out below. They support the efficient use of resources.

Standing Financial Instructions (SFIs)
SFIs detail the financial responsibilities, policies and principles adopted by the Trust in relation to financial governance. They are designed to ensure that financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

They do this by laying out very clearly who has responsibility for each of the key aspects of policy and decision making in relation to key financial matters. This ensures that we have:

- A clear division of duties
- Completely transparent policies for
    - competitive procurement processes

Our budget planning and allocation process is clear and robust and ensures costs are maintained within budget or highlighted for action.

The SFIs are used in conjunction with:

- The Trust's *Standing Orders*
- The Scheme of Delegated Authority
- Individual detailed procedures set by directorates

Scheme of Delegated Authority
This sets out those matters reserved to the Board and the areas of delegated responsibility to committees and individuals. The document explains who is responsible and the nature and purpose of that responsibility. It assists in the achievement of the efficient and effective use of resources by ensuring that decisions are taken at an appropriate level within the Trust by those with the experience and oversight appropriate to the decision being made. It ensures that the focus and rigor

of decision-making processes align with the strategic priorities of the Trust and it ensures that the Trust puts in place best practice in relation to its decision-making.

Anti-fraud and Corruption including the Bribery Act 2010
The Bribery Act which came into force in April 2011 makes it a criminal offence for commercial organisations to fail to prevent bribes being paid on their behalf. Failure to take appropriate measures to avoid (or at least minimise) the risk of bribery could lead to the imposition of fines, or imprisonment of the individuals involved and those who failed to act to prevent it. This helps ensure that the taking or receiving of bribes is less likely, and improves the integrity and transparency of the Trust's transactions and decisions.

The Trust Board relies on the Audit Committee to ensure appropriate and sound governance arrangements are in place to deliver the efficient and effective use of resources and ensure the Trust's internal control systems are robust and can be evidenced.

The Audit Committee agrees an annual work programme for the Trust's Internal Auditors and the Counter Fraud Service, and reviews progress on implementation of recommendations following audit and other assurance reports and reviews.

Independent assurance is provided through the Trust's internal audit programme and the work undertaken by NHS Counter Fraud Authority, reports from which are reviewed by the Audit Committee. In addition, further assurance on the use of resources is obtained from external agencies, including External Audit and regulatory bodies.

13. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the 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 and the Integrated Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In describing the process that had been applied in maintaining and reviewing the effectiveness of the system of internal control, I have set out below some examples of the work undertaken and the roles of the Board and Committees in this process:

- The Board reviews the Board Assurance Framework quarterly with the Risk Register.
- A programme of Risk Management training for all staff.Co
- The internal audit plan which is risk based, is approved by the Audit Committee at the beginning of each year. Progress reports are then presented to each Audit Committee, with the facility to highlight any major issues. The Chair of the Audit Committee can, in turn, quickly escalate any areas of concern to the Board via a Committee Report and produces an

annual report on the work of the Committee and a self-evaluation of its effectiveness.

- The Executive Team meets on a weekly basis and has a process whereby key issues such as performance management, serious incidents, recruitment and retention, safe staffing, action plans arising from external reviews and risk management are considered both on a planned timetable and an *ad hoc* basis if necessary. The Team also reviews the Trust Risk Register every month and the Board Assurance Framework quarterly.
- The Board and its statutory and assurance committees have a clear cycle of business and a reporting structure that allows issues to be escalated via the *'ward to board'* risk escalation framework (**see Figure 3 page 93**). The work of each committee is outlined in the Governance Structure at **Figure:1 page 85.**

The Board Assurance Framework provides me with evidence that the effectiveness of controls to manage the risks that might prevent the Trust achieving its principal objectives have themselves been reviewed. My review is also informed by our internal and external audits, the external review processes for the clinical negligence scheme and the NHS Resolution and the CQC.

During 2019/20 we have continued to embed our programme of collective leadership throughout and at all levels of the organisation. This has included comprehensive development programmes for future and existing leaders through our Leadership Academy and partnership work with the University of Hertfordshire. In February 2020 we started the process of an independent well led review, the self-assessment element will be reported in second quarter of 2020/21 and will be followed by the external element of the review later in the year.

14. Head of Internal Audit Opinion

Internal Audit review the system of internal control during the financial year and report accordingly to the Audit Committee. The Head of Internal Audit has provided an overall opinion of positive assurance based on their work during 2019/20, which gives me confidence that we have a solid foundation on which to build our improvement work. Specifically, the Head of Internal Audit has stated: "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

The Head of Internal Audit considered a range of factors and findings in coming to her overall opinion, having issued eleven final assurance opinions and two final advisory reviews for the year. Of the 11 assurance opinions one was were issued with one substantial assurance, seven reasonable assurances and three partial assurances across the areas of internal audit work undertaken. The partial assurance opinions related to:

- Patient Monies
- Appraisals
- Health and Safety

We have addressed these issues by:

- Establishing a dedicated task and finish group to consider how to manage patient monies. The group will be using CQI techniques to help identify solutions.
- Strengthening process for recording completion of appraisals and considering the use of digital solutions.
- Ensuring that the processes for recording and storing information with regard to Trust estates are robust and implemented. Ensuring that the estates team has appropriate level of resources to undertake the collation and recording of required information.

15. Conclusion

There are no significant internal control issues that have been identified.

Tom Cahill
Chief Executive

Date: 23.06.2020

FOREWORD TO THE FINANCIAL STATEMENTS

HERTFORDSHIRE PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST

These accounts, for the year ended 31 March 2020, have been prepared by Hertfordshire Partnership University NHS Foundation Trust ('the NHS FT') in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

If you require any further information on these Annual Financial Statements please contact:

Matthew Hooper
Head of Financial Services
Hertfordshire Partnership University NHS Foundation Trust
99 Waverley Road
St Albans
Hertfordshire
AL3 5TL
Telephone number: 01727 804 764

Signed 

Mr Tom Cahill, Chief Executive Date 23 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	note	2019/20 £000	2018/19 £000
Operating income from patient care activities	4	254,168	223,531
Other operating income	4	10,331	12,044
Operating expenses	5	(259,150)	(229,133)
OPERATING SURPLUS		**5,349**	**6,442**
FINANCE COSTS			
Finance income	9.0	396	350
Finance expense - financial liabilities	9.1	(272)	(304)
Finance expense - unwinding of discount on provisions	9.1	24	(14)
PDC dividend charge		(3,886)	(3,582)
NET FINANCE COSTS		(3,738)	(3,550)
(Losses)/Gains of disposal of assets	11.3	0	(32)
SURPLUS FOR THE YEAR		**1,611**	**2,860**
SURPLUS FOR THE YEAR			
Other comprehensive income will not be reclassified to income and expenditure:			
Impairments	13	(2,080)	(1,060)
Revaluations	11	2,477	2,326
Remeasurements of net defined benefit pension scheme	26	(41)	(57)
Will not be reclassified to income and expenditure:		**356**	**1,209**
TOTAL COMPREHENSIVE INCOME/EXPENSE FOR THE YEAR		**1,967**	**4,069**

Whilst the surplus for the financial year was £1,611k (£2,860k in 2018/19) as reported above, this includes a small number of items which are unusual in nature and not considered by the NHS FT to be part of its normal activities, and are therefore adjusted for to show the comparative financial performance against the NHSI control total of break-even for 2019/20 (£360k for 2018/19)

		2019/20	2018/19
Financial performance for the year:		£000	£000
SURPLUS FOR THE YEAR (as above)		1,611	2,860
less Provider Sustainability Funding (PSF)	1.3	(2,330)	(3,535)
less central MH funding provided in March 2020	1.3	(1,371)	
add back Net Impairments charged to the SOCI	13	1,677	1,124
remove Non-cash element of on-SOFP pension costs	26	(41)	(57)
COVID-19 eligibility adjustment- being the additional holiday pay accrual due to the postponement of scheduled holidays		507	
Adjusted financial performance against the NHSI Control Total		**53**	**392**

STATEMENT OF FINANCIAL POSITION
31 March 2020

	note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	10	1,035	1,343
Property, plant and equipment	11	153,780	150,741
Total non-current assets		**154,815**	**152,084**
Current assets			
Inventories	14	56	50
Receivables	16	16,551	7,812
Assets held for sale	15	1,592	1,592
Cash and Cash Equivalents	17	55,260	58,023
Total current assets		**73,459**	**67,477**
Current liabilities			
Trade and other payables	21	(26,021)	(22,682)
Borrowings	19	(540)	(551)
Provisions	20	(3,334)	(2,301)
Other liabilities	22	(8,391)	(6,724)
Total current liabilities		**(38,286)**	**(32,258)**
Total assets less current liabilities		**189,988**	**187,303**
Non-current liabilities			
Borrowings	19	(8,998)	(9,528)
Provisions	20	(5,780)	(5,324)
Total non-current liabilities		**(14,778)**	**(14,852)**
Total assets employed		**175,210**	**172,451**
Financed by (taxpayers' equity)			
Public Dividend Capital		91,936	91,144
Revaluation Reserve		36,432	36,035
Other reserves		(126)	(85)
Income and expenditure reserve		46,968	45,357
Total taxpayers' and others' equity		**175,210**	**172,451**

The financial statements on pages 2 to 5, together with the notes on pages 6 to 43 were approved by the Board and signed on its behalf by:

Mr Tom Cahill, Chief Executive Date 23 June 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 March 2020

	note	Total	Public Dividend Capital	Revaluation reserve	Other Reserves	Income and expenditure reserve
		£000	£000	£000	£000	£000
Taxpayers' and others' equity at 01 April 2019 - brought forward		**172,451**	**91,144**	**36,035**	**(85)**	**45,357**
Surplus for the year	SOCI	1,611	0	0	0	1,611
Net impairments	13	(2,080)	0	(2,080)	0	0
Revaluations - property, plant and equipment	11	2,477	0	2,477	0	0
Remeasurements of defined net benefit pension scheme liability / asset	26	(41)	0	0	(41)	0
Public dividend capital received	18	792	792	0	0	0
Taxpayers' Equity at 31 March 2020		**175,210**	**91,936**	**36,432**	**(126)**	**46,968**

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 by the Department of Health and Social Care. In 2019/20 £792k was received for cyber sercurity and digital strategy funding. A charge, reflecting the cost of capital utilised by the NHSFT, is payable to the Department of Health and Social Care as the public dividend capital dividend.
Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.
Other reserves
The Other reserves relate to accounting for the Local Government Pension Scheme as a defined benefit scheme, see note 26 for further details.
Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the NHSFT.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 March 2019

	note	Total	Public Dividend Capital	Revaluation reserve	Other Reserves	Income and expenditure reserve
		£000	£000	£000	£000	£000
Taxpayers' and others' equity at 01 April 2018 - brought forward		**161,241**	**84,003**	**35,056**	**(28)**	**42,210**
Surplus for the year	SOCI	2,860	0	0	0	2,860
Net impairments	13	(1,060)	0	(1,060)	0	0
Revaluations - property, plant and equipment	11	2,326	0	2,326	0	0
Remeasurements of defined net benefit pension scheme liability / asset	26	0	0	(287)	0	287
Public dividend capital received	18	7,141	7,141	0	0	0
Other reserve movements		(57)	0	0	(57)	0
Taxpayers' Equity at 31 March 2019		**172,451**	**91,144**	**36,035**	**(85)**	**45,357**

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 by the Department of Health and Social Care. In 2018 three amounts were received as Public Dividend Capital the principal amount being a receipt of £6.8m to fund the repayment of a capital loan. A charge, reflecting the cost of capital utilised by the NHSFT, is payable to the Department of Health and Social Care as the public dividend capital dividend.
Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.
Other reserves
The Other reserves relate to accounting for the Local Government Pension Scheme as a defined benefit scheme, see note 26 for further details.
Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the NHSFT.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

	note	2019/20 £000	2018/19 £000
Net cash inflow from operating activities	24	**8,686**	**10,897**
Cash flows used in investing activities			
Interest received	9	409	342
Purchase of intangible assets	10	0	(1,268)
Purchase of property, plant and equipment	11	(7,922)	(5,696)
Proceeds from sales of property, plant and equipment	11	0	1,417
Net cash flows used in investing activities		**(7,513)**	**(5,205)**
Net cash generated used in financing activities			
Public dividend capital received		792	7,141
Movement in loans from the Department of Health and Social Care		(530)	(7,320)
Capital element of finance lease rental payments		(9)	(45)
Interest on loans		(273)	(323)
Interest element of finance lease		0	(6)
PDC dividend paid		(3,916)	(3,134)
Net cash generated used in financing activities		**(3,936)**	**(3,687)**
INCREASE IN CASH AND CASH EQUIVALENTS	17	(2,763)	2,005
Cash and Cash equivalents at 1 April	17	**58,023**	**56,018**
Cash and Cash equivalents at 31 March		**55,260**	**58,023**

The Statement of Cash Flows reports transactions purely on a cash basis and not on an accruals basis as used in the other Financial Statements. For this reason some figures may appear different to the figures reported elsewhere. An example of this is 'PDC dividend paid' being £3,916k in the statement above, compared to £3,886k on the Statement of Comprehensive Income. Cash and cash equivalents are recorded at current value.

The 'Proceeds from sales of property, plant and equipment' in 2018/19 consisted of the sales proceeds realised on the sale of 305 Ware Road.

NOTES TO THE ACCOUNTS

1. Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the NHS FT 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 2019/20 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 NHS FT 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.

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.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS FT's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both the current and future periods.

1.2.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below note 1.2.2), that management has made in the process of applying the NHS FT's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

True and Fair View

Foundation Trusts' financial statements should give a true and fair view of the state of affairs of the reporting body at the end of the financial year and of the results of the year. Section 393 of the Companies Act 2006 requires that Directors must not approve financial statements unless they are satisfied that they give a true and fair view as described above.

Going Concern

The Financial Statements have been prepared on the basis that the NHS FT is a going concern and will be in the foreseeable future. This is based upon the Directors' assessment of the NHS FT's current financial projections, its current levels of cash and borrowing capacity and the contractual agreements it has with its commissioners.

1.2.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation assumptions for Property, Plant and Equipment, with carrying assets of £153,161k are based on valuations provided by the District Valuer, Giles Awford, as at 31 March 2020 in line with note 1.6. The outbreak of COVID-19 has impacted on financial markets and market activity. The valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA of the RICS Red Book Global.

Estimates for the Hertfordshire Local Government Pension Scheme (LGPS) are based on actuarial reports as provided by Hymans Robertson LLP, see note 1.5 for further details.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.3 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.
To maintain the NHS FT's cashflow position, performance obligations are assumed to have been met by the elapsing of time for block payments, and reconciled in the following month, after the KPI submisssion. Non-block contract performance obligations require payment 30 days from the date of request for payment. Block contract income accounts for circa 90% of the NHS FT's income.

The main source of income for the NHS FT is from commissioners for health and social care services and the majority is provided under a Block Contract arrangement jointly commissioned by NHS East & North Hertfordshire Clinical Commissioning Group, NHS Herts Valleys Clinical Commissioning Group and Hertfordshire County Council. A performance obligation relating to the 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.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty. The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

The NHS FT has an agreement with NHS England that income for the New Care Models (NCM) CAMHs Tier 4 service is shown net of the cost of inpatient beds commissioned by NHS England on behalf of the NHS FT for this service.

A £1.25bn Provider Sustainability Fund (PSF), has been made available again to NHS providers during 2019/20, linked to the achievement of a financial control total set by NHS Improvement. Of this the NHS FT has been provisionally awarded a total of £1,887k in relation to its achievement of its control total and £443k in relation to a further amount awarded in relation to 2018/19. This is a reduction on the £3,535k received in 2018/19. Income earned from the fund is accounted for as a variable consideration.

1.3.1 Revenue from research contracts

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

1.4 Other forms of income

Grants and Donations

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

Apprenticeship Service Income

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

1.5 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned, but not taken by employees at the end of the period, is recognised in the Financial Statements to the extent that employees are permitted to carry forward leave into the following period. During the year 19-20 the level of untaken leave carried forward has been higher than previous years due to COVID-19 and many staff unable to take leave in March 2020.

Pension costs

NHS Pension Scheme

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

Changes to the rate of employers NHS Pension contribution have not been reflected in funding provided to individual Trusts during 2019/20. For this reason, the addition 6.3% liability was paid centrally by the Department of Health and Social Care . The amount is £6.64m in 19/20 and nil in 18/19.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.5 Employee Benefits (continued)

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 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 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 to 20.6%, and the Scheme Regulations were amended accordingly.

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.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS FT commits itself to the retirement, regardless of the method of payment.

Local Government Superannuation Scheme
The NHS FT is also an admitted fully funded member of the Hertfordshire Local Government Pension Scheme (LGPS), for those staff who have transferred under TUPE (Transfer of Undertakings: Protection of Employment) from Hertfordshire County Council to the NHS FT's employment since 2004/05. The LGPS is a defined benefit statutory scheme administered by Hertfordshire County Council, in accordance with the Local Government Pension Scheme Regulations 1997, as amended.

The NHS FT was admitted into the scheme on a fully funded basis, whereby it was allocated assets equal to the value of the liabilities transferred. These assets are held by the Hertfordshire County Council.

Some current employees are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the NHS FT's accounts. The assets are measured at fair value, and the liabilities at the present value of future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

In 2018/19 a small number of staff who had transferred under TUPE from Essex County Council remained members of the Essex Pension Fund. The NHS FT is not yet an admitted fully funded member of the pension scheme so has not accounted for such in 2019/20, but expects to become a member in 2020/21.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable for the goods and services received. Expenditure is recognised as an operating expense, except where it results in the creation of a non-current asset such as property, plant and equipment and is therefore capitalised (see 1.7 below).

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the NHS FT;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is either: 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 NHS FT and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

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

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

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

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

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

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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.

A revaluation of selected assets was conducted by the District Valuer, Giles Awford, as at 31st March 2020 and those values have been included. The selected assets represented those that had either undergone material investment or the circumstances directing the modern equivalent valuation had materially changed. Giles Awford has full membership of the Royal Institution of Chartered Surveyors (MRICS). The NHS FT undertook a full estate valuation in 2017/18.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (‘Red Book’), the valuer has declared a ‘material valuation uncertainty’ in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

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.

Depreciation is provided at rates calculated to write off the cost of non-current assets, less their estimated residual value, over the expected useful lives on the following basis:

	Years
Plant & machinery	5 - 15
Set up costs in new buildings	10
Furniture & Fittings	10
Information Technology	3

Buildings held under finance lease agreements are depreciated over the term of the lease.

Freehold land is considered to have an infinite life and is therefore not depreciated.

Refurbishment of leased buildings is depreciated over the term of lease.

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 are not depreciated until the asset is brought into use or reverts to the NHS FT.

Revaluation gains and losses

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

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

Gains/surpluses and losses/impairments recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as separate items 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met: The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. 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.

Properties listed in the 2018/19 accounts as Assets Held For Sale were not disposed of within 2019/20 as intended. At the financial year end one property sale is close to final sale agreement and is expected to complete early in 2020/21. The other sale is considered highly probably in 2020/21 following the discontinuation of discussions with potential social care organisations to use the site to provide social care placement capacity under a joint venture arrangement.

1.8 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS FT'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 NHS FT and where the cost of the asset can be measured reliably.

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

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

Software

Software which is integral to the operation of hardware e.g. 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 e.g. application software, is capitalised as an intangible asset and amortised over the useful life of the asset which is generally 5 to 10 years.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.8 Intangible Assets (continued)

Measurement

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

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

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

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits. This is expected to be between 5 and 10 years.

1.9 Leases

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

The NHS FT as lessee

Property, plant and equipment held under finance leases are initially recognised at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged as an expense within the Statement of Comprehensive Income.

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 on the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

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

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases and accounted for accordingly.

The NHS FT as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS FT’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the NHS FT’s net investment outstanding in respect of the 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 on a straight-line basis over the lease term.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out approach to identify stock movements. This is considered to be a reasonable approximation to fair value. The PPE stocks provided by NHS Procurement at no charge have therefore been valued at nil.

1.11 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Provisions

The NHS FT recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020.

A restructuring provision is recognised when the NHS FT has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are necessarily entailed by the restructuring and not associated with the ongoing activities of the NHS FT.

1.13 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 20 but is not recognised in the Trust's accounts.

1.14 Non-clinical risk pooling

The NHS FT 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.

1.15 Contingencies

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS FT. A contingent asset is disclosed where an inflow of economic benefits is probable. The NHS FT does not hold any of these assets.

Notes to the Accounts - 1. Accounting Policies (Continued)

Contingent liabilities
Contingent liabilities are not recognised, but are disclosed in note 30, 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.

Where the time value of money is material, contingencies are disclosed at their present value.

1.16 Financial assets and financial liabilities

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

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, i.e., when receipt or delivery of the goods or services is made.

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

Financial assets and liabilities are classified as subsequently measured at amortised cost.

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

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

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

Impairment of financial assets

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

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

Notes to the Accounts - 1. Accounting Policies (Continued)

Impairment of financial assets (continued)

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.

De-recognition

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

1.17 Corporation Tax

The NHS FT had determined that it has no Corporation Tax liability on the basis that its principal purpose is a public service, rather than carrying on a trade or any commercial activity.

1.18 Value Added Tax

Most of the activities of the NHS FT are outside the scope of VAT and therefore, 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.

1.19 Foreign currencies

The NHS FT's functional currency and presentational currency is sterling. There are no material foreign currency transactions in the year.

1.20 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However they are disclosed in Note 28 to the accounts in accordance with the requirements of HM Treasury's FReM.

1.21 Public Dividend Capital (PDC) and PDC dividend

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 Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.
The Secretary of State can issue PDC to, and require PDC repayments from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation 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 and grant 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 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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

The average relevant net assets is calculated as a simple average of the opening and closing relevant net assets.

The PDC dividend calculation is based upon the NHS FT's group accounts, but excluding charitable funds.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.22 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 should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses. The detail can be found in note 27.

1.23 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.

1.24 Subsidiaries

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

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102.

The NHS FT has chosen not to consolidate the Charitable Funds into these Financial Statements as the amounts of the Charitable Funds are not material and would not provide additional value to the reader of the NHS FT's Financial Statements.

1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

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

The DH GAM does not require the following Standards and Interpretations to be applied in 2019/20:

● IFRS 14 Regulatory Deferral Accounts - Not yet EU-endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH group bodies.

● IFRS 16 Leases – Standard is effective at 1 April 2021 per the FReM

● IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.26 Standards, amendments and interpretations in issue but not yet effective or adopted (continued)

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the re-measurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Notes to the Accounts - 2. Financial Risk Factors

2 Financial Risk Factors

The NHS FT's activities expose it to a variety of financial risks: credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The NHS FT's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the NHS FT's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors.

2.1 Credit risk

Over 90% of the NHS FT's income is from contracted arrangements with commissioners. As such, any material credit risk is limited to administrative and contractual disputes. Where a dispute arises, provision will be made on the basis of the age of the debt and the likelihood of a resolution being achieved.

2.2 Liquidity risk

The NHS FT's net operating costs are incurred under contract agreements principally with NHS Clinical Commissioning Groups and Hertfordshire County Council, which are financed from resources voted annually by Parliament. The NHS FT also finances its capital expenditure from internally generated resources, from funds made available by commissioners and from loan agreements with the National Loan Fund. The NHS FT is not, therefore, exposed to significant liquidity risks.

2.3 Cash flow and fair value interest-rate risk

100% of the NHS FT's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The NHS FT is therefore not exposed to significant interest-rate risk.

2.4 Borrowings

As an NHS Foundation Trust the NHS FT has the authority to finance capital expenditure through borrowing. Up until 2012/13 the NHS FT had financed its capital programme from existing cash balances. Two loan applications were approved by both Monitor and the Independent Trust Financing Facility to part fund the future capital investment programme , £19.2m was drawn down in previous years (£10.2m in 2014/15, £9m in 2013/14). No further drawdown against this facility is permitted. Any future requirements would require agreement of a new facility. In 2018/19 the £6.8m bridging loan was repaid in full.

3 Segmental Information

Under IFRS 8, an Operating Segment is a component of an entity:
- that engages in activities that may attract income and incur expenses (including income and expenses incurred internally)
- whose operating results are regularly reviewed the NHS FT's 'Chief Operating Decision Maker' to make decisions about resources allocated to that segment and assess performance
- for which discrete financial information is available

A separate segment must only be reported if it exceeds one of the quantitative thresholds: 10% of revenue, profit/loss or assets; unless this would result in 75% of the NHS FT's revenue being included in reportable segments, in which case additional reportable segments are identified such that the 75% threshold is reached or exceeded.

The Directors consider that the NHS FT's activities constitute a single segment since they are provided wholly in the UK, are subject to similar risks and rewards and all the assets are managed as one central pool.

Notes to the Accounts - 4 Operating Income from continuing operations

4 Operating Income from continuing operations

4.1 Operating Income (by classification)

Income is classified as "Income from Activities" when it is earned under contracts with NHS bodies and others for the provision of service user-related health and social care services. Income from non-patient-care services is classified as “Other operating income”.

	2019/20 Total	2018/19 Total
	£000	£000
Income from activities		
Cost and volume contract income	5,465	5,095
Block contract income	237,950	213,504
Clinical partnerships providing mandatory services (including S75 agreements)	981	1,126
Other clinical income from mandatory services	2,179	1,966
AfC pay award central funding	0	1,840
Additional pension contribution central funding	6,640	0
Other clinical income	953	0
Total income from activities	**254,168**	**223,531**
Other operating income		
Research and development	320	358
Education and training	4,277	4,503
Non-patient care services to other bodies	0	126
Education and training - notional income from apprenticeship fund	214	0
Provider sustainability fund (PSF) (see note 1.3)	2,330	3,535
Other	2,499	3,331
Rental revenue from operating leases	691	191
Total other operating income	**10,331**	**12,044**
Total operating Income	**264,499**	**235,575**

Changes to the rate of employers NHS Pension contribution have not been reflected in funding provided to individual Trusts during 2019/20. For this reason, the addition 6.3% liability was paid centrally by the Department of Health and Social Care and the NHS FT has subsequently recognised the income and expenditure in the note above and Note 5.1. The amount is £6.64m in 19/20 and nil in 18/19.

The NHS FT experienced a material level of spend during March 2020 to address the risks of COVID-19. This level of spend was matched by NHS England and the income has been accrued for and disclosed above as 'Other Clinical Income'.

The NHS Staff Council reached agreement in 2018 on reform of the NHS Terms and Conditions of Service (Agenda for Change), resulting in a three-year pay settlement, as well as reform of the pay structure and changes to the terms and conditions. For 2018/19 an element of funding was received direct from the Department of Health and Social Care, shown as above 'AfC pay award central funding'. For 2019/20 onwards funding is included within 'Block contract income' with commissioners.

Notes to the Accounts - 4 Operating Income from continuing operations

4.2 Income from Activities (by source)

Income from Activities may also be analysed by the source of that Income.

	2019/20 Total	2018/19 Total
	£000	£000
Income from Activities		
NHS Trusts	531	456
NHS England	27,942	18,473
Local authorities	189,338	176,065
NHS Foundation Trusts	78	57
Clinical commissioning groups	35,289	26,640
Department of Health and Social Care	0	1,840
Non NHS: other	990	0
Total Income from Activities	**254,168**	**223,531**

The NHS FT's main source of income (74%) is included in 'Income from Local Authorities' and is principally from the joint commissioning arrangement between East and North Hertfordshire Clinical Commissioning Group, Herts Valleys Clinical Commissioning Group and Hertfordshire County Council.

4.3 Analysis between Commissioner Requested Services and non-Commissioner Requested Services

Under the NHS FT's Provider Licence, the NHS FT is required to provide commissioner requested health and social services. The allocation of income from activities between Commissioner Requested Services and other services is shown below.

	2019/20	2018/19
	£000	£000
Income from Commissioner Requested Services	254,168	223,531
Income from non-Commissioner Requested Services	10,331	12,044
	264,499	**235,575**

4.4 Operating Lease Income

The NHS FT leases one of its properties (31/33 Hill End Lane) under a non-cancellable operating lease agreement with VMH Support Ltd and a portion of the Marlowes Health & Wellbeing Centre under an operating lease agreement with Hertfordshire Community NHS Trust. In 2019/20 the Trust also leased the sites the Lodge, Church Crescent and St Pauls to Hertfordshire Community NHS Trust, Forest House Annex to Hertfordshire County Council, Sovereign House to New Directions and Spring House land to NHS Property Services.

The total annual income from these operating leases in 2019/20 is £691k (£191k in 2018/19).

The future aggregate minimum lease payments due to the NHS FT under non-cancellable operating leases are as follows:

	2019/20 £000	2018/19 £000
on leases of Buildings expiring:		
- not later than one year;	590	191
- later than one year and not later than five years;	1,948	942
- later than five years.	1,607	890
	4,145	**2,023**

Notes to the Accounts - 5 Operating Expenses of continuing operations

5 Operating Expenses of continuing operations

5.1 Operating Expenses (by type)

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	5,355	444
Purchase of healthcare from non-NHS and non-DHSC bodies	18,101	13,338
Purchase of social care	17,726	17,339
Staff and executive directors costs	169,237	151,176
Non-executive directors	180	161
Supplies and services – clinical (excluding drugs costs)	820	542
Supplies and services - general	7,237	7,874
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	3,307	3,115
Inventories written down (net including drugs)	0	1
Consultancy	271	701
Establishment	2,325	2,500
Premises - business rates collected by local authorities	1,697	1,532
Premises - other	2,488	2,351
Transport (business travel only)	2,211	2,003
Transport - other (including patient travel)	1,440	1,599
Depreciation	5,224	4,752
Amortisation	308	137
Impairments net of (reversals)	1,677	1,124
Movement in credit loss allowance: contract receivables/assets	45	(12)
Provisions arising / released in year	1,538	(1,900)
Audit services - statutory audit*	73	73
Other auditor remuneration (payable to external auditor only)*	6	11
Internal audit - non-staff	92	102
Clinical negligence - amounts payable to NHS Resolution (premium)	448	480
Legal fees	217	227
Insurance	318	302
Education and training - staff costs	1,212	1,001
Education and training - non-staff	121	59
Education and training - notional expenditure funded from apprenticeship fund	214	0
Operating lease expenditure (net)	3,156	2,582
Car parking and security	673	704
Hospitality	112	100
Other services (e.g. external payroll)	5,270	11,112
Other	6,051	3,603
Total Operating Expenses	**259,150**	**229,133**

* Audit services and remuneration figures are quoted inclusive of VAT

Notes to the Accounts - 5 Operating Expenses of continuing operations

5.2 Limitation on Auditor's Liability

The contract signed on 26th July 2018, states that the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £1m, aside from where the liability cannot be limited by law. This is in aggregate in respect of all services.

5.3 Exit Packages

Reporting of other compensation schemes - exit packages
There were 0 exit packages agreed in 2019/20 totalling £0k.

Reporting of other compensation schemes - exit packages
There were 0 exit packages agreed in 2018/19 totalling £0k.

Notes to the Accounts - 6 Commitments under Operating Leases

6 Commitments under Operating Leases

The NHS FT leases various premises and vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Analysis of operating lease expenditure 2019/20

	Total £000	Buildings £000	Other £000
Minimum lease payments	3,156	2,838	318
Total	**3,156**	**2,838**	**318**

Analysis of operating lease expenditure 2018/19

	Total £000	Buildings £000	Other £000
Minimum lease payments	2,582	2,289	293
Total	**2,582**	**2,289**	**293**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Arrangements containing an operating lease 2019/20

	Total £000	Buildings £000	Other £000
Future minimum lease payments due:			
- not later than one year;	2,620	2,482	138
- later than one year and not later than five years;	8,024	7,910	114
- later than five years.	8,054	8,054	0
	18,698	**18,446**	**252**

Arrangements containing an operating lease 2018/19

	Total £000	Buildings £000	Other £000
Future minimum lease payments due:			
- not later than one year;	2,800	2,638	162
- later than one year and not later than five years;	8,862	8,628	234
- later than five years.	10,237	10,237	0
Total	**21,899**	**21,503**	**396**

Notes to the Accounts - 7 Employee expenses

7 Employee expenses

7.1 The employee expenses incurred during the year were as follows

	2019/20	2018/19
	£000	£000
Salaries and wages	128,538	118,424
Social security costs	12,994	12,098
Apprenticeship levy	612	569
Pension cost - employer contributions to NHS pension scheme	15,235	14,215
Pension cost - employer contribution amount paid directly by NHSE	6,640	0
Pension cost - other*	106	70
Temporary staff - agency/contract staff	6,703	6,801
Total Gross Staff Costs	**170,828**	**152,177**
Employee expenses - staff & executive directors	169,237	151,176
Education and training	1,212	1,001
Total Employee benefits excl. capitalised costs	**170,449**	**152,177**

Changes to the rate of employers NHS Pension contribution have not been reflected in funding provided to individual Trusts during 2019/20. For this reason, the addition 6.3% liability was paid centrally by the Department of Health and Social Care . The amount is £6.64m in 19/20 and nil in 18/19.

Notes to the Accounts - 7 Employee expenses

7.2 Retirements due to ill-health

During 2019/20 there was no (1 in 2018/19) early retirements from the NHS FT on the grounds of ill-health with an estimated additional pension liability of £0k (£50k in 2018/19).

Where incurred the cost of any ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

8 Better Payment Practice Code

The measure of compliance for 2019/20 has been analysed and can be found in the NHS FT's Annual Report .

8.1 The Late Payment of Commercial Debts (Interest) Act 1998

There are no material amounts included within Finance Expenses (note 9.1) arising from claims made under this legislation.

There is no compensation paid to cover debt recovery costs under this legislation.

9 Finance Income

	2019/20 £000	2018/19 £000
Interest receivable on bank deposits	396	350

Interest received as stated in the Statement of Cash Flows is the actual cash received by the NHS FT in year (£409k relating to 2019/20 and £342k relating to 2018/19), whereas the figure above comprises the £409k received relating to 2019/20 and also includes £15k closing interest receivable less £28k opening interest receivable. Higher cash balance resulted in increased interest receivable income. Interest rates reduced in the final month of the year.

9.1 Finance Expenses

	2019/20 £000	2018/19 £000
Interest on loans from the Department of Health and Social Care:	272	301
Interest on finance lease obligations	0	3
Unwinding of discount on provisions	(24)	14
Total	**248**	**318**

Notes to the Accounts - 10 Intangible Assets

10 Intangible Assets

	2019/20 Software licences £000	2018/19 Software licences £000
Opening cost at 1 April	2,064	796
Additions - purchased	0	1,268
Disposals/Derecognition	(497)	0
Gross cost at 31 March	**1,567**	**2,064**
Opening amortisation at 1 April	721	584
Provided during the year	308	137
Disposals/Derecognition	(497)	0
Amortisation at 31 March	**532**	**721**
Net book value		
At 1 April	1,343	212
At 31 March	**1,035**	**1,343**

The 2019/20 intangible asset disposals/derecognition relates to the derecognition of fully depreciated assets previously capitalised.

The 2018/19 intangible asset additions relate to both the purchase of Microsoft software licences and to the capitalisation of the development costs of the Business Intelligence system developed by the NHSFT which has been named SPIKE.

Notes to the Accounts - 11 Property, Plant and Equipment

11 **Property, Plant and Equipment as at 31 March 2020**

11.1 Balances as at 31 March 2020	**Total**	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Information technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**157,112**	26,106	123,593	230	549	756	2,747	3,131
Additions - purchased (including capital lifecycle additions)	**9,543**	0	3,765	0	1,872	711	3,195	0
Impairments charged to operating expenses	**(2,237)**	(1,403)	(834)	0	0	0	0	0
Impairments charged to the revaluation reserve	**(2,080)**	(845)	(1,235)	0	0	0	0	0
Reversal of impairments credited to operating expenses	**339**	425	(86)	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	**0**	0	0	0	0	0	0	0
Reclassifications	**0**	0	117	0	(117)	0	0	0
Revaluations	**917**	1,136	(219)	0	0	0	0	0
Valuation/gross cost at 31 March 2020	**163,594**	**25,419**	**125,101**	**230**	**2,304**	**1,467**	**5,942**	**3,131**
Accumulated depreciation at 1 April 2019 - brought forward	**6,371**	0	3,923	5	0	379	637	1,427
Provided during the year	**5,224**	0	4,032	5	0	71	846	270
Impairments charged to operating expenses	**5**	0	0	0	5	0	0	0
Reversal of impairments credited to operating expenses	**(226)**	0	(226)	0	0	0	0	0
Revaluations	**(1,560)**	0	(1,560)	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups								
Disposals/derecognition	**0**	0	0	0	0	0	0	0
Accumulated depreciation at 1 April 2019 - brought forward	**9,814**	**0**	**6,169**	**10**	**5**	**450**	**1,483**	**1,697**
Net book value at 31 March 2020								
Owned	**153,780**	25,419	118,932	220	2,299	1,017	4,459	1,434
NBV Total at 31 March 2020	**153,780**	**25,419**	**118,932**	**220**	**2,299**	**1,017**	**4,459**	**1,434**

The NHS FT's land and buildings underwent a partial valuation at 31 March 20120 to carry out an impairment review on Saffron Ground and Lister MHU refurbishment spend and reviewing the details behind buildings valued on a modern equivalent asset basis.

Included within 'additions - purchased' are the following material items:
Classified as 'Buildings, excluding dwellings';
- Saffron Ground - £422k which was completed in Q4 2019/20
- Albany Lodge works - £626k which was completed in Q4 2019/20
- Aston Ward Lister MHU - £921k which was completed in Q4 2019/20
- Safety Suites - £1,219k which is still an 'Asset Under Construction'
- Colonnades - £727k which is still an 'Asset Under Construction'

Classified as 'Information technology';
- £2,123k to replace computers at the end of their economic life
- £462k to upgrade the NHS FT's Electronic Patient Record System
- £425k to improve the NHS FT's Cyber Security software protection

See note 13 for details of Impairments.

Included within 'reclassifications' are the following items, previously held as 'Assets under Construction':
- Apportioned project management costs - £56k
- 3 Bowlers Green Kitchen - £28k

See note 11.3 for details of property disposals.

Notes to the Accounts - 11 Property, Plant and Equipment

Property, Plant and Equipment as at 31 March 2019

11.2 Balances as at 31 March 2019	Total	Land	Buildings excluding dwellings	Dwellings	Assets Under Construction	Plant & machinery	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**152,064**	26,200	119,609	230	599	756	1,540	3,130
Additions - purchased (including capital lifecycle additions)	**5,679**	0	3,795	0	388	0	1,495	1
Impairments charged to operating expenses	**(1,133)**	(340)	(572)	0	(221)	0	0	0
Impairments charged to the revaluation reserve	**(1,060)**	(100)	(960)	0	0	0	0	0
Reversal of impairments credited to operating expenses	**11**	0	11	0	0	0	0	0
Reclassifications	**0**	0	217	0	(217)	0	0	0
Revaluations	**2,131**	445	1,686	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups	**(292)**	(99)	(193)	0	0	0	0	0
Disposals/derecognition	**(288)**	0	0	0	0	0	(288)	0
Valuation/gross cost at 31 March 2019	**157,112**	**26,106**	**123,593**	**230**	**549**	**756**	**2,747**	**3,131**
Accumulated depreciation at 1 April 2018 - brought forward	**2,100**	0	266	0	0	308	369	1,157
Provided during the year	**4,752**	0	3,850	5	0	71	556	270
Impairments charged to operating expenses	**2**	0	2	0	0	0	0	0
Revaluations	**(195)**	0	(195)	0	0	0	0	0
Disposals/derecognition	**(288)**	0	0	0	0	0	(288)	0
Accumulated depreciation at 31 March 2019	**6,371**	**0**	**3,923**	**5**	**0**	**379**	**637**	**1,427**
Net Book Value at 31 March 2019								
Owned	**150,724**	26,106	119,653	225	549	377	2,110	1,704
Finance Leased	**17**	0	17	0	0	0	0	0
Net Book Value at 31 March 2019	**150,741**	**26,106**	**119,670**	**225**	**549**	**377**	**2,110**	**1,704**

The NHS FT's land and buildings underwent a partial valuation at 31 March 2019 to carry out an impairment review on Forest House construction spend and reviewing the details behind buildings valued on a modern equivalent asset basis.

Included within 'additions - purchased' are the following material items:

Classified as 'Buildings, excluding dwellings';

- Forest House Section 136 seclusion room extension - £1,255k which was completed in Q4 2018/19
- Trust wide fire prevention works - £1,093k which was completed in Q4 2018/19
- The Marlowes Health and Wellbeing Centre - £251k of additional works which was completed in Q4 2018/19
- Broadlands refurbishment - £185k which was completed in Q4 2018/19

Classified as 'Information technology';

- £938k to replace computers at the end of their economic life
- £429k to upgrade mobile and Wi-Fi reception signal

See note 13 for details of Impairments.

Included within 'reclassifications' are the following items, previously held as 'Assets under Construction':

- Forest House extension - £197k which was completed and brought in to use in Q4 2018/19

See note 11.3 for details of property disposals.

Notes to the Accounts - 11 Property, Plant and Equipment

11.3 Disposal Of Property, Plant and Equipment

	2019/20 £000	2018/19 £000
Losses on disposal of assets held for sale	0	(32)
Total gain/loss on disposal recorded in the Statement of Comprehensive Income	**0**	**(32)**

The asset disposed in 2018/19 was the sale of 305 Ware Road, Hailey.

12 Assets held under Finance Leases

	2019/20	2018/19
Opening cost at 1 April	**2,125**	**2,125**
Accumulated depreciation at 1 April	2,108	2,094
Provided during the year	17	14
Accumulated depreciation at 31 March	**2,125**	**2,108**
Net book value		
NBV total at 1 April	17	31
NBV total at 31 March	**0**	**17**

The NHS FT leases one premises under a finance lease agreement. The premises is 32 St. Peter's Street, St. Albans and is in the process of being vacated.

Notes to the Accounts - 13 Impairment of Assets (Property, Plant & Equipment and Intangibles)

13 Impairment of Assets (Property, Plant & Equipment and Intangibles)

	2019/20 £000	2018/19 £000
Impairments of Property, Plant and Equipment charged to operating expenses due to changes in market price	2,237	914
Impairments of Property, Plant and Equipment charged to operating expenses due to other reasons	5	221
Reversal of prior year impairments of Property, Plant and Equipment credited to operating income	(565)	(11)
Total impairments and reversal of impairments charged to the Statement of Comprehensive Income	**1,677**	**1,124**

Total Net Impairments of Property, Plant and Equipment charged to the Revaluation Reserve	2,080	1,060
Total impairment charged to the Revaluation Reserve	**2,080**	**1,060**

The impairment adjustments for 2019/20 follow a partial revaluation and impairment review conducted by the District Valuer. The assets impaired to operating expenses largely related to decreases in the value of buildings held by the NHS FT following a review of the Modern Equivalent Asset valuation method (£1,791k).The remaining balance related to buildings that had received significant investment and had been revalued lower than the investment. Other impairments charged to the revaluation reserve were incurred as a result of consideration being taken of the modern equivalent asset value of some specialised assets, mainly the property known as St Pauls.

The 'reversal of impairments credited to operating income' in 2019/20 are impairments incurred in prior years and the assets have since been revalued upwards. These largely relate to Elizabeth House Lexden (£107K) and Lister Hospital Land (£425k).

14 Inventories

	2019/20 £000	2018/19 £000
Carrying Value at 1 April	50	38
Additions	479	604
Inventories recognised in expenses	(473)	(591)
Write-down of inventories recognised as an expense	0	(1)
Carrying Value at 31 March	**56**	**50**

15 Assets Held For Sale

	31 March 2020 £000	31 March 2019 £000
Net Book Value of assets held for sale at 1 April	1,592	2,750
Plus assets classified as available for sale in the year	0	292
Less assets sold in year	0	(1,450)
Net Book Value of assets held for sale at 31 March	**1,592**	**1,592**

Assets held for sale at March 31st 2020, and at March 31st 2019, comprise the properties at 143 and 145 Harper Lane, Radlett and Alexandra Road, Hemel Hempstead. Alexandra Road sale was delayed due to the Covid-19 outbreak but is expected to be sold early in 2020/21. The Harper Lane properties sale was delayed due to the Trust reviewing a third party proposal to provide services from the site but the sale is now highly probable.

Notes to the Accounts - 16 Receivables

16 Receivables

16.1 Trade and other Receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	8,699	3,938
Accrued income	6,304	2,280
Allowance for impaired contract receivables	(147)	(102)
Prepayments	1,341	733
Interest receivable	15	28
PDC dividend receivable	50	19
VAT receivable	159	859
Other receivables	130	57
Total current trade and other receivables	**16,551**	**7,812**
Of which receivable from NHS and DHSC group bodies	**6,855**	**5,273**

The increase in Contract Receivables relates to additional block income invoices that were paid in early 20/21.

The increase in Accrued Income relates to accruals for Covid costs reimbursement £1m, additional Mental Health distribution funding of £1.4m and £2.2m under the New Care Model contract with NHS England for the provision of CAMHS Tier 4 services where NHS England process the expenditure, and remaining balance is due based upon a reconciliation at year end.

16.2 Allowance for impaired contract receivables

	2019/20	2018/19
	£000	£000
At 1 April	102	258
Increase in provision	51	145
Amounts utilised	(6)	(5)
Unused Amounts reversed	0	(36)
Balance at 31 March	**147**	**362**

As part of the implementation of IFRS 9 an expected credit loss model for impaired contract receivables was applied. This has had no material impact on the allowance in the period.

Notes to the Accounts - 17 Cash and cash equivalents

17 Cash and cash equivalents

	2019/20 £000	2018/19 £000
Cash and cash equivalents at 1 April	58,023	56,018
Net change in cash and cash equivalents	(2,763)	2,005
Cash and cash equivalents at 31 March	**55,260**	**58,023**
Comprising:		
Cash at commercial banks and in hand	241	77
Cash with the Government Banking Service	55,019	9,246
Deposits with the National Loan Fund	0	48,700
	55,260	**58,023**

The NHS FT's cash reserves have decreased in year primarily due to level of receivables at March 31st 2020. The majority of this amount has been received in April.

18 Public Dividend Capital

	2019/20 £000	2018/19 £000
Taxpayers' Equity at 1 April	91,144	84,003
Public Dividend Capital receipts	792	7,141
Taxpayers' Equity at 31 March	**91,936**	**91,144**

PDC receipts in 2019/20 of £792k were received for cyber security and digital strategy funding. PDC receipts during 2018/19 were related to the Department of Health and Social Care sale of a portion of the Kingsley Green site and subsequent contribution to the Trust to fund relocation works (£6,790k) and capital projects relating to patient Wi-Fi improvements (£340k) and pharmacy software improvements (£12k).

19 Borrowings

19.1 Borrowings: Loans and Finance Leases

	31 March 2020 £000	31 March 2019 £000
Current		
Capital loans	540	542
Obligations under finance leases	0	9
Total current borrowings	**540**	**551**
Non-current		
Capital loans	8,998	9,528
Total non-current borrowings	**8,998**	**9,528**
Total borrowings	**9,538**	**10,079**

The NHS FT has a loan arrangement with the Department of Health and Social Care (see note 2.4).

Notes to the Accounts - 19 Borrowings

19.2 Finance Lease borrowings

	31 March 2020	31 March 2019
	£000	£000
Payable:		
- not later than one year;	0	12
- later than one year and not later than five years;	0	0
- later than five years.	0	0
Gross lease liabilities	**0**	**12**
Less: Finance charges/(income) allocated to future periods	0	(3)
Net lease liabilities	**0**	**9**
Split into current and non-current borrowings on the Statement Of Financial Position:		
- current	0	9
- non current	0	0
	0	**9**
Expected timing of cashflows:		
- not later than one year;	0	9
- later than one year and not later than five years;	0	0
- later than five years.	0	0
	0	**9**

Details of Finance Leases are included in note 12.

Notes to the Accounts - 20 Provisions for liabilities and charges

20 Provisions for liabilities and charges (held in current and non-current liabilities)

20.1 Provisions for liabilities and charges (held in current and non-current liabilities) 2019/20

2019/20	Total	Pensions relating to other staff	Pension - Injury benefits	Other legal claims	Restructuring	Continuing Health Care	Other
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019 - brought forward	7,625	2,114	2,628	485	0	1,268	1,130
Arising during the year	2,237	109	196	214	169	0	1,549
Utilised during the year - accruals	(86)	(54)	(32)	0	0	0	0
Utilised during the year - cash	(499)	(151)	(99)	(20)	0	(229)	0
Reversed unused	(139)	0	0	(79)	0	(60)	0
Unwinding of discount rate	(24)	(10)	(14)	0	0	0	0
Total at 31 March 2020	**9,114**	**2,008**	**2,679**	**600**	**169**	**979**	**2,679**
Expected timing of cashflows:							
- not later than one year (current)	3,334	214	132	600	44	979	1,365
- later than one year and not later than five years (non current)	1,915	856	526	0	125	0	408
- later than five years (non current)	3,865	938	2,021	0	0	0	906
Total	**9,114**	**2,008**	**2,679**	**600**	**169**	**979**	**2,679**

The 'Pensions relating to other staff' provision is the capitalised cost of early retirements as defined by the NHS Pensions Agency. This mainly relates to early retirements of staff resulting from the closure of long stay institutions, namely, Hill End, Leavesden, Cell Barnes and Harperbury Hospitals. Early retirement provisions are discounted using the HM Treasury's pension discount rate of -0.5% in real terms.

The 'Pension - Injury benefit' provision is the capitalised cost of injury benefits as defined by the NHS Pension scheme, for scheme members who have claimed that they are permanently incapable of fulfilling their duties effectively through injury. Injury Benefit provisions are discounted using the HM Treasury's pension discount rate of -0.5% in real terms.

The 'Other legal claims' provision includes provisions in respect of the NHS FT's employer and public liabilities, the amount stated is subject to uncertainty about the outcome of legal proceedings. £24,819k (£27,114k as at 31 March 2019) is included in the provisions of NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the NHS FT.

The 'Continuing Health Care' provision comprises the potential liability for claims to the NHS FT for the reimbursement of the costs of Continuing Health Care incurred by the claimant where the claimant considers the costs should have been met by the NHS FT.

Other provisions includes a dilapidations provision which relates to the cost to return leased buildings back to their original condition upon exit. It also includes a provision for the refurbishment of a psychiatric intensive care unit that will require additional operational costs to be incurred during the period of refurbishment

The very nature of these provisions means that there are uncertainties regarding timing and amount of settlement, though the amount provided is judged sufficient to meet these liabilities. See note 1.2.2 for details of the uncertainties about the amount and timing of outflows.

Notes to the Accounts - 20 Provisions for liabilities and charges

20.2 Provisions for liabilities and charges (held in current and non-current liabilities) 2018/19

2018/19	Total	Pensions relating to other staff	Pension - Injury benefits	Other legal claims	Continuing Health Care	Other
	£000	£000	£000	£000	£000	£000
At 1 April 2018 - brought forward	9,751	2,333	2,644	137	3,713	924
Arising during the year	885	131	104	444	0	206
Utilised during the year - accruals	(240)	(208)	(32)	0	0	0
Utilised during the year - cash	(288)	5	(96)	0	0	(197)
Reversed unused	(2,497)	(153)	0	(96)	(2,445)	197
Unwinding of discount rate	14	6	8	0	0	0
Total at 31 March 2019	**7,625**	**2,114**	**2,628**	**485**	**1,268**	**1,130**
Expected timing of cashflows:						
- not later than one year (current)	2,301	210	128	485	1,268	210
- later than one year and not later than five years (non current)	1,606	840	514	0	0	252
- later than five years (non current)	3,718	1,064	1,986	0	0	668
Total	**7,625**	**2,114**	**2,628**	**485**	**1,268**	**1,130**

The 'Pensions relating to other staff' provision is the capitalised cost of early retirements as defined by the NHS Pensions Agency. This mainly relates to early retirements of staff resulting from the closure of long stay institutions, namely, Hill End, Leavesden, Cell Barnes and Harperbury Hospitals. Early retirement provisions are discounted using the HM Treasury's pension discount rate of 0.29% in real terms.

The 'Pension - Injury benefit' provision is the capitalised cost of injury benefits as defined by the NHS Pension scheme, for scheme members who have claimed that they are permanently incapable of fulfilling their duties effectively through injury. Injury Benefit provisions are discounted using the HM Treasury's pension discount rate of 0.29% in real terms.

The 'Other legal claims' provision includes provisions in respect of the NHS FT's employer and public liabilities, the amount stated is subject to uncertainty about the outcome of legal proceedings. £27,114k (£26,603k as at 31 March 2018) is included in the provisions of NHS Resolution at 31 March 2019 in respect of clinical negligence liabilities of the NHS FT.

The 'Continuing Health Care' provision comprises the potential liability for claims to the NHS FT for the reimbursement of the costs of Continuing Health Care incurred by the claimant where the claimant considers the costs should have been met by the NHS FT. In 2018/19 £1m was reimbursed to Herts Valley CCG.

The 'Other' provision relates to a dilapidations provision for the cost to return leased buildings back to their original condition upon exit.

The very nature of these provisions means that there are uncertainties regarding timing and amount of settlement, though the amount provided is judged sufficient to meet these liabilities. See note 1.2.2 for details of the uncertainties about the amount and timing of outflows.

Notes to the Accounts - 21 Trade and other payables

21 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	413	963
Capital payables (including capital accruals)	2,399	778
Accruals (revenue costs only)	17,464	15,734
Social security costs	1,894	1,713
VAT payables	19	19
Other taxes payable	1,508	1,442
PDC dividend payable	1	0
Other payables	2,323	2,033
Total Trade and other payables	**26,021**	**22,682**

Accruals are the charges from suppliers for goods or services that have not been paid as at 31 March.

22 Other liabilities

	31 March 2020	31 March 2019
Current		
Deferred income	8,391	6,724
Total Other liabilities	**8,391**	**6,724**

Other liabilities largely comprise income received from commissioners for a specific activity that will be delivered in a future period. As such, this income has been deferred and therefore not included in the Statement of Comprehensive Income in this reporting period.

Notes to the Accounts - 23 Financial assets and liabilities

23 Financial assets and liabilities

23.1 Financial assets by category

	31 March 2020 £000	31 March 2019 £000
Receivables (excluding non financial assets) - with DHSC group bodies	6,799	5,238
Receivables (excluding non financial assets) - with other bodies	8,202	963
Cash and cash equivalents	55,260	58,023
Total	**70,261**	**64,224**

23.2 Financial liabilities by category

	31 March 2020 £000	31 March 2019 £000
DHSC loans	9,538	10,070
Obligations under finance leases	0	9
Trade and other payables excluding non financial liabilities	22,599	19,451
Provisions	6,901	6,358
Total	**39,038**	**35,888**

Notes to the Accounts - 24 Reconciliation of operating surplus to net cash flow from operating activities

24 Reconciliation of operating surplus to net cash flow from operating activities

	2019/20		2018/19	
	£000	£000	£000	£000
Operating Surplus		5,349		6,442
Non cash flow movements:				
Depreciation and amortisation	5,532		4,889	
Impairments and reversals	1,677		1,124	
		7,209		6,013
Movement in Working Capital:				
(Increase) / Decrease in trade and other receivables	(8,722)		3,341	
on SOFP Pension liability - employer contributions paid less net charge to the SOCI	(41)		(57)	
Increase in inventories	(6)		(12)	
Increase / (Decrease) in trade and other payables	1,717		(4,487)	
Increase in other liabilities	1,667		1,797	
		(5,385)		582
Increase / (Decrease) in provisions		1,513		(2,140)
Net cash inflow from operating activities		**8,686**		**10,897**

Notes to the Accounts - 25 Related Party Transactions

25 Related Party Transactions

25.1 Related Party Transactions 2019/20

The NHS FT is a body corporate established by the Secretary of State for Health and Social Care. The Department of Health and Social Care is regarded as a related party as it exerts influence over a number of transactions and operating policies of the Trust. During the year ended 31 March 2020 the NHS FT had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department of those entities.

During the year none of the Board Members, Governors or members of the key management staff or parties related to them has undertaken any material transactions with the NHS FT.

The NHS FT also has a linked charity, The HPFT Charity registered with the Charity Commission under registered charity number 1053767, which the transactions for which are not consolidated within these statements.

Board Members, Governors and other key management staff take decisions on Charity and Exchequer matters but endeavour to keep the interests of each discrete and do not seek to benefit personally from such decisions. Declarations of personal interest have been made and are available for inspection on request from the Company Secretary.

2019/20	Income from Related Party £000	Expenditure payments to Related Party £000	Receivables from Related Party £000	Payables to Related Party £000
Central Government				
National Heath Service Pension Scheme	0	21,875	0	53
HMRC - VAT	0	0	159	19
HMRC - other taxes & duties	0	13,606	0	3,402
National Loans Fund	0	0	0	0
Other Central Government	0	7	0	0
NHS				
Department Of Health	275	0	0	305
NHS England - Core	2,600	142	1,707	23
Foundation Trusts				
Camden and Islington NHS Foundation Trust	0	45	0	0
East Suffolk and North Essex NHS Foundation Trust	0	114	0	16
Essex Partnership University NHS Foundation Trust	0	5,157	0	683
Norfolk and Norwich University Hospitals NHS Foundatic	117	163	59	82
Salford Royal NHS Foundation Trust	0	254	0	73
South London and Maudsley NHS Foundation Trust	0	2	0	0
Clinical Commissioning Groups				
NHS Basildon and Brentwood CCG	2,054	0	16	0
NHS Bedfordshire CCG	94	0	44	0
NHS Buckinghamshire CCG	3,995	0	17	0
NHS Camden CCG	237	0	97	0
NHS Cambridgeshire and Peterborough CCG	51	0	78	0
NHS Castle Point and Rochford CCG	746	0	0	0
NHS Ealing CCG	336	0	59	0
NHS East and North Hertfordshire CCG	498	2,656	95	99
NHS Great Yarmouth and Waveney CCG	592	0	16	0
NHS Greenwich CCG	160	0	0	0
NHS Herts Valleys CCG	1,461	36	1,382	3
NHS Hounslow CCG	334	0	30	0
NHS Mid Essex CCG	5,938	0	35	0
NHS North East Essex CCG	9,975	0	25	0
NHS North Norfolk CCG	683	0	39	0
NHS Norwich CCG	276	0	39	0
NHS South Norfolk CCG	789	0	6	0
NHS Southend CCG	1,416	0	0	0
NHS Thurrock CCG	762	0	0	0
NHS West Essex CCG	4,812	213	140	13
NHS West Norfolk CCG	154	0	(2)	0
NHS Trusts				
East and North Hertfordshire NHS Trust	198	692	19	278
Hertfordshire Community NHS Trust	1,169	268	451	359
The Princess Alexandra Hospital NHS Trust	0	1	0	27
West Hertfordshire Hospitals NHS Trust	800	1,080	479	500
NHS Other				
Health Education England	4,192	3	19	2,868
East of England Specialised Commissioning hub	20,196	(8)	1,540	93
NHS Resolution (formerly NHS Litigation Authority)	0	627	2	78
Other NHS	1,969	260	414	116
Local Government				
Barnet London Borough Council	1,267	0	230	0
Dacorum Borough Council	0	394	0	0
Hertfordshire County Council	185,999	67	5,297	4,475
Hertsmere Borough Council	0	251	0	0
Hammersmith and Fulham London Borough Council	391	0	119	0
Hillingdon London Borough Council	230	0	88	0
Islington London Borough Council	230	0	10	0
Norfolk County Council	965	0	700	0
Westminster City Council	331	0	138	0
Other Local Government	119	116	64	451
Totals	**256,411**	**48,021**	**13,611**	**14,016**

Notes to the Accounts - 25 Related Party Transactions

25 Related Party Transactions

25.2 Related Party Transactions 2018/19

The NHS FT is a body corporate established by the Secretary of State for Health and Social Care. The Department of Health and Social Care is regarded as a related party as it exerts influence over a number of transactions and operating policies of the Trust. During the year ended 31 March 2019 the NHS FT had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department of those entities.

During the year none of the Board Members, Governors or members of the key management staff or parties related to them has undertaken any material transactions with the NHS FT.

The NHS FT also has a linked charity, The HPFT Charity registered with the Charity Commission under registered charity number 1053767, which the transactions for which are not consolidated within these statements.

Board Members, Governors and other key management staff take decisions on Charity and Exchequer matters but endeavour to keep the interests of each discrete and do not seek to benefit personally from such decisions. Declarations of personal interest have been made and are available for inspection on request from the Company Secretary.

2018/19	Income from Related Party	Expenditure payments to Related Party	Receivables from Related Party	Payables to Related Party
	£000	£000	£000	£000
Central Government				
National Heath Service Pension Scheme	0	14,215	0	2,111
HMRC - VAT	0	0	859	19
HMRC - other taxes & duties	0	12,667	0	3,155
National Loans Fund	0	0	48,700	0
Other Central Government	0	6	0	12
NHS				
Department Of Health	2,061	0	38	368
NHS England - Core	3,365	0	1,820	0
Foundation Trusts				
Camden and Islington NHS Foundation Trust	0	104	0	40
East Suffolk and North Essex NHS Foundation Trust	0	114	0	16
Essex Partnership University NHS Foundation Trust	5	2,051	0	501
Norfolk and Norwich University Hospitals NHS Foundati	151	94	68	34
Salford Royal NHS Foundation Trust	0	412	0	53
South London and Maudsley NHS Foundation Trust	0	179	0	38
Clinical Commissioning Groups				
NHS Basildon and Brentwood CCG	835	0	20	0
NHS Bedfordshire CCG	126	0	65	0
NHS Buckingham CCG	3,834	0	45	0
NHS Camden CCG	230	0	99	0
NHS Ealing CCG	363	0	76	0
NHS East and North Hertfordshire CCG	695	2,312	90	150
NHS Great Yarmouth and Waveney CCG	477	0	46	0
NHS Hounslow CCG	322	0	28	0
NHS Herts Valleys CCG	135	35	3	0
NHS Hounslow CCG	322	0	28	0
NHS Mid Essex CCG	5,109	0	150	15
NHS North East Essex CCG	7,699	0	30	398
NHS North Norfolk CCG	644	0	2	0
NHS Norwich CCG	248	0	0	0
NHS South Norfolk CCG	721	0	0	44
NHS Southend CCG	576	0	5	0
NHS Thurrock CCG	314	0	4	0
NHS West Essex CCG	4,537	104	98	117
NHS West Norfolk CCG	155	0	1	0
NHS Trusts				
East and North Hertfordshire NHS Trust	175	1,456	97	1,129
Hertfordshire Community NHS Trust	929	486	378	240
The Princess Alexandra Hospital NHS Trust	0	115	24	24
West Hertfordshire Hospitals NHS Trust	752	1,064	155	352
NHS Other				
Health Education England	3,809	6	252	2,905
East of England Specialised Commissioning hub	18,826	0	821	0
NHS Resolution (formerly NHS Litigation Authority)	0	680	0	69
Other NHS	1,073	421	810	346
Local Government				
Barnet London Borough Council	1,341	0	0	0
Hertfordshire County Council	173,241	146	690	2,558
Hammersmith and Fulham London Borough Council	457	0	14	0
Norfolk County Council	898	0	0	0
Other Local Government	872	899	252	403
Totals	**235,297**	**37,566**	**55,768**	**15,097**

Notes to the Accounts - 26 Pension

26 Pension

The NHS FT is also an admitted fully funded member of the Hertfordshire Local Government Pension Scheme (LGPS), for those staff who have transferred under TUPE (Transfer of Undertakings: Protection of Employment) from Hertfordshire County Council to the NHS FT's employment since 2004/05. The NHS FT has reviewed the accounting treatment and is now accounted for from 2017/18 as a defined benefit scheme. The scheme is in an asset position that cannot be realised by the NHS FT, so the asset ceiling is restricted to the value of the scheme liabilities. This has had no material impact on the NHS FT's SOCI or SOFP positions.

	2019/20 £000	2018/19 £000
Present value of the defined benefit obligation at 1 April	**(26,499)**	**(25,389)**
Current service cost	(110)	(91)
Interest cost	(627)	(650)
Contribution by plan participants	(15)	(14)
Remeasurement of the net defined benefit (liability) / asset:		
- Actuarial (gains)/losses	2,319	(1,197)
Benefits paid	1,008	842
Present value of the defined benefit obligation at 31 March	**(23,924)**	**(26,499)**

Plan assets at fair value at 1 April	**26,499**	**25,389**
Interest income	735	759
Remeasurement of the net defined benefit (liability) / asset		
- Return on plan assets (excludes any amounts already included in interest income above)	(1,022)	1,450
- Changes in the effect of limiting a net defined benefit asset to the asset ceiling (excluding amounts included in interest income/expense)	(1,338)	(310)
Contributions by the employer	43	39
Contributions by the plan participants	15	14
Benefits paid	(1,008)	(842)
Plan assets at fair value at 31 March	**23,924**	**26,499**
Plan surplus/(deficit) at 31 March	**0**	**0**

Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised on the SoFP

	2019/20 £000	2018/19 £000
Present value of the defined benefit obligation	(23,924)	(26,499)
Plan assets at fair value	23,924	26,499
Total net (liability)/asset after the impact of reimbursement rights as at 31 March	0	0

Amounts recognised in the SoCI

	2019/20 £000	2018/19 £000
Current service cost	(110)	(91)
Net interest income	108	109
Total net gain / (charge) recognised in SoCI	(2)	18

Notes to the Accounts - 27 Losses and Special Payments

27 Losses and Special Payments

There were 22 cases (20 cases in 2018/19) of losses and special payments totalling £9k (£4k in 2018/19) during 1 April 2019 to 31 March 2020. These are reported on an accruals basis but exclude provisions for future losses.

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000's	Number	£000's
Losses				
Losses of cash due to:				
- other causes	1	0	7	0
Damage to buildings, property etc. (including stores losses) due to:				
- theft, fraud etc.	1	0	0	0
- other	7	2	5	2
Total losses	**9**	**2**	**12**	**2**
Special Payments				
Ex gratia payments in respect of:				
- loss of personal effects	7	1	8	2
- other negligence and injury	1	1	0	0
- other	4	5	0	0
- maladministration, no financial loss	1	0	0	0
Total Special Payments	**13**	**7**	**8**	**2**
Total losses and special payments	**22**	**9**	**20**	**4**

Notes to the Accounts - 28 Third Party Assets

28 Third Party Assets

The NHS FT held £4,406k cash at bank and in hand at 31 March 2020 (£4,119k at 31 March 2019) which relates to monies held by the NHS FT on behalf of service users.

This has been excluded from the cash and cash equivalents figure reported in the accounts.

29 Post Balance Sheet Events

There are no such events to be reported.

30 Contingencies

There are no contingent assets (recoverable values from third parties).

Contingent liabilities are a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably.

The contingent liability for 2019/20 is in respect of the potential to pay excesses to NHS Resolution in respect of current and ongoing LTPS scheme claims and is per the advice received from the NHS Resolution.

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities	**53**	**93**

31 Commitments under capital expenditure contracts

	31 March 2020 £000	31 March 2019 £000
Property, Plant and Equipment	2,399	778
Total	**2,399**	**778**

The capital commitments as at 31 March 2020 relate to the agreement of the final account on a number of projects. Saffron Ground and Aston Ward, Lister refurbishments have completed and are awaiting final account confirmations. The NHS FT's Safety Suite program, Cyber Security investment, general IT Investment and Backlog maintenance works account for the majority of the remaining commitments along with retention payments against a number of completed projects.

The capital commitments as at 31 March 2019 relate to the agreement of the final account on a number of projects. The Marlowes Health and Wellbeing Centre and Centenary House refurbishments have completed and are awaiting final account confirmations. Albany Lodge, Forest House and Trust wide fire prevention works account for the majority of the remaining commitments along with retention payments against a number of completed projects.

Independent auditor's report

to the Council of Governors of Hertfordshire Partnership University NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Hertfordshire Partnership University NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019-20 and the Department of Health and Social Care Group Accounting Manual 2019-20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: financial statements as a whole	£5.0m (2019:£4.4m) 1.9% (2019: 2.0%) of total income from operations

Risks of material misstatement		vs 2019
Recurring risks	Total operating income	◀▶
	Accrued expenditure and provisions recognition	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the two key audit matters (unchanged from 2019), in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Trust's governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Total Operating Income (£264.5 million; 2019: £235.6 million) *Refer to page 12 (Audit Committee Report), note 1.3 of the annual accounts (accounting policy) and note 4 (financial disclosures).*	**Subjective estimate** Of the Trust's reported total income, £224.6m (2018-19 £202.7m) came from commissioners and local authorities. CCGs and local authorities make up 85% of the Trust's income. The majority of this income is contracted on an annual basis, however actual achievement is based on completing the planned level of activity and achieving key performance indicators (KPIs). If the Trust does not meet its contracted KPI's then its commissioners and local authorities are able to impose fines, reducing the level of income. This results in estimates being required at year end. An Agreement of Balances exercise is undertaken between NHS bodies to agree the value of transactions during the year and the amounts owed at year end. Discrepancies between the submitted balances from each party can result in adjustments being made to year end balances. The Trust recognised £2.3m of income from the Provider and Sustainability Fund. Receipt of this income is contingent on achievement of quarterly financial targets agreed with NHS Improvement. The availability of these funds can act as an incentive for management to adjust its financial position to ensure that these targets are met. There may therefore be an incentive to accrue income and reduce provisions relating to doubtful debts in order to achieve the control total agreed with NHS Improvement.	Our procedures included the following tests of details: **Control operation:** We undertook the following tests to assess whether controls had operated during the period: — We agreed a sample of commissioner and local authority income balances to signed agreements. We assessed contract variations identified and sought explanations as to the cause of these variances; and — We considered the extent to which the Trust had agreed the income and receivable balances it was entitled to for 2019-20 through its participation in the Agreement of Balances exercise. **Tests of detail:** We undertook the following tests of detail: — **Test of detail:** We inspected supporting documentation for variances over £250,000 arising from the Agreement of Balances exercise to critically assess the Trust's assessment of its achievement of contract KPIs and accounting for disputed income. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising income from commissioners; — **Test of detail:** We assessed the Trust's calculation of performance against the financial and operational targets used in determining receipt of Provider Sustainability Funding to determine the amount the Trust qualified to receive. We agreed the amounts recorded in the accounts to our calculation; and — **Test of detail:** We tested income transactions that spanned the financial year end to assess whether the income had been recognised in the correct financial period. **Our findings** We found the estimate of total operating income to be balanced. (2019: balanced)

	The risk	Our response
Accrued expenditure and provisions recognition **NHS and Non-NHS Accruals** (£17.5 million; 2019: £15.7m) *Refer to page 13 (Audit Committee Report), note 1.1 (accounting policy) and note 21 (financial disclosures).* **Total Provisions** (£9.1 million; 2019: £7.6m) *Refer to page 12 (Audit Committee Report), note 1.12 (accounting policy) and page 20 (financial disclosures).*	**Effects of irregularities** In the public sector, auditors consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year-end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions The Trust agreed a target for its financial performance with NHS Improvement for 2019-20, achievement of which entitled it to Provider Sustainability Funding. There may therefore be an incentive to defer expenditure, or recognise commitments at a reduced value in order to achieve the control total agreed with NHS Improvement.	Our procedures included: – **Test of detail:** We tested expenditure transactions that spanned the financial year end to assess whether the expenditure had been recognised in the correct financial period; – **Test of detail:** For a sample of accruals recognised at year end we assessed the appropriateness of the existence of the accrual and the reasonableness of the accrual valuation; – **Test of detail:** We inspected supporting documentation for variances over £250,000 arising from the Agreement of Balances exercise to critically assess the reasonableness of the Trust's year end accruals. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure with other NHS organisations; and – **Test of detail:** For all year-end provisions we assessed the appropriateness of the recognition of the provision balance and assessed the assumptions used by management in valuing the provision. We considered the completeness of the yearend balance. **Our findings** We found the resulting recognition of accrued expenditure to be cautious and provision recognition to be balanced. (2019: balanced)

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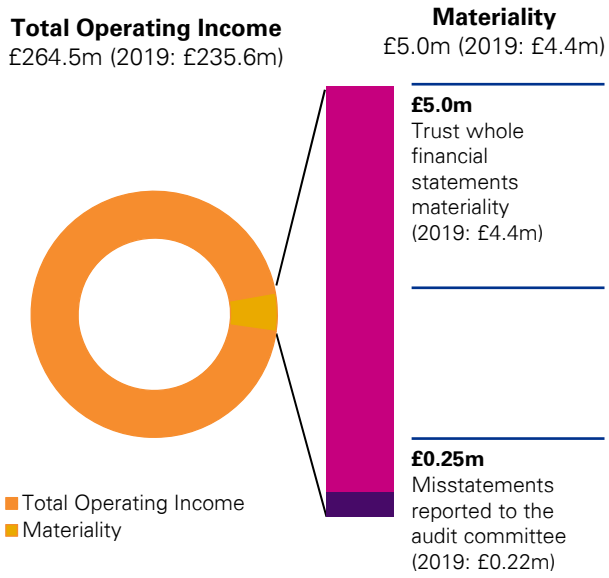
We continue to perform procedures over the Valuation of Land and Buildings. However, in 2019-20 the Trust had not completed a full revaluation exercise. Only a small sample of assets have been selected for revaluation at 31 March 2020. Furthermore there has been no significant changes to the valuation methodology from the prior year. We have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £5.0 million (2019: £4.4 million), determined with reference to a benchmark of total operating income, of which it represents approximately 1.9% (2019: £2%). We consider total operating income to be more stable than a surplus / deficit related benchmark.

We agreed to report to Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2019: £220,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was performed remotely due to COVID-19.



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not 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. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit and COVID-19, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019-20.

Corporate governance disclosures

We are required to report to you if:

— we identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019-20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 84, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006; or

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure that it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

Our risk assessment did not identify and significant risks.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Hertfordshire Partnership University NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Neil Hewitson

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

24 June 2020