NHS
Wye Valley
NHS Trust

Annual Report and Accounts

2019/20

Compassion • Accountability • Respect • Excellence

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Chief Executive's foreword

In looking back over the last 12 months it would be easy to assume that coronavirus was the only show in town.
Thanks to a monumental effort by staff, the NHS virtually reinvented itself between January and the end of March as it prepared for the pandemic.
We increased our bed capacity, planned for a huge surge in patients needing intensive care, increased the amount of oxygen and the number of ventilators available, repurposed departments, retrained staff and scoured national and international sources to ensure our stocks of PPE didn't run out.
As I write this, the response from the public has been magnificent.
The message "Stay home, protect the NHS, save lives" made the difference we'd hoped for and I'd like to thank all those who sacrificially stayed home and observed the social distancing rules. Thanks to their efforts, we capped the predicted increase in demand and kept the surge within manageable levels.
From the start of the year, our preparation for the pandemic has been all consuming, but to ignore the Trust's achievements throughout the whole of the last 12 months would be to miss some significant milestones and outstanding performances in a number of areas.
A number of improvements were noted by the team of Care Quality Commission Inspectors which visited the Trust just prior to Christmas.
The publication of the inspectors' report was somewhat overshadowed by the coronavirus outbreak, but showed genuine and sustained improvements.
While we retained our overall rating as "requires improvement," the report demonstrated significant improvements in a number of areas indicating that the Trust is heading in the right direction as we aspire to achieve a "good" rating.
The inspectors specifically highlighted improvements made in urgent and emergency services, which they rated as "good" overall, noting that there were enough nursing staff to care for patients and keep them safe with staff assessing risks to patients, acting on the risks and keeping good care records.
Community end of life care services had also improved and are now rated as "good" overall with leaders operating effective governance processes.
One of the areas we have been focusing on is our surgical services which were rated as "inadequate" overall – so while the report showed a lot of improvements, we still have a way to go to achieve an overall "good" rating for the Trust.
A real encouragement during the last 12 months was the results in our NHS staff survey.
This is a national survey which allows us to benchmark against similar Trusts across the UK and paints a picture of the Trust through staff's eyes.
Broadly it showed that Trust employees are happier and more enthusiastic than ever about their work, with many indicators at or above the national average.
We saw a ten per cent increase in staff who would recommend the Trust as a place to work and an eight per cent increase in staff who are happy with the standard of care provided during the last two years.
Staff are our greatest asset and we made their health and wellbeing the topic of this year's staff engagement exercise. Operation Nightingale clearly demonstrates our commitment to our employees – a joint initiative with West Mercia Police and other partners to improve staff security at the County Hospital.
The Health & Wellbeing Compact for 2020 came about through staff engagement and represents what staff felt would be appropriate steps to improve their health and wellbeing.

During the year our clinical teams have worked hard to develop the frailty patient pathway from the front door to the hospital to the geriatric assessment area and ward. Increasing the number of patients being discharged home via the Home First Team has also been a focus.
Our #WyeValleyWay formed the basis for significant improvements in emergency care by providing timely access to diagnostics, timely discharge and providing an emphasis on patients who are in acute beds when they don't need to be.
As a result, length of stay for emergency admissions has reduced and the number of patients discharged home has increased.
#WyeValleyWay galvanised a huge section of staff and empowered them to make changes which are sustainable and still benefiting patients today.
Our Hospital@Night initiative is helping us improve the experience of patients as it allows ward staff to submit a task using an app on their desktop which is allocated to a doctor.
Patients are also benefiting as a number of services now run seven days a week – from frontline services like Frailty Assessment and Same Day Emergency Care (SDEC), to support services such as Pharmacy.
This key piece of work has meant more patients receiving treatment on the same day, avoiding overnight admission.
We have also seen significant reductions in patient waiting times by increasing productivity and taking a consistent Foundation Group approach to capacity planning.
Of course, one of the main issues which has affected the quality of care we can provide is the fact that we're still treating patients in huts, built as temporary wards in the 1930s.
In the summer last year we received the news we'd been waiting for – NHSI announced that it had earmarked funding for the £23.6 million project to replace the two hutted wards with a three-story building bringing 72 beds – an extra 34 over and above the capacity in the two hutted wards.
The significance of this cannot be overlooked – the Trust has been pushing to have the wards replaced for many years and the decision will bring huge benefits and improvements to the environment that patients will receive care and treatment in.
A business case has been agreed by NHSI and workmen were on site at the start of 2020.
This is an exciting project and signifies the ambition and vision we have to provide excellent care in state-of-the-art facilities.
Further work on the County Hospital site involved the expansion of the helipad to allow larger air ambulances to land – we are grateful to the Midlands Air Ambulance charity which donated £100,000 to allow this to happen.
Of course, while the buildings and infrastructure is important, digital technology is playing an increasingly more important role in the way we deliver services.
We're getting better at sharing records to improve patient care in the county.
Our Herefordshire One Record digital sharing system enables the sharing of patient records between GPs and other health care professionals and an updated version of IMS MAXIMS electronic patient record bring with it a mobile-friendly solution supporting a range of multiple clinical and administrative processes.
Patients are also benefitting through our Managed Service partnership with Philips which involves an extensive redevelopment of the Radiology Department and the replacement of ageing equipment to improve the care environment for patients and staff.
This has resulted in a host of new systems, including five X-ray rooms, one hybrid fluoroscopy room, three mobile X-ray units, three image intensifiers, two ultrasound systems and a new MRI scanner.
A new interventional suite also went live early in 2020.
More broadly, our Foundation Group goes from strength to strength and has become a platform to share innovation and a channel through which the three Trusts can provide mutual support and expertise in an efficient and demonstrable way.

The Group held its first joint meeting of all three Boards and is becoming influential on the national stage as the benefits of group working and the opportunities it brings are being highlighted as best practice.

There's no doubt that this has been a tough year – apart from coronavirus we've had the uncertainty of Brexit to deal with and the floods which affected huge parts of Herefordshire. Despite this, it has been a year to celebrate and as we emerge into a new post-coronavirus era, we will have to maintain our focus to establish what the "new normal" will look like.

I'm convinced that with the great team of staff at the Trust – who have demonstrated time after time they are able to rise to challenges that confront us – we will continue to pursue a "good" CQC rating and continue to improve the quality of services to deliver the quality of care we'd want for our relatives and friends.

Glen Burley
Chief Executive

Chairman's foreword

Coronavirus, Brexit, flooding and the clinical waste management crisis.

Just some of the things which have presented the NHS with some huge challenges in the last 12 months.

I don't think we've ever had such a year when the expectations of the nation have been so high – but I'm pleased to say staff have responded magnificently.

Despite these added pressures and the increasing demands on services in general, it has been a good year with improvements and successes in many areas.

In fact, the many improvements contributed to the Trust being shortlisted in the CHKS Most Improved Hospital Award 2019. Only five Trusts were shortlisted in the "most improved" category.

The CHKS is a national benchmarking organisation, and unlike other awards, nominations are not accepted. All NHS Trusts are shortlisted based on their outcomes.

While we didn't win, being shortlisted is a great achievement and testimony to, among other things, our productivity and mortality improvements.

These things don't happen by accident, and I want to pay tribute to the executive team at the Trust which has led by example and inspired staff.

They have engaged with teams and individuals through a series of events throughout the year. The outcomes from these engagement sessions have helped to shape services and led to the development of such things as our leadership charter, management toolkit and our staff wellbeing compact.

The wellbeing of our staff is incredibly important and so we have put our weight behind the #FightFatigue campaign, which aims to raise awareness of the impact of fatigue and shift work on NHS staff.

This included launching our own toolkit and the introduction of a sleep pod and reclining chair in the Doctor's mess (this is still being evaluated and, if successful, will be rolled out for all staff night shift worker use).

We're a Trust which celebrates diversity and it has been encouraging to hear of the success of the recruitment team to bring around 90 international nurses and 25 doctors to join the Trust during the year.

Several events have been held to welcome them and share their exam successes – held in Spires restaurant, these events had a certain flavour as they involved many of the nurses bringing along food specific to their country of origin.

Celebrating staff success has become the normal thing to do at the Trust and it has been my privilege to present monthly individual and team Going the Extra Mile awards to so many who have achieved so much by sacrificially giving of their time and energy to ensure our patients receive the best possible care.

This can only happen in an organisation which values it staff and it has been great to hear the results of the latest NHS staff opinion survey.

The survey shows a sharp rise in the number of staff who look forward to going to work with a ten per cent increase in the last two years rising to 66.6 per cent, putting the Trust just 0.3 per cent behind the best in the country.

And there has also been a six per cent increase in the number of staff who say they are enthusiastic about their job during the last two years. This has risen from 74.6 per cent in 2017 to 80.9 per cent - putting the Trust just 0.4 per cent behind the best in the country.

This enthusiasm is evident at the now annual "Services in the Spotlight" event at which hundreds of staff gather to hear about clinical excellence from all parts of the Trust.

The theatre in the Post Graduate Medical Centre becomes a buzz of activity, networking and exchanges of ideas for the day as staff present innovation in their particular areas of activity.

This year we welcomed the well-known blogger Jamie Adventureman who kicked the day off with an inspirational story of how he battled childhood diseases to become a globe-trotting sensation – thanks to the NHS.
I'd also like to highlight the fact that the Trust has been recognised by UNICEF for work with mothers and new-born babies and was awarded Baby Friendly Status. This recognises the best practice standards in place to protect, promote and support breastfeeding and all mothers with their informed feeding choices.
Of course, nothing could be achieved without genuine hard work and dedication, and for that I'd like to thank all staff – both those directly employed by the Trust and those working for our PFI partner Sodexo, and all our hard-working volunteers who contribute massively to making the Trust what it is.
Without you, and in particular the way you've stepped up during the coronavirus in such a remarkable way, we wouldn't be where we are today.
And judging by the amazing wave of thanks that sweep the nation every Thursday evening, you're doing a great job.
Thank you.

Russell Hardy
Chairman

1 Overview

General overview

Wye Valley NHS Trust was established on April 1, 2011. The Trust provides community care and hospital care to a population of just over 192,000 people in Herefordshire and a population of more than 40,000 people in mid-Powys, Wales. The Trust's catchment area is characterised by its rural nature and remoteness, with more than 53 per cent of its population living more than five miles from Hereford city or a market town. We are the only secondary care provider for an area where the average age of the population is older than the national average. This demographic is driving health and social care needs that are often more complex than in areas where the average age of patients is lower. All dates referred to in this report are for the year April 1, 2019 – March 31, 2020, unless otherwise specified.

During 2019/20, 24 hours a day, 365 days a year…

People attending ED during the year	63,991
Average number of people in ED per day	175
Average number of people visited in the community every day	674
Average number of diagnostic tests/procedures carried out each month	6,899
Average number of babies born each month	138

Our CARE values

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

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

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

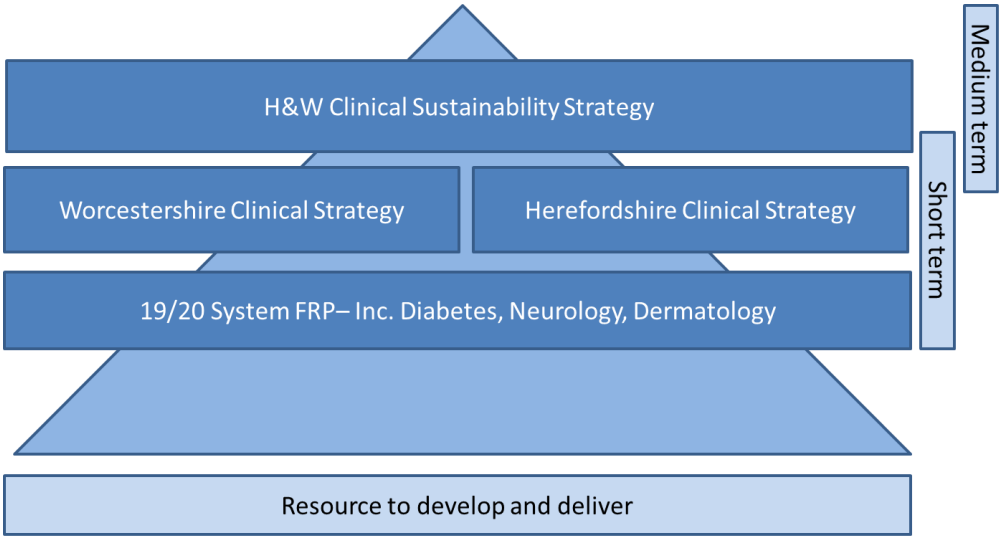
Excellence – we will challenge ourselves to do better and strive for excellence

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

A strengthening partnership

Clinical strategy group
Develop and deliver clinical strategy
Purpose:

- Owns the development and implementation of the clinical strategy for the ICS
- Represents and engages with the wider body of clinicians across the system to ensure clinical leadership is strong
- Clinicians drive our integration effort across the ICS
- Strengthened links between Clinical Strategy Group and the Academic Health Science Network and University of Worcester
- Clinical strategy built upon evidence based practice, Right Care etc.



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

Glen Burley is the chief executive at all three trusts, with managing directors in post whom are responsible for each individual organisation; Jane Ives at Wye Valley NHS Trust, Jayne Blacklay at South Warwickshire NHS Foundation Trust and David Eltringham at George Eliot Hospital NHS Trust.

Since the Foundation Group was established, a significant number of benefits have been realised for each organisation. The increase in scale enables strengthened negotiating abilities when procuring new systems or services, as well as increasing each individual trust's access to strategic advice and support. More importantly it has created a wider platform to share learning and best practice to improve patient care in hospital and community settings. A collaborative approach is already underway in a number of areas, including; procurement and information, service improvement, digital strategy, communications and business planning, more will follow.

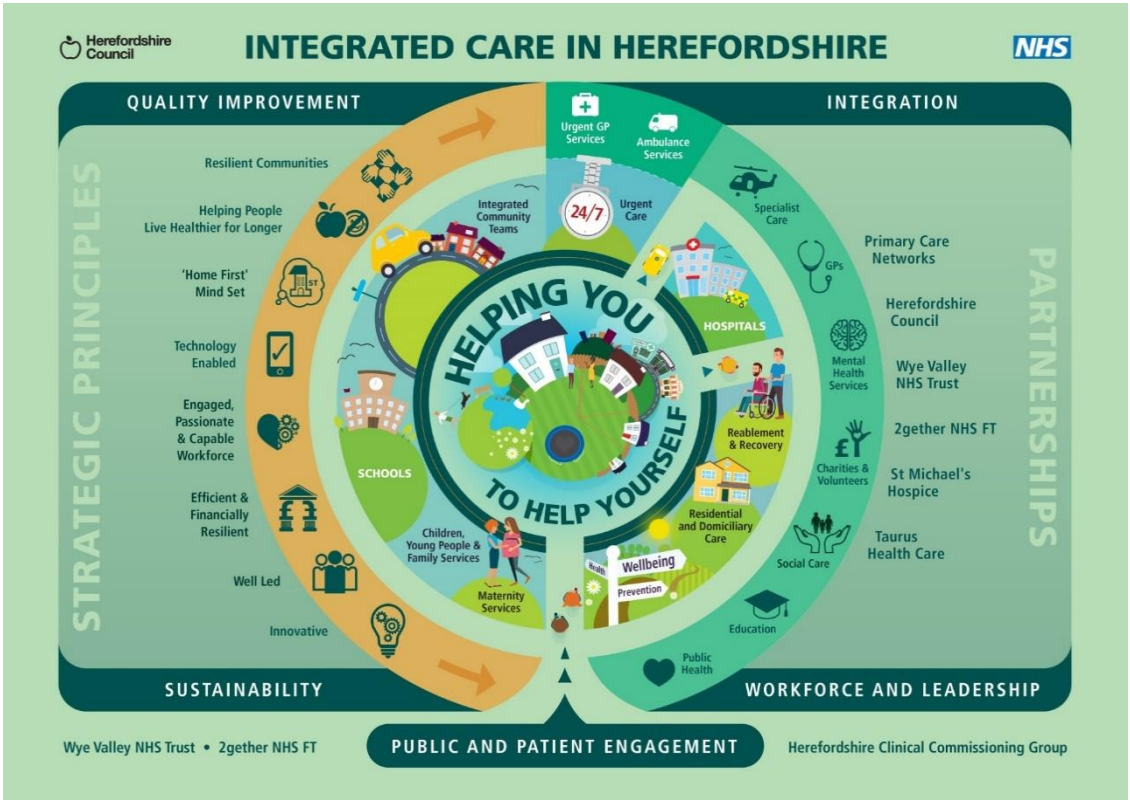
Herefordshire Integrated Care Alliance

Herefordshire Integrated Care Alliance (HICA) is a partnership between Wye Valley NHS Trust, Herefordshire Council, the local GP Federation (Taurus) and Worcestershire Health & Care NHS Trust (which will take over responsibility for the delivery of Herefordshire's mental health and learning disability services from April 2020).
Through our work together, we continue to support the delivery of Primary Care Networks, which build on the core of current primary care services and enable greater provision of proactive, personalised, coordinated and more integrated health and social care. The networks, each with a population of 30,000 - 50,000 residents, are intended as a vehicle for improvements in primary care and broader population health, and a further outcome from this approach is to deliver first class home-based care as well as being sensitive to the resources available and the local residents we serve.

In the coming years, these networks will focus on seven number of priorities (called national service specifications), but in 2020/21, the focus will be on;

Priority	Example
Structured medicines review and optimisation	• Directly tackling over-medication, including inappropriate use of antibiotics. • Focus on priority groups including the frail elderly
Enhanced health in care homes	• PCN members expected to support the implementation of vanguard models tested between 2014/15 and 2017/18
Supporting early cancer diagnosis	• Ensuring high and prompt uptake of cancer screening invites

In support of delivery for these specifications, Wye Valley NHS Trust continues to place integrated working alongside our system partners at the heart of our priorities.



Talk Community
Integrated Care services are also being developed in alignment with the Herefordshire 'Talk Community' programme, recognising that individuals are more likely to live healthier and happier lives when supported to retain their independence and access their local communities for as long as possible. This recognises the principle of 'own bed is best' and reflects the work being undertaken to further develop the provision of effective community based urgent care.

Home First
This 'Home First' approach has been the focus of the HICA over the past 12 months; working with Herefordshire Council, therapists and community nurses alongside discharge teams. These services endeavour to avoid hospital admissions and ensure that, where possible and safe to do so, patients can stay in their own homes. Further developments of this approach are planned, with teams working alongside Emergency Department staff and frailty specialists to further enhance the opportunity for our patients to remain living well in their own home and community.

Single record
During 2019/20, Wye Valley NHS Trust has successfully implemented Community EMiS, an electronic patient record system, to the majority of our community based teams. With the benefit of an information sharing protocol in place across partners, this development has also enabled the production of some shared care planning across Integrated Care Alliance partners, and during the coming year, work is planned to further enhance the approach to further streamline our shared care.

Strategic objectives

Our ten point plan

Our focus for 2019/20 was as follows:

Service structures

The operational management of the Trust ensures that there is good clinical and managerial leadership of our services.

Medical Division	Surgical Division
• Rheumatology (Osteoporosis) • Dermatology and Plastics • Stroke and Wye ward • Frailty, GAU and Arrow ward • Discharge lounge/Medical DCU • Diabetes and Endocrine • Nephrology • Respiratory and Frome ward • Cardiology, Path lab, and CCU • Gastroenterology and Lugg ward • Neurology and Neurophysiology • Emergency Department • Acute Medical Unit/SDEC (Same Day Emergency Care) • Clinical Site Management	• Paediatrics - In Patients and Out Patients • (Acute and Community) • Obs and Gynae (inc Women's Health services) • Midwifery (Acute and Community) • Delivery suite and Maternity ward • Children's ward • Special Care Baby Unit • Health Visiting, School Nursing • Orthopaedics • Redbrook ward • Teme ward • General Surgery and Colorectal • Breast • Urology • Ear, Nose and Throat (ENT) • Maxillofacial, Orthodontics and Oral • Ophthalmology • Monnow ward • Leadon ward • Theatres - Endoscopy • Daycase • Pre-Op • Anaesthetics • Intensive Therapy Unit (ITU) • Critical Care • Dentistry • Podiatric Surgery
Clinical Support Division	**Integrated Care Division**
• Referral Management Centre • Outpatients • RTT Validation team • Radiology • Pathology • Phlebotomy • Audiology • Vascular lab • Oncology - MacMillan Renton Unit • Breast Lymphodema team and Gynaecology • Clinical Haematology • Specialist Palliative Care • Pharmacy	• Community nursing teams • District Nurse Hub • Community Hospitals • Community Urgent Care • Intergrated discharge • Hospital@home • Home first • Therapies/specialist teams • Continence • Specialist community teams • (MS, epilepsy and Parkinson's) • OT • Orthotics • Dietetics • Speech and Language Therapy • Podiatry • Health psychology • Acquired brain injury • MSK physiotherapy • Community and inpatient physiotherapy • Speech and Language therapy • Community Stroke service • Falls Prevention service • Tissue Viability

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

2 Performance and Improvements

Care Quality Commission inspection

Our Care Quality Commission (CQC) inspection commenced in November 2019 with the outcome announced in March 2020. The core services inspected were critical care, urgent and emergency care, surgery, maternity, medicine, community inpatients, community adult services and community end of life care.

We are delighted to report the Commission said the following:

- Care is “good” across the board
- Community services were rated ‘good’ overall, improving on their rating in 2018
- Staff cared for patients with compassion, providing emotional support to minimise their distress and involved them in decisions about their care and treatment
- The maternity service kept detailed records of women’s care and treatment, planned and reviewed staffing levels and skill mix to ensure that women and their babies received safe care, and staff met the Trust target for mandatory training
- The surgical service was inclusive and took account of patients’ individual needs and preferences, coordinating with other services and providers. In particular staff made sure patients living with mental health problems, learning disabilities and dementia, received the necessary care to meet their needs
- Staff worked well together for the benefit of patients in urgent and emergency care, and leaders ran services well using reliable information systems and supported staff to develop their skills
- Community services planned care to meet the needs of local people, took account of patients’ individual needs, and people could access the service when they needed it and did not have to wait too long for treatment

The report identified a number of areas of improvement, key issues were as follows;

- The Trust’s systems and policies to assess, monitor and mitigate risks to patients receiving care and treatment were not operating effectively
- Equipment and environments were not always appropriate to care for patients safely and to meet their privacy and dignity
- The surgical division’s governance systems to monitor quality, safety and risk were not robust
- Infection prevention and control measures were not routinely adhered to
- There was an ineffective medicines management process, specifically regarding the administration of medication

The report highlighted areas where improvement work was already underway, given the timeliness of feedback the trust was able to respond swiftly and make immediate improvements where necessary. A detailed action plan has been developed by the core services and is monitored through the Quality Committee and Trust Board.

Quality priorities

The Trust adopted the following quality priorities for 2019/20, the priorities were focussed on areas where the Trust wanted to drive quality improvement and improve patient experience:

- Improved identification, treatment and management of the deteriorating patient
- Improved compliance with care bundles
- Improved compliance with Venous thromboembolism (VTE) prevention
- Reduce the number of non-clinical ward moves
- Improved discharge planning making Home First the default discharge pathway
- Improved patient involvement when making choices towards the end of life including advanced care planning
- Reduce infection rates
- Demonstrate progress against the national learning disability standards
- Contribute to the system childhood obesity reduction target
- Improved staff health and well being

Patient safety

Our Quality Account 2019/20 will be available late 2020 from Lucy Flanagan, Director of nursing at lucy.flanagan@wvt.nhs.uk and contains comprehensive information on quality and safety: 01432 364000.

Delivery of the CQUINS programme

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

The CQUIN framework was first introduced in 2009/10.The CQUINs identified below have been set for 2019/20:

- Staff flu vaccinations
- Advice to alcohol and tobacco users
- Three high impact actions to prevent hospital falls
- Six month reviews for Stroke survivors
- Same Day Emergency Care - Pulmonary Embolus (PE), Tachycardia with Atrial Fibrillation (AF) and Community Acquired Pneumonia (CAP)

Patient and public involvement

During 2019/20 patients and carers remained a priority with the Patient Engagement Forum continuing to meet regularly. Their work continued in reviewing and developing patient information and participating in the Patient Led Assessment of the Care Environment audit. The Patient Engagement Forum undertook an important piece of work for the Trust, reviewing the results of the five main national surveys that were published in 2019 and made recommendations for ten key improvement projects (see below).

Improving Patient Engagement

The Trust receives feedback on its services through a number of different sources. This includes face to face engagement and survey results as well as friends and family test (FFT), compliments, concerns and complaints data.

During 2019/20 the Patient Engagement Forum continued to meet initially under the leadership of the Deputy Director of Nursing and more recently the Associate Director of Nursing. The members have experienced a wide range of services and are drawn from across the local community. Together they have used their experience to provide feedback and influence direction on Trust initiatives including:

- Review of patient information
- Participation in Patient Led Assessments of the Care Environment (PLACE)
- Participation in a workshop to review national patient experience survey results

Patient Led Assessment of the Care Environment results

Inspections took place at Hereford County Hospital, Bromyard, Ross and Leominster Community Hospitals. PLACE inspections are patient led and are intended to focus on what is important to patients. This year the audit criteria changed and the Trust were advised it could therefore not be compared to previous years' results and the 2019 results establish a new baseline.

The Trust results were as follows;

- Cleanliness 94.01%
- Food 84.71%
- Privacy, dignity and wellbeing 74.69%
- Condition, appearance and maintenance 91.87%
- Dementia 72.47%
- Disability 70.30%

Dementia and disability are a quality priority for the Trust in 2020/21

Inpatient survey results

The National Inpatient survey took place in 2019 with a sample of patients discharged during July 2019 being asked to complete the questionnaire. The results have not been published yet, delayed due to the Covid-19 crisis.

In addition a group of patient engagement members held a workshop on November 27, 2019 to review the results of the five core national surveys published during 2019. Although local improvement work had been agreed, service users were offered the opportunity to work with staff to review the results and offer their views on a number of improvement projects for 2020.

The following is a summary of their recommendations on the top ten areas for improvement:

1. Improving food provision and food service on the wards
2. Dignity and respect charter for patients / relatives
3. Reducing violence and aggression
4. Improving overnight facilities / review of play area on paediatric unit
5. Promoting Nurse In Charge
6. Care of the partner during child birth
7. Holistic needs assessment / care planning for the cancer patient
8. Implementing local surveys
9. Improving the patient experience in the ED (managing pain)
10. Improving information and involvement of patients / families in discharge planning

Estates strategy

The biggest achievement of 2019/20 from an Estates perspective was the approval of the business case and subsequent start of the work to replace the Trust's 1940s hutted wards. These two wards with 38 beds will be replaced by a £23m, three storey, block containing 72 beds by the winter of 2020/21. The business case and approval was several years in the making and will provide the additional beds the Trust needs in a modern clinical environment.
Work also began in 2019/20 to increase the size of the Critical Care Unit from six beds to eight. The first phase puts in place the infrastructure to expand and the second phase delivers the additional bed capacity. This scheme is due to complete later in 2020.
Smaller schemes completed during the year included the creation of a Surgical Assessment Area on the Clinical Assessment Unit, an increase in size of the helipad to accommodate the latest air ambulances in the fleet and the installation of a second patient lift at Ross-on-Wye Community Hospital, thanks to a very generous donation from The Friends of Ross Hospital.

Service developments

#wyevalleyway

Unnecessary time in hospital for patients can lead to poorer outcomes, the Trust clinical and operational teams pledged to 'value our patients time' to help avoid this. Each ward and department were supported to develop innovative solutions that made sense and worked for their patients and in their environment to ensure patients do not spend unnecessary time in hospital, and get home as quickly and safely as possible. The changes included four questions that were embedded in the way Trust staff communicate with each other and with patients:

- Why is the patient in hospital?
- What is going to happen to the patient today?
- What needs to happen before the patient can go home?
- When is the patient likely to go home?

In addition Red2Green was implemented which is an approach to delivering and coordinating care to help ensure that clinical teams are focussed on ensuring that each day in hospital provides a benefit to the patient and isn't a wasted day where the patient is waiting for something to happen. The approach is very much intended to ensure that we actively value our patient's time.

To watch a short video on #wyevalleyway, log on to YouTube and search for '#wyevalleyway# or click this LINK

Hospital@Night (H@N)

H@N launched November 11, 2019. This initiative was launched at the start of the winter to support a team approach to delivering clinical care overnight. The creation of the H@N co-ordinator role and the introduction of a mobile health 'app' ensures that clinical teams can provide timely and prioritised care to patients overnight.

Opening of the Same Day Emergency Care Unit (SDEC)

Merging of the Surgical Assessment Area with CAU provided a new 'Same Day Emergency Care' unit. The SDEC opened December 2019 to function 24 hours per day, 7 days per week, taking referrals for all ambulatory patients. This combined unit provides same day assessment, investigation and admission or discharge for this cohort of patients.
Joint working continues across all clinical teams to ensure robust and timely pathways, which will result in an improved patient experience for all emergency patients.

Front door frailty – weekend working

The 'Front door frailty' team provide expert assessment and support to frail patients attending the Emergency department. The service has consistently ensured that frail patients are supported to return home safely wherever possible. The service was extended in October 2019 to provide 7-day cover.

Digital programme

During 2019/20 the Trust has continued to deliver the three-year strategy adopted by the Board of Directors in July 2018.

The Global Digital Exemplar (Fast Follower) funding along with regional Health System Led Investment (HSLI) has enabled three key clinical IT programmes to continue at pace.

Deploying EMIS as a community Electronic Patient Record (EPR) has reduced the Trust's reliance on paper notes kept in patients' homes. The solution also facilitates information sharing between authorised health professionals. This operates within a countywide information sharing framework which sets out the legal and professional standards expected of organisations and individuals and which has been adopted by the majority of GP practices and NHS organisations within Herefordshire.

The Trust has also selected an Electronic Prescribing and Medicines Administration (EPMA) solution which will support the accurate prescribing and administration of medication on the wards. This solution is expected to start to go-live in late 2020.

The deployment of IMS Maxims as an acute EPR has continued. Notable functionality deployed this year includes electronic nursing observations, Hospital at Night resource management and self-service outpatient check-in kiosks.

The Trust has responded to the end of support of a number of Microsoft products, including Windows 7, with significant investment in its client computing and data centre operations. As well as improving IT performance for staff and clinicians this investment also helps to maintain cyber-security compliance.

In May 2019 the Trust Board approved an electronic staff rostering business case. The project to deliver this began in late 2019. Over a two year period it will replace an ageing nurse rostering system and deploy electronic rostering to other staff groups for the first time, supporting of the delivery of the Trust's workforce strategy.

Performance tables

Acute Hospital

The number of patient attending the Trust's ED continued to increase with 5.7 per cent growth in total in 2019/20 when compared to 2018/19. Throughout the year a number of initiatives were introduced to ensure the Trust was able to improve 'patient-flow' all year round and to better manage the pressure that is always experienced over the winter period These initiatives included, the commissioning of a new 24-bedded ward, the Acute Medical Unit, the introduction of a Front Door Frailty Team and the reconfiguration of the medical wards to increase the numbers of respiratory and geriatric speciality beds.

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

The volumes of 'elective' patients treated both as 'outpatients' and as 'inpatients' was higher with over 185 more elective admissions and over 10,000 more outpatient appointments.

Activity	2018/19	2019/20	Increase/decrease 2019/20 on 2018/19	Difference 2019/20 to 2018/19
Elective spells	4,169	3,834	-335	-8.04%
Day case spells	28,650	29,170	520	1.82%
Total emergency spells	24,078	27,719	3,641	15.12%
General and Acute emergency spells	18,680	20,965	2,285	12.23%
New outpatient attendances	73,326	72,560	-766	-1.04%
Follow-up outpatient attendances	163,784	174,948	11,164	6.82%
ED attendances	60,560	63,991	3,431	5.67%

Community activities

Activity	2018/19	2019/20	Increase/decrease 2019/20 on 2018/19	Difference 2019/20 to 2018/19
Day case spells	2,431	2,803	372	15.30%
Community bed days	27,308	26,414	-894	-3.27%
New outpatient attendances	15,296	15,528	232	1.52%
Follow-up outpatient attendances	61,515	61,519	4	0.01%
Minor Injury Unit attendances*	3,272	2,286	-986	-30.13%

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

Key targets

Emergency department

ED standard	2018/19	2019/20
Total time in ED: four hours or less	76.1%	76.3%

The Trust did not achieve the national standard of 95 per cent of patients being seen, admitted or discharged within four hours from time of arrival in the ED. The ED experienced significant additional demand for the majority of the year with an overall rise of 5.7 per cent in patient attendances and a 12.2 per cent rise in general and acute emergency admissions; performance for the year was 76.3 per cent.

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

Referral to Treatment/52 weeks

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

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

By the end of the year the Trust had also reduced the number of patients waiting over a year for treatment to five patients.

RTT Incomplete performance

	March 2019	March 2020
English (18 weeks)	80.0%	77.8%
Welsh (26 weeks)	83.8%	83.1%

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

Cancer Care

The Trust did make improvement in both '31-day' standards on the previous year but did not achieve the standard for the year and also did not achieve the 62 days standard for the year. Work continues with clinical and operational teams to improve the clinical pathways.

The Trust did improve the performance against the cancer standards in 2019/20 achieving both 'two-week' standards for the year, a significant improvement on the previous year's performance.

Key performance indicators	Key target	Actual 2018/19	Actual 2019/20
Cancer two week waits	93%	91.3%	94.6%
Two week waits (breast symptomatic)	93%	28%	94.5%
Cancer 31 days	96%	90.6%	93%
Cancer 31 days Subsequent treatments	98%	86.1%	91.7%
Cancer 62 days	85%	80.5%	78%
Cancer 62 days screening	90%	79.4%	92.3%
Cancer 62 days upgrades (no national target set)	85%	90.2%	88.4%

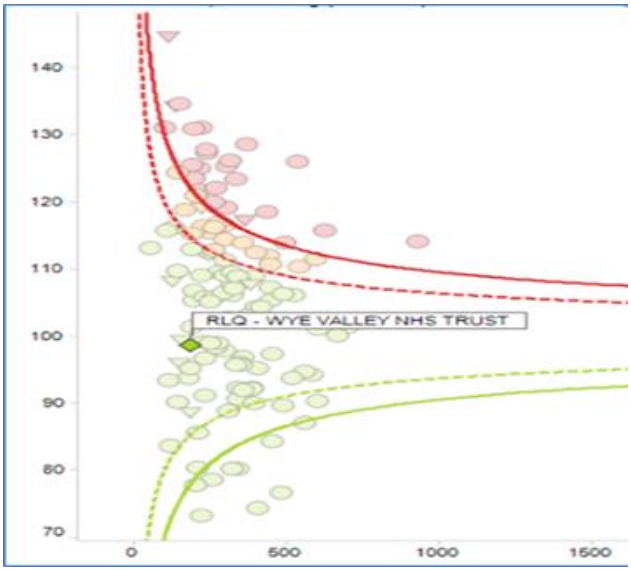
Mortality report

Wye Valley NHS Trust mortality is the most improved acute Trust in the NHS in last two years**.**

Reducing avoidable death rates

Over the past two years there has been a significant effort towards implementing improvements with the latest national position being 82 out of the 132 NHS Trusts for the rolling 12 month Summary Hospital-level Mortality Indicator (SHMI) - July 2018 to June 2019. For this same time period, Wye Valley NHS Trust were 41 for the 12 month rolling Hospital Standardised Mortality Ratios (HSMR). The rate and impact of the improvements indicate that we are amongst the most improved NHS Trusts in the UK over this two year period for our mortality rates.

HSMR (September 2018 - November 2019) - Funnel of ALL NHS Trusts



The mortality project team have continued to focus on the following:

- Utilising quality improvement methodology to support clinical teams to lead improvement
- A robust approach to learning from deaths, alongside the development of the medical examiner model
- Implementing a Bereavement Service to better support bereaved families and Medical Examiners
- Ensuring that the coding of patient's comorbidities is accurate
- Regular pro-active monitoring of key performance indicators to identify any potential changes in the mortality rates

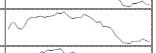
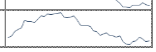
Over the year the mortality rate has steadily reduced and now falls well within the normal range. The dashboard below shows the Trust information for mortality over the last year, this is used to review monthly progress.

System-wide meetings have continued to highlight progress and improvements across the Herefordshire health economy with strong engagement from Public Health, Primary Care, Clinical Commissioning Group (CCG), Gloucestershire Health and Care NHS Foundation Trust (formed in October 2019 with the merger of 2gether NHS Foundation Trust and Gloucestershire Care Service NHS Trust) and other local providers.

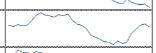
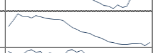
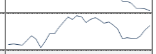
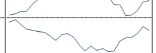
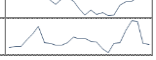
Following progress with the project a review of the mortality outliers has been undertaken and we will focus on the following areas for 2020/21:

- Respiratory
- Heart failure
- #NOF
- Community Hospitals

Indicator	Description/Notes	Data month	Month Actual	Deaths in Month	Trend	Change	Direction of Travel	Trend - April 2016 to latest reported month
First Look								
Crude Mortality-All	*% of Deaths by Admissions*	Feb-20	**1.36%**	**55**	*(Please note this is first look data and subject to change - Static position is below)*			
Crude Mortality-Emergency	*% of Deaths by Emergency Admissions*		**3.90%**	**55**				
Latest Static					**Trend (No. of deaths)**	**Change (Rate %)**	**Direction of Travel**	**Trend - April 2016 to latest reported month**
Crude Mortality-All	*% of Deaths by Admissions*	Jan-20	**1.36%**	**75**	▼	0.17%	▲	
Crude Mortality-Emergency	*% of Deaths by Emergency Admissions*		**4.86%**	**74**	▼	0.09%	▲	

Indicator	Description/Notes	Data month	Month Actual	Observed/Expected Deaths	Acute Trust rank (lowest to highest)	Trend	Change	Direction of Travel	Trend - April 2017 to latest reported month
SHMI	*Rolling 12 month Standardised Hospital Mortality Indicator (inc. post 30 days discharge patients)*	Oct-19	**102.8**	**Obs. 1177 v Exp. 1145**	**80/131**	▼	-1.5	▼	
Weekday			**103.1**	**Obs. 885 v Exp. 858**	**89/131**	▼	-1.9	▼	
Weekend			**101.9**	**Obs. 292 v Exp. 286**	**38/131**	▼	-1.03	▼	
HSMR	*Rolling 12 month Hospital Standardised Mortality Ratio*	Nov-19	**95.5**	**Obs. 683 v Exp. 721**	**40/131**	▼	0.18	▼	
Weekday			**93.3**	**Obs. 501v Exp. 537**	**40/131**	▲	-1.18	▼	
Weekend			**98.6**	**Obs. 182 v exp. 185**	**41/131**	▼	0.78	▼	

The table below shows the most current rolling 12 month HSMR (*December 2018 – November 2019*) compared to the previous years reported figures.

CCS Group/Origin of Alert	Data month	HSMR	SHMI	Obeserved/ Expected	Actual Deaths SHMI	Trend (HSMR)	Change (HSMR)	Direction of Travel HSMR	Trend - April 2016 to latest reported month
WVT Outliers	**November 2019** (HSMR), **October 2019** (SHMI)								
Chronic Obstructive Pulmonary Disease		**99.09**	**108.90**	**26/26**	**39**	▲	2.92	▲	
Pneumonia		**86.89**	**87.03**	**131/157**	**173**	▼	-1.17	▼	
Acute Bronchitus		**56.27**	**132.86**	**8/14**	**31**	▼	-6.77	▼	
Congestive Heart Failure		**117.10**	**129.36**	**54/46**	**73**	▲	11.54	▲	
Septicemia		**84.13**	**98.60**	**70/83**	**105**	▲	0.96	▲	
Gastrointestinal Bleeds		**21.38**	**71.05**	**3/14**	**12**	▼	-8.18	▼	
Fractured Neck of Femur		**155.59**	**122.88**	**34/22**	**33**	▲	1.88	▲	
Surveillance CCS Groups									
Aspiration Pneumonitis		**144.43**	**141.03**	**31/21**	**39**	▲	3.07	▲	
Urinary Tract Infection		**128.13**	**102.51**	**14/11**	**23**	▼	-2.96	▼	
Community Hospital Sites									Trend -November 2017 to latest reported month
Ross *(inc. Merlin and Peregrin ward)*		**156.88**	**142.80**	**6/3.96**	**11**	▲	4.01	▲	
Bromyard		**230.21**	**248.66**	**7/3**	**13**	▼	-20.01	▲	
Leominster		**136.29**	**27.94**	**1/0.7**	**1**	▼	-5.03	▲	

Whilst there has been significant improvement we continued specific focus on clinical areas which were deemed 'outliers' for their specialities. These are listed below:

- Sepsis
- CCF(*Congestive Cardiac Failure*)
- Pneumonia
- COPD(*Chronic Obstructive Pulmonary Disease)*
- Acute Bronchitis

- GI Bleeds(*Gastro-Intestinal Bleed*)
- #NOF(*Fractured Neck of Femur*)

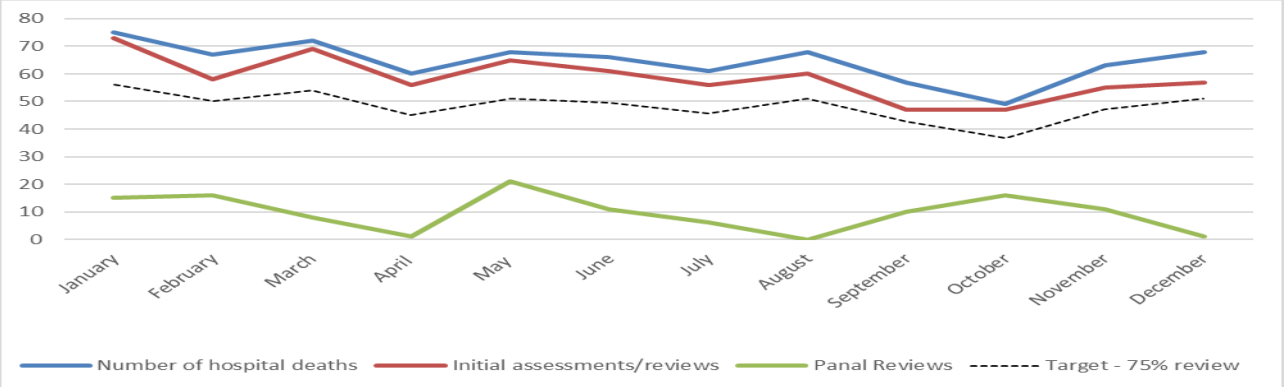
Responding to continual high mortality rate for #NOF this area will continue to receive dedicated support to understand the data and develop local improvement plans.

Learning from deaths

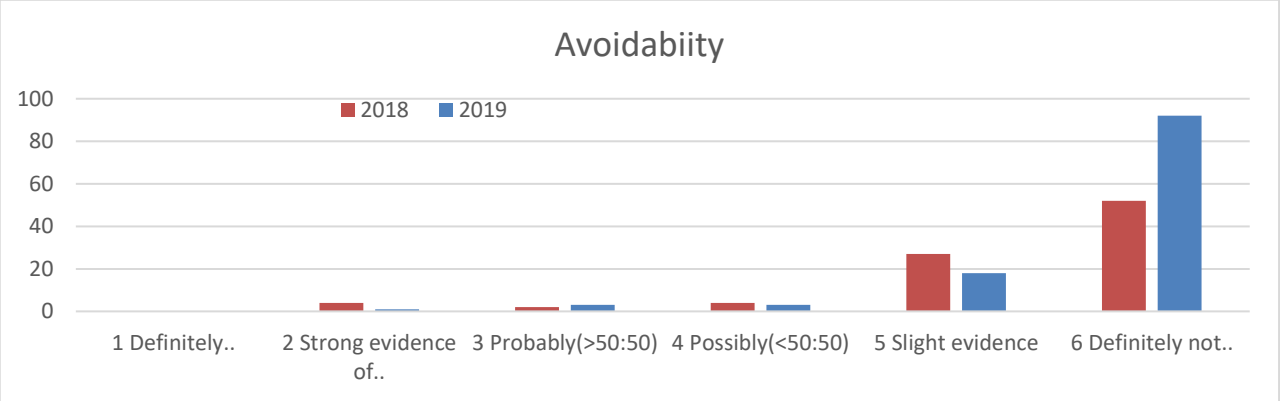
Learning from deaths is a national initiative, implemented locally, where any patient's death is reviewed for the quality of care provided in the last days of the patient's life (first stage review).

During the period between January 2019 to December 2019, there were 876 deaths, of which 782 had a case record review.

The initiative has a set target to review 75 per cent of all patient deaths and the chart below shows progress through the year. Since August 2018 we have achieved the standard.



Where there is a concern around quality of care provided, a number of reviews proceed to a second judgement review. Using this process clinicians examine the case in much greater detail aiming to derive as much learning as possible and determine the level of avoidability. This chart details the avoidability scoring for second judgement reviews that were carried out during the period **January to December 2019 not the year of the patient died. Of those cases reviewed in the year, four patient** deaths were judged to be more likely than not to have been due to problems in the care provided to the patient.



Learning

The learning, extracted from our mortality reviews, has been used to drive clinical quality improvements and support the development of specific local improvement plans.

Each month the key learning and issues are discussed at the One Herefordshire Mortality Committee, with clinical discussions as to the best approach to address these issues.

The key themes from this year's reviews include:

- Delays in patient review and highlighting patients for weekend review, accurate documentation of management plans and appropriate observations and escalation of care (see newsletters)
- Recurrent problems identifying ceiling of care, involvement of palliative care team and using end of life pathway documentation
- Issues of timely review of results prior to transfer or discharge

3 Finance

Statutory basis

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

Financial break-even

In 2019/20, the Trust was set a control total set by NHSI of a deficit of £17.254m. The Trust delivered this control total and consequently the Trust secured additional funding from NHSI totalling £17.993m.

The table below indicates the overall value of the deficit once factors relating to the change in value of tangible assets and other technical adjustments are accounted for.

I&E: retained (deficit)/surplus	2019/20 £000	2018/19 £000
Income and expenditure: retained (deficit)/surplus	(18,676)	(42,461)
Impairment of assets	2,010	359
Asset re-evaluation	(392)	(117)
Remove impact of prior year PSF award	(189)	
Adjusted retained surplus	(17,247)	(42,219)

Trust break-even duty

The Trust break even duty is calculated based on the retained surplus/(deficit) for the year adjusted for asset impairments and revaluations, the impact of donated assets and gains/losses from absorption accounting.

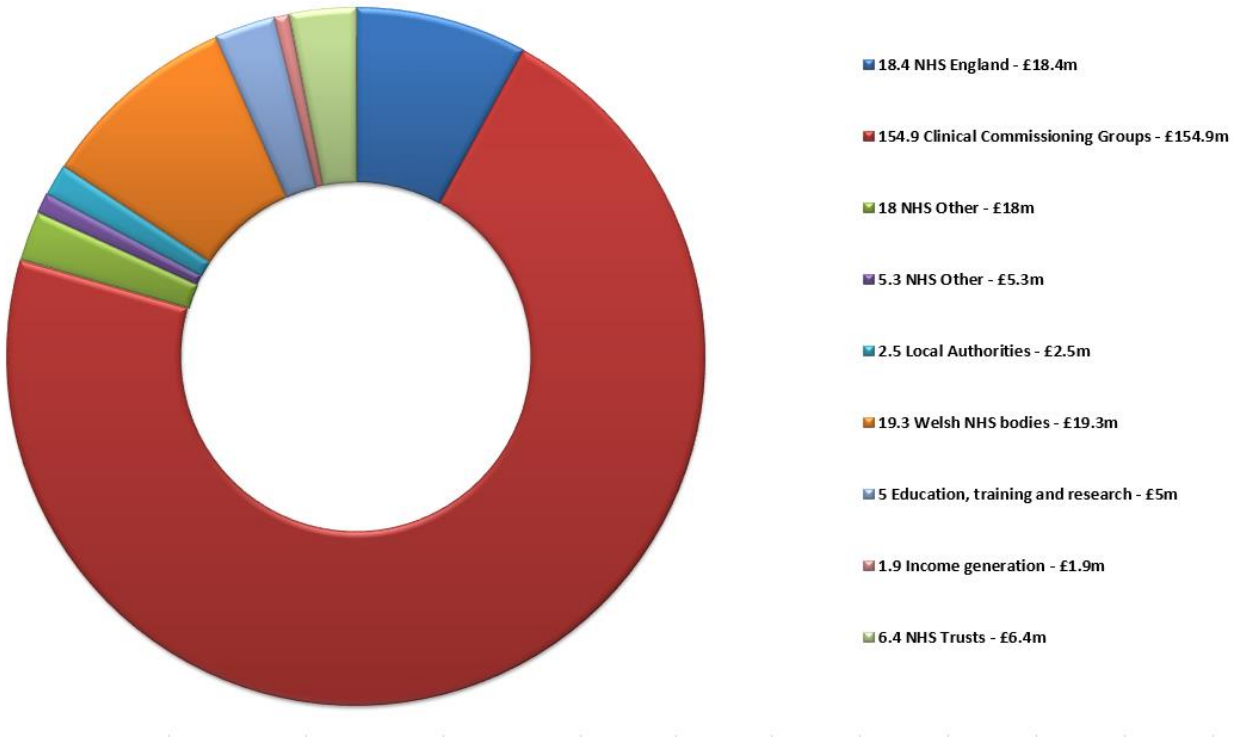
The adjusted retained deficit was £17.25m - the Trust delivered against its adjusted control target.

Resources

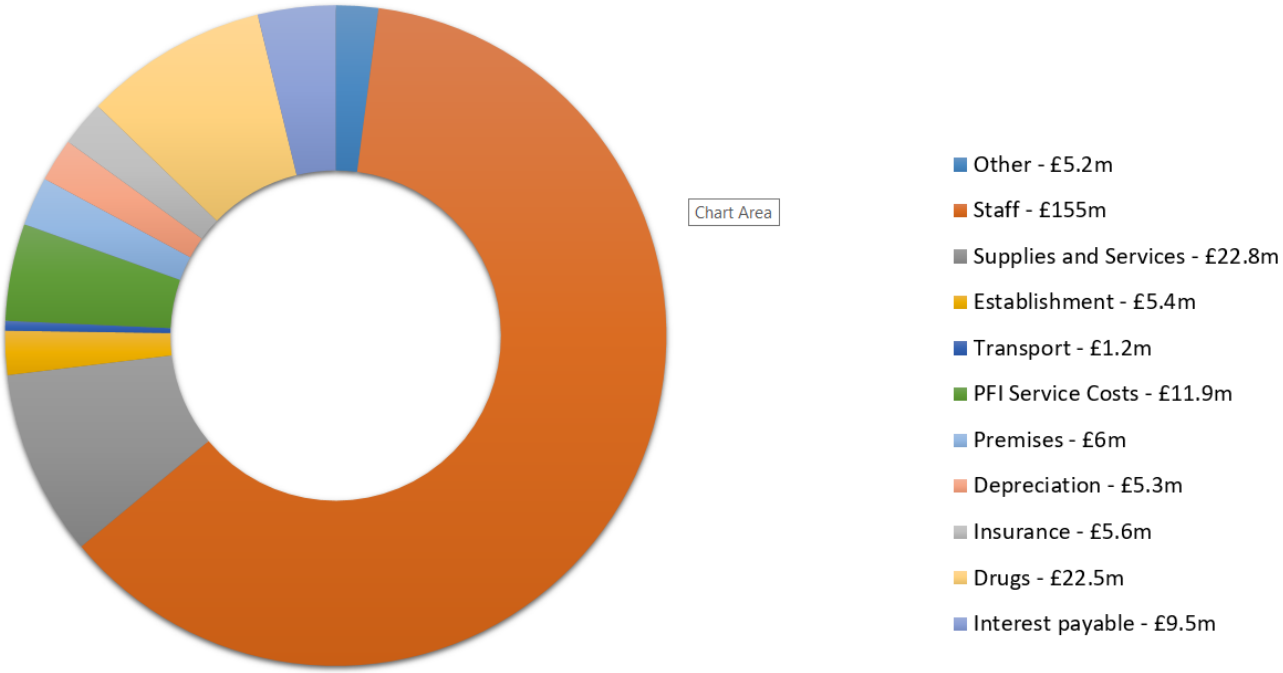
The Trust generated income of £231.6m during 2019/20. The pie chart (below) identifies income received from different sources for health related activity. The largest share of income is derived from Herefordshire Clinical Commissioning Group (CCG).

The second pie chart (below) identifies annual expenditure incurred in the year. Salaries and wages paid to permanent and temporary staff, including those employed through agencies, totalled £154.7m. Total expenditure on goods and services amounted to £86.2m and finance costs including interest payable totalling £9.5m.

2019/20 Income Sources (£m)



2019/20 Annual Expenditure (£m)



Cost and Productivity Improvement Plan (CPIP)

As part of the financial plan for 2019/20, the Trust was required to deliver cost reductions of £6m. As in previous years, the divisions and the corporate functions were each issued with their own savings target. Performance against the target was monitored through monthly performance meetings. By the end of the year, the Trust had saved £6.2m.

Capital development

The Trust spent £12m on capital investments during 2019/20. The table below provides a summary of that expenditure. The most significant elements within the capital programme were: £3.2m on the development of the Electronic Paper Record System (EPR); £2.3m on clinical equipment (and associated enabling works); and, £2.1m on other IM&T projects, which include the rolling programme to replace older devices.

Expenditure on other estates schemes included £0.6m on backlog maintenance and £0.3m on upgrading lighting to LED. Donations utilised for capital expenditure include the creation of the bereavement suite.

	£k
Clinical equipment	2,320
Ward replacement	920
Other estates schemes	1,798
EPR/EPMA	3,185
Community EMIS	542
IM&T	2,549
Donations	697
Total Capital Expenditure	**12,011**

Pension liabilities

Within the annual accounts, ongoing employer pension contribution costs are included within employee costs (see note 8 to the annual accounts for more detail).
Past and present employees are covered by the provisions of the NHS pensions scheme. Details of the benefits payable under these provisions can be found on the NHS pensions website at www.nhsbsa.nhs.uk/nhs-pensions.

Going concern

International Accounting Standard 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity.
In 2019/20 the Trust delivered a deficit of £17.25m. In its initial plan produced prior to the Covid-19 pandemic the Trust forecast a further deficit in 2020/21. The planning process had not been completed before the existing financial regime was suspended in response to the pandemic situation. At present the Trust is being funded in full for its operation and is not incurring a deficit, in line with DHSC policy. Financial planning for the post pandemic position

has not yet been completed. It is therefore not clear whether the Trust will plan to incur a deficit in the next two financial years.
The Directors have carefully considered the principle of going concern. The Trust had agreed contracts with its local commissioners for 2020/21 prior to their suspension. Services are continuing to be commissioned in the same manner as in prior years and there are no discontinued operations. The Trust's strategic partnership with the Foundation Group also continues to provide executive leadership and support to the Trust. The Board has thus concluded that the Trust remains a going concern and the going concern basis has been adopted for the preparation of the accounts.
Further details on going concern can be found within the disclosure within the financial statements.

Better payment practice code

It can be seen in the table below that the Trust struggled to deliver the required standard during 2019/20. As in previous years this was a direct consequence of the impact of running a significant deficit and having to borrow in order to maintain cash-flow.

Non NHS payables

Better payment practice code	2019/20 (number)	2019/20 (£000s)	2018/19 (number)	2018/19 (£000s)
Total Non NHS trade invoices paid in the year	54,492	110,379	50,547	105,205
Total Non NHS trade invoices paid within target	27,841	71,212	22,465	60,032
Percentage of bills paid within target	51.1%	64.5%	44.4%	57.1%

NHS payables

Better payment practice code	2019/20 (number)	2019/20 (£000s)	2018/19 (number)	2018/19 (£000s)
Total NHS trade invoices paid in the year	1,372	9,676	1,334	10,204
Total NHS trade invoices paid within target	509	6,731	346	5,709
Percentage of bills paid within target	37.1%	69.6%	25.9%	55.9%

Principles for remedy

The Trust has adopted the Parliamentary and Health Service Ombudsman principles for remedy in full and they form part of the Trust's management of complaints, concerns, comments and compliments policy.

Counter fraud and corruption

The Trust has in place effective arrangements to ensure a strong counter fraud and corruption culture exists across the organisation and to enable any concerns to be raised and appropriately investigated. These arrangements are underpinned by a dedicated local counter fraud specialist and a programme of counter fraud education and promotion. The fitness for purpose of these arrangements is overseen by the Audit Committee which has confirmed them as being effective and proportionate to the assessed risk of fraud.
The Trust employs RSM UK tax and accounting Ltd to provide a service. This service undertakes investigations in addition to doing proactive work in relation to fraud in the NHS. There was seven fraud referrals during the year with no fraud proven.

Sustainable development

The Trust has undertaken risk assessments and has a sustainable management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are compiled with.
A Sustainability Development Management Plan for 2020/25 has recently been developed in line with the NHS Sustainability Strategy and has been approved by the Board. A copy of the plan can be obtained from Alan Dawson, Director of strategy and planning, alan.dawson@wvt.nhs.uk, 01432 364000

Statement of disclosure to auditors

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

Accountable Officer: Glen Burley

Organisation: Wye Valley NHS Trust

Signature:  Date: 18th June 2020

4 People

Staff survey

The staff survey results are analysed using eleven themes and this year the Trust showed improvements in all but one theme – Equality, Diversity and Inclusion.

Improvement (in descending order)	Reduction
Morale	Equality, Diversity and Inclusion
Immediate Managers	
Team Working	
Quality of Care	
Health & Well-being	
Quality of Appraisals	
Safe Environment - Violence	
Staff engagement	
Safety culture	
Safe environment – Bullying and Harassment	

The survey also included a theme for 2019 'Team Working' – although this had been included in the 2018 survey it was not included in the final analysis.

The graph below benchmarks the Trust against the national results.

Staff communication and engagement

Year of Nurse and Midwife

On January 16, 2020 celebrations began to mark the International Year of Nurse and Midwife. The launch welcomed keynote speakers Prof Tama Thompson OBE and Dr Michael Gormley, Director with the Burdette Trust and introduced "Florrie", a knitted mini Florence Nightingale. Florrie is set to make appearances across various locations in the Trust. The year-long series of events will culminate in an awards ceremony in December 2020 profiling our wards and teams through presentations and a historical look back of the Trust.

Going the Extra Mile (GEM) staff recognition scheme

Throughout 2019/20 nominations were invited for those staff and volunteers who have made a difference through living the values of the Trust and through their commitment to improving the experiences of patients, service users, visitors, colleagues and clients.

A total of 155 nominations were received for the GEM award scheme, 108 for individual and 47 for team. All nominations were recognised through the presentation of a GEM certificate and at each monthly Board meeting an employee of the month and a team of the month were chosen by the GEM panel and presented with a 'star award'.

During the Annual General Meeting (AGM) in July awards were presented to the individual and team of the year together with the Chairman's award for innovation.

Lindsey McLean received the outstanding contribution (individual) award, for her work that secured £6.25 million of funding supporting improvements to patient care. The outstanding contribution (team) was awarded to a combination of teams from pre-admission, ED and Intensive Treatment Unit (ITU), who came together to save the life of a young patient.

Jemma Vincent received the Chairman's award for innovation after completing the quality, service improvement and redesign (QSIR) training and using the techniques learnt to better deploy telecare equipment enabling patients to be discharged home earlier.

Long service awards celebrated more than 3,000 years of NHS service

The Trust celebrated with over 60 members of staff who had worked in the NHS for most of their lives at the long service awards. Staff who had worked for 25, 30 and 35 years received certificates and badges and those who had 40 years of service also received glassware as a thank you for their dedication to the organisation.

Staff members began their working lives in the NHS at organisations across England, but many had served in the NHS within Herefordshire all their working lives working at the hospitals in the county as well as the previous Primary Care Trust for Herefordshire.

Managing Director, Jane Ives, presented the staff with their awards and thanked them personally for their dedication over the years and the professionalism they had shown.

A showcase of clinical excellence

On February 7, 2020, the Trust held a day to celebrate clinical excellence, with a keynote speaker, presentations and an exhibition. The event opened with breath-taking presentation from Jamie Adventureman, who told a personal story behind his decision to become a global fundraiser. Other presentations covered a range of subjects from student coaching, advances in paediatrics care to end of life care. Florrie also made an appearance.

Employee health and well-being

The Trust support staff to remain fit through a programme of health and wellbeing initiatives run throughout the year. The Trust has entered into a compact with staff based on the approach of the World Health Organisation who define health and wellbeing as 'a complete state of physical, mental and social wellbeing, and not merely the absence of disease and infirmity.' To support this approach we asked our staff their views on health and wellbeing at work, which they defined as to be happy, healthy, safe, respected and valued. Health and wellbeing is a partnership and as a Trust work is taking place to embed the behaviours of our Leadership Charter, listen and take actions when staff have concerns, increase access to counselling and introduced a system to fast track access when needed. In addition work to address the safety and security of our staff while at work is taking place. In return, through the compact, staff are encouraged to raise concerns, appreciate and celebrate achievements, take their breaks and keep hydrated and during their appraisal to discuss their wellbeing.

Supporting the #FightFatigue Campaign

In January 2020, the Trust put its support behind the Association of anaesthetics #FightFatigue campaign, aiming to raise awareness of the impact of fatigue and shift work on NHS staff.
A resource pack is available to staff providing advice regarding working well at night, facts about fatigue and useful tips to aid sleep. A sleep pod has been installed together with a reclining chair in the doctors' mess, initially for a three month trial period, which if successful will be rolled out for all staff working nights.

Stamping out aggression towards staff

Operation Nightingale has seen the Trust join forces with West Mercia Police to appeal to patients and visitors to respect our staff when visiting the ED, following an increase in the number of incidents faced by nurses and doctors as they treat patients in the busy department. The Trust has a zero tolerance approach to violence against our staff and is committed to keeping them safe while at work. Incidents are reported and reviewed by our local security specialist and sanctions taken against individuals who commit crime against staff as well as criminal damage.

Simply Respect

In January 2020 we launched our dignity and respect at work campaign promoting a healthy, supportive and positive culture that provides for healthy challenge, allows each of us to be stretched in our roles while being accountable for our actions and behaviours. The aim of the campaign is to raise awareness of our own behaviours and our responsibilities to stamp out bullying and harassment in the work place, exploring what is and what it isn't bullying, an understanding the negative impact poor behaviours can have on colleagues and consider the steps each of us can take to reflect on our behaviours and those of others and, the actions we can take.

Flu Vaccination

The Trust Medical and Nursing Directors launched the annual flu vaccine programme on October 8, 2019. The launch was held at the County Hospital, followed by launch events at each of the community hospitals.
All staff were encouraged to get the flu vaccination, protecting themselves and our patients against influenza. For the first time peer vaccinators were recruited, increasing the availability of the vaccination across all sites. The vaccine programme is supported via information videos explaining the type of vaccine and the importance of the flu vaccine as part of infection prevention measures, together with a personal story of an individual's battle with the flu virus

the year the vaccine was not chosen. A total of 1,782 staff were vaccinated, 75.25% of the workforce together with 263 staff from our onsite partners.

In addition to the above;

- Worked with Yeleni Therapy and Support to provide a discounted rate for staff to benefit from a range of therapies to support their own wellbeing. They are also collaborating with Staff Side to improve employee wellbeing.
- Mental Health Awareness – counselling continues. A draft business plan to increase the capacity has been submitted to committee.
- Mental health awareness 'Time to Talk' was delivered to staff in February by Heath@Work via a stand in Spires and at the Community Hospital Sites. This covered advice about Mental Health First Aiders and links to the national campaign.
- Resilience Training – delivered by a new provider with excellent feedback. Health@Work secured additional funding to provide a more comprehensive package of support for resilience and anxiety as awareness and demand has risen.

Freedom to Speak Up

The Trust has a Freedom to Speak Up (FTSU) policy, which seeks to create a reporting culture in which staff feel able to speak up confidently about issues and concerns regarding practices that they feel are unsafe or behaviours that are unprofessional. The policy is led by a FTSU guardian, Den Macpherson who is supported by a number of FTSU champions representing each Division.

The aim of this policy is to ensure that all members of staff are able to report concerns where they are not able to do so through normal management channels.

Staff are supported with various methods of reporting concerns.

- Reporting to a line manager
- Open door session with the Trust Managing Director
- Sessions at all localities with a member of the executive team
- An anonymous online system 'Rumour Mill' where questions are asked by staff
- FTSU champions
- FTSU guardian

Concerns are investigated where appropriate and actions taken as required. Trust Management Board now receives a quarterly report on concerns raised and a six monthly report is made to Open Board. Quarterly returns are made to the National FTSU guardian. During the four quarters of 2019/20, 73 concerns were reported which is an increase of 52 cases on the previous year.

Speaking Up was promoted during the National Speaking Up month of October 2019. Promotional stalls to raise awareness were located in the staff canteen and the main entrance to the County Hospital, with informative sessions delivered by the FTSU Guardian and the Champions to local staff groups. The Guardian has also made visits to our community hospital sites as part of clinical review weeks at Bromyard and Ross.

Staff who speak up receive feedback to the concerns they raise from the Guardian, and are invited to participate in a survey enabling feedback to the Guardian. In 2019/20 all survey replies will be audited by the Non-Executive Director lead for FTSU to ensure any learning is cascaded and process has been followed.

Education and development

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

The team is working to support the development of e-learning resources and clinical skills acquisition using a multi-professional approach, enhancing learning through simulation, management and leadership development and formation of learning academies to focus on the development of key staff groups. Through our leadership and management develop programme 103 staff members have participated in Insights sessions, aiding understanding of the individual's leader style and how this can impact on others.
In October 2019 the Trust honoured our Mary Seacole graduates during a celebratory event. During the year 41 staff members have completed their Mary Seacole leadership development course and a further 40 members of staff are enrolled. 48 members of staff have enrolled on a variety of Institute of Leadership and Management (ILM) qualifications, five have already completed their respective courses.
The Trust continues to promote our QSIR gold and silver training and during 2019/20 15 successfully completed their QSIR gold, 13 their silver studies and a further 20 have successfully completed their QSIR Bronze. All are benefiting from the knowledge and awareness of proven QSIR tools, theories and techniques.

During 2019/20 150 individuals from healthcare organisations across the STP attended a two day Mental Health First Aid (MHFA) course. The MHFA is a practical skills and awareness course designed to provide a deeper understanding of mental health and the factors that can affect people's wellbeing as well as their own, spotting triggers and the knowledge to help an individual's recovery by guiding them to the appropriate support.

Recruitment

Social media

Social media still played an important part in attracting new employees to the Trust, importantly it also allows for greater transparency into the culture of the Trust as well as more flexibility in how we communicate with potential candidates. In the last year, Facebook continued to be used as a platform to promote our nursing and midwifery open days as well as develop and nurture an online talent pool of both nurses/midwives and students.

Medical recruitment

In particular medical recruitment has been successful as exposure was increased on our social media platforms. The Trust had an increased presence within the BMJ (British Medical Journal) both on line and in print and attended the BMJ conference in London. Over 40 middle grade doctors have been recruited. The bank of doctors has also increased with one becoming a substantive member of staff as a consultant.

International nurse recruitment and a successful OSCE programme

The Trust successfully recruited over 90 international nurses from various countries including; India, Dubai, and the Philippines. The ambition of the recruitment drive was to reduce the registered nurse vacancies in the Trust and reduce our agency spend. The success of the objective structured clinical examination programme (OSCE) that nurses have

to take to register with the Nursing and Midwifery Council has been recognised regionally and nationally and was commended during the CQC inspection in November 2019 for recruiting 90 international nurses. The recruited international nurses successfully passed their OSCE examination and are now practicing as Band 5 registered nurses. This equates to a pass rate of 95 per cent at first examination attempt and 100 per cent following resits.

Promoting NHS Careers to local schools and colleges

The Trust continues to be promoted to local schools and colleges across Herefordshire. Recruitment and education work together to promote NHS careers to the future workforce, promoting apprenticeships, and all the different careers in the NHS. Over the last year we have met over 1,000 pupils during these events and are well established as being one of the top employers in the county.

Temporary staffing

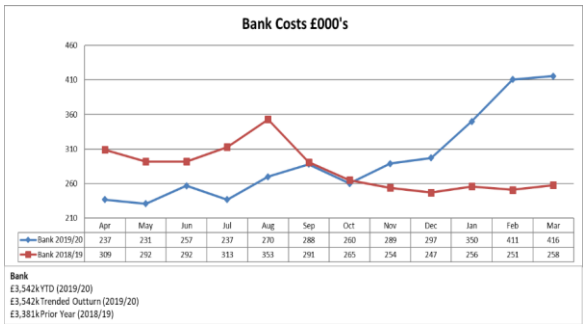
The Trust continues to work with a master vendor for temporary nursing staff. New bank rates, bank nurses and midwives were introduced, with an incentive bonus scheme of £250 for a minimum of 115 bank hours worked in any qualifying period. This proved successful and resulted in reduced agency spend.

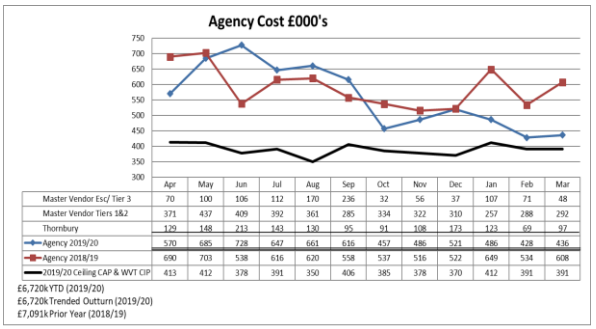
Nurse agency reduction plan

During 2019 the Trust retendered its master vendor contract for the supply of agency nurses. The contract was awarded to a new supplier in July 2019. Bank rates were also reviewed in June 2019 and an incentive scheme introduced for working additional shifts. Reliance on agency has significantly reduced during 2019 due to the successful recruitment of over 90 internationally trained nurses.

The table below demonstrates the impact of our successful substantive and bank nurse recruitment and the impact on our agency costs during 2019/20.

2019-20	BUDGETED ESTABLISHMENT												
		WTE by Month											
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	All Nursing Budgeted Establishment	1427.51	1433.16	1428.37	1438.45	1444.13	1443.94	1464.46	1468.33	1478.51	1478.51	1479.62	1481.41
	Bank	92.98	90.65	96.68	90.48	115.35	99.56	108.55	105.83	100.78	117.93	116.29	126.03
	Agency	75.83	89.75	93.71	89.92	91.34	82.71	68.76	65.31	65.67	62.76	59.36	59.05
	Substantive and Overtime	1243.47	1243.00	1250.00	1260.19	1275.07	1277.84	1293.73	1312.35	1313.88	1313.28	1333.83	1357.59
	Subtotal	**1412.28**	**1423.40**	**1440.39**	**1440.59**	**1481.76**	**1460.11**	**1471.04**	**1483.49**	**1480.33**	**1493.97**	**1509.48**	**1542.67**
	Under/(Over) **Establishment**	**15.23**	**9.76**	(12.02)	(2.14)	(37.63)	(16.17)	(6.58)	(15.16)	(1.82)	(15.46)	(29.86)	(61.26)



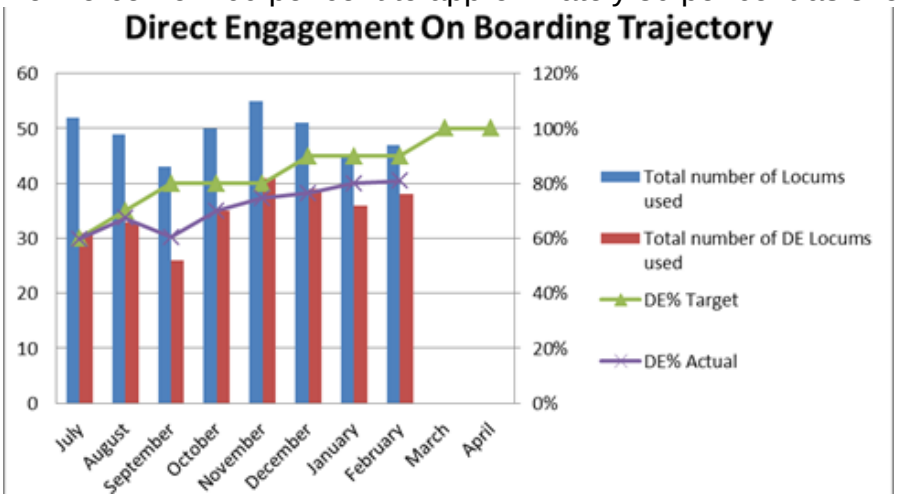


Medical agency reduction programme

The medical agency reduction programme has seen success in 2019/20.

Direct Engagement (DE)

The Trust went live with Liaison Financial VAT Services on July 1, 2019. The Trust has achieved a net saving of £287.2k and has seen success in increasing the DE Agency workforce from 60 per cent to approximately 80 per cent as shown in the graph below.



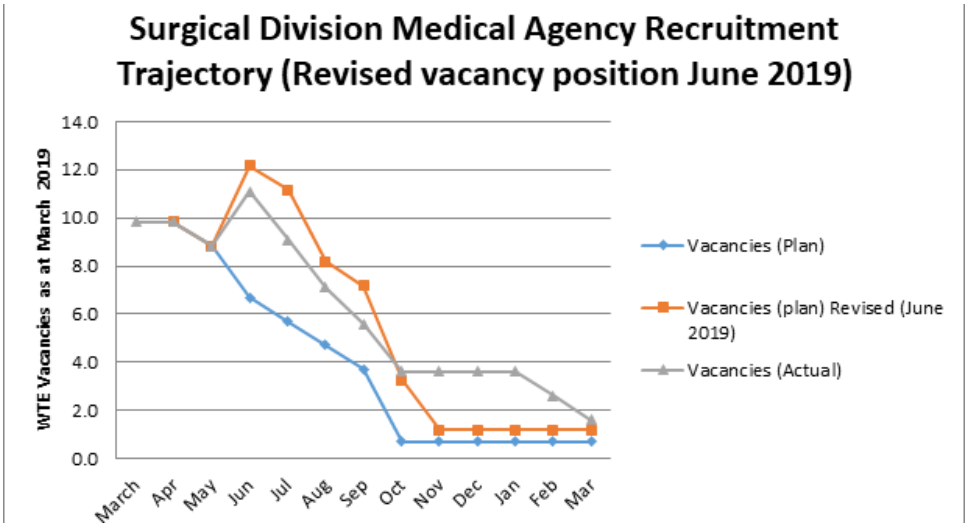
Net Saving to date	287,270
Forecast - 19/20.	441,102
Less 18/19 Saving already taken as a Rec CPIP	-163,200
19/20 CPIP Saving Forecast	277,902

Other DE benefits include the exclusion of Off Framework Agency employees –

- Ensuring agencies and locums comply with framework agreements, improving quality and
- Helping to ensure all locums are managed via TempRE, improving data quality and reducing the likelihood of 'rogue bookings'.

Medical Staffing Recruitment

The 2019/20 MARP recruitment drive led to much recruitment success, primarily within the Surgical Division, as shown in the following graph:



The Birmingham Consortium – Midlands Cluster Group
The West Midlands Cluster (formed November 2017) is a Trust led initiative, working in collaboration with the Health Trust Europe (HTE) Framework, with the intention to reduce rates and improve overall Supplier performance.
On February 1, 2020 the Trust became the 13th Trust to join the West Midlands Cluster.

Long serving locums - reduction
The following table shows how the position has improved in the last 15 months

Agency Locum length of service					
November 2018			March 2020		
> 24 months	> 12 month	Average length of service in months (top 10)	> 24 months	> 12 month	Average length of service in months (top 10)
5	7	36	3	4	23

Community

Charitable funds
Wye Valley Hospital NHS Trust Umbrella Charity has the overriding aim of investing funds in a way that will benefit staff and patients. The focus is on raising money for where it is needed most but in areas not covered or fully supported by NHS funding.
The Charity comprises 22 funds with balances as at 31 March 2020 with total resources of £808k. During 2019/20, the Charity received donations and legacies of £309k and made expenditure of £750k towards its charitable ends.
The Trust has spent significant sums from its charitable funds in the last year. These include the development of the Gynaecology Assessment Area. The Trust has also developed a Bereavement suite with funds raised from a specific fundraising campaign.

Complaints
Complaints year on year.

2017/18	192
2018/19	251
2019/20	287

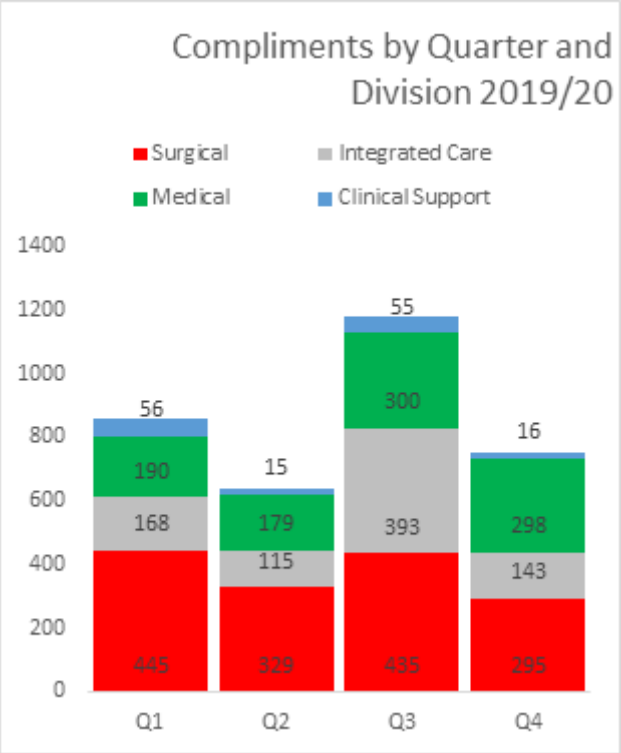
During 2019/20 there has been an increase in the number of complaints received compared to the previous years. This mirrors a reported increase in complaints across the NHS nationally.
76 per cent of the complaints received related to the following categories
- Clinical treatment
- Communications
- Values and behaviours (staff)
- Patient care

Throughout 2019/20 there has been a continuation of the work commenced in the previous year to streamline processes and improve triangulation, learning and efficiency in responding to complaints, incidents, inquests and claims.

Compliments

The number of compliments received in 2019/20 has increased slightly on the previous year.

Year	2018/19	2019/20
No	3015	3432



5 Appendices

Corporate governance report

During 2019/20 the Board comprised eleven voting Directors. In addition to this there were also three non-voting Executive directors, three non-voting Associate Non-Executive Directors and the Company secretary in attendance.

Board of directors as of March 31, 2020

Non-executive directors

Russell Hardy Appointed: November 2016	Chairman, Chair of Remuneration and Terms of Service Committee Attended: 11/12 Board Meetings
Mark Waller Appointed: August 2011 Reappointed: August 2017 Left: August 2019	Deputy Chairman, Senior Independent Director Attended: 4/5 Board Meetings
Frank Myers MBE Appointed: November 2011 Reappointed: September 2019	Chair of Charitable Funds Committee Attended: 12/12 Board Meetings
Richard Humphries Appointed: November 2014 Reappointed: September 2019	Attended: 11/12 Board Meetings
Andrew Cottom Appointed: November 2014 Reappointed: September 2019	Chair of Audit Committee Attended: 11/12 Board Meetings
Reverend Christobel Hargraves Appointed: July 2015 Reappointed: September 2019	Chair of Quality Committee Attended: 12/12 Board Meetings

Associate non-executive directors

Rebecca Gratton Appointed: September 2019	Attended: 6/7 Board Meetings
Nicola Twigg Appointed: September 2019	Attended: 5/7 Board Meetings
Grace Quantock Appointed: September 2019	Attended: 6/7 Board Meetings

Executive directors and advisors

Glen Burley Appointed: November 2016	Chief Executive Attended: 11/12 Board Meetings
Jane Ives Appointed: November 2016	Managing Director Attended: 12/12 Board Meetings
Howard Oddy Appointed: July 2007	Director of Finance & Information Attended: 11/12 Board Meetings
Lucy Flanagan Appointed: September 2016	Director of Nursing Attended: 12/12 Board Meetings
David Mowbray Appointed: March 2018	Operational Medical Director Attended: 10/12 Board Meetings
Jon Barnes Appointed: April 2015	Chief Operating Officer Attended: 11/12 Board Meetings
Sue Smith Appointed: October 2016	Director of Human Resources & Organisational Development Attended: 9/12 Board Meetings
Erica Hermon Appointed : January 2019	Associate Director of Corporate Governance and Company Secretary Attended: 11/12 Board Meetings
Alan Dawson Appointed: October 2016	Director of Strategy and Planning Attended: 12/12 Board Meetings

Register of board of directors' interests – as at March 31, 2020

Board Member	Designation	Declared Interest
Jon Barnes	Chief Operating Officer	No declared interests
Glen Burley	Chief Executive	South Warwickshire NHS Foundation Trust – Chief Executive George Eliot Hospital NHS Trust – Chief Executive
Andrew Cottom	Non-Executive Director	No declared interests
Alan Dawson	Associate Director of Strategy and Planning	No declared interests
Lucy Flanagan	Director of Nursing	No declared interests
Russell Hardy	Chairman	Nuffield Health – Chairman Maranatha I Ltd (trading as Fosse Healthcare Limited and Fosse ADPRAC) – Chairman and Majority Owner South Warwickshire NHS Foundation Trust – Chairman George Eliot Hospital NHS Trust - Chairman 'Cherished' – Chairman
Christobel Hargraves	Non-Executive Director	League of Friends, Knighton Community Hospital – Secretary & Treasurer Local Maternity System Board for Herefordshire and Worcestershire – Chair
Erica Hermon	Associate Director Corporate Governance / Company Secretary	No declared interests
Richard Humphries	Non-Executive Director	University of Worcester – Visiting Professor Humphries Associates Ltd - Director
Jane Ives	Managing Director	Wiper Blades Ltd – Director & Secretary
David Mowbray	Operational Medical Director	No declared interests
Frank Myers MBE	Non-Executive Director	Hereford Community Foundation – Chairman Myers Road Safety Ltd – Joint Owner and Managing Director MCP Systems Consultants Ltd – Joint Owner and Director Herefordshire Business Board – Chairman Marches Local Enterprise Partnership Ltd – Director Riversea Holdings Ltd – Non-Executive Director Independent member to the Health and Social Services Audit and Risk Assurance Committee – Welsh Government
Howard Oddy	Director of Finance and Information	No declared interests
Sue Smith	Director of Human Resources and Organisational Development	No declared interests
Nicola Twigg	Associate Non-Executive Director	Daughter works at Trust
Rebecca Gratton	Associate Non-Executive Director	No declared interests
Grace Quantock	Associate Non-Executive Director	No declared interests

The Trust has an up-to-date policy and register of interest for decision-making staff. The register, as required by the 'Managing Conflicts of Interest in the NHS' guidance, is available at www.wyevalley.nhs.uk/about-us/the-trust-board.aspx.

Annual Governance Statement 2019/20

1 Scope of responsibility

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Wye Valley NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wye Valley NHS Trust for the year ended March 31, 2020 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

a. Leadership of risk management

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

Board members are responsible for:

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

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

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

The Executive Risk Committee is chaired by the Trust's Managing director and attended by the executive team in addition to Divisional Directors. The Executive Risk Committee meets on a monthly basis and reviews the following risks:

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

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

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

- Health and safety
- Information and IT
- Information governance
- Human resources
- Finance
- Emergency planning
- Estates
- Quality and safety (Patient safety and risk management)

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

- Corporate risks rated 12 (high) and above from each of the Corporate Departments
- A deep dive by rotation of all of each functions' risks
- New risks

The Health, Safety and Wellbeing Committee is chaired by the Associate Director of corporate governance. The committee ensures the Trust discharges its health, safety and well-being duties, by setting strategy, monitoring health, safety and well-being performance, reviewing audit findings, and agreeing plans. The committee reports to the Executive Risk Committee.

b. Training

All risk registers are hosted on the 'Datix' system, web-based incident reporting and risk management software, ensuring a standardised format and approach to risk capture and management. Risk management training has continued to be provided on an individual basis. The patient safety manager has directed staff to the Trust's procedural document to guide them on completing risk assessments on Datix which are completed by the risk owner.

4 The risk and control framework

a. Audit opinion

The Head of Internal Audit's opinion for 2019/20 is that "The organisation has an adequate and effective framework for risk management, governance and internal control". .

The factors and findings which informed the audit opinion were, of the 12 reports issued to date the internal auditors have issued four positive (either a substantial or reasonable) assurance opinions, four negative (either a partial or a no) assurance opinion and four advisory reports.

b. Risk Management strategy

The Trust has a Risk Management and BAF in place and this was last reviewed and approved by the Board of Directors on October 3, 2019.

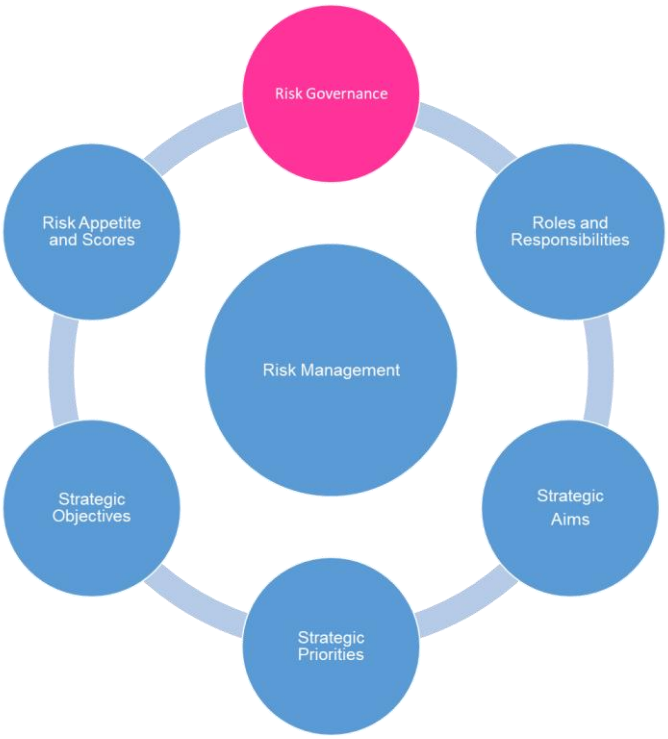
The Board recognises that to deliver their strategic objectives there is a need for robust systems and processes to support continuous improvement, enabling staff to integrate risk management into their daily activities wherever possible and supporting better decision making through a good understanding of risks and their likely impact.

This can only be achieved through an 'open and just' culture where risk management is everyone's business and where risks, accidents, mistakes and 'near misses' are identified

promptly and acted upon in a positive and constructive way. Staff are, therefore, encouraged and supported to share best practice in a way that creates a culture of learning and a drive to reduce future risk: these are cornerstones of building safer, effective, and efficient care for the future.

This Risk Management Strategy is underpinned by a suite of policies guiding staff on the day to day delivery of effective risk management processes.

The key elements of the strategy are:



The priority of the trust is to strengthen the existing risk management framework, further embed risk management at a divisional and local level, and ensure appropriate escalation of the risks through the organisation to the Board. In addition, greater local level ownership of risk, enhanced clarity regarding roles and responsibilities for risk management and strengthened governance arrangements will support delivery of improved risk management. The strategy is supported with objectives to support the achievement of the aims, as outlined below.

c. Risk identification, evaluation and control

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

- Identify
- Analyse
- Evaluate
- Treat
- Monitor

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

d. Risk appetite

The Board of directors agreed that the Trust's Risk appetite for financial/value for money, compliance, regulatory, innovations/quality/outcomes and reputation would be reviewed using the Good Governance Institute Matrix for NHS Organisations. The matrix has six risk levels as follows:

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

e. Quality Governance

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

- Clinical effectiveness and audit committee
- Overarching safeguarding
- Infection prevention committee
- Experience committee
- System-wide mortality committee
- Divisional quality boards
- Falls panel
- Research
- Pressure ulcer panel
- Serious incident (SI) panel

The Director of Nursing is the executive lead for quality governance and is supported in this role by an associate director of nursing and a quality and safety team.

f. Data Security

Risks to data security are managed through the Trusts Information Management and Technology Committee which is chaired by the Director of Finance and Information.
The risk register for Information Management and Technology is reviewed by this committee each month and any risks to data security are added to the Corporate Division risk register.

g. Board Assurance Framework

For 2019/20, the Trust Board maintained its review of strategic risk and extreme operational risks, on a quarterly basis, through the BAF. The BAF follows Department of Health guidance and includes the following elements:

- The Trust's strategic objectives
- Executive Director Lead for each risk
- Principle risks that may threaten the achievement of the objectives
- Key controls to manage the risks
- Arrangements for obtaining assurance on the key controls

- Gaps in control
- Plans to take corrective action where gaps are identified

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

These risks have been reviewed monthly by the Trust's Executive Risk Management committee and quarterly by the Board of Directors. At the March 31, 2020, the following risks were on the BAF. There is a risk:

- Of continued poor performance against the four hour standard due to failure of patient flow improvement work resulting in continued poor patient flow and long waits in the emergency department
- Of patients receiving poor care due to the lack of acute bed capacity at the county hospital site resulting in sub optimal patient experience and outcomes
- That doctors and consultants will reduce their programmed activity hours and restrict WLI due to national changes for tax and pension rules leading to reduced elective and emergency activity which may not be able to be replaced without increased cost or impaired clinical effectiveness.
- Of not meeting required RTT trajectory due to bed pressures and theatre capacity
- Failure to hit the trusts financial plan and achieve Provider Sustainability Fund (**PSF**)/ financial recovery fund (FRF) including failure to identify and deliver the full CPIP value of £6m
- That the trust is unable to comply with the agency cap due to high levels of vacancies in nursing and medical resulting in the use of high cost agency spend.
- To the delivery of the digital strategy due to the scale, number and complexity of individual projects and the change/transition requirements of the workforce.
- That, if the integrated care alliance board does not enable progress to be made sufficiently quickly to create an integrated workforce at locality level to manage demand for urgent care and county-wide services that are responsive enough to meet demand for step up and step down care for patients at home, there will be delayed transfers of care and high levels of emergency demand. In addition there is a risk of destabilising MSK and pharmacist workforce if the new primary care workforce is not implemented as a one Herefordshire approach.
- That, due to the inability to recruit and retain consultant appraisers and responsible deputy officer to oversee the process, the trust will fail to exercise its duty under the medical profession (responsible officers) regulations 2010 (responsible officer revalidation and appraisal)
- Of poor clinical performance due to being unable to recruit to consultant vacancies resulting in the use of locum staff, a lack of capacity to deliver national standards and service fragility
- Of failure to have a comprehensive roster system (both for medical and nursing) in place impacts upon the ability to proactive book staff and undertake reporting of effectiveness resulting in an inability to interface with external agencies in the timely and effective provision of agency staff.
- Of continued high turnover of nurses and support staff due to inflexible working practices, lack of engagement and leadership resulting in high cost agency and difficulty recruiting

The following strategic risks were closed during the financial year 2019/20:

- That there is insufficient capital funds to support existing projects.

h. Future Strategic Risks 2020/21
Future strategic risks for 2020/21 will be managed through the BAF by monthly review at Executive Risk Management committee and quarterly review by the Board of Directors. The risks will be mapped to the Trust's new objectives.

i. Well-Led
The CQC reinforces the strong link between the quality of overall management of a trust and the quality of its services. For that reason, at their inspection in November 2019, they considered the quality of leadership at every level. They also looked at how well the Trust manages the governance of its services including how well leaders continually improve the quality of services and safeguard high standards of care by creating an environment for excellence in clinical care to flourish.
During the 2019 inspection 8 core services were inspected, in providing a rating for the Trust the CQC took into account the previous ratings for those services not inspected. . Overall the CQC concluded that the Trust should retain its "Requires Improvement" rating. The inspectors rated the care provided to be "Good" in relation to whether services are caring, and "Requires Improvement" regarding whether services are safe, responsive, effective and well-led. 10 out of 13 individual core services are rated 'good' for 'well led'.

j. Compliance with NHS Provider Licence Trust Condition 4
Detailed below is the Trusts compliance with NHS Provider Licence Condition 4:

	Corporate Governance Statement	Response	Actions / supporting information
1	The Board is satisfied that the Licensee applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	Confirmed	The Board complies with the UK Corporate Governance Code
2	The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time.	Confirmed	Regular review of guidance issued is undertaken by the Company secretary in addition to this the Trust internal and external auditors provide progress reports and updates which would identify any new guidance issued which the Trust need to be aware of.
3	The Board is satisfied that the Licensee has established and implements: (a) Effective board and committee structures; (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and (c) Clear reporting lines and accountabilities throughout its organisation.	Confirmed	A review of the Governance structures within the Trust first put in place in 2017 was undertaken by the Associate Director of Corporate Governance in 2019. On an annual basis a review is undertaken of each of the Terms of Reference for Committees reporting to the Board of directors. These are approved by each Committee and then the Board of directors.
4	The Board is satisfied that the Licensee has established and effectively implements systems and/or processes: (a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;	Confirmed	An integrated performance report is presented to the Board of directors each month. This report covers the key areas of Quality, Performance Workforce and Finance and highlights variances from

	Corporate Governance Statement	Response	Actions / supporting information
	(b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations; (c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions; (d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); (e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; (f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence; (g) To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and (h) To ensure compliance with all applicable legal requirements.		plan and what actions are being taken to improve. The Quality Committee ensures compliance in relation to quality governance and the Care Quality Commission's standards and other regulatory bodies. All business plans are reviewed by the Trust Management Board prior to presentation to the Board of directors for approval (subject to financial values). The Finance and Performance executive reviews performance within the divisions on Finance, quality, performance and workforce. Material risks are managed through the Trust's BAF which were cross referenced to the ten Point Strategic Plan. Internal and external assurance is provided through the Trust internal and external auditors. The Trust's provision of legal services is outsourced via a framework arrangement.
5	The Board is satisfied that the systems and/or processes referred to in paragraph 4 (above) should include but not be restricted to systems and/or processes to ensure: (a) That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided; (b) That the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations; (c) The collection of accurate, comprehensive, timely and up to date information on quality of care; (d) That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care; (e) That the Licensee, including its Board, actively engages on quality of care with patients, staff and other relevant	Confirmed	The Director of nursing is the executive lead for Quality Governance. The Quality Committee meets on a monthly basis and a report is provided by the Chair of the Quality Committee to the Board of directors summarising discussions and decisions. In addition to the summary report from the Chair of the Quality Committee the Director of Nursing provides a report on Quality which includes KPIs and forms part of the monthly Integrated Board Report. The minutes of the Quality Committee are also presented to the Board of directors

	Corporate Governance Statement	Response	Actions / supporting information
	stakeholders and takes into account as appropriate views and information from these sources; and (f) That there is clear accountability for quality of care throughout the Licensee including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.		
6	The Board is satisfied that there are systems to ensure that the Licensee has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.	Confirmed	The Board of directors comply with the Fit and proper persons test which is reviewed on an annual basis to ensure continued compliance. The Fit and proper persons test was last undertaken in May 2020.

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

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

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

- Safety
- Effectiveness
- Experience

A 5 x 5 standard risk matrix is used which considers consequence and likelihood of a Cost and Productivity Improvement Plan impacting upon quality.

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

Workforce strategies and staffing systems
Regular updates are provided to the Board to demonstrate progress against the Workforce Strategy. The Workforce Strategy describes how we will create the workforce we need to deliver our vision of Right Care, Right Place, Right Time…Every Time. The workforce strategy and underpinning action plan sets out our strategic priorities, the approach we will take over the next five years to deliver them, and is key to the delivery of our clinical strategy. The Board has had various workshops on the initiatives in progress to deliver the workforce we need. Included is staff engagement, health and wellbeing, and the nurse and medical agency reduction programmes in which recruitment (including overseas) and

retention of permanent staff are major themes. The Trust will be implementing the newly published 'developing workforce safeguards' set of guidelines on workforce planning which include new recommendations on reporting and governance approaches.

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

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

I. Care Quality Commission
The Trust 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 twelvemonths, as required by the 'Managing Conflicts of Interest' in the NHS guidance.
As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are compiled with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.
Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.
The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18).
The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

5. Review of economy, efficiency and effectiveness of the use of resources
2019/20 has been challenging for Wye Valley NHS Trust both operationally and financially. To ensure ongoing monitoring and scrutiny, operational and strategic plans are reviewed by the Board. Budget setting each year involves detailed analysis by qualified accountants within the finance team using current year actuals as a baseline. The team then works with departments and managers to review their proposed budgets, making amendments based on their input as required.
Non-executive and Board challenge ensures that resources are planned on an economic, efficient and effective basis.
Overall performance is monitored via the Board meetings by executive-led divisional finance and performance monthly meetings.
Operational management and the co-ordination of services are delivered by the division which comprise divisional directors of operations, associate medical directors and divisional directors of nursing.
The Trust's internal audit operational plan includes sections on financial assurance and managing resources effectively; the findings of all audits are reported to the audit committee.
There is also scrutiny as to the economy, efficiency and effectiveness of the use of resources as part of the external audit plan.

The Trust had significantly improved the governance arrangement relating to the CPIP to help change the emphasis from just cost savings. Each year the Trust identifies through its

CPIP areas of the Trust where savings can be made or where productivity can be improved. To ensure that productivity improvements and savings are viable as part of the CPIP procedure a QIA and an EIA are undertaken. To ensure outcomes and timescales are understood, where required, project charters and plans are developed.
The Trust achieved a saving of £6.2m during 2019/20. In addition was awarded 'requires improvement' which is an improvement on the previous CQC rating.

6. Information Governance

There were five data security breaches during 2019/20, of which two did not have to be reported to the Information Commissioner's Office (ICO). There were, however, three breaches that were reported to the ICO, all of which were unauthorised access/disclosure; these were dealt with under the Trust's disciplinary procedures. To date there has been no further action from the ICO relating to these incidents.
The numbers reported remain low this year.

The breaches were the following types:

Breach Type	Volume
Disclosed in error	2
Non secure disposal	0
Lost / stolen paperwork	0
Unauthorised access / disclosure	3
Other	0
Total	7

7 Review of effectiveness

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

a. The Board of Directors 2019/20

During 2019/20, the Trust Board comprising 11 Directors: the Chairman, four Non-executive directors, three associate Non-executive directors and five Executive directors led the Trust. The five voting Executive board members are:

- Chief executive
- Director of finance and information
- Medical director
- Director of nursing
- Managing director

In attendance at the Board of Directors is also the Chief operating officer, Director of human resources and organisational development and the Director of strategy and planning. The Board is supported and advised by the Associate director of corporate governance /

Company secretary. During the year, four committees have been in place to help the Board discharge its functions, these are:

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

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

b. Committees of the Board

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

The Audit Committee is a Non-executive director committee which met on five occasions during the year and achieved an attendance rate of 73 per cent. The Chairman of the Trust Board is not a member of the Audit committee although may attend on the invitation of the committee chair.

Executive directors are invited to attend the Audit Committee when there are relevant items on the agenda. The Committee is supported by the Company secretary. The Trust's Internal and external auditors are also invited to attend the Audit committee meetings. The Committee approved a work plan for the financial year 2019/20, which covered the following key areas:

- Governance and risk
- Internal audit
- External audit
- Counter fraud

The **Remuneration and Terms of Service Committee** is a Non-executive director committee which includes the Chairman of the Trust Board and the Chief executive. The Committee met on two occasions during the financial year and achieved an attendance rate of 100 per cent. The Director of human resources and organisational development is invited to attend. The committee is supported by the Company Secretary.

The committee's membership during the year was as follows:

- Russell Hardy – Committee chairman
- Andrew Cottom – Non executive director
- Christobel Hargraves – Non executive director
- Richard Humphries – Committee chairman
- Frank Myers MBE – Non executive director
- Glen Burley – Chief executive

The Committee approved a work plan for 2019/20, which covered the following key areas:

- Appointment and salary reviews
- Objectives of executive directors
- Governance

The **Quality Committee** comprises non-executive, executive directors and other staff within its membership. It met on 12 occasions during the financial year and achieved an attendance rate of 86.1 per cent. The Company Secretary maintains corporate oversight of the

governance arrangements of the committee. During the year, the committee approved a work plan for 2019/20 and key priorities for quality improvement.

The Charitable funds committee supports the Trust Board to discharge its functions as the corporate Trustee, for Wye Valley NHS Trust charitable funds. The committee met on three occasions during the year and achieved an attendance rate of 74 per cent.

Conclusion
There are a small number of internal control issues which have been identified.
The Head of Internal Audit's opinion for 2019/20 is that "*the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure it remains adequate and effective*".

The Trust also continues to face the following significant issues:
- Difficulty in achieving the four hour target in ED and the RTT
- Difficulties in recruiting and retaining nursing and medical workforce resulting in high cost agency spend

Accountable Officer: Glen Burley

Organisation: Wye Valley NHS Trust

Signature  **Date** **18th June 2020**

Remuneration of staff

Statement on policy on remuneration

All executive directors at the Trust were confirmed as being paid in line with the 'established' pay ranges listed for small acute NHS trusts and foundation trusts. The salaries of all executive directors were increased in line with the recommendations of the NHSI in their guidance on the annual cost of living increases, backdated to April 1, 2019.

Methods used to assess performance of executive directors

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

Remuneration of Chairman and non- executive directors

The Secretary of State for Health sets and reviews the level of remuneration payable to the Chairman and Non-Executive Directors (excluding NHS Foundation Trusts who set their own rates). Current rates are £10,000 for Non-Executive Directors and £15,000 for the Chairman of the Trust. The Chairman also carries out the role of Chairman of South Warwickshire NHS Foundation Trust and George Eliot Hospital NHS Trust for which he is separately remunerated. The Chairman and the Non-Executive Directors do not receive a pension provision.

Salaries and allowance table (subject to audit)

				2019/20						2018/19					
Name	Title	Duration	Note	Salary (bands of £5,000)	All taxable benefits (nearest £100)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	All taxable benefits (nearest £100)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
				£000	*£*	*£000*	*£000*	*£000*	*£000*	*£000*	*£*	*£000*	*£000*	*£000*	*£000*
S Smith	Director of People and Development			95-100				22.5-25	120-125	95-100				15-17.5	110-115
H Oddy	Director of Finance			115-120				15-17.5	130-135	110-115				2.5-5	115-120
L Flanagan	Director of Nursing			100-105				27.5-30	130-135	100-105				20-22.5	120-125
J Barnes	Chief Operating Officer		2	115-120				22.5-25	140-145	100-105				17.5-20	115-120
G Burley	Chief Executive		1	40-45	1,500				45-50	40-45	1,100				40-45
J Ives	Managing Director		1	130-135	5,200			27.5-30	165-170	125-130	5,200			0-2.5	130-135
C Ashton	Medical Director	Left Jan 19	1							25-30	900				25-30
D Mowbray	Medical Director	From Feb 19		170-175				57.5-60	225-230	25-30				5-7.5	30-35
R Hardy	Chairman			15-20					15-20	15-20					15-20
F Myers MBE	Non Executive Director			5-10					5-10	5-10					5-10
M Waller	Non Executive Director			5-10					5-10	5-10					5-10
R Humphries	Non Executive Director			5-10					5-10	5-10					5-10
A Cottom	Non Executive Director			5-10					5-10	5-10					5-10
C Hargraves	Non Executive Director			5-10					5-10	5-10					5-10

Note 1 Directors were seconded from South Warwickshire NHS Foundation Trust for a proportion of their time and the remuneration identified reflects this. G Burley's secondment covers both 2019/20 and 2018/19. C Ashton's secondment ceased in February 2019 and J Ives transferred wholly to Wye Valley from April 2019.

Note 2 A proportion of the salary was forgone as part of a salary sacrifice contract relating to the lease of a vehicle. For the purpose of the report, the gross salary before salary sacrifice has been recorded.

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. For 2018/19 the median salary based on annualised full time equivalent hours was calculated to be £25,646 pa (2018/19, £25,346 pa). The highest paid director at Wye Valley NHS Trust in the financial year 2019/20 was £169,732 full year effect (2018/19, £167,500). This was 6.6 times (2018/19, 6.6) the median salary of the workforce. The median salary has increased by 1.2 per cent from the previous year.

Salaries paid by the Trust on a full time equivalent basis, varied between £17,652 and £504,280 per annum.

The Chief Executive Officer, Glen Burley was a shared appointment with South Warwickshire NHS Foundation Trust and George Eliot Hospital NHS Trust and his full salary was in the range £225k-£230k.

In 2019/20, 15 employees received remuneration in excess of the highest paid director based on payment received in the year. Remuneration relating to these employees was in a range between £171k and £504k. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

D Mowbray's remuneration included £120k payable for his role as a Consultant Surgeon for the Trust.

Pension benefits 2019/20

Name	Title	Real in-crease in pension at 60 (£2500 bands)	Real increase in lump sum at 60 (£2500 bands)	Accrued pension at 60 as at 31.3.20 (£5000 bands)	Accrued lump sum as at 31.3.20 (£5000 bands)	Cash equivalent transfer values as at 1.4.19	Real increase in cash equivalent transfer value	Cash equivalent transfer values as at 31.1.20	Employer's con-tribution to stake-holder pension
		£000	£000	£000	£000		£000		£000
J Ives	Managing director	0-2.5	5-7.5	55-60	175-180	1,261	62	1,372	
S Smith	Director of HR and Organisational Development	0-2.5	0-(2.5)	35-40	100-105	790	12	835	
H Oddy	Director of Finance	0-2.5	0-2.5	50-55	150-155	1,147	19	1,209	
L Flanagan	Director of Nursing	0-2.5	0-(2.5)	30-35	70-75	581	12	621	
D Mowbray	Medical Director	2.5-5.0	0-2.5	40-45	90-95	769	41	846	
J Barnes	Chief Operating Officer	0-2.5	(2.5) – (5)	45-50	105-110	873	11	919	

Note

G Burley does not pay into the NHS Pension Scheme

Off payroll workers

Table 1: Off Payroll workers

	Number
Number of existing engagements as of 31 March 2020	36
Of which the number that have existed:	
For less than one year at the time of reporting	25
For between one and two years at the time of reporting	3
For between two and three years at the time of reporting	4
For between three and four years at the time of reporting	2
For four or more years at the time of reporting	2

Table 2: New Off Payroll Workers

	Number
Number of new engagements or those that reached six months in duration between April 1, 2019 and March 31, 2020	25
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	25
Of which:	
Assurance has been received	25
Assurance has not been received	0
Engagements terminated as a result of assurance not being received	0

Consultancy expenditure

The Trust spent £56k in 2019/20 on consultancy services across a number of its business functions.

Exit packages

The Trust reported no exit packages in 2019/20.

Compensation for loss of office (subject to audit)

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

Staff sickness

Please visit www.digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates for NHS sickness absence rates.

Workforce by ethnicity as at March 31, 2020

Ethnic Origin	Ethnic Description	Headcount	%
A	White – British	2906	81.77
B	White – Irish	16	0.45
C	White – Any other White background	100	2.81
D	Mixed – White and Black Caribbean	4	0.11
E	Mixed – White and Black African	12	0.34
F	Mixed – White and Asian	9	0.25
G	Mixed – Any other mixed background	1	0.03
H	Asian or Asian British – Indian	181	5.09
J	Asian or Asian British – Pakistani	34	0.96
K	Asian or Asian British – Bangladeshi	7	0.20
L	Asian or Asian British – Any other Asian background	63	1.77
M	Black or Black British – Caribbean	10	0.28
N	Black or Black British – African	42	1.18
P	Black or Black British – Any other Black background	1	0.03
R	Chinese	6	0.17
S	Any other ethnic group(including Filipino)	50	1.41
Z	Not Stated	112	3.15
Grand total		**3554**	**100**

Gender split for general staff

Female	2957
Male	597
Total	3554

Gender split for Trust Board

Female	8
Male	7
Total	15

Nb This data does not include Glen Burley (Chief executive) and Russell Hardy (Chairman)

Workforce profile as at March 31, 2020

Staff group	Head count
Add Prof Scientific and Technical	142
Additional Clinical Services	773
Administrative and Clerical	794
Allied Health Professionals	278
Estates and Ancillary	96
Healthcare Scientists	81
Medical and Dental	350
Nursing and Midwifery Registered	1037
Students	3
Grand total	**3554**

Staff policies

Equality and diversity

The Trust ensures compliance with the Disability Discrimination in Employment policy by adopting procedures that prevent discrimination against future or current employees in all aspects of the recruitment process or their employment.
The Trust takes all reasonable steps to make adjustments and remove barriers that put disabled workers at a disadvantage, including ensuring that training, career development, and promotion opportunities are equally available to the Trust's disabled employees.
The Trust has an equal opportunities policy that has been formally agreed.
The Trust has a key responsibility to ensure that promoting equality and valuing diversity is central to all Trust policy making, service delivery, employment practices and community involvement. All levels of staff are required to undertake training in equality and diversity, and thus understand the principles of this. Staff receive training on equality and diversity every three years.

Health and Safety

The Trust is supported by a health and safety officer and a fire officer who provide professional advice, guidance and training to managers with the aim of ensuring that safe working practices are adopted and legal obligations met.
The main focus of this work is the development of practical risk assessments, policies and working procedures that ensure and maintain high standards.
Health and safety performance is monitored by the Trust's health, safety and wellbeing committee, which reports to the Executive Risk Committee.

In 2018/19, the Health and Safety Executive (HSE) had identified contraventions of health and safety law and consequently two improvement notices had been issued to the Trust in relation to poor standards of sharps management. An action plan was implemented by the Trust which ensured full compliance with the measures required of the improvement notices which were consequently lifted on December 12, 2019.

Health at Work

Occupational Health aims to assist with reducing ill health and promoting health and well-being across the Trust. The service has an advisory role to ensure that a person's health is not adversely affected by their work activities and that their health does not adversely affect their ability to undertake their role.

The service offers impartial advice to both the employer and employee.

Improvements

- Achieved SEQOHS accreditation in January 2020.
- Secured three to five year contract to provide Herefordshire Council/Hoople with occupational health services.
- Staff Flu vaccination - 75.25 per cent of front line staff were vaccinated during October 2019 to March 2020. Peer vaccinators were recruited for the first time this year and this service is hoped to be expanded for the start of the 2020/21 season.
- A TV screen located in the main reception at Hereford county hospital to promote advice on campaigns such as Sharps and health and wellbeing has been installed.
- Capital funding was secured for a software upgrade, and for equipment to support the external activities undertaken by Health@Work.

Wye Valley NHS Trust

Annual accounts for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	193,035	168,940
Other operating income	4	38,611	17,080
Operating expenses	5, 7	(240,934)	(220,243)
Operating surplus/(deficit) from continuing operations		**(9,288)**	**(34,223)**
Finance income	10	88	64
Finance expenses	11	(9,476)	(8,302)
Net finance costs		**(18,676)**	**(42,461)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		**-**	**-**
Surplus / (deficit) for the year		**(18,676)**	**(42,461)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	(840)	(2,822)
Revaluations		122	58
Total comprehensive income / (expense) for the period		**(19,394)**	**(45,225)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(18,676)	(42,461)
Remove net impairments not scoring to the Departmental expenditure limit		2,010	359
Remove I&E impact of capital grants and donations		(392)	(117)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(189)	
Adjusted financial performance surplus / (deficit)		**(17,247)**	**(42,219)**

Impairments to Fixed Assets

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

NHSI Control Total

The Trust's deficit position is £17,247k once technical adjustments relating to impairment of assets and donated asset adjustments are accounted for, which falls within the control total set by NHSI of £17,253k after application of PSF and FRF of £17,993k.

The notes on pages 6 to 49 form part of this account.

Statement of Financial Position

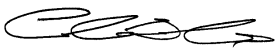
	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	12	13,487	11,091
Property, plant and equipment	13	83,129	78,205
Receivables	17	790	264
Total non-current assets		**97,406**	**89,560**
Current assets			
Inventories	16	3,830	3,028
Receivables	17	23,088	10,677
Cash and cash equivalents	18	16,536	4,767
Total current assets		**43,454**	**18,472**
Current liabilities			
Trade and other payables	19	(28,516)	(25,551)
Borrowings	20	(197,248)	(45,118)
Provisions	22	(46)	(44)
Total current liabilities		**(225,810)**	**(70,713)**
Total assets less current liabilities		**(84,950)**	**37,319**
Non-current liabilities			
Borrowings	20	(41,291)	(148,360)
Provisions	22	(1,476)	(989)
Total non-current liabilities		**(42,767)**	**(149,349)**
Total assets employed		**(127,717)**	**(112,030)**
Financed by			
Public dividend capital		30,324	26,617
Revaluation reserve		13,374	14,092
Income and expenditure reserve		(171,415)	(152,739)
Total taxpayers' equity		**(127,717)**	**(112,030)**

The notes on pages 6 to 49 form part of these accounts.

Name Glen Burley

Position Chief Executive

Date 22-Jun-20



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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**26,617**	**14,092**	**(152,739)**	**(112,030)**
Surplus/(deficit) for the year	-	-	(18,676)	**(18,676)**
Impairments	-	(840)	-	**(840)**
Revaluations	-	122	-	**122**
Public dividend capital received	3,707	-	-	**3,707**
Taxpayers' and others' equity at 31 March 2020	**30,324**	**13,374**	**(171,415)**	**(127,717)**

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

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

Information on reserves

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

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

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(9,288)	(34,223)
Non-cash income and expense:			
Depreciation and amortisation	5.1	5,230	5,032
Net impairments	6	2,010	359
Income recognised in respect of capital donations	4	(697)	(423)
(Increase) / decrease in receivables and other assets		(12,806)	1,317
(Increase) / decrease in inventories		(802)	398
Increase / (decrease) in payables and other liabilities		2,302	1,522
Increase / (decrease) in provisions		391	(30)
Net cash flows from / (used in) operating activities		**(13,660)**	**(26,048)**
Cash flows from investing activities			
Interest received		82	61
Purchase of intangible assets		(3,836)	(3,038)
Purchase of PPE and investment property		(7,511)	(7,866)
Sales of PPE and investment property		-	788
Receipt of cash donations to purchase assets		697	423
Net cash flows from / (used in) investing activities		**(10,568)**	**(9,632)**
Cash flows from financing activities			
Public dividend capital received		3,707	4,587
Movement on loans from DHSC		45,711	43,167
Capital element of finance lease rental payments		(617)	(813)
Capital element of PFI, LIFT and other service concession payments		(3,445)	(3,288)
Interest on loans		(3,389)	(2,511)
Interest paid on finance lease liabilities		(212)	-
Interest paid on PFI, LIFT and other service concession obligations		(5,777)	(5,626)
Net cash flows from / (used in) financing activities		**35,978**	**35,516**
Increase / (decrease) in cash and cash equivalents		**11,750**	**(164)**
Cash and cash equivalents at 1 April - brought forward		**4,767**	**4,931**
Prior period adjustments		-	-
Cash and cash equivalents at 1 April - restated		**4,767**	**4,931**
Cash and cash equivalents at 31 March	18	**16,517**	**4,767**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 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 Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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

Note 1.2 Going concern
International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. Paragraph 4.12 of the Government Accounting Manual identifies that the continuation of the service is sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. In preparing the financial statements the Board of Directors have considered the Trust's overall financial position against the requirements of IAS1.

The trust has reported deficits in its accounts since 2015/16. Note 33 identifies the value of deficits incurred in recent years. In 2018/19 the deficit reported was £42.5m, 21.8% of turnover. In 2019/20 the reported deficit is £17,247k, 7.4% of turnover.

The high level of deficit delivered over recent years reflects the underlying structural nature of the Trust’s financial deficit. The cumulative Income and Expenditure position now shows a deficit of £171.4m. As at 31 March 2020 the total value of revenue loans outstanding was £164.8m; capital loans outstanding totalled £28.4m. Consequently, the total value of interest payable during 2019/20 was £3.35m.

On 2 April 2020 the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regfime for the 2020/21 financial year.During 2020/21existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £193.146m are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust has also been subject to a referral by its external auditors to the Secretary of State under Section 30 of the Local Audit and Accountability Act, 2014 relating to its deficit position and an adverse value for money conclusion relating to its financial resilience. The Trust is very clear about the scale of the accumulated deficit in relation to turnover. The Trust is limited by geographical constraints that means it cannot meaningfully reconfigure services and address structural limitations on its capacity to undertake elective activity. In addition, the relatively high impact of the PFI site on Trust finances results in an unavoidable cost pressure which will continue for at least a further nine years. The Board of Directors have carefully considered the principle of "going concern" and the Directors have concluded that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability of the Trust to continue as a going concern.

Nevertheless, the Directors have concluded that assessing the Trust as a going concern remains appropriate. The Trust has agreed contracts with its local commissioners for 2020/21 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. The Trust's strategic partnership with South Warwickshire NHS Foundation Trust provides executive leadership and support. No decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board of Directors also has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

The Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will continue as a going concern for the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts and has not included the adjustments that would result if it were unable to continue as a going concern. The assessment accords with the statutory guidance contained within the 2019/20 Department of Health and Social Care Group Accounting Manual.

Note 1.3 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. However, the value of charitable funds held by the Trust is not deemed to be material and has therefore not been consolidated in to the accounts.

Note 1.4 Revenue from contracts with customers

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

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

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

Revenue from NHS contracts

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

NHS injury cost recovery scheme

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

Note 1.5 Other forms of income

Note 1.5.1 Revenue grants and other 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 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 the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. No account has been made for the carry over of annual leave on the grounds of materiality.

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Note 1.8.1 Recognition
Property, plant and equipment is capitalised where:

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

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

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

Note 1.8.2 Measurement
Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 assets remaining service potential, which is assume 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 equivalent of 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.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust

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

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

All land and buildings are restated to fair value using professional valuations in accordance with IAS16 every five years. A three-year interim revaluation is also carried out. The last full asset valuation was undertaken as at 31 March 2018. A further desk top revaluation was carried out as at 31 March 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

The valuer has made reference to the Covid-19 pandemic in their valuation report. The valuer has indicated that whilst it is anticipated that that the pandemic will have an impact on the future valuation of land and buildings, it is too early to make an assessment of that impact and therefore the valuation methodology has not changed.
The valuer has also identified that there has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of Covid-19.

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

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

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

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

The "desktop" valuation exercise was carried out in February 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020, the valuer has declared a material valuation uncertainty in the valuation report. This is on the basis of uncertainties in the market caused by COVID-19.

The valuer cites the following in their report:

The outbreak of COVID-19, declared by the World Health Organisation as a global pandemic on 11 March 2020, has impacted on global financial markets. On 18 March 2020, the RICS published guidance to the profession in relation to material valuation uncertainty in response to COVID-19 impact on individual markets. Further RICS guidance – Impact of COVID-19 on Valuation - was issued on 2 April 2020.

This is an evolving and fast moving situation, as new government and regulatory requirements are announced daily alongside economic predictors & forecasts, and as an organisation the VOA are currently involved in RICS led profession discussions as to how to address the unprecedented circumstances.

Our opinion on the potential impact on the various asset categories is as follows:

a) Specialised In Use (Operational) assets - buildings valued using depreciated replacement cost
There has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of COVID-19. Regarding the BCIS cost indices, BCIS have stated that they consider new construction output is likely to fall in 2020 as a result of the COVID-19 outbreak, as it affects labour availability on sites and delays or leads to cancellation of projects in the pipeline. However, at the present time, BCIS have advised and we agree that it is too early for COVID-19 related issues to impact on BCIS indices published and adopted in our valuations.

b) Non – Specialised In Use (Operational) assets including the land element of the depreciated replacement cost valuation of specialised assets
There has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of COVID-19. Their basis of valuation is however current value in existing use, having regard to comparable market evidence and early commentary as it exists regarding direction of travel tends to suggest and support a downward movement in value. It is too early at this stage in our professional judgement to accurately evidence this impact and it is our opinion at the date of valuation on the information then available that the assessed impact falls within normal valuation tolerances.

The valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

The duration of the impact and understanding of likely short, medium to long term effects are hard to predict currently. As further market evidence comes available then the full extent of the Covid-19 impact will become clearer. We therefore strongly recommend that a future impairment review is also undertaken. Further HMT/CIPFA/NHS advice or profession consensus may help inform your view as to the need or timing of any review.

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.

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

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

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

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

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

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

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

Note 1.8.3 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.

Note 1.8.4 Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

Note 1.8.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions
PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1.8.6 Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Buildings, excluding dwellings	20	99
Dwellings	21	28
Plant & machinery	1	44
Transport equipment	1	30
Information technology	3	10
Furniture & fittings	1	30

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

Note 1.9 Intangible assets

Note 1.9.1 Recognition

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

Internally generated intangible assets

Software

Note 1.9.2 Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

Amortisation

Note 1.9.3 Useful economic life of intangible assets

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

	Min life Years	Max life Years
Software licences	3	7

Note 1.10 Inventories

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

Note 1.11 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.

Note 1.12 Carbon Reduction Commitment scheme (CRC)

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

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

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

Note 1.13 Financial assets and financial liabilities

Note 1.13.1 Recognition

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

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

Note 1.13.2 Classification and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1.13.3 Derecognition
All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Note 1.14 Leases

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

The trust as a lessee

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The trust as a lessor

Finance leases

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

Operating leases

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

Note 1.15 Provisions

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

Discount Provisions (Nominal)	2019/20	2018/19
Short term, 0-5 years	0.51%	0.76%
Medium term, 6-10 years	0.55%	1.14%
Long term, 10 years plus	1.99%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation Rate
Year 1	1.90%
Year 2	2.00%
In to perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 22.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in a note where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in a note unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:
• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, 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
(iii) any PDC dividend balance receivable or payable.

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

Note 1.18 Value added tax
Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.19 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.20 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.21 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.22 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.23 Standards, amendments and interpretations in issue but not yet effective or adopted
IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 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 remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 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.

Note 1.24 Transfers of functions to or from other NHS bodies / local government bodies
There were no transfers of functions between the Trust and any other NHS or local government body during 2019/20.

Note 1.25 Critical judgements in applying accounting policies
The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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

Note 1.26 Sources of estimation uncertainty

Note1.8.2 refers to PPE valuation. The note makes reference to a material uncertainty in arriving at the valuation of the Trust's land and buildings in light of the impact of the COVID-19 pandemic.

The Trust's inventory balance of £3,830k is material to the Trust's accounts. The Trust is satisfied that its inventory balance is presented fairly in all material respects. The Trust has undertaken year-end stocktakes for over 50% of its inventory relying on earlier stock take values adjusted for purchases and issues as appropriate for the balance. The restrictions on movement in the United Kingdom in March 2020 meant that the Trust was unable to perform some of its planned year-end inventory counts and where the Trust did conduct a year-end stock-take the auditor was unable to attend. As a result the auditor has been unable to gain sufficient audit evidence to complete the procedures required by auditing standards, and is required to issue a qualified opinion. This is an issue common to a number of Trusts in the country in 2019/20 and we understand NHS Improvement will disclose the extent to which this has impacted the sector in its consolidated provider accounts when published later in 2020.

Note 1.27 Early adoption of standards, amendments and interpretations

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

Note 2 Operating Segments

The Trust reports its performance as a single business segment which relates to the provision of healthcare.

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

The income from external sources for the Trust is £231,646k and further analysis is provided within Notes 3 (Operating income from patient care activities) and 4 (Other operating income).

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

Bodies covered by the NHS in England	**2019/20 £000**	2018/19 £000	**2019/20 % of total**	2018/19 % of total
Herefordshire CCG	138,003	123,000	60%	66%

Healthcare bodies covered by the Welsh Assembly Government

None

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Acute services		
Elective income	30,078	29,598
Non elective income	53,004	45,594
First outpatient income	10,763	9,806
Follow up outpatient income	12,603	11,229
A & E income	11,267	8,937
High cost drugs income from commissioners (excluding pass-through costs)	13,653	12,121
Other NHS clinical income	20,976	16,955
Community services		
Community services income from CCGs and NHS England	30,858	29,116
Income from other sources (e.g. local authorities)	3,263	3,160
All services		
Private patient income	226	188
Agenda for Change pay award central funding*	-	1,863
Additional pension contribution central funding**	5,624	-
Other clinical income	720	373
Total income from activities	**193,035**	**168,940**

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	18,016	10,642
Clinical commissioning groups	153,317	134,967
Department of Health and Social Care	-	1,863
Other NHS providers	-	2
NHS other	18,252	18,049
Local authorities	2,494	2,856
Non-NHS: private patients	237	188
Non-NHS: overseas patients (chargeable to patient)	14	5
Injury cost recovery scheme	705	368
Total income from activities	**193,035**	**168,940**
Of which:		
Related to continuing operations	193,035	168,940

Injury cost recovery income is subject to a provision for impairment of receivables of 21.79% to reflect expected rates of recovery.

NHS Other income consists of income from Welsh NHS bodies of £18,252k (2018/19 £17,271k, some of which relates to Note 4, Other Contract Income).

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

	2019/20	2018/19
	£000	£000
Income recognised this year	14	5
Cash payments received in-year	14	2
Amounts written off in-year	-	3

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	309	-	**309**	253	-	**253**
Education and training	4,747	225	**4,972**	4,501	-	**4,501**
Provider sustainability fund (PSF)	3,375		**3,375**	1,141		**1,141**
Financial recovery fund (FRF)	14,807		**14,807**			
Marginal rate emergency tariff funding (MRET)	1,433		**1,433**			
Receipt of capital grants and donations		697	**697**		423	**423**
Other income	13,018	-	**13,018**	10,762	-	**10,762**
Total other operating income	**37,689**	**922**	**38,611**	**16,657**	**423**	**17,080**
Of which:						
Related to continuing operations			**38,611**			**17,080**
Related to discontinued operations			**-**			**-**

Other income includes cross charges to Gloucestershire Hospitals NHS Foundation Trust (£6,063k; 2018/19 £5,127k), Powys LHB recharges (£1,018k; 2018/19 £973k), Gloucestershire Health and Care NHS Trust, (£230k; 2018/19 £251k), Worcestershire Acute NHS Trust, (572k, 2018/19 £566k) and other recharges (£5,135k; 2018/19 £3,622k).

Note 5.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	-	582
Purchase of healthcare from non-NHS and non-DHSC bodies	2,429	2,207
Staff and executive directors costs	154,706	140,509
Remuneration of non-executive directors	73	52
Supplies and services - clinical (excluding drugs costs)	19,454	18,985
Supplies and services - general	2,366	1,621
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	22,413	19,255
Consultancy costs	56	60
Establishment	3,521	3,282
Premises	5,993	5,949
Transport (including patient travel)	1,236	1,343
Depreciation on property, plant and equipment	3,790	3,700
Amortisation on intangible assets	1,440	1,332
Net impairments	2,010	359
Movement in credit loss allowance: contract receivables / contract assets	46	47
Change in provisions discount rate(s)	39	(25)
Audit fees payable to the external auditor		
audit services- statutory audit	86	66
other auditor remuneration (external auditor only)	1	11
Internal audit costs	73	67
Clinical negligence	5,553	4,785
Legal fees	121	72
Insurance	69	86
Research and development	28	26
Education and training	1,000	681
Rentals under operating leases	1,012	1,008
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	11,928	11,340
Hospitality	16	14
Losses, ex gratia & special payments	71	4
Other	1,404	2,825
Total	**240,934**	**220,243**
Of which:		
Related to continuing operations	240,934	220,243

Total Other costs include amounts relating to ICT services, £1,147k; professional fees, £242k and Other, £15k.

Note 5.2 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
Other non-audit services not falling within items 2 to 7 above	1	11
Total	**1**	**11**

Note 5.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

Note 6 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Other	2,010	359
Total net impairments charged to operating surplus / deficit	**2,010**	**359**
Impairments charged to the revaluation reserve	840	2,822
Total net impairments	**2,850**	**3,181**

The impairment to assets totalling £2,851k arise as a result of the following during the financial year:

- Refurbishment of the Radiology department - the cost of which did not impact on the building valuation.
- Annual revaluation of the Trust's estate as at 31 March 2020.

Note 7 Employee benefits

	2019/20	2018/19
	Total	Total
	£000	£000
Salaries and wages	102,525	100,841
Social security costs	10,449	10,150
Apprenticeship levy	543	500
Employer's contributions to NHS pensions	18,522	11,945
Temporary staff (including agency)	23,840	18,060
Total gross staff costs	**155,879**	**141,496**
Recoveries in respect of seconded staff	-	-
Total staff costs	**155,879**	**141,496**
Of which		
Costs capitalised as part of assets	932	766

Employer contributions to NHS pensions for 2019/20 include £5.6m of contributions to reflect the increase in employer contribution rate.

Note 7.1 Retirements due to ill-health

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2019). There were no estimated additional pension liabilities relating to ill-health retirements in 2019/20 (£163k in 2018/19).

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

Note 8 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 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.

Note 9 Wye Valley NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Wye Valley NHS Trust is the lessee.
The Trust operates leasing arrangements relating to some items of medical equipment and vehicles.

The leases held include £726k in lease payments for a number of different items of medical equipment and £286k for the lease of vehicles.

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

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	1,012	1,008
Total	**1,012**	**1,008**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	602	622
- later than one year and not later than five years;	466	1,101
- later than five years.	50	3
Total	**1,118**	**1,726**
Future minimum sublease payments to be received	-	-

Note 10 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	88	64
Total finance income	**88**	**64**

Note 11.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	3,350	2,689
Other loans	39	11
Finance leases	212	-
Main finance costs on PFI and LIFT schemes obligations	1,533	1,644
Contingent finance costs on PFI and LIFT scheme obligations	4,244	3,982
Total interest expense	**9,378**	**8,326**
Unwinding of discount on provisions	98	(24)
Total finance costs	**9,476**	**8,302**

Note 12.1 Intangible assets - 2019/20

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**10,312**	**3,031**	**13,343**
Additions	632	3,204	**3,836**
Reclassifications	206	(206)	**-**
Valuation / gross cost at 31 March 2020	**11,150**	**6,029**	**17,179**
Amortisation at 1 April 2019 - brought forward	**2,252**	**-**	**2,252**
Provided during the year	1,440	-	**1,440**
Amortisation at 31 March 2020	**3,692**	**-**	**3,692**
Net book value at 31 March 2020	**7,458**	**6,029**	**13,487**
Net book value at 1 April 2019	**8,060**	**3,031**	**11,091**

Note 12.2 Intangible assets - 2018/19

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

Note 13.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**5,025**	**59,433**	**1,119**	**5,103**	**14,470**	**41**	**3,714**	**950**	**89,855**
Additions	-	2,626	-	2,606	4,568	-	1,624	18	**11,442**
Impairments	-	(2,850)	-	-	-	-	-	-	**(2,850)**
Reversals of impairments	-	(56)	56	-	-	-	-	-	**-**
Revaluations	-	(1,940)	(49)	-	295	-	-	18	**(1,676)**
Reclassifications	-	94	-	(148)	-	-	54	-	**-**
Valuation/gross cost at 31 March 2020	**5,025**	**57,307**	**1,126**	**7,561**	**19,333**	**41**	**5,392**	**986**	**96,771**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**8,577**	**41**	**2,685**	**347**	**11,650**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	1,940	49	-	1,338	-	267	196	**3,790**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(1,940)	(49)	-	184	-	-	7	**(1,798)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**10,099**	**41**	**2,952**	**550**	**13,642**
Net book value at 31 March 2020	**5,025**	**57,307**	**1,126**	**7,561**	**9,234**	**-**	**2,440**	**436**	**83,129**
Net book value at 1 April 2019	**5,025**	**59,433**	**1,119**	**5,103**	**5,893**	**-**	**1,029**	**603**	**78,205**

Note 13.2 Property, plant and equipment - 2018/19

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

Note 13.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	5,025	18,202	814	7,561	4,358	-	2,440	436	**38,836**
Finance leased	-	-	-	-	3,477	-	-	-	**3,477**
On-SoFP PFI contracts and other service concession arrangements	-	37,687	312	-	-	-	-	-	**37,999**
Owned - donated	-	1,418	-	-	1,399	-	-	-	**2,817**
NBV total at 31 March 2020	**5,025**	**57,307**	**1,126**	**7,561**	**9,234**	**-**	**2,440**	**436**	**83,129**

Note 13.4 Property, plant and equipment financing - 2018/19

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

Note 14 Revaluations of property, plant and equipment

The Trust's estate was valued as at 31 March 2020 by Mr Neil Rayner BSc (Hons) MSc DIC MRICS, Principal Surveyor at the District Valuation Service (DVS).

The valuations took the form of a desk-top asset valuation report as at 31 March 2020. This was based on an update to the full valuation carried out as at 1 April 2017 which was based on an inspection of the properties and sites. The valuation also undertook a full valuation of assets where known changes had been identified. The valuation basis used was on an optimised MEA basis. This represented an allowable change to valuation methodology. The valuation has been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards 2014 UK edition.

Note 1.8.2 provides details of material uncertainties arising from the valuation of property and specifically the potential impact on valuations of COVID-19. The valuation took place prior to the pandemic outbreak and it is not possible to estimate the potential impact of the pandemic.

Impact of the Estate valuation

The valuation of the Trust's estate has not resulted in significant changes to the values assigned to properties. The valuation methodology using the optimised MEA approach to valuing specialised assets has been retained and is consistent with the prior year. The valuation of land across all sites has not changed. Building valuations have reduced compared with 2018/19. This is mainly due to the value of additions being subject to impairment as they have not resulted in increase to the NBV of the buildings.

Useful economic lives

Buildings (excl dwellings) - 20 to 99 years (2018/19, 17 to 43 years)

Dwellings - 21 to 28 years (2018/19, 21 to 29 years)

Plant & Machinery - 1 to 44 years (2018/19, 1 to 15 years)

Transport equipment - 1 to 30 years (2018/19, 1 to 5 years)

Information Technology - 3 to 10 years (2018/19, 3 to 7 years)

Furniture & Fittings - 1 to 30 years (2018/19, 2 to 25 years)

Intangible Assets

Software and licences - 3 to 7 years (2018/19 3 to 7 years)

Note 15 Disclosure of interests in other entities

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

Note 16 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	1,658	1,210
Consumables	2,148	1,784
Energy	24	34
Total inventories	**3,830**	**3,028**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £24,265k (2018/19: £22,828k). There were no write-downs for inventory losses in 2019/20 or 2018/19.

However, the trust has recognised losses in pharmacy in-year relating to date-expired stocks and these have been recognised in year as losses and accounted for accordingly.

The Trust has not been able to conduct full stock takes as at 31 March 2020 due to COVID-19. A proportion of the drugs inventory is recorded based on the valuation of stock held on the pharmacy system. Similarly a number of consumables stocktakes have not been possible to complete and estimates have been included based upon 31 December 2019 stocktakes adjusted for purchases and issues.

Note 17.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	19,192	9,569
Allowance for impaired contract receivables / assets	(352)	(306)
Deposits and advances	13	13
Prepayments (non-PFI)	1,682	1,107
Interest receivable	13	7
VAT receivable	611	212
Other receivables	1,929	75
Total current receivables	**23,088**	**10,677**
Non-current		
Contract assets	322	264
Other receivables	468	-
Total non-current receivables	**790**	**264**
Of which receivable from NHS and DHSC group bodies:		
Current	13,761	5,892
Non-current	468	-

Note 17.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - restated	**306**	**-**	**-**	**259**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			259	(259)
New allowances arising	46	-	47	-
Allowances as at 31 Mar 2020	**352**	**-**	**306**	**-**

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

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

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

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

Note 17.3 Exposure to credit risk

Credit Provision - 219/20	Opening balance	New provisions	Closing balance
RTA	224	70	294
General bad debt provision	82	-24	58
Total	**306**	**46**	**352**

The RTA provision reflects an increased recognition of RTA income over the value of claims settled. This has resulted in an increase in the credit provision which is based on 21.79% of accrued income.
The general provision is calculated based on a set percentage of Non NHS receivables as at 31 Mar 2020. The reduction in the general provision reflects a reduced level of Non-NHS and private patient debt.

Note 18 Cash and cash equivalents movements

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

	2019/20	2018/19
	£000	£000
At 1 April	**4,767**	**4,931**
Prior period adjustments	0	0
At 1 April (restated)	**4,767**	**4,931**
Net change in year	11,769	(164)
At 31 March	**16,536**	**4,767**
Broken down into:		
Cash at commercial banks and in hand	6	18
Cash with the Government Banking Service	16,530	4,749
Total cash and cash equivalents as in SoFP	**16,536**	**4,767**
Bank overdrafts (GBS and commercial banks)	(19)	-
Total cash and cash equivalents as in SoCF	**16,517**	**4,767**

Note 19.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	6,407	8,772
Capital payables	2,693	2,030
Accruals	13,064	9,460
Receipts in advance and payments on account	909	315
Social security costs	1,672	1,488
Other taxes payable	1,318	1,222
Other payables	2,453	2,264
Total current trade and other payables	**28,516**	**25,551**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	2,306	1,604
Non-current	-	-

Note 20.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Bank overdrafts	19	-
Loans from DHSC	193,146	41,597
Obligations under finance leases	373	76
concession contracts	3,710	3,445
Total current borrowings	**197,248**	**45,118**
Non-current		
Loans from DHSC	-	105,713
Obligations under finance leases	3,215	861
concession contracts	38,076	41,786
Total non-current borrowings	**41,291**	**148,360**

The bank overdraft arises due to the inclusion of unpresented cheques to the value of £19k.

Borrowings/Loans - repayment of principal falling due in:	**DHSC £000**	**PFI £000**	**Other £000**
0-1 Year	193,146	3,710	586
1-2 Years	0	3,845	381
2-5 Years	0	13,008	1,129
Over 5 Years	0	21,223	1,492
Total	**193,146**	**41,786**	**3,588**

All DHSC loans are being converted to PDC in 2020/21.

Note 20.2 Analysis of DHSC Loans

Loan Reference Number	Loan Date	Capital or Revenue	Loan Duration	Repayment Method	Interest Rate	Repay-ment date	Principal O/S @ 31.03.20. £000
CIL/10-11/RLQ/1	Sep-10	Capital	10 Years	Equal Instalments	2.02%	Sep-20	195
DHPF/ISCIL/RLQ/2019-12-30/A	Dec-19	Capital		Equal Instalments		Sep-20	395
DHPF/ISCIL/RLQ/2019-10-21/A	Oct-19	Capital		Equal Instalments		Sep-20	3,822
DHPF/ISCIL/RLQ/2019-11-18/A	Nov-18	Capital		Equal Instalments		Sep-20	676
ITFF/ISCIL/RLQ/2015-06-23/A	Jun-15	Capital	7 Years	Equal Instalments	1.04%	Sep-20	3,296
DHPF/ISCIL/RLQ/2019-03-20/A	Mar-19	Capital		Equal Instalments		Sep-20	8,495
DHPF/ISCIL/RLQ/2017-11-29/A	Nov-17	Capital	6 Years	Equal Instalments	1.64%	Sep-20	7,892
ITFF/ISCIL/RLQ/2015-04-07/A	Jul-15	Capital	15 Years	Equal Instalments	1.91%	Sep-20	3,595
Total Capital Loans							**28,366**
DHPF/ISUCL/RLQ/2017-02-03/A	Feb-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	3,465
DHPF/ISUCL/RLQ/2017-04-05/A	Apr-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	3,542
DHPF/ISUCL/RLQ/2017-05-03/A	May-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	2,431
DHPF/ISUCL/RLQ/2017-06-12/A	Jun-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	2,089
DHPF/ISUCL/RLQ/2017-07-05/A	Jul-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	2,480
DHPF/ISUCL/RLQ/2017-08-02/A	Aug-17	Extended	3 Years	End of Loan Period	1.50%	Sep-20	3,852
DHPF/ISUCL/RLQ/2017-08-31/A	Sep-17	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,135
DHPF/ISUCL/RLQ/2017-10-05/A	Oct-17	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,985
DHPF/ISUCL/RLQ/2017-11-01/A	Nov-17	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,107
DHPF/ISUCL/RLQ/2017-11-29/A	Dec-17	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,054
DHPF/ISUCL/RLQ/2018-01-05/A	Jan-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	1,516
DHPF/ISUCL/RLQ/2018-01-31/A	Feb-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,401
DHPF/ISUCL/RLQ/2018-02-28/A	Mar-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	588
DHPF/ISUCL/RLQ/2018-04-05/A	Apr-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,478
DHPF/ISUCL/RLQ/2018-05-02/A	May-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,097
DHPF/ISUCL/RLQ/2018-05-30/A	Jun-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,894
DHPF/ISUCL/RLQ/2018-07-04/A	Jul-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,828
DHPF/ISUCL/RLQ/2018-08-01/A	Aug-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,078
DHPF/ISUCL/RLQ/2018-09-05/A	Sep-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	1,265
DHPF/ISUCL/RLQ/2018-10-04/A	Oct-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	5,444
DHPF/ISUCL/RLQ/2018-10-31/A	Nov-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,044
DHPF/ISUCL/RLQ/2018-12-05/A	Dec-18	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,750
DHPF/ISUCL/RLQ/2019-01-04/A	Jan-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,750
DHPF/ISUCL/RLQ/2019-01-30/A	Feb-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	9,681
DHPF/ISUCL/RLQ/2019-02-27/A	Mar-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	1,784
DHPF/ISUCL/RLQ/2019-04-03/A	Apr-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,092
DHPF/ISUCL/RLQ/2019-05-03/A	May-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,056
DHPF/ISUCL/RLQ/2019-06-06/A	Jun-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	5,011
DHPF/ISUCL/RLQ/2019-07-04/A	Jul-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	8,982
DHPF/ISUCL/RLQ/2019-08-01/A	Aug-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	3,117
DHPF/ISUCL/RLQ/2019-09-05/A	Sep-19	Extended	3 Years	End of Loan Period	1.50%	Sep-20	1,200
DHPF/ISUCL/RLQ/2019-10-01/A	Oct-19	Extended	3 Years	End of Loan Period	1.50%	Sep-20	3,398
DHPF/ISUCL/RLQ/2019-10-31/A	Nov-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	1,800
DHPF/ISUCL/RLQ/2020-01-03/A	Dec-19	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	6,677
DHPF/ISUCL/RLQ/2020-02-06/A	Feb-20	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	1,462
DHPF/ISUCL/RLQ/2020-03-04/A	Mar-20	Revenue	3 Years	End of Loan Period	1.50%	Sep-20	2,100
DHPF/ISUCL/RLQ/2016-10-04/A	Apr-16	Revenue	3 Years	End of Loan Period	3.50%	Sep-20	1,645
DHPF/ISUCL/RLQ/2016-11-04/A	Nov-16	Revenue	3 Years	End of Loan Period	3.50%	Sep-20	8,480
DHPF/ISUCL/RLQ/2016-12-02/A	Dec-16	Revenue	3 Years	End of Loan Period	3.50%	Sep-20	2,139
DHPF/ISUCL/RLQ/2017-01-06/A	Jan-17	Revenue	3 Years	End of Loan Period	3.50%	Sep-20	3,355
DHPF/ISUCL/RLQ/2017-03-03/A	Mar-17	Revenue	3 Years	End of Loan Period	3.50%	Sep-20	2,960
DHPF/ISWBL/RLQ/2015-12-01/A	Dec-15	Revenue	5 Years	End of Loan Period	1.50%	Sep-20	14,333
DHPF/ISRWF/RLQ/2015-03-20/A	Mar-15	Revenue	Rolling	End of Loan Period	3.50%	Sep-20	18,479
Total Revenue Loans							**164,024**
Interest accrual @ 31 Mar 20							**756**
Total DHSC Loans							**193,146**

The DHSC has indicated that all outstanding loans will be refinanced as PDC in September 2020. No interest will be chargeable for the period commencing 1 April 2020 until the loans are redeemed.

Note 20.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**147,310**	**-**	**937**	**45,231**	**193,478**
Cash movements:					
Financing cash flows - payments and receipts of principal	45,711	-	(617)	(3,445)	**41,649**
Financing cash flows - payments of interest	(3,350)	(39)	(212)	(1,533)	**(5,134)**
Non-cash movements:					
Additions	-	-	3,268	-	**3,268**
Application of effective interest rate	3,475	39	212	1,533	**5,259**
Carrying value at 31 March 2020	**193,146**	**-**	**3,588**	**41,786**	**238,520**

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

Note 20.4 Reconciliation of liabilities arising from financing activities - 2018/19

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

Note 21 Finance leases

Note 21.1 Wye Valley NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**3,588**	**937**
of which liabilities are due:		
- not later than one year;	373	76
- later than one year and not later than five years;	1,504	657
- later than five years.	1,711	204
Net lease liabilities	**3,588**	**937**
of which payable:		
- not later than one year;	373	76
- later than one year and not later than five years;	1,504	657
- later than five years.	1,711	204

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

Note 22.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2019	**227**	**806**	**-**	**1,033**
Change in the discount rate	**13**	**26**	**-**	**39**
Arising during the year	**-**	**-**	**468**	**468**
Utilised during the year	(10)	(32)	-	**(42)**
Reversed unused	**(19)**	**(55)**	**-**	**(74)**
Unwinding of discount	**15**	**83**	**-**	**98**
At 31 March 2020	**226**	**828**	**468**	**1,522**
Expected timing of cash flows:				
- not later than one year;	13	33	**-**	**46**
- later than one year and not later than five years;	53	139	**-**	**192**
- later than five years.	160	656	**468**	**1,284**
Total	**226**	**828**	**468**	**1,522**

Legal claims relate to permanent injury benefit for three former employees which is paid quarterly until death and employer liability claims which are currently being processed by the Trust's insurers. The provision for 2019/20 has been revised using updated actuarial life tables provided by the Office for National Statistics. The discount rate applicable to these and pensions provisions has been changed to 1.8% nominal in 2019/20 (2018/19 2.9%) by HM Treasury.
The Other category relates to a provison arising in 2020/21 relating to the potential tax liability on Consultant's superannuation contributions. The Trust has indemnified Consultants against additional tax liabilities.

Note 22.2 Clinical negligence liabilities

At 31 March 2020, £80,017k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wye Valley NHS Trust (31 March 2019: £76,644k).

Note 23 Contractual capital commitments

	2020	2019
	£000	£000
Property, plant and equipment	14,222	187
Intangible assets	948	412
Total	**15,170**	**599**

The Trust has engaged in a contract to design and build a new ward block on the main Hospital site and this is reflected in the commitments above. The new ward block is being developed during 2020/21 and is planned to commence use in 2021/22. The new block will replce the existing hutted wards on the main County Hospital site.The development is being funded through PDC awarded by the DHSC.

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

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

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

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

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

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

Note 24.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	31 March 2020 £000	31 March 2019 £000
Gross PFI, LIFT or other service concession liabilities	**49,376**	**54,354**
Of which liabilities are due		
- not later than one year;	5,126	4,978
- later than one year and not later than five years;	21,214	20,539
- later than five years.	23,036	28,837
Finance charges allocated to future periods	(7,590)	(9,123)
Net PFI, LIFT or other service concession arrangement obligation	**41,786**	**45,231**
- not later than one year;	3,710	3,445
- later than one year and not later than five years;	16,853	15,648
- later than five years.	21,223	26,138

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

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

	31 March 2020 £000	31 March 2019 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**214,522**	**224,934**
Of which payments are due:		
- not later than one year;	21,590	20,141
- later than one year and not later than five years;	91,844	85,572
- later than five years.	101,088	119,221

Note 24.3 Analysis of amounts payable to service concession operator

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

	2019/20 £000	2018/19 £000
Unitary payment payable to service concession operator	**21,150**	**20,254**
Consisting of:		
- Interest charge	1,533	1,644
- Repayment of balance sheet obligation	3,445	3,288
- Service element and other charges to operating expenditure	10,393	9,870
- Revenue lifecycle maintenance	1,535	1,470
- Contingent rent	4,244	3,982
Total amount paid to service concession operator	**21,150**	**20,254**

Note 24.4 Payments committed to in respect of all off SOFP PFI and the lifecycle element of on SOFP PFI	**2019/20 £000**	**2018/19 £000**
Analysed by when PFI payments are due		
No Later than One Year	**1,359**	1,535
Later than One Year, No Later than Five Years	**3,346**	4,483
Later than Five Years	**193**	415
Total	**4,898**	6,433

Note 24.5 Payments committed to in respect of all off SOFP PFI and the interest element of on SOFP PFI	**2019/20 £000**	**2018/19 £000**
Analysed by when PFI payments are due		
No Later than One Year	**1,416**	1,533
Later than One Year, No Later than Five Years	**4,361**	4,891
Later than Five Years	**1,813**	2,699
Total	**7,590**	9,123

Note 24.6 Present Value Imputed 'finance lease' obligations for on SOFP PFI contracts due	**2019/20 £000**	**2018/19 £000**
Analysed by when PFI payments are due		
No Later than One Year	**3,710**	3,445
Later than One Year, No Later than Five Years	**16,853**	15,648
Later than Five Years	**21,223**	26,138
Total	**41,786**	45,231

Note 24.7 Number of on SoFP PFI Contracts

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

Note 24.8 PFI Lifecycle Costs

The Trust accounts for lifecycle costs in line with the operators model. All lifecycle costs are expensed due to the uncertainty in the timing of the capital programme. The capital element expensed in the contract to date is £1,535k (2018/19 £1,470k). The future total commitments for lifecycle costs is disclosed in Note 24.4

The current operator model does not include inflation although the future liabilities disclosed in Note 24.2 have been adjusted to reflect the impact of future years inflation assumptions.

Note 25 Financial instruments

Note 25.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations. The DHSC has indicated that the Trust's loans will be re-financed as Public Dividend Capital in 2020/21 which will eliminate DHSC loans and therefore interest payments.

The Trust has entered in to an MES agreement for Radiology services and in addition holds leases for the medical equipment. These agreements incorporate implied interest rates which are fixed under the contractual agreements.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 2019/20 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Note 25.2 Carrying values of financial assets

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

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	19,188	-	-	**19,188**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	16,536	-	-	**16,536**
Total at 31 March 2020	**35,724**	**-**	**-**	**35,724**

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

Note 25.3 Carrying values of financial liabilities

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

Carrying values of financial liabilities as at 31 March 2020	amortised	fair value	book value
	£000	£000	£000
Loans from the Department of Health and Social Care	193,146	-	**193,146**
Obligations under finance leases	3,588	-	**3,588**
Obligations under PFI, LIFT and other service concession contracts	41,786	-	**41,786**
Other borrowings	19	-	**19**
Trade and other payables excluding non financial liabilities	24,617	-	**24,617**
Total at 31 March 2020	**263,156**	**-**	**263,156**

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

Note 25.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	225,080	67,644
In more than one year but not more than two years	3,845	37,285
In more than two years but not more than five years	13,008	83,234
In more than five years	21,223	27,841
Total	**263,156**	**216,004**

Note 25.5 Fair values of financial assets and liabilities

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

Note 26 Losses and special payments

	2019/20		2018/19	
	number of Number	of cases £000	number of Number	of cases £000
Losses				
Bad debts and claims abandoned	460	11	368	11
Stores losses and damage to property	24	136	24	159
Total losses	**484**	**147**	**392**	**170**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	-
Ex-gratia payments	15	8	11	3
Total special payments	**15**	**8**	**12**	**3**
Total losses and special payments	**499**	**155**	**404**	**173**

Note 27 Related parties

The Department of Health is regarded as a related party. During the year 2019/20, Wye Valley NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Those entities where transactions during the year were greater than £100k and/or outstanding balances at 31 March 2020 were greater than £50k are listed below:

NHS England
NHS Blood and Transplant Authority
NHS Resolution
NHS Pensions Scheme
Complaints and Quality Commission
Herefordshire CCG
South Worcestershire CCG
Gloucestershire CCG
Shropshire CCG
Telford and Wrekin CCG
Birmingham and Solihull CCG
Wyre Forest CCG
Health Education England
NHS Property Services
St Helens and Knowsley NHS Trust
Royal Wolverhampton NHS Trust
Worcestershire Health and Care NHS Trust
Worcestershire Acute Hospitals NHS Trust

In addition, the Trust has had a number of material transactions (within the limits defined above) with other government departments and other central and local government bodies. The largest of these transactions has been with Herefordshire Council, however, most have been with Foundation Trusts (such as South Warwickshire NHS Foundation Trust plus Gloucestershire Hospitals NHS Foundation Trust, Gloucestershire Health and Care NHS Foundation Trust, Birmingham Womens and Childrens NHS Foundation Trust and University Hospitals Birmingham NHS Foundation Trust). The Trust also engages in activity with the Welsh Assembly Government (primarily through the Local Health Boards of Powys and Monmouth) which accounts for £18.3m of income. The Trust also engages with HM Revenue and Customs in relation to income tax, NI and VAT transactions.

Note 28 Events after the reporting date

On 2 April 2020, the DHSC and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of PDC to allow the repayment. Given that this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim revenue and capital loans totalling £193.146m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 29 Better Payment Practice code

	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	54,492	110,379	50,547	105,205
Total non-NHS trade invoices paid within target	27,841	71,212	22,465	60,032
Percentage of non-NHS trade invoices paid within target	51.1%	64.5%	44.4%	57.1%
NHS Payables				
Total NHS trade invoices paid in the year	1,372	9,676	1,334	10,204
Total NHS trade invoices paid within target	509	6,731	346	5,709
Percentage of NHS trade invoices paid within target	37.1%	69.6%	25.9%	55.9%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 30 External financing limit

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

	2019/20 £000	2018/19 £000
Cash flow financing	33,606	43,817
Finance leases taken out in year		1,680
Other capital receipts		(788)
External financing requirement	**33,606**	**44,709**
External financing limit (EFL)	50,144	50,133
Under / (over) spend against EFL	**16,538**	**5,424**

Note 31 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	15,278	13,900
Less: Disposals	-	(788)
Less: Donated and granted capital additions	(697)	(423)
Charge against Capital Resource Limit	**14,581**	**12,689**
Capital Resource Limit	16,004	12,689
Under / (over) spend against CRL	**1,423**	**-**

Note 32 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(17,247)
Add back income for impact of 2018/19 post-accounts PSF reallocation	189
Breakeven duty financial performance surplus / (deficit)	**(17,058)**

Whilst the trust incurred a deficit, the value was within the control total set by NHSI.

Note 33 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		1,165	46	(1,958)	294	1,029
Breakeven duty cumulative position	1,510	2,675	2,721	763	1,057	2,086
Operating income		116,785	121,544	171,898	175,798	173,450
Cumulative breakeven position as a percentage of operating income		2.3%	2.2%	0.4%	0.6%	1.2%

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	844	(20,456)	(37,204)	(26,158)	(42,219)	(17,058)
Breakeven duty cumulative position	2,930	(17,526)	(54,730)	(80,888)	(123,107)	(140,165)
Operating income	182,637	178,046	177,567	188,498	186,020	231,646
Cumulative breakeven position as a percentage of operating income	1.6%	(9.8%)	(30.8%)	(42.9%)	(66.2%)	(60.5%)

Since 2008/9, the trust has faced financial challenges. Up until 2014/15 the Trust maintained a cumulative break-even/surplus position only with the assistance of non-recurrent monies. From 2015/16, the trust has not received non-recurrent funding and consequently has not attained its cumulative break-even position. The Trust's plan for 2020/21 has been delayed due to the Coronavirus pandemic and it is uncertain as to whether the Trust will be able to present a break-even position.

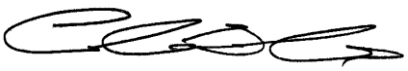
Statement of the chief executive's responsibilities as the accountable officer of the trust

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

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

As far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the 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 my letter of appointment as an Accountable Officer.

Signed.....  .....Chief Executive

Glen Burley, Chief Executive

Date.....22 June 2020.....

Statement of directors' responsibilities in respect of the accounts

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

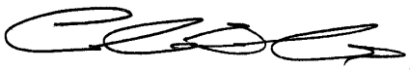
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and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

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

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

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

By order of the Board

22 June 2020.....Date.....  .....Chief Executive

Glen Burley, Chief Executive

22 June 2020.....Date..... Howard K Oddy .....Finance Director

Howard Oddy, Director of Finance & Information

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

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of Wye Valley NHS Trust (the 'Trust') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity for the year ended 31 March 2020, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for qualified opinion

Due to the national lockdown arising from the Covid-19 pandemic the Trust did not count all its physical inventories at year end and we did not observe the counting of physical inventories for those that did take place. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities held at 31 March 2020, which have a carrying amount in the Statement of Financial Position of £3.83 million, by performing other audit procedures. Related balances such as drug costs and supplies and services may be materially misstated for the same reason.

Consequently we were unable to determine whether any adjustment to these amounts were necessary. In addition, were any adjustment to these amounts to be required, the Annual Report would also need to be amended.

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Trust incurred a deficit of £17.25 million during the year ended 31 March 2020, which represents 7.4% of turnover. The Trust's cumulative income and expenditure position shows a deficit of £171.4 million.. As disclosed in Note 1.2, the Trust has acknowledged the scale of the accumulated deficit in relation to turnover, the geographical constraints that mean it cannot meaningfully reconfigure services and address structural limitations on its capacity to undertake elective activity and the relatively high impact of the PFI site on the Trust's finances which results in an unavoidable cost pressure.. These events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 1.8.2 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of land and buildings as at 31 March 2020. As, disclosed in Note 1.8.2 to the financial statements, the outbreak of Covid-19 has caused uncertainty in the markets. As a result, the Trust's valuer has reported a 'material uncertainty' in their valuation report which was carried out in February 2020 with a valuation date of 31 March 2020. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. Our opinion is not modified in respect of this matter.

Other information

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

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

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities, which have a carrying amount in the Statement of Financial Position of £3.83 million at 31 March 2020, and related balances. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

Under the Code of Audit Practice published by the National Audit Office in April 2015 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020 and the requirements of the National Health Service Act 2006; and

- except for the possible effects of the matter described in the basis for qualified opinion section of our report, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in April 2020, because of the significance of the matters described in the basis for adverse conclusion section of our report we are not satisfied that, in all significant respects Wye Valley NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

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

Financial sustainability

- the Trust incurred a deficit of £17.25 million) in 2019/20, which equated to 7.4% of turnover.;
- at 31 March 2020 the Trust had a negative income and expenditure reserve of £171.4 million and a negative net asset balance of £127.7 million;
- the Trust is heavily reliant on financial support from the Department of Health and Social Care to meet its commitments and will require further financial support in 2020/21

- the Trust does not have a financial recovery plan to return it to breakeven position and expects to fail to achieve breakeven on a cumulative basis at 31 March 2021

Workforce planning

- the Trust struggles to recruit medical staff and in 2019/20 its spend on agency staff was £13.7 million, which was 63% above the annual cap of £8.39 million. The overall increase in agency costs from prior year, reflected an increase within each form of agency staff; nursing, medical and other. Expenditure with off framework agencies has significantly increased from the prior year (106% increase) which has offset savings available through the Master Vend model;
- the high reliance on agency staff continues to cause significant financial pressures for the Trust; and
- the Trust's staff sickness rate is well above the Trust's target.

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

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

They are evidence of weaknesses in proper arrangements for:

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

Responsibilities of the Accountable Officer

The Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

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

Report on other legal and regulatory requirements – Certificate

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

Use of our report

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

JD Roberts

Jon Roberts, Key Audit Partner

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

Bristol

22 June 2020