NHS
Herefordshire and Worcestershire Health and Care
NHS Trust

Annual Report
2020/2021

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Working together for outstanding care

Content Page

PERFORMANCE REPORT

ACCOUNTABILITY REPORT

FINANCIAL STATEMENTS

PERFORMANCE REPORT

Introduction from Mark and Sarah

It is now 10 years since the Trust was formed and this has been the most challenging of them all as we respond to the Covid 19 Pandemic. But it has also shown us at our very best, dealing with everything that has come our way with a mixture of grit, determination, resilience, skill and some much needed humour too.

Our staff have been amazing and have risen to the enormity of the challenges they've faced. From clinical and operational teams on the front line who do such incredible, life changing work, to the corporate and support staff who work really hard to ensure we are well placed to meet the needs of those we serve – they have all been a credit to our local communities and the wider NHS family.

Our community hospital staff and community-based Neighbourhood Teams have been on the front-line of our response to COVID-19, aided by a range of other teams who have been redeployed to support them. Together we have nursed patients recovering from COVID-19 back to good health and have been out in the community, in people's homes and in care homes, ensuring that patients continued to get the care they need.

We have also adapted to maintain the support we have been able to provide to patients requiring mental health support, general rehabilitation and other non-COVID services. Our teams have again shown resilience and flexibility to make sure services remained accessible for people when they needed them. Thousands of online/virtual patient consultations have taken place since April 2020 alongside face to face visits, and while we expect to return to more conventional face to face work, we also expect video consultations and appointments to remain part of service delivery in the future.

We also recognise the enormous impact 2020/21 has had on staff wellbeing and we have redoubled our efforts to ensure our teams feel valued, looked after and supported. Working with our partners we have launched our first staff mental health and wellbeing hub providing specialist mental health interventions for everyone working across local health and care services in Herefordshire and Worcestershire which alongside existing help, greatly enhances the collective support available.

While defined by the need to respond and manage the pandemic, 2020/21 has also seen some really key and exciting developments. We welcomed the teams from Herefordshire's mental health and learning disability services to the Trust on April 1st 2020; we launched the new Starting Well Partnership with Barnardo's, Action for Children and Redditch Borough Council; we opened Worcestershire's first Crisis Assessment Suite; and we secured funding to enhance our community dental service and mental health ward environments.

Our core beliefs and values which have epitomised the Trust over the last 10 years have never been more evident than in the last 12 months - Courageous, Ambitious, Responsive, Empowering, and Supportive. These will stand us in good stead to embrace the next 12 months with determination, hope and excitement.

We particularly look forward to building on the excellent relationships with partners and our wider communities so we can carry on delivering high standards of care to our local population. This means ensuring our staff are motivated and well supported; that everyone has access to high quality healthcare regardless of where they live or their background; that services are more joined up and seamless; and that together we make Herefordshire and Worcestershire a safe, happy and healthy place to live.
Regards,

Chairman, Mark Yates

Chief Executive, Sarah Dugan

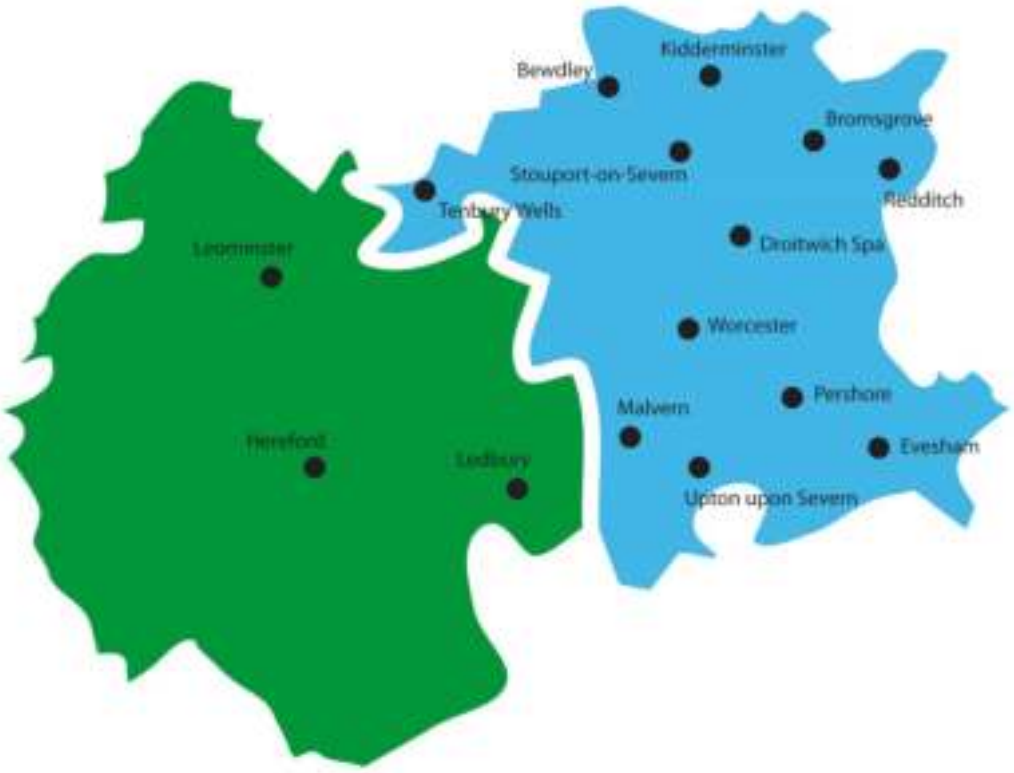
About Us

We operate from 110 sites across Herefordshire and Worcestershire

We employ over 4,400 members of staff

We deliver a wide range of community, mental health and learning disability services

We serve a population of 781,000 across Herefordshire and Worcestershire



Thank you to Chris Burdon, Trust Chairman 2011-2021

In March 2021 we said farewell to our Chairman, Chris Burdon. Chris had been Chairman of the Trust since it was formed in 2011 working alongside Chief Executive Sarah Dugan who took up her role at the same time. During this time the Trust has been recognised as a national leader in a number of clinical areas, including dementia care, and as a Digital Exemplar Trust.

The Trust has consistently met all its financial objectives too, enabling it to invest in new buildings and environments for patients. This includes the flagship New Haven unit in Bromsgrove which opened in 2013, and the refurbishment of a range of clinics and inpatient areas across our estate.

Chris said: "It has been my privilege to have been Chairman since the Trust was established in 2011 and to have been associated with our wonderfully skilled and dedicated staff who, alongside our partners across healthcare, social care and the voluntary sector, work so hard to provide such high standards of care across our two counties. I have no doubt that the Trust will, alongside our partners, continue to provide the compassionate, effective and person centred care which have characterised the organisation over the last 10 years."

Sarah Dugan, Chief Executive, added: *"There is no doubt the services we provide to local people have been greatly enhanced as a result of Chris' leadership and support as Chairman of the Trust. As well as bringing a wealth of experience from his earlier career in the private sector, Chris has always been a real champion for our staff and patients and in ensuring our values are felt on every ward and clinic and in every team."*

"He will be a missed by everyone who has had the pleasure of working with him. Alongside our new Chair, Mark Yates, we will be relentless in our drive to build on the legacy Chris will leave behind and I know everyone at the Trust will join me in thanking him for the huge contribution he has made to our local NHS."

In 2020/21, we became

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Herefordshire and Worcestershire Health and Care NHS Trust has run community hospitals, community nursing and therapy services, and mental health and learning disability care in Worcestershire since 2011. In addition in April 2020 we took over responsibility for mental health and learning disability services in Herefordshire, and launched our new name which better reflects the broader services we provide and the wider community we serve.

Sarah Dugan, Chief Executive, said:

"We are really proud to be Herefordshire and Worcestershire Health and Care NHS Trust and to be working with all our staff and partners across both counties to provide the very best care we can to those who need us. This is much more than a new name; it is a key step in integrating our mental health and learning disability services in Herefordshire and Worcestershire building on best practice in both counties. It was also very important for our patients, staff and stakeholders in Herefordshire that we had a name which both reflected the services they provide, and which developed a shared identity across the Trust."

Our Services

Herefordshire and Worcestershire Health and Care NHS Trust is the main provider of mental health and learning disability services across both counties. We also lead on community services provision in Worcestershire including Children and Young Peoples services, Sexual Health, Community Dentistry, Community Neighbourhood teams and Community hospitals in Bromsgrove, Evesham, Worcester, Malvern, Pershore, Tenbury, and Wyre Forest.

We believe in giving children and young people the best start in life through a range of services, including those provided through our new Starting Well Partnership which incorporates early years school health nursing and health visitors. We also lead on the delivery of an extensive range of support for children with complex conditions, those with developmental delays and children who require support with their physical development, for example our paediatric physios.

We believe there is no health without mental health and deliver a range of specialist mental health and learning disabilities services to people of all ages. For children and young people this includes our CAMHS team which is rated outstanding by the CQC as being among the best in the country. Our new Neighbourhood Mental Health teams are transforming community care, while our primary care services, including our Healthy Minds teams support people experiencing more common mental wellbeing issues. We also provide urgent and emergency mental health support through our 24/7 helpline. It has been extremely well-used this year – seeing a 68% increase in calls since April 2020 and currently helping over 1,100 people every month.

We believe in a home first approach to care and lead community neighbourhood nursing and therapy teams which work alongside social workers, GPs and the voluntary sector to support more vulnerable people at home, reducing avoidable hospital admissions. The teams are reducing hospital admissions by approximately 20 per day, improving patient's experience, boosting their recovery prospects, and helping ensure we have capacity in hospital services. We also launched our new Onward Care Team during the pandemic, working across community, acute and social care services to help ensure patients are being treated in the right place without delays between different teams and departments.

We believe stays in hospital should be safe and effective so if you are admitted to one of our 7 community hospitals, rehab units, or mental health wards you have a clear plan to get you well and home as soon as we can. Our community hospitals are real local assets and are a key part of our future strategy but we think they can do more and play an even greater role in the wellbeing of the communities they serve.

Our Vision, Values and Strategic Priorities

OUR VISION

Working together for **outstanding care**

OUR VALUES

Courageous: Displaying integrity and having the courage to do what is right.
Ambitious: Always striving for outstanding care.
Responsive: Listen, learn and act.
Empowering: Freedom to choose and live well.
Supportive: Support each other and be proud of what we do.

STRATEGIC PRIORITIES

- Improve health and wellbeing and reduce inequalities
- New models of care through integration
- Efficient and effective
- Sustain, develop and engage our workforce

A Rainbow of Uniforms

The impact of the pandemic has been profound and none of us would have imagined the level of uncertainty, the pressure and the emotional load it would put on us all.

Our teams' response to COVID-19 has reinforced just what special people they are and what incredible services they provide.

"Whether wearing PPE all day treating vulnerable people on our wards or in the community; changing long-standing practices to ensure services remain open; setting up new mental health pathways for people in crisis, manning the control room, or as one of our support teams working so hard behind the scenes; you have all made a significant contribution to a local and national effort and are a credit to yourselves, to your friends and family and to everyone in our team."
Sarah Dugan, Chief Executive

There are a whole range of options in place to support staff and teams, including new support groups which have been established to help those affected by long Covid, as well as our BAME, disability, LGBT+, and Carers staff networks which ensure the voice of all our staff are heard and represented.

"I am extremely proud to be part of this organisation and I am humbled to work alongside you all. We won't get everything right and there is a lot for us all to reflect on but by sticking together and looking after each other I really hope we can look forward to happier times in 2021."

Sarah Dugan, Chief Executive Lettter to staff December 2020

Wellbeing Festivals

We have run two week-long wellbeing festivals throughout the year, the first in November 2020 and then again in the spring of '21. Each week was filled with virtual sessions on a range of topics to support staff health and wellbeing, from desk stretches to support for those who have experienced a trauma or bereavement. In total over 1,000 staff attended one or more of the sessions

'It was great to learn from expert colleagues in the Trust - we have some talented people - it's great that staff can benefit from this as well as patients/ community. Great idea.'

Our new staff facebook group

We launched the Facebook group in March 2020 to provide another platform for staff to share their experiences and help and support one another. It is also another way of ensuring accurate and timely information could be shared with our staff and teams, which was especially important during the fast moving peaks of the pandemic. We now have just under 2,000 staff signed up to our staff facebook group

Staff Wellbeing packs

At Christmas we issued all our 4,400 staff with an individual wellbeing pack delivered to their homes. It was just one way of saying 'thank you' to them and to their families for everything they have done to support our patients, services users and each other. The packs included a wellbeing calendar filled with pictures of Herefordshire and Worcestershire which had been shared by our staff

'Loveliest feeling to receive that when work has been hectic and you get a little appreciation! Thanks to all involved, you're appreciated too!'

'What a lovely gesture and thank you to all the people who are involved and made it happen! Don't forget to look after yourself too'

'I am proud to work for such a caring organisation'

The weekly BIG Shout Out

We believe that its often the small things that make the biggest difference; someone lending a hand, or making you a brew during a tough shift, or even just doing something silly to make you smile. The BIG Shout Out is an opportunity to say 'thanks' or 'well done' to a colleague who deserves a pat on the back. We get around 30-50 each week and is a reflection of the values we have across our organisation.

'BIG Shout Out to Dr Werner Dahlhaus (Speciality Doctor – Herefordshire) – for the depth of the commitment, care and wisdom he offers our service users and their families. With gratitude also for the sensitive and thoughtful way he has extended this commitment to the wellbeing of his clinical colleagues.'

'Malvern Neighbourhood Team who are a lovely bunch of dedicated and professional clinicians, caring for the Malvern community. Despite the stressful time, their patience, compassion, knowledge and skills have enabled patients to have continued care and support. It's a real privilege to be part of a great team!'

A Rainbow of Uniforms

A storm is just a cloud
A cloud that moves and will pass by
For behind that black cloud
Awaits a beautiful blue sky

The sun shows its strength
Awakens and shines through
Creating a beautiful rainbow
Restoring faith in glorius view

A sign of hope beaming down
An array of colours bloom
Shining through the darkness
Erasing away the gloom

We are all that rainbow
Shining through the storm
Our colours bound together
A rainbow of uniforms

Uniforms of many colours
Creating the brightest rainbow
Breaking through the black clouds
To let the blue sky through

A rainbow of uniforms
Put to the highest test
Together we WILL get the blue sky back
For we are the NHS

By Nicki Jones, one of our registered nursing associates

Improve health and wellbeing and reduce inequalities

We work across a range of services to support people to lead healthy lives, with a focus on prevention and promoting and encouraging positive health and wellbeing where people are empowered to take control of their condition.

Improving health and wellbeing of patients, service users and wider communities was a core priority for us during 2020/21, ensuring that everyone has access to high quality care regardless of where they live or their background.

Introducing our new Starting Well Partnership

In April 2020 we launched the new Starting Well Partnership with our partners from Redditch Borough Council, Barnardo's and Action for Children. Although the launch of the service has been hampered by the pandemic, it will enhance the support available to children, young people and families across Worcestershire, providing help during antenatal, post birth, and early year's stages and right throughout school life.

It includes Family Hubs in each of our local districts, and will offer family and parenting groups supporting all aspects of physical and mental wellbeing for children, young people and their families. We will also work really closely with schools and other community groups supporting young people and parents.

Sally-Anne Osborne, Associate Director of Children, Young People and Families, said: "The Starting Well Partnership will help make the county a great place to live and raise children with services organised around the needs of local parents/carers. The partnership will build on the fantastic work already happening across the county and is uniquely placed to further develop the local connections and relationships nurtured over recent years. This collective local knowledge and understanding will ensure children, young people and families have the support and care they need, where and when they need it".

Providing Outstanding Children's mental health services

Our Children's and Adolescents Mental Health Service (CAMHS) was rated Outstanding by the CQC in 2019. In April 2020 the service in Herefordshire transferred to the Trust.

The team provides a range of support for children and young people who are experiencing poor mental health. This includes our CAMH Learning Disability service and the CAMH Eating Disorder Team.

2020/21 saw an increase in the number of children and young people needing support for an eating disorder and the service has been working hard to give those young people the help they need:

Dr Claire Middle, Lead Psychologist Herefordshire CAMHS, said: *"In Herefordshire we have seen a rise in referrals for children with eating disorders in line with the rise that has been reported nationally. This increase is both in the number of young people who are struggling with an eating disorder and also how unwell children are when they come to our service.*

"There may be many explanations for why this is the case including anxiety about the uncertainties in their education and futures, young people spending more time online where there are unhelpful messages around eating and body image, and the restrictions in freedoms leading to lack of support from friends and being able to engage in activities which support healthy self-esteem. "

Anyone who is concerned about a young person can get more information from the National Eating Disorders Charity BEAT, and talk to their GP about a referral to a specialist eating disorders service.

Improve health and wellbeing and reduce inequalities

Improve health and wellbeing and reduce inequalities

Promoting positive mental wellbeing across our communities – Now We're Talking

Around 1:4 of us will experience feelings of stress, anxiety, low mood or depression. These feelings are often a normal part of daily life but sometimes they can start to escalate to the point where it can affect your personality or relationships. When this happens it is important that people know where to turn for help.

Our Healthy Minds service offers a range of help and support for people experiencing these more common mental health issues. They provide access to community support, online courses, group therapy or more traditional 1:1 counselling where appropriate.

At the start of the pandemic referrals into Health Minds dropped which prompted us to reinforce our Now We're Talking community campaign to raise the profile of this and other local services. Since the summer referrals have risen significantly to well over 1,000 each month.

Our campaign has forged excellent local links with businesses, sports clubs and local councils to run a series of awareness raising initiatives.

We also have over 100 staff taking part in the Worcester City Half Marathon/10k to further promote and raise awareness of the campaign and the local services it supports.

Learning Disability Community Teams

In Learning Disability Community Teams across Herefordshire and Worcestershire the teams are hugely proud of the systems we have put in place to ensure we have maintained excellent contact with all patients and their carers during the covid pandemic. Patients and carers told us they felt isolated and anxious and the teams have adapted swiftly to make all the adjustments needed to ensure we could keep vulnerable people connected with their loved ones and care teams. The year ahead sees us working with all partners to ensure the teams have an even greater focus on ensuring health inequalities are reduced for people with a learning disability. We have plans in place to ensure patients have swifter access to a full range of health and other therapeutic interventions that we know create better outcomes and are the things patients tell us

are helpful. We are working with partners in all parts of the health economy to ensure patients have access to good quality Annual Health Checks and receive their vaccinations.

Working with schools and educational settings to support children's speech and language

We launched our 'Getting Through Covid-19' campaign with a dedicated webpage www.hacw.nhs.uk/sltcovid19, new weekly resources and tips, strategies and advice posted across our social media pages (Facebook, Twitter, Instagram).

We also developed a dedicated covid- 19 email address for parents to make direct contact with us to seek advice and support.

Other developments:

- We launched a specific 'Parent Activities at Home' webpage in March 2020. This page has had almost 16,000 hits.

- We have posted new demonstration videos on our You Tube channel, for example demonstrations of key word activities and Concept Cat sessions.
- We have extended our 'Get Worcestershire Signing' You Tube videos. There are now 75 signs uploaded. These are being used by local parents and schools as part of their CPD activities.

Our Children's Speech and Language Service is now operating more face to face sessions as they support children to develop their speech and language skills.

New models of care through integration

Throughout 2020/21 we have developed a range of partnerships supporting children's health and development, mental health services, and to ensure our more vulnerable and frail patients have the care they need in the right place. While we value and champion the specialist care we provide, we also recognise the role of others, and the expertise they bring to providing high quality health and care support throughout our communities.

Our Community Hospitals, our most challenging year

Throughout 2020 our community hospitals played a critical role in supporting patients who weren't able or ready to be supported at home. But such was the demand for Acute Hospital beds that our Community Hospital staff were treating patients with more serious and complex illness than they would normally.

Our staff rose to the challenge and provided invaluable support which helped people recover and regain their independence ready for their return home.

To comply with infection control requirements and ensure we had the capacity on our community hospital wards has been a huge challenge, but has been supported by our infection, prevention and control team who have worked closely with hospital staff to ensure patients in our hospitals were safe, that risks of infections were reduced and privacy and dignity was retained.

A number of staff were also redeployed to support us on our wards, including minor injury unit nurses and community paediatricians. The teams have pulled together and supported each other during our most challenging and demanding of years and we are incredibly grateful for everything they have done during the pandemic.

A Home First approach to care

We do all we can to ensure people can receive the ongoing care they need in their own homes. We know it is often clinically better for them, but it is also what patients and families have consistently told us they'd prefer.

Our Neighbourhood Teams are made up of community nurses, therapists, social workers and GPs to support our more vulnerable patients at home. The teams have been established for 3 years now and on average are preventing between 20 and 25 hospital admissions every day across Worcestershire. This not only means patients and families are getting a better overall experience, it also means that hospitals have the capacity to support those who need emergency care in a hospital bed.

The Neighbourhood Teams, together with staff across health and social care services in Worcestershire, have been working together as part of the HomeFirst Worcestershire programme to ensure patients get the best, safest care in the right place, at the right time.

Our community teams have also been front line in the fight against COVID-19. They have worked in care homes, residential settings and in people's own homes throughout the pandemic, putting themselves at potential risk everyday to make sure patient care wasn't compromised. They may be unsung, but they are our heroes and we salute the work they do across our villages, towns and cities each and every day

Working together to deliver care in the right place, without delays

Our Onward Care Team was launched just before the pandemic but has played a crucial role during the peaks in demand experienced throughout 2020 and early 2021.

Led by the Trust, the 'Onward Care Team' is made up of social care staff, community nurses and discharge nurses working alongside Worcestershire Acute Hospitals NHS Trust's ward teams to ensure discharge from hospital is timely and effective, in turn reducing delays for people accessing urgent or emergency care.
The launch of the Onward Care Team at the Alexandra and Worcestershire Royal Hospitals followed a successful test at the Alexandra Hospital which saw shorter stays in hospital, fewer patients going to onward care in community hospitals and care homes, more patients being discharged before lunch and fewer patients being readmitted.
Sharon Buckley, Urgent Care Strategic Lead, said: *"The Onward Care Team supports wards to ensure every patient with onward care needs has a proactive, timely and efficient transfer, as we know that prolonged stays in hospital actually slow down recovery for patients."*

New models of care through integration

New models of care through integration

Improving Mental Health support in schools
We have begun the launch of a new team to enhance the mental health support we provide to children in schools during 2021. The Mental Health in Schools Team is made up of senior clinicians and higher-level therapists, and Education Mental Health Practitioners (EMHPs).

The teams will work across local schools and will complement the mental health supports that already exist, such as counselling, educational psychologists, school nurses, pastoral care, educational welfare officers, Voluntary Community and Social Enterprises (VCSE), the local authority, including children's social care, and NHS Children and Young People's Mental Health (CYPMH) services.

Improving access to community mental health services
In 2020 we launched our new Neighbourhood Mental Health teams which will completely transform how community mental health services work.

As one of just a handful of areas across the country, the new teams are initially operational across all of Herefordshire and parts of Worcestershire. They work much more closely with GP practices, ensuring there is a specialist mental health worker available within primary care settings which helps people get to the right service first time.

The principles of the Neighbourhood Mental Health Teams are to help people get the care they need in a much more seamless way. It reflects the reality of lots of people's experiences of mental health which sees them experience highs and lows throughout their recovery journey when they may need the help of different services depending on how they are feeling.

The service is set to expand during 2021/22 to cover a wider geography which will mean everyone experiencing mental health needs across Herefordshire and Worcestershire getting access to this new and innovative way of providing care in the local community

Enhanced access to crisis mental health care
At the beginning of 2020 we launched the first Crisis Assessment Suite in Worcestershire. Based near the Worcestershire Royal Hospital site, the suite is a countywide service which provides support for those people experiencing a mental health crisis. At the moment it can be accessed via professional referral only using existing contacts and pathways, for example from the mental health liaison team in A&E, or via the police or ambulance service.
The suite has been fully refurbished and ensures people experiencing a crisis get the expert mental health support they need as quickly as possible. There are plans to open access up in the future. We also launched our 24hr mental health helpline

at the start of the pandemic, providing around the clock help and advice to people in crisis or their families/carers. We have seen an increase of 68% in referrals to the crisis line since April 2020 and the team work really hard with partners to ensure those people get the specialist support they need.

Early Intervention in Psychosis

In Early Intervention in Psychosis services across Herefordshire and Worcestershire this year has heralded the completion of 3 years of exciting service developments. Teams across both counties have increased their age range for their services to include patients from age 14- 65, maintained top performing status for ensuring swift access to assessment and evidence based treatment for people experiencing a first episode psychosis, and can now offer the full range of recommended treatments and interventions to all patients and carers. We are proud to have achieved the expected 'good' standard that was predicted for the teams as part of NHS national audit and the year ahead sees us implementing plans to achieve an even greater rating.

Efficient and Effective

We have a continual drive to ensure our organisation is providing value for money and using its resources well and effectively. Being a financially stable and sustainable organisation has a direct impact on patient care, as we are able to use our resources where they are needed most.

During 2020/21 we have invested in our estate and facilities to improve the quality of the care we can provide, and we have also utilised digital technology to improve and accelerate access to help and support.

Investing in our mental health facilities

While every effort is made to keep people well and supported in their own homes, it will be appropriate for some people to need specialist help within one of our mental health wards. Our wards are accredited by the Royal College of Psychiatrists and offer outstanding, recovery focussed care.

We know that being admitted to a mental health ward could be really distressing and we are committed to ensuring our environments and facilities are as good as they can be. We have secured national investment to upgrade all our inpatient wards areas which will have real clinical benefits too.
The investment will eliminate the final few 'dormitories' in our wards, replacing them with modern, individual private rooms. The works will cost £26million and is part of national programme of £400m to improve mental health ward environments. Work started in 2021 with a phased completion over the next two to three years.

Sarah Dugan, Chief Executive, said: *"While the majority of our units provide modern, private facilities, improving the accommodation at Holt Ward, Athelon Ward and the Stonebow Unit has been a priority. Replacing the bays and dormitories with private rooms will improve the individual care that can be given to patients, supporting their right to privacy and dignity while they are with us. It will also have benefits for patient safety, for example through better infection control and by reducing the risk of incidents involving patients or staff."*

Working with the community to develop the role of our community hospitals

We want our community hospitals to play an even greater role in the future and in 2019 we began a series of conversations with local people to help us develop a modern and exciting new vision for them.
The pandemic has put some of this work on hold, but some key and consistent themes are emerging.
We want our community hospitals to be vibrant, busy hubs which support

and facilitate good health and wellbeing, as well as treating illness. They are well valued assets within our local communities and we will be working closely with local people, groups and organisations throughout 2021/22 to develop this vision further.

Tele-psychiatry in Perinatal Mental Health

In the Perinatal teams, we were already trialling 'tele-psychiatry' video conference appointments as Covid hit. We were therefore able to very quickly adapt all team services to offer a maximum possible input to the service users of both county teams. We are particularly proud of maintaining support and therapeutic groups for parents via a variety of mixed media approaches. The year ahead promises the launch of an exciting new maternal mental health outreach partnership service and the planning of increased access to psychological services, extended service eligibility and a screening/signposting service for Dads and partners who may struggle in the perinatal period.

Children's Short Breaks refurbishment

At Osborne Court adult replacement care in Malvern, we kept this service safely open throughout the pandemic, whilst also completing significant renovations to the indoor and outdoor spaces. Staff and patients alike are enjoying the fantastic, vibrant and inspiring new environment and increased bed capacity means that during the year ahead we will be able to make this service available to more people who need it. In the children's learning disability replacement care service in Malvern, we were able to keep this service open throughout the past year. We have been delighted to see the completion of two years of work that sees the building transformed and bed capacity expanded. No one who visits can fail to find this the most positive of places to be – the smiles of the children say it all; we are looking forwards to welcoming more young people as the year progresses and working with the children, their parents and carers to enhance even further the range of available activities and interventions.

Efficient and Effective

Equality, Diversity and Inclusion

Herefordshire and Worcestershire Health and Care NHS Trust (HWHCT) recognises that our patients and our members of staff come from many diverse ethnic, religious, socio-economic and cultural backgrounds all of whom will vary in their health, experiences, beliefs, genders and sexualities.
The Trust is dedicated to continue its commitment to equality in healthcare, ensuring the communities it serves have access to the healthcare they need, while also treating people with respect, dignity and fairness – this applies equally to our workforce.

Herefordshire and Worcestershire Health and Care NHS Trust has a workforce that is valued for its diversity and contribution - operating in a well-led environment is key to a successful and inclusive organisation. For this reason every individual working for the Trust has a personal responsibility for implementing and promoting Equality, Diversity and Inclusion.
HWHCT seeks to create an environment that is inclusive and supportive for everyone in which:

- Diversity is valued and respected – an approach that embraces both visible and non-visible difference.
- The community works together effectively, in an atmosphere of trust, harmony and respect.
- Discrimination and prejudice are challenged. Both direct and indirect discrimination (including associative and perceptive discrimination), harassment and victimisation will not be tolerated.

Herefordshire and Worcestershire Health and Care NHS Trust have a legal responsibility under the Equality Act 2010 to:

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations between persons who share a relevant characteristic and those who do not.

The nine protected characteristics are:

1. Age
2. Disability
3. Ethnicity
4. Gender
5. Gender reassignment
6. Marriage & civil partnership
7. Pregnancy & maternity
8. Religion or belief
9. Sexual orientation

The Director of People and Organisational Development is the Executive Director responsible for the Trust's Equality Agenda and was appointed to post in early 2021.

A new Equality, Diversity and Inclusion Lead and a newly created Inclusion Officer role (known locally as the EDI Team) were also appointed in February 2021. Both of these posts sit with in the Organisational Development Team.

Working in this way has allowed the EDI team to be its own entity whilst having maximum impact in its delivery within the fabric of the Trust and its development, and allowing the workforce to

approach for help and advice in an open and transparent manner.

The Trust is signed up to the following standards
- Disability Confident Committed Employer
- Mindful Employer - charter signatory for employers who are positive about mental health
- Time to Change organisational employer pledge to end mental health stigma and discrimination
- Armed forces covenant,
- Veterans Aware
- Carers Charter

Staff networks
A number of working groups and staff networks drive equality activity within and across the Trust. These include groups focussed on staff and patient services.
Staff networks include:
- BAME staff network,
- LGBT+ network,
- Disability Network
- Time to change" (group of mental health first aiders who campaign against mental health stigma and organises events and talks),
- Carers Network

Each network has its own specific:
- Purpose, goals and outcomes
- Board sponsor
- Identity and values

Each network can:
- Be a campaigning voice within the Trust and raise issues affecting them, with key decision makers within the Trust.
- Can influence and make responses to employment strategies, policies, procedures and practices.
- Review the Trust progress in its statutory obligations regarding its duty under the Equality Act 2010, Public Sector Equality Duty and National Standards such as the Workforce Race Equality Standard (WRES), and Workforce Disability Equality Standard (WDES).
- Support, encourage and actively promote the professional and career development of staff.
- Support the Trust in the recruitment and retention of a diverse workforce, which reflects the community we serve.

Specific working groups with both patient workforce agendas:
- Accessible Information Standard Implementation Task and Finish group.
- Compassion for our staff working group – (staff group for mental wellbeing and resilience).
- IAPT BAME Working Group.

Networks and working groups for launch in 2021 include the following:
- Women's development network.
- Armed forces network.
- Faith and Beliefs Network.
- Equality, Diversity and Dignity Steering Committee to provide governance and assurance for equality, diversity and inclusion.
- Learning disability and autism working group.
- Workforce Equality and Diversity staff group.

Key workforce equality activity in 2020/21:
The Staff Networks continued to meet via virtual calls

Equality, Diversity and Inclusion

rather than face to face. This provided a safe space for staff to seek help and advice during unprecedented times of COVID as well as highlighting areas in which the Trust can improve.
The BAME Network have held drop in sessions in response to the disproportionate impact COVID has and still is having on BAME communities.
In response to the Black Live Matter campaign, the Network held an awareness workshop which was open to all members of the Trust.
The network has also been influential in developing and implementing the BAME Risk Assessments undertaken in September and October.

The Disability Network held drop in sessions in response to COVID and the impact it was having on staff that have a disability. They have also produced an Accessibility Policy in response to needs of the staff.
Interpreting and Translation services provided by the Trust have increased to include virtual calls via smart devices as well as computers this includes BSL for the deaf and hard of hearing community.

HWHCT has continued to develop relationships with organisations within the Integrated Care System (ICS). An ICS Inclusion Statement was agreed and a session on Unconscious Bias was delivered with a view to incorporating it into recruitment practices.
HWHCT has developed and delivered a Reverse Mentoring Programme, the first cohort included all BAME mentors who mentored senior managers including members of the Board. The Topics included; BAME identity, culture and discrimination in society as well as the healthcare system. The purpose was to increase understanding of personal lived experience, and look for ways to adapt and deliver a more accessible service to BAME patients and service users. The second cohort included people with different personal experiences e.g. LGBT+, Caring, Disability and Generation Z.

Changing the way the Trust recruit and select prospective staff
Further investigation is required into the moderately low proportion of staff recruited from BAME backgrounds or with a disability. The Trust currently holds Level 2 of the Disability Confident scheme and is working towards level 3.
This will lead the Trust beyond using innovative ways to attract and retain people with a disability or long-term health condition. This will involve working with national and local partners to share best

practice and implement new ways of conducting recruitment and selection in the Trust we are currently looking at ways to improve other organisations within the ICS. The trust are also in the process of signing up the to the RACE Charter.
The BAME and disability networks are working closely with the recruitment Lead and EDI Lead to improve the recruitment processes.

Equality Impact Assessment
The Trust takes due regard for equality by undertaking Equality Impact Assessments (EIAs) when creating and reviewing policies or when planning service changes as part of organisational change processes to ensure our functions and services are not discriminatory.
The process by which the EIAs are scrutinised has also been strengthened. This has included the use of a new Equality Advisory Group (EAG).

The Equalities Advisory Group is an advisory group whose members can identify with or who have experience of, one or more of the nine protected characteristics and or other groups who could experience inequality. During COVID the Equality Advisory Group continued to meet via WebEx to review and feedback on Equality Impact Assessments and other Inclusion items.
The aim of the group is to help identify, and seek mitigations for, any potential or actual impacts that our policies or functions may have on different groups of people who could experience inequality. The group will be involved in the monitoring and scrutiny of equality issues in relation to service development, transformation and change management programmes, the Equality Delivery System (EDS), and policy and strategy documentation.

The aim of the EAG is to:
- To help ensure all stages of service development and change management programmes – that is at evidence gathering, discussion, decision making and implementation – are informed by a full and detailed consideration of equality issues.
- To support the process around the completion of equality analysis documentation at pre-consultation, consultation and post consultation stages, so that it can inform discussion and decision making.
- To review and identify potential impacts of proposed activity on different equality groups, the level of identified impact, and to help inform any action plan which might include further engagement with impacted groups to identify potential ways to mitigate the impacts.
- To review Equality Analysis documentation for new and refreshed policies and strategies where a wider and/or more in-depth view is required.
- To support the implementation of the Equality Delivery System to grade Trust equality performance, by scrutinising the evidence provided, grading performance and making recommendations.
- The group will also support the process around completion of equality analysis documentation for Integrated Care System projects requiring consultation by informing discussion and decision making at key stages. Such projects to be presented and reported by officers of the partner organisation concerned and reported back through their organisational governance as appropriate.

In conjunction with this, the Trust Equality, Diversity and Inclusion Lead attends the Clinical Policies Group. This is to ensure that authors of any new or updated policies take account of and complete all the sections within the EIA.

Equality, Diversity and Inclusion

Board Assurance Framework

The Trust Board understands its role in managing the principal risks to ensure delivery of its strategic objectives and the effective operation of the Trust. The Trust is committed to ensuring that risk management is fully embedded in the organisation's culture and processes and a robust risk management strategy and procedures are in place.

A Board Assurance Framework (BAF) is in place together with the associated controls and assurances; operational risk registers feed into the high level risk register which informs the BAF.

The BAF is reviewed at every public Board meeting. At the end of the financial year the BAF contained the following risks:

Reference	Risk
SO 2/3/4	Failure to deliver acceptable standards of care.
SO 1/3/4	There is a risk that the strategy supporting the STP and national direction of travel relating to Integrated Care System cannot be implemented in proposed timescales.
SO 1/4	Failure of the medium to long term financial sustainability of the Trust.
SO 1/2/3/4	The Trust needs to attract, develop and retain an appropriate workforce to deliver appropriate services within resources.
SO 3/4	Working in a challenged health economy potentially leads to focus on specific immediate areas of concern, rather than all partners working collaboratively for medium term economy wide sustainability.
SO1/3	The impact of COVID 19 on every aspect of organisational performance: staff wellbeing, quality of care, service changes, financial and performance indicators

Further details as to how the Trust manages risk is contained in the annual governance statement.

Adoption of the 'Going Concern' basis

The Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) requires the management of the Trust to consider the following public sector interpretation of International Accounting Standards 1 in respect of applying the going concern assumption when preparing its accounts. It states:

"For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant body or DHSC sponsor of the intention for dissolution without transfer of services of function to another entity. Where a DHSC group body is aware of material uncertainties in respect of events or conditions that may bring into question the going concern ability of the entity, these uncertainties must be disclosed."

The Trust Management has assessed the Trust's ability to continue for the foreseeable future in the light of the GAM guidance. The Trust has compiled the 2020/21 accounts on a "going concern" basis giving consideration to the following:

- There has been no expectation raised that healthcare services will not continue to be provided by the Trust.
- The Trust submitted its draft business plan to NHSEI in May 2021 setting out its operational plans for the following financial year (2021/22) and its capital plans for five years submitted in April 2021.
- The Trust has a proven track record of achieving challenging efficiency programmes, has delivered recurrent savings and agreed surplus control totals year on year since its formation in July 2011.
- In the current financial regime, the Trust was required to break-even; however at year-end the Trust has delivered a surplus of £923k.
- The Trust continues to fully participate in the ICS planning process including the submission of a 3 year financial and operating plan on a going concern basis.
- In March 2020 NHSEI announced revised arrangements for NHS contracting and payment to apply for 2020/21. These plans have been confirmed to continue for Q1 and Q2 of 2021/22 with further guidance to be published for the latter part of the year.
- It remains the case that the Government has issued a mandate to NHSEI for the continued provision of services in England in 2021/22 and ICS allocations have been set.
- The Trust has preliminary contracts in place with Non-NHS bodies, although not finalised or signed due to COVID-19, for the provision of healthcare services for 2021/22.
- The Trust has prepared a cash-flow plan for the period April 2021 to March 2022.
- There are no plans to dissolve the Trust or to cease services without transfer to any other NHS body.
- The Trust does not consider that there are any material uncertainties to the going concern basis.
- The Trust has appropriate financial and operational risk management processes in place to support its operational plans.

For these reasons, the Trust has prepared its Accounts using the going concern basis in line with the GAM guidance.

Performance Analysis

As a result of the COVID-19 pandemic, NHS Improvement took the decision to relax the requirement of the performance regime, whilst services responded to the demands created by the pandemic. Despite this relaxation, the Trust continued to monitor performance of services and where possible maintained the high standards that had previously been achieved.

In more usual times, the performance of NHS Trusts is assessed against the requirements of the Single Oversight Framework. The metrics contained within the Framework have continued to be utilised to track the performance of the Trust throughout the year.

Despite the pandemic, the Trust performed well against the overall suite of measures. There were issues with meeting the Referral to Treatment waiting time targets as a significant number of the medical staff who deliver the outpatient clinics were re-deployed to support the response to the pandemic. This was however a national issue and extensive plans are being put in place to address these issues during 2021/22.

The Trust continued to achieve the targets associated with Improving Access to Psychological Therapies (IAPT), a service that looks to help people with low to medium level mental health conditions. This included ensuring that the required annual increase in patients accessing the service was attained, the target waiting times were not exceeded and the recovery rates for patients discharged from the service were achieved.

It is recognised that wherever possible, mental health patients requiring inpatient care should be accommodated locally and that out of area placements should be avoided. This objective was achieved by the Trust, with no adult inpatient being admitted to facilities outside of Herefordshire or Worcestershire in 2020/21.

NHS Improvement Single Oversight Framework: Quality of Care Monitoring Metrics 2021-22

Safe	Target	Mar-21
Clostridium Difficile - variance from plan	≤ 0	-5
Clostridium Difficile - incident rate (March trajectory less than or equal to 10)	≤ 10	5 YTD
Incidence of MRSA	0	0 YTD
Never Event - count	0	0
Patient Safety Alerts outstanding	0	0
VTE Risk Assessment	95%	N/A
Admissions to adult facilities of patients who are under 16 years of age (Number)	0	1
Effective	**Target**	**Mar-21**
% of clients in settled accommodation	60.0%	66.6%
% clients in employment	10.0%	13.9%
CPA follow up within 7 days of discharge	95.0%	95.1%

Caring	Target	Mar-21
Staff FFT Percentage Recommended - Care	-	◇
Inpatient Scores from Friends and Family Test - % Positive	-	◇
FFT - Minor Injury Units	85%	◇
FFT - Mental Health	85%	◇
FFT - Community	85%	◇
Written Complaints - rate	-	40
Mixed Sex Accommodation Breaches (number)	0	N/A
Well-led - (renamed Organisational health)	**Target**	**Mar-21**
Agency Spend – Actual versus Plan	£5,243k	£8,446k
Actual Efficiency – Actual versus Plan	£1,159k	£1,159k
Trust level total sickness rate *	≤ 4.0%	3.74%
Staff turnover rate (Rolling 12 months)	12.50%	12.70%

◇ New FFT guidance and questions were due to be implemented 1st April 2020 but have been put on hold nationally due to Covid-19. A new date has yet to be confirmed.

NHS Improvement Single Oversight Framework: Operational Performance Metrics 2020-21

Governance Risk	Threshold	Mar-21
Maximum time of 18 weeks from point of referral to treatment in aggregate –patients on an incomplete pathway	92%	71.9%
A&E: maximum waiting time of four hours from arrival to admission/ transfer/discharge	95%	100%
Out of area placements for mental health services (number of days)	0	0
Inappropriate out of area placements for mental health services (number of days)	0	0
Early Intervention in Psychosis: 1st episode of psychosis treated with a NICE approved care package within 2 weeks	56%	80%
Improving access to psychological therapies (IAPT):		
Proportion of people completing treatment who move to recovery	50%	50.1%
referral to the IAPT programme will be treated within 6 weeks of referral	75%	89.5%
6 weeks 3-month rolling position as per Single Oversight Framework	75%	87.4%
referral to the IAPT programme will be treated within 18 weeks of referral	95%	99.0%
18 weeks 3-month rolling position as per Single Oversight Framework	95%	98.9%
Data Quality Maturity Index (DQMI) – MHSDS dataset score	95%	95.5%

Financial Overview

As the COVID-19 emergency period took effect in mid-March 2020 the NHS saw major changes to how services and financial flows worked. The COVID-19 emergency financial framework put in place by the government and NHSEI at the beginning of the year and continued until the end March 2021.

Furthermore, the Trust aquired Herefordshire mental health and learning disabilities services from Gloucestershire Health and Care NHS Foundation Trust, effective from 1 April 2020.

Revenue

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

For 2020/21, the total turnover for the Trust (mainly received via healthcare contracts with the Herefordshire and Worcestershire Clinical Commissioning Groups, Worcestershire County Council and other NHS Commissioners) was £239.9m (£190.8m last year). The increase in revenue includes transfer of Herefordshire mental health and learning disabilities services, COVID-19 reimbursements and top-up allocations, centrally funded pension contributions, inflation and additional service developments from commissioners including Mental Health Investment Standard and Mental Health Transformation funding.

Budgets are set throughout the Trust up to this limit and it is the responsibility of budget holders to ensure that the Service Delivery Units are managed within their allocated budget. Progress during the year on this important area of responsibility is reported at Trust Board meetings and in detail at the Finance and Performance Committee. The business of the Trust is governed by the Trust's Standing Orders and Standing Financial Instructions; and spending decisions regulated through an approved Scheme of Delegation.

The reported NHS financial performance for the year ended 31 March 2021 is a surplus of £9.0m (2019/20 £2.9m). This financial performance is adjusted for technical items: impairments of the Trust's assets (resulting from professional valuations), gains from the transfer of services, national stock and depreciation on the Trust's donated assets.

The Adjusted Retained Surplus is therefore £922k (2019/20 £4.5m). This is the surplus which the Trust is monitored by NHSEI.

Capital

In 2020/21 the Trust used internally generated funds from depreciation, brought forward revenue surpluses, cash and Public Dividend Capital (PDC) funding to cover a capital programme of £11.6m. The Trust spent its 2020/21 Capital Resource Limit, as approved with NHSEI.

The Trust's main areas of expenditure were: £3.4m on Information Technology; £6.2m implementing the Trust's estates strategy (of which £3.0m related to the elimination of dormitories being PDC funded), £0.7m on backlog maintenance and £0.5m on equipment. Other areas of substantial expenditure included £0.4m for anti-ligature and £0.3m for PLACE schemes.

Working Capital

The Trust takes active measures to secure its working capital and cash liquidity. The outcome being the Trust is above the 10 days minimum operating cash required by NHSI, resulting in a retained cash balance of £6.8m in excess of its External Financial Limit (EFL). This over-delivery is allowable by NHS Improvement.

Financial statutory and non-statutory targets

Target	Achieved	Explanation
Surplus	✓	Achieved a year end surplus of £922k
Remain within the Capital Resource Limit	✓	The Trust spent its capital resource limit £11.6m
Remain within the External Financial Limit	✓	The Trust under-spent against its limit by £6.8m (allowed)
Capital Cost Absorption rate (3.5%)	✓	The Trust achieved the 3.5% rate
Pay 95% of valid invoices within 30 days of receipt	✓	BPPC compliance rate of 97%
Efficiencies	✓	£1.2m delivered non-recurrently

Anti-bribery policies

The Trust collaborates closely with other organisations to deliver high quality care for our patients. These partnerships have many benefits and should help ensure that public money is spent efficiently and wisely, but there is a risk that conflicts of interest may arise. As an organisation we have a duty to ensure that all our dealings are conducted to the highest standards of integrity and that NHS monies are used wisely so that we are using our finite resources in the best interests of patients.

Our Conflicts of Interest Policy sets out the process by which the Trust manages any potential or actual conflicts of interests in accordance with up to date guidance. This includes the requirement for staff to declare any gifts, hospitality, relevant personal interests and non-NHS work. This process is overseen by the Audit Committee.

The aim of our Counter Fraud, Bribery and Corruption Policy is to increase staff awareness of the issue of fraud within the Trust, to provide guidance to staff about what to do if they have suspicions of fraud and to set out the Trust's approach in investigating allegations of fraud and pursuing sanctions against and redress from those who participate in fraudulent or corrupt activity.

Accountability Report

Corporate Governance Report

Directors' Report

Chris Burdon, Chairman

Chris took up his appointment on 1 July 2011 having been Chairman designate since February 2011. Chris was appointed as NED with NHS Worcestershire in December 2008 and chaired their provider services Board. Following an early career in metallurgical research, Chris held a series of senior executive positions in the metal processing sector. His last post was with Bradken, an Australian PLC, where he had responsibility for worldwide activity in the power generation and cement production markets and the management of three sites in the UK. Chris left his post as Chairman in March 2021. He attended the Quality and Safety Commitee and Workforce Committee in an ex officio capacity, as well as chairing Remuneration Committee and Charitable Funds Committee.

Sarah Dugan, Chief Executive

Sarah took up post on 1 July 2011. Sarah previously worked for NHS Dudley as Chief Executive. Sarah is a Registered General nurse, Children's nurse and Public Health nurse. and has a Masters in Health and Social Care Management. She has held a wide range of senior positions with community and mental health service providers and in commissioning organisations. She attends Quality and Safety, Workforce and Finance and Performance Committee in an ex officio capacity.

Gill Harrad, Company Secretary

Gill joined the Trust from Birmingham and Solihull Mental Health NHS Foundation Trust, where she was Company Secretary/Head of Legal Services. She qualified as a solicitor in 1994 working in local authorities in Warrington, Gloucestershire and Birmingham, undertaking a broad range of legal work. She moved into the NHS in 2007 working in a specialist Mental Health Trust. She is responsible for corporate governance in the Trust. She is a member of Quality and Safety Committee, Mental Health Legislation Committee and attends Audit Committee.

Matthew Hall, Chief Operating Officer

Matthew is responsible for clinical service delivery and emergency planning. He joined the WHCT in May 2019, from Solent NHS Trust - where some of his previous roles were Deputy Chief Operating Officer, Clinical Director for Mental Health Services and Operations Director. He has worked in the NHS since 1990 and is a Registered Mental Health Nurse. Matthew is a member of Finance and Performance, Workforce and Quality and Safety Committees. He holds an MBA from the University of Leicester.

Elaine Clough - Director of People & Organisational Development

Elaine joined the Trust in February 2021. She has been in public services for more than three decades as an Organisation Development & HRD professional. She's worked in Local Government, for a national and European public sector consultancy, and has lectured in Higher Education on programmes such as the Elizabeth Garrett Anderson. More recently, Elaine has worked in the Police Service and has consulted to the organising committee for the Commonwealth Games 2022 and regional local government authorities. Elaine provides support to our Freedom to Speak Up Guardian.

David Brown, Chief Information Officer

David has over 35 years of NHS experience in Pharmacy, Information Technology and Digital innovation alongside 8 years of IT management in Higher Education. David has managed large Acute Hospital IT Services in Manchester and South Yorkshire as well as Community IT services in Rotherham. He led the Sheffield Hallam University Informatics service for several years. In the commercial space, as Software Development Director for a multi-national software house, David led a team of 20 developers in three countries on several Fortune 500 accounts.

Robert Mackie, Director of Finance and Deputy Chief Executive

Robert took up post with the Trust on 1 July 2011 as Director of Finance. He is a Member of the Finance & Performance Committee and also attends Audit Committtee. He previously worked for the NHS Walsall, initially as Director of Resources from October 2008 and then from November 2010 as Interim Chief Executive. Robert is qualified accountant and joined the NHS with the 1998 cohort of the national financial management training scheme, having previously worked in general management within the private sector.

Sue Harris, Director of Strategy and Partnerships

Sue was appointed in May 2012. Sue is a member of the Finance & Performance Committee and her Directorate responsibilities include strategy and business development, business planning, the Programme Management Office, marketing and communication, patient self-management and community engagement. Prior to a secondment to the Strategic Health Authority in 2011, Sue was, from 2009, Lead Commissioner for mental health services in Worcestershire. Prior to this role, she was a national director for Turning Point, a leading social enterprise, Sue has over 25 years of business development experience in the health and social care field across a range of sectors

Michelle Greatorex, Director of Nursing and Quality

Michelle Greatorex took up post in April 2016 following a secondment from January to March 2016 from Wye Valley NHS Trust where she worked since August 2011 as Director of Nursing and Quality. Prior to this Michelle worked in various posts linked to professional development, service improvement, education and leadership. Michelle has previously been Managing Director for Warwickshire Community Health Services. She has extensive knowledge of community health care and has a District Nursing background. Michelle qualified as a nurse in 1988 and obtained her Masters in Health Sciences in early 2000. She attends Quality and Safety Committee and Workforce Committee.

John Devapriam, Medical Director

John Devapriam is National Professional Advisor for Learning Disability for the independent regulator, the Care Quality Commission, and chairs the Quality Network for Learning Disabilities for the Royal College of Psychiatrists. He joined the Trust in April 2019 from Leicestershire Partnerships NHS Trust where he was Consultant Psychiatrist in Learning Disabilities and Clinical Director for the Adult Mental Health and Learning Disability directorate. He became a Fellow of the Royal College of Psychiatrists in 2015. He attends Quality and Safety Committee, Workforce Committee and Mental Health Legislation Committee.

Steve Peak, Non Executive Director

Steve has been a NED since June 2015. He previously lectured for Keele University and is Sales and Business Development Director for Vanguard Healthcare Solutions. Over the past 25 years he has held previous senior leadership roles in acute hospitals including a period of time as CEO of Birmingham Women's NHS Foundation Trust. He chairs the Finance and Performance Committee and attends Audit Committee and Remuneration Committee.

Stephen Tilton, Non Executive Director

Stephen joined the Board in September 2016 and is a Chartered Accountant and has held a series of senior executive positions in the financial services sector. This has included three years with the Financial Services Authority before taking up the position of Director of Legal and Compliance with a global private equity firm. Stephen is also an accomplished musician, and for 10 years was Master of Music at the Chapels Royal, HM Tower of London. Stephen left the Trust in June 2020. He chaired the Audit Committee and attended the Quality and Safety Committee and Mental Health Legislation Committee.

Jamie Morris, Non Executive Director

Jamie joined the Board in November 2016 and is a retired senior executive who has held roles in various public and private sector organisations, most recently as an Executive Director at Walsall Metropolitan Council, where he had responsibility for a wide range of front line services. Before that he was Assistant Chief Executive at Birmingham City Council and a Management Consultant with Deloitte advising local and central government on a variety of issues. He chaired the Workforce Committee and attended Mental Health Legislation Committee and Finance and Performance Committees.

Tessa Norris, Associate Non Executive Director

Tessa joined the Board in January 2018 after retiring from her role as the Trust's lead for Children, Young People & Families and Specialist Primary Care. Prior to joining the Trust, Tessa worked in a variety of roles across the NHS having qualified as a nurse, including Director of Operations at Shropshire Community Health Trust and Managing Director for Dudley Community Services. She is also a qualified coach and has provided support on career development, conflict management and personal development to NHS staff over the last 7 years. She chairs the Mental Health Legislation Committee and attends Quality and Safety Committe.

Martin Charters, Non Executive Director

Martin joined the Trust in May 2018 and is a trained Chartered Accountant with experience in senior finance roles within the NHS. However his more recent experience has been focused on clinical service transformation, the alignment of culture, values and behaviours across systems, and ensuring effective governance. Recent examples include working with the Stockport Together Vanguard Programme focused on the development of integrated physical, mental and social care, and with St George's Hospital on the complete redesign of outpatient services. He chairs Audt Committee and attends Mental Health Legislation Committee and Quality and Safety Committee.

Janet Clarke, Non Executive Director

Janet Clarke qualified in the 1980s from Birmingham University and went on to work in general practice, but primarily the community dental service in and around Birmingham. She has significant involvement with the British Dental Association, firstly as Chair of the Central Committee for Community and Public Health Dentistry and then as BDA President in 2011. She was awarded an MBE for services to dentistry in 2010. She chairs Equality and Safety Committee and attends Audit Committee and Remuneration Committee.

Directors' Statement

The Trust's Directors have considered and confirm that each director knows of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and; has taken all the steps that they ought to have taken to make themself aware of any such information and to establish that the auditors are aware of it.

The Trust's Register of Interests is open to the public and may be accessed, by contacting the Executive Personal Assistant to the Company Secretary, either by telephone on 01905 681558 or email at: s.tallack@nhs.net

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.

Chief Executive: Sarah Dugan

Date: 14th June 2021

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

Chief Executive: Sarah Dugan

Date: 14th June 2021

Finance Director: Robert Mackie

Date: 14th June 2021

Annual Governance Statement 2020/21

Scope of responsibility

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

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 Herefordshire and Worcestershire Health and Care 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 Herefordshire and Worcestershire Health and Care NHS Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust currently assesses and monitors risk by a variety of methods, not least via an assurance framework. This is the key document for the Trust Board to ensure all principal risks against strategic objectives are identified, managed, controlled and reported upon. The assurance framework is presented to, and approved by, the Trust Board at each public meeting.
The risk management processes are guided and provided for by the Risk Management Strategy. This sets out the organisation's approach to risk and defines responsibilities and roles of the Chief Executive, Directors, senior managers and all other staff in relation to the effective delivery of the risk management agenda. It also highlights the links between risk management, the assurance framework and the business planning process. There is documented guidance for staff supported by comprehensive policies and procedures available via the Trust's intranet. The Trust Board discusses the risk appetite when reviewing the Risk Management Strategy.

Whilst ultimate accountability rests with the Chief Executive, responsibility for risk management has been delegated to the executive leads for risk. The Director of Nursing and Quality and Medical Director have joint delegated responsibility for clinical risk management and clinical governance. The Director of Finance is responsible for financial risk management. The Company Secretary has delegated responsibility for managing the strategic development and implementation of corporate risk management and assurance, and is responsible for the development and maintenance of the high level risk register.

The work of the Quality and Safety Committee is supported by a number of sub committees and working groups. The Risk Moderation Group supports risk register owners in ensuring consistency and compliance with the Risk Management Strategy in completing and reviewing risk registers and reports to the Audit Committee. The Finance and Performance Committee and Workforce Committee,

similarly supported by sub-committees identifies and provides assurance to Trust Board on key financial, performance and workforce risks. All of the above committees review key risks each meeting and consider any changes that ought to be escalated to Trust Board's attention. The Mental Health Legislation Committee receives reports on all complaints and incidents and inspections arising out of the Trust's usage of the Mental Health Act and Mental Capacity Act and reports onwards to Trust Board.

As part of the risk management strategy, training is delivered to managers and to other staff across the Trust, both at induction to the Trust and also as part of on-going development. Areas covered include: risk management, risk assessment, incident reporting, health and safety, infection control and the handling of complaints. The extent and level of training is dependent on a member of staff's delegated responsibility. The legislative requirements of risk management and risk assessment within a safe system of work are actively promoted by the Trust. The Risk Moderation Group runs sessions for corporate and operational risk register owners, team leaders and ward managers, to emphasise the principles of the risk management strategy as well as sharing good practice.

The Trust uses an on line integrated risk management system. The incident reporting module has an e-mail trigger facility, which alerts responsible managers to recent incidents. A trigger is also sent to key governance staff such as the Patient Safety Manager, Risk and Security Manager and Quality Leads for each Service Delivery Unit, who review recently submitted incidents and forward guidance on the information which is needed to complete the incident report to the responsible manager.

The software contains data entry forms, which are used to record details of investigations, recommendations, actions and lessons learned. Monthly incident data reports are provided to the responsible managers and monthly reports are provided to the Integrated Governance meeting. These provide relevant details about the incidents and managers provide further contextual information to the Serious Incident Forum to facilitate the organisational learning from incidents. From this regular features are shared across the organisation to promote learning.

Statistical process control chart reports have been developed to further inform managers and senior managers about any developing incident trends across the Service Delivery Units and the wider Trust.

The need to engage each and every staff member and to provide the appropriate level of training to them remains a key objective and priority within the Trust. There are systems in place for staff to raise concerns/risks/near misses to allow action to be taken and for lessons to be learned.

In addition, there is a monthly review of risks within each Director's portfolios with a residual score of 10, as well as the main Committees reviewing risks within their portfolios each meeting with residual scores of 12 or above. The Trust Board receives all risks with residual scores of 15 or above at each public meeting.

The risk and control framework

The key elements of the risk management strategy focus on:

- Individual and corporate responsibility.
- A structured framework for the management of risk with a clear definition of the roles and responsibilities for directors, managers, clinicians and allied health professionals.
- A purposeful approach to enabling the Trust to embed risk management within its structure and so support the Trust in meeting its new functions and objectives.

- Compliance with all relevant statutory and non-statutory standards relating to the assessment and control of risk.
- Identifying, and where possible eliminating risk and controlling any remaining risk. Monitoring the controls and procedures to ensure effective risk management within the Trust.

Formal risk assessments are being undertaken locally, with specialist support and guidance provided as required. If advice and/or training is required on clinical risk assessment this will be provided by the Quality Governance Department. If advice and/or training is required on non-clinical/generic risk assessment this will be provided by the Risk and Security Manager and/or Health and Safety Manager.

Risk assessment and incident reporting systems remain key to the on-going assessment of risk. Evaluation of any, or all, control measures are considered, not only by line management but also by the Quality Governance department or Risk Moderation Group. This provides a robust double check within the system.

Cost Improvement plans are subject to a rigorous process in which, a detailed quality impact assessment is approved by the Director of Nursing and Quality and/or Medical Director, following discussion at our Clinical, Professional Advisory Group (CPAG), which brings together our clinical and professional leaders in the Trust.

Risk management continues to be promoted and embedded throughout the Trust. During 2020/21 there has been a significant emphasis in ensuring that there is consistent adherence to the Risk Management Strategy, with training, support and challenge being provided by the Risk Moderation Group – a sub-committee of Audit Committee. The Board has also been engaged in this process in ensuring that there is greater clarity in the risks potentially impacting on our ability to achieve our strategic objectives. This has led to more consistent application of the assessment of risks, as identified in our Risk Management Strategy. In turn this has impacted on those risks that are contained in the board assurance framework.

Shortly prior to the period covered by this statement the NHS declared an emergency planning level 4 incident as a result of COVID 19. As part of our organisational response to this major incident Trust Board has considered national guidance that certain corporate governance functions should be either stood down or undertaken differently. Trust Board approved a revised framework in April 2020, for corporate governance during the COVID level 4 emergency incident. This led to some changes to the format, frequency and duration of key meetings, whilst still adhering to our corporate governance framework. By September 2020 we were returning to our usual corporate governance processes. The level 4 incident was revised to a level 3 incident in August 2020, whilst towards the end of the reporting period there was an increased prevalence of COVID infections, reverting to a level 4 emergency incident.
Again in line with national instructions, a number of rapid service changes occurred at the start of the reporting period, with a gradual restoration of services over the summer period. At the end of the reporting period, a large number of services had been restored, although some were being delivered differently, such as through telephone contact rather than face to face. Assessment of the impact of such changes have been ongoing, as part of considering which changes are positive and which are less well received.

In addition to our usual risk management processes, as a result of COVID, we developed (and refined) individual risk assessment protocols for managers and staff, to support discussions with staff as to how their own personal risk factors may impact on their ability to work safely in a particular environment. The protocols have been updated as further guidance has been received about COVID.

Major Risks April to 31 March 2021

The Trust has identified the following in year risks which are included on the board assurance framework as at 31 March 2021:

Risk	Mitigation	Outcome
SO 2/3/4 Failure to deliver acceptable standards of care leading to poor patient experience	• Training for staff in patient centred care • Mechanisms for capturing patient experience, as well as impacts of changes made to services during COVID • PALS and complaints processes • Community engagement process • Board (virtual) patient safety walkabouts • Safety thermometer • Wide ranging governance arrangements • Serious incidents process • Revalidation of medical staff and nursing staff • Audit, research and clinical effectiveness activities • Performance framework • Robust staff performance processes • External assessments	• Positive and safe outcomes for patients. • Good quality care being provided. • Positive patient experience being reported
SO 1/4 Long term financial sustainability	• Focused attention to identify, on a prospective basis, opportunities to increase efficiency and cost effectiveness of delivery of services. A programme management office structure is in place with robust project management applied to each CIP scheme. • Regular and robust processes to ensure good performance management. • Established and robust processes in place to ensure compliance and oversight with key performance indicators. • Financial procedures have been halted during the reporting period due to COVID with specific (time limited) arrangements in place.	• Performance and financial indicators reviewed at each Finance and Performance Committee. • We have met all of our statutory financial duties which cover the duty to breakeven, not exceed capital resource limit or external financing limit as well as meeting the better practice payment code.
SO 1/3/4 There is a risk that the strategy supporting the STP and national direction of travel relating to Integrated Care System cannot be implemented in proposed timescales manner	• National guidance published and regular national and regional events to benchmark progress • Submissions made in accordance with guidance • STP subject to public engagement and where appropriate consultation to ensure that the public are aware of potential changes • Processes in place to address plans in dedicated workstreams with governance processes embedded	• Governance structures being agreed and overseen by NHS England • STP based on public engagement and national priorities. • Capacity being built nationally to address leadership challenges

SO1/2/3/4 - The Trust needs to attract, develop and retain an appropriate workforce to deliver appropriate services within limited resources	• Undertaking a number of initiatives relating to recruitment and supporting new roles • Specific workstreams to look at retention of existing employees • Improving staff engagement • Staff Health and Well Being Programme	• Delivering services with appropriately trained and skilled staff
SO/3/4 – Working in a challenged health economy potentially leads to focus on specific immediate areas of concern, rather than all partners working collaboratively for medium term economy wide sustainability.	• Regular escalation meetings with all partners and regulators • Regular meetings with key partners at Accountable Officer and executive level • Economy Director of Performance in post • Accountable Officer forum established across STP to facilitate focus on achievement of sustainability • Financial forum established across the economy • Local acute provider removed from quality special measures	• Sometimes longer term planning is replaced by need to demonstrate short term improvements that may not be optimal for medium to long term • Significant time expended on resourcing and supporting economy wide discussions and actions. • Focus of partners may be moving away from intense regulatory oversight
COVID impacting on every aspect of our operations.	• Emergency planning processes implemented locally. • Joint working with partners to deliver essential services • Supporting staff with wellbeing and resilience • Recovery cell processes supporting evaluation and learning of different ways of working • Establishment of CPAG to support ethical decision making • Engagement with patients and carers to understand the impact of services changes, whether positive or negative, as well as consideration of Healthwatch reports on new ways of working • Engagement with Equalities Advisory Group to ensure that health inequalities are identified and tackled	• Identification of those patients most in need and continuation of service delivery even with alternative means • Supporting staff to ensure that they remain able to support staff

Action plans are in place to manage the aforementioned risks. These are subject to scrutiny by Board and the relevant Board committees.

Quality and Safety Committee

The Quality and Safety Committee is a key component of the Trust's strategic business and integrated governance arrangements.

The Committee provides a strategic control of quality governance arrangements in accordance with clearly defined terms of reference. Monitoring of key performance indicators combined with qualitative and narrative reporting enables effective monitoring and assurance on the quality of care in services across the Trust.

The Quality and Safety Committee is underpinned by an Integrated Governance meeting which brings together the quality, financial and performance reports to provide a comprehensive and rounded overview of all aspects of performance in each Service Delivery Unit.

This arrangement facilitates an ability to undertake a detailed analysis of quality within the scope of financial and performance influences, allowing for a shared understanding of key risks, mitigations and achievements. A highlight presentation is provided from the Integrated Governance meeting to the Quality and Safety Committee.

The Trust's Quality Governance Policy documents the framework for quality governance arrangements across the Trust, and ensures there is a clear understanding of how our systems support the delivery of safe, high quality care so that the Trust consistently:

- Identifies and shares good practice, quality improvement and innovation;
- Shares learning from improvement actions when things have not gone well;
- Directs resources and support to areas that are not reaching expected standards and targets;
- Has clarity and openness in measuring and sharing performance;
- Invites challenge from stakeholders, in particular patients, carers, staff and commissioners; Celebrates and shares successes.

Monthly Service Delivery Unit quality reports ensure emerging issues are identified together with actions being taken to address and mitigate risks. Performance metrics relating to quality, as defined within the Trust's Performance Management Framework, are also reviewed in the monthly Integrated Governance meeting. In line with the terms of reference for this meeting recovery actions are identified and reviewed against key metrics where performance is falling short of target.

Service changes or new service developments undergo a quality impact assessment. These are presented by the project lead to the Clinical Professional (and Ethics) Advisory Group (CPAG) for assurance that all quality and safety considerations have been fully assessed and adverse impacts on quality are mitigated to an acceptable level. Each project has specific measures identified to monitor longer term effects on the quality of services. The assessment, if approved by CPAG, is signed off by the Director of Nursing and Quality and the Medical Director.

Our governance arrangements for learning from deaths reflect the principles of the National Quality Board's guidance. Our Learning from Deaths Group, chaired by the Associate Medical Director for Quality, oversees the implementation of the Trust's Learning from Deaths policy and Bereavement Care policy. Mortality and learning from deaths reports are provided to the Quality and Safety Committee and Trust Board. The reports use a combination of data fields and narrative paragraphs to gain an understanding of mortality rates, key themes of learning from mortality reviews and an assessment of the overall quality and safety of care experienced by patients.

All deaths of people who have a learning disability undergo a structured judgement review and are referred through to the Learning Disabilities Mortality Review (LeDeR) programme. The Trust participates in local Sudden Unexpected Deaths in Childhood (SUDIC) processes, participating in reviews following child deaths in Worcestershire and Herefordshire.

An in-depth review of staffing data is undertaken every 6 months and is reported to Trust Board. Staff are encouraged to report any issues around staffing levels onto the web-based incident reporting system, Ulysses. Any such reports are automatically forwarded to the Director of Nursing and Quality who will then take appropriate action. The Trust Board receives staffing reports at every public Board meeting. Board members visit teams (mostly by video conference during the reporting period) on a programme of patient safety walkabouts so that the information contained within Board reports can be verified against the lived experience of staff working in clinical teams. Through these routes the Trust believes that it complies with the Developing Workforce Safeguards.

Patients would usually be actively encouraged to complete the patient Friends and Family test, either on discharge from the service or at significant intervals of care for longer term community patients. This programme was paused, in compliance with a national directive, during the COVID19 phase. Each bedded unit has a 'Friends and Family Champion' who will ensure, now the test is operational again, that the survey is promoted to patients and carers. The results of patient surveys are fed back to the staff in the services in order that the high levels of satisfaction are recognised and valued and so that any suggestions for changes are taken forward. Previous Friends and Family test results have been overwhelmingly positive with many narrative comments about individual staff who 'go the extra mile' for patients and carers. Where individual staff members are named in any positive feedback, the Chief Executive writes to that member of staff to thank them for their contribution to outstanding patient care. Any suggestions for changes or negative comments from the Friends and Family Test responses are reviewed and acted upon and 'you said, we did' posters identify the changes that have been made.

Our programme of patient experience work, the patient safety walkabouts undertaken by the Trust Board, patient and staff stories to Board, together with analysis of complaints and compliments provides triangulated information about where we are getting it right from the patient's perspective, and where improvements are needed. We publish a summary of all complaints (anonymised) on the Trust's public facing website and use our data to identify any themes or trends. We pay particular attention to complaints about staff attitude to identify any services that may need particular support. The Trust adopts a proactive approach to enquiries received by our Patient Advice and Liaison Service (PALS) and aims to resolve matters as early as possible. This is described in detail in the Trust's Policy for Receiving, Investigating, Responding to and Learning from Complaints, PALS enquiries and Professional Enquiries.

With reference to Quality Improvement (QI) we have three key approaches:

1. Improvement by All – small scale changes delivered through individuals and teams at service level, stimulated and supported through quality improvement champions.

2. Rapid Improvement Action - tackling 'areas for improvement' across the organisation in a focused and prompt manner – using QI tools and know-how to deliver improvement at pace supported by our QI mentors.

3. New Ways of Working - responding to emerging opportunities and challenges using QI tools and know-how to redesign service delivery - a corporate approach to building quality improvement rigour into key areas of strategic importance.

Across Herefordshire and Worcestershire health economy we have adopted the QSIR (Quality Service Improvement and Redesign) methodology. This is the basis for learning and development at all tiers of the Trust's quality improvement community. We are continuing to grow our quality improvement capability, strengthening our QI community and engaging service users, patients and carers to ensure we are working together at the forefront of innovation and improvement.

In April 2020 four Quality Account priorities were agreed by Trust Board:

- End of Life Care
- Learning from Deaths
- Workforce
- Accessible Information Standard

Following the completion of an extensive and thorough due diligence exercise, on 1st April 2020 Herefordshire Mental Health and Learning Disability Services transferred from Gloucestershire Health and Care NHS Foundation Trust to Worcestershire Health and Care NHS Trust (our former Trust name). The transition arrangements have worked well and the teams from each county are strengthened through shared learning and expertise.

Also on 1st April 2020 the Trust started to deliver 0-19 Starting Well contract working closely with a number of partners, taking on governance responsibility for our sub-contractors.

Arrangements for assurance on Clinical Audit

Our clinical audit programme is overseen by the Clinical Audit and Effectiveness Group. The programme allows for major audits and re-audits to flow through from one year to another. The Clinical Audit and Effectiveness Group, which is chaired by the Deputy Medical Director, reports through to the Quality and Safety Committee. The 2020/21 Clinical Audit plans were agreed by the Service Delivery Units in early 2020, identifying audit topics that relate to, for example, NICE Guidance compliance, issues that have emerged through incidents and complaints or through assessed risk.

The Trust takes part in relevant national clinical audits and subscribes to the Prescribing Observatory for Mental Health audit programme. Trust Board is provided with an annual report regarding compliance with the audit plan. The report includes examples of improvement outcomes as a result of the audit programme.

Arrangements for Never Events and Serious Incidents

The Trust actively supports staff in the process of identifying, reporting and managing incidents. The NHS England Serious Incident Framework is used as the basis for incident reporting arrangements. All incidents reported on the web-based system (Ulysses) are reviewed by the Patient Safety Team to ensure the incidents have been correctly risk assessed and to swiftly identify those incidents that need immediate actions or meet the never event criteria. The Trust has not reported any never events during 2020/21.

The NHS Improvement 'Just Culture' guide is embedded in our serious incident processes to help managers determine appropriate steps to be taken when a member of staff is involved in an incident. The guide helps to facilitate a consistent and fair approach and underpins our commitment to supporting staff who have been involved in an incident.

Each serious incident undergoes a root cause analysis investigation undertaken by a trained investigating officer. A round table meeting is held for each serious incident resulting in realistic and effective action plans that are approved by the Serious Incident Forum. The Serious Incident Forum, chaired by the Director of Nursing and Quality and attended by clinical staff, interrogates the final drafts of the individual serious incident reports to ensure the underlying cause has been identified, and that appropriate actions are being taken to support those involved in the incident and prevent recurrence. A summary of key learning is collated and issued via a newsletter, with a strong emphasis on the importance of human factors in open reporting, learning and improvement.

Careful checks are undertaken to ensure patients and families have received an apology and have been involved in the investigation and are fully appraised of the outcome in line with the Trust's policy for Being Open and the Duty of Candour. Bespoke individual duty of candour training sessions are also held with clinical teams and on induction using examples of real cases to promote reflective discussion.

During 2020/21 we have been introducing the National Patient Safety Strategy into our governance processes and we have identified a Patient Safety Specialist to participate in this future programme of work.

External Review of the Quality of Services Provided

When the CCG undertake an announced inspection of services we accompany the visiting team with staff from similar teams in the Trust to act as peer reviewers. This supports the promotion of shared learning between clinical teams and services. The number of peer reviews taking place during 2020/21 has been severely affected by the impact of the Covid-19 restrictions. Between 1st April 2020 and 31st March 2021 one service, the Community Assessment and Recovery Service (CARS) South, took part in a peer review on 13th August 2020.

The peer review found that waiting lists are well managed and a successful recruitment drive had led to a reduced staff vacancy rate that was within manageable parameters. The reviewers noted that the culture of the team was cohesive and positive and that audit found improving compliance with documentation standards. These positive findings were fed back to the team.

Care Quality Commission

The CQC have undertaken one 'virtual' inspection in the 12 month period from 1st April 2020 to 31st March 2021.

Date of Inspection	Service Reviewed	Key Findings
03/08/2020	Hillcrest, Holt and Hadley	A letter was issued by the CQC in place of the usual MHA monitoring visit report. If serious safety concerns had been identified, then the CQC stated they would visit the ward. No such serious concerns were found and there was no formal 'provider action plan' for the Trust to complete. The CQC identified some recommended actions. These in the main related to environmental, clinical documentation and communication issues. These have now been addressed.

During 2021/21 the CQC has adopted a transitional approach to monitoring services. After reviewing information that the regulator has about a service, the CQC Inspector has a conversation with the service to review the information and to form an assessment of safety. This is not an inspection and the CQC

does not rate services as a result of this exercise. It does help the regulator to decide whether they need to take further regulatory action, for example a full inspection.

On 6th January 2021 the CQC reviewed the CARS South Service in this way. The CQC Inspector looked at reports for staffing levels, waiting lists, audit results and the overall action plan implementation before talking to the service manager about the current status of these issues. The CQC inspector found that the service could be considered as low risk and was particularly impressed with the maintained improvement in the psychology waiting list.

The CQC ratings for the service will not change as a result of this review.

Ofsted Inspections

The children's short breaks services at Osborne Court, Malvern are registered with both the CQC and the Office for Standards in Education (Ofsted). Ofsted has undertaken the following inspection of services during 1st April 2020 to 31st March 2021.

Date of inspection	Service inspected by Ofsted	Key findings
30/09/2020 – 01/10/2020	Sir Jules Thorn House 1, Osborne Court, Malvern	Ofsted did not identify any serious or widespread concerns in relation to the care or protection of children at this assurance visit. It was noted that improvements since the last inspection had been achieved in the safe recruitment of staff, children enjoying improved facilities, rotas holding the right information and children's records now holding all the necessary statutory paperwork. Further improvement work was recommended in relation to the recording of clinical supervision and the use of communication aids for children and young people.

Governance

The Trust Board operates in accordance with the Trust's Establishment Order, Standing Orders, Scheme of Delegation and Standing Financial Instructions. The Trust Board has seven committees that report directly to it:

- Audit Committee
- Quality and Safety Committee
- Finance and Performance Committee
- Workforce Committee
- Remuneration Committee
- Mental Health Legislation Committee
- Charitable Funds Committee

Each committee is chaired by a Non-Executive Director, for all of the committees other than Audit and Remuneration, specific Executive Directors are also members, for Audit and Remuneration Committees executive staff are invited to attend as appropriate to discharge the business of the committee.
The executive team hold the following responsibilities:

Sarah Dugan, Chief Executive, is the Accountable Officer for the Trust and leads the Executive Team							
Robert Mackie Director of Finance/ Deputy CEO	Matthew Hall Chief Operating Officer	Michelle Greatorex Director of Nursing and Quality	John Devapriam Medical Director	Susan Harris Director of Strategy and Partnerships	Gill Harrad, Company Secretary	Elaine Clough Director of People and OD	David Brown Chief Information Officer
Finance Performance Business and Budgetary Planning Information Infrastructure Estates and Facilities Contracting Procurement Senior Information Risk Owner Brexit Fraud Prevention	Operational Management of Services Service Transformation Integrated Service Delivery Service Improvement and Productivity Emergency Planning (which has included management of National Level 4 COVID emergency incident response)	Patient Safety Joint clinical leadership Safeguarding Professional Standards Infection Prevention and Control Health and safety* Security Management Complaints	Quality Improvement Patient Safety Joint clinical leadership Medical and Dental Standards Medical Revalidation Caldicott Guardian Research & Development Clinical Audit and Effectiveness Medicines Management Chief Clinical Information Officer	Strategy New Business Development Interface with Partners (inc HOSC/ HWBB) Marketing Communications Programme Management Office Community Engagement	Board/ Corporate Support Corporate Governance and Risk Assurance Framework Legal Services Mental Health Act Lead Board Development Information Governance Health and Safety*	Workforce/ HR** Organisational Development** Training & Development** FTSU guardian	Information Technology (inc cyber security)

*Health and Safety moved to Gill Harrad from 1 August 2020 for the remainder of the reporting period.
** Workforce/HR, Organisational Development and Training and Development moved from Michelle Greatorex to Elaine Clough in February 2021

The Board of the Trust provides its leadership and is charged with securing the organisation's long term success. The Board is collectively responsible for controlling the Trust. The Board sets strategic direction and supervises the work of the executive to ensure that corporate objectives and performance targets are achieved. The Board makes those decisions reserved unto itself, defines and sets the approach to risk and risk management and conducts itself in such a way that it takes the view of key stakeholders into account. The Trust has continued to review and consider the Well Led Framework throughout the reporting period. An external Well Led review was anticipated to be commissioned during the reporting period although this has been delayed due to the current level 4 emergency planning incident.

Annually, Non-Executive Director membership of Board committees is reviewed by the Chairman.

At each formal Board meeting Board members are asked to declare any conflict of interest. The Board annually affirm their commitment to the Nolan Principles of Public Life and Professional Standards Authority's standards for members of NHS boards. There have been no departures from the requirements of the Standards of Business Conduct and Anti-Bribery policy and the overarching corporate governance framework. An annual declaration of interests is made and each member of the Board has confirmed, at least annually, that they meet the requirements of the Fit and Proper Persons regulations introduced in November 2014. Further an annual audit is undertaken to ensure that the Trust complies with the Fit and Proper Person Regulations.

Annually, Board and Committee members are asked to complete a proforma self-assessment checklist designed to elicit comments on the effectiveness of the committee and Board meetings. The checklist is derived from the proforma checklist for audit committees published in the NHS Audit Committee Handbook. Our Trust Board conduct an annual evaluation of their effectiveness, usually includes outputs from the effectiveness reviews of the main Board Committees, our 2020 review has been delayed due to the current COVID emergency incident. The effectiveness evaluation is also linked to the Board development programme for the following 12 months, which was suspended at the start of the current reporting period due to COVID 19 for a period of 4 months. Our Board development programme has been reinstated, with a refreshed programme planned for 2021/22.

Each Board member has a set of objectives that are agreed with their respective appraiser against which performance is measured and which are subject to formal appraisal at least annually. In terms of individuals' performance on the Board, feedback is provided from the non-executive members of the Board to inform the appraisal process for the executive members. Feedback includes commenting on the contribution they make to the Board and provide an overview of how the Board as a whole is performing. This also informs areas for development as well as the results being reviewed and actions adopted by the Board to address any areas of deficiency.

The table below lists attendance at Board and Board Committee meetings for the reporting period.

Meetings: 1 April 2020 to 31 March 2021	Number held	Chris Burdon □	Stephen Tilton *	Steve Peak	Jamie Morris	Tessa Norris>	Sarah Dugan □	John Devapriam	Matthew Hall	Michelle Greatorex	Robert Mackie	Sue Harris	Gill Harrad	Martin Charters	Janet Clarke	Elaine Clough +	David Brown~
Trust Board	6	6	1	5	5	6	6	6	6	6	6	5	6	6	6	1	2
Board Development	5	5	2	5	5	5	5	5	3	5	5	5	5	5	5	1	1
Audit Committee	5	0	1	5	0	0	0	0	0	0	5	0	5	4 1 ⬭	5	0	0
Quality & Safety Committee	9	4	1	0	0	9	7	8	8	9	1	0	8	5	9	0	0
Finance & Performance Committee	8	7	0	8	8	5 >	5	0	8	0	6	3	0	3	0	0	1
Charitable Funds Committee	3	3	1	1	0	0	0	0	0	0	3	0	0	0	0	0	0
Remuneration Committee	2	2	0	1	0	0	2	0	0	0	0	0	2	0	2	0	0
Workforce Committee	5	4	0	0	5	0	5	3	5	5	0	0	0	5	5	1	0
Mental Health Legislation Committee <																	

Shaded box denotes the individual is not a member of the group

□ Attends Finance and Performance Committee, Quality and Safety Committee and Workforce Committee in an Ex Officio capacity.

⬭ Observing

* Left Trust 30 June 2020

+ Joined the Trust February 2021

~ Joined Trust Board January 2021

> Joined Finance and Committee in July 2021

< Virtual meetings held in the reporting period

The Board considers the balance, completeness and composition of membership annually and takes the outcome into account when recruiting new members.

Balance, Completeness and Appropriateness of the Board membership 1 April 2020 – 31 March 2021

	Chris Burdon (Chairman)	Sarah Dugan (Chief Executive)	Steve Peak	Jamie Morris	Tessa Norris	John Devapriam	Matthew Hall	Michelle Greatorex	Robert Mackie	Sue Harris	Gill Harrad	Martin Charters	Janet Clarke	David Brown	Elaine Clough
Non-Executive Director – voting rights	✔		✔	✔	✔							✔	✔		
Non-Executive Director – non-voting															
Executive Director – voting rights		✔				✔	✔	✔	✔						
Director – non-voting										✔	✔			✔	✔
Gender	M	F	M	M	F	M	M	F	M	F	F	M	F	M	F
Individual's Appraisal undertaken by NHS Improvement 2020	✔														
Individuals' Appraisals undertaken or objectives set by Chairman 2020		✔	✔	✔	✔							✔	✔		
Individuals' Appraisals undertaken by Chief Executive 2020						✔	✔	✔	✔	✔	✔				

The trust is fully compliant with the registration requirements of the C are 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 twelve months, 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 complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

The trust has undertaken risk assessments and 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 Adaptation Reporting requirements are complied with.

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

Chairs of Board Committees present reports to the Board on the matters considered by their respective committees. In the case of the Audit Committee the report informs the Board of the level of assurance that has been given by Internal Audit on the reviews that they have been commissioned to undertake in 2020/21 financial year. As a result of COVID-19 the commencement of Internal Audit's work plan was initially deferred but a full suite of reviews were completed by the end of the reporting period. As such a total of ten reviews have been undertaken and completed during this period, of which: two gave full assurance; six have been given significant assurance on the Trust's controls; one moderate assurance; and one was recorded as providing limited assurance, as detailed below:

Full assurance

- Treasury management
- Board Assurance Framework

Significant assurance:

- Income and debtors
- Financial systems
- Probationary Periods
- Travel Expenses (medical staff)
- Charitable funds
- Financial management

Moderate assurance:

- Data Quality (Consent - Electroconvulsive therapy and Vasectomy)

Limited assurance:

- Bank and Agency – Carenotes Access

For all audits, action plans are agreed to address the issues identified and specific attention is paid to those areas in which significant assurance is not obtained, with follow up audits planned. Any reports that receive less than significant assurance are reviewed by the executive team to ensure that the action plan is sufficient to address the issues raised, prior to consideration by any Board Committee. The Audit Committee reports to the Trust Board informing the Board of the programme of work that is undertaken by both the Internal and External Auditors.

The Head of Internal Audit has provided significant assurance on our statement of internal control and this has not been affected by the NHS level 4 emergency incident.

The Trust's Counter Fraud function is outsourced to our Internal Auditors who in conjunction with their Local Counter Fraud Specialist attend the Audit Committee. The Trust has an internal Local Security Management Specialist, who also attends Audit Committee.

For the reporting period, the Audit Committee had three sub-committees; namely the Risk Moderation Group, Data Quality Improvement Group and the Auditor Panel that reviewed and managed the process relating to the appointment by the Trust of internal and external auditors. The first two groups meet and feed back to each Audit Committee with the Auditor Panel meeting as and when required, with the last meeting held in January 2021to review the effectiveness and contractual arrangements of its auditors.

Information Governance

The Trust recognises the importance of the security, confidentiality, integrity and availability of, personal confidential data about patients, staff, other persons and business sensitive information.

In accordance with the UK General Data Protection Regulation (UK GDPR) / Data Protection Act 2018 (DPA 2018), the Trust is registered with the Information Commissioner's Office (ICO) for the purpose of processing personal information; Reference Number Z2745227.

The Director of Finance is the Senior Information Risk Owner (SIRO) and takes overall ownership of the Trust's Information Risk Management Programme. The Associate Director of Information Technology is the Chief Information Officer. No major information risks have been identified. The Medical Director is the Trust's Caldicott Guardian and is the designated senior medical officer to oversee all procedures affecting access to patient identifiable information. The Head of Information Governance (IG) works closely with, and offers advice to, the Caldicott Guardian. The Head of Information Governance is the Trust's Data Protection Officer (DPO).

All key Information Assets have been reviewed on the Trust's Information Asset Register. Information Asset Owners have been identified and information risk assessments have been undertaken or are planned.

A robust Information Governance Management Framework is in place including:
Terms of reference for the Information Governance Steering Group and the Records Management Steering Group.

Key information governance (IG) policies are in place such as, Information Governance, Confidentiality and Data Protection, Data Protection by Design and Default, Information Risk Management, Information Security, Records Management, Freedom of Information and IG Incident Reporting.

The Information Governance Steering Group derives its authority from the Quality and Safety Committee and is chaired by the Company Secretary; the SIRO and Caldicott Guardian are both members. All three are Board Members. Quarterly reports are provided to the Quality and Safety Committee.

The Records Management Steering Group derives its authority from the Information Governance Steering Group and is chaired by the Caldicott Guardian; there is representation from each service delivery unit and key corporate functions of the Trust. Quarterly reports are provided to the Information Governance Steering Group.

The NHS Digital Data Security and Protection Toolkit (DSPT) is an annual mandatory online data security self-assessment. It allows the Trust to measure its performance against data security and information governance requirements which reflect legal rules and Department of Health and Social Care policy. All organisations working on a NHS Standard Contract that process health and care data should complete and publish a DSPT. The Trust's DSPT status for 2019-20 is Standards Not Fully Met (Plan Agreed). The next DSPT submission is currently due at the end of June 2021.
The Trust has not reported any serious incidents relating to information governance including data loss or confidentiality breach for the reporting period.

Data Quality and Governance

The Trust complies with all statutory reporting requirements with regard to waiting lists. All waiting lists are validated on a monthly basis by representatives from the Information Team and clinical services prior to these statutory submissions being made. The processes involved in waiting list management have been reviewed by the Data Quality Improvement Group and have been found to be sound. This Group reports to the Audit Committee of the Trust. All waiting lists are reported routinely within the Trust performance reporting structure; this includes greater granularity depending on the audience for the report (i.e Service, Directorate, Committee, Trust Board). Any areas of poor performance identified are required to have recovery plans produced in line with the Performance Management Framework of the Trust.

In line with waiting lists across the NHS, the current waiting lists have been impacted upon by the COVID-19 pandemic and a number are breaching the waiting times standards. The Trust will be seeking to rectify this position as part of the national restoration that is currently underway.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the 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 and quality and safety committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Details in this statement address in more detail in how we have maintained and reviewed the effectiveness of internal control issues.

Despite the NHS nationally declaring a level 4 emergency incident, which whilst downgraded and revised upwards during the reporting period, continues to have significant impact on our operations, I believe that our system of internal control has been effective, with our business continuity arrangements

providing a framework for dealing with the significantly changed environment.

Conclusion

There have been no significant internal control issues that have been identified in the reporting period.

Chief Executive: Sarah Dugan

Date: 14th June 2021

Modern Slavery and Human Trafficking Act 2015 Annual Statement

Modern Slavery is a global issue existing in every type of economy. Herefordshire and Worcestershire Health and Care NHS Trust has a zero tolerance approach to Modern Slavery within our Service and Supply Chain. All members of staff have a personal responsibility for the successful prevention of slavery and human trafficking with the procurement department taking responsibility for overall compliance.

The Trust has evaluated the principal risks related to slavery and human trafficking as:

- Lack of assurances from suppliers
- Lack of appropriate clauses in contracts

Reputational damage to the Trust from the use of suppliers not compliant with the Modern Slavery requirements and/or legislation.

Should there be a breach of the Act within the supply chain the Trust will take immediate action. Depending on the level of non-compliance steps taken will include the Trust:

- Giving notice to a supplier to make improvements within a specified time.
- Terminating contracts immediately, or following the failure of a supplier to make improvements within a specified time.

Remuneration Policy

The Remuneration Committee of the Trust is a committee of the Trust Board, which determines the remuneration, allowances and terms of service of the Chief Executive and those Executive Directors reporting directly to the Chief Executive. The membership of the Committee comprises of the Chairman of the Trust and two Non-Executive Directors. The Committee undertakes the following duties:

a. To agree appropriate remuneration and terms of service for the Chief Executive and other directors including:
- All aspects of salary (including any performance-related elements/bonuses)
- Provisions for other benefits, including pensions
- Arrangements for terminations of employment and other contractual terms

b. To monitor and evaluate the performance of individual directors.
c. To advise on, and oversee, appropriate contractual arrangements for directors, including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.
d. To oversee the proper calculation and scrutiny of all business cases for redundancy payments taking account of relevant guidance.
e. To monitor and review the level of remuneration of senior management, including those who report to Board members.

The policy on the remuneration of senior managers for current and future financial years is decided by the Remuneration Committee and for 2020/21 the agreement was in line with the national guidance; namely levels of remuneration should be sufficient to attract, retain and motivate directors of quality, and with the skills and experience required to lead the NHS Trust successfully, but the Trust should avoid paying more than is necessary for this purpose and should consider all relevant and current directions relating to contractual benefits such as pay and redundancy entitlements. A work plan is in place to address the duties of the committee.

External consultants have not been engaged by the Trust in the 2020/21 although national benchmarking data has been utilised to ensure that levels of remuneration are appropriate.

Single total figure remuneration table

Board of Directors Salaries and Allowances For Annual Report and Accounts 2020/21

Name and Title	Date Started	Date Left	2020/21						2019/20					
			Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£'000's	£'00's	£'000's	£'000's	£'000's	£'000's	£'000's	£'00's	£'000's	£'000's	£'000's	£'000's
Chris Burdon, Chairman		Mar 21	25 - 30	2	Nil	Nil	Nil	25 - 30	25 - 30	16	Nil	Nil	Nil	25 - 30
Martin Charters, Non-executive Director			10 - 15	Nil	Nil	Nil	Nil	10 - 15	5 - 10	Nil	Nil	Nil	Nil	5 - 10
Janet Clarke, Non-executive Director	Oct-19		10 - 15	Nil	Nil	Nil	Nil	10 - 15	0 - 5	Nil	Nil	Nil	Nil	0 - 5
James Morris, Non Executive Director			10 - 15	Nil	Nil	Nil	Nil	10 - 15	5 - 10	Nil	Nil	Nil	Nil	5 - 10
Tessa Norris, Non-Executive Director			10 - 15	Nil	Nil	Nil	Nil	10 - 15	5 - 10	Nil	Nil	Nil	Nil	5 - 10
Martin Papadatos, Non-executive Director		Jul-19	Nil	Nil	Nil	Nil	Nil	Nil	0 - 5	Nil	Nil	Nil	Nil	0 – 5
Steven Peak, Non-executive Director			10 - 15	Nil	Nil	Nil	Nil	10 - 15	5 - 10	Nil	Nil	Nil	Nil	5 - 10
Stephen Tilton, Non Executive Director		Jun-20	0 - 5	Nil	Nil	Nil	Nil	0 - 5	5 - 10	Nil	Nil	Nil	Nil	5 - 10
Rosalind Alstead, Interim Chief Operating Officer	Feb 19	May-19	Nil	Nil	Nil	Nil	Nil	Nil	15 - 20	Nil	Nil	Nil	Nil	15 - 20

Name and Title	Date Started	Date Left	2020/21						2019/20					
			Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
			£'000's	£'00's	£'000's	£'000's	£'000's	£'000's	£'000's	£'00's	£'000's	£'000's	£'000's	£'000's
David Brown, Chief Information Officer	Jan 21		20 - 25	Nil	Nil	Nil	2.5 - 5	25 - 30	Nil	Nil	Nil	Nil	Nil	Nil
Elaine Clough, Director of People & OD	Feb 21		10 - 15	Nil	Nil	Nil	Nil	10 - 15	Nil	Nil	Nil	Nil	Nil	Nil
John Devapriam Medical Director			200 - 205	Nil	Nil	Nil	37.5 - 40	235 - 240	195 - 200	0	Nil	Nil	32.5 - 35	230 - 235
Sarah Dugan, Chief Executive			150 - 155	Nil	15 - 20	Nil	35 - 37.5	205 - 210	150 - 155	Nil	15 - 20	Nil	62.5 - 65	230 - 235
Michelle Greatorex, Director of Nursing and Quality			115 - 120	Nil	0 - 5	Nil	27.5 -30	145 - 150	115 - 120	Nil	Nil	Nil	72.5 -75	190 - 195
Matthew Hall, Chief Operating Officer	May-19		120 - 125	Nil	0 - 5	Nil	47.5 -50	170 - 175	105 - 110	Nil	Nil	Nil	80 - 82.5	190 - 195
Gill Harrad, Company Secretary			110 - 115	Nil	0 - 5	Nil	42.5 -45	155 -160	105 - 110	Nil	Nil	Nil	70 - 72.5	175 - 180
Susan Harris, Director of Strategy and Partnerships			110 - 115	Nil	0 - 5	Nil	27.5 - 30	140 - 145	110 - 115	Nil	Nil	Nil	80 - 82.5	195 - 200
Robert Mackie, Director of Finance and Deputy CEO			145 - 150	Nil	0 - 5	Nil	32.5 - 35	180 - 185	140 - 145	Nil	Nil	Nil	107.5 - 110	250 - 255

Pensions entitlement table (audited)

Name and Title	Date Started	Date Left	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Empl-oyer's contribution to stakeholder pension
			£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'00's
Sarah Dugan, Chief Executive			2.6 - 5	0	66 - 70	166 - 170	1,370	72	1,443	0
John Devapriam, Medical Director			2.6 - 5	0 - 2.5	40 - 45	76 - 80	551	44	596	0
Robert Mackie, Director of Finance and Deputy CEO			2.6 - 5	0	50 - 55	100 - 105	872	55	927	0
Matthew Hall, Chief Operating Officer			2.6 - 5	0 - 2.5	40 - 45	90 - 95	691	60	751	0
Michelle Greatorex, Director of Nursing and Quality			2.6 - 5	0	50 - 55	116 - 120	969	53	1,022	0
Elaine Clough, Director of People & OD	1 Feb 2021		0 - 2.5	0	0 - 5	0	1	4	5	0
David Brown, Chief Information Officer	4 Jan 2021		0 - 2.5	0 - 2.5	36 - 40	100 - 105	747	76	823	0
Susan Harris, Director of Strategy and Partnerships			0 - 2.5	0	40 - 45	0	492	37	529	0
Gill Harrad, Company Secretary			2.6 - 5	0 - 2.5	40 - 45	90 - 95	728	59	787	0

Fair Pay (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.
The banded remuneration of the highest paid director in the Trust in the financial year 2020/21 was £200k - £205k (2019/20, £195k - £200k). This was 7.4 times (2019/20, 8.1) the median remuneration of the workforce, which was £27k (2019/20, £24k), whilst the lowest salary was £12,025 (apprentice). In 2020/21, there were no (2019/20, none) employees receiving remuneration in excess of the highest- paid director. Total remuneration includes salary, nonconsolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff Report

Compensation on early retirement or for loss of office (audited)

The Trust has made no payments or provisions for compensation on early retirement or for loss of office during the financial year.

Payments to past directors (audited)

The Trust has made no payments to past directors during the financial year.

Emergency Preparedness

The Trust continues to work with local responders to ensure that it is able to provide the best possible response to a major emergency, as demonstrated during the ongoing Covid19 Pandemic and recent flooding events in Herefordshire and Worcestershire.

There is an Incident Plan in place which is regularly tested and reviewed in line with statutory and non-statutory requirements including NHS England EPRR (Emergency Preparedness, Resilience and Response) Framework 2020 and the Civil Contingencies Act 2004. The Trust also has a Business Continuity Plan which helps ensure that its identified critical activities can still be delivered in exceptional circumstances. Both of these plans have been activated and utilised in the Trust's formal response to the Covid19 Pandemic. The Trust has an established EPRR sub-committee which provides assurance that we are able to meet our statutory and contractual requirements in relation to EPRR. The Trust has maintained its 'Substantial' compliance status with the NHS England Core Standards.

Whistleblowing

As a Trust we are committed to ensuring staff are encouraged to flag up anything which concerns them. In fact one of the key messages to staff following the Francis Report has been to take a step back and look critically at services to see if they are up to standard. We have also made a point of re-iterating our Whistleblowing policy to staff so they are comfortable with the process and the options available should they feel something needs bringing to the attention of senior managers. We pride ourselves on being an open and transparent organisation. We are confident that we have a culture and an environment that does encourage staff to come forward but we know we need to keep on top of this. Our message to staff is clear: if it's not right, speak up! This is in keeping with one of our key values, courageous – displaying integrity and having the courage to always do what is right.

The Trust has a Freedom to Speak Up Strategy which sets out the mechanisms and routes in place for staff to raise concerns. The Freedom to Speak Up Guardian has also actively raised awareness of the role over the financial year and has been contacted by a variety of staff and supported them in being able to speak up. The Trust also provides internal communications to staff in line with the principles of speaking up.

Civil service staff (by band)

This is based on executive and non-executive directors in post as at 31 March 2021.

Band	Number
Personal Salary	9
Trust Non-Executive Director	6
Grand Total	15

Staff composition

This is based on executive and non-executive directors in post as at 31 March 2021.

Gender	Number
Female	7
Male	8
Grand Total	15

Average number of employees (audited)

This is based on ESR staff groups and Whole Time Equivalent (WTE) staff in post at month end. Data is based on monthly average not weekly and excludes externally contracted staff.

Average number of employees (WTE basis)

	Permanent Number	Other Number	2020/21 Total Number	2019/20 Total Number
Medical and dental	82	53	135	109
Administration and estates	719	63	782	666
Healthcare assistants and other support staff	978	146	1,124	969
Nursing, midwifery and health visiting staff	1,154	102	1,256	1,071
Nursing, midwifery and health visiting learners	7	28	35	11
Scientific, therapeutic and technical staff	521	45	566	466
Social care staff	28	0	28	19
Total average numbers	3,489	437	3,926	3,311
Of which:				
Number of employees (WTE) engaged on capital projects	10	0	10	15

Reporting related to the Review of Tax arrangements of Public Sector Appointees

A Treasury requirement for public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees) has been promulgated in Public Expenditure System (PES) guidance. Treasury's guidance on this is summarised below.

Reformed off-payroll Working Rules

The Government has reformed the legislation for the off-payroll working rules within the public sector applying to payments made on or after 6 April 2017. Under the reformed off-payroll working rules, Departments must determine whether the rules apply when engaging a worker through a Personal Service Company (PSC).

DHSC group bodies will already be operating the new rules to provide employment status determinations for all of their off-payroll engagements.

The three disclosure tables required are:

Table 1: Off-payroll engagements longer than 6 months

For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2021	15
Of which, the number that have existed:	
for less than one year at the time of reporting	3
for between one and two years at the time of reporting	3
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	2
for 4 or more years at the time of reporting	7

Table 2: New Off-payroll engagements

Where the reformed public sector rules apply, entities must complete for all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and March 2021, from more than £245 per day and that last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	3
Of which:	
No. assessed as caught by IR35	3
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review.	0

Table 3: Off-payroll board member/senior official engagements

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021:

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	16

Consultancy expenditure

The Trust did not incur any consultancy expenditure in 2020/21.

Reporting of compensation schemes – exit packages 2020/21

The Trust did not make any severance payments or provide any exit packages.

Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
<£10,000	-	-	-
£10,001 - £25,000	-	-	-
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	-	-
Total resource cost (£)	£0	£0	£0

Reporting of compensation schemes - exit packages 2020/21

The Trust did not make any severance payments or provide any exit packages during 2020/2
Exit packages: other (non-compulsory) departure payments (audited)

	2020/21		2019/20	
	Payments agreed Number	Total value of agreements £000	Payments agreed Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	-	-	-	-
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

Financial Statements and Notes

FINANCIAL STATEMENTS AND NOTES

The Financial Statements shown on the following pages set out the Trust's statutory accounts for the year ended 31 March 2021. The Annual Report and Accounts (ARA) document is available on request from the Director of Finance at 2 Kings Court, Charles Hastings Way, Worcester, WR5 1JR (Tel. 01905 681321).

As in previous years the auditor's report on the full annual report and accounts for 2019/20 was unqualified. It is pleasing to report that for the tenth consecutive year the Trust has achieved each of its statutory financial duties by delivering overall financial balance, operating within its external financing limit and managing capital expenditure within its capital resource limit.

The Trust is well placed to deliver its healthcare responsibilities over the longer term with the Trust Board having a robust long term financial plan and integrated business plan.

Independent auditor's report to the Directors of Herefordshire and Worcestershire Health and Care NHS Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Herefordshire and Worcestershire Health and Care NHS Trust (the 'Trust') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of the Directors and Those Charged with Governance for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 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, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

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

As explained in the Statement of directors' responsibilities in respect of the accounts, 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 are 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, accounting estimates and critical judgements made by management.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on management override of control;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and

- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Herefordshire and Worcestershire Health and Care NHS Trust for the year ended 31 March 2021in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

14 June 2021

Independent auditor's report to the Directors of Herefordshire and Worcestershire Health and Care NHS Trust

In our auditor's report issued on 14 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021, issued on 14 June 2021 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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 issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Herefordshire and Worcestershire Health and Care NHS Trust for the year ended 31 March 2021 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

3 September 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	224,173	182,579
Other operating income	4	15,749	8,186
Operating expenses	6	(234,447)	(185,533)
Operating surplus from continuing operations		5,475	5,232
Finance income	11	5	178
Finance expenses	12	18	12
PDC dividends payable		(2,490)	(2,521)
Net finance costs		(2,467)	(2,331)
Gains arising from transfers by absorption	29	6,003	0
Surplus for the year from continuing operations		9,011	2,901
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	724	(1,061)
Revaluations	7	4,712	464
Total comprehensive income for the period		14,447	2,304
Adjusted financial performance (control total basis):			
Surplus for the period		9,011	2,901
Remove net impairments not scoring to the Departmental expenditure limit	7	(1,963)	1,598
Remove gains on transfers by absorption	29	(6,003)	0
Remove I&E impact of capital grants and donations		25	25
Remove net impact of inventories received from DHSC group bodies for COVID response	17	(148)	0
Adjusted financial performance surplus		922	4,524

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	13	415	550
Property, plant and equipment	14	115,589	97,181
Total non-current assets		116,004	97,731
Current assets			
Inventories	17	519	370
Receivables	18	7,101	9,037
Cash and cash equivalents	19	27,337	23,178
Total current assets		34,957	32,585
Current liabilities			
Trade and other payables	20	(23,468)	(23,962)
Provisions	22	(315)	(435)
Other liabilities	21	(563)	(125)
Total current liabilities		(24,346)	(24,522)
Total assets less current liabilities		126,615	105,794
Non-current liabilities			
Provisions	22	(4,453)	(2,071)
Total non-current liabilities		(4,453)	(2,071)
Total assets employed		122,162	103,723
Financed by			
Public dividend capital		45,941	41,949
Revaluation reserve		13,926	7,733
Income and expenditure reserve		62,295	54,041
Total taxpayers' equity		122,162	103,723

The notes on pages 84 to 122 form part of these accounts.

The financial statements on pages 80 to 83 were approved by the Audit Committee under the delegated authority of the Trust Board on 14 June 2021 and signed on its behalf by:

Name: Sarah Dugan
Position: Chief Executive
Date: 14th June 2021

Statement of Changes in Taxpayers' Equity for the year ended 31st March 2021

	Note	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
		£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020		41,949	7,733	54,041	103,723
Surplus for the year	SOCI	0	0	9,011	9,011
Transfers by absorption: transfers between reserves	29	0	997	(997)	0
Other transfers between reserves		0	(240)	240	0
Impairments	7	0	724	0	724
Revaluations	7	0	4,712	0	4,712
Public dividend capital received		3,992	0	0	3,992
Taxpayers' and others' equity at 31 March 2021		**45,941**	**13,926**	**62,295**	**122,162**

Statement of Changes in Taxpayers' Equity for the year ended 31st March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019	39,662	8,600	50,870	99,132
Surplus for the year	0	0	2,901	2,901
Other transfers between reserves	0	(270)	270	0
Impairments	0	(1,061)	0	(1,061)
Revaluations	0	464	0	464
Public dividend capital received	2,287	0	0	2,287
Taxpayers' and others' equity at 31 March 2020	**41,949**	**7,733**	**54,041**	**103,723**

Information on Reserves

Public Dividend captial

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.

Public dividend capital received in-year relates to the capital schemes for the Eradication of Dormitories and Moor Street Dental.

Revaluation
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.

The transfer from the revaluation reserve to the income and expenditure reserve represents the excess depreciation on the revalued proportion of the trust's estate (£240k).

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses of the Trust, including the net gain arising from the transfer by absorption of Herefordshire Mental Health services.

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus		5,475	5,232
Non-cash income and expense:			
Depreciation and amortisation	6	6,771	4,724
Net impairments	7	(1,963)	1,598
(Increase) / decrease in receivables and other assets		1,816	(784)
(Increase) / decrease in inventories		(149)	50
Increase / (decrease) in payables and other liabilities		(1,192)	2,784
Increase / (decrease) in provisions		2,282	(806)
Net cash flows from operating activities		13,040	12,798
Cash flows from investing activities			
Interest received		5	178
Purchase of intangible assets		0	(38)
Purchase of property, plant and equipment		(10,506)	(8,940)
Net cash flows used in investing activities		(10,501)	(8,800)
Cash flows from financing activities			
Public dividend capital received		3,992	2,287
Other interest		(2)	-
PDC dividend paid		(2,370)	(2,681)
Net cash flows from / (used in) financing activities		1,620	(394)
Increase in cash and cash equivalents		4,159	3,604
Cash and cash equivalents at 1 April - brought forward		23,178	19,574
Cash and cash equivalents at 31 March	19	27,337	23,178

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 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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
IAS1 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 Trust Board has considered its ability to continue as a going concern and is satisfied that it has sustainable service and financial plans that have been appropriately risk assessed; and having taken into account the income and associated cash flow secured under contracts and down side scenarios, it's content that no disclosures are required to be made. The financial statements for 2020/21 have therefore been prepared on this basis.

Note 1.3 – Consolidation
The Trust does not have any subsidiaries or any equity interests in associates joint ventures or joint operations. The Trust has considered the impact of IFRS 10 regarding the consolidation of Charitable Funds and determined that this is not required in respect of Herefordshire and Worcestershire Health and Care NHS Trust Charitable Funds (Charity number 1060335) on the grounds of immateriality.

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.

Note 1.4.1 Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

Comparative period (2019/20)

In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered.

Note 1.4.2 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 this 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 (22.43%) in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.3 Provider sustainability fund (PSF) and Financial recovery fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.5 Other forms of income

Note 1.5.1 Grants and donations

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

Note 1.5.2 Apprenticeship service income

The value of the benefit received when accessing funds from 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

Note 1.6.1 - Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Note 1.6.2 - 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 employer, 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 schemes are accounted for as though they are defined contribution schemes: the cost to the trust is taken as equal to the employer's 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 1.6.3 National Employment Savings Trust

For those staff not in the NHS pension scheme, the Trust operates an additional pension scheme with the National Employment Savings Trust (NEST). The Trust's pension cost contributions are charged to operating expenses as and when they become due.

Note 1.6.4 Local Government Pension Scheme

Two employees of the Trust are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The contribution rate set out in the acturial valuation report has been applied.

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

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, e.g., 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 (i.e. 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 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 – depreciated replacement cost, modern equivalent asset basis.

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

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 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 economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

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' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the 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 the criteria in IFRS 5 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. 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

The Trust has no PFI or LIFT schemes.

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 Trust uses the following standard asset lives for each class of asset. For buildings, the Trust uses the asset life advised by professional qualified valuers. The fair value of land is determined by market value for existing use:

Short life engineering plant and equipment	5 years
Medium life engineering plant and equipment	10 years
Long life engineering plant and equipment	15 years
Vehicles	7 years
Furniture	10 years
Office and IT equipment	7 years
Soft furnishings	7 years
Short life medical and other equipment	5 years
Medium life medical equipment	10 years
Long life medical equipment	15 years
Mainframe-type IT installations	8 years

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

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

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

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

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. Revaluation gains, losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

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

Note 1.9.3 - Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The Trust's intangible assets are solely software licences which have a useful life between 5 - 10 years.

Note 1.10 - Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 - Investment properties

The Trust does not have any investment properties.

Note 1.12 - 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 1.13 - 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 the Office of National Statistics.

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

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 amortised cost.

Financial liabilities are classified at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

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

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 De-recognition

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

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

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.

Note 1.14.1 - The Trust as lessee

Finance leases

The Trust does not hold any finance leases.

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.

Note 1.14.2 - The trust as lessor

Finance leases

The Trust does not hold any finance 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 2021:

		Nominal rate
Short-term	Up to 5 years	0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	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 2021:

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution, who, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 23 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 where an inflow of economic benefits is probable. The Trust has no contingent assets.

Contingent liabilities are not recognised, but are disclosed in note 24, unless the probability of a transfer of economic benefits is remote.
Contingent liabilities are defined as:

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

Note 1.17 - 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 PDC 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, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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 of the annual accounts' audit.

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 - Corporation tax

The Trust is exempt from corporation tax.

Note 1.20 - Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Note 1.21 - 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. They are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.22 - Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that 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 27) is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.23 - Gifts

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

The Trust has an internal 'gifts and hospitality' register and can confirm that the Trust has not received any gifts of a material nature for the year ending 2020/21.

Note 1.24 - Transfers of functions to or from other NHS bodies or local government bodies

For functions that have been transferred to the Trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the net assets transferred is recognised within income but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.25 - Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.26 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 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for all leases. The standard also requires the remeasurement of lease liabilities 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 2022, 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 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 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to 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 2022 for existing finance leases.

For leases commencing in 2022/23, 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.

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Note 1.27 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (note 1.28) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Determining the appropriate asset lives for the Trust's buildings following a professional review undertaken by professionally qualified chartered surveyors;
- Determining the appropriate method of valuation of the Trust's property assets and in particular when and how to apply the Modern Equivalent Asset method of valuation. The key assumptions applied in using this approach are set out in note 16.

Note 1.28 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- The Trust provides for estate dilapidations, legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure 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 discount rates as determined by H M Treasury.

Note 2 Operating Segments

The Trust operates within one healthcare segment. Whilst income and expenditure is reported upon by Service Delivery Units for internal monitoring purposes, Corporate overheads and assets are reported to the Chief Executive on a Trust wide basis.

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)	2020/21 £000	2019/20 £000
Acute Services		
Block contract / system envelope income* 1,753		1,500
Other NHS clinical income	2,873	2,591
Mental health services		
Block contract / system envelope income* ^	94,753	63,024
Clinical partnerships providing mandatory services (including S75 agreements)	1,234	2,008
Community services		
Block contract / system envelope income*	94,871	88,142
Income from other sources (e.g. local authorities) **	19,093	17,243
All services		
Additional pension contribution central funding***	7,209	5,865
Other clinical income	2,387	2,206
Total income from activities	**224,173**	**182,579**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

^ The increase in mental health services is due to the transfer of Herefordshire mental health services (£24.1m) and in-year service developments (MHIS and SDF).

** The increase in income from local authorities relates to the Trust being host provider for 0 - 19 children's services.

*** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have 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:	2020/21 £000	2019/20 £000
NHS England *	11,099	10,118
Clinical commissioning groups **	188,195	148,953
Other NHS providers ***	4,178	3,447
Local authorities	20,327	19,251
Non-NHS: overseas patients (chargeable to patient)	0	4
Injury cost recovery scheme	99	100
Non NHS: other	275	706
Total income from continuing operations	**224,173**	**182,579**

* Income from NHS England includes funding for an increase in the Trust's annual leave accrual and for the Flowers agenda for change case.

** The overall increase in CCG income is in relation to the transfer of Herefordshire mental health services, MHIS investment, national SDF schemes, winter discharge funding and other service developments. Due to the new financial regime the Trust also received COVID reimbursement and top up payments directly from the CCG.

*** Other NHS provider income increase relates to the transfer of the onward care team from Worcestershire Acute Hospitals NHS Trust.

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

	2020/21 £000	2019/20 £000
Income recognised this year	0	4
Amounts added to provision for impairment of receivables	4	3
Amounts written off in-year	5	3

Note 4 Other operating income

	2020/21		
	Contract income	Non-contract income	Total
	£000	£000	£000
Research and development	147	0	147
Education and training	4,475	328	4,803
Non-patient care services to other bodies	1,362	0	1,362
Reimbursement and top up funding *	6,536	0	6,536
Charitable and other contributions to expenditure **	0	2,174	2,174
Rental revenue from operating leases	0	28	28
Other income	699	0	699
Total other continuing operating income	**13,219**	**2,530**	**15,749**

* Due to the pandemic the Trust received reimbursements for: COVID top up payments (£6,340k); COVID vaccination programme (£116k); and lateral flow testing (£80k).

** National stock of donated inventories and equipment for COVID response received from DHSC.

	2019/20		
	Contract income	Non-contract income	Total
	£000	£000	£000
Research and development	92	0	92
Education and training	3,844	125	3,969
Non-patient care services to other bodies	1,524	0	1,524
Provider sustainability fund (2019/20 only)	1,381	0	1,381
Rental revenue from operating leases	0	48	48
Other income	1,172	0	1,172
Total other continuing operating income	**8,013**	**173**	**8,186**

Note 5 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	25	34

Note 6 Operating expenses

	2020/21 £000	2019/20 £000
Purchase of healthcare from non-NHS and non-DHSC bodies	4,647	1,546
Staff and executive directors costs	176,617	140,932
Remuneration of non-executive directors	103	81
Supplies and services - clinical (excluding drugs costs) *	11,013	8,636
Supplies and services - general	4,109	3,444
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,685	2,156
Inventories written down **	45	0
Establishment ***	14,186	8,754
Premises ****	8,230	5,300
Transport (including patient travel)	1,930	3,058
Depreciation on property, plant and equipment *****	6,636	4,593
Amortisation on intangible assets	135	131
Net impairments	(1,963)	1,598
Movement in credit loss allowance: contract receivables / contract assets	16	41
Increase/(decrease) in other provisions	(66)	78
Change in provisions discount rates	77	143
Statutory Audit fees payable to the external auditor	71	58
Internal audit costs	100	80
Clinical negligence	862	714
Legal fees	51	80
Insurance	108	86
Education and training	2,404	2,066
Rentals under operating leases	2,253	1,630
Hospitality	1	9
Losses, ex gratia & special payments	5	3
Other	192	316
Total related to continuing operations	**234,447**	**185,533**

Overall operating expenses have increased across all categories following the transfer in of Herefordshire Mental Health Services, MHIS investment, nationally funded SDF schemes, COVID, 0-19 Children's services and in-year service developments

* Included within clinical supplies is £1,981k in relation to national stock of donated inventories and equipment for the COVID response received from DHSC.
** The inventory write down in value is in relation to the national stock from DHSC
*** Establishment increases in relation to the following: COVID, Herefordshire mental health services, legal, telecommunications and IT hardware & software.
**** Premises costs include dilapidations on leased properties of £1,623k.
***** Depreciation charges have increased due to the Trust having to write off an asset relating to the Computacentre services which have been brought back in-house, in addition to an averall increase in charges for IT related schemes.

Note 6.1 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2019/20: £2 million).

Note 7 Impairment of assets

Net impairments charged to operating surplus resulting from:	2020/21 £000	2019/20 £000
Changes in market price	(1,963)	1,598
Impairments charged to the revaluation reserve	(724)	1,061
Total net impairments	**(2,687)**	**2,659**

Impairment reversals and valuations recognised during 2020/21 resulted from the annual asset revaluation of the Trust's land and buildings to reflect movements in values during the financial year. An independent valuer provided valuations as at 31 March 2021 resulting in a total net upward revaluation of £7,399k, of which;

- £1,963k has been charged to the Statement of Comprehensive Income (SoCI) in respect of net impairments;
- £724k for an increase to the revaluation reserve for impairments; and
- £4,712k for an upward revaluation to the revaluation reserve.
-

Note 8 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages *	125,004	101,714
Social security costs	11,516	9,313
Apprenticeship levy	598	488
Employer's contributions to NHS pensions	23,694	19,292
Pension cost - other	40	26
Temporary staff (including agency)	16,222	10,779
Total gross staff costs	**177,074**	**141,612**
Total staff costs	**177,074**	**141,612**
Of which		
Costs capitalised as part of assets	457	680

Overall employee benefits have increased across all categories following the transfer in of Herefordshire Mental Health Services, MHIS investment, nationally funded SDF schemes, COVID and in-year service developments.

* In addition to above, Salaries and wages include costs for the Flowers agenda for change case and an increase in the year-end annual leave accrual.

Note 8.1 Retirements due to ill-health

During 2020/21 there were 3 early retirements from the trust agreed on the grounds of ill-health (none in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £198k (zero in 2019/20).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 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 at 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Note 10 Operating leases

Note 10.1 Herefordshire and Worcestershire Health and Care NHS Trust as a lessor

This note discloses income generated in operating lease agreements from property rental where Herefordshire and Worcestershire Health and Care NHS Trust is the lessor.

Operating lease revenue	2020/21 £000	2019/20 £000
Minimum lease receipts	28	48
Total	**28**	**48**
	31 March 2021	31 March 2020
Future minimum lease receipts due:	£000	£000
Not later than one year *	218	6
Total	**218**	**6**

* A General Practitioner has entered into long term lease until 2035 at £15k per annum.

Note 10.2 Herefordshire and Worcestershire Health and Care NHS Trust as a lessee

The Trust has entered into lease arrangements for the lease of properties with individual landlords and lease cars managed by GMP Drivercare Limited. The Trust has no option to purchase the leased buildings or goods at the end of the term of the contract.

Operating lease expense	2020/21 £000	2019/20 £000
Minimum lease payments	2,253	1,630
Total	**2,253**	**1,630**

Future minimum lease payments due:	31 March 2021 £000	31 March 2020 £000
- not later than one year;	1,605	1,513
- later than one year and not later than five years;	5,581	5,340
- later than five years.	6,972	8,161
Total	**14,158**	**15,014**

Note 11 Finance income

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

	2020/21 £000	2019/20 £000
Interest on bank accounts	5	178
Total finance income	**5**	**178**

Note 12.1 Finance expenditure

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

	2020/21 £000	2019/20 £000
Interest on late payment of commercial debt	2	-
Unwinding of discount on provisions	(20)	(12)
Total finance costs	**(18)**	**(12)**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21 £000	2019/20 £000
Total liability accruing in year under this legislation as a result of late payments	2	0
Amounts included within interest payable arising from claims made under this legislation	2	0

Note 13 Intangible assets - 2020/21

Software licences	2020/21	2019/20
Valuation / gross cost brought forward 1 April	1,256	1,218
Additions	0	38
Valuation / gross cost at 31 March	**1,256**	**1,256**
Amortisation brought forward at 1 April	706	575
Provided during the year	135	131
Amortisation at 31 March	**841**	**706**
Net book value at 1 April	**550**	**643**
Net book value at 31 March	**415**	**550**

Note 14.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**14,190**	**66,617**	**2,139**	**4,288**	**183**	**22,932**	**2,668**	**113,017**
Transfers by absorption	1,348	4,601	0	103	0	0	0	6,052
Additions	0	2,009	5,697	353	0	3,428	155	11,642
Impairments	(279)	(1,323)	(170)	0	0	0	0	(1,772)
Reversals of impairments	0	2,490	6	0	0	0	0	2,496
Revaluations	(94)	4,182	(20)	0	0	0	0	4,068
Reclassifications	0	597	(1,492)	8	0	787	100	0
Valuation/gross cost at 31 March 2021	**15,165**	**79,173**	**6,160**	**4,752**	**183**	**27,135**	**2,926**	**135, 503**
Accumulated depreciation at 1 April 2020 - brought forward	**0**	**1,328**	**0**	**2,533**	**183**	**10,384**	**1,408**	**15,836**
Transfers by absorption	0	0	0	49	0	0	0	49
Provided during the year	0	2,614	0	272	0	3,551	199	6,636
Impairments	569	843	0	0	0	0	0	1,412
Reversals of impairments	(450)	(2,925)	0	0	0	0	0	(3,375)
Revaluations	(119)	(504)	(21)	0	0	0	0	(644)
Reclassifications	0	(21)	21	0	0	0	0	0
Accumulated depreciation at 31 March 2021	**0**	**1,335**	**0**	**2,854**	**183**	**13,935**	**1,607**	**19,914**
Net book value at 31 March 2021	**15,165**	**77,838**	**6,160**	**1,898**	**0**	**13,212**	**1,316**	**115,589**
Net book value at 1 April 2020	**14,190**	**65,289**	**2,139**	**1,755**	**0**	**12,548**	**1,260**	**97,181**

Note 14.2 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	15,145	77,056	6,160	1,898	0	13,212	1,316	114,787
Owned - donated/ granted	20	782	0	0	0	0	0	802
NBV total at 31 March 2021	**15,165**	**77,838**	**6,160**	**1,898**	**0**	**13,212**	**1,316**	**115,589**

Note 14.3 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019	**14,190**	**64,879**	**4,118**	**3,852**	**183**	**18,609**	**2,111**	**107,942**
Additions	0	5,283	1,232	407	0	1,757	326	9,005
Impairments	0	(2,279)	0	0	0	0	0	(2,279)
Reversals of impairments	0	1,218	0	0	0	0	0	1,218
Revaluations	0	(3,232)	363	0	0	0	0	(2,869)
Reclassifications	0	748	(3,574)	29	0	2,566	231	0
Valuation/gross cost at 31 March 2020	**14,190**	**66,617**	**2,139**	**4,288**	**183**	**22,932**	**2,668**	**113,017**
Accumulated depreciation at 1 April 2019	**0**	**875**	**0**	**2,309**	**183**	**8,361**	**1,250**	**12,978**
Provided during the year	0	2,188	0	224	0	2,023	158	4,593
Impairments	0	2,033	0	0	0	0	0	2,033
Reversals of impairments	0	(435)	0	0	0	0	0	(435)
Revaluations	0	(3,333)	0	0	0	0	0	(3,333)
Accumulated depreciation at 31 March 2020	**0**	**1,328**	**0**	**2,533**	**183**	**10,384**	**1,408**	**15,836**
Net book value at 31 March 2020	**14,190**	**65,289**	**2,139**	**1,755**	**0**	**12,548**	**1,260**	**97,181**
Net book value at 1 April 2019	**14,190**	**64,004**	**4,118**	**1,543**	**0**	**10,248**	**861**	**94,964**

Note 14.4 Property, plant and equipment financing - 2019/20

Net book value at 31 March 2020	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	14,178	64,512	2,139	1,755	0	12,548	1,260	96,392
Owned - donated/ granted	12	777	0	0	0	0	0	789
NBV total at 31 March 2020	**14,190**	**65,289**	**2,139**	**1,755**	**0**	**12,548**	**1,260**	**97,181**

Note 15 Donations of property, plant and equipment

The Trust has received DHSC outbound personal protective equipment inventory in relation to the COVID response. The Trust has recorded the in-year receipt of DHSC centrally procured personal protective inventory at a value reflecting the cost to the Department. For items held at 31 March 2021, where market values (representing NRV) are lower than the unit prices (representing deemed cost) these have been written down.

Note 16 Revaluations of property, plant and equipment

At 31 March 2021 the Trust revalued its assets following an annual review having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) UK National Supplement (the "RICS Red Book"), edition current at the valuation date. The valuation was carried out by an independent valuer; Cushman & Wakefield Debenham Tie Leung Limited.

Public sector bodies are required to apply the revaluation model set out in IAS 16 as interpreted by HM Treasury's Financial Reporting Manual (FReM) and value capital assets at fair value. Fair value is defined in IFRS 13 as the amount for which an asset or liability could be exchanged in an orderly transaction between market participants at the measurement date, though the FReM restricts the situations when IFRS 13 would apply for NHS assets. Most NHS assets will therefore be held at their current value in existing use value.

For non-specialised operational assets, this equates in practice to Existing Use Value (EUV).

For specialised operational assets, if there is no market-based evidence of fair value because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using 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 valuation takes into account that the modern equivalent reprovision of the existing service would be from fewer locations.This would result in 25 sites amalgamated MEA to 4 sites. The functional obsolescence attributed to the buildings and the size of the alternative sites required for the modern equivalent assets takes this into account.

If an asset is re-classified as a non-current asset held for sale, then it is valued in accordance with IFRS 5. As at 31 March 2021, the Trust did not have any non-current assets held for sale.

Change in asset lives

During the financial year, the Trust reviewed its assets in use and their respective asset lives which continue to be appropriate.

Note 17 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	82	82
Consumables	229	81
Other	208	207
Total inventories	**519**	**370**

Inventories recognised in expenses for the year were £2,198k (2019/20: £311k). Write-down of inventories recognised as expenses for the year were £45k (2019/20: £0k).

In response to the COVID pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses as disclosed. During 2020/21 the Trust received £2,174k of items purchased by DHSC. Of which, £2,026k was charged directly to expenditure, with the balance of £148k held in inventories at 31 March 2021.

Note 18.1 Receivables

Current	31 March 2021 £000	31 March 2020 £000
Contract receivables	3,644	7,396
Allowance for impaired contract receivables / assets	(142)	(133)
Prepayments (non-PFI)	2,498	917
PDC dividend receivable	123	243
VAT receivable	978	614
Total current receivables	**7,101**	**9,037**
Of which receivable from NHS and DHSC group bodies:	2,867	3,464

Note 18.2 Allowances for credit losses

	2020/21 Contract receivables and contract assets £000	2019/20 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**133**	**127**
New allowances arising	0	41
Changes in existing allowances	16	0
Utilisation of allowances (write offs)	(7)	(35)
Allowances as at 31 March 2021	**142**	**133**

The Trust's allowance for doubtful debts is calculated on non-NHS debtors as less than 30 days, 2%; greater than 30 days, 7%; greater than 60 days, 30%; and 29% for debtors over 90 days. This provision is based upon historic evidence on the recoverability of debt. Some debts have also been specifically provided for. A provision is made in respect of receivables relating to the NHS Injury Cost Recovery Scheme calculated at 22.43% of all outstanding debts as at 31 March 2021.

Note 19 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.

	2020/21 £000	2019/20 £000
At 1 April	**23,178**	**19,574**
Net change in year	4,159	3,604
At 31 March	**27,337**	**23,178**
Broken down into:		
Cash at commercial banks and in hand	23	18
Cash with the Government Banking Service	27,314	23,160
Total cash and cash equivalents	**27,337**	**23,178**

Note 19.1 Third party assets held by the trust

Herefordshire and Worcestershire Health and Care NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2021 £000	31 March 2020 £000
Monies on deposit	7	1
Total third party assets	**7**	**1**

Note 20.1 Trade and other payables

Current	31 March 2021 £000	31 March 2020 £000
Trade payables	2,840	2,173
Capital payables	4,422	3,286
Accruals	15,798	14,322
Social security costs	63	1,380
Other taxes payable	184	944
Other payables	161	1,857
Total current trade and other payables	**23,468**	**23,962**
Of which payables from NHS and DHSC group bodies	1,921	2,831

Note 20.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2021 £000	31 March 2021 Number	31 March 2020 £000	31 March 2020 Number
- to buy out the liability for early retirements over 5 years	0		0	
- number of cases involved		0		0

Note 21 Other liabilities

Current	31 March 2021 £000	31 March 2020 £000
Deferred income: contract liabilities	563	125
Total other current liabilities	**563**	**125**

Deferred income at March 2021 relates to the receipt of 2-years pay inflation received from Local Authority for Sexual Health and 0-19 services.

Note 22 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redun-dancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2020	**582**	**1,431**	**216**	**0**	**277**	**2,506**
Change in the discount rate	13	64	0	0	0	77
Arising during the year	59	29	755	41	1,640	2,524
Utilised during the year	(64)	(67)	(13)	0	0	(144)
Reversed unused	(40)	(114)	(21)	0	0	(175)
Unwinding of discount	(6)	(14)	0	0	0	(20)
At 31 March 2021	**544**	**1,329**	**937**	**41**	**1,917**	**4,768**
Expected timing of cash flows:						
- not later than one year;	61	66	47	41	100	315
- later than one year and not later than five years;	252	272	890	0	977	2,391
- later than five years.	231	991	0	0	840	2,062
Total	**544**	**1,329**	**937**	**41**	**1,917**	**4,768**

The provisions covered by this note fall into five main categories:

- Early Departure costs - provision to cover the costs of early retirements of staff which took place in previous years, but for which the Trust continues to make payment to NHS Pensions Agency on a quarterly basis. The Trust will continue to pay amounts in respect of these for the remainder of the individuals' lives, which have been estimated using national mortality figures."
- Injury benefits - provisions for individuals who receive personal injury benefit from the Department of Work and Pensions, which are recharged to the Trust on a quarterly basis. The Trust will continue to pay amounts in respect of these for the remainder of the individuals' lives, which have been estimated using national mortality figures.
- Legal claims - provision for the costs of public and employer liability cases, for which the Trust is covered by NHS Resolution. The Trust is liable for the excess amounts. The value of these provisions has been estimated by NHS Resolution, using its estimates of the probability of the

cases being successful. The Trust has also provided for the expected costs of other legal action not covered by NHS Resolution.

- Redundancy - the provision is in relation to the cessation of the s75 contract held with Worcestershire County Council.
- Other - The Trust has also made provisions for potential dilapidation charges in relation to the Trust's leased properties.

Note 23 Clinical negligence liabilities

At 31 March 2021, £11,088k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Herefordshire and Worcestershire Health and Care NHS Trust (31 March 2020: £4,161k).

Note 24 Contingent assets and liabilities

Value of contingent liabilities	31 March 2021 £000	31 March 2020 £000
NHS Resolution legal claims *	(25)	(22)
Other **	0	(650)
Net value of contingent liabilities	**(25)**	**(672)**

* The provision is calculated by reference to the excess amount the Trust could be liable to pay and a probability factor applied by NHS Resolution. The difference between the provision and the excess amount is the contingent liability.

** Contingent liability of £650k related to a grant received from the HF Trust Limited in May 2000. The grant related to the funding of capital costs for St Jules Thorne House, Malvern and the Hydrotherapy Pool, Malvern. The Trust had a head lease with the Development Trust for the lease of land, the term of the lease was for 20 years until 4 September 2020 for a peppercorn rent. As at 31 March 2021 this grant has now expired with no ongoing liabilities.

Note 25 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment *	23,119	541
Total	**23,119**	**541**

* The capital commitments in 2020/21 relate to approved nationally PDC funded capital programmes, for the eradication of mental health dormitories for the periods 2021/22 and 2022/23. In 2019/20 capital commitments relates to IT projects.

Note 26 Financial instruments

Note 26.1 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 NHS Trust has with Clinical Commissioning Groups and the way those Groups 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. Trust treasury activity is subject to review by the Trust's internal auditors.

Credit Risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in note 18.1, receivables.

Liquidity Risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, 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.

Market 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. As the interest rates are fixed the Trust does not have any exposure to interest rate fluctuations. The Trust no longer holds any loans. The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Foreign 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.

Note 26.2 Carrying values of financial assets

Carrying values of financial assets held at amortised cost	31 March 2021 £000	31 March 2020 £000
Trade and other receivables excluding non financial assets	3,501	7,263
Cash and cash equivalents	27,337	23,178
Total	**30,838**	**30,441**

Note 26.3 Carrying values of financial liabilities

Carrying values of financial liabilities held at amortised cost	31 March 2021 £000	31 March 2020 £000
Trade and other payables excluding non financial liabilities	22,202	19,824
Total	**22,202**	**19,824**

Note 26.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2021 £000	31 March 2020 £000
In one year or less	22,202	19,824
Total	**22,202**	**19,824**

Note 27 Losses and special payments

	2020/21		2019/20	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	1	0	5	1
Bad debts and claims abandoned	40	8	27	36
Stores losses and damage to property	15	2	15	7
Total losses	**56**	**10**	**47**	**44**
Special payments				
Ex-gratia payments	12	4	11	2
Total special payments	**12**	**4**	**11**	**2**
Total losses and special payments	**68**	**14**	**58**	**46**
Compensation payments received		**0**		**0**

Note 28 Related parties

28.1 - Details of related party transactions with individuals:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Vanguard Healthcare Solutions - Delivery and Development Director is a Non-Executive Director of the Trust	0	1	0	0
MindEd - Project Executive & Lead Editor for Learning Disability is the Trust's Medical Director	11	0	0	0
Total related party transactions	**11**	**1**	**0**	**0**

28.2 - Details of related party transactions as a corporate trustee:

Herefordshire and Worcestershire Health and Care NHS Trust is a corporate trustee of Herefordshire and Worcestershire Health and Care NHS Trust Charitable Funds (Charity No. 1060335). The Trust has received revenue payments from this Charity, which are summarised below:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Banking of donations of Charity's behalf	40	0	2	0
Recharge of goods on Charity's behalf	0	134	0	41
Administration fee	0	30	0	8
Total related party transactions	**40**	**164**	**2**	**49**

28.3 - Details of related party transactions - Department of Health and Social Care:

The Department of Health and Social Care is regarded as a related party. During the year Herefordshire and Worcestershire Health and Care 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. The entities where these transactions were at least £500,000 in value for the year are:

- Department of Health and Social Care
- Health Education England
- NHS Birmingham and Solihull CCG
- NHS England
- NHS Resolution
- Wye Valley NHS Trust
- NHS Herefordshire and Worcestershire CCG
- Worcestershire Acute Hospitals NHS Trust

28.4 - Details of related party transactions - other government departments:

In addition, the Trust has had a number of material transactions, a total of at least £100,000 in value in year, with other government departments and other central and local government bodies. These transactions have been with:

- Bromsgrove District Council
- HM Revenue & Customs
- Malvern Hills District Council
- NHS Pensions Scheme
- Worcester City Council
- Worcestershire County Council
- Wychavon District Council
- Redditch Borough Council

Note 29 Transfers by absorption

On 1 April 2020, the Trust was the recipient of the transfer of Herefordshire mental health services from Gloucestershire Health and Care NHS Foundation Trust. The net assets received were £6,003k. These net assets have an associated revaluation reserve balance in the Trust's accounts of £997k.

On 1 April 2020, the Trust recognised the £6,003k net assets in its SoFP. It also recognised a gain of £6,003k which it recorded as income. This income is material and therefore the Trust has presented it in the SoCI as a separate item below Finance Costs but within the overall surplus.

The Trust has then transferred £997k from its income and expenditure reserve to its revaluation reserve, and reports this transfer in the statement of changes in taxpayers' equity.

Note 30 Events after the reporting date

There are no material events to report after the reporting period.

Note 31 Better Payment Practice code

Non-NHS Payables	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Total non-NHS trade invoices paid in the year	28,541	85,003	28,478	76,516
Total non-NHS trade invoices paid within target	27,726	82,895	27,805	75,444
Percentage of non-NHS trade invoices paid within target	**97.1%**	**97.5%**	**97.6%**	**98.6%**
NHS Payables				
Total NHS trade invoices paid in the year	331	10,598	325	9,608
Total NHS trade invoices paid within target	323	10,588	321	9,572
Percentage of NHS trade invoices paid within target	**97.6%**	**99.9%**	**98.8%**	**99.6%**

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 32 External Financing Limit

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

	2020/21 £000	2019/20 £000
Cash flow financing	(167)	(1,317)
External financing requirement	**(167)**	**(1,317)**
External financing limit (EFL)	6,647	5,891
Under spend against EFL	**6,814**	**7,208**

Note 33 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	11,642	9,043
Charge against Capital Resource Limit	11,642	9,043
Capital Resource Limit	11,642	9,043
Under / (over) spend against CRL	**0**	**0**

Note 34 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus (control total basis)	922
Breakeven duty financial performance surplus	**922**

Note 35 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Breakeven duty in-year financial performance	-	-	-	1,500	2,522	2,920	2,828
Breakeven duty cumulative position	-	-	-	1,500	4,022	6,942	9,770
Operating income	**-**	**-**	**-**	**171,083**	**170,835**	**172,314**	**171,461**
Cumulative breakeven position as a percentage of operating income	0.0%	0.0%	0.0%	0.9%	2.4%	4.0%	5.7%
		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	-	3,566	5,089	7,291	4,987	4,524	922
Breakeven duty cumulative position	-	13,336	18,425	25,716	30,703	35,227	36,149
Operating income	-	172,346	173,526	179,527	176,553	190,765	239,922
Cumulative breakeven position as a percentage of operating income	**-**	**7.7%**	**10.6%**	**14.3%**	**17.4%**	**18.5%**	**15.1%**

The Department of Health and Social Care has previously agreed with HM Treasury that the breakeven duty will be assumed to have been met if expenditure is covered by income over a three year period. The Department considers that 2009/10, being the first year of International Financial Reporting Standards (IFRS) implementation is a suitable point from which the breakeven duty should now be assessed.

The Trust was established on 1 July 2011, therefore the breakeven duty commenced during 2011/12.

The Department of Health and Social Care, HM Treasury and the National Audit Office previously agreed that the breakeven duty will be assumed to have been met if the breakeven cumulative net deficit is less than or equal to 0.5% of the turnover of the reporting year.

The Trust has achieved the breakeven duty year on year, since its formation in July 2011.

Glossary

A&E (Accident & Emergency)
The emergency departments of hospitals that deal with people who need emergency or life threatening treatment because of sudden illness or injury. Sometimes these services are referred to as casualty departments.

Acute services
Medical and surgical interventions usually provided in hospital. The Trust only provided these services up to 30th June 2011, after which date these services were transferred to the local acute Trust.

AMH
Adult Mental Health.

AWOL
Absent Without Leave.

BAF
Board Assurance Framework.

BPPC
Better Payment Practice Code.

Capital
Expenditure on the acquisition of land and premises, individual works for the provision, adaptation, renewal, replacement and demolition of buildings, items or groups of equipment and vehicles, etc. In the NHS, expenditure on an item is classified as capital if it is in excess of £5,000.

Capital charges
Capital charges are a way of recognising the costs of ownership and use of capital assets and comprise depreciation and interest/target return on capital. Capital charges are funded through a circular flow of money between HM Treasury, the Department of Health, primary care trusts and NHS trusts.

Care Quality Commission
(CQC) The Care Quality commission use expert assessors to determine annual ratings for NHS Bodies on the quality of the services they operate.

CAS
The Central Alerting System is a web-based cascading system for issuing patient safety alerts, important public health messages and other safety critical information and guidance to the NHS.

C-diff
Clostridium difficile

Clinical Commissioning Groups (CCGs)
Clinical Commissioning Groups CCGs will from 1.4.2013 commission the majority of health services, including emergency care, elective hospital care, maternity services, and community and mental health services. Each of the 8,000 GP practices in England is now part of a CCG. There are 211 CCGs altogether, commissioning care for an average of 226,000 people each.

Corporate Governance
The system and rules of delegation by which organisations are directed and controlled.

CPA
The Care Programme Approach is the process by which all service users and carers' needs are assessed in secondary mental health services.

FFT
The Friends and Family Test asks patients and staff how likely is that they would recommend a ward/ department to friends and family if they needed similar care or treatment.

HoNOS
Health of the Nation Outcome Scales. The use of HoNOS is recommended by the English National Service. Framework for Mental Health and by the working group to the Department of Health on outcome indicators for severe mental illnesses.

I&E
Income and Expenditure.

IAPT
Improving Access to Psychological Therapies is a National Health Service (England) initiative in to improve access to psychological therapies.

ICU
Intensive Care Unit.

In-patient
A person admitted on to a hospital ward for treatment.

International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) Issued by the International Accounting Standards Board, financial reporting standards govern the accounting treatment and accounting policies adopted by organisations. Generally these standards apply to NHS organisations.

MH
Mental Health.

MRSA
Methicillin-resistant Staphylococcus aureus.

NED
Non Executive Director

NEST
National Employment Savings Trust this is a defined contribution occupational pension scheme backed by the government.

NHS England/Improvement (Referred to as NHSEI in the report).
Formally established as the NHS Commissioning Board on 1 October 2012, NHS England is an independent body at arm's length to the Government.

NHS Foundation Trusts
NHS hospitals that are run as independent, public benefit corporations, which are both controlled and run locally.

NHS Trusts
NHS trusts are hospitals, community health services, mental health services and ambulance services which are managed by their own boards of directors. NHS trusts are part of the NHS and provide services based on the requirements of patients as represented by primary care trusts and GPs.

NICE
The 'National Institute for Health and Care Excellence' provides national guidance and advice to improve health and social care.

Outpatient
A person treated in a hospital but not admitted on to a ward.

PALS
The Patient Advice and Liaison Service offers confidential advice, support and information on healthrelated matters.

PDC
Public Dividend Capital Performance indicator Measures of achievement in particular areas used to assess the performance of an organisation.

PLACE
The Patient Led assements of care environment (Formally know as PEAT – Patient Environment Action) inspections every year and comprise a team of health professionals along with an independent patient representative. The team assess each hospital they visit in terms of cleanliness, hygiene, privacy, dignity, patient information, food quality and service.

Provisions
Provisions are made when an expense is probable but there is uncertainty about how much or when payment will be required, e.g. estimates for clinical negligence liabilities. An estimate of the likely expense is charged to the Trust's Operating Cost Statement as soon as the issue comes to light, although actual cash payment may not be made for many years, or in some cases never. The expense is matched by a balance sheet provision entry showing the potential liability of the organisation.

Revenue
Revenue is expenditure other than capital, for example, staff salaries and drug budgets. Also known as current expenditure.

RTT
Referral to Treatment Time.

Secondary care
Specialised medical services and commonplace hospital care, including outpatient and inpatient services. Access is often via referral from primary care services.

STP
Sustainability and Transformation Partnership.

VTE
Venous Thromboembolism.

WTE
Whole Time Equivalent

YTD
Year To Date.

Do you have a concern, complaint or comment?

Contact: Patient Relations Team, Herefordshire and Worcestershire Health and Care NHS Trust 2 Kings Court, Charles Hastings Way, Worcester. WR5 1JR Tel: 01905 681517 Email: Whcnhs.pals@nhs.net

Do you have a communication or information support need?
If so please contact the person who gave you this leaflet so that those needs can be recorded and responded to.

Do you need to know about accessibility?
Read our detailed guides at
www.AccessAble.co.uk

AccessAble
Your Accessibility Guide

Do you get stressed, anxious or have low mood?

Visit www.hacw.nhs.uk/healthyminds to find out more or call 01905 766124.

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