NHS
Wye Valley
NHS Trust

Annual Report and Accounts

2020/21

Compassion • Accountability • Respect • Excellence

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Financial Statement and Notes to the Accounts separate attachment

Chief Executive's foreword

It's strange to think that 12 months ago I began my foreword to the Annual Report by referring to the all-consuming nature of the pandemic.
Despite the monumental effort that had already been made, little did we realise the full impact the COVID-19 outbreak would have during the next 12 months.
It is with immense pride that I write this year's foreword looking back at how colleagues managed the unrivalled pressures and enormous challenges we faced.
Indeed the last year has put our amazing staff members under the spotlight and a central theme around the way they have risen to the challenge and how the Trust has supported them to do so, is a golden thread, which runs through much of what has happened during the last 12 months.
However, a review of the last year would not be complete without considering the lives of those that were lost to the pandemic, including one of our own colleagues.
Dave Morgan, logistics team leader in our theatres team at Hereford County Hospital, died at the end of January this year having tested positive for COVID-19. He was well respected and much loved by colleagues and will be sorely missed. Our thoughts remain with his family.
During the height of the pandemic in January, we had more than three times the number of COVID-19 patients in our hospitals than during the peak in May last year.
The roll-out of the vaccine and the impact of lockdown meant the steep rise in cases was reflected in an equally sharp decline during January and February this year.
Working with colleagues in Primary Care, Herefordshire Council, the Herefordshire and Worcestershire Clinical Commissioning Group and with an army of volunteers, the Trust was a key player in the roll-out of a vaccination programme which, at the end of March had seen around 38,000 people vaccinated.
It would be true to say that while the pandemic demanded much of our time and effort, it was also the catalyst for a huge amount of innovation and it was encouraging to see support between this Trust and our Foundation Group colleagues – South Warwickshire NHS FT and the George Eliot Hospital NHS Trust.

This allowed sharing of best practice, with notably close liaison with intensivists at SWFT, and this Trust supporting colleagues in the other Trusts in relation to Continuous Positive Airway Pressure (CPAP). Even our well-established Quality Service Improvement Redesign (QSIR) training across the group managed to continue by going online to avoid mass gatherings of staff.
We are driven by technology and the use of MS Teams and Zoom for meetings has allowed easier engagement with staff – particularly those working in community areas – and better use of busy clinicians' time.
Working from home meant changes to working routines and practices - something even those who continued to work in their offices, laboratories or wards had to face as many were asked to work in unfamiliar areas carrying out work they had not been trained for.
Supporting our staff through these times was key and, through staff hubs in Trust buildings, we established safe spaces where colleagues could unload after a difficult shift or receive support from trained colleagues.
The NHS People Plan acknowledged these pressures on staff and gave us a roadmap to consider such issues as psychological support for staff, creating a culture of belonging and how we grow, develop and maintain new ways of working.
A massive boost to staff morale has been the overwhelming kindness shown by the public in the generous donations of goods. Together with money from Captain Tom, the Trust has

received many tens of thousands of pounds of charitable donations which it is using to benefit staff.
These funds and the generosity of the public have boosted staff morale and the value of which will never truly be understood – so a massive thank you personally from me to every individual, organisation or corporate body which has given goods or services to the NHS during the last year.
We were equally pleased with other funding streams during the last 12 months, including a successful £2 million bid for money to improve urgent care which allowed us to develop a Same Day Emergency Care (SDEC) facility.
Work has also continued in urgent care with the revamp of our Emergency Department which includes the creation of a much needed new paediatrics area.
During the last year progress on our £23.6 million hutted wards replacement block has continued. Despite setbacks due to the pandemic, the modules for the new building arrived last summer and since then work has continued inside and out to create three new wards providing 72 beds – an extra 34 over and above the capacity of the two hutted wards they will replace.
Nationally, eyes are on the progress of the building which attracted a visit by the Prime Minister last summer.
Over and above this, a major project to replace our theatres' roofs has been completed and we created two additional beds in ITU during the autumn.
Work is currently underway to bring the ground floor of the Lionel Green building back into life with virtual offices and a multidisciplinary team room.
On a more practical note, at least as far as patients are concerned, a drive to value patients' time allowed individual wards to establish key changes which have come from frontline staff themselves.
And in December we welcomed a team of inspectors from the Care Quality Commission who visited us for an unannounced inspection of urgent and emergency care.
Their initial findings were that while staff were working under pressure, they were working well as a team with clear pride in the department. Staff were also commended on their compliance with PPE.
The full report came out in January this year and they recommended that urgent and emergency services continue to be rated as good. They were impressed by the strong leadership in the department and again stated that staff expressed their pride in working in the department.
This was a key finding in the national NHS staff survey which showed that 70 per cent of staff would recommend the Trust as a place to work – higher than the national average of 67 per cent.
As with the rest of the NHS and the UK, we're still waiting to see what the new post-pandemic normal will look like.
While the future may, to a degree, still be uncertain, we have our staff members and their resilience, passion and drive to forge ahead as masters of our own destiny as the Trusts establishes its place within an Integrated Care System across Herefordshire and Worcestershire.
Above all, we remain focused on delivering high quality care of the kind we'd like for our family and friends and we continue to pursue a "good" CQC rating.

Glen Burley
Chief Executive

Chairman's foreword

These last 12 months have been the year when many of us have had to get used to those ubiquitous words "you're on mute" on a virtual daily basis.
Meetings via Zoom or MS Teams became the norm and it often became all too easy to go from meeting to meeting having not moved from your chair for a whole morning.
And in a way, it suddenly became easy to lose some of those key relationships which can only be formed through face to face contact with colleagues on a daily basis.
I want to start by paying tribute to all the staff members who took heed of the mantra to stay home and have worked from their kitchen tables, living rooms, dining rooms and hallways.
There's no doubt your sacrifices have helped to slow the spread of the virus – as have the adherence to social distancing regulations which have been brought in across Trust buildings which have governed our workday lives for the last year.
Despite these challenges, it's been a great year for our staff in many ways.
The annual NHS staff survey revealed that staff morale has improved, that staff feel more engaged and that team working has improved compared to the previous year.
There's still work to do, but these encouraging results are reflected in the fact that the Trust is seen as a good employer and attracts new recruits from around the globe.
The figures speak for themselves – From January to March this year we have received 1166 overseas applications to join the Trust. 86 of these were shortlisted for a role resulting in 28 International appointments being made.
That's an amazing achievement for a relatively small Trust like Wye Valley NHS Trust whose reputation is such that it can attract these kinds of numbers of overseas applicants.
With the great opportunities for professional growth within the Trust and its location in beautiful Herefordshire, it's easy to see why this organisation is becoming a highly regarded employer of choice.
Equally impressive is the fact that many people who work for the Trust stay here for a great number of years.
During September we held our annual Long Service Awards – online, of course – and the celebrations marked many faithful years clocked up by 42 staff who had worked 25 years or more in the NHS. Amazingly, their years of service totalled nearly 1,300 years.
Staff *are* our greatest asset and throughout the year we've looked after their health and wellbeing.
In February this year it culminated in the publication of our health and wellbeing strategy which lays out our commitment to our staff members to support them physically, mentally, emotionally and socially.
Importantly, we have established a number of staff networks to ensure the voices of different groups of staff can be heard.
We now have a BAME staff group, a Disability staff group and an LGBT+ staff group.
Two key campaigns have taken place during the last 12 months.
Our Simply Respect campaign reinforced our zero tolerance to bullying in the workplace with a series of hard-hitting posters and case studies. This campaign was prompted by slight increases in the numbers of staff reporting that they had experienced bullying.
And our Civility Saves Lives campaign was aimed at our surgical staff.
It's a fact that incivility breeds incivility and that surgery carried out by rude surgeons will have poorer outcomes.

Through these campaigns staff have been encouraged to challenge poor behaviour sensitively and appropriately.

In the coming months work will begin to reduce the Trust's carbon footprint significantly through the installation of a ground source heatpump network around Hereford County Hospital site.
We shall also be installing solar panels, LED lighting and upgrading the existing hospital infrastructure with, for example, pipework insulation.
Phase one of our ambitious plan will save around 600 tonnes of carbon a year.
The programmes I've outlined give a clear commitment and direction of travel for the Trust.
This will all happen under the umbrella of the new Herefordshire and Worcestershire Integrated Care System.
This brings together the NHS and the local authority to work in new and innovative ways to enable better health, fulfilment and safety in our residents' lives.
We will do this through collaborative working and our priority for the next 12 months is to improve the health and wellbeing outcomes of the residents we serve by doing all we can to help people recover from the economic and health and wellbeing impacts of COVID-19.
It's clear that much has been achieved, but there is much more to do.
All this doesn't happen by itself and I want to pay tribute to the senior leadership team at the Trust and my fellow Non-executive Directors who have selflessly given of themselves once again.
I'm proud to be the chairman of an organisation which is patient-focused and which acknowledges the importance of looking after its staff and the environment.

And once again, I'd like to thank all the volunteers who give up their time to help make the hospitals we run, the successes they are.

It wouldn't be the same without you.
Thank you.

Russell Hardy
Chairman

1 Overview

General overview

Wye Valley NHS Trust was established on April 1, 2011. The Trust provides community care and hospital care to a population of just under 193,000 people in Herefordshire and a population of more than 40,000 people in mid-Powys, Wales. The Trust's catchment area is characterised by its rural nature and remoteness, with over half (53 per cent) living in areas defined as 'rural', with the majority of these (42 per cent of the total) in the most rural 'village and dispersed' areas. Just under a third of the population live in Hereford city. We are the only secondary care provider for an area where the average age of the population is older than the national average. This demographic is driving health and social care needs that are often more complex than in areas where the average age of patients is lower. All dates referred to in this report are for the year April 1, 2020 – March 31, 2021, unless otherwise specified.

During 2020/21, 24 hours a day, 365 days a year…

People attending ED during the year	54,411
Average number of people in ED per day	149
Average number of people visited in the community every day	778
Average number of diagnostic tests/procedures carried out each month	4,940
Average number of babies born each month	131

Our CARE values

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

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

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

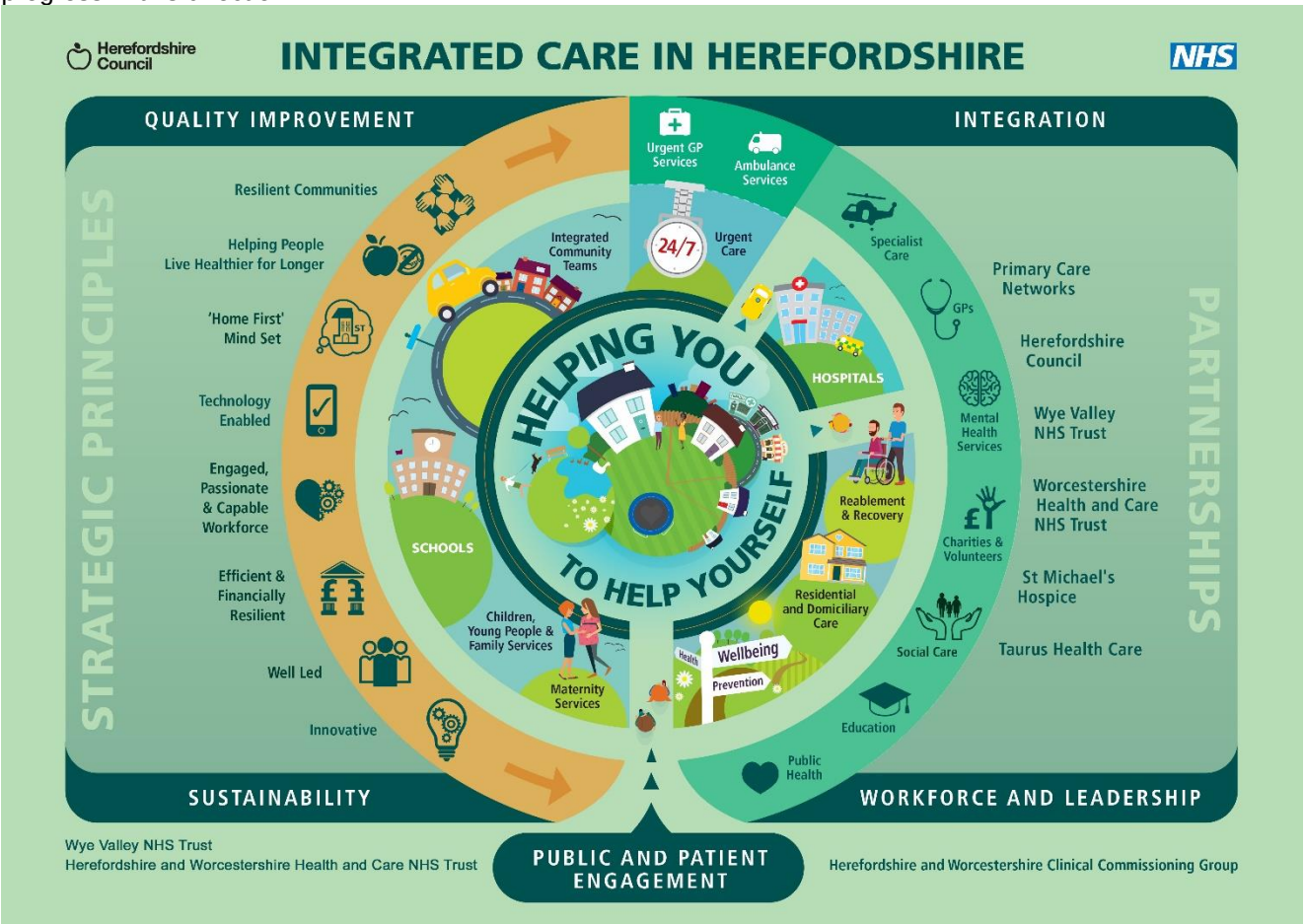
Excellence – we will challenge ourselves to do better and strive for excellence

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

A strengthening partnership

Core to the organisational strategy of Wye Valley NHS Trust is working with partners to provide integrated care to deliver better outcomes for our population and best value for the 'Herefordshire public sector pound'
The strategy diagram below has guided the development of partnership working with other health and social care partners in Herefordshire.
The STP has been in place for the last four years and had encouraged more integrated working across a wider population with partners in Worcestershire.

Please note during 2017 the use of the acronym STP shifted, so that it was used to signify sustainability and transformation partnerships.[2] In February 2018 it was announced that these organisations were in future to be called integrated care systems, and that all 44 sustainability and transformation plans would be expected to progress in this direction.[3]

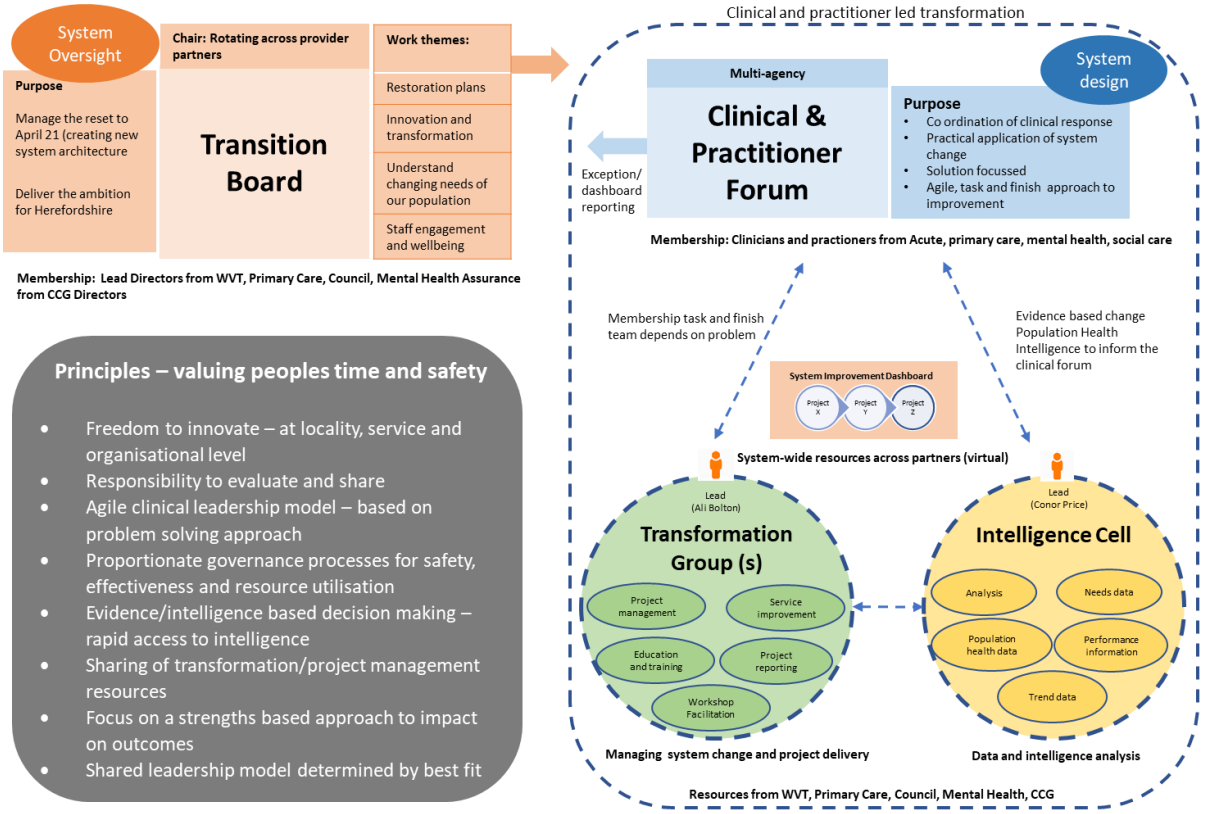


It has been an extraordinary year and one of the positives to have come out of the year of COVID-19 experience is hugely strengthened partnership working that was built on the strong foundations of previous years' work.
Much of the country has had a similar experience and the proposals contained in the recent white paper (Integration and innovation: working together to improve health and social care for all) seek to put in place a legislative framework to support better integrated care at place (Herefordshire) and across a wider integrated care system (Herefordshire and Worcestershire).

Clinicians driving change

In the first wave of the pandemic Trust senior doctors, nurses and Allied Health Professionals (AHPs) took centre stage to redesign care pathways rapidly to manage urgent and

emergency care whilst facing the unprecedented challenge of the pandemic. They did this is partnership with colleagues in primary care and social care. The primary care networks have also been a cornerstone of the new ways of working.
After the first wave the Trust sought to rapidly put in place a mechanism to continue to work in this way to manage the rest of the pandemic that is clinically led and enabling rapid change and decision making and reducing bureaucracy.
A Transition Board was put in place bringing together system leaders from primary, acute, community, social and mental health care and the CCG and Healthwatch. The Transition Board has been advised by the clinician and practitioner forum, a multi-agency and multi-disciplinary group of clinical leaders, who have developed solutions to emerging problems. This took the place of a number of previous forums and took over from the previous Integrated Care Alliance Board which had been in place to implement integrated working.



This way of working is at the heart of proposals being developed which will fundamentally change the way that our staff work together and how organisations work together to deliver better outcomes at better value for our population and to prepare for the changes that are recommended in the white paper.

The new approach which is encapsulated by the phrase the ‘One Herefordshire Partnership’ will mean changes to the way the Trust works as the integrator of services. Working with health and social care partners enabling integrated service delivery at primary care network level will be the linchpin of wrapping services around patients’ needs and improving population health to deliver on the ambition set out in the NHS long term plan.

Delivering together
Services are already more integrated for the population which the Trust serves.

Some examples:
The community integrated response hub (CIRH)
Jointly managed between Wye Valley NHS Trust and Herefordshire County Council the CIRH has two functions. To co-ordinate care at home for patients being discharged and enable them to live as independently as possible and also to provide a two hour urgent response to people at home who would otherwise require a hospital admission.

Out of hours community care, integrating care from GPs and community nurses for patients who need care at home at night
In 2019, the Trust joined forces with Taurus Healthcare (who provide the out of hours GP service), to integrate our overnight community nursing service. This had previously been staffed by community nurses who had worked all day and then provided an on call system at night. This was difficult for staff and could disrupt the planned caseload of patients for community nurses the following day if the on call night shift was busy and the nurses needed to rest.
Instead of an on-call district nursing service, Taurus now employ a nursing workforce working alongside their GPs, and manage the urgent overnight community nursing response.
Since then, the Taurus overnight community nursing function has gone from strength to strength providing responsive service to patients and a better working life for community nurses.

Integrating end of life care through the Virtual Palliative Care Hub
The Herefordshire Health and Care system had been working to further improve the end of life care pathway for patients, and some of these improvements were further hastened by the COVID-19 pandemic. This included the development of an integrated nursing review between the community nursing teams and the Hospice at Home team. The introduction of video conferencing was also of significant benefit to this work, with the opportunity being created for a daily virtual huddle discussion for new referrals and existing caseloads. This huddle system has now been adopted as an ongoing arrangement, and also provides the opportunity for input from the Specialist Palliative Care team, provided by Wye Valley NHS Trust and based at the Hospice.

Primary Care Network pharmacy teams
The use of medicines is the most common intervention in the NHS and due to our rural location and relatively small population, recruiting to pharmacy posts has been historically difficult in Herefordshire. To support effective and efficient use of medicines there has been a major national investment in pharmacist and pharmacy technician roles in primary care networks. As a county it was established, early on, that there was a need to “grow our own” pharmacy workforce to meet the demand for these new roles in primary care and maintain our expanding pharmacy workforce in secondary and community pharmacies across the county. Joint appointments have been made during 2020/21, by Taurus Healthcare and Wye Valley NHS Trust of professional pharmacy leads to support pharmacists and pharmacy technicians and trainee roles coming into primary care networks. These have managed to attract, develop and retain our expanding pharmacy workforce so we can deliver on ensuring that medicines are used safely and efficiently across Herefordshire.

Links to Talk Communities
Talk Communities is an initiative supported by Herefordshire Council and is an approach to bring residents together and connect them to services in their local community and other countywide voluntary, health and social care provision.
The principle is to develop "hubs" which could be something that is already running in the community by the Parish Council or from an existing setting like a church, pub, community centre or shop, with each hub being 'unique' to reflect their local community and its needs. Supported by Herefordshire Council, the hubs are run by staff or volunteers from the local community or a combination of both, with all staff and volunteers offered training to guide residents to a wide range of information that will help improve their lives and connect them to others residing in their community.
The principle behind the Talk Communities' initiative / hubs has generated significant conversation and ideas about the art of the possible in relation to other programmes that are taking shape: Some examples are below:

Community diagnostic hubs
Providing diagnostic services closer to patient's home, the opportunities for Talk Community hub estates to support this programme by providing spaces for clinics to be held or hosting equipment that patients could use to support self-management of their condition and or providing links / information for patients.

Virtual clinics
Offering patients (where clinically appropriate) an appointment through virtual means (telephone or video). It is acknowledged that there are patients and areas that will be excluded from accessing this service due to access to equipment, Wi-Fi, confidential space or digital skills and knowledge. Engagement so far has explored how the hubs could offer a place or space, host equipment for service users to use/have access to, have staff/volunteers trained to support the patient to access their virtual clinic appointment.

Service transformation/delivery and patient pathways
The Talk Communities programme lead/team are becoming key stakeholders in projects/programmes wishing to discuss service transformation/delivery and patient pathways, meaning clinicians are not constrained by historical footprints and hospital estates and can think big and bold about service transformation.
Opportunities currently range from;

- A places for services to hold group sessions, clinics, exercises classes
- A place to signpost patients to/support for patient to access other voluntary/ third sector service provisions

This maximises the principles of Making Every Contact Count (MECC), care closer to home and empowering patients/citizens.

Integrated care home support
During the first wave of the pandemic it became clear, early on, that the transmission of COVID-19 would impact greatly on the residents of nursing and residential care homes in Herefordshire. Initially, separate organisations were contacting care homes to ascertain their individual circumstances as well as offering support. Support initially included the supply of PPE as well as Infection Prevention Control guidance. This created a disparate picture of the situations in care homes across the county as well as adding unnecessary time pressures on the homes to respond to separate (sometimes many) calls from a multitude of organisations.
It was agreed across the statutory organisations offering support to care homes that an integrated 'joined-up' approach was needed. A daily 'Care Home Huddle' was established

with identified representatives from the Local Authority, Public Health, GP's and the Clinical Commissioning Group. By meeting daily and discussing the care homes collectively duplicate calls were reduced, information was easily available and shared where relevant and a multi-agency support plan could be put in place for homes where required. The information received through this group also assisted with agreeing the topics to be discussed at a newly formed weekly multi-agency video call to keep providers up to date with ever changing national guidance as well as the support available locally.
The relationships built during this time have enabled us to continue this collaborative work into the medium to long term strategic planning for the delivery of service improvement across health, social care and care homes. There is now an Integrated Care Home Programme of work which has established a long term team that will provide integrated support to our care home partners.

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

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

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

Strategic objectives

Click HERE to view online.

Service structures

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

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

2 Performance and Improvements

Care Quality Commission inspection

Under the Transitional Monitoring Arrangements framework, being used by the Care Quality Commission (CQC) to monitor services during management of the COVID-19 pandemic, the Trust had a core service inspection in December 2020 of the Emergency Department (Urgent and Emergency Care). The outcome was announced in February 2020, and the service maintained its 'Good' rating.

The CQC said the following:

- Staff understood how to protect patients from abuse and the service worked well with other agencies to do so.
- The service controlled infection risk well. Staff used equipment and control measures to protect patients, themselves and others from infection. They kept equipment and the premises visibly clean.
- The design, maintenance and use of facilities, premises and equipment kept people safe. Staff were trained to use them. Staff managed clinical waste well.
- Staff completed and updated risk assessments for each patient and removed or minimised risks. Staff identified and quickly acted upon patients at risk of deterioration.
- The service had nursing and support staff with the right qualifications, skills, training and experience to keep patients safe from avoidable harm and to provide the right care and treatment. Managers regularly reviewed and adjusted staffing levels and skill mix, and gave bank and agency staff a full induction.
- The service had enough medical staff with the right qualifications, skills, training and experience to keep patients safe from avoidable harm and to provide the right care and treatment. Managers regularly reviewed and adjusted staffing levels and skill mix and gave locum staff a full induction. However, staffing was only achieved by the use of regular locum doctors.
- Leaders understood and managed the priorities and issues the service faced. They were visible and approachable in the service for patients and staff.
- Staff felt respected, supported and valued. They were focused on the needs of patients receiving care.
- Leaders identified and escalated relevant risks and issues and identified actions to reduce their impact. They had plans to cope with unexpected events.

The report highlighted areas where improvement work was already underway, given the timeliness of feedback the Trust was able to respond swiftly and make immediate improvements where necessary. However there were no breaches of regulations that required action.

Quality priorities

The Trust has developed quality priorities for 2020/21 that focus on areas where the Trust want to drive quality improvement and improve patient experience. The Quality Account 2020/21 details all the quality priorities and how the improvement will be demonstrated. This will be published later in the year.
Areas that will be addressed this year include; improving experience of discharge for patients, families and carers, improving compliance with medicine safety standards and

effective management of waiting lists to reduce risk of harm to patients who might be waiting longer for treatment as an impact of the COVID-19 pandemic.

Patient safety

The Quality Account will be published on NHS Choices from 30 June 2021 and contains comprehensive information on the quality and safety of our services.

Delivery of the Commissioning for Quality and Innovation (CQUINS) programme

The CQUIN payment framework is a national initiative. Each financial year, a set of quality improvement goals are set with our commissioners. These schemes are designed to improve the quality and efficiency of services provided for patients. Due to COVID-19, to allow clinical work to be prioritised, the CQUINs programme was suspended for 2020/21.

Patient and public involvement

During 2020/21 patients and carers remained a priority with the Patient Engagement Forum continuing to meet following initial disruption due to COVID-19. Focus continues to be of providing expert view to areas of work within the organisation.
COVID-19 impacted greatly on the ability of friends and family to visit patients so different ways of keeping in touch have been supported as outlined in the graphic below:

Many of the regular volunteers were unable to continue to support patient services face to face during the pandemic many joined both the engagement forum and the reader panel to continue to support virtual activities.
During 2020 a pilot programme was initiated with the local sixth form to actively recruit younger volunteers who are looking at future careers in the NHS. One area these volunteers

have been supporting is virtual visiting options, which were developed to help maintain contact between patients and families during the restricted visiting.

Improving Patient Engagement
The Trust receives feedback on its services through a number of different sources. This includes face to face engagement and survey results as well as the friends and family test (FFT), compliments, concerns and complaints data.
The impact of COVID-19 initially led to suspension of the patient engagement group, however, the group recommenced using a virtual platform. Using a virtual setting has enabled members with disabilities who struggled to attend physical meetings to attend. The members have experienced a wide range of services and are drawn from across the local community. Together they have used their experience to provide feedback and influence direction on Trust initiatives including:

- Review of electronic discharge summary information to ensure the documents are more user friendly
- Review of patient information via the virtual reader panel to support with efficient review of patient information
- Testing of virtual visiting platforms

Patient Led Assessment of the Care Environment results

Due to COVID-19 the PLACE inspections did not take place during 2020/21.

Inpatient survey results

The National Inpatient survey was delayed due to COVID-19 during 2020/21 with surveys being sent out to a group of patients who used our services in November 2020. We are currently waiting for the results to be published.

Following review of 2019/20 results local surveys were commenced focussing on the areas for improvement. This was linked to the Valuing Patient Time initiative with surveys being sent to every patient who was an inpatient in November 2020 and sample group of patients for each month.
The survey focussed on the following areas:

- Preparation for discharge
- Environment
- Privacy and dignity
- Communication

In addition the Trust have worked collaboratively with Healthwatch Herefordshire who have been interviewing patients following discharge from hospital regarding their experience to provide more information.

Estates strategy

2020/21 was a busy year in relation to planning, investments and construction. The new wards, to provide additional capacity, and the demolition of remaining huts were nearing completion by the end of the financial year. Despite receiving help (plastering) from the Prime Minister when he visited the construction site in August the project was slowed down to allow safe working methods during the pandemic. The Trust's oxygen supply and resilience received a boost in March with a second tank arriving as part of the scheme that will provide a long term backup to all the wards at Hereford County Hospital.
A timely boost to High Dependency Capacity was delivered with two additional beds to support ITU going live in November.
The Trust received additional capital to improve urgent care and the Board approved a business case to expand Same Day Emergency Care (SDEC). The first phase of this was completed in March 2021.
The Board also approved a business case (outline) for an energy centre at Hereford County Hospital and the Trust was then successful in winning a grant of £4.9m to deliver the first phase. The full business case is approved and the works on site are planned shortly.
The Trust started works to decant services from Gaol Street to enable creation of a dedicated Skin Centre which will be completed in 2021/22.
A new Estates Strategy received board approval in 2020 setting out the priorities for the next five years. However, due to the difficulties in predicting the impact of the pandemic on working practises and the environment this will be updated to reflect any changes to clinical priorities or national guidance in the coming years.

Service developments

Service developments within the year have been, to a greater extent, dominated by the need to respond to COVID-19 and to deliver both urgent and planned care, across both community and acute settings, in the safest way possible.
The COVID-19 response required the rapid development and delivery of a number of services and clinical pathway changes including:

- A COVID-19 swabbing and testing service for staff and inpatients
- A COVID-19 safe environment within the Emergency Department and our inpatient wards
- The rapid extension of the Intensive Care Unit to care for additional demand created by the pandemic
- A dedicated 'green' pathway for patients undergoing planned surgery
- New 'green' pathways through all of the outpatient settings including radiology, endoscopy and all of the outpatient departments
- Partnership working with local Independent sector providers, Nuffield Health to deliver additional planned surgical care throughout the year

During this most challenged period development continued with the Intensive Care Unit increasing capacity from six to eight beds.
Securing a £2 million bid, allowed the development of a dedicated Same Day Emergency Care unit (SDEC). The doors opened in March this year and the new facility, located near our Emergency Department, allows us to identify and assess patients quickly enough to avoid them having to be admitted to hospital.

Due to having the right staff with the right expertise in the right place at the right time, we can evaluate a patient's need and make sure their care pathway is agreed, established and actioned really quickly. This helps reduce the pressure on our beds.
The Trust also continued with development of the radiology capacity with new and additional CT and MRI scanners.

Digital programme

During 2020 the Trust developed a new three-year IT strategy which was approved by the Board of Directors in December 2020. In adopting this strategy the Board committed to continue to build upon the clinical digital developments that began in 2015 with the start of the Electronic Patient Record programme and subsequently grew to include Electronic Prescribing, Medicines Administration and the Community EMIS programme.

As the Trust continues its journey from paper to electronic records it is also participating in the Integrated Care and Wellbeing Record programme across Herefordshire and Worcestershire which will interface different digital health and social care records to allow secure access to key information by healthcare professionals.

The Trust has now received all its allocated Global Digital Exemplar (GDE) (Fast Follower) funding. Formal GDE accreditation remains to be completed and is now expected to take place towards the end of 2021. Whilst progress has been maintained with the development and deployment of digital functionality some of the GDE deliverables have been delayed because of COVID-19. This includes some of the Trust's planned contributions to the national 'blueprint' library and the formal analysis of programme benefits.

The new IT strategy also includes a commitment to maintain and update the IT infrastructure that has become essential to the reliable delivery of digital healthcare. And a commitment to explore the use of advanced technology, such as Artificial Intelligence and Robotic Process Automation.

The Trust increased its use of digital services as part of its response to COVID-19. A facility to make outpatient clinics accessible by both telephone and video-call was deployed rapidly. This was also adapted to support 'virtual visiting' while public access to the wards had to be restricted.

The number of staff with provision to work remotely was quadrupled in response to the call to work from home where possible. Online collaboration tools, such as Microsoft Teams, were deployed at scale to reduce the need for staff to travel and attend face-to-face meetings.

Other significant work undertaken during the year includes completing the replacement of obsolete versions of the Windows operating system across both the desktop and server estate and starting the deployment of a new electronic medical and nursing rostering system which is now in use by over four-hundred nurses.

On April 1, 2021 the Trust obtained Cyber Essentials Plus certification. This is an independently verified assessment of the organisation against national IT security standards. This places the Trust in the first twenty percent of NHS Trusts nationally to obtain this certification.

Performance tables

Acute Hospital

The number of patients attending the Emergency Department (ED) reduced by 14.5 per cent in total in 2020/21 when compared to 2019/20, this was as a direct result of COVID-19. The volumes of 'elective' patients treated both as 'outpatients' and as 'inpatients' was lower during 2020/21 due to reduced clinical capacity to manage the COVID-19 demand. Within the Acute hospital setting this resulted in 12,452 fewer elective admissions and almost 60,000 less outpatient appointments.

Activity	2019/20	2020/21	Increase/decrease 2020/21 on 2019/20	Difference 2020/21 to 2019/20
Elective spells	3,834	1,740	-2,094	-54.62%
Day case spells	29,170	18,812	-10,358	-35.51%
Total emergency spells	27,719	21,945	-5,774	-20.83%
General and Acute emergency spells	20,965	18,055	-2,910	-13.88%
New outpatient attendances	72,560	46,109	-26,451	-36.45%
Follow-up outpatient attendances	174,948	142,235	-32,713	-18.70%
ED attendances	63,991	54,690	-9,301	-14.53%

Community activities

Activity	2019/20	2020/21	Increase/decrease 2020/21 on 2019/20	Difference 2020/21 on 2019/20
Day case spells	2,803	669	-2,134	-76.13%
Community bed days	26,414	17,526	-8,888	-33.65%
New outpatient attendances	15,528	5,087	-10,441	-67.24%
Follow-up outpatient attendances	61,519	25,659	-35,860	-58.29%
Minor Injury Unit attendances*	2,286	0	-2,286	-100%

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

Key targets

Emergency department

ED standard	2019/20	2020/21
Total time in ED: four hours or less	76.3%	78%

The Trust did not achieve the national standard of 95 per cent of patients being seen, admitted or discharged within four hours from time of arrival in the ED but did see an improvement over the 2019/20 position. The ED experienced a reduction in demand for the majority of the year with an overall 14.5 per cent reduction in patient attendances and a 13.9

per cent decrease in general and acute emergency admissions; performance for the year was 78 per cent.

COVID-19 required our 'front door' teams to work very differently with measures in place to test and isolate patients at risk throughout the whole year.

Referral to Treatment/52 weeks

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

The pandemic severely impacted the Trust's ability to deliver planned care in the volumes that it would normally be able to do and this reduction in clinical capacity saw performance across the 18 week standard deteriorate to 54.8 per cent for English patients and 65.9 per cent for Welsh patients. By the end of the year the Trust had seen an increase in the number of patients waiting over 52 weeks to 2,473.

Our operational and clinical teams are now working hard to deliver as much clinical capacity to recover this position as quickly as possible.

RTT Incomplete performance

	March 2020	March 2021
English (18 weeks)	77.8%	54.8%
Welsh (26 weeks)	83.1%	65.9%

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

Cancer Care

The Trust did make improvements in both 'two week wait' standards on the previous year and did achieve the standard for the year. The loss of inpatient and diagnostic capacity as a direct result of the pandemic did impact performance against the 62 day standard most notably in the surge during the early months of 2021.

Key performance indicators	Key target	Actual 2019/20	Actual 2020/21
Cancer two week waits	93%	94.6%	97.2%
Two week waits (breast symptomatic)	93%	94.5%	98.5%
Cancer 31 days	96%	93%	90.6%
Cancer 31 days Subsequent treatments	98%	91.7%	90.4%
Cancer 62 days	85%	78%	76.3%
Cancer 62 days screening	90%	92.3%	66.7%
Cancer 62 days upgrades (no national target set)	85%	88.4%	82.2%

Mortality report

Introduction

Over the past two years, Wye Valley NHS Trust have made significant improvements in reducing their in-hospital mortality rates, and throughout the challenging past 12 months have managed to sustain the progress by keeping the broad mortality indices well within the expected range.

Through the development of robust surveillance systems, and the establishment of a One Herefordshire Mortality Committee, any changes in the mortality data have been closely monitored, including the impact of COVID-19, and areas of concern responded to rapidly.

Overall Trust Performance

Compared to the Annual Report of 2019/20, the Trust has sustained the improvements in mortality, despite the pandemic.

National Mean:	100	
SHMI	(January 2020 – December 2020)	101.4
HSMR	(January 2020 – December 2020)	98.9

Fig 1: This table shows the latest SHMI (*Summary Hospital-level Mortality Indicator*) and HSMR (*Hospital Standardised Mortality Ratio*) values for Wye Valley NHS Trust.

Indicator	Description/Notes	Data month	Month Actual	Observed/Expected Deaths	Direction of Travel	Trend - April 2017 to latest reported month
SHMI	*Rolling 12 month Standardised Hospital Mortality Indicator (inc. post 30 days discharge patients)*	Dec-20	101.4	Obs. 1006 v Exp. 992	▼	
Weekday			98.4	Obs. 732 v Exp. 743	▼	
Weekend			110.1	Obs. 274v Exp. 248	▼	
HSMR	*Rolling 12 month Hospital Standardised Mortality Ratio*	Dec-20	98.9	Obs. 584 v Exp. 563	▼	
Weekday			95.9	Obs.426 v Exp. 420	▼	
Weekend			107.6	Obs. 158 v exp. 142	▼	

Fig 2: A bar chart showing the latest national position for in-hospital mortality rates at Wye Valley NHS Trust.

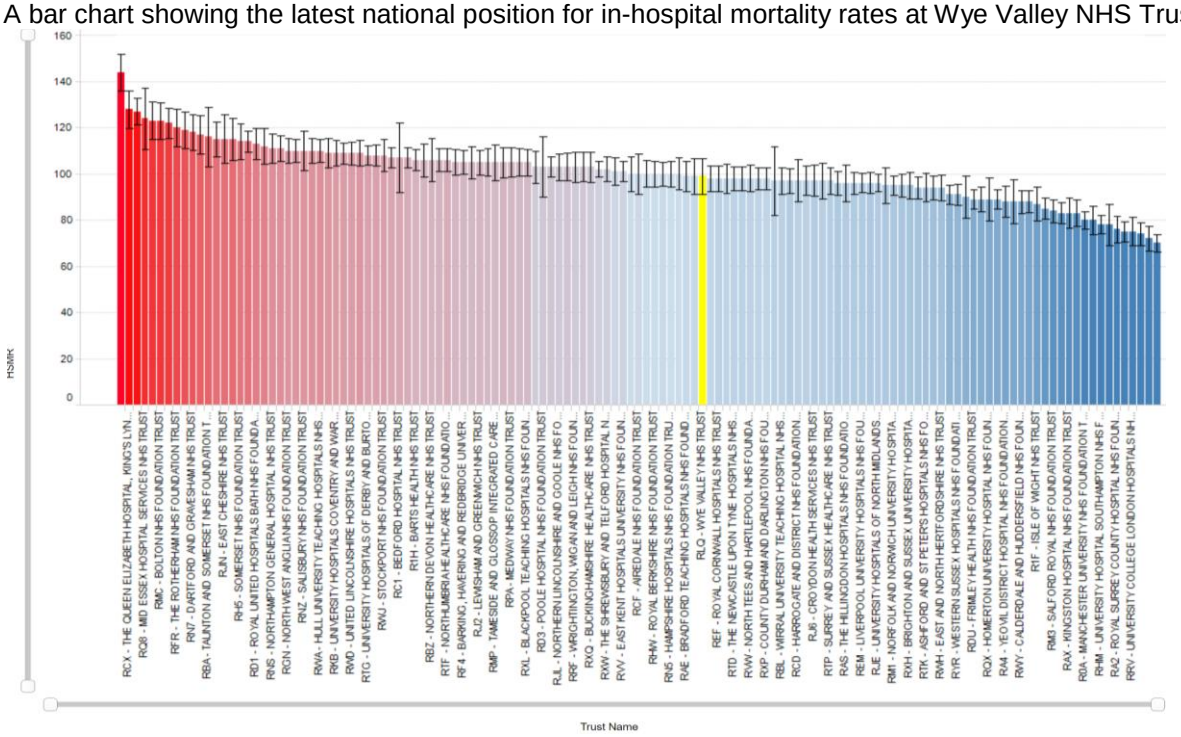
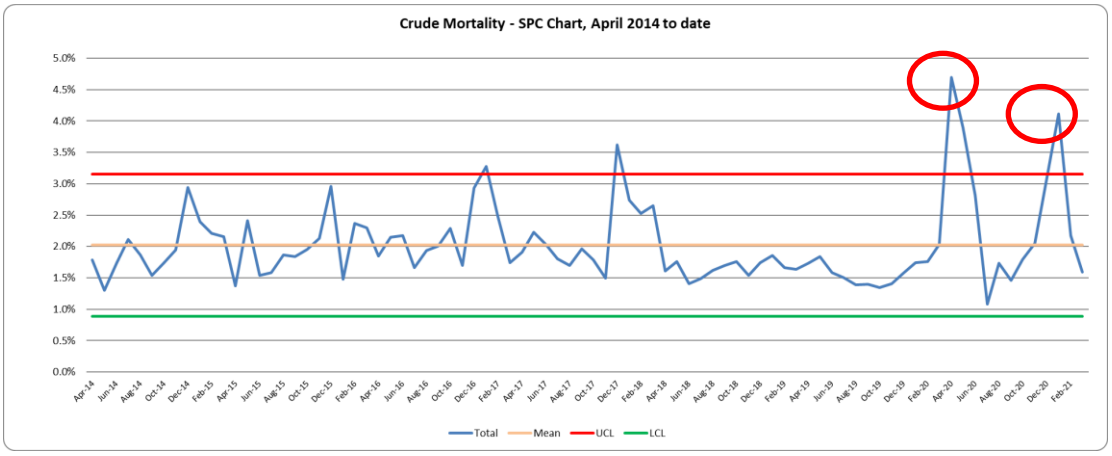


Fig 3: A Statistical Process Control (SPC) chart to show the crude mortality rates for patients in Wye Valley NHS Trust. The two red circles highlight the crude mortality at the height of the first and second wave of COVID-19.



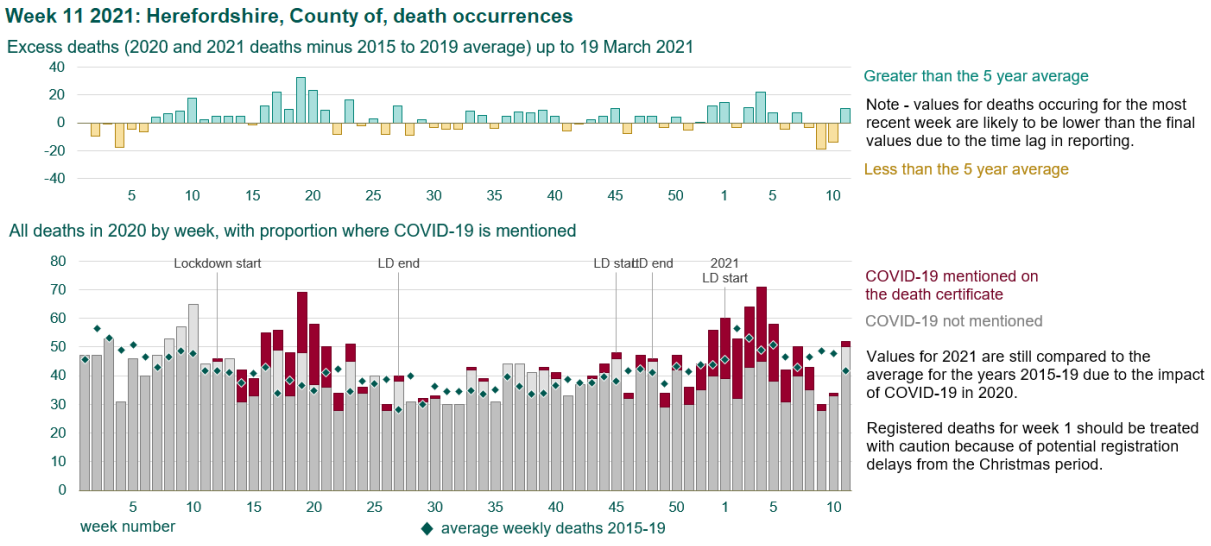
Following both waves of COVID-19, the Trust returned to an expected crude mortality rate, as previously achieved.

COVID-19

During the pandemic systems were developed that were able to provide continuous scrutiny of the latest available datasets, both for Hereford County Hospital and across Herefordshire, to ensure that areas of concern are identified and escalated in a timely fashion.

The charts and information below are monitored on a monthly basis to ensure the appropriate action is taken to review. The charts clearly identify the two significant spikes in mortality caused by COVID-19.

Fig 4: Based on the latest ONS data, this bar chart highlights the weekly mortality rates since 2020 across Herefordshire.



Data source: ONS Death registrations and occurrences by local authority and health board. Produced by LKIS, Public Health England

Office for National Statistics, licensed under the Open Government Licence.

In line with the ONS method, deaths for week 53 have been compared to the average for week 52.

Due to issues with calculation, the average for registered deaths for week 1 2015-19 has been taken to be the same as for week 2 2015-19

Death occurrences in week 11 =	52
Excess death occurrences in week 11 (using 2015-19 weekly averages) =	10
Death occurrences mentioning COVID-19 in week 11 =	2
Death occurrences mentioning COVID-19 in weeks 1 2020 to 11 2021 =	331

Learning from COVID-19

In order to develop a response and care for COVID-19 patients, there have been several thematic audits conducted by senior respiratory clinicians, to identify areas for change to improve patient outcomes. The key learning established from thorough mortality reviews is reported through the monthly committee meetings to ensure that the learning is shared, and where appropriate, changes are instigated.

Outlier groups – progress

As previously reported, Wye Valley NHS Trust has continued to focus on those diagnostic groups with significantly higher than expected mortality, and which unduly impact the overall hospital rates. The key groups supported have been outlined in the table below, which also shows the change since the previous reported position of January 2019 to December 2019.

Fig 5: A table showing the latest HSMR and SHMI values for Wye Valley NHS Trust mortality groups, including the change since the previous year's report.

CCS Group/Origin of Alert	HSMR *(Jan20 - Dec20)*	SHMI *(Jan20- Dec20)*	HSMR Change + / - *(Jan19 - Dec19)*	Obeserved/ Expected Deaths HSMR	Trend - April 2016 to latest reported month
WVT Outliers					
Chronic Obstructive Pulmonary Disease	91.49	97.86	-18.33	13/14.21	
Pneumonia	106.75	108.78	23.23	131/122.72	
Congestive Heart Failure	94.40	89.22	-29.82	29/30.72	
Septicemia	112.73	104.66	26.52	70/63.41	
Fractured Neck of Femur	103.12	112.18	-50.79	25/24.24	
Surveillance CCS Groups					
Stroke (Acute Cerebrovascular Disease)	103.98	100.24	-5.79	74/69.88	

Fractured Neck of Femur (#NOF)

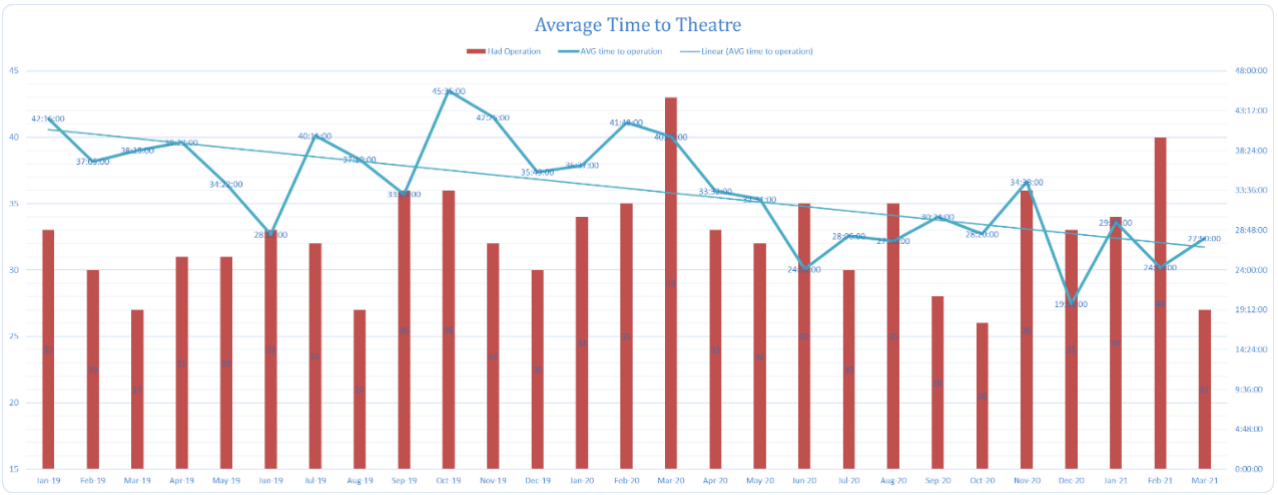
In the previous annual report, patients with fractured neck of femur were highlighted as an area of concern with significantly higher than expected mortality.

The Trust responded with the establishment of a steering group, which comprised of a range of clinicians across the pathway. The group met regularly, discussing the latest data and subsequently initiating actions to address any areas of concern. There were a wide range of changes made to the entire pathway, which contributed towards the overall impact and reduction in mortality.

Some key examples of improvement:

- Golden Patient initiative – a process which had worked well at South Warwickshire NHS Foundation Trust, and shared with staff at Wye Valley NHS Trust, was adopted in June 2020. The impact on the length of time to theatre can be seen on the chart below.

Fig 6: A bar chart showing the continued reduction in time to theatre for #NOF patients.



- Ortho-geriatrician recruitment.
- Early assessment and input from the Anaesthetics department.
- Development of an entire #NOF pathway booklet, which supports clinicians in accurately capturing the patient's treatment along the pathway. This supports the local Clinical Coding processes within the Trust.

With dedication from the clinicians and team, the combination of improvements has managed to successfully reduce the mortality rates for fractured neck of femur patients, with the latest data indicating some of the lowest ever reported at Wye Valley NHS Trust – 103.12 (rolling 12-month HSMR January 2020 – December 2020).

Further reductions have been reported in heart failure mortality, and over the past year the clinical team have made significant efforts to make improvements across the care pathway, including the support of primary care colleagues. This has resulted in a lower than expected mortality rate for these patients. – 94.40 (rolling 12-month HSMR January 2020 – December 2020).

Over the past few months, there has been an upward trend reported in pneumonia and Septicemia deaths. The latest data is being monitored and reviewed, with plans to re-visit these areas and target any areas of concern.

The in-hospital mortality improvement team have continued to provide dedicated support and focus to the following key areas:

- Supporting the mortality outlier groups in developing their clinical pathways, and targeting improvements, through the use of latest data and local benchmarking.
- Utilising quality improvement methodology to support clinical teams to lead improvement.
- Understanding Community Hospital mortality rates, and developing local surveillance tools to identify any areas of concern.
- A robust approach to the national programme for Learning from Deaths with the redevelopment of the local mortality review process to ensure learning and action is taken at all stages and levels.
- Implementing a Medical Examiner Service to provide independent scrutiny of all deaths, supporting families and provide a key link to the local coroner and registrar.
- Expanding the Bereavement Service to better support bereaved families.

- Working with the Clinical Coding department to ensure the accurate capturing of patients' conditions and co-morbidities to correctly reflect the local demographic.
- Regular pro-active monitoring of key performance indicators to identify any potential changes in the mortality rates, including HSMR, SHMI, and crude mortality rates.
- Rolling audit programme for the key outlier groups to monitor improvements and areas for further support.
- Supporting the local trauma and orthopaedic team, specifically for the treatment of fractured neck of femur patients, to deliver improvements to the pathway. This has resulted in significant reductions in the time to theatre, and ensuring all required assessments are completed in a timely fashion to support patient care.

Medical Examiner service

In accordance with the latest national guidelines, the Medical Examiner service within NHS Trusts has been implemented on a non-statutory basis since 2019. The aim of the service is to provide greater safeguards for the public by ensuring independent clinical scrutiny of all non-coronial deaths; to provide a better service for the bereaved with an opportunity for them to raise any concerns with a senior doctor not involved in the care of the deceased and to improve the quality of death certification and mortality data.

Whilst there is as yet no fixed date for this to become a statutory requirement, the strategic vision is for the service to incorporate all deaths across the community, and NHS Trusts have been asked to take the lead with this rollout.

Wye Valley NHS Trust has expanded its local bereavement service and set up a Medical Examiner Office in January 2020. These teams have worked closely together to support bereaved families which has been brought acutely into focus due to COVID-19 and the subsequent restrictions this imposed.

During the year the Medical Examiners, with the aid of the Trust's Medical Examiner Officer were able to scrutinise 90 per cent of 938 in-patient deaths. This scrutiny included:

- Direct clinical contact with bereaved families, discussing the cause of death and care provided.
- Informed discussion with doctors to provide accuracy and consistency with certification.
- Supporting coronial referrals.
- Early intervention with concerns either identified during case scrutiny or raised by families.
- Liaison with the coroner's office to facilitate certification.

The hospital bereavement service now provides a dedicated central point for all bereavement queries, both within Wye Valley NHS Trust and for external agencies. It has been able to:

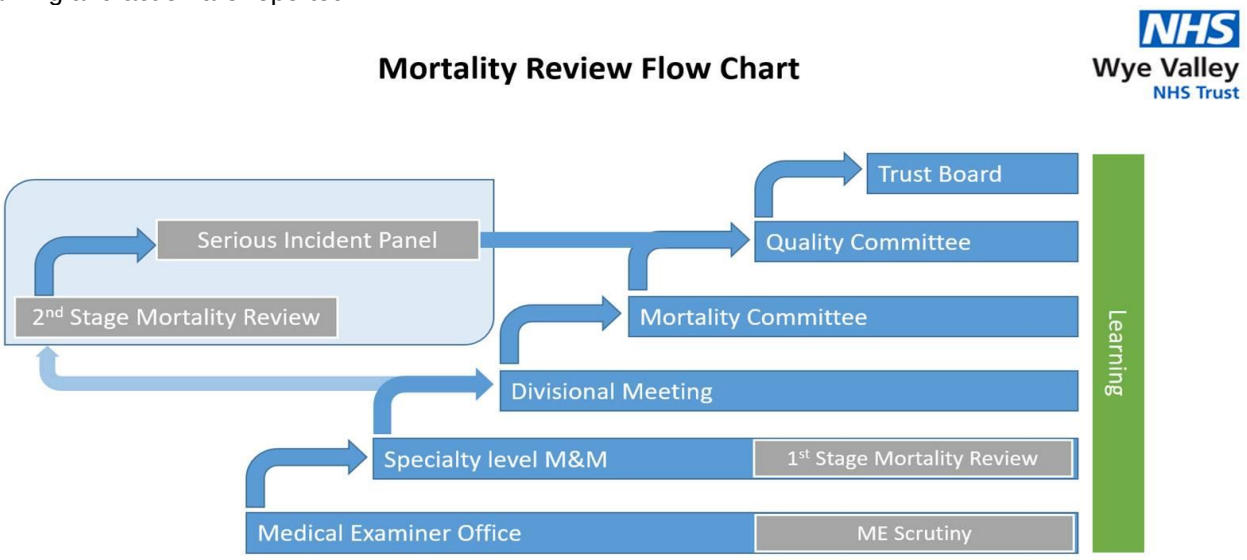
- Provide expert signposting to external support agencies, specifically St. Michael's Hospice Covid Bereavement Service.
- Engage with the Registry Office to improve the flow of information to families and associated services.
- Work closely with mortuary and coronial processes to provide continuity and consistency for the bereaved families.
- Support families for Coroner cases within the community.
- Use family feedback to improve services, such as the implementation of secure property bags

The Trust will take a leading role in the roll out a Medical Examiner Service throughout Herefordshire over the next two years, working with external organisations to provide an accessible bereavement service for Herefordshire. Further to this, Wye Valley NHS Trust aim to be part of the system-wide approach to the Herefordshire Suicide Prevention strategy.

Learning from deaths

The Trust's Mortality Review Process continues to evolve in order to ensure robust investigation. At the Trust the structured judgement reviews continue to be undertaken across a range of specialties at specialty level Mortality and Morbidity Audit sessions. At these sessions, the clinical team will review a sample of deaths for their area, and the learning is used to drive local improvements.

Fig 7: A chart summarising the flow of mortality reviews, highlighting the various escalation routes and where learning and action are reported.

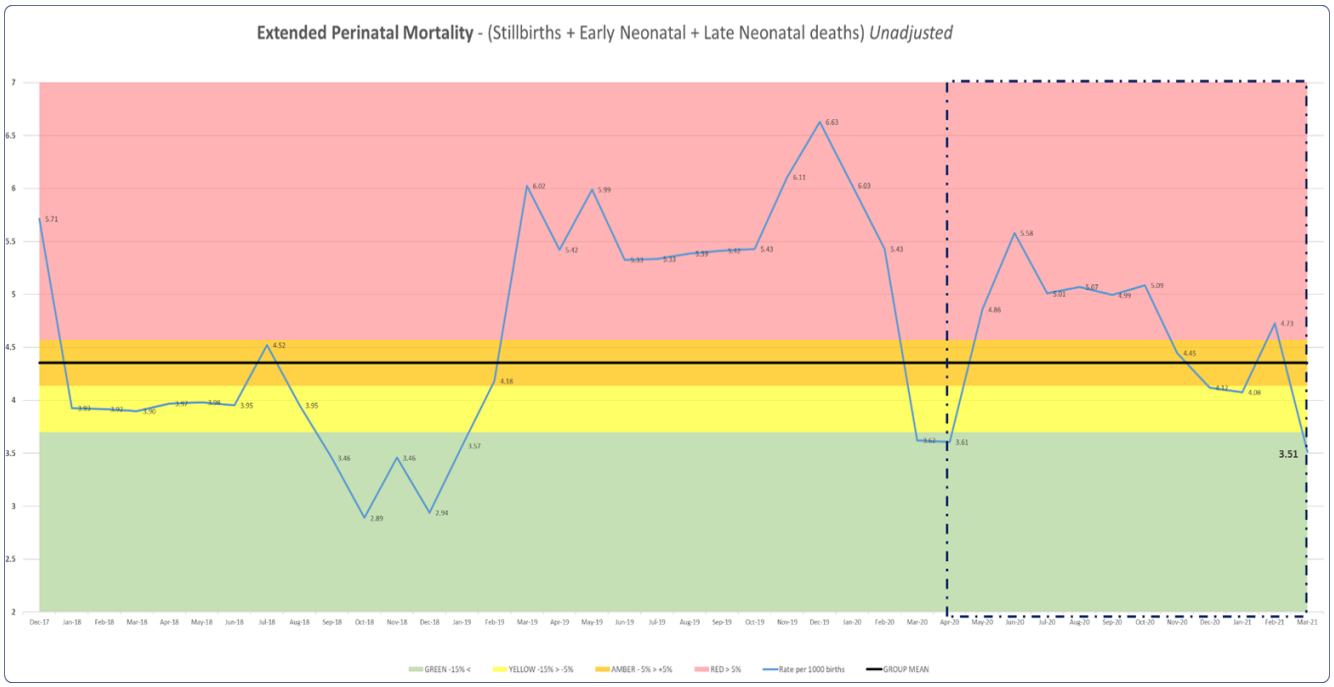


Perinatal Mortality

During 2020, the Trust has developed innovative systems that have enabled the local teams to monitor and respond to the latest 'Extended Perinatal' mortality rates for Hereford County Hospital. Using local data, we have managed to replicate the national reports and definitions to deliver data up to two years in advance of the release of the national report. This allows the team to respond to changes rapidly, instigating the local review process, to support learning and development.

The latest rolling 12 month period (*April 2020* to *March 2021*) reported some of the highest numbers of births at Wye Valley NHS Trust for several years, yet we have reported some of the lowest ever reported '*Extended Perinatal Mortality*' rates at 3.51.

Figure 8: A SPC (Statistical Process Chart) to show the 12 month rolling extended perinatal mortality rates for Wye Valley NHS Trust. All definitions are based on the national guidance from MBRRACE.



3 Finance

Statutory basis

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

Financial break-even

In 2020/21, the Trust delivered an unadjusted surplus of £223k.
The table below indicates the overall value of the surplus/(deficit) once factors relating to the change in value of tangible assets and other technical adjustments are accounted for.

I&E: retained surplus/(deficit)	**2020/21 £000**	**2019/20 £000**
Income and expenditure: retained surplus/(deficit)	223	(18,676)
Impairment of assets	3,133	2,010
Asset re-evaluation		(392)
Remove impact of prior year PSF award		(189)
Remove capital donations / grants I&E impact	(91)	
Remove net impact of DHSC centrally procured inventories	(918)	
Adjusted retained surplus/(deficit)	2,347	(17,247)

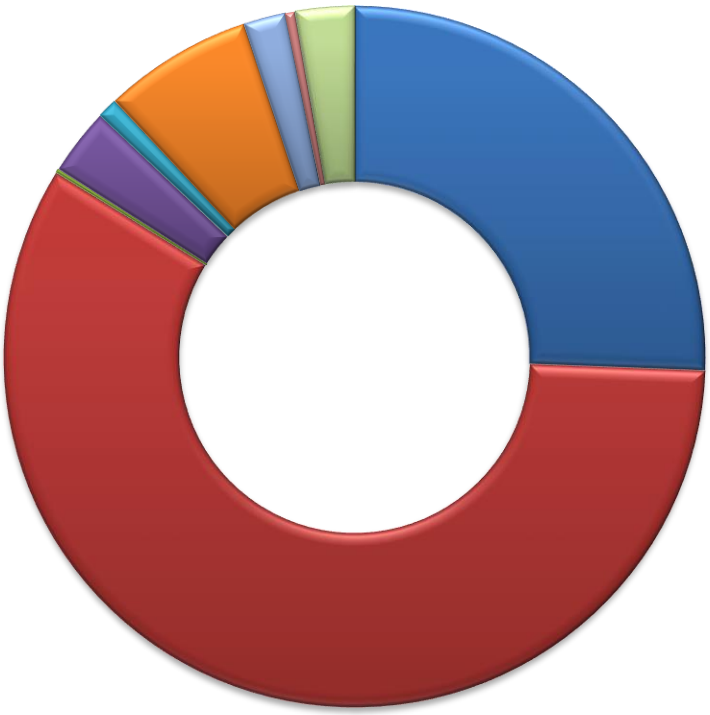
Trust break-even duty

The Trust break even duty is calculated based on the retained Surplus/(Deficit) for the year adjusted for asset impairments and revaluations and the impact of donated assets and gains/losses from absorption accounting. In 2020/21 it also included the impact of centrally funded COVID-19 related PPE inventory held at the year-end.
The adjusted retained surplus was £2.35m (2019/20, £17.25m deficit) - the Trust delivered against its control target.

Resources

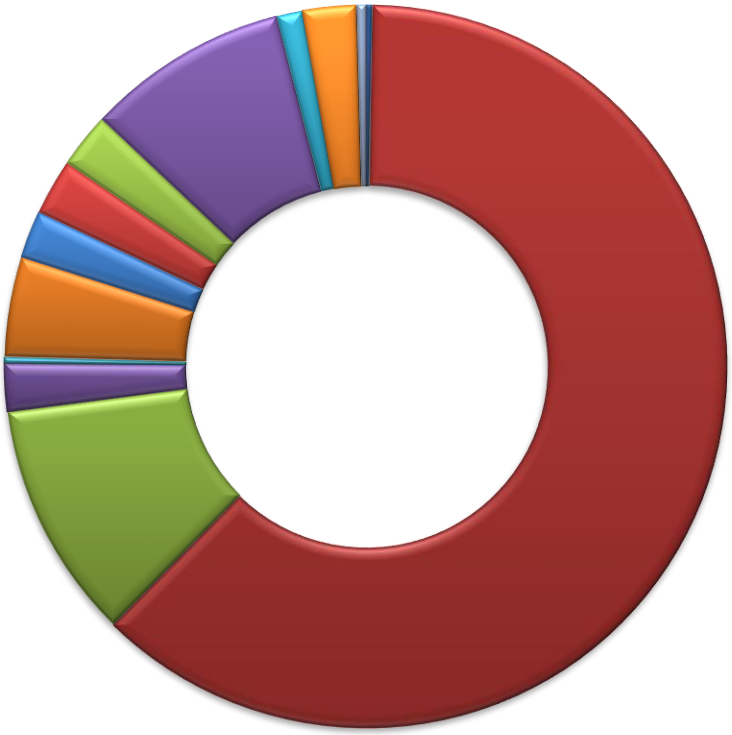
The Trust generated income of £268m during 2020/21 (£231m in 2019/20). The pie chart identifies income received from different sources for health related activity. The largest share of income is derived from the Clinical Commissioning Groups (CCG), primarily Herefordshire and Worcestershire.
The second pie chart identifies annual expenditure incurred in the year. Salaries and wages paid to permanent and temporary staff, including those employed through agencies, totalled £166m (£155m). Total expenditure on goods and services amounted to £94m (£86m) and finance costs plus Public Dividend Capital (PDC) dividends totalled £7.5m (£9.4m).

2020/21 Income Sources (£m)



- NHS England - £68.5m
- Clinical Commissioning Groups - £155.8m
- NHS Other - £0.5m
- Other Revenue - £8.2m
- Local Authorities - £2.5m
- Welsh NHS bodies - £18.4m
- Education, training and research - £5.2m
- Income generation - £1.2m
- NHS Trusts - £7.3m

2020/21 Annual Expenditure (£m)



- Other - £0.7m
- Staff - £166m
- Supplies and Services - £28.4m
- Establishment - £5.8m
- Transport - £0.8m
- PFI Service Costs - £11.9m
- Premises - £5.7m
- Depreciation - £6.7m
- Insurance - £6.6m
- Drugs - £24.2m
- Impairment of Assets - £3.1m
- Interest payable - £6.4m
- PDC Dividends - £1.1m

Cost and Productivity Improvement Plan (CPIP)

As a result of the severe pressures placed upon the NHS during 2020/21 by COVID-19, the Trust did not plan for or deliver a cost improvement programme during the year.

Capital development

The Trust spent £33m on capital investments during 2020/21 (£15.3m in 2019/20), with a significant amount of PDC awarded from national NHS England and NHS Improvement (NHSE&I) programmes. The table below provides a summary of that expenditure. The most significant elements within the capital programme were:

- £14.8m on the construction of the replacement wards. These are due to open in 2021
- £4.6m on other estates schemes, including; a significant investment in backlog maintenance to reduce the Trust's Critical Infrastructure Risk; and, the creation of additional capacity for Urgent care and SDEC. The Urgent care capacity works are due to complete in early 2021/22
- £4.1m on clinical equipment (and associated enabling works). This includes; the purchase and enabling for a third CT scanner (with installation and commissioning due to complete in early 2021/22) and radiology equipment replacements procured through the Managed Equipment Service
- £3.6m on the development of both the Electronic Paper Record System (EPR) and the Electronic Prescribing system (EPMA)
- £2.3m on hosting the implementation of an Integrated Care and Wellbeing Record (ICWR) on behalf of the STP

	£k
Clinical equipment	4,089
Ward replacement	14,784
Other estates schemes	4,649
EPR/EPMA	3,558
Community EMIS	2,300
IM&T	1,548
COVID-19 related	1,318
Donations	521
Total Capital Expenditure	**32,767**

Pension liabilities

Within the annual accounts, ongoing employer pension contribution costs are included within employee costs (see Note 9 to the annual accounts for more detail).
Past and present employees are covered by the provisions of the NHS pensions scheme. Details of the benefits payable under these provisions can be found on the NHS pensions website at www.nhsbsa.nhs.uk/nhs-pensions

Going concern

International Accounting Standard 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity. During 2020/21 the Trust's operations were fully funded in line with DHSC policies brought in during the Coronavirus pandemic. In 2020/21 the Trust delivered a surplus of £0.2m. In its initial 2021/22 plan produced in April 2021 the Trust forecasts a deficit of £24.8m. The planning process had not been completed due to the continuing impact of the pandemic. The Directors have carefully considered the principle of going concern. The Trust has agreed contracts with its local commissioners for 2021/22. Services continue to be commissioned in the same manner as in prior years and there are no discontinued operations. The Trust's strategic partnership with the Foundation Group also continues to provide executive leadership and support to the Trust. The Board has thus concluded that the Trust remains a going concern and the going concern basis has been adopted for the preparation of the accounts. Further details on going concern can be found within the disclosure within the financial statements.

Better payment practice code

As a result of the pandemic, Government sought to ensure that the public sector paid its bills as quickly as possible in order to assist the wider economy. The Trust was aided via the receipt of funds in advance in order to enable swift payment of invoices. Whilst the target of 95% of invoices paid within 30 days was not achieved, the Trust has delivered a significant improvement in its performance during 2020/21.

Non NHS payables

Better payment practice code	2020/21 (number)	2020/21 (£000s)	2019/20 (number)	2019/20 (£000s)
Total Non NHS trade invoices paid in the year	48,260	120,789	54,492	110,379
Total Non NHS trade invoices paid within target	41,800	108,958	27,841	71,212
Percentage of bills paid within target	86.6%	90.2%	51.1%	64.5%

NHS payables

Better payment practice code	2020/21 (number)	2020/21 (£000s)	2019/20 (number)	2019/20 (£000s)
Total NHS trade invoices paid in the year	1,284	12,538	1,372	9,676
Total NHS trade invoices paid within target	928	10,764	509	6,731
Percentage of bills paid within target	72.3%	85.9%	37.1%	69.6%

Total bills paid in the year

	2020/21 (number)	2020/21 (£000s)	2019/20 (number)	2019/20 (£000s)
Total bills paid in the year	49,544	133,327	55,864	120,055
Total bills paid within target	42,728	119,722	28,350	77,943
Percentage of bills paid within target	**86.2%**	**89.8%**	50.7%	64.9%
Total bills paid in the year	**49,544**	**133,327**	55,864	120,055

Charitable funds

The charity comprises 28 funds and totalled £825k at the end of March 2021. During 2020/21 the charity received donations and legacies of £365k and incurred expenditure of £355k.

Principles for remedy

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

Counter fraud and corruption

The Trust has in place effective arrangements to ensure a strong counter fraud and corruption culture exists across the organisation and to enable any concerns to be raised and appropriately investigated. These arrangements are underpinned by a dedicated local counter fraud specialist and a programme of counter fraud education and promotion. The fitness for purpose of these arrangements is overseen by the Audit Committee which has confirmed them as being effective and proportionate to the assessed risk of fraud.
The Trust employs RSM Risk Assurance Services LLP to provide a service. This service undertakes investigations in addition to doing proactive work in relation to fraud in the NHS. There were six referrals received during the year and one which was carried over from 2019/20. Of the seven referrals investigated six had no fraud proven and there was one referral where fraud was proven.

Sustainable development

The Trust approved a refreshed Sustainable Development Management Plan (SDMP) in the summer of 2020. The plan is aligned with the UN's 17 Sustainable Development Goals (SDG) (2015/30), an ambitious collection of global aims intended to encourage countries to end all forms of poverty, fight inequalities and climate change, whilst ensuring that no one is left behind. The Trust has considered how it can contribute to the SDGs as a whole, as well as how planned activity across the Trust contributes towards the delivery of this strategy. Despite the challenging year, the Trust managed to take forward a number of schemes within the SDMP, most notably getting approval and funding for an integrated energy centre, which will use sustainable generation methods to create heat and power and will be retained on

Hereford County Hospital site. Phase one of the scheme will be delivered in 2021/22. Phase two funding has been applied for.

Statement of disclosure to auditors

Our Board of Directors considers that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and that it provides the information necessary for patients, regulators and stakeholders to assess our performance, business model and strategy. The directors' responsibility for preparing the annual report and accounts is outlined in the Accountability Report and Annual Governance Statement.
The Board of Directors has prepared this Annual Report to provide a fair, balanced and understandable analysis of the Trust. This includes the strategy moving forward as well as a review of last year's progress.

Accountable Officer: Glen Burley

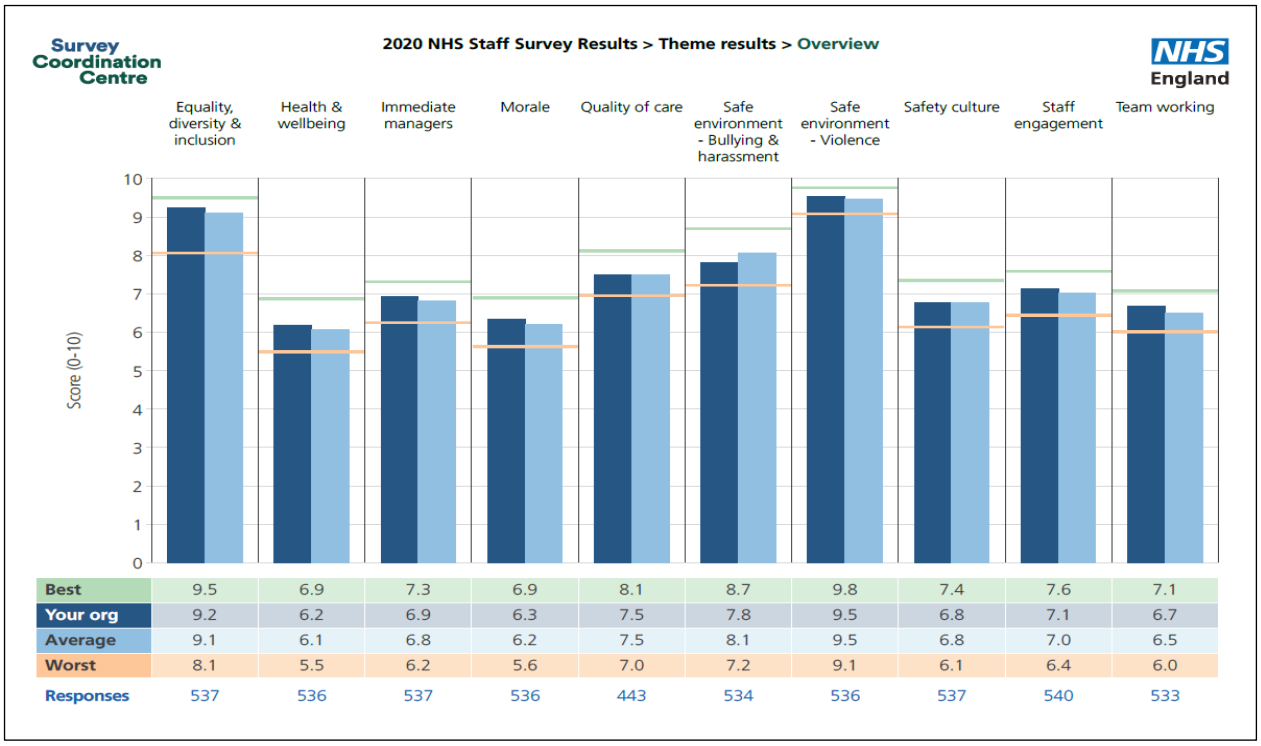
Organisation: Wye Valley NHS Trust

Signature:  Date: 28 June 2021

4 People

Staff survey

During the autumn of 2020 a total of 1250 Trust staff members were invited to complete the annual NHS staff survey, 542 staff participated. The response rate was 44 per cent, slightly below the median response rate for our group of 45 per cent. The 2020 staff survey asked staff to share their experiences of working for the Trust against ten themes.
The following chart details the Trust's performance against the ten themes, benchmarking this against the best and the worst performers within the benchmark group of combined acute and community trusts.

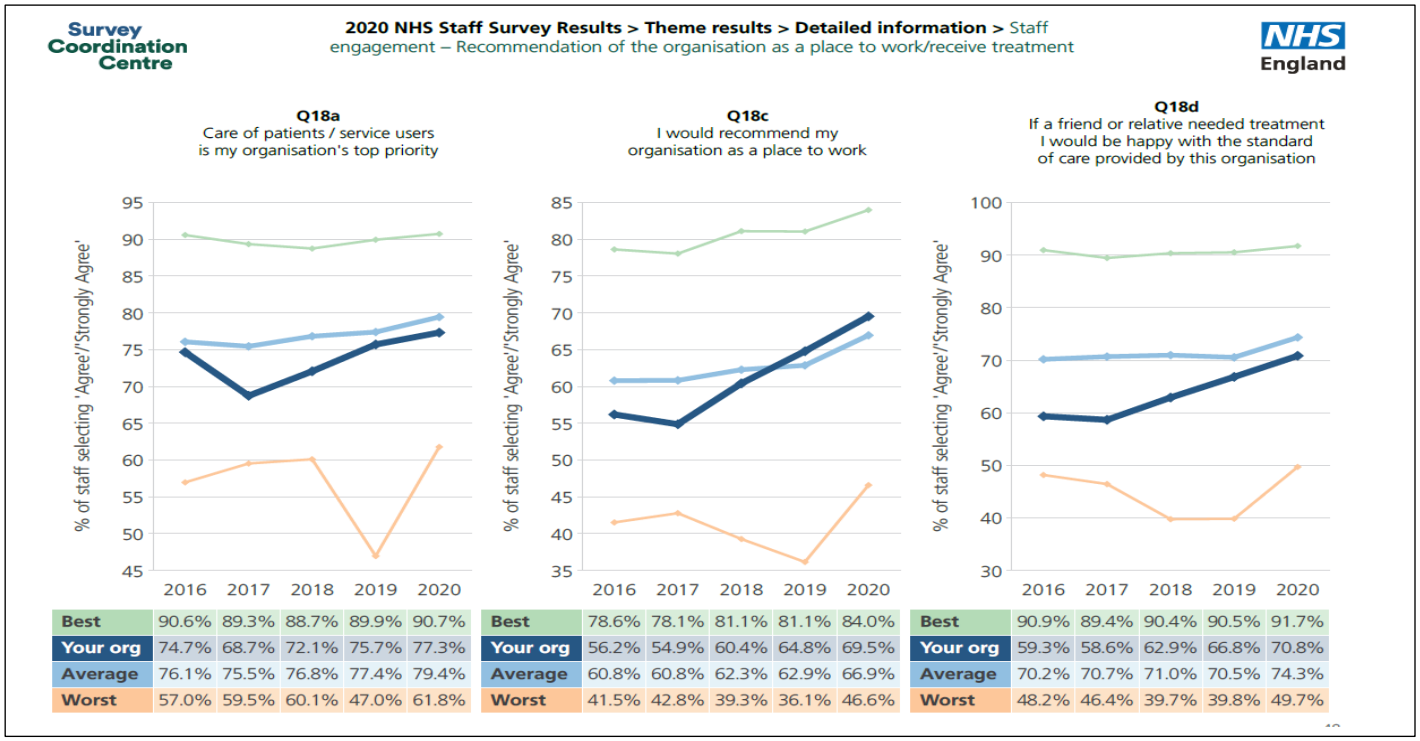


Although slight, the improvements/reductions in the scores against each theme are detailed in the table below in descending order.

Improving Theme	Reducing Theme	No Change
Health and Wellbeing (+ 0.2)	Team Working (- 0.2)	Immediate Manager
Equality, diversity and inclusion (+ 0.1)	Morale (- 0.1)	Safe Environment - violence
Safety Culture (+ 0.1)	Quality of Care (- 0.1)	
	Staff Engagement (- 0.1)	
	Save environment – Bullying and Harassment (- 0.1)	

The Trust values these results, enabling teams to work together to identify the areas where improvement is needed and rewarding continuing efforts to identify how best the Trust move forward. The survey results continue to be analysed and communicated to staff members through a number of channels and there will be opportunities for senior managers to work with staff to identify solutions, in particular how the Trust can continue to be a great place to work, where all staff are confident and a Trust where patients receive the best possible care and treatment.

The charts below show the results for recommending the Trust as a place to work/receive treatment.



	2016	2017	2018	2019	2020
Best	90.6%	89.3%	88.7%	89.9%	90.7%
Your org	74.7%	68.7%	72.1%	75.7%	77.3%
Average	76.1%	75.5%	76.8%	77.4%	79.4%
Worst	57.0%	59.5%	60.1%	47.0%	61.8%

	2016	2017	2018	2019	2020
Best	78.6%	78.1%	81.1%	81.1%	84.0%
Your org	56.2%	54.9%	60.4%	64.8%	69.5%
Average	60.8%	60.8%	62.3%	62.9%	66.9%
Worst	41.5%	42.8%	39.3%	36.1%	46.6%

	2016	2017	2018	2019	2020
Best	90.9%	89.4%	90.4%	90.5%	91.7%
Your org	59.3%	58.6%	62.9%	66.8%	70.8%
Average	70.2%	70.7%	71.0%	70.5%	74.3%
Worst	48.2%	46.4%	39.7%	39.8%	49.7%

The positive improvement is a welcomed reflection of the focused work over the previous 12 months, which will continue throughout 2021.

Health and Wellbeing

2020/21 has been, as for all NHS organisations a challenging time, where staff have gone above and beyond for sustained periods of time. During the year there has been a strong focus on the health and wellbeing of staff, and this will continue throughout 2021 and beyond. In October 2020 the Trust held its first annual health and wellbeing week. During this week staff were invited to participate in a number of activities, ranging from yoga taster sessions to virtual singing sessions, NHS MOT checks, to a Fitbit walking challenge. The Trust linked in with local leisure centre, Halo, providing staff with access to an online workout resource and with the local rowing club who talked about rowing and the health benefits. COVID-19 has had an impact on the mental health of staff. Working with Vivup access to a 24/7 employee assistance programme is provided and supported by the counselling service through the Network of Staff Supporters (NOSS). Staff are able to access face to face counselling together with the in-house psychology team, who provide bespoke support areas of need.

Within the 2020 staff survey, staff were asked four questions relating to their experience during COVID-19. Staff responses to the health and wellbeing theme are shown in the chart overleaf.

Taking the commitment to supporting the mental health of all staff forward, the Trust has joined the Mental Health and Productivity pilot study provided through the University of Derby. In addition a number of mental health first aiders across all areas of the Trust are available.

During 2020 the BAME network grew and the Equality, Diversity and Inclusion Group was launched, raising the profile of equalities across the Trust.

The table below show the Trust's performance against statutory and mandatory training and appraisal targets.

The holding of appraisals has been disrupted throughout 2020/21 due to the impact of COVID-19 and all efforts are underway to ensure meaningful appraisals are completed.

	Target	**Actual March 2021**
Statutory and Mandatory Training	90%	90.29%
Appraisals	90%	71.83%

Staff communication and engagement

Going the Extra Mile (GEM) staff recognition scheme

In 2020/21 nominations continued to be received for staff and volunteers who have made a difference through living the values of the Trust and through their commitment to improving the experiences of patients, service users, visitors, colleagues and clients.

A total of 83 nominations were received for the GEM award scheme 60 for individuals and 23 for teams. All nominations were recognised through the presentation of a GEM certificate and at each monthly Board meeting an employee of the month and a team of the month were chosen by the GEM panel and presented with a 'star award'.

Long service awards celebrated more than 2,000 years of NHS service

The Trust celebrated virtually with over 45 members of staff who had worked in the NHS for most of their lives at the long service awards. Staff who had worked for 25, 30, 35, 40 and 45 years were thanked for their dedication to the organisation.

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

Staff engagement
The Trust has continued to support and engage with its workforce during a very challenging year. To ensure that staff are updated on Covid-19, daily news updates have been circulated to all staff and a number of methods are used to ensure that staff are engaged and informed about key internal and NHS wide developments. Electronic Trust Talk newsletters, all-staff emails, Trust Management Board and other management meetings are all used to cascade information across the Trust.
The Managing Director and Medical Director hold regular informal 'open door' sessions for staff where any issues of concern can be raised and addressed promptly. Regular meetings are held with staff side representatives through established employee and management consultation and negotiating forums (Joint Staff Consultation and Negotiating Committee, Local Negotiating Committee and Junior Doctors forum) to maintain excellent employment relations. These forums continue to provide invaluable feedback to Trust management on matters of concern to employees and allows for consultation on any proposed changes.
The Freedom to Speak Up Guardian, is an independent role which is available for staff to raise concerns anonymously if they wish about issues affecting their working lives at the Trust. The Guardian works closely with senior management and human resources to ensure that issues of concern are addressed in an appropriate and timely manner.

Employee health and wellbeing

Workforce health and wellbeing
The Trust recognises that the health and wellbeing of all staff is central to the delivery of excellent care to patients. A health and wellbeing group made up of representatives from occupational health, clinical psychology, staff side, human resources and consultants has been set up to support and drive the wellbeing agenda at the Trust. Throughout the year, the health and wellbeing compact has been enhanced and key developments are;

- Annual health and wellbeing week for staff in October with NHS health MOTs for eligible staff
- Supporting staff to become more physically active through introduction of a Trustwide Fitbit walking group
- Two years mental health productivity study with the University of Derby
- Regular health and wellbeing e-bulletin to staff
- Comprehensive health and wellbeing intranet page highlighting all NHS wellbeing offers for staff
- Introducing Team Time wellbeing facilitated debriefing sessions for staff
- Halo at Home wellbeing activities for staff
- Mental health first aiders monthly meeting with HRD to encourage/facilitate provision of support to colleagues
- Provision of sleep packs to staff in collaboration with staff side
- Random Acts of Kindness day encouraging staff to support local food banks
- Supporting national campaigns (mental health awareness, walk for cancer. Know your numbers, flu vaccinations, COVID-19 vaccinations)

Over the coming year, a comprehensive health and wellbeing strategy will be developed using the West Midlands Combined Authority Thrive framework and NHS health and wellbeing framework to further enhance wellbeing initiatives for staff.

Freedom to Speak Up (FTSU)

The strong focus on encouraging staff to Speak Up and raise their concerns within the Trust has been reinforced by the release of nationally developed on-line training by the NGO in conjunction with Health Education England. There are three parts to this, eLearning. Part one; core training for all workers. Part two; for line and middle management. Part three; for Executives and Non-Executive Directors. Parts one and two have been released with part one to be made mandatory training within the Trust in autumn 2021 via ESR. In all training locally, regionally and nationally, individuals are encouraged to Speak Up to the person causing a concern or within their own line management in the first instance. The FTSU route is an alternative route when individuals feel they cannot speak to line management.
In November 2020 the NGO bi-annual board self- review was conducted and presented to the Executives in December 2020 and the Non-Executives in March 2021. An action plan has been developed as a result. The main development will be a FTSU strategy for the Trust. This will be developed in partnership with South Warwickshire NHS Foundation Trust.
The FTSU policy was reviewed, updated and published in December 2020. A new appendix was added to assist in the management of cases in regard to suffering a detriment from speaking up. As with all interactions involving people not all scenarios can be prescribed for and as such it is a guide to the management of this specific type of case. Each and every case of Speaking Up is managed according to the circumstances. The process within the Trust for dealing with Speaking Up cases has been enhanced by having Champions in a specific area.
Speaking Up can be done in a number of ways but the majority are by direct contact with the Guardian or via a Champion who signposts the individual / group to the Guardian. Regionally and nationally a portal and a phone App is being discussed as an alternative to the traditional ways to speak up and raise a concern.
The FTSU Guardian support network within the Trust, the region and nationally has strengthened. Within the Trust the FTSU Champions have formally registered/re-registered for the role with the support of their line managers and details updated on the FTSU intranet page. Meetings have taken place throughout the year between the Guardian and the Champions, either as a group or individually where they are updated and a current topic discussed.
Training for new champions has been strengthened with the first session delivered by a regional trainer.
The FTSU Guardian provides a monthly report to the Directors, a quarterly report to TMB and a bi-annual report to Open Board. Lessons learned from FTSU cases are specifically delivered within the TMB report. This has been reviewed and in 2021/22 such lessons will be delivered to divisions and directorates via the governance network. Where appropriate learning will also be highlighted to the Quality and Safety team so that policy review/development can take into consideration learning from these Speaking Up events.

The regional network has met consistently throughout the year both formally and as a fortnightly informal catch-up. Henrietta Hughes, National Guardian, has been present at the formal meetings and in January 2021 presented the National Five Year Strategy that is to be released after full consultation in June 2021. A Wye Valley NHS Trust strategy will be developed with South Warwickshire Foundation NHS Trust to mirror this national approach.

The number of Speaking Up cases in 2019/20 numbered 73 with the majority being from nursing staff either registered or non-registered. Case numbers in 2020/21 and the highest reporting staff group mirror that of the previous year.

Education and Development

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

Over the last 12 months the department supported the following initiatives/investments:

- £383,122 accessed for Continuing Professional Development funding (through Health Education England)
    - Invested in upskilling
    - New ways of working in the nurse, midwife and AHP workforce
    - 274 staff undertaking leadership programme opportunities

- £1,242,227 through the Apprenticeship levy
    - Provided opportunities for individuals to access a training programme
    - 65 existing and new staff have commenced an apprenticeship programme since April 2020 taking the overall total to 113 employees on an apprenticeship programme across nursing, AHPs, administration, scientific, therapeutic and technical staff

- £34,624 workforce development funding
    - Workforce development invested in upskilling
    - New ways of working
    - Developed leadership within the organisation and accessed by clinical support staff (including healthcare support workers), healthcare scientists, physician's associates and other scientific, therapeutic and technical staff

- Working with the Foundation Group and Herefordshire and Worcestershire STP the department has supported the development and delivery of a number of leadership programmes such as Mary Seacole, Insights, Coaching and Mentoring, leadership support circles

- Clinical Education Fellow programme - in August 2020 the Trust expanded the fellow programme moving from four junior doctors in the team to 12 fellows covering both junior and middle grade doctors in a range of specialties as well as a pharmacist, a nutrition fellow and a digital fellow. These posts are 50 per cent education and 50 per cent in the post holders' clinical specialty which allows the Fellow to benefit from continued clinical development and the Trust to benefit from reduced medical locum agency spend

- During the first wave of COVID-19 the education team provided COVID specific skills training to over 500 staff members with outstanding feedback. This enabled staff to

rapidly deploy to where they were needed with the skills to understand the known science around COVID-19 pathology at that time, safely use PPE correctly, “prone” patients and practice responding to a COVID-19 emergency call through simulation scenarios

- The Trust received central government funding for improving junior doctors’ working lives. Working with the junior doctors the education team has enabled a complete refurbishment of rest facilities including a new kitchen and lounge area with entertainment facilities, a rest area for all staff with reclining chairs for power naps and the refreshing of on call rooms for overnight or post night rest facilities.

- Medical Student increase – Wye Valley NHS Trust already trains medical students from the University of Birmingham in a very successful partnership. The Trust receives excellent feedback on this programme and plans to expand the numbers of students from 2021. We are doing this by partnering with Aston University and Worcester University to take Medical Students from the new Aston Medical School and the proposed new Three Counties Medical School. The students learn in a range of classroom based environments, simulation suite settings and real life patient facing areas. They are taught by our full complement of Clinical Education Fellows, many Nurses and Allied Health Professionals plus the majority of Consultants in the Trust are involved in the undergraduate teaching programme.

- Academy development – we have two new academies running to support the rapidly growing field of simulation and clinical skills (Hereford Academy of Simulation Training and Ergonomics) and the rapidly expanding number of new roles and ways of working (Advanced Practice Academy)

- Knowledge and Library Services
    - Improvements to the library space with a refurbished study area with new acoustic pods, air conditioning, as well as procuring more laptops, headsets and webcams to support virtual training
    - Continued to development of eResources with new eBooks, eJournals and databases to support NHS staff and students
    - Creation of a weekly COVID-19 knowledge bulletin to bring together the latest evidence, knowledge and resources to support clinical teams during the pandemic

- eLearning – In September 2020, the Trust recruited a eLearning developer (new post), as part of a wider plan to implement bespoke local online educational content. This also saw the development of a new education platform (Moodle) which is already being used to support EPR training and will be developed further in 2021. There was also a move towards recorded training packages so that education can be delivered virtually, this has included filming of Neonatal Unit clinical skills training, student midwives’ induction and junior doctors training.

A recent appointment has been made for a Head of Education/OD and Workforce Transformation to continue with the transformation of the Education and OD department creating ambitious vision ensuring a multi professional approach to support the current and future workforce. This is underpinned by a realistic Workforce Strategy, driving forward the internal interface for the organisation ensuring strong connectivity locally, regionally and nationally. By representing the Trust at the STP People Board this helps to influence the implementation of the People Plan and disseminate best practice across the organisation.

A Trust wide apprenticeship steering group has been established exploring and developing high quality pathways to successful careers, providing opportunities for new and existing employees to develop current and future skills needs. The Trust is working with local schools, colleges and universities providing local opportunities and becoming an employer of choice. This in turn will enable growth in more competent, highly trained and motivated employees, and therefore improve workforce retention. Success has already been seen across the organisation in OT, pharmacy and diagnostic radiographer.

In 2020 the Education team started regular Education and Workforce Group meetings with key Trust executives to ensure strategic direction in the development of education projects at Wye Valley NHS Trust. This collaboration expanded in 2021 to include linking up with workforce transformation and development.

2020 has been a transformational year for the Education team with new projects, leadership and a new Directorate.

Recruitment

International nursing success

The Trust has been recognised as one of the most innovative and forward-thinking NHS Trusts in the region. During the pandemic year international nurses continued to be recruited against adverse challenges. The success of the Trust's Objective Structured Clinical Examination (OSCE) programme has increased retention rates and reliance on nurse agency. As a result the Trust has built a recruitment service that has supported over 140 nurses on their journey to the Trust within the last two years. New international nurses are well supported through the pastoral and on-boarding processes.

Nurse agency reduction plan

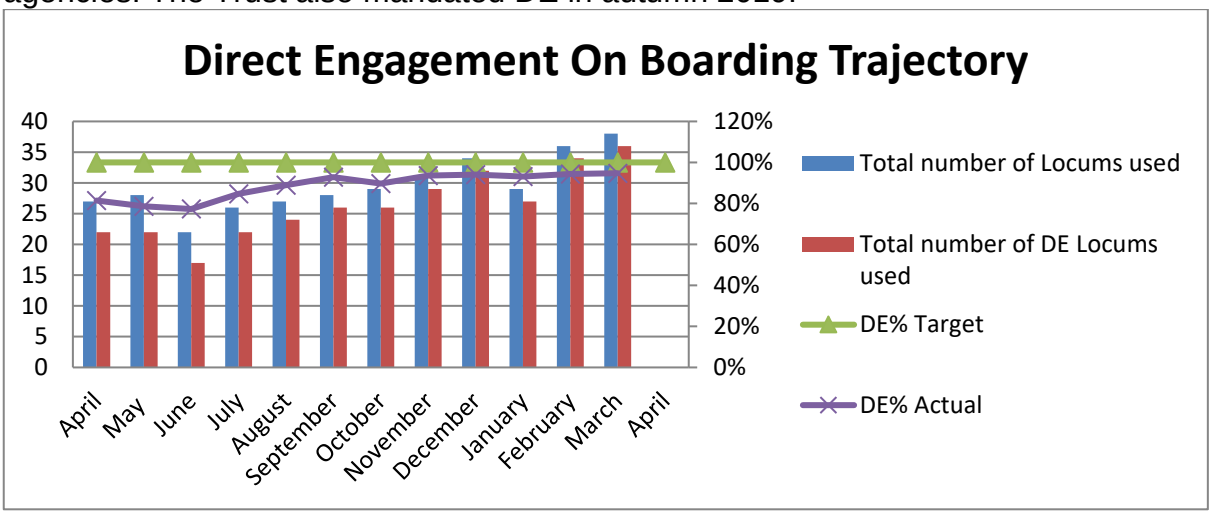
There have been significant reductions in agency spend over the last year, reasons included the initial reaction to the pandemic where demand fell due to services ceasing and internal staff being redeployed thus reducing the reliance on agency staff. This downward trend continued until the end of March where levels began returning to normal.
Bank usage increased significantly and continues to do so with the bank supporting the launch and staffing of the Trust vaccination programme. Whilst there has been an increase in agency reliance over the winter months during the third peak, off framework agency use has now returned back to normal levels. Increased hourly rates for the master vendor agency were also agreed and implemented for specific areas and time periods in order to ensure safe staffing levels were maintained.
Despite the increased rates and spike of off framework agency usage there has been a 35-40 per cent reduction in agency costs over the last year, whereas bank costs have increased by 60 per cent as the Trust has consistently recruited new staff to the bank as well as encouraging existing substantive staff to join.
Incentives have been introduced to increase bank fill with 85 healthcare assistants Band 2 and 190 Band 5 registered nurses receiving bonus payments for working 115 hours over a three month period. The incentive was offered to health care assistants (band 2) from December 2020.
The temporary staffing office have also supported with the rollout of the bank staff module of Health Roster and continue to work collaboratively with the clinical teams, project teams,

bank workers and agencies to ensure a smooth transition. Equally the on-boarding process for new starters is under constant review to ensure that the best experience in order to retain staff is provided.

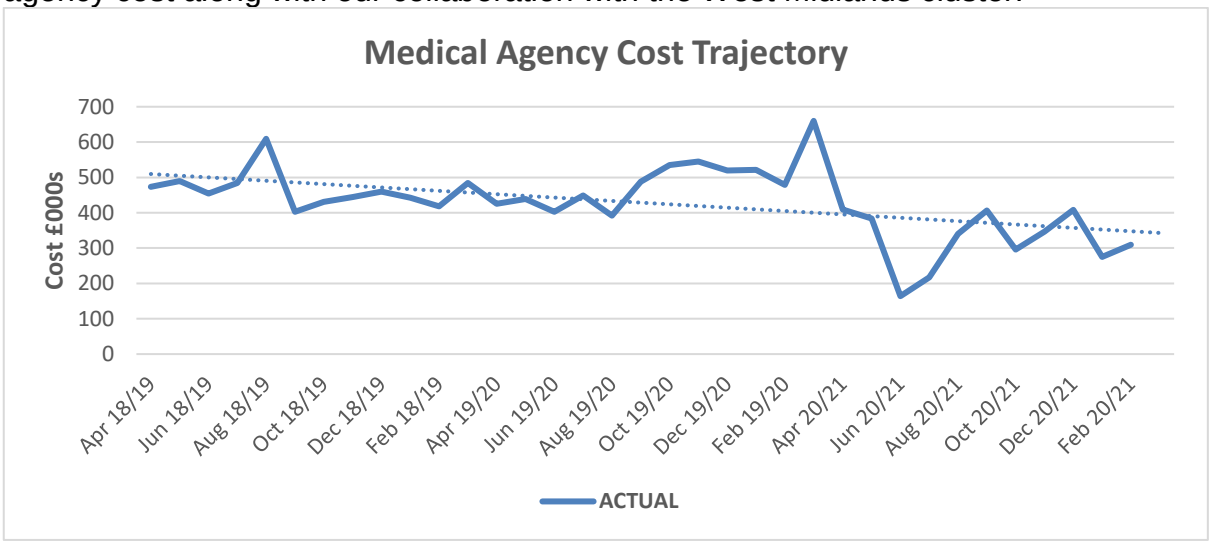
Medical agency reduction programme

The medical agency reduction programme continues to be successful in 2020/21.

Direct Engagement (DE)
The Trust has continued to strive in this area almost achieving the target of 100 per cent DE in 2020/21. This was achieved through utilising the support of Total Workforce Solutions and the West Midlands cluster, enabling us to procure DE locums and negotiate better rates with agencies. The Trust also mandated DE in autumn 2019.



Agency volume/cost reduction
The Trust has seen a huge improvement in agency cost in 2020/21 and a 39 per cent reduction from the previous year – this has been achieved through closer collaboration between the medical staffing team and the TSO team and constant process review. The TSO team work well with liaison to ensure that only framework agencies are utilised, and where this is not possible, authorisation is required from the Medical Director. Improvements in overall governance of the systems and processes has also supported the reduction in agency cost along with our collaboration with the West Midlands cluster.



Community

Charitable funds

The COVID-19 outbreak had a significant impact on the Trust's charitable funds position. The lockdowns introduced in response to the outbreak meant that many of the traditional fundraising initiatives that support the Trust were not viable. This was countered by the huge generosity of the public who, via donations directly to the Trust or via the NHS Charities Together body (including Captain Tom Moore's contribution), supplied nearly £200k in charitable fundraising for the benefit of patients and staff.

The focus therefore was on spending or allocating this money so that people might benefit from it whilst the outbreak was ongoing. Some examples of the schemes that were funded using these donations were:

- Devices to improve communication between inpatients and family members when visiting was restricted
- Continuation of hospital radio
- Improved outdoor areas and seating around the site
- Improved educational equipment for staff
- Health and wellbeing hubs in each site, acute and community
- Health and wellbeing support for staff from Halo Leisure
- Creation of staff rest areas at Hereford County Hospital in the form of sleep pods
- 24/7 counselling service

Complaints

Complaints year on year.

2017/18	192
2018/19	251
2019/20	318
2020/21	218

2020/21 has seen a reduction in complaints received by the Trust. This has been seen specifically in the areas where workload has been affected by covid pandemic such as to surgical procedures and outpatients.

77 per cent of the complaints received during the year related to the following categories

- Clinical treatment
- Communications
- Patient care

During 2020/21 there has been a continuation of the work commenced in the previous year to streamline processes and improve triangulation, learning and efficiency in responding to complaints, incidents, inquests and claims.

Compliments

The number of compliments received in 2020/21 has reduced in number when compared with previous years.

Year	**2018/19**	**2019/20**	**2020/21**
Number	3015	2830	1436

5 Appendices

Corporate governance report

During 2020/21 the Board comprised eleven voting Directors. In addition to this there were also two non-voting Executive directors, three non-voting Associate Non-Executive Directors and the Company secretary in attendance.

Board of directors as of March 31, 2021

Non-executive directors

Russell Hardy Appointed: November 2016	Chairman, Chair of Remuneration and Terms of Service Committee Attended: 11/11 Board Meetings
Frank Myers MBE Appointed: November 2011 Reappointed: September 2020	Chair of Charitable Funds Committee Chair of Stakeholder Panel Attended: 11/11 Board Meetings
Richard Humphries Appointed: November 2014 Reappointed: September 2020	Attended: 11/11 Board Meetings
Andrew Cottom Appointed: November 2014 Reappointed: September 2020	Chair of Audit Committee Attended: 10/11 Board Meetings
Reverend Christobel Hargraves Appointed: July 2015 Reappointed: September 2020	Chair of Quality Committee Attended: 11/11 Board Meetings

Associate non-executive directors

Rebecca Gratton Appointed: September 2019	Attended: 7/11 Board Meetings
Nicola Twigg Appointed: September 2019	Attended: 11/11 Board Meetings
Grace Quantock Appointed: September 2019	Attended: 10/11 Board Meetings

Executive directors and advisors

Glen Burley Appointed: November 2016	Chief Executive Attended: 11/11 Board Meetings
Jane Ives Appointed: November 2016	Managing Director Attended: 11/11 Board Meetings
Howard Oddy Appointed: July 2007	Director of Finance & Information Attended: 11/11 Board Meetings
Lucy Flanagan Appointed: September 2016	Director of Nursing Attended: 11/11 Board Meetings
David Mowbray Appointed: March 2018	Operational Medical Director Attended: 8/11 Board Meetings
Jon Barnes Appointed: April 2015	Chief Operating Officer Attended: 10/11 Board Meetings
Sue Smith Appointed: October 2016 Left: June 2020	Director of Human Resources & Organisational Development Attended: 2/3 Board Meetings
Geoffrey Etule Appointed: July 2020	Director of Human Resources & Organisational Development Attended: 8/8 Board Meetings
Erica Hermon Appointed : January 2019	Associate Director of Corporate Governance and Company Secretary Attended: 11/11 Board Meetings
Alan Dawson Appointed: October 2016	Director of Strategy and Planning Attended: 11/11 Board Meetings

Register of board of directors' interests – as at March 31, 2021

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

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

Annual Governance Statement 2020/21

1 Scope of responsibility

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Wye Valley NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wye Valley NHS Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

a. Leadership of risk management

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

Board members are responsible for:

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

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

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

The Executive Risk Committee is chaired by the Trust's Managing director and attended by the executive team in addition to Divisional Directors. The Executive Risk Committee has met on a monthly basis and, on exception during hi-intensity peaks in COVID bi-monthly, to review the following risks:

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

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

A Corporate Division Risk Committee has met on a monthly basis and, on exception during high-intensity peaks in COVID bi-monthly, and is attended by representatives from the following corporate functions:

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

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

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

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

b. Training

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

4 The risk and control framework

a. Audit opinion

The Head of Internal Audit's opinion for 2020/21 is that "The organisation has an adequate and effective framework for risk management, governance and internal control".

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

b. Risk Management strategy

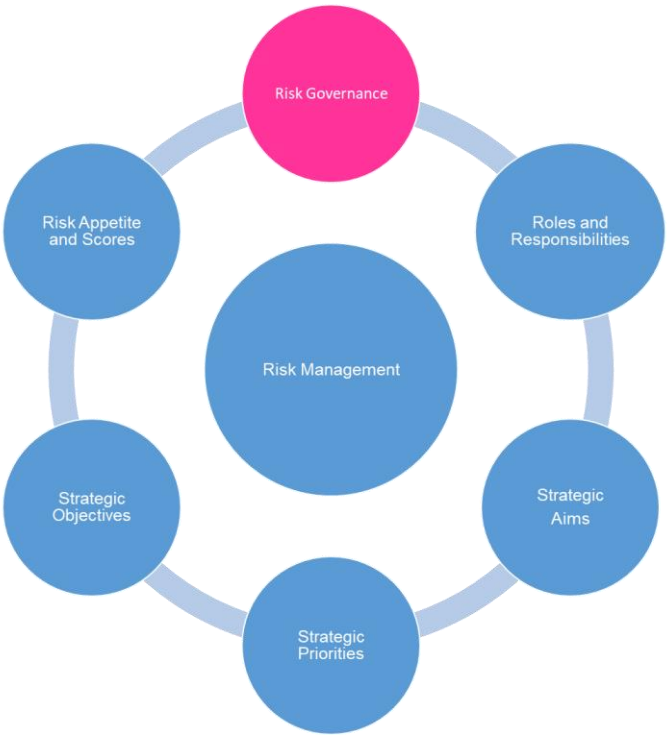
The Trust has a Risk Management and BAF in place. The Risk management strategy was last reviewed and approved by the Board of Directors in October 2020 and the BAF in November 2020.

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

This can only be achieved through an ‘open and just’ culture where risk management is everyone’s business and where risks, accidents, mistakes and ‘near misses’ are identified promptly and acted upon in a positive and constructive way. Staff are, therefore, encouraged and supported to share best practice in a way that creates a culture of learning and a drive to reduce future risk: these are cornerstones of building safer, effective, and efficient care for the future.

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

The key elements of the strategy are:



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

c. Risk identification, evaluation and control

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

- Identify
- Analyse
- Evaluate
- Treat
- Monitor

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

d. Risk appetite

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

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

e. Quality Governance

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

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

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

f. Data Security

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

g. Board Assurance Framework

For 2020/21, the Trust Board maintained its review of strategic risk and extreme operational risks through the BAF. The BAF follows Department of Health guidance and includes the following elements:

- The Trust's strategic objectives
- Executive Director Lead for each risk

- Principal risks that may threaten the achievement of the objectives
- Key controls to manage the risks
- Arrangements for obtaining assurance on the key controls
- Gaps in control
- Plans to take corrective action where gaps are identified

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

As at 31 March 2021, the following risks were on the BAF.

- If poor clinical performance is identified in fragile services due to being unable to recruit to medical vacancies the consequence will be the use of locum staff (and an inability to comply with agency caps) and a lack of capacity to deliver national standards.
- If the scale, number and complexity of individual projects and the change/transition requirements of the workforce of the Digital strategy is too great the consequence will be the strategy being incomplete
- If there are continued operational pressures (including the impact of the COVID19 pandemic), the consequence will be a negative impact on the wellbeing of staff and their families leading to sickness absence, low morale and poor health and wellbeing
- If a second wave of COVID 19 occurs the consequence will be a severe impact on the delivery of revised operational capacity plans that deliver safe elective, emergency and critical care and significantly decrease the level of activity available.
- If the organisation cannot demonstrate learning – given repeat never events and serious incidents - the consequence will be further serious incidents occurring
- If the capital investment required to achieve the Sustainability Strategy is not the available the consequence will be an inability to meet and non-compliance with national targets.
- If the behaviours required to achieve the sustainability strategy can not be embedded the consequence will be insufficient time to deliver the strategy.
- If the current community service models and the estate configuration is designed for reacting to illness the consequence will be an impact on the effective delivery of more preventative models.
- If the national strategy and guidance on a 'NHS reset' is not yet known, the consequence will be an impact on the architecture required and the plan to hold the alliance contract for Herefordshire.
- If there is an inability to recruit and retain nursing and support staff the consequence will be the Trust being unable to meet the established staffing levels resulting in the use of agency staff (and an inability to comply with agency caps) and a lack of capacity to deliver national standards.
- If there is continued poor performance against the four-hour standard due to failure of patient flow improvement work the consequence will be continued poor patient flow and long waits in the emergency department

h. Future Strategic Risks 2021/22

Future strategic risks for 2021/22 will be managed through the BAF by monthly review at Executive Risk Management committee and quarterly review by the Board of Directors. The risks will be mapped to the Trust's new objectives.

i. Well-Led

The CQC reinforces the strong link between the quality of overall management of a trust and the quality of its services. This involves quality of leadership at every level and how well the Trust manages the governance of its services including how well leaders continually improve the quality of services and safeguard high standards of care by creating an environment for excellence in clinical care to flourish.

The Trust has not had a full inspection this year and therefore the ratings for the Well Led framework remains as reported previously at 18 March 2020.
Overall the CQC concluded that the Trust is rated "Requires Improvement" regarding whether services are well-led. However 10 out of 13 individual core services are rated 'good' for 'well led'.

j. Compliance with NHS Provider Licence Trust Condition 4

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

	Corporate Governance Statement	Response	Actions / supporting information
1	The Board is satisfied that the Licensee applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	Confirmed	The Board complies with the UK Corporate Governance Code
2	The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time.	Confirmed	Regular review of guidance issued is undertaken by the Company secretary in addition to this the Trust internal and external auditors provide progress reports and updates which would identify any new guidance issued which the Trust need to be aware of.
3	The Board is satisfied that the Licensee has established and implements: (a) Effective board and committee structures; (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and (c) Clear reporting lines and accountabilities throughout its organisation.	Confirmed	A review of the Governance structures within the Trust first put in place in 2017 was undertaken by the Associate Director of Corporate Governance in 2019. On an annual basis a review is undertaken of each of the Terms of Reference for Committees reporting to the Board of directors. These are approved by each Committee and then the Board of directors.
4	The Board is satisfied that the Licensee has established and effectively implements systems and/or processes: (a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; (b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations; (c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by	Confirmed	An integrated performance report is presented to the Board of directors each month. This report covers the key areas of Quality, Performance Workforce and Finance and highlights variances from plan and what actions are being taken to improve. The Quality Committee ensures compliance in relation to quality governance and the Care Quality

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

	Corporate Governance Statement	Response	Actions / supporting information
	and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.		
6	The Board is satisfied that there are systems to ensure that the Licensee has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.	Confirmed	The Board of directors comply with the Fit and proper persons test which is reviewed on an annual basis to ensure continued compliance. The Fit and proper persons test was last undertaken in May 2020.

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

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

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

- Safety
- Effectiveness
- Experience

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

Equality duty
We have a moral and ethical as well as a legal duty to treat everyone fairly and without discrimination. The Trust has effective control measures to ensure compliance with our public sector duties and obligations under the Equality Act and Human Rights Act. Equality impact assessments are conducted in partnership with trade union representatives to eliminate any adverse impact or potential adverse impact on any protected groups.

Workforce strategies and staffing systems
A comprehensive workforce report is presented to the Board on a monthly basis detailing progress with key workforce metrics (sickness absence, performance appraisal, statutory & mandatory training, organisational development, recruitment & retention, staff turnover) and NHS workforce initiatives. The Trust maintains compliance with employment legislation and is compliant with NHS recruitment and occupational health standards. A board assurance framework is in place with actions being taken to address key workforce issues including recruitment & retention, agency reduction, staff health & wellbeing.

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

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

I. Other

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 compiled with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

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

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

2020/21 has been challenging for Wye Valley NHS Trust operationally due mainly to the impact of the Coronavirus pandemic. Whilst the operations of the Trust have been severely impacted by the effects of COVID-19, in financial terms the Trust has benefitted from the central decision to move to block contracts with funding provided to meet Trust's cost base in full. As a result, the Trust recorded a surplus as the funding received met both the additional costs of COVID-19 and the underlying deficit that the Trust has operated with for many years.

Operational and strategic plans are reviewed by the Board on an ongoing basis to ensure monitoring and scrutiny of the actual and forecast position against plan. Budget setting is undertaken involving detailed analysis by qualified accountants within the finance team using current year actuals as a baseline. The team then works with departments and managers to review their proposed budgets, making amendments based on their input as required. Board challenge ensures that resources are planned on an economic, efficient and effective basis.

Overall performance is monitored via the Board meetings by executive-led divisional finance and performance monthly meetings.

Operational management and the co-ordination of services are delivered by the division which comprise divisional directors of operations, associate medical directors and divisional directors of nursing.

The Trust's internal audit operational plan includes sections on financial assurance and managing resources effectively; the findings of all audits are reported to the audit committee. There is also scrutiny as to the economy, efficiency and effectiveness of the use of resources as part of the external audit plan.

In past years, the Trust has undertaken a CPIP in order to generate efficiencies in-year. Due to the unique nature of 2020/21 and the operational pressures brought to bear on the Trust due to the pandemic, a CPIP was not undertaken although a savings and transformation

process is planned for 2021/22. With regard to quality ratings, the Trust has retained its 'requires improvement' rating.

6. Information Governance

There were eleven data security breaches during 2020/21, none of which had to be reported to the Information Commissioner's Office (ICO). To date there have been no breaches resulting in any disciplinary procedures this year.
Overall the numbers reported remain low this year.

The breaches were the following types:

Breach Type	Volume
Disclosed in error	8
Non secure disposal	0
Lost / stolen paperwork	2
Unauthorised access / disclosure	1
Other	0
Total	11

7 Review of effectiveness

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

a. The Board of Directors 2020/21

During 2020/21, the Trust Board comprising eleven directors: the Chairman, four Non-executive directors, three associate Non-executive directors and five Executive directors led the Trust.
The five voting Executive board members are:

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

In attendance at the Board of Directors is also the Chief operating officer, Director of human resources and organisational development and the Director of strategy and planning. The Board is supported and advised by the Associate director of corporate governance / Company secretary. During the year, four committees have been in place to help the Board discharge its functions, these are:

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

The Trust Board met formally on eleven occasions during the financial year and achieved an overall attendance rate of 94.12 per cent. The Board had a work plan in place which is developed around the Trust's objectives.

b. Committees of the Board

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

The Audit Committee is a Non-executive director committee which met on four occasions during the year and achieved an attendance rate of 83.8 per cent. The Chairman of the Trust Board is not a member of the Audit committee although may attend on the invitation of the committee chair.

Executive directors are invited to attend the Audit Committee when there are relevant items on the agenda. The Committee is supported by the Company secretary. The Trust's Internal and external auditors are also invited to attend the Audit committee meetings. The Committee approved a work plan for the financial year 2020/21, which covered the following key areas:

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

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

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

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

The Committee approved a work plan for 2020/21, which covered the following key areas:

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

The **Quality Committee** comprises non-executive, executive directors and other staff within its membership. It met on 12 occasions during the financial year and achieved an attendance rate of 93.3 per cent. The Company Secretary maintains corporate oversight of the governance arrangements of the committee. During the year, the committee approved a work plan for 2020/21 and key priorities for quality improvement.

The Charitable funds committee supports the Trust Board to discharge its functions as the corporate Trustee, for Wye Valley NHS Trust charitable funds. The committee met on four occasions during the year and achieved an attendance rate of 70.6 per cent.

Conclusion

There are a small number of internal control issues which have been identified none of which have been deemed to qualify as significant internal control issues.
The Head of Internal Audit's opinion for 2020/21 is that "*The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."*

Internal audit reports have identified the following significant issue:

- Concerns regarding the Maxims (IMS) Electronic patient record programme in relation to project delays

Accountable Officer: Glen Burley

Organisation: Wye Valley NHS Trust

Signature  **Date** **28 June 2021**

Remuneration of staff

Statement on policy on remuneration

All executive directors at the Trust were confirmed as being paid in line with the 'established' pay ranges listed for small acute NHS trusts and foundation trusts. The salaries of all executive directors were increased in line with the recommendations of the NHSI in their guidance on the annual cost of living increases, backdated to April 1, 2020.

Methods used to assess performance of executive directors

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

Remuneration of Chairman and non- executive directors

The Secretary of State for Health sets and reviews the level of remuneration payable to the Chairman and Non-Executive Directors (excluding NHS Foundation Trusts who set their own rates). Current rates are £11,500 for Non-Executive Directors and £18,000 for the Chairman of the Trust. The Chairman also carries out the role of Chairman of South Warwickshire NHS Foundation Trust and George Eliot Hospital NHS Trust for which he is separately remunerated. The Chairman and the Non-Executive Directors do not receive a pension provision.

Salaries and allowance table

				2020/21						2019/20					
Name	Title	Duration	Note	Salary (bands of £5,000)	All taxable benefits (nearest £100)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	All taxable benefits (nearest £100)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
				£000	*£*	*£000*	*£000*	*£000*	*£000*	*£000*	*£*	*£000*	*£000*	*£000*	*£000*
S Smith	Director of HR and Organisational Development	Left Jun-20	1	20-25				0-2.5	20-25	95-100				22.5-25	120-125
H Oddy	Director of Finance			115-120				22.5-25	135-140	115-120				15-17.5	130-135
L Flanagan	Director of Nursing			100-105				30-32.5	135-140	100-105				27.5-30	130-135
J Barnes	Chief Operating Officer			115-120				142.5-145	255-260	115-120				22.5-25	140-145
G Burley	Chief Executive		3	45-50	1,600				45-50	40-45	1,500				45-50
J Ives	Managing Director			135-140	5,200			25-27.5	165-170	130-135	5,200			27.5-30	165-170
D Mowbray	Medical Director			170-175				27.5-30	200-205	170-175				57.5-60	225-230
G Etule	Director of HR & Organisational Development	Started Jul-20	2	75-80	7,200			15-17.5	95-100						
R Hardy	Chairman			15-20					15-20	15-20					15-20
F Myers MBE	Non Executive Director			10-15					10-15	5-10					5-10
R Humphries	Non Executive Director			10-15					10-15	5-10					5-10
A Cottom	Non Executive Director			10-15					10-15	5-10					5-10
C Hargraves	Non Executive Director			10-15					10-15	5-10					5-10

Note 1 Susan Smith left Wye Valley NHS Trust on June 7, 2020.
Note 2 Geoffrey Etule started at Wye Valley NHS Trust on July 1, 2020.
Note 3 Glen Burley was seconded from South Warwickshire NHS Foundation Trust for a proportion of his time and the remuneration identified reflects this. G Burley's secondment covers both 2020/21 and 2019/20.

Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. For 2020/21 the median salary based on annualised full time equivalent hours was calculated to be £26,033 pa (2019/20, £25,620 pa). The highest paid director at Wye

Valley NHS Trust in the financial year 2020/21 was £175,000 full year effect (2019/20, £170,000). This was 6.7 times (2019/20, 6.6) the median salary of the workforce. The median salary has increased by 1.01 per cent from the previous year.

The Chief Executive Officer, Glen Burley was a shared appointment with South Warwickshire NHS Foundation Trust and George Eliot Hospital NHS Trust and his total remuneration was in the range £235k-£240k.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.
D Mowbray's remuneration includes £122k payable for his role as a Consultant Surgeon for the Trust.

Pension benefits 2020/21

Name	Title	Real increase in pension at 60 (£2,500 bands) *£000*	Real increase in lump sum at 60 (£2,500 bands) *£000*	Accrued pension at 60 as at 31-03-21. (£5,000 bands) *£000*	Accrued lump sum as at 31-03-21. (£5,000 bands) *£000*	Cash equivalent transfer value as at 01-04-20 *£000*	Real increase in cash equivalent transfer value *£000*	Cash equivalent transfer value as at 31-03-21 *£000*	Employer's contribution to stakeholder pension *£000*
J Ives	Managing Director	2.5-5	5-7.5	60-65	185-190	1,372	84	1,479	
H Oddy	Director of Finance	0-2.5	5-7.5	50-55	160-165	1,209	73	1,303	
J Barnes	Chief Operating Officer	5-7.5	15-17.5	50-55	125-130	919	164	1,098	
L Flanagan	Director of Nursing	0-2.5	0-2.5	35-40	75-80	621	44	676	
D Mowbray	Medical Director	2.5-5	0-2.5	45-50	95-100	846	59	919	
S Smith	Director of HR and Organisational Development	0-2.5	0-2.5	35-40	100-105	835	30	879	
G Etule	Director of HR and Organisational Development	0-2.5	0-2.5	15-20	40-45	259	22	285	

Pension benefits 2019/20

Name	Title	Real increase in pension at 60 (£2,500 bands) *£000*	Real increase in lump sum at 60 (£2,500 bands) *£000*	Accrued pension at 60 as at 31-03-20. (£5,000 bands) *£000*	Accrued lump sum as at 31-03-20. (£5,000 bands) *£000*	Cash equivalent transfer value as at 01-04-19 *£000*	Real increase in cash equivalent transfer value *£000*	Cash equivalent transfer value as at 31-03-20 *£000*	Employer's contribution to stakeholder pension *£000*
S Smith	Director of HR and Organisational Development	0-2.5	0-(2.5)	35-40	100-105	790	12	835	
J Ives	Managing Director	0-2.5	5-7.5	55-60	175-180	1,261	62	1,372	
H Oddy	Director of Finance	0-2.5	0-2.5	50-55	150-155	1,147	19	1,209	
L Flanagan	Director of Nursing	0-2.5	0-(2.5)	30-35	70-75	581	12	621	
D Mowbray	Medical Director	2.5-5.0	0-2.5	40-45	90-95	769	41	846	
J Barnes	Chief Operating Officer	0-2.5	(2.5)-(5)	45-50	105-110	873	11	919	

Notes
G Burley does not pay into the NHS Pension Scheme.
S Smith left in June 2020.
G Etule started in July 2020.

Off payroll engagements longer than 6 months
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:

	2020/21 Number	2019/20 Number
Number of existing engagements as of 31 March 2021	26	36
Of which, the number that have existed:		
for less than one year at the time of reporting	13	25
for between one and two years at the time of reporting	5	3
for between 2 and 3 years at the time of reporting	2	4
for between 3 and 4 years at the time of reporting	3	2
for 4 or more years at the time of reporting	3	2

New Off-payroll engagements
For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	13
Of which	
No. assessed as caught by IR35	13
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review	0

There were no off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

Consultancy expenditure
The Trust spent £33k in 2020/21 (£56k in 2019/20) on consultancy services across a number of its business functions.

Exit packages
The Trust reported no exit packages in 2020/21 or 2019/20.

Compensation for loss of office (subject to audit)
There has been no payment or compensation paid for early retirement or loss of office or payments made to past directors in 2020/21 or 2019/20.

Staff sickness

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

Workforce by ethnicity as at 31 March 2021

		As at 31 March 2021		As at 31 March 2020	
Ethnic Origin	**Ethnic Description**	**Headcount**	**%**	**Headcount**	**%**
A	White – British	2983	81.13	2906	81.77
B	White – Irish	15	0.41	16	0.45
C	White – Any other White background	98	2.67	100	2.81
D	Mixed – White and Black Caribbean	5	0.14	4	0.11
E	Mixed – White and Black African	15	0.41	12	0.34
F	Mixed – White and Asian	14	0.38	9	0.25
G	Mixed – Any other mixed background	1	0.03	1	0.03
H	Asian or Asian British – Indian	219	5.96	181	5.09
J	Asian or Asian British – Pakistani	29	0.79	34	0.96
K	Asian or Asian British – Bangladeshi	13	0.35	7	0.20
L	Asian or Asian British – Any other Asian background	78	2.12	63	1.77
M	Black or Black British – Caribbean	10	0.27	10	0.28
N	Black or Black British – African	50	1.36	42	1.18
P	Black or Black British – Any other Black background	2	0.05	1	0.03
R	Chinese	8	0.22	6	0.17
S	Any other ethnic group(including Filipino)	58	1.58	50	1.41
Z	Not Stated	79	2.15	112	3.15
Grand total		**3677**	**100**	**3554**	**100**

Gender split for general staff

	2021	**2020**
Female	3051	2957
Male	626	597
Total	**3677**	**3544**

Gender split for Trust Board

	2021	**2020**
Female	7	8
Male	8	7
Total	15	15

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

Workforce profile as at 31 March 2021

	As at 31 March 2021	As at 31 March 2020
Staff group	**Head count**	**Head count**
Add Prof Scientific and Technical	156	142
Additional Clinical Services	825	773
Administrative and Clerical	815	794
Allied Health Professionals	285	278
Estates and Ancillary	102	96
Healthcare Scientists	82	81
Medical and Dental	368	350
Nursing and Midwifery Registered	1041	1037
Students	3	3
Grand total	**3677**	**3554**

Staff costs as at 31 March 2021 (subject to audit)

Costs			**2020/21**	**2019/20**
	Permanent	**Other**	**Total**	**Total**
	£000	**£000**	**£000**	**£000**
Salaries and wages	112,144	284	112,428	102,525
Social security costs	11,460	-	11,460	10,449
Apprenticeship levy	600	-	600	543
Employer's contributions to NHS pension scheme	20,443	-	20,443	18,522
Temporary staff	-	23,380	23,380	23,840
Total staff costs	**144,647**	**23,664**	**168,311**	**155,879**
Of which				
Costs capitalised as part of assets	2,353	-	2,353	932
Average number of employees (WTE basis)				
			2020/21	**2019/20**
	Permanent	**Other**	**Total**	**Total**
	Number	**Number**	**Number**	**Number**
Medical and dental	193	129	322	310
Administration and estates	695	55	750	705
Healthcare assistants and other support staff	608	32	640	614
Nursing, midwifery and health visiting staff	859	11	870	822
Nursing, midwifery and health visiting learners	2	-	2	3
Scientific, therapeutic and technical staff	327	11	338	385
Healthcare science staff	69	2	71	-
Total average numbers	2,753	240	2,993	2,839
Of which:				
Number of employees (WTE) engaged on capital projects	34	11	45	21

Reporting of compensation schemes - exit packages 2020/21

No exit packages were paid to staff in 2020/21 or 2019/20.

Staff turnover

The turnover of staff is 8.65 percent, based on the number of staff who had left Wye Valley NHS Trust as at 31 March 2021 (10.06% in 2019/20).

Staff policies

Equality, diversity and human rights

The Trust is committed to promoting equality of opportunity for all its employees as the workforce defines the Trust and are its greatest asset. The creation of an inclusive, fair and excellent working environment for everyone is a critical part of what we do at Wye Valley NHS Trust. The Trust continues to foster a workforce culture that is inclusive, and celebrates the diversity of all staff and is committed to ensuring that every member of staff can realise their full potential.

Staff policies give full and fair consideration to applications for employment by the Trust made by disabled persons, having regard to their particular aptitudes and abilities. The Trust also enables the continuing employment of, and appropriate training for, employees of the Trust who have become disabled persons during the period when they were employed. The Trust also seeks to promote training and career development of disabled employees.

In 2020 the BAME staff network was introduced along with a Disability staff group and LGBT+ staff group.

Our mission is “To provide a quality of care we would want for ourselves, our families and friends”. In terms of the Equality agenda, the aims and the objectives in pursuit of that mission are:

- To recognise and embrace equality, diversity and inclusion
- To ensure equitable and easy access to all services
- To ensure equal access to employment and development opportunities
- To treat everyone with dignity and respect
- To challenge any discriminatory behaviours and practices

Policies and procedures are in place to ensure that the Trust delivers these aims, and provides an excellent service to everyone regardless of their background.

The Trust takes its responsibilities and obligations under the Equality Act very seriously and has a number of HR policies and procedures in place to comply with equality and employment legislation. Equality and diversity training is a mandatory training requirement for all staff and through the occupational health service, the Trust ensures that appropriate support and reasonable adjustments are put in place for those experiencing health issues at work.

Health and Safety

The Trust is supported by a health and safety officer and a fire officer who provide professional advice, guidance and training to managers with the aim of ensuring that safe working practices are adopted and legal obligations met.

The main focus of this work is the development of practical risk assessments, policies and working procedures that ensure and maintain high standards.
Health and safety performance is monitored by the Trust's health, safety and wellbeing committee, which reports to the Executive Risk Committee.

Health at Work
Health@Work provides expert occupational health services to Wye Valley NHS Trust, Herefordshire Council, Hoople and many other external clients.
During the pandemic the workload of Health@Work had increased along with the complexity of cases, however, KPIs continued to be achieved where reasonably practicable.
Working very closely with IPC the annual flu vaccination campaign was successfully delivered using peer vaccinators in large volumes for the first time. This proved to be very successful. The vaccination uptake for the season was 80 per cent for frontline staff and 81 per cent for all staff.
The top priority has been ensuring the smooth transition of new staff through the recruitment process and to support departments with sickness and complex COVID 19 implications.

The migration of the new web based software system has been completed and it is hoped this will be available to staff later in 2021.
The provision of the EAP programme (VIVUP) has enabled Health@Work to support more staff in the workplace alongside the longstanding counselling service provided through NOSS
Health@work successfully completed the annual Safe Effective Quality Occupational Health Service accreditation review to ensure that the SEQOHS standards are met.

Wye Valley NHS Trust

Annual accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	222,034	193,035
Other operating income	4	45,546	38,611
Operating expenses	6, 8	(259,905)	(240,934)
Operating surplus/(deficit) from continuing operations		**7,675**	**(9,288)**
Finance income	11	-	88
Finance expenses	12	(6,350)	(9,476)
PDC dividends payable		(1,102)	-
Net finance costs		**(7,452)**	**(9,388)**
Surplus/(deficit) for the year		**223**	**(18,676)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(875)	(840)
Revaluations	16	2,148	122
Total comprehensive income/(expense) for the period		**1,496**	**(19,394)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		223	(18,676)
Remove net impairments not scoring to the Departmental expenditure limit		3,133	2,010
Remove I&E impact of capital grants and donations		(91)	(392)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		-	(189)
Remove net impact of inventories received from DHSC group bodies for COVID response		(918)	-
Adjusted financial performance surplus/(deficit)		**2,347**	**(17,247)**

Impairments to Fixed Assets

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

There were no discontinued operations during the year, therefore the above surplus and the following notes relate solely to continuing operations.

The notes on pages 6 to 55 form part of these accounts.

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**30,324**	**13,374**	**(171,415)**	**(127,717)**
Surplus/(deficit) for the year	-	-	223	**223**
Impairments	-	(875)	-	**(875)**
Revaluations	-	2,148	-	**2,148**
Public dividend capital received	224,272	-	-	**224,272**
Taxpayers' and others' equity at 31 March 2021	**254,596**	**14,647**	**(171,192)**	**98,051**

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

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

Information on reserves

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

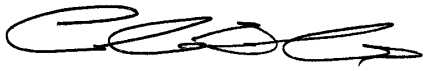
Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements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

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

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	13.1	14,474	13,487
Property, plant and equipment	14.1	106,380	83,129
Receivables	19.1	961	790
Total non-current assets		**121,815**	**97,406**
Current assets			
Inventories	18	4,406	3,830
Receivables	19.1	10,251	23,088
Cash and cash equivalents	20	42,115	16,536
Total current assets		**56,772**	**43,454**
Current liabilities			
Trade and other payables	21	(36,084)	(28,516)
Borrowings	22	(4,379)	(197,248)
Provisions	24.1	(46)	(46)
Total current liabilities		**(40,509)**	**(225,810)**
Total assets less current liabilities		**138,078**	**(84,950)**
Non-current liabilities			
Borrowings	22	(38,412)	(41,291)
Provisions	24.1	(1,615)	(1,476)
Total non-current liabilities		**(40,027)**	**(42,767)**
Total assets employed		**98,051**	**(127,717)**
Financed by			
Public dividend capital		254,596	30,324
Revaluation reserve		14,647	13,374
Income and expenditure reserve		(171,192)	(171,415)
Total taxpayers' equity		**98,051**	**(127,717)**

The notes on pages 6 to 55 form part of these accounts.

Signature 

Name Glen Burley

Position Chief Executive

Date 24 June 2021

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus/(deficit)		7,675	(9,288)
Non-cash income and expense:			
Depreciation and amortisation	6.1	6,677	5,230
Net impairments	7	3,133	2,010
Income recognised in respect of capital donations	4	(521)	(697)
Decrease/(Increase) in receivables and other assets		12,653	(12,806)
(Increase) in inventories		(576)	(802)
Increase in payables and other liabilities		5,323	2,302
Increase in provisions		76	391
Net cash flows from/(used in) operating activities		**34,440**	**(13,660)**
Cash flows from investing activities			
Interest received		13	82
Purchase of intangible assets		(2,733)	(3,836)
Purchase of PPE and investment property		(25,689)	(7,511)
Receipt of cash donations to purchase assets		159	697
Net cash flows used in investing activities		**(28,250)**	**(10,568)**
Cash flows from financing activities			
Public dividend capital received		224,272	3,707
Movement on loans from DHSC		(192,389)	45,711
Capital element of finance lease rental payments		(676)	(617)
Capital element of PFI, LIFT and other service concession payments		(3,710)	(3,445)
Interest on loans		(757)	(3,389)
Interest paid on finance lease liabilities		(264)	(212)
Interest paid on PFI, LIFT and other service concession obligations		(6,023)	(5,777)
PDC dividend paid		(1,045)	-
Net cash flows from/(used in) financing activities		**19,408**	**35,978**
Increase in cash and cash equivalents		**25,598**	**11,750**
Cash and cash equivalents at 31 March	20	**42,115**	**16,517**

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 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.

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

Note 1.2 Going concern
International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. Paragraphs 4.12 and 4.13 of the Government Accounting Manual identify that the continuation of services is sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. In preparing the financial statements the Board of Directors have considered the Trust's overall financial position against the requirements of IAS1.

The trust has reported deficits in its accounts since 2015/16. Note 35 identifies the value of deficits incurred in recent years. In 2019/20 the deficit reported was £17.2m, 7.4% of turnover. In 2020/21 the reported surplus is £223k, 0.1% of turnover.

The high level of deficit delivered over recent years reflects the underlying structural nature of the Trust’s financial deficit. The cumulative Income and Expenditure position now shows a deficit of £171.2m.

In September 2020 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to enable their repayment. The affected loans totalling £193.146m were previously classified as current liabilities within the financial statements. The repayment of the loans was wholly funded through the issue of PDC and does not present a going concern risk for the Trust.

The Trust is also been subject to a referral by its external auditors to the Secretary of State under Section 30 of the Local Audit and Accountability Act, 2014 relating to its deficit position and an adverse value for money conclusion relating to its financial resilience. Although the Trust made a surplus in 2020/21 this was primarily due to non-recurrent factors relating to the DHSC funding the impact of COVID-19. The Trust's underlying financial position still indicates a deficit and has planned for a deficit of £25m in 2021/22. The Trust is very clear about the scale of the accumulated deficit in relation to turnover. The Trust is limited by geographical constraints that means it cannot meaningfully reconfigure services and address structural limitations on its capacity to undertake elective activity. In addition, the relatively high impact of the PFI site on Trust finances results in an unavoidable cost pressure which will continue for at least a further nine years. The Board of Directors have carefully considered the principle of "going concern" and the Directors have concluded that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability of the Trust to continue as a going concern.

Nevertheless, the Directors have concluded that assessing the Trust as a going concern remains appropriate. The Trust's contractual arrangements for 2020/21 were governed by rules put in place by the DHSC due to COVID-19. Consequently the Trust has been fully funded for its activities during 2020/21 and there are no discontinued operations. the same arrangements are continuing for the first six months of 2021/22. Plans have been agreed for funding for 2021/22 thorugh the Herefordshire and Worcestershire ICS and a finanical plan has been prepared accordingly. The Trust's strategic partnership with South Warwickshire NHS Foundation Trust provides executive leadership and support. No decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board of Directors also has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of services for the foreseeable future.

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Charitable Funds

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

Note 1.4 Revenue from contracts with customers

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

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

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

Revenue from NHS contracts

2020/21

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 a System/Sustainability and Transformation Partnership 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.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

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

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms 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 in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

Note 1.5.1 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.

The Trust has received equipment and PPE at no cost directly from the DHSC during the COVID-19 pandemic. It has accounted for the value of items received in accordance with the paragraph above, Expenditure in relation to PPE in 2020/21 has been adjusted to reflect the value of inventory as at 31 March 2021.

Note 1.5.2 Apprenticeship service income

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

Note 1.5.3 Research income

The Trust receives a small amount of funding for research and development, the value o fwhich is recognised at the point of receipt of the funding.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. 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.

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Note 1.8.1 Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Note 1.8.2 Measurement

Valuation

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

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

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

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

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

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

All land and buildings are restated to fair value using professional valuations in accordance with IAS 16 every five years. The last full asset valuation was undertaken as at 31 March 2018. A further desk top revaluation was carried out as at 31 March 2021. This was based on a desk-top valuation plus an assessment of the impact of building asset additions during 2020/21.

The Trust is developing a new Ward block on the main site. It is presently recognised as an Asset under Construction and has not been subject to valuation. When construction is completed in 2021/22 the new block will be subject to valuation and a potential impairment of asset value.

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

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

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

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

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

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

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

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

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

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

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

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

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

The valuer has made reference to COVID-19 in their report. However the report states that as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

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

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

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

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

The “desktop” valuation exercise was carried out in February 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 and RICS UK national supplement, commonly known together as the Red Book.

The valuer cites the following in their report:
The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘materialvaluation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. .

Note 1.8.3 Depreciation

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

Note 1.8.4 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 1.8.5 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.

In 2020/21 this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

Note 1.8.6 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions
PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1.8.7 Useful lives of property, plant and equipment
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	20	42
Dwellings	21	28
Plant & machinery	5	15
Transport equipment	5	5
Information technology	3	10
Furniture & fittings	1	25

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

Note 1.9 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 where it meets the requirements set out in IAS 38.

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

Note 1.9.2 Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

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

Note 1.9.3 Amortisation
Intangible assets are amortised on a straight-line basis over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

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

	Min life Years	Max life Years
Software licences	3	7

Note 1.10 Inventories

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

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 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Note 1.12.1 Recognition

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

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

Note 1.12.2 Classification and measurement

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

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

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

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

The Trust has irrevocably elected to measure the following financial assets / financial liabilities at fair value through income and expenditure.

Loans and receivables

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

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

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

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

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

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

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

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

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

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.
Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.12.3 Derecognition
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 1.13 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

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

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

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

Discount Provisions (Nominal)	**2020/21**	**2019/20**
Short term, 0-5 years	-0.02%	0.51%
Medium term, 6-10 years	0.18%	0.55%

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%
In to perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.9% in real terms.

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 24.2 but is not recognised in the Trust’s accounts.

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

Note 1.15 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in a note where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in a note unless the probability of a transfer of economic benefits is remote.

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

Note 1.16 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities 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-nhstrusts-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 the audit of the annual accounts.

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

Note 1.18 Climate change levy
Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.19 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 1.20 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.21 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

Note 1.22 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.23 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted
Under IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors the Trust is required to disclose details where a new accounting standard has been applied that has been issued but is not yet effective. Two new standards have been issued, IFRS 14, Regulatory deferral accounts is not applicable to the Trust and IFRS 15, Insurance contracts commences in April 2023 but early adoption is not permitted.

IAS 8 also notes that accounting requirements in the standards need not be applied to immaterial items, but that "it is inappropriate to make, or leave uncorrected, immaterial departures from IFRS to achieve a particular presentation of an entity's financial position, financial performance or cash flows". The Trust has complied with this.

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 most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 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 on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 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.

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to the RPIX. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

Note 1.25 Transfers of functions to or from other NHS bodies / local government bodies
There were no transfers of functions between the Trust and any other NHS or local government body during 2020/21.

Note 1.26 Critical judgements in applying accounting policies

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

Radiotherapy unit

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

Radiology MES

Th Trust entered in to a Managed Equipment Service with Philips for the provision of Radiology services in April 2018. The contract is operational until March 2029. The service includes the provision to replace assets over the life of the contract and is accounted for through the use of a financial model that recognises the assets and liabilities inherent within the contract and accounts for changes in assets and liabilities within the SoFP as well as recognising expenditure related to the service within the SoCI.

Note 1.27 Sources of estimation uncertainty

Note 1.8.2 refers to the measurement of the value of Property, plant and equipment. This is based on a valuation undertaken by the Trust's professional advisor. Such valuations will always be subject to a degree of uncertainty. The Trust’s opening inventory balance of £3,830k is material to the Trust’s accounts. The Trust is satisfied that the opening inventory balance is presented fairly in all material respects. The Trust has also undertaken year-end stocktakes for the majority of its inventory as at 31 March 2021. The restrictions on movement in the United Kingdom in March 2020 meant that the Trust was unable to perform some of its planned year-end inventory counts in the last financial year and where the Trust did conduct a year-end stock-take the auditor was unable to attend. As a result the auditor had been unable to gain sufficient audit evidence to complete the procedures required by auditing standards in relation to the opening balances. Stocktakes as at 31 March 2021 have been undertaken by the Trust and the Auditors were invited to to remotely view some stock takes as at 31 March 2021 however elected not to do so.

Note 2 Operating Segments

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

The income from external sources for the Trust is £267,580k and further analysis is provided within Notes 3 (Operating income from patient care activities) and 4 (Other operating income).

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

Bodies covered by the NHS in England	**2020/21 £000**	2019/20 £000	**2020/21 % of total**	2019/20 % of total
NHS Herefordshire and Worcestershire CCG	170,439	138,003	64%	60%
NHS England	40,041	-	15%	-

2020/21 value relates to Herefordshire CCG only; merged with Worcestershire CCG in 2020/21.

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	2019/20
	£000	£000
Acute services		
Block contract / system envelope income*	146,416	117,715
High cost drugs income from commissioners (excluding pass-through costs)	14,640	13,653
Other NHS clinical income	18,837	20,976
Community services		
Block contract / system envelope income*	31,722	30,858
Income from other sources (e.g. local authorities)	2,494	3,263
All services		
Private patient income	147	226
Additional pension contribution central funding**	6,209	5,624
Other clinical income	1,569	720
Total income from activities	**222,034**	**193,035**

*As part of the response to COVID-19, 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 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)

	2020/21	2019/20
Income from patient care activities received from:	**£000**	**£000**
NHS England	19,617	18,016
Clinical commissioning groups	182,251	153,317
Department of Health and Social Care	-	-
Other NHS providers	-	-
NHS other	17,179	18,252
Local authorities	2,494	2,494
Non-NHS: private patients	147	237
Non-NHS: overseas patients (chargeable to patient)	5	14
Injury cost recovery scheme	341	705
Non NHS: other	-	-
Total income from activities	**222,034**	**193,035**
Of which:		
Related to continuing operations	222,034	193,035
Related to discontinued operations	-	-

Injury cost recovery income is subject to a provision for impairment of receivables of 22.43% to reflect expected rates of recovery.

NHS Other income consists of income from Welsh NHS bodies of £18,376k (2019/20 £18,252k, some of which relates to Note 4, Other Contract Income).

Note 3.3 Overseas visitors (relating to patients charged d

	2020/21	2019/20
	£000	£000
Income recognised this year	5	14
Cash payments received in-year	5	14

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	348	-	**348**	309	-	**309**
Education and training	4,899	85	**4,984**	4,747	225	**4,972**
Provider sustainability fund (2019/20 only)	-	-	**-**	3,375	-	**3,375**
Financial recovery fund (2019/20 only)	-	-	**-**	14,807	-	**14,807**
Marginal rate emergency tariff funding (2019/20 only)	-	-	**-**	1,433	-	**1,433**
Reimbursement and top up funding	22,818	-	**22,818**	-	-	**-**
Receipt of capital grants and donations	-	521	**521**	-	697	**697**
Charitable and other contributions to expenditure	-	4,640	**4,640**	-	-	**-**
Other income	12,235	-	**12,235**	13,018	-	**13,018**
Total other operating income	**40,300**	**5,246**	**45,546**	**37,689**	**922**	**38,611**
Of which:						
Related to continuing operations			45,546			38,611
Related to discontinued operations			-			-

Other income includes cross charges to Gloucestershire Hospitals NHS Foundation Trust (£6,982k; 2019/20 £6,063k), Powys LHB recharges (£765k; 2019/20 £1,018k), Gloucestershire Health and Care NHS Trust, (£232k; 2019/20 £230k), Worcestershire Acute NHS Trust, (580k, 2019/20 £572k) and other recharges (£3,676k; 2019/20 £5,135k).

Note 5 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2021 £000	31 March 2020 £000
within one year	937	-
after one year, not later than five years	-	-
after five years	-	-
Total revenue allocated to remaining performance obligations	**937**	**-**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

The value identified relates to the deferral of £601k of income relating to Health Education England where income has been received in 2020/21 for the provision of education activities that extend in to 2021/22. In addiiton, £336k of income relating to Cancer funding has been deferred to match planned expenditure.

Note 6.1 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	98	2,429
Staff and executive directors costs	165,714	154,706
Remuneration of non-executive directors	103	73
Supplies and services - clinical (excluding drugs costs)	24,317	19,454
Supplies and services - general	2,294	2,366
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	24,173	22,413
Inventories written down	635	-
Consultancy costs	33	56
Establishment	4,199	3,521
Premises	5,726	5,993
Transport (including patient travel)	760	1,236
Depreciation on property, plant and equipment	4,931	3,790
Amortisation on intangible assets	1,746	1,440
Net impairments	3,133	2,010
Movement in credit loss allowance: (contract receivables)/contract assets	(32)	46
Change in provisions discount rate(s)	58	39
Audit fees payable to the external auditor		
audit services- statutory audit	82	86
other auditor remuneration (external auditor only)	(9)	1
Internal audit costs	78	73
Clinical negligence	6,561	5,553
Legal fees	95	121
Insurance	79	69
Research and development	35	28
Education and training	618	1,000
Rentals under operating leases	952	1,012
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	11,883	11,928
Hospitality	1	16
Losses, ex gratia & special payments	81	71
Other	1,561	1,404
Total	**259,905**	**240,934**

Total Other costs include amounts relating to ICT services, £1,263k (2019/20, £1,147k); professional fees, £197k (£242k) and Other, £101k (£15k).

Note 6.2 Other auditor remuneration

	2020/21	2019/20
	£000	£000
Other auditor remuneration paid to the external auditor:		
Other non-audit services	(9)	1
Total	**(9)**	**1**

The negative value refers to the reversal of the accrual included for auditing the 2019/20 quality account which was not required due to the quality accounts not being produced last year and also not being required for 2020/21.

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2019/20: £2 million).

Note 7 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Other	3,133	2,010
Total net impairments charged to operating surplus / deficit	**3,133**	**2,010**
Impairments charged to the revaluation reserve	875	840
Total net impairments	**4,008**	**2,850**

The impairment to assets totalling £4,008k arise as a result of the following during the financial year:

- Annual revaluation of the Trust's estate as at 31 March 2021;
- Reduction in the valuation of Trust held Land of £1.8m;
- Reduction in the valuation of Trust held Buildings of £2.2m.

Note 8 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	112,428	102,525
Social security costs	11,460	10,449
Apprenticeship levy	600	543
Employer's contributions to NHS pensions	20,443	18,522
Temporary staff (including agency)	23,380	23,840
Total gross staff costs	**168,311**	**155,879**
Recoveries in respect of seconded staff	-	-
Total staff costs	**168,311**	**155,879**
Of which		
Costs capitalised as part of assets	2,353	932

Employer contributions to NHS pensions for 2020/21 include £6.2m (2019/20 £5.6m) of contributions to reflect the increase in employer contribution rate.

Note 8.1 Retirements due to ill-health

During 2020/21 there were no 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 £nil (£nil in 2019/20).

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%, and the Scheme Regulations were amended accordingly.

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

Additional Scheme

The Trust offers an additional defined contribution workplace pension scheme, the National Employment Savings Scheme (NEST) for some circumstances, As required by paragraph 50 onwards of IAS 19, the total value of employers contributions in to the NEST scheme was £66k in 2020/21. These expenses are recorded within Employee benefits expenditure.

Note 10 Operating leases

Note 10.1 Wye Valley NHS Trust as a lessee

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

The Trust operates leasing arrangements relating to some items of medical equipment and vehicles.

The leases held include £952k in lease payments for a number of different items of medical equipment.

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

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	952	1,012
Total	**952**	**1,012**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	468	602
- later than one year and not later than five years;	861	466
- later than five years.	118	50
Total	**1,447**	**1,118**
Future minimum sublease payments to be received	-	-

Note 11 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	-	88
Total finance income	**-**	**88**

Note 12 Finance expenditure

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

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	3,350
Other loans	-	39
Finance leases	264	212
Main finance costs on PFI and LIFT schemes obligations	1,416	1,533
Contingent finance costs on PFI and LIFT scheme obligations	4,607	4,244
Total interest expense	**6,287**	**9,378**
Unwinding of discount on provisions	63	98
Total finance costs	**6,350**	**9,476**

Note 13.1 Intangible assets - 2020/21

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**11,150**	**6,029**	**17,179**
Additions	2,733	-	**2,733**
Reclassifications	722	(722)	**-**
Valuation / gross cost at 31 March 2021	**14,605**	**5,307**	**19,912**
Amortisation at 1 April 2020 - brought forward	**3,692**	**-**	**3,692**
Provided during the year	1,746	-	**1,746**
Amortisation at 31 March 2021	**5,438**	**-**	**5,438**
Net book value at 31 March 2021	**9,167**	**5,307**	**14,474**
Net book value at 31 March 2020	**7,458**	**6,029**	**13,487**

Note 13.2 Intangible assets - 2019/20

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

Note 14.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**5,025**	**57,307**	**1,126**	**7,561**	**19,333**	**41**	**5,392**	**986**	**96,771**
Additions	-	3,390	133	21,571	4,029	-	889	30	**30,042**
Impairments	(1,800)	(2,270)	-	-	-	-	-	-	**(4,070)**
Reversals of impairments	-	62	-	-	-	-	-	-	**62**
Revaluations	-	(406)	417	-	314	-	-	16	**341**
Reclassifications	-	799	-	(1,568)	71	-	698	-	**-**
Disposals / derecognition	-	-	-	-	(3,747)	(4)	(1,960)	(47)	**(5,758)**
Valuation/gross cost at 31 March 2021	**3,225**	**58,882**	**1,676**	**27,564**	**20,000**	**37**	**5,019**	**985**	**117,388**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**-**	**-**	**-**	**10,099**	**41**	**2,952**	**550**	**13,642**
Provided during the year	-	1,937	52	-	1,947	-	812	183	**4,931**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(1,937)	(52)	-	173	-	-	9	**(1,807)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(3,747)	(4)	(1,960)	(47)	**(5,758)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**8,472**	**37**	**1,804**	**695**	**11,008**
Net book value at 31 March 2021	**3,225**	**58,882**	**1,676**	**27,564**	**11,528**	**-**	**3,215**	**290**	**106,380**
Net book value at 31 March 2020	**5,025**	**57,307**	**1,126**	**7,561**	**9,234**	**-**	**2,440**	**436**	**83,129**

Note 14.2 Property, plant and equipment - 2019/20

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

Note 14.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	3,225	18,591	1,322	27,564	6,232	-	3,215	290	**60,439**
Finance leased	-	-	-	-	4,934	-	-	-	**4,934**
On-SoFP PFI contracts and other service concession arrangements	-	38,875	354	-	-	-	-	-	**39,229**
Owned - donated/granted	-	1,416	-	-	362	-	-	-	**1,778**
NBV total at 31 March 2021	**3,225**	**58,882**	**1,676**	**27,564**	**11,528**	**-**	**3,215**	**290**	**106,380**

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

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

Note 15 Donations of property, plant and equipment

The Trust has received equipment assets to the value of £362k funded from central Government grants. These have been recorded as tangible assets and recognised as income in 2020/21.

Note 16 Revaluations of property, plant and equipment

The Trust's estate was valued as at 31 March 2021 by Mr Neil Rayner BSc (Hons) MSc DIC MRICS, Principal Surveyor at the District Valuation Service (DVS).

The valuations took the form of a desk-top asset valuation report as at 31 March 2021. This was based on an update to the full valuation carried out as at 1 April 2017 which was based on an inspection of the properties and sites. The valuation also undertook a full valuation of assets where known changes had been identified. The valuation basis used was on an optimised MEA basis. This represented an allowable change to valuation methodology. The valuation has been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards 2014 UK edition.

Impact of the Estate valuation

The valuation of the Trust's estate has resulted in a significant reduction to the value assigned to land held whilst the valuations relating to buildings have increased. Overall the valuation of property has risen. The valuation methodology using the optimised MEA approach to valuing specialised assets has been retained and is consistent with the prior year.

Useful economic lives (minimum to maximum applied - years)	**2020/21**	**2019/20**
Buildings (excl dwellings)	20-42	20-99
Dwellings	21-28	21-28
Plant & Machinery	5-15	1-44
Transport equipment	5-5	1-30
Information Technology	3-10	3-10
Furniture & Fittings	1-25	1-30
Intangible Assets		
Software and licences	3-7	3-7

Note 17 Disclosure of interests in other entities

The Trust maintains a 16% share in Hoople Limited, established in 2011 as a joint venture between Herefordshire County Council and local health organisations. The value of the Trust's share in the company is estimated to be £380k.

Note 18 Inventories

	31 March 2021	31 March 2020
	£000	£000
Drugs	1,305	1,658
Consumables	3,061	2,148
Energy	40	24
Total inventories	**4,406**	**3,830**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £30,208k (2019/20: £24,265k). The Trust wrote down inventory value of £635k in 2020/21 related to Covid 19 PPE (£nil in 2019/20).

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

Inventory stocktakes were undertaken as at 31 March 2021 and the valuations reflect the stock-takes. When comparing to the prior year it should be noted that the Trust had been unable to conduct full stock takes as at 31 March 2020 due to COVID-19 and had therefore utilised information held within the pharmacy system to measure part of the value of the drugs inventory. Similarly a number of consumables stocktakes had not been possible to complete and estimates had been included based upon 31 December 2019 stocktakes adjusted for purchases and issues.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £4,640k of items purchased by DHSC.

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 disclosed above.

Note 19.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	6,582	19,192
Allowance for impaired contract receivables / assets	(320)	(352)
Deposits and advances	14	13
Prepayments (non-PFI)	1,758	1,682
Interest receivable	-	13
VAT receivable	954	611
Other receivables	1,263	1,929
Total current receivables	**10,251**	**23,088**
Non-current		
Contract receivables	380	322
Other receivables	581	468
Total non-current receivables	**961**	**790**
Of which receivable from NHS and DHSC group bodies:		
Current	4,199	13,761
Non-current	581	468

The reduction in receivables when compared to the prior year is attributed to a change in contracting methodology. As a result of the COVID-19 contracts for healthcare were placed on a block basis and monies due have been paid during the year. In addition, accruals relating to partially completed spells of care have been removed to reflect the block nature of the contract.

Note 19.2 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**352**	**-**	**306**	**-**
New allowances arising	-	-	46	-
Reversals of allowances	(32)	-	-	-
Allowances as at 31 Mar 2021	**320**	**-**	**352**	**-**

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

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

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

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

Note 19.3 Exposure to credit risk

Credit Provision - 2020/21	Opening balance	New provisions	Closing balance
RTA	294	-32	262
General bad debt provision	58	-	58
Total	**352**	**-32**	**320**

The RTA provision reflects an increased recognition of RTA income over the value of claims settled. This has resulted in an increase in the credit provision which is based on 22.43% of accrued income.

The general provision is calculated based on a set percentage of Non NHS receivables as at 31 March 2021. The reduction in the general provision reflects a reduced level of Non-NHS and private patient debt.

Note 20 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	2019/20
	£000	£000
At 1 April	**16,536**	**4,767**
Net change in year	25,579	11,769
At 31 March	**42,115**	**16,536**
Broken down into:		
Cash at commercial banks and in hand	21	6
Cash with the Government Banking Service	42,094	16,530
Total cash and cash equivalents as in SoFP	**42,115**	**16,536**
Bank overdrafts (GBS and commercial banks)	-	(19)
Total cash and cash equivalents as in SoCF	**42,115**	**16,517**

Note 21.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	4,711	6,407
Capital payables	4,881	2,693
Accruals	18,080	13,064
Receipts in advance and payments on account	2,546	909
Social security costs	1,793	1,672
Other taxes payable	1,466	1,318
PDC dividend payable	57	-
Other payables	2,550	2,453
Total current trade and other payables	**36,084**	**28,516**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	6,506	2,306

Note 22 Borrowings

	31 March 2021 £000	31 March 2020 £000
Current		
Bank overdrafts	-	19
Loans from DHSC	-	193,146
Obligations under finance leases	534	373
Obligations under PFI, LIFT or other service concession contracts	3,845	3,710
Total current borrowings	**4,379**	**197,248**
Non-current		
Obligations under finance leases	4,181	3,215
Obligations under PFI, LIFT or other service concession contracts	34,231	38,076
Total non-current borrowings	**38,412**	**41,291**

The Trust repaid loans of £193,146k to the DHSC during 2020/21. This was funded via the issue of Public Dividend capital.

Note 22.1 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**193,146**	**-**	**3,588**	**41,786**	**238,520**
Cash movements:					
Financing cash flows - payments and receipts of principal	(192,389)	-	(676)	(3,710)	**(196,775)**
Financing cash flows - payments of interest	(757)	-	(264)	(1,416)	**(2,437)**
Non-cash movements:					
Additions	-	-	1,803	-	**1,803**
Application of effective interest rate	-	-	264	1,416	**1,680**
Carrying value at 31 March 2021	**-**	**-**	**4,715**	**38,076**	**42,791**

Note 22.2 Reconciliation of liabilities arising from financing activities - 2019/20

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

Note 23 Finance leases

Note 23.1 Wye Valley NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**4,715**	**3,588**
of which liabilities are due:		
- not later than one year;	534	373
- later than one year and not later than five years;	2,285	1,504
- later than five years.	1,896	1,711
Finance charges allocated to future periods	-	-
Net lease liabilities	**4,715**	**3,588**
of which payable:		
- not later than one year;	534	373
- later than one year and not later than five years;	2,285	1,504
- later than five years.	1,896	1,711

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

Note 24.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2020	**226**	**828**	**468**	**1,522**
Change in the discount rate	7	51	-	**58**
Arising during the year	-	-	113	**113**
Utilised during the year	(13)	(33)	-	**(46)**
Reversed unused	-	(49)	-	**(49)**
Unwinding of discount	8	55	-	**63**
At 31 March 2021	**228**	**852**	**581**	**1,661**
Expected timing of cash flows:				
- not later than one year;	13	33	**-**	**46**
- later than one year and not later than five years;	51	132	**113**	**296**
- later than five years.	164	687	**468**	**1,319**
Total	**228**	**852**	**581**	**1,661**

Legal claims relate to permanent injury benefit for three former employees which is paid quarterly until death and employer liability claims which are currently being processed by the Trust's insurers. The provision for 2020/21 has been revised using updated actuarial life tables provided by the Office for National Statistics. The discount rate applicable to these and pensions provisions has been changed to 1.25% nominal in 2020/21 (2019/20 1.8%) by HM Treasury.
The Other category relates to a provison relating to the potential tax liability on Consultant's superannuation contributions. The Trust has indemnified Consultants against additional tax liabilities.

Note 24.2 Clinical negligence liabilities

At 31 March 2021, £73,271k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wye Valley NHS Trust (31 March 2020: £80,017k).

Note 25 Contractual capital commitments

	31 March 2021	31 March 2020
	£000	£000
Property, plant and equipment	2,568	14,222
Intangible assets	436	948
Total	**3,004**	**15,170**

The Trust is engaged in a major ward development on the main Hospital site and this is reflected together with other developments ongoing in the commitments above. The new ward block is being developed during 2020/21 and is planned to complete and be brought in to use in 2021/22. The new block will replace the existing hutted wards on the main County Hospital site. The development is being funded through PDC awarded by the DHSC.

Note 26 On-SoFP PFI, LIFT or other service concession arrangements

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

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

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

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

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

Note 26.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	31 March 2021	31 March 2020
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**44,250**	**49,376**
Of which liabilities are due		
- not later than one year;	5,135	5,126
- later than one year and not later than five years;	21,931	21,214
- later than five years.	17,184	23,036
Finance charges allocated to future periods	(6,174)	(7,590)
Net PFI, LIFT or other service concession arrangement obligation	**38,076**	**41,786**
- not later than one year;	3,845	3,710
- later than one year and not later than five years;	18,141	16,853
- later than five years.	16,090	21,223

Note 26.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2021	31 March 2020
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**194,452**	**214,522**
Of which payments are due:		
- not later than one year;	22,319	21,590
- later than one year and not later than five years;	94,815	91,844
- later than five years.	77,318	101,088

Note 26.3 Analysis of amounts payable to service concession operator

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

	2020/21	2019/20
	£000	£000
Unitary payment payable to service concession operator	**21,616**	**21,150**
Consisting of:		
- Interest charge	1,416	1,533
- Repayment of balance sheet obligation	3,710	3,445
- Service element and other charges to operating expenditure	10,331	10,393
- Revenue lifecycle maintenance	1,552	1,535
- Contingent rent	4,607	4,244
Total amount paid to service concession operator	**21,616**	**21,150**

Note 26.4 Payments committed to in respect of all off SOFP PFI and the lifecycle	**2020/21**	**2019/20**
Analysed by when PFI payments are due	**£000**	**£000**
No Later than One Year	**1,220**	1,359
Later than One Year, No Later than Five Years	**2,216**	3,346
Later than Five Years	**103**	193
Total	**3,539**	4,898

Note 26.5 Payments committed to in respect of all off SOFP PFI and the interest	**2020/21**	**2019/20**
Analysed by when PFI payments are due	**£000**	**£000**
No Later than One Year	**1,290**	1,416
Later than One Year, No Later than Five Years	**3,790**	4,361
Later than Five Years	**1,094**	1,813
Total	**6,174**	7,590

Note 26.6 Present Value Imputed 'finance lease' obligations for on SOFP PFI	**2020/21**	**2019/20**
Analysed by when PFI payments are due	**£000**	**£000**
No Later than One Year	**3,845**	3,710
Later than One Year, No Later than Five Years	**18,141**	16,853
Later than Five Years	**16,090**	21,223
Total	**38,076**	41,786

Note 26.7 Number of on SoFP PFI Contracts

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

Note 26.8 PFI Lifecycle Costs

The Trust accounts for lifecycle costs in line with the operators model. All lifecycle costs are expensed due to the uncertainty in the timing of the capital programme. The capital element expensed in the contract to date is £1,220k (2019/20 £1,535k). The future total commitments for lifecycle costs is disclosed in Note 26.4

The current operator model does not include inflation although the future liabilities disclosed in Note 23.1 have been adjusted to reflect the impact of future years inflation assumptions.

Note 27 Financial instruments

Note 27.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

In prior years the Trust has borrowed from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. In 2020/21 all DHSC loans were re-financed as Public Dividend Capital which will has eliminated DHSC loans and therefore interest payments and risk.

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

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 2020/21 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Note 28.1 Carrying values of financial assets

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

Carrying values of financial assets as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	6,769	-	-	**6,769**
Cash and cash equivalents	42,115	-	-	**42,115**
Total at 31 March 2021	**48,884**	**-**	**-**	**48,884**

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

Note 28.2 Carrying values of financial liabilities

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

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	4,715	-	**4,715**
Obligations under PFI, LIFT and other service concession contracts	38,076	-	**38,076**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	30,222	-	**30,222**
Total at 31 March 2021	**73,013**	**-**	**73,013**

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

Note 28.3 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	31 March 2020 restated*
	£000	£000
In one year or less	35,891	223,281
In more than one year but not more than five years	24,216	22,718
In more than five years	19,080	24,747
Total	**79,187**	**270,746**

* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

Note 28.4 Fair values of financial assets and liabilities

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

Note 29 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				
Bad debts and claims abandoned	496	8	460	11
Stores losses and damage to property	24	210	24	136
Total losses	**520**	**218**	**484**	**147**
Special payments				
Ex-gratia payments	28	10	15	8
Total special payments	**28**	**10**	**15**	**8**
Total losses and special payments	**548**	**228**	**499**	**155**
Compensation payments received		-		-

Note 30 Related parties

The Department of Health is regarded as a related party. During the year 2020/21, Wye Valley NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Those entities where transactions during the year were greater than £100k and/or outstanding balances at 31 March 2021 were greater than £50k are listed below:

NHS England
NHS Blood and Transplant Authority
NHS Resolution
NHS Pensions Scheme
Complaints and Quality Commission
South Warwickshire CCG
Herefordshire CCG
Worcestershire CCG
Gloucestershire CCG
Shropshire CCG
NHS Business Services Authority
Sandwell And West Birmingham Hospitals NHS Trust
Health Education England
NHS Property Services
Royal Wolverhampton NHS Trust
Herefordshire and Worcestershire Health and Care NHS Trust
Worcestershire Acute Hospitals NHS Trust

In addition, the Trust has had a number of material transactions (within the limits defined above) with other government departments and other central and local government bodies. The largest of these transactions has been with Herefordshire Council, however, most have been with Foundation Trusts (such as South Warwickshire NHS Foundation Trust plus Gloucestershire Hospitals NHS Foundation Trust, Gloucestershire Health and Care NHS Foundation Trust, Birmingham Womens and Childrens NHS Foundation Trust and University Hospitals Birmingham NHS Foundation Trust). The Trust also engages in activity with the Welsh Assembly Government (primarily through the Local Health Boards of Powys and Monmouth) which accounts for £17.2m of income. The Trust also engages with HM Revenue and Customs in relation to income tax, NI and VAT transactions.

Note 31 Events after the reporting date

NHSI has introduced planning arrangements for 2021/22. The first six months of the year will see the maintenance of existing funding arrangements put in place for COVID-19. The Trust has set a financial plan for 2021/22 which is based on the local STP plan and reflects a planned deficit of £25m.

Note 32 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	48,260	120,789	54,492	110,379
Total non-NHS trade invoices paid within target	41,800	108,958	27,841	71,212
Percentage of non-NHS trade invoices paid within target	86.6%	90.2%	51.1%	64.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,284	12,538	1,372	9,676
Total NHS trade invoices paid within target	928	10,764	509	6,731
Percentage of NHS trade invoices paid within target	72.3%	85.9%	37.1%	69.6%

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 33 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	1,899	33,606
External financing requirement	**1,899**	**33,606**
External financing limit (EFL)	10,219	50,144
Underspend against EFL	**8,320**	**16,538**

Note 34 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	32,775	15,278
Less: Donated and granted capital additions	(521)	(697)
Charge against Capital Resource Limit	**32,254**	**14,581**
Capital Resource Limit	41,573	16,004
Underspend against CRL	**9,319**	**1,423**

Note 35 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus / (deficit) (control total basis)	2,347
Breakeven duty financial performance surplus / (deficit)	**2,347**

Note 36 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		1,165	46	(1,958)	294	1,029	844
Breakeven duty cumulative position	1,510	2,675	2,721	763	1,057	2,086	2,930
Operating income		116,785	121,544	171,898	175,798	173,450	182,637
Cumulative breakeven position as a percentage of operating income		2.3%	2.2%	0.4%	0.6%	1.2%	1.6%

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	(20,456)	(37,204)	(26,158)	(42,219)	(17,058)	2,347
Breakeven duty cumulative position	(17,526)	(54,730)	(80,888)	(123,107)	(140,165)	(137,818)
Operating income	178,046	177,567	188,498	186,020	231,646	267,580
Cumulative breakeven position as a percentage of operating income	(9.8%)	(30.8%)	(42.9%)	(66.2%)	(60.5%)	(51.5%)

Since 2008/9, the trust has faced financial challenges. Up until 2014/15 the Trust maintained a cumulative break-even/surplus position only with the assistance of non-recurrent monies. From 2015/16, the trust has not received non-recurrent funding and consequently has not attained its cumulative break-even position. The Trust made a surplus in 2020/21 as a result of central decisions to fully fund NHS Trusts during the Coronavirus pandemic.

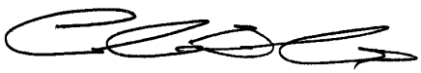
Statement of the chief executive's responsibilities as the accountable officer of the trust

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

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

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.



Signed.....Glen, Burley, Chief Executive

Date: 28th 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

Date: 28th June 2021:

Glen Burley, Chief Executive

K L Osmond

Date: 28th June 2021:

Katie Osmond, Finance Director

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wye Valley NHS Trust (the 'trust'):

- 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 the accounting policies directed by the Secretary of State with the consent of HM Treasury as relevant to the National Health Service in England (the 'Accounts Direction').

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 36.

We have also audited the information in the Remuneration Report and Staff Report that is subject to audit, being:

- the analysis of staff numbers and costs on page 64;
- the table of salaries and allowances of senior managers and related narrative notes on page 60;
- the table of pension benefits of senior managers and related narrative notes on page 61;
- the table of pay multiples and related narrative notes on pages 60 and 61; and
- the disclosure of exit packages and related narrative notes 62.

The financial reporting framework that has been applied in their preparation is applicable law and the 'Accounts Direction'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 (the 'Act') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the trust is adopted in consideration of the requirements set out in the Accounts Direction, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the trust and its control environment, and reviewed the trust's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and local counter fraud about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the trust operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service Act 2006.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the trust's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- the recognition of NHS clinical revenue. We evaluated the recognition of income through the period, including year-end cut-off, and evaluated the results of the agreement of balances exercise. In doing so, we assessed the appropriateness of judgements made and the nature of provisions for disputes, the basis for the position adopted, and evidence of the historical accuracy of provisions made for disputes with commissioners.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- enquiring of the local counter fraud specialist and review of local counter fraud reports produced; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability 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

Use of resources

Under the Code of Audit Practice and the Act, we are required to report to you if we have not been able to satisfy ourselves that the foundation trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

On 24 June 2021 we reported to the trust significant weaknesses in the trust's governance arrangements and arrangements to secure financial sustainability. The significant weaknesses reported were:

- Weaknesses in the trust's governance arrangements in how it monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements, are reflected in the findings of the trust's most recent CQC inspection report of March 2020, and NHSI's formal enforcement actions which remain in place. Some actions by the trust to address the key S29a matters remained ongoing during the year. We recommended that the trust continues to take forward the undertakings with appropriate oversight and monitoring.
- Weaknesses in the trust's arrangements to secure financial sustainability and how the body plans to bridge its funding gaps and identifies achievable savings: - The Trust remain in breach of Section 30 of the Local Audit and Accountability Act 2014, in respect of the trust's break even duty for the three year rolling period ended 31 March 2020. In 2020/21 the trust made an adjusted surplus of £2.35m which was on a non-recurrent basis mainly due to additional funding in the year. The trust remains in a cumulative deficit position and hence in breach of its legal duty to breakeven on a cumulative basis. We recommended that the trust take further actions to focus on delivery of a balanced plan.

Our work in respect of the trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the trust's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities of the accounting officer and auditor relating to the trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

The accounting officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the trust's resources.

We are required under the Code of Audit Practice and section 21(3)(c), as amended by schedule 13 paragraph 10(a) of the Act to satisfy ourselves 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 work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the trust a significant weakness in

arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021. Other findings from our work, including our commentary on the trust's arrangements, will be reported in our separate Auditor's Annual Report.

Governance statement and reports in the public interest or to the regulator

We are also required to report to you if:

- in our opinion the governance statement does not comply with the guidance issued by the NHS Trust Development Authority (NHS Improvement);
- we refer a matter to the Secretary of State under section 30 of the Act because we have reason to believe that the trust, or an officer of the trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Act.

We have nothing to report in respect of these matters.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report) and the work necessary to issue our statement on consolidation schedules. We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements.

Use of our report

This report is made solely to the Board of Directors of Wye Valley NHS Trust in accordance with Part 5 of the Act. Our audit work has been undertaken so that we might state to the trust 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, as a body, for our audit work, for this report, or for the opinions we have formed.

I C Howse

Ian Howse CPFA, CA (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Birmingham, United Kingdom
29 June 2021

Independent auditor's certificate of completion of the audit

Issue of opinion on the audit of the financial statements

In our audit report for the year ended 31 March 2021 issued on 29 June 2021 we reported that, in our opinion, the financial statements:

- gave 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
- had been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of HM Treasury as relevant to the National Health Service in England (the 'Accounts Direction').

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

As part of our audit, we are required to report to you if we are not able to satisfy ourselves that the trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As at the date of issue of our audit report for the year ended 31 March 2021 on 29 June 2021, we had not completed our work on the trust's arrangements.

In our audit report for the year ended 31 March 2021 issued on 29 June 2021, we reported a significant weakness in the trust's governance arrangements and arrangements to secure financial sustainability. The significant weaknesses reported were:

- Weaknesses in the trust's governance arrangements in how it monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements, are reflected in the findings of the trust's most recent CQC inspection report of March 2020, and NHSI's formal enforcement actions which remain in place. Some actions by the trust to address the key S29a matters remained ongoing during the year. We recommended that the trust continues to take forward the undertakings with appropriate oversight and monitoring.
- Weaknesses in the trust's arrangements to secure financial sustainability and how the body plans to bridge its funding gaps and identifies achievable savings: - The Trust remain in breach of Section 30 of the Local Audit and Accountability Act 2014, in respect of the trust's break even duty for the three year rolling period ended 31 March 2020. In 2020/21 the trust made an adjusted surplus of £2.35m which was on a non-recurrent basis mainly due to additional funding in the year. The trust remains in a cumulative deficit position and hence in breach of its legal duty to breakeven on a cumulative basis. We recommended that the trust take further actions to focus on delivery of a balanced plan.

Certificate of completion of the audit

In our audit report for the year ended 31 March 2021 issued on 29 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our work in respect of the trust's arrangements for securing economy, efficiency and effectiveness in its use of resources and the work necessary to issue our statement on consolidation schedules. We have now completed our work in these areas.

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

We have nothing further to report in respect of the trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Ian Howse, CPFA, CA (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Birmingham, United Kingdom
16 September 2021