NHS
West Hertfordshire
Teaching Hospitals
NHS Trust

2021/2022 ANNUAL REPORT

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Performance Report

This section of the report provides a summary of the actions that the trust set out to achieve in 2021/22 and its progress in meeting them

Overview from Phil Townsend, Chair and Tracey Carter, Acting CEO

Welcome to our 2021/2022 annual report which looks back on another challenging yet incredible year for West Herts Teaching Hospitals NHS Trust.

Despite the continued impact of Covid-19 we made good progress with getting our services back on track whilst delivering some historic achievements.

We cared for high numbers of Covid-19 patients during winter 2021/22 and, at the time of writing, the number of patients with Covid is still contributing to capacity pressures. Whilst less dramatic in impact than 2020/21, managing another year of Covid has seen our staff pushed to their limits both physically and emotionally. We are addressing this with a range of pastoral and psychological support.

In spite of these challenges, we have implemented the rollout of an electronic patient record (EPR); gained ‘teaching hospital’ status; and continued to innovate in terms of the ‘virtual hospital' care model.

The move to an EPR is an important platform for our digital transformation, aimed at making sure that staff have instant access to the data they need to care for patients.

Achieving ‘teaching hospital’ status in December 2021 was a long-held ambition which acknowledges the dedication of teams and individuals who pride themselves on delivering high quality teaching, learning, education and training for medics and students in a wide range of nursing, midwifery and allied healthcare professions and roles.

Our respiratory and cardiology consultants have expanded the ‘virtual hospital’ approach and now treat patients suffering from heart failure and respiratory illness in the comfort of their own homes. Our model – which we used to care for more than 6,000 Covid patients, has been rolled out nationally.

Constantly evolving new ways of working improves our care and helps to attract talented staff. In spring 2022 we took delivery of two robots which will be used in surgery. Next year’s annual report will, we are sure, set out how we have translated the impressive clinical outcomes that robotic-assisted surgery offers into benefits for our patients and great opportunities to recruit, develop and retain new staff.

Our innovative streak was nationally recognised when the British Medical Journal crowned our respiratory physicians ‘Respiratory Team of the Year’. We had further accolades – our orthopaedic team’s virtual fracture clinic was ‘highly commended’ in the Health Service Journal (HSJ) awards; our BAME staff network were also HSJ finalists; and our clinical supervision model won a Nursing Times Workforce award. BAME members of staff received due recognition in the National BAME Health and Care Awards and our chief nurse Tracey Carter received her MBE at Windsor Castle.

The pandemic has not halted our development or service improvement ambitions. HRH The Duke of Gloucester officially opened the emergency assessment unit at Watford General Hospital in June 2021. This unit relieves pressure in the emergency department and helps prevent unnecessary admission.

We have carried out significant work to reconfigure our theatres at Watford General Hospital, where we have also refurbished the cardiac catheter laboratory. The introduction of a mobile MRI scanner at Hemel Hempstead Hospital is reducing waiting times for important diagnostic procedures. St Albans City Hospital continues as a Covid-free site for planned surgery. The orthopaedic team was awarded for its commitment to patient safety by the National Joint Registry which monitors the performance of joint replacement operations.

The development of a new clinical strategy launched in January 2022 sets out what we want to deliver and how we do this consistently, reflecting our ambitions around digital technology, offering

personalised care and working effectively within a wider healthcare system for the benefit of our patients.

Thanks to generous corporate sponsorship, and support from our hospital's charity Raise, we were able to reward and thank over 240 staff for their achievements in the spectacular surroundings of the Warner Bros. Studios in our 2021 Stars of Herts Awards night. The evening also recognised the standout community support we have enjoyed from the Watford Chamber of Commerce, Wenzel's and Watford Football Club.

'All Stars Week', which preceded the awards night, gave over a thousand staff the opportunity to celebrate the diversity of their colleagues with globally themed food and entertainment.

Our 2021 NHS staff survey saw our highest level of participation yet with a 49% response rate. Feedback from 2,500 staff put us at or above the national average for being a team, being compassionate and inclusive, working flexibly and being recognised and rewarded. We also made progress on our race and disability equality scores. Areas to improve include creating a respectful and considerate environment where everyone can thrive.

Like all NHS hospital trusts, we had to cancel many planned patient appointments and procedures in 2020/21 – with the exception of urgent and cancer care. As we move out of peak pandemic response, we continue to work on our elective recovery programme by running additional clinics and operating lists. We're outsourcing activity to independent providers, supporting staff back to work and carrying out harm reviews for those patients on our waiting lists.

Watford Football Club, who provided us with 'the Sanctuary', a space for respite and recuperation as the peak of the pandemic unfolded, stood by us again and opened their club facilities as a base for our Covid-19 staff vaccination programme. This saw us complete double vaccination rates of more than 11,000 local health and social care staff by April 2021. We had similar success with the booster jabs later on that year.

We have been handsomely rewarded for being one of the first trusts to launch a 'response team' model of volunteering in 2020 where volunteers are trained to support in specific areas including the emergency department and our women's and children's wards. Roles might include providing breastfeeding support to new mums, engagement with teenage patients and support for end of life patients and their families. Two years on, more than 350 volunteers have donated over 14,000 hours of invaluable support to staff, patients and the community.

In the 2021/2022 financial year, the Trust delivered a surplus of £0.7m. The national interim funding arrangements continued into 2021/2022 and mitigated against most costs related to the Covid-19 pandemic. A full set of performance data can be seen in our board papers which are published each month on our website.

The board approved our Green Plan in February 2022 which sets out why the NHS has a 'net zero' target for carbon emissions and why we are determined to become one of the greenest acute trusts in the NHS. Our action plan identifies nine key themes that we will work on to deliver carbon reduction.

As the pandemic continues, our plans to transform our buildings and services have continued apace. We have secured outline planning permission for a new hospital building at Watford; we have clear plans for great patient care across our three hospitals and our multi-storey car park is open, having been completed on time and on budget.

We plan to complete the outline business case which will set out our preferred redevelopment option in late 2022 or early 2023. The New Hospital Programme and HM Treasury will make their funding decision on the basis of this document which will also detail our costs and our implementation plans. We do acknowledge that there is some opposition to our plans but as the chair and chief executive we are duty bound to consider the increasingly urgent need to deliver new and better buildings in the shortest time possible. We believe that our plans will achieve that.

The debate about the location of our services often overshadows the services themselves and so we want to take this opportunity to thank the huge number of staff who have engaged with us on the clinical aspect of our redevelopment. Our proposals for our sites are built around a model for services which delivers our clinical strategy and supports our vision; *the very best care for every patient, every day.*

Further detail on our redevelopment plans, including engagement sessions and opportunities, can be found on our website - Building a Healthier Future for West Hertfordshire

We bid farewell to the League of Friends in 2021/22 after nearly 60 years of sterling support and donations totalling hundreds of thousands of pounds. Fittingly, their departure provides a physical space for our charity Raise to set up home at Watford General, thus underlining a wonderful theme of charitable support.

The year ended with news of leadership changes, including the role of chief executive and deputy chief executive. The new chief executive (Matthew Coats) will be with us in the summer of 2022 when we will begin the search to replace Helen Brown who has been appointed as the chief executive of Whittington Health NHS Trust.

We are working with University College London's medical school to appoint a non-executive director to join us and take on special responsibility for the teaching relationship.

We would be nothing without our staff and volunteers and the support of health and social care partners and our communities. We appreciate the efforts of those who work for and with us to provide the best care possible.

Quite rightly, we are incredibly proud of our staff and volunteers and we'd like to end by singling them out for special praise and to thank them for their fortitude and compassion.

Phil Townsend
Chairman

Tracey Carter
Acting Chief Executive Officer

Our vision, values, aims and strategic objectives

The Trust's vision is to provide '*the very best care for every patient, every day'.* The vision is underpinned by our values of Commitment, Care and Quality.

The Trust has a set of corporate aims for 2020 to 2022:

Aim 1 Best care	Aim 2 Great team	Aim 3 Best value	Aim 4 Great place
			

The aims are underpinned by a set of six corporate ambitions. The Trust's ambition statements are set out within its five-year strategy and represent the priority areas of focus for the organisation in 2020 to 2022.

This report demonstrates the progress made by the Trust in 2021/22 towards achieving its aims and ambitions. The second year of the pandemic has continued to significantly impact on the delivery of a number of these objectives. Safely managing the pandemic and continuing to deliver safe, clinically urgent care (both Covid and non-Covid) as well as supporting the workforce has remained the organisation's priority focus.

Our services

Watford General Hospital

- Accident and emergency
- Urgent treatment centre
- Intensive care unit
- Elective care for high-risk patients
- Outpatient services
- Diagnostic services
- Women's and children's services

Hemel Hempstead Hospital

- Urgent treatment centre
- Outpatient services
- Diagnostics services

St Albans City Hospital

- Day surgery unit
- Outpatient services
- Diagnostic services
- Inpatient beds
- Minor injuries unit *(closed during the reporting year to focus efforts at Watford during the pandemic)*

Performance against national indicators

As with all NHS trusts, the Covid-19 pandemic remained a challenge in terms of continuing to deliver care to those affected as well as delivering critical services to the local population and returning to 'pre-Covid' activity. Full details on how the Trust has managed these competing pressures can be seen on page 11 of this report.

Performance is assessed through the corporate governance structure as set out on page 50. A performance management framework sets out how performance is managed and is also reviewed and approved annually. The board's Finance and Performance Committee considers the finance and performance reports in detail; the Quality Committee considers all quality-related issues, and the People, Education and Research Committee considers workforce related reports. All are presented to the board each month and are available on the Trust's website.

As would be expected, the on-going management of the Covid-19 pandemic has had a significant negative impact on operational performance across all indicator standards in 2021/22. The table below sets out the position the Trust reached against national performance indicators at the end of the financial year.

Indicator	National Standard	2020/21	2021/22
95% of patients should be treated, admitted or discharged in 4 hours in accident and emergency	National target for over 95% patients to be within 4 hours	Under Achieved 80.73%	Under Achieved 72.55%
Incidence of C.difficile should be identified and numbers minimised	Trust target was to have 36 cases	Under Achieved 47 Hospital and Healthcare Associated Cases	Under Achieved 60 Hospital and Healthcare Associated Cases
Hospital acquired MRSA bacteraemias should be identified and steps taken to reduce them	Trust target was to have zero cases	Under achieved (two cases)	Achieved (zero cases)
All cancers – patients should have a maximum wait of 14 days for all urgent referrals of suspected cancer and referrals for breast symptoms	National target to see 93% of those referred within 14 days.	Achieved 95.02% (all cancers) Under Achieved 86.94% (Breast Symptomatic)	Under Achieved 76.09% (all cancers) Under Achieved 62.00% (Breast Symptomatic)
All cancers patients should have a maximum wait of 31 days for diagnosis to first treatment	National target was to have 96% of patients seen within 31 days	Achieved 97.14%	Achieved 95.14%
All cancers patients should have a maximum wait of 62 days between urgent GP referral or screening service to first treatment	National target was to see: 85% referred by GP; and 90% of those referred by the screening service	Under Achieved 80.19% (Referred by GP) Under Achieved 72.18% (Referred by Screening service)	Under Achieved 75.12% (Referred by GP) Under Achieved 66.37% (Referred by Screening Service)
All cancers patients should have a maximum wait of 31 days for second or subsequent treatment	National target was to have 94% patients seen within 31 days for surgery and radiotherapy, and 98% for anti-cancer drugs.	89.21% Surgery (Under achieved) 99.27% Drugs (Achieved) 100.00% Radiotherapy (Achieved)	87.28% Surgery (Under achieved) 99.55% Drugs (Achieved)
Maximum wait time of 18 weeks referral to treatment – patients not yet treated	>92%	Under Achieved 72.23% (March 2021)	Under Achieved 61.29% (March 2022)

For staffing performance, please refer to page 75. For financial performance please see page 25.

Data quality and governance

There are a series of checks in place to validate data quality for referral to treatment (RTT), diagnostic and cancer wait times for reporting, including routine and deep dives into each patient pathway. All patient pathways for RTT, diagnostic and cancer waiting times standards are managed under the

Trust's access policy. This describes the processes to be followed to ensure transparent, fair and equitable management of waiting lists. It includes guidelines and procedures to ensure that waiting lists are managed effectively, a high quality of service is maintained, and optimum use is made of resources at all locations across the Trust. A series of specific online RTT training modules is available to relevant staffing groups to strengthen the understanding of RTT rules and provide greater assurance on the accuracy of elective waiting time reporting.

Aim one - Best Care

Ambitions:

- Mortality (SHMI & HSMR): ‘as expected’ or ‘better than expected’ for HSMR and for SHMI.

- Avoidable Harm (harm free care):

Continuous improvement and better than national average for new pressure ulcers, falls with harm, new venous thromboembolism, urinary tract infections (in patients with a catheter) and healthcare associated gram-negative blood stream infections (GNBSI)

- Access to care (national waiting time standards):

Eliminate waits of over 104 weeks by March 2022 except where patients choose to wait longer;
Hold or where possible reduce the number of patients waiting over 52 weeks;
Stabilise RTT waiting lists around the level seen at the end of September 2021.
Return the number of people on cancer pathways waiting for longer than 62 days to the February 2020 level by March 2022;
Meet the Faster Diagnosis Standard (FDS) from Q3, ensuring at least 75% of patients will have cancer ruled out or diagnosed within 28 days of referral for diagnostic testing.
Reduce the number and duration of ambulance to hospital handover delays;
Eliminate 12-hour waits in A&E.
Roll out the new clinical standards for ED, with shadow reporting until thresholds are announced and national reporting established.

- Patient Experience: Improve our scores on the Friends and Family Test and national patient survey results to better than national average

Managing during Covid-19

The Trust's annual report for 2020/21 set out the unprecedented challenges that the Trust faced delivering quality services and maintaining safe environments for patients and staff. It was fortunate to have a skilled and dedicated workforce who gave their all through the first year of the pandemic. We cannot thank our workforce enough for their commitment during this time.

The end of March 2021 saw the Trust recovering from the second wave of Covid-19 which had peaked over the December 2020 to February 2021 period. During this time, the Trust had suspended non-urgent inpatient activity at St Albans City Hospital to facilitate the release of staff for redeployment at Watford. As the position deteriorated further, it became necessary to cancel some elective care activity and re-establish the ethical advisory panel and the clinical decision panel.

April 2021 saw a reduction in the number of Covid-19 patients requiring inpatient care and workforce absences improved. This situation was reflected nationally in the Covid-19 incident level being reduced to Level 3 in March 2021, shielders returning to work on 1 April 2021 and partner visits being reinstated in maternity from 12 April 2021.

Over the course of the spring and summer of 2021, the number of patients with Covid-19 reduced, save for two small peaks in June and September 2021. This allowed the Trust to return clinical areas back to their original use and eliminate the need for surge areas. The virtual hospital continued to support a small number of patients but was able to focus its resources on increasing specialty input into patient reviews to avoid unnecessary admissions and reduce length of stays. Staff absences due to Covid-19 reduced and staff worked hard to restore and recover elective service provision.

Regrettably, the number of Covid-19 patients started to increase in late October 2021 and through the winter period into February 2022 due to the increased transmissibility of Omicron and subsequent variants. Whilst the acuity of the virus had decreased for vaccinated patients, ICU admissions were required for patients who were unvaccinated or had only received a first dose of the vaccine. There was also an impact on the workforce as an increasing number of staff were unavailable to work due to family members or staff members themselves testing positive.

Staff continued to adapt to the evolving Covid-19 picture and were able to work virtually, carrying out many patient consultations by video or phone. Social distancing measures remained in place to allow management and administration staff to work on-site safely or work at home when required to self-isolate.

Throughout this time, the Trust has liaised closely with other organisations within the Herts and West Essex Integrated Care System to agree the management of referrals, new models of care and to ensure a consistent workforce approach. The Trust has been working in partnership with the independent sector to ensure that patients in need of urgent elective procedures were treated.

Watford General Hospital remained categorised as a 'blue' site as it managed an undifferentiated caseload, including emergency care and Covid-19 positive patients. St Albans City Hospital remained a 'green' 'Covid-free' site with rigorous protocols to reduce the risk of transmission.

Covid-19 will continue to challenge the NHS, but it is hoped that the effect of the vaccination programme, testing programme, and continual innovation in treatment and technology, combined with the sterling efforts of the Trust's incredible workforce will reduce the impact of the virus on patients.

Risks

The board was fully informed of the issues and risks that could affect the Trust in delivering its objectives. The key risks to achieving its objectives are outlined in the Corporate Governance section of the report.

Performance analysis

There had been a brief return to normal service provision following wave one of the pandemic in 2020. Initiatives to improve performance were underway when the second wave began, peaking in January 2021. A second pause of routine planned care was necessary, starting in late November 2020 as the impact of Covid resulted in immense demand for urgent and critical care services alongside significant increases in workforce absence. Inevitably waiting times for routine treatment quickly increased as only the most urgent, time critical elective care was prioritised. At the start of 2021/22 pressure from the second wave began to ease and plans to re-establish routine elective care were enacted.

Recovery from the second Covid wave was much slower as there had not been a full recovery from the first suspension of routine care. At the end of 2019/20 initiatives to improve referral to treatment (RTT) waiting times had successfully delivered a reduction of patients waiting more than a year (52 weeks) for treatment from a peak of 124 to only 3. At the start of 2021/22, following the second, more prolonged pause of routine elective care, the number of patients with a wait of 52 weeks or more had risen to 1,462. Strategies to improve these very long waits were developed and implemented over the course of the year, delivering a 38% reduction, to 1,059 despite a sustained period of further Covid demand during the winter.

Provision of cancer services was maintained throughout the second wave, with many patients treated through joint working between the Trust and local independent sector providers, building on relationships which had been firmly established during wave one. This enabled the organisation to maintain performance against the cancer waiting times standards at or near the 2020/21 rates. Referrals to some services, most notably colorectal surgery, gastroenterology, breast surgery and dermatology rose very rapidly at the end of wave two and waits for these services increased as a result, with a consequential effect on performance.

A range of initiatives have been in place throughout the year aimed at reducing waiting times for elective procedures, improving hospital inpatient flow and meeting emergency department (ED) waiting times. The focus is on service efficiencies to increase internal productivity; for example, exploring opportunities for enhanced care models at St Albans to support the transfer of appropriate patients from Watford. This would free up beds to support targeted weekend operating lists at Watford, with on-going outsourcing of appropriate patients to the independent sector.

Care Quality Commission

An unannounced CQC inspection of maternity services took place on 13 October 2021.

The CQC report praised the Trust's safety culture and the maternity team's passion for providing great care. The support maternity staff give each other was also noted. CQC inspectors commented that "there is a wealth of specialist midwives and matrons" and their report also records comprehensive consultant cover. The consequences of the pandemic have added to the Trust's staffing challenge as many maternity staff have had time off to isolate or because they have been unwell.

The home birthing service has been unavailable at times and the low-risk birthing unit is temporarily closed. This is reviewed every day so that the Trust can offer choice whenever and wherever possible. Safety is always the number one priority. The determination to learn from incidents and strong team-

working was noted by inspectors despite the challenges staff faced with the “aged estate and vacancies”. Seventeen new midwives joined the team between November and December 2021 which is an impressive number given a national shortage, and the higher wages offered by London trusts.

Overall, maternity services received a ‘requires improvement’ rating which was published on 22 December 2021.

The Trust received three *must* actions to meet the requirements of the Health and Social Care Act 2008:

- **Regulation 12 (1)(2) safe care and treatment**
  The Trust must ensure that the maternity wards are clean, and the delivery rooms have monitoring in place for Entonox levels.

- **Regulation 17 (1)(2) good governance**
  The Trust must ensure that policy and guidance documents are reviewed in line with the review date.

- **Regulation 12(1)(2); 18(2)) staffing**
  The Trust must ensure that there are enough midwives to provide a safe service for women and does not limit their choice of the delivery environment.

We also received four *should* actions:

- The Trust should consider how they display safety, quality and performance data to inform women and their families about the service.

- The Trust should consider manager oversight where ward managers are absent, to monitor equipment checking and staff wellbeing.

- The Trust should ensure that women are reviewed by an anaesthetist within 30 minutes of requesting epidural pain relief.

- The Trust should ensure that all staff participate in the annual appraisal process.

Inspectors were positive on the whole about the upkeep of the physical environment, saying that the “service generally performed well for cleanliness” but they did highlight the window frames in the delivery suite. The casements are ‘critall’ (metal) and, despite thorough cleaning, they can appear dirty. A new chemical cleaning regime is now in place.

Another area for improvement was the ability to monitor levels of Entonox (a pain relief gas). Whilst the levels being given to the patient are closely measured, there was no system for monitoring gas which may escape into the environment. An interim measure is being implemented and the new facilities will have an inbuilt monitoring system.

With a boost to recruitment and plans for a new women’s and children’s services building shaping up well, the Trust is confident that it can return to a rating of ‘good’ at the next possible opportunity.

Support from the community

Key community organisations including Sewa Day charity, Watford Chamber of Commerce, Watford Football Club (WFC) and Wenzel's the Bakers have continued to provide significant support to the Trust since 2020.

Neighbours Watford Football Club once again proved invaluable by opening up club facilities for the second rollout of the Trust's Covid-19 vaccination programme.

Second jabs were rolled out from the club's base in April 2021 to Trust staff and to health and social care staff across Hertfordshire. Booster jabs were also administered in the autumn from the club.

The Watford Chamber of Commerce coordinated and arranged food donations from the community, including Sewa Day charity, which were served from one of the club's restaurants and warmly received by staff during the second jab roll out.

Wenzel's has continued to provide free pastries to staff on many occasions during the 2021/22 financial year.

The Trust's Stars of Herts annual awards night and 'All Stars' reward and recognition week could not have taken place without kind support and sponsorship from suppliers and local companies, including: Asos, Atos, Bugler, Camelot, Capsticks, Cerner, Chamber of Commerce, McGee, Wenzel's, and Watford Football Club. The Trust is extremely grateful for their support.

Visiting

The Trust has imposed strict visiting restrictions since the start of the pandemic for the safety of patients and staff. Throughout this time, teams have sought alternative ways of keeping patients connected with their family and friends. This includes the use of iPads for video calls and a family liaison line to deliver messages and letters from loved ones to patients on the wards.

In July 2021, the Trust carefully re-introduced visiting in a phased way to some wards, but not all clinical areas. A visit by one person, per patient for one hour a day could be arranged in advance following a risk assessment by ward staff.

Visiting is regularly reviewed and had to be suspended in January 2022 for six weeks due to the impact of the Omicron variant. Visiting has always been allowed in exceptional circumstances including if the patient is at end of life, in the Intensive Care Unit, is a child, or has a mental health issue, dementia, or a learning disability, where not having a family member present would cause distress.

Farewell to the League of Friends

The Trust bid a fond and final farewell to the League of Friends in February 2022 who wrapped up business for good at Watford General Hospital following a loss of income due to Covid.

Members and League volunteers have been an integral part of West Herts since 1963 and have become very much part of the hospital family. They will be missed, not just for their donations, but for their friendly service over the years.

Their donations have been many and varied and hundreds of thousands of patients will have benefitted from equipment funded by the League over six decades.

The League's parting gift is a substantial donation to Raise (West Herts' charity) for its interventional radiology appeal. The League's donation will contribute to the funds for a new scanner that will sit at the heart of a new interventional radiology suite transforming surgery for patients.

Quality Account

The Trust is required to prepare a quality account for each financial year and this is due for submission at the end of June 2022. The account is produced according to the relevant national guidance and includes the progress of identified quality priorities that were set for 2021/22.

Serious incidents

The Trust reported 106 serious incidents (SI) in 2021/2022, which were fully discussed by an executive-led incident review panel. The incidents were reported externally and investigated in collaboration with the divisions. Of these, 67 were healthcare-associated infection (HCAI) and infection control incidents, mainly due to Covid-19. The Trust conducted a thematic review into the HCAI and infection control incidents which occurred during 2021/2022 and the previous year 2020/2021.

The remaining SIs fall into the following categories: maternity/obstetrics incidents, including those meeting HSIB (Healthcare Safety Investigation Branch criteria), diagnostic incidents including delay, surgical/invasive procedure (including 'Never Events'), and falls. The table below identifies some of the actions taken in 2021/2022.

Serious incidents	Actions taken
HCAI and infection control	• Implement Infection Prevention and Control (IPC) support and education programme; Provide visual posters, intranet updates; Continue and review IPC auditing programme. • Implementation of screening regimes as per national guidance (Admission, day 3, day 5 and day 10). • Review staffing to ensure staff, including enhanced care workers, are allocated to designated area. • Ward managers/matrons are required to allocate equipment and ensure cleaning products available; Provide support and education on the use of products; Use 'I am clean' stickers to evidence cleaning; IPC audit to include cleanliness of equipment. • Implementation and maintain pathways for the management of Covid-19 (including elective green pathways and associated screening regimes). • Undertake collaborative working with the cleaning contractor to ensure consistent standards and monitoring are in place. • Develop processes with operational colleagues to reduce need for patient movement and provide assurance of correct patient placement. • Develop process to evidence patients' assessment for mask wearing. • Risk assessment of bed-spacing and review of the options of segregation. • Covid-19 safe assessments to be undertaken in staff communal areas by the Health and Safety team. • Regular communication to promote social distancing and car sharing for staff safety.

Serious incidents	Actions taken
Maternity and Obstetrics Incidents	**Transfer to neonatal unit** • Ensure that staff are supported to undertake intermittent auscultation in line with current local and national guidelines, in particular the timing and method (NICE, 2014). • Ensure that if a mother is believed to be in the second stage of labour, that it is documented appropriately, and the frequency of auscultations increased from 15 minute to five minute intervals in line with local and national guidance. • Ensure there is a robust pathway in place to support clinicians when there is a possible conflict of interest that could impede decision making. • Ensure that clinicians are supported to recognise and act on suspected foetal heart rate abnormalities detected through intermittent auscultation and complete a full assessment of the mother and baby with appropriate foetal monitoring and escalation. **Unexpected admission of a new-born to SCBU** Trust to ensure that mothers in labour are monitored using intermittent auscultation in accordance with national guidance, escalating any changes or concerns with the baby's heart rate that could indicate foetal compromise. **Pre-eclampsia** • Midwifery staff to be made aware of the symptoms of pre-eclampsia and the need to take and document routine observations on the MEWS chart (modified early warning score). • CTG: To ensure midwives are competent in the analysis of CTG (cardiotocography). • Syntocinon infusion must not be used to augment labour when the CTG is abnormal.
Diagnostic Incident including delay	**Delay in delivery** • Staff must be reminded of the predisposing factors, signs or symptoms of preterm labour and the associated additional risks caused by malpresentation. Case to be presented at local governance meetings to share learning. • Junior staff must ensure that the consultant on-call is informed of all admissions with malpresentation and threatened preterm labour. • Core midwife on delivery suite should ensure that they accept high risk women without delay when appropriate. Any patient with a CTG showing bradycardia or where irreversible cause of foetal hypoxia is suspected should be transferred directly to labour ward theatre. If, after assessment, emergency LSCS (lower segment caesarean section) is found to not be indicated, this can be downgraded.

Serious incidents	Actions taken
Surgical Invasive Procedure	**Missed medication following surgery** • The patient back to the theatre where a large clot was found, the patient underwent repeat surgery on the same day. • The division to work with the theatre manager to create a pathway/checklist for a handover of patients from the recovery bay to the ward (Investigation of this incident was still in progress at time of writing this report)
Slips and Falls	**Fractured neck of femur** • When a patient lacks capacity to understand the risks of falling, a Mental Capacity Assessment must be completed. • When a patient is unable to maintain own safety, a Deprivation of Liberty Safeguards must be put in place. • When a patient is moved between wards within the hospital the falls risk and care documentation, a falls assessment and other relevant nursing care plans should be reviewed and completed again on admission to the new ward area. • Attentiveness is required in identifying changes in patient's clinical condition particularly when they are at risk of falls. As per Trust policy, all patients over 65 should have a lying and standing blood pressure performed on admission.

Never Events

In 2021/2022, the Trust declared two serious incidents as never events. All never events are subjected to intense investigation and scrutiny. Action plans are drawn up with the multi-disciplinary teams to ensure that national guidance is embedded and, where required, changes in practice are implemented to prevent a recurrence. Never events are routinely shared with Herts Valleys Clinical Commissioning Group (HVCCG), the Care Quality Commission (CQC), and NHS England and Improvement. The table below demonstrates the learning which resulted from the investigation into one of the two never events. The second never event was still under investigation at the time of writing this report.

Category	Incident details	Actions taken to prevent future incidents
Maternity/Obstetric incident	Retained swab following delivery	a. For all staff completing any invasive surgical procedure for non-theatre cases in maternity, to count all items in the delivery and suture packs before and after the procedure contemporaneously. b. All staff who complete a swab and instrument count for the invasive procedure they have been involved with must sign the checks in the patient notes as confirmation. c. Obstetricians must document the care they provide, especially when conducting an instrumental delivery. d. Non-qualified staff must be fully supervised or supported during the count process and their documentation must be countersigned. e. The white board was not utilised as part of the procedure for swab counts. f. The delivery pack was not removed prior to opening the perineal pack. This is a failure to follow the local procedure and may have led to an error when counting. The LocSSIP (local safety standard for invasive procedures) form was completed retrospectively and should be completed at the time of doing the counts. • There are several areas of repetition to document the swab count for an instrumental birth and perineal suturing.

Harm free care

Harm free care is a programme to help our teams to eliminate harms such as pressure ulcers, harm from a fall, urine infection (in patients with a urine catheter), new venous thromboembolism (VTE) and harm from medication errors. Each month ‘test your care’ audits are carried out in many clinical areas and this information is incorporated into a ward scorecard, which helps clinical areas be aware of performance and develop initiatives for improvement. The Trust continues to work collaboratively to improve the assessment and planning of care around pressure ulcers and falls which enables peer support and sharing of ideas both regionally and nationally. A stewardship programme was developed by the Harm Free Care (HFC) team specialists in the summer of 2021. Their objective was to develop a sustainable ward model of Harm Free Care and provide the best care with continuous quality improvement across our services.

Learning from deaths

During 2021-22, the role of medical examiner officers has been extended to include all non-coronial deaths occurring in the community, as well as in-hospital deaths. The Trust now employs 18 sessional medical examiners and five medical examiner officers to scrutinise approximately 4,600 deaths per year. Full roll out of the service across the community will take a further year and will include all local GP practices and hospices. The medical examiners also serve as the principal point of contact for referrals to the Coroner's Office. They screen patient deaths and trigger structured judgement reviews (SJR) when they are alerted to one or more of the criteria listed in the Trust's learning from deaths policy.

During the year, there were 1,615 inpatient deaths, including 28 neonatal deaths and 18 stillbirths. 58 deaths (4%) met the selection criteria for structured judgement review. 51 reviews were carried out and of these, 37 (73%) scored adequate to good care. In 0.9% of all deaths, it was judged that some aspect of care could have been improved. For quality assurance purposes, one in every 10 SJRs are repeated by another reviewer. Narrative from SJR cases is routinely captured, with both negative and positive aspects of care recorded. This information is presented at divisional governance forums and the learning is shared with divisional directors, their specialty teams and divisional quality governance facilitators.

Safeguarding

Safeguarding has continued to be a key priority over the reporting period. It is nationally recognised that the effects of lockdowns have had a significant impact on mental health and increased the risks to vulnerable children and adults. This has certainly been evident in the numbers of patients attending in mental health crisis or who have been victims of abuse. Safeguarding services have adapted to meet these needs. They have obtained funding obtained for a Named Nurse for mental health to support patients attending in crisis and work closely with our mental health colleagues to provide best care. A nationally recognised framework has been adapted by the Trust to support the increasing numbers of young people attending with eating disorders, with additional training provided to staff to support these children when admitted to the paediatric ward. We have also employed an independent sexual violence advisor (ISVA) to support patients who have suffered sexual assaults and violence. They work closely with our wider safeguarding team of domestic violence workers and hospital youth worker to provide immediate advice, support, and risk assessments. There remains a key focus on domestic abuse and also supporting staff in the use of the Mental Capacity Act. We are working in partnership with people with learning disability to develop an easy read process for them to be able to provide feedback about their care. An internal audit report confirmed that there was substantial assurance that the service was well designed and effective in the delivery of its services.

Getting it right first time

Following a successful consultation process, the Getting It Right First Time (GIRFT) programme transferred to the NHS England and NHS Improvement Directorate from 1 July 2021. It is now part of an aligned set of programmes within NHSEI. As well as continuing with the virtual deep dives, the GIRFT team is also working with systems and regions to help the NHS with post-Covid-19 elective recovery, aiming to reduce the backlog of patients waiting for operations and improve outcomes and access to care.

The Trust held several GIRFT deep dive meetings throughout 2021/22, which included paediatric trauma and orthopaedic, and lung cancer, along with participation in regional workshops supporting orthopaedics and ophthalmology. An on-going programme of webinars is available to support clinical teams with their continued learning which Trust clinical leads have been invited to participate in.

Trust progress on the GIRFT programme continues to be monitored through both the GIRFT Steering Group and via the Quality Committee as part of the internal GIRFT governance process. To ensure there is continued operational and clinical compliance with the GIRFT programme recommendations, a range of completed actions have now been included in the Trust's Clinical Audit Programme. This gives assurance to the Trust board that actions continue to be monitored and meet the required standards for high quality.

Quality Improvement

A partnership with the Royal Free London NHS Foundation Trust has continued in 2021/22 which supports the Trust's central quality improvement (QI) hub. The hub uses a consistent QI methodology developed by the Institute of Healthcare Improvement (IHI) to facilitate service improvements and drive quality commitment throughout every area of the Trust.

Addressing patient concerns

In 2021/22, performance in responding to complaints in a timely manner continued to be affected by the on-going impact of the pandemic. From December 2021 onwards, pressures increased as the Trust saw more patients and services through the winter period, with our responses dipping below the 80% target. However, annual performance overall for the year remained above target at 84% with the Trust working hard to ensure that no backlog developed and that all complaints received an outcome response from the chief executive. Complaints management is carried out in line with the NHS complaints procedure. Complaints are acknowledged within three working days and initial contact made wherever possible to discuss the detail and context of the concerns raised.

2021/22 saw a significant increase in the number of complaints received compared to the previous year (446 against 365). This was again against the backdrop of the pandemic and the continued challenges this posed. Dissatisfaction with treatment, frustrations regarding appointments being cancelled and communication concerns, both written and verbal, have featured prominently. The quality governance and complaint teams work collaboratively to identify learning, with trends and themes discussed in divisional governance meetings, so that services and care can improve as part of our established continual improvement processes

Complaints staff hold weekly meetings with all divisions to review complaints and to ensure that detailed responses are provided on the outcome of our investigations. Key performance indicators are used to monitor complaints management. The number of complaints, themes and trends are discussed in detail at divisional governance meetings to ensure that learning takes place and actions are implemented. All complaints are reviewed by the chief nurse or designated deputy and signed-off by the chief executive.

Patient stories have continued to be presented at the start of board meetings. These stories reflect on individual patient experiences to provide assurance to the board that the processes in place are effective. The board also considers some of the detail that supports the formal reporting through the quality committee and the annual complaints report.

Duty of Candour

The Trust is committed to open and effective communication with patients, their families and/or carers throughout their time in our care. When something goes wrong with the clinical care provided and a patient has or could have suffered harm as a result, the Trust ensures full compliance with its statutory duty to be open and honest as outlined in its duty of candour policy.

This remained a priority during the Covid-19 pandemic and a review of the risk management activities was undertaken to establish the best way to communicate with patients, relatives, and carers during this time of great pressure. As only to be expected in a national pandemic, the numbers of incidents

requiring duty of candour rose significantly. This was mainly attributed to Covid-19 healthcare acquired infections reported according to the national classification. The processes for capturing and accurately reporting duty of candour compliance were reviewed and additional governance processes and resources were put in place to support the Trust to achieve the required compliance.

Learning from patient feedback

A variety of forums and methods are used to collect patient feedback to improve services. The friends and family test (FFT) survey is an important tool for listening to patients and enabling them to give feedback about the services they are using. The patient advice and liaison service (PALS) and formal complaints act as vital channels for patient feedback, as do the results of national and local surveys.

In 2021/22, the co-production board continued to act as an oversight and advisory group with the aim of developing and delivering a patient involvement model that helps realise our patient experience ambitions within the organisation. The co-production model is a way of working that involves people who use health and care services, carers, and communities in equal partnership; and which engages groups of people at the earliest stages of service design, development, and evaluation.

We have had a focused approach on carers with better identification and support of them in line with the NHSEI 'commitment to carers' programme. The aim is to support, advise, listen, communicate effectively, and involve them in patients' treatment, care, and discharge planning.

The patients' panel has continued its loyal support of the Trust in 2021/22, with an on-going focus on communication in all its forms.

Innovative treatments reduce hospitalisations for Covid-19 patients

The 'virtual hospital', which was the first of its kind in the country, enables patients to recover at home whilst keeping the respiratory team looking after them fully updated via an app. Depending on the health of each patient, they follow a schedule for uploading key health data; such as heart rate, temperature and the oxygen levels in their blood, which they measure using a small piece of equipment called an oximeter.

What started life as an idea mapped out on a kitchen table has turned into an established way of helping Covid patients get over their illness in the comfort of their own homes.

The pilot began with limited technology and with the team calling every patient, every day. But with support from NHSX and product development by tech firm Huma, the model is now far more sophisticated. Algorithms work with the app and can track subtle changes in patients' symptoms, sending alerts when measurements move out of a set range.

Patients whose data is a cause for concern can quickly be transferred to hospital if needed or have an online consultation arranged. For most patients, the data upload provides assurance that their health is being closely monitored. Once the data is uploaded a green tick appears on the app, usually followed by another tick to indicate that all is well.

The main benefit of the virtual hospital is that it allows patients to recover safely at home, meaning that hospital beds are kept for those who really need them. It is estimated that since its launch in March 2020 at least 1,000 'bed days' have been saved and more than 6,000 patients have been monitored, supported and treated.

Expanding the virtual care model

The virtual hospital model is now being rolled out as a way of caring for other conditions at the Trust and also nationally.

Multi-disciplinary teams including community-based nurses now treat patients suffering from heart failure and respiratory illness in the comfort of their own homes. In April 2022, the programme had reached the significant milestone of treating over 100 of these patients.

The virtual hospital model provides care from hospital teams as well as community healthcare from partners such as Central London Community Healthcare NHS Trust. As such, patients also benefit from visits from healthcare professionals through a joined-up package of care.

Recognition

In October 2020 one of our respiratory consultants - Dr Matthew Knight - was awarded an MBE to recognise his contribution to setting up the virtual hospital pilot in spring 2020. In January 2021, another member of the team landed an important role to ensure that other NHS hospitals can follow the lead set by the Trust.

Respiratory consultant Dr Andrew Barlow was appointed as clinical lead for Covid virtual hospitals for the East of England region. The focus of the post – which he will carry out in addition to his current role – is to help other hospitals achieve the results that have put the Trust's respiratory team on the map.

In September 2021, the British Medical Journal crowned our respiratory clinicians 'respiratory team of the year' in recognition of their immediate and innovate response to the pandemic. A fitting tribute for a

truly remarkable team whose innovation has helped so many.

Anti-viral treatments

Ground-breaking anti-viral Covid-19 treatments delivered by the Covid Medicines Delivery Unit (CMDU) at Watford General Hospital have benefitted hundreds of people with weakened immune systems.

Since opening in December 2021, the CMDU has treated over 830 clinically extremely vulnerable patients (approximately 12 a day) such as those with transplants, cancer, chronic conditions requiring immune suppressive therapy, immune deficiencies or rare neurological conditions.

The unit, run by the Trust's respiratory, ambulatory care, nursing and pharmacy teams, has seen great outcomes for patients including rapid improvements in symptoms, hospitalisations reduced by a third and zero cases requiring intensive care support.

The service responds within 24 hours to notification of a positive Covid infection for patients at high risk. The patient then receives a detailed clinical assessment enabling a person-specific CMDU treatment decision. Treatments include neutralising antibodies or anti-viral medications via intravenous infusion or oral medications.

Aim 2 - Best Value

- Deliver our annual control totals and reach breakeven by 2023.

Financial headlines

The Trust operated under an interim financial regime throughout the 2021/22 financial year where most of the Trust's income was fixed and included a block sum to deal with additional costs attributable to the pandemic.

Although there were demand management risks created by the financial regime the Trust managed to create a surplus of income over expenditure to support a continuation of our improved financial health.

The Trust also, as in previous years, improved services by implementing innovative patient pathways while upgrading the estate infrastructure. The combination of service, estate and financial improvements would be expected to flow through to provide patients, visitors and staff with much improved day to day experiences.

Due to the uncertainties regarding the effects of the pandemic DHSC made resources available in two six-month periods, requiring the Trust to develop two six-month plans. Despite this changed approach the Trust ended the 2021/22 year with a revenue surplus of £0.7m[1]. This performance was better than the breakeven plan agreed for the year with NHS England and Improvement.

As expected, infection prevention measures limited the Trust's ability to achieve maximum productivity and treat as many patients as possible. Therefore, plans to find new cost savings were curtailed. However, the Trust managed to make find savings totalling £8m over the course of the year. The savings were almost exclusively linked to reductions in non-pay costs.

Trust income increased by 1.8% in 2021/22 (£481.1m in comparison to £472.5m in 2020/21). The growth in income was as expected due to a natural growth in activity offset by a reduction in funds granted to manage the pandemic (£22.1m compared to £24.9m for 2020/21) and a reduction in income available to cover PPE. The Trust received £1.6m (2020/21 for £8.3m) of donated PPE from DHSC. This reflected a much lower consumption of PPE in line with a change in infection control guidelines throughout the year.

The Trust's finances were also affected by national policy changes such as the suspension of car parking charges for much of the 2021/22 and 2020/21 years. Pandemic funding mitigated some of the effects of these changes.

The flow of funds was changed also during the pandemic period with much of the fixed funding routed through the Herts Valleys Clinical Commissioning Group (HVCCG). The underlying value of fixed sums routed through CCGs was based largely on activity numbers valued at rates determined by the national tariff payment system in 2019/20.

The Trust's operating costs (excluding impairments) rose from £463.8m in 2020/21 to £474.5m in 2021/22, a 2.3% increase.

Within this, staff costs increased by £10.5m. The increases can be summarised as:

[1] compared with a revenue surplus of £0.3m for the 2020/21 year

- £3.1m associated with inflation and the impact of pay awards.
- Spend associated with winter initiatives in Q4 of 21-22.
- £13m[2] pay costs related to managing the pandemic.

Within the pay costs agency costs totalled £14.9m (£12.0m in 2020/21). Since 2015/16, the Trust has reduced agency spend from £36.7m to £12.0m in 2020/21. Within the £14.9m agency costs, £5.3m related to managing the pandemic. To support balancing 2022/23 income with costs we expect to reduce reliance on agency staff even more by continuing to make substantive appointments more attractive and encouraging staff to join the internal bank.

Non pay expenditure within operating expenditure includes a total £8.7m of Covid-19 related expenditure. Non pay expenditure rose by £0.2m from £165.9m in 2020/21 to £166.1m in 2021/22.

Although the Trust recorded a small surplus in 2021/22; this was insufficient to support break even over an eight-year period, taking one year with another. Technically the Trust remains adrift of its Statutory Breakeven Duty over the permitted five-year period.

The cash flow throughout the financial year has been healthy due to improved working capital. Investment in new assets (capital expenditure) totalled £65.1m. This was supported by a public dividend capital injection of £50.4m.

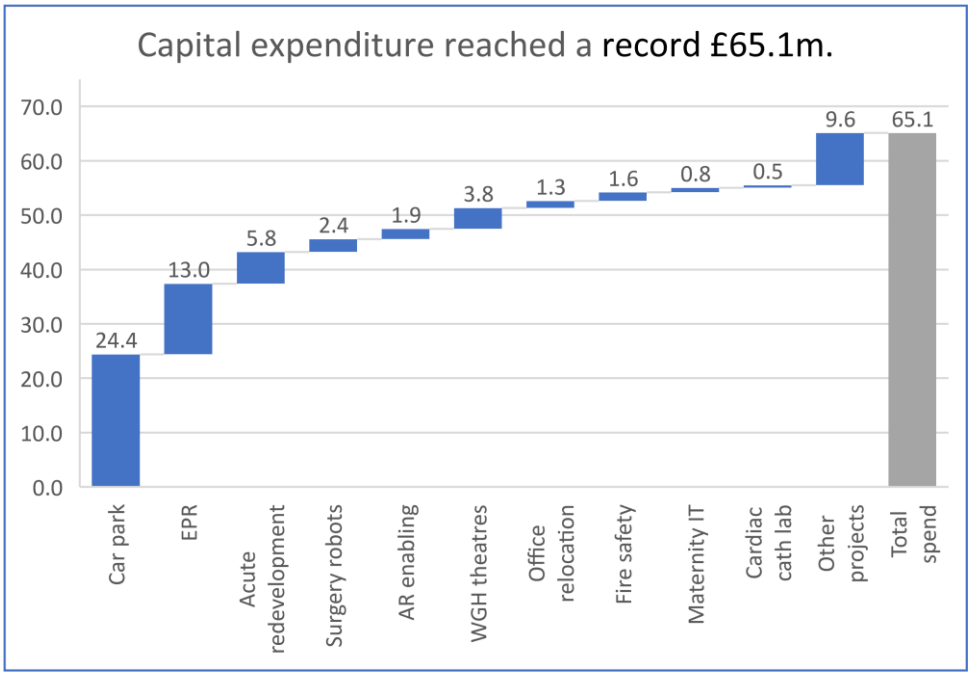
The Trust in this financial year has gone live on Electronic Patient Records after spending £13.0m in year and the multi storey car park has been completed after total spending £24.4m in the year. Multi storey car park is now operational as from April 2022 improving patient experiences at Watford General Hospital. The Trust has invested £2.4m to become a centre of excellence for the most advanced form of multi-speciality, minimally invasive robotic surgery. Through investment in technology, this digitally enabled solution, will allow the Trust to operate robotically on 350 surgical procedures per year, across multiple specialties, by 2025. Colorectal surgery, gynaecology, urology and upper GI will utilise this equipment.

The main areas of spending were:

- Over £1.5m on fire safety improvements throughout the Trust to ensure compliance with current Health & Safety standards
- £2.6m on Critical Infrastructure Risks due to ageing of the estates and mitigating operational risks.
- £3.8m to develop plans to significantly improve theatres at Watford General Hospital.
- £7.7m to develop options, business plans and consultations for the complete redevelopment of the Trust's sites and enabling works.
- Over £12.9m investment in Electronic Patient Records. The main focus of the change brought about by the EPR is on the internal transformation and organisation of the Trust's services, which will be critical to the development of an effective clinical service model to support the Acute Development and the Trust's service provision regardless of where services are provided from. This is now live as from November 2021.
- Over £24m spend on the Multi Storey Car Park. The new car park will be opened in 2022. This will immensely improve upon patient and staff experience with car parking at Watford General Hospital with direct link to the new hospital.
- Over £3.5m spent to replace ageing medical equipment including anaesthetic machines.
- Over £0.4m to replace one of our cardiac catheter laboratories. This project is now completed. The cardiac catheter labs provide cardiac interventions for both inpatients and day-cases.
- Over £2.3m on new robotic surgery system giving the Trust a cutting edge on technology for surgeons thus improving patients' experiences
- Over £1.2m on new site near hospital to accommodate non-clinical staff. This will increase capacity at the Watford General Hospital by freeing administrative space for clinical space.

[2] This included £5.3m of agency and contract staff and £1.7m for testing

- Over £2.3m on IT related projects to improve on security of patient information, diagnostics and reporting thus improving on healthcare to our patients.



Trust liquidity and cash flow has improved as the payments from commissioners is improving which gives the Trust cash to make prompt payments to suppliers thus improving the Trust's Better Payment Practice Code.

The plan for the 2022/23 financial year anticipates appropriate funding to improve upon the elective activity and throughput to support our response to emergency any further recurrence of COVID-19 without incurring a financial deficit. Additional funding is expected to be made available from the NHSE England and Improvement for any additional inflationary cost pressures.

Providing services in 2022/23 will be supported by dedicating £18.7m of internally generated cash, as part of the Hertfordshire and West Essex Integrated Care System priorities for capital investment, to backlog maintenance and critical infrastructure improvements, IT investment, clinical space improvements and much needed equipment replacement.

DHSC/NHSEI supported and required investments will be funded by additional injections of public dividend capital. This will include for example the further development of the business case for the major redevelopment of all three of the Trust sites.

Financial risk

The Trust's financial risk is assessed against a five-point rating developed by NHSI, each one scored from 1 to 4. The Trust's performance for the year against these financial indicators provides an overall score of 1, reflecting the small operating surplus and improvement in cash and liquidity situation alongside and a continued reduction in agency costs. The Board uses this each month, together with other information to manage its finances. An overall score of greater than 2 is unsatisfactory.

The outcome of strategic work on the provision of healthcare to West Hertfordshire will support the Trust's longer term financial plans to address the overall financial risk score. As cash flow is a key component of any future financial recovery, future plans and agreements with regulators, the Trust is making recovery with two years of surpluses and healthy cashflow.

Internal audit

BDO LLP won the contract for internal audit services as from 1 April 2020. The new contract commenced for two years on 1 April 2020 to 31 March 2022. The Trust has extended the contract by a further one year to 31 March 2023. BDO LLP developed an annual plan of work that was approved by the audit committee. Progress reports highlighting any significant weaknesses identified are reviewed at each committee meeting to ensure action is taken to manage risks and resolve weaknesses in the system of internal control. For further details please refer to the head of internal audit opinion in the governance statement on page 72.

External audit

The Trust has a statutory duty to appoint external auditors under the Local Audit and Accountability Act 2014. In April 2021, Grant Thornton UK LLP was appointed for a further period of 2 years after a competitive tender exercise. The contract for the provision of external audit services will expire on 31 March 2023.

In the event that the Trust appoints Grant Thornton for work other than that of external audit, the expense is shown separately in the annual accounts as “other auditor remuneration” (see note 7.2 of the accounts). Any award of such work is subject to appropriate competitive processes and assurance that there is no conflict of interest with the role of external auditor.

Related parties

The Trust has received declarations from all board and Trust executive committee members relating to any potential conflicts of interest in conducting NHS business (e.g. external appointments, suppliers etc). Any member associated with the organisations thus disclosed will be shown in the register of interest held by the Corporate Governance Office.

Note 30 of the accounts sets out related parties, which are mainly other NHS bodies commissioning patient activity provided by the Trust, or other government bodies with which the Trust has financial transactions.

Better payment practice code

The Trust strives to pay its suppliers on time. Performance in achieving this is set out in note 33 of the accounts. Performance during 2021/22 was slightly better in comparison to 2020/21. The maintenance of high BPPC performance is due to improved cash liquidity throughout 2021/22. The Trust actively engages with suppliers where issues may arise in order to put in place arrangements which are appropriate to both parties’ needs.

Fraud

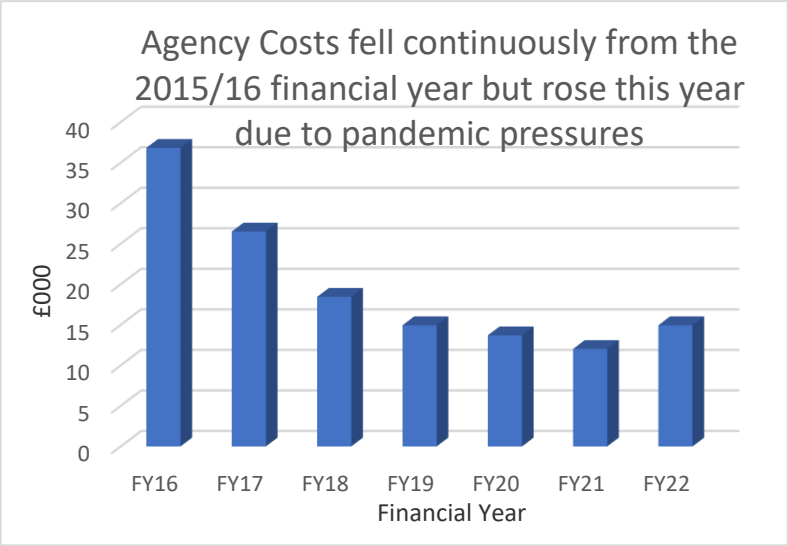
The Trust’s counter fraud policy is available on the Trust’s intranet and internet to provide advice for staff in relation to reporting and dealing with suspected fraud. The Trust has a nominated local counter fraud specialist who assists the chief financial officer in raising awareness and dealing with fraud matters. The Trust has developed an action plan to improve its counter-fraud effectiveness after consulting with NHS Protect. The local counter fraud services contract is currently held by RSM. RSM won the competitive tender in 2019/20 for two years from 1 April 2020 to 31 March 2022 and a further extension by one year has been agreed by the Trust to 31 March 2023.

Income generation activities

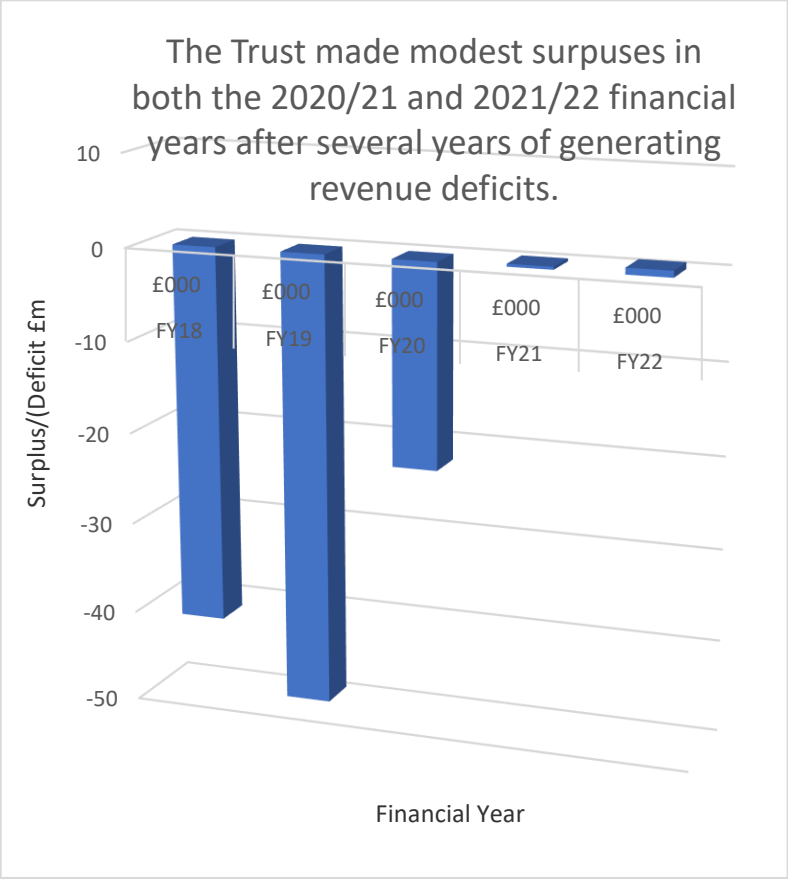
The Trust does not conduct material income generation activities outside of its usual business, where the aim is to achieve profit. Any financial benefit derived from these activities is used for patient care. To help manage the impact of the Covid-19 pandemic, staff and patients parked free of charge for the financial year. Visitors' car parking charges were reinstated from August 2021 generating £0.7m in the year.

Pensions

Past and present employees' pensions are contributed to by NHS pension schemes. Details of the benefits payable under these provisions can be found on the NHS pensions website at https://www.nhsbsa.nhs.uk/nhs-pensions. Further details can be found in note 9 of the accounts.



Coordinated and systematic approaches to efficiency schemes, in conjunction with those involved in more strategic work, have yielded (and will continue to yield) recurrent efficiency improvements. However due to the suspension of many activities and the reduced capacity available for productivity during the pandemic period, Trust efficiencies were lower than in previous years.



Going concern

Please see page of the annual accounts for the Trust's going concern statement.

The Finance and Performance Committee serves to provide assurance on the financial performance of the Trust and regular updates on financial plans.

The Audit Committee also reviewed the Trust's position in relation to going concern. At its meeting held in June 2022, it considered the continuation of service and financial sustainability in reaching its recommendation to the

Board to adopt the going concern basis in preparing the financial statements.

For further information please see 1.2.1. Of the annual accounts.

raise
West Hertfordshire
Hospitals Charity

Raise will be launching its first capital appeal to raise funds for a new interventional radiology scanner. Interventional radiology is a form of image-guided surgery which enables clinicians to carry out minimally invasive pinhole operations.

Interventional radiology uses x-rays, CT scans, ultrasound and MRIs to guide surgical equipment into parts of the body that couldn't normally be reached without open surgery. The scanner will sit at the heart of a new interventional radiology suite being developed at Watford General which will help us develop our Trust as a centre of excellence for this type of surgery.

It will mean that more of our patients, with more complex conditions, can be treated closer to home, without having to be transferred to London, Cambridge or other specialist hospitals. Because the surgery is less invasive, patients will experience fewer complications, heal faster and return to their loved ones sooner. Raise has a target of raising £695,000 for the scanner by October 2022 and more detail can found on its website at raisewestherts.org.uk, or by calling the team on 07435 802862.

Aim Three - Great Team

People strategy

The current People Strategy was developed in 2019 and ratified by the Trust board in February 2020. The impact of the pandemic alongside increased activity around the acute redevelopment programme has provided an opportunity to review the existing strategy document and align it to changes from a workforce and healthcare context.

The national People Strategy also evolved in 2021 with the publication and launch of the NHS People Promise. This is based on seven promises and priorities that reflect some of the changes in the workforce brought about by the pandemic and also focuses on wider strategic challenges.

There was a continued focus on supporting the wellbeing of our staff while at the same time transitioning staff from pandemic response to business as usual and elective recovery.

The People, Education and Research Committee oversees the implementation of the current People Strategy alongside the proposals for the reviewed strategy. In 2021 the People Strategy was revised with a focus on alignment to the seven national People Promises.

Equality, diversity and inclusion - progressing towards an inclusive place to work

The Trust has continued to progress its work to be more inclusive with continuous learning about the diverse backgrounds of its workforce. There are now three staff networks supported by the Trust; each staff network has prioritised supporting their members with the on-going pressure from the pandemic, while also developing their wider engagement activities.

- BAME Connect highlighted diverse cultures through lunch events celebrating our global workforce; held well-attended celebration events during Black History month; ran six safe space sessions and delivered cultural intelligence training as part of student nurse induction and other programmes. The network's progress was recognised internally in the annual staff awards night with an award for creating a positive environment to support diversity. They have also received external recognition as national finalists in the 2021 HSJ awards in the staff engagement category.
- Diversability continued to provide psychological safe space environments for colleagues with disabilities or long-term conditions, launched the Trust's reasonable adjustment plan and developed disability awareness training packages.
- LGBT+ Network, as the newest network, has been focused this year on forming its steering group and objectives to support the Trust's LGBT+ staff members.

The Trust recognises that many of our staff are working carers and to better support them we are now developing a fourth network specifically for carers.

Regular reporting on diversity and monitoring experiences of all the workforce continues to be a key focus so that policy can continue to be updated accordingly. This includes the results of the annual staff survey, which this year has seen an increase in respondents and positive feedback from diverse backgrounds, including BAME and those identifying with a disability/long term condition. The annual Workforce Race Equality Standard (WRES) and Workforce Disability Standard (WDES) were discussed widely with staff networks, who also co-produced the associated action plans for the organisation to implement.

All equality related reports and action plans can be found on the Trust's website - https://www.westhertshospitals.nhs.uk/about/equality.asp

Listening to our staff – NHS Staff Survey 2021

All staff were encouraged to take part in the National Staff Survey which ran from October to November 2021. The Trust received a response rate of 49% (47% in 2020) against an average of 46% for the sector. The annual NHS Staff Survey has been redeveloped to align with the seven elements of the People Promise (shown below). The Trust also conducted shorter pulse surveys to gauge the morale of the organisation in July 2021, and January 2022.

Staff scores against our People Promise elements are broadly in line with or slightly better than the average within our sector. Whilst there has been a slight, though not significant, decline in staff engagement and morale since 2020, responses show an improvement in our teamwork, and compassion and inclusivity.

Feedback from the survey will help to shape priorities for delivering the People Strategy alongside divisional action plans at a local level. In the coming year, we will focus on re-energising our staff fatigued from work pressures; creating a motivating learning environment; and embedding kindness and compassion.

Supporting the health and wellbeing of staff

The Trust aims to create a culture of care and compassion, because we know that if staff feel looked after, valued and supported, then patient care improves. During the year, the Trust hosted a range of engagement events, improved our wellbeing services, and worked closely with key stakeholders including Watford Chamber of Commerce, local communities, and the Hertfordshire and West Essex Integrated Care System (ICS).

In response to increased levels of stress, burnout and anxiety experienced by our workforce, we partnered with our local ICS, Here for You team to provide wellbeing services. From January 2021 to February 2022, 686 Trust staff have accessed the Here for You outreach work, including pop-up stands, drop-in clinics, webinars and reflective practices. These provide an opportunity for staff members to explore issues related to work or personal life, in a non-judgemental and supportive environment. In addition to the Here for You 24/7 phone service providing 62 staff with rapid clinical assessments, we also provided support through our Employee Assistance Programme which received 124 calls.

We have recognised peer to peer support is a key element to integrating wellbeing into the daily work environment. The Trust's approach has been to develop and grow our current peer network groups such as wellbeing champions, mental health first aiders and support staff network groups. We are working closely with our ICS partners and EDI (equality, diversity and inclusion) lead to support these networks with regular meetings and community of practice groups. We currently have 20 wellbeing champions and 10 registered mental health first aiders and two internal mental health first aid instructors. The instructors will enable us to expand the mental health first aider community at the Trust.

We also continued to offer staff free health checks, massages, fitness classes, financial seminars and wellbeing webinars across the year to support with their physical and mental wellbeing. We distributed awards to thank 834 staff for their service to the NHS, ranging from 15 to 45 years, and continued to run monthly awards to recognise team and individual contributions.

Flu vaccination

The 2021/22 staff flu vaccination campaign ran from September 2021 to January 2022 with 67.3% of patient facing staff receiving the flu vaccine. This is lower in comparison to previous years, which was also reflected across other acute trusts within the region and nationally. The flu campaign ran alongside the Covid-19 booster programme and the opportunity to co-administer flu and the Covid-19 vaccine was implemented.

Covid vaccination

The Covid-19 vaccination programme closed its doors to first doses and second doses on 22 April 2021. Over 11,000 local healthcare workers working across the ICS were vaccinated at Watford Football Club by the Trust's vaccination team. 97.5% of Trust staff received a primary dose of the Covid-19 vaccine and 96% received a second dose. The Covid-19 booster programme ran from 27 September 2021 for a period of six weeks and whilst booster doses

were not part of mandatory vaccinations for health workers, 59% of staff received one.

In an effort to support the regional vaccination effort, the Trust has been running monthly consultant led allergy clinics for local patients who have been referred into a hospital setting by their general practitioner. To date, nearly 500 doses have been administered in these clinics.

Rewarding and recognising our staff

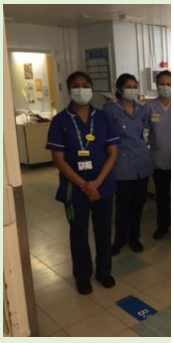
After a year of not being able to thank and celebrate our staff as we would usually, we found some alternative ways to help our staff feel special.

WellFest, a week-long wellbeing event, raised awareness of the wellbeing pillars (hydration, nutrition, physical, mental health and sleep). The Project Wingman wellbeing bus was also available across all sites to provide additional rest space with free refreshments.

AllStars week offered food, music and dance-filled opportunities to thank staff while celebrating their diverse cultures.

An extra special **Stars of Herts** awards ceremony was held at Warner Bros Studios to celebrate our #TeamWestHerts heroes who help make the Trust an outstanding organisation which delivers the very best care for our patients.

Our "**winter fest**" involved handing out festive delights across all sites. These included free restaurant offers, Wenzel treats, thank you cards, chocolates and a free Christmas dinner on Christmas day for working staff.



Education, learning and development

The principal achievement of the year was being granted Teaching Hospital status in December 2021. This was a testament to the excellent work of our teams whose daily business is educating the next generation of doctors, nurses and healthcare professionals. Beyond this, education, learning and development services have recovered following pandemic disruption. This is despite some sporadic ongoing disruption to face to face training delivery caused by new variants of Covid-19.

In medical education, we continued to offer high quality rotations to medical students and training grade doctors throughout the year. Undergraduate student numbers have increased back up to pre-pandemic levels and currently include 20 final year UCLH students. There are also an increased number of overseas students from our partnership with St George's University in Grenada. Building on our strong teaching reputation, the Trust is setting up a training link with the recently launched Brunel Medical School, with a view to accepting the first group of students from 2024.

For postgraduate medical education, the Trust has signed up to the national "Generalism" speciality pilot. This is part of a national scheme to improve the way that postgraduates are trained, giving our foundation year doctors the opportunity to work both primary and acute placements simultaneously through a split week, and thus providing them with "whole-system" experience for their senior careers.

Medical education continues to develop its course offerings, this year adding a nationally recognised endoscopy programme to its portfolio. As a regional and national centre

of excellence, our simulation team provided 148 sessions for 1,089 staff in the 2021/22 year. Innovations this year have included a paediatric simulation facilitated for the East of England Ambulance service as well as multi-disciplinary maternity simulations using a new high-fidelity manikin. We also used professional actors for the first time as part of an emergency medicine doctor simulation day, specifically looking at human factors (e.g. communication, teamworking, leadership and breaking bad news).

Our leadership and management programmes have all restarted following previous year's disruption. The Trust has now completed its first three cohorts of its Evolve programme (for first line leaders and managers), started its new Rise programme (for senior leaders and managers) and continues with its Transform programme (for aspiring clinical and divisional directors). The team has also launched two more programmes in the form of Launchpad (for more junior staff) and Gateway (to help people access Rise).

Evolve, Transform and Rise have all received recognition from the Chartered Management Institute (CMI) and, for the 2022/23 year Rise will be put forward to the CMI for full postgraduate accreditation.

Development programmes for nurses and allied health professionals have also all fully recovered and restarted, and now include – for the first time at this Trust – a graduate nurse apprenticeship programme, as well as specific clinical coaching and clinical supervision provision for nurse and other clinicians.

In November 2021, the Trust launched its new coaching service, providing leadership, professional and careers coaching to all staff and managers on request. It also uses its own International Coaching Federation accredited courses to train an internal cohort of coaches. To date, 19 coaches have collectively delivered 79 coaching sessions to 29 clients.

The Trust's mandatory training compliance has consistently remained above 90% since it regained the target in December 2020.

National recognition

The Trust has enjoyed another successful year in the spotlight scooping a number of national awards and achieving recognition as national finalists. We celebrated five wins in the national BAME Health and Care Awards 2021. Theresa Maunganidze, Covid-19 matron, won the BAME Nurse of Year, and Angelina Ankomah, diabetes lead midwife, won BAME Midwife of the Year. The judges were impressed by their commitment, dedication and inspiring leadership.

Further winners included Dr Rama Vancheeswaran, consultant chest and general physician, and Dr Hala Kandil, consultant microbiologist, who jointly won the Clinical Champions award. They were commended for dedication and commitment to patients on the pandemic frontline and commitment to quality improvement in antimicrobial stewardship, respectively. Daisy Peets, advice and guidance officer for the Connect BAME Network, scooped the Compassionate and Inclusive Leader (Network)

award.

The orthopaedic team at St Albans City Hospital were rewarded for commitment to patient safety by the National Joint Registry, which monitors the performance of joint replacement operations.

Our innovative streak was nationally recognised when the British Medical Journal crowned our respiratory physicians ‘Respiratory Team of the Year’ for their immediate and innovative pandemic response in setting up a virtual hospital to treat Covid patients.

The success of a scheme where retired nurses returned in educator roles, providing dedicated support to junior nursing staff, was recognised by the Nursing Times Summit and Workforce Awards in the ‘Best Workplace for Learning and Development’ category. A programme for personal and professional development through clinical supervision also gave us a seat at the finalists table in the ‘Best Wellbeing and Staff Engagement Initiative’.

Two of our clinical coding officers, Andrea Cardozo and Molly Deely, were ranked top 10 in the country after achieving fantastic results in the National Coding Exam. Clinical coders record information about every patient who visits the Trust, investigating all aspects of their journey from start to finish. Andrea also received the NHS Digital Award of Excellence after achieving the overall highest score in the country.

Our orthopaedic team's virtual fracture clinic was 'highly commended' in the Health Service Journal (HSJ) awards for its system which allows clinicians to communicate digitally and see patients virtually. Our BAME staff network were also HSJ finalists in the staff engagement category. And in November 2021, chief nurse Tracey Carter received her MBE at Windsor Castle after being recognised in the Queen's Birthday Honours list in 2020.

Research and development

The Trust continues its commitment to clinical research to support the development of new ideas, products, and clinical services for the benefit of patients. As a result of Covid-19, and a change of emphasis and working practices during the recovery, work is underway to review and update the Trust's research and development strategy 2022/23.

There are systems in place to ensure that the principles and requirements of research governance are applied consistently through a full set of policies and standard operating procedures which have been ratified by the Trust. During 2021/22, the Trust recruited record numbers of patients into National Institute for Health Research (NIHR) studies, including those reopened as part of our recovery plan following the pandemic. During 2021/22, according to our latest available figures, 2,377 participants took part in research at the Trust approved by the Health Research Authority (HRA)., with 2,370 of these in studies supported by the NIHR through its research networks. Participants were actively recruited to 39 NIHR studies. A further 36 studies are open at the Trust of which 28 are NIHR supported. An additional 49 clinical research studies have participants in follow-up.

The research involved several different types of studies; including patients on medications and treatments, involving patients completing a questionnaire, or a review of data held on systems. The projects involved participating in large non-commercial and commercial studies and some were sponsored by pharmaceutical and digital technology companies. Divisions have worked hard throughout the year to ensure that research was available alongside standard clinical care. One hundred percent of research participants who completed a national satisfaction survey in 2021 reported that they had found the process to be a good experience and would be happy to participate in another research study.

Freedom to speak up

Freedom to Speak Up (FTSU) continues to be central to the culture of the Trust contributing to the right care, values, and behaviours. The Freedom to Speak Up Guardian continues to play a lead role in engagement and interaction with staff. This role supports the organisation in complying with the outcomes set up by the National Guardian Office. The Trust is actively moving towards a culture where speaking up becomes business as usual.

Covid-19 has ushered in unprecedented challenges for NHS colleagues and has forced everyone to work differently and adapt to unpredictable forces outside our control. These challenges have highlighted the importance of speaking up and ensuring that our people have a safe space to explore their concerns. During the pandemic, technology was used to ensure that staff continued to have good access to support, and to ensure the visibility of the guardian and other leaders.

In the past year, the number of concerns raised through the Trust FTSU route was 29, a reduction of two cases compared to the previous year. The proportion of concerns including an element of patient safety remains lower in the Trust than nationally. Some of the issues raised have more than one dimension. The highest incidence of issues has concerned workplace behaviours.

All FTSU cases are monitored to ensure that equality and diversity and inclusiveness are embedded within the workforce. The protected characteristics of staff and those raising concerns are monitored through the FTSU monitoring form.

Aim Four - Great Place

Ambitions:

Paper light Hospital by 2025

New hospital facilities – building work to commence 2024

MSCP

Strategy

The Trust's five-year strategy was developed in 2020 with input from a wide range of staff, stakeholders and patients. It builds on the huge progress that has been made over the past few years to improve services for patients and the working lives of staff, including moving out of 'special measures', winning a range of national awards, significantly reducing vacancy levels and seeing a rise in staff morale.

Working in partnership across the local health system

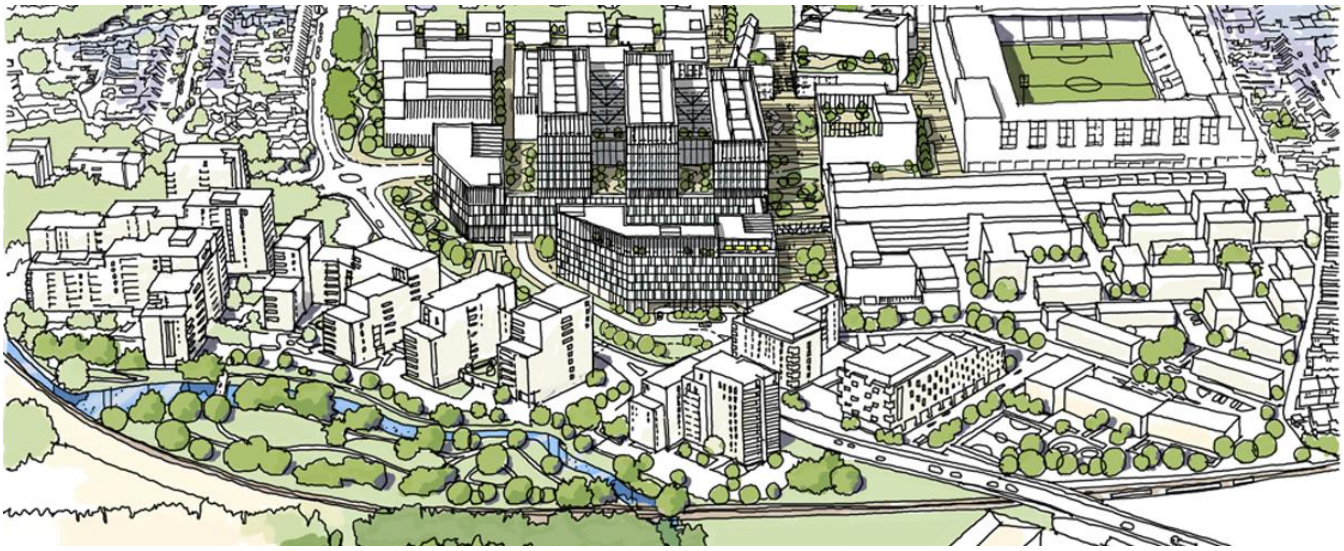
In line with all NHS organisations and local authorities, the Trust is working closely with partners to develop new ways of working to meet the challenges facing health and care services and deliver the ambitions in the NHS long term plan. The Trust is part of the Hertfordshire and West Essex Integrated Care System, where health, local government and voluntary sector organisations work together to improve health outcomes and ensure that services are managed in the most cost-effective way possible to meet the needs of the population.

Locally the Trust is working with other health and care organisations that deliver services in west Hertfordshire in an integrated care partnership. This local level of working enables the Trust to join up care more effectively at a patient level and to tailor services to better meet the needs of local communities. Over the next year the Trust will be changing the way it cares for children, people with diabetes, and frail people, to help them to stay as healthy as possible and reduce their need to spend time in hospital.

The partnership has really shown its strength in the face of the pandemic. The strong relationships and shared focus on the best interests of patients has allowed changes to be made to support people in care homes, facilitate rapid discharges from hospital and manage people safely at home through our virtual hospital model. The pandemic has really shown the benefits of joined up working between local health and care organisations on behalf of patients.

Acute redevelopment

While Covid-19 has felt all consuming at times, it has not diminished the Trust's ambition to provide patients and staff with new buildings and up-to-date facilities by 2025. In September 2019, the Trust received the fantastic news that it was one of six trusts to share £2.8bn of Treasury funds to improve buildings and facilities. Since then, planning has continued in earnest, considering detailed costings and designs.



In October 2020, a decision was made by the boards (which include clinicians) of this Trust and Herts Valleys Clinical Commissioning Group (HVCCG) and unanimous support given for retaining and redeveloping the Trust's existing three hospital sites, including a major new clinical facility re-providing the majority of the clinical services on the Watford site.

The board agreed with the need to prioritise the emergency site given the wide range of challenges with the estate. This means that much of the funding would be spent at Watford which treats a far higher number of patients and has more buildings in poor condition than the Trust's other hospitals in Hemel Hempstead and St Albans. A smaller proportion of the total amount would be invested at these two planned care hospitals.

During the year, the Trust has made progress on detailed designs for its indicative preferred option at Watford and has secured outline planning consent for a new emergency and specialist hospital on land adjacent to the current hospital. This sets the maximum developable footprint for new clinical facilities on the site and demonstrates how clinical requirements could be delivered there.

The Trust has developed detailed estate plans for the Hemel Hempstead and St Albans sites to support proposals for new models of care and has begun the process to secure outline planning consent for these two sites.

The overall cost estimate of the preferred option has increased to £1.25bn compared to the £590m (£710m including inflation) set out in the regulator letter in 2020. This is due to a range of factors including an increase in the schedule of accommodation arising from updated demand and capacity modelling, new design standards, inclusion of digital integration and a national requirement to include the costs of modern methods of construction and net zero carbon. These additional costs would apply to any new hospital development irrespective of location, as would any increases related to inflation

Additionally, the delivery timeline has slipped significantly from that anticipated at the time of the shortlist decision/feasibility study due largely to changes in the national New Hospital Programme (NHP).

The current estimated timeline is for outline business case completion later this financial year depending on national guidance) and full business case completion and major construction to begin late 2024 (subject to national processes/timelines) and for construction to be completed by 2028. This is in line with the current NHP mandate to deliver 48 new hospitals by 2030 but is later than the original target of 2025.

If funding is approved for the options recommended by the Trust at its June 2022 board meeting, the plans for Watford will include a new hospital building to replace all the clinical facilities on the site at present, with the current acute admissions unit retained for administrative use. Most inpatient accommodation would be single occupancy rooms. The redeveloped hospital will sit within a major regeneration project called Watford Riverwell, which will be landscaped and will offer green spaces, improved access and retail units.

At Hemel Hempstead there are plans to consolidate services into a refurbished and expanded Verulam building with additional diagnostics capacity. The focus of this site is planned medical care and so there will be an expansion in range of medical care such as specialist diabetes and dermatology, which will move to this site. Hemel Hempstead Hospital will continue to provide diagnostic and outpatient services, with a focus on medical specialties and long-term conditions. We plan to deliver these in a more integrated, patient centred way working closely with primary, community and social care and the voluntary sector.

St Albans City Hospital has been designated as the Trust's surgical and cancer centre and our experience of the benefits of maintaining the site as 'Covid free' have reinforced the importance of continuing to provide planned surgery away from the emergency site. This will be further enhanced by plans to overhaul its theatres, create a rapid access cancer diagnostic centre and expand the range of diagnostics available by providing endoscopy, MRI and CT scanners. This will increase the number of 'one stop shop' clinics and speed up diagnosis.

The new clinical strategy, which was launched in January 2022, sets out how we will deliver our ambition for best care. We will ensure that care is integrated, personalised and delivered consistently making maximum use of digital technology. The clinical strategy was part of the Trust's Your Care, Your Views public engagement programme in early 2021 to gather feedback on how it can improve services and build the best possible hospitals for the future.

Estates

The estates teams across our sites continue to manage an extremely challenging portfolio to best effect. The majority of our building stock and infrastructure is considered to be approaching or beyond its useful life. Urgent investment is required in the coming years to be able to continue to maintain and operate our estate to ensure that we can continue to support clinical teams in delivering clinical services safely. Investments continue in areas of highest risk via our backlog maintenance programme, with key areas addressed in year, including:

- Further investment in fire safety across all sites
- Investment in water hygiene across all sites
- Phase 1 of a multiyear programme of works to upgrade high voltage/low voltage electrical infrastructure at St Albans City Hospital and Watford General Hospital

Key challenges for the coming year include recruitment and retention of suitable qualified estates staff, a shortage of which is being observed across the health sector nationally.

The facilities team, and our partners Mitie, continue to manage all soft facilities management services across the Trust in challenging environments associated with the condition of the estate. Achievements in year include significant improvements in food hygiene ratings, and dealing with additional pressures associated with Covid. We are currently in the last year of a five year contract with Mitie and are considering extending for a further two years.

Strategic projects

The capital projects team have completed (or are nearing completion of) a significant number of schemes in year with an overall value of circa £52m, including:

- Multistorey car park
- Staff relocation project (Unit 11)
- Theatre refurbishment and reconfiguration
- Acute redevelopment minor enabling works schemes
- Backlog maintenance

We are currently finalising our prioritised projects for 2022/23 in line with capital allocations, with key schemes being:

- Phase 2 of high voltage/low voltage electrical works
- Medical gas works
- Lift upgrades

IT developments

In year, we deployed the Cerner Millennium EPR solution, going live in November 2021. EPR is an integrated electronic patient record system which will modernise and improve the way we deliver patient care across the Trust.

Introducing an EPR system means that all patient information is available electronically, on screen, at any hospital location, at any time. It will completely transform the way we admit, treat, and discharge our patients. It will also improve referral management, reducing the number of cancellations and rescheduled appointments.

There are multiple benefits in moving to an EPR. Patients' information is held in one place and can be accessed from anywhere by staff who are involved in the patient's care. Information about the patient's care will be entered into their record immediately, from their bedside if they are an inpatient or instantly during a clinic or phone or online appointment. This reduces the need for patients to repeat their details. Results from tests will be automatically uploaded to the patient's record and clinics will no longer be cancelled because paper records can't be found

With a single electronic patient record replacing the majority of the Trust's paper medical records, clinical teams will have instant access to the data they need to care for patients which will lead to a better patient experience.

Print provider

We have chosen a new managed print provider to work with and have partnered with Xerox. This now means that all print devices in the Trust are managed by one provider which will lead to greater efficiency.

Sustainability and net zero carbon

The Trust has recently ratified our Green Plan, which sets out our aspirations and targets for reducing carbon over the next three to five years. The plan is wide ranging, and involves all areas and functions throughout the Trust, including:

- Green travel
- Soft facilities management
- Energy use
- Medical (anaesthetic) gases

The Trust is committed to achieving the NHS net zero status by 2040. Key to this will be our redevelopment plans, and we are also working on a long term decarbonisation strategy to address existing buildings that are to be retained across our sites.

The Trust will continue to manage, monitor, and mitigate the risks associated with its estate for the coming years prior to the upcoming redevelopment schemes. Further six-facet and condition surveys are due to be undertaken in 2022/23. These will allow for further refinement and planning of investment of capital funding by focusing on areas of the estate which have the greatest need. They will also establish baseline information for service delivery model optioneering which will be undertaken over the coming years.

As accountable officer, I confirm that this is an accurate reflection of the Trust's performance in 2021/22.

Tracey Carter
Acting Chief Executive
28 June 2022

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the chief executive should be the accountable officer of the Trust.

The relevant responsibilities of accountable officers are set out in the NHS Trust Accountable Officer memorandum. These include ensuring that:

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

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 Date 28 June 2022

Tracey Carter
Acting Chief Executive

Board and Committee membership and register of meeting attendance 2021/2022

Name of member		Board (10)	Audit (5)	Charity (4)	Finance and Performance Committee (12)	Great Place Committee (formed 09/2020) (5)	People Education and Research Committee (**6**)	Quality Committee (12)	Remuneration Committee (4)	Trust Management Committee (12)
Phil Townsend	Chair	10/10			11/12				4/4	
Christine Allen	Chief Executive	9/10			9/12	5/5		9/12	1/4	9/12
Non-Executive Directors										
Ginny Edwards Non-Executive Director	Non-Executive Director	10/10		2/4				11/12	4/4	
Jonathan Rennison	Non-Executive Director	9/10		4/4				11/12	2/4	
Paul Cartwright	Non-Executive Director	10/10			11/12	4/5			4/4	
Natalie Edwards	Non-Executive Director	9/10	3/5				5/6		4/4	
Edwin Josephs	Non - Executive Director (appointed November 2020)	10/10	5/5				6/6		4/4	

Helen Davis	Associate Non-Executive Director (appointed May 2020)	10/10	4/5			3/5				
Harvey Griffiths	Associate Non-Executive Director (appointed December 2021)									
Executive Directors										
Helen Brown	Deputy Chief Executive	9/10		4/4		5/5				10/12
Paul Bannister	Chief Information Officer	9/10			12/12	5/5				11/12
Tracey Carter	Chief Nurse	10/10	4/4	3/4	9/12	5/5	5/6	10/12		10/12
Andrew McMenemy	Chief People Officer	9/10		2/4		2/5	5/6		4/4	12/12
Don Richards	Chief Financial Officer	10/10	4/4	3/4	10/12	5/5				11/12
Sally Tucker	Chief Operating Officer	10/10			10/12	4/5		9/12		10/12
Mike van der Watt	Chief Medical Officer	10/10			10/12	2/5	6/6	11/12		12/12

NHS
West Hertfordshire
Teaching Hospitals
NHS Trust

Accountability report

This section of the report includes the corporate governance, remuneration and staff reports. It also includes a report from internal auditors and financial statements and notes

Corporate Governance Report

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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the 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 the Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

3.1 Leadership

As accountable officer, I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Trust and for meeting all statutory requirements and adhering to guidance issued by NHS England and NHS Improvement in respect of governance and risk management.

The board has overall responsibility for setting the strategic direction of the Trust and managing the risks to delivery of the strategy. All committees have risk management responsibilities and report directly to the board. The Trust's corporate governance structure is shown in appendix 1.

The risk management strategy describes the roles and responsibilities of all employees within the Trust and sets out the requirement for an active lead from managers at all levels to ensure risk management is a fundamental part of the total approach to quality, safety, corporate and clinical governance, performance management and assurance. There is a clearly defined structure for the management and ownership of risk which through the risk register enables significant risks to be escalated to the board via the board assurance framework (BAF) and corporate risk register (CRR).

Through the internal audit plan, the Audit Committee has continued to seek assurance on the effectiveness and compliance with the risk management strategy.

A lead executive director has been identified for each strategic risk defined within the BAF; each risk relates to the Trust's strategic objectives. These 'high level' strategic risks within the BAF, supported by the CRR which contains 'high level' operational risks are subject to monthly review by the board and its committees.

The chief medical officer has overall responsibility for the implementation and compliance with the risk management framework within the Trust in order that the executive directors are supported in providing strategic leadership for:

- Financial risks and the effective coordination of financial controls throughout the Trust.
- Clinical quality and safety risks.
- Workforce and staffing risks.
- Medical risks.
- Information risks.
- Estates and capital risks.
- Governance risks; and
- Divisional risks.

All divisional triumvirate members have responsibility for the risk management activity in their division, including:

- Providing leadership for risk management activities in their division.
- Promoting and supporting the implementation of the risk management strategy.
- Monitoring the risk mitigation activities within their division to ensure that risks and remedial action plans are being appropriately managed, reviewed and updated in accordance with the risk management strategy.
- Monitoring and, where appropriate, challenging the scoring of risks to ensure consistency with the risk matrix.
- Ensuring divisional risk management activity is discussed and reviewed at relevant divisional meetings.
- Ensuring that staff are made aware of risks within their work environment and of their personal responsibilities for risk management.
- Presenting risk management reports to Trust committees, where required.
- Management of the identified risks within their division/department, including the escalation of risks, where appropriate.
- Promoting and embed an ‘open’ and ‘just’ culture; and
- Monitoring that all relevant risk assessments are undertaken, reviewed, and documented appropriately.

Senior managers routinely attend monthly risk review meetings to advise on specialty matters and provide assurance on operational risk management and divisional risk registers. The divisional risk registers are reviewed at divisional governance meetings at least on a quarterly basis to ensure actions have been taken to mitigate the risks. The divisional triumvirate is responsible for ensuring that any agreed local risks are added to the appropriate risk register and submitted to the risk review group for consideration.

Risk management of Covid-19

NHS England and other national regulatory bodies issued a range of targeted directives and essential guidance that focus on the delivery of patient safety and operational activity within healthcare in relation to the Covid-19 pandemic. In response the Trust introduced new ways of working that complement existing governance systems and processes. The new ways of working have continued to evolve through the pandemic, with a clinical decision panel which aimed to provide rapid, senior clinical and executive overview and scrutiny to all national and local changes and adapting new ways of working.

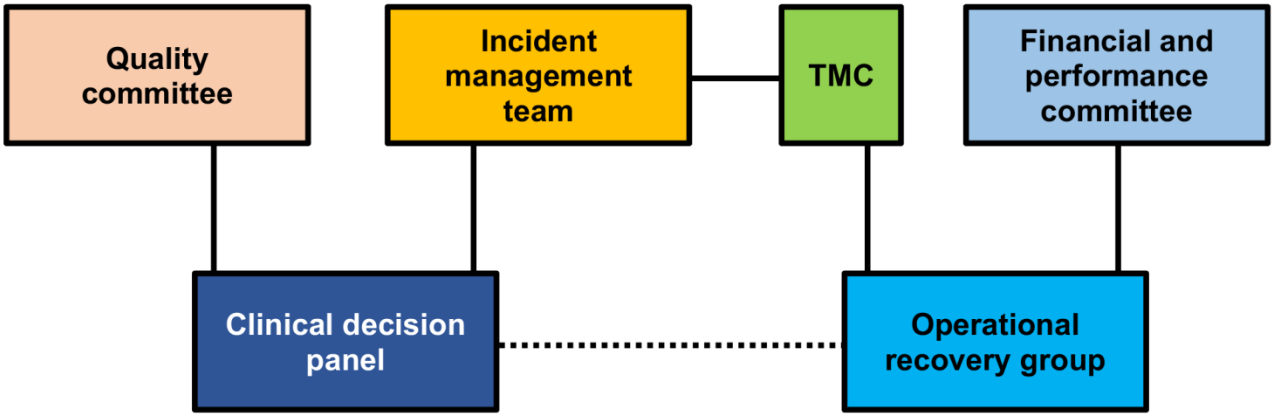
To address elective recovery and health inequalities the operational recovery group has been developed to prioritise service delivery and use a framework to evaluate recovery plans.

All identified risks were managed in line with Trust policies and procedures and remained within the existing organisational governance arrangements. Risks were reviewed via the divisional governance arrangements or directly raised with the lead executive director. The risk review group chaired by the chief medical officer reviews and accepts risks onto the corporate risk register as appropriate. Executive scrutiny and assurance was managed on a day by day basis in partnership with divisions

and specialties, escalation as appropriate was also received into the incident management team and risk assessed as appropriate.

A range of risks recorded within the divisional and corporate risk registers, have all been separately coded to indicate they were as a direct result of, or have been influenced by the Covid-19 pandemic. This approach supports the monitoring of risks across the whole organisation as well as aligning to the divisions and specialities.

COVID-19 additional governance arrangements



3.2 Training

Training is provided to staff members who have direct responsibility for risk management within their area of work, as defined by the Trust's risk management strategy. This includes the principles of risk management and escalation, when a risk is deemed to be tolerable and the frequency of review for the controls that mitigate risks and the operation and review of the risk register module of the safeguarding system.

Through the local workplace induction checklist, new employees are trained and notified of local risk arrangements including health and safety, incident reporting/escalation, and risk assessments. In addition, the Trust's mandatory training programme reflects essential training needs and includes risk management processes such as health and safety, clinical risk management, fire safety, conflict resolution, resuscitation, moving and handling, safeguarding adults and children, infection prevention and equality and diversity.

Facilitated by the training and development team, the Trust has a training needs analysis in place, which documents the mandatory training requirements for all staff within the financial year.

4. The risk and control framework

4.1 Key elements of the risk management strategy

The Trust's risk management strategy covers all aspects of risk and is subject to annual review to ensure it remains appropriate and current. The risk management strategy assigns responsibility for the ownership, identification, and management of risks to all individuals at all levels to ensure that risks are managed appropriately at a local level together with a framework which allows risks to be escalated through the organisation. The process populates the BAF and CRR, committee risk registers, divisional risk registers and specialty/departmental risk registers to form a systematic record of risks including the control measures designed to mitigate and minimise identified risks.

In 2021/22, the board and its assurance committees continued to refer to its risk appetite statement and threshold matrix approved by the board during the previous year. These are both dynamic documents and are used by the board and assurance committees to influence decision making at an individual risk level.

Risks are identified from a variety of different sources through the operation of the Trust's business; these can be proactive processes (planning processes, general observations, and internal/external audits) or reactive processes (incidents, complaints, claims, inspections, assessments, accreditations, reviews) and regulatory assessments. All identified risks are assessed and are entered into the Trust's risk register system, DATIX. The risk management strategy is available to all staff via the Trust's intranet.

The Trust uses risk registers to both manage the key strategic risks, receive assurances that mitigating actions are effective and to enable the escalation of any new areas of risk representing through the year. The risks managed on the risk register are derived from a number of internal and external sources including national requirements, national guidance, complaints, claims, incident reports and internal audit findings and are all contextualised against the Trust's strategic objectives.

All risks on the risk registers have an active, robust and time specific mitigation plan. It is understood that some strategic risks associated with the business of the Trust carry a high level of inherent risk and provided that the condition of reasonableness has been met, the Trust is prepared to tolerate strategic risks at a high level. This approach forms a fundamental part of the Trust's thinking on risk, risk tolerance and corporate decision making. The National Patient Safety Agency's risk matrix is used to aid the Trust in making decisions on risk, and this is used by the board as a basis of identifying acceptable and unacceptable risk.

Strategic risks are owned at an executive level in the organisation; however, the management of operational risks and their control measures and actions is undertaken at various levels in the Trust. Lead executive directors and lead managers are identified for each risk that assumes responsibility for addressing any gaps in control or gaps in assurance by developing and managing the corresponding action plans.

4.2 Key elements of the quality governance arrangements

- **Strategy**

Patient safety, clinical effectiveness, and patient experience, alongside improving efficiency, drive the board's strategic framework. This identifies key elements in the quality of care it delivers to patients and provides the basis for annual objective setting. The potential risks to patient safety, clinical effectiveness or patient experience are identified and escalated to the board in accordance with the process outlined in the section above.

- **Capabilities and culture**

The board ensures that it has the necessary leadership, skills, and knowledge to deliver on all aspects of the quality agenda. Board development activities are in place to support the board in its leadership

and strategic decision making and all board members receive an annual appraisal. The board keeps under review its clinical leadership model which puts senior medical and nursing colleagues at the heart of decision-making and management of each division within the Trust. During 2021/22, the culture of the Trust continued to place patients at the heart of everything, as well as being honest, open and striving to provide the best care possible.

- **Processes and structure**

Accountability for patient safety, clinical effectiveness and patient experience and improved efficiency are set out in the Trust's Quality Commitment which was approved by the board in March 2018.

The board holds ultimate accountability for ensuring the Trust's services are safe, effective and reflective of the needs of patients; to that end it is the responsibility of the board to foster a culture of quality and patient safety within the organisation by driving and overseeing the implementation of this strategy plan.

The board regularly monitors the progress of the Quality Commitment and delivery plan through its assurance committees and scrutinises the information contained in the integrated performance report and quality, workforce and finance performance reports which are produced regularly for the board and committees.

Divisional directors, heads of nursing, lead allied health professionals and divisional managers have responsibility for facilitating the implementation of this strategy and plan. Furthermore, it is the responsibility of the divisional teams to contribute to the delivery of the Trust's quality targets. This is managed through the development and delivery of divisional business plans which include specific requirements relating to quality, patient safety, and risk.

All managers and staff have a responsibility for supporting the Trust in its implementation of this strategy and plan and to adopt the principles of quality to guide them in their day-to-day roles.

The board commences every meeting with a patient story or service improvement story, reflecting on positive and negative experiences of patients using the Trust's services. The assurance committees receive quality and integrated performance reports to provide assurance on quality outcomes, including compliance with the CQC registration requirements and CQC essential quality and safety standards.

The board actively seeks feedback from patients, staff, visitors, commissioners, and other stakeholders in the pursuit of excellence as part of the continuous improvement cycle. All board members participate in walkabouts to engage with frontline teams and evaluate the safety, clinical effectiveness, and experience of care for patients.

Information reported to the board regarding performance against nationally mandated targets is collated from the dataset submitted to the Department of Health and Social Care. Likewise, data to support compliance with locally commissioned services and targets is reported to the board from the dataset provided to commissioners.

- **Data security**

Data quality and data security risks are the responsibility of the chief information officer and compliance is monitored by the informatics group, chaired by the chief clinical information officer. Independent assurance is provided by the data security and protection (DSP) toolkit review process and any risks identified are added to the risk register.

- **Major risks**

The estate
Whilst the Trust aims to provide the best care, the majority of our building stock and infrastructure is considered to be approaching or beyond its useful life and requires substantial investment so that we can continue to support clinical teams in delivering clinical services safely.

The Trust is progressing with its proposal to redevelop its hospital sites within the New Hospital Programme announced by the government as part of its Health Infrastructure Plan. It will continue to be in discussions with regulators to confirm the anticipated next steps.

The Covid-19 pandemic over the last two years has highlighted the significant challenges associated with our estate. Investments continue in areas of highest risk via our backlog maintenance programme, with further investment in fire safety, water hygiene and improvement works to upgrade the electrical infrastructure.

Several new service developments were completed during the year, such as the multi-storey car park, staff relocation project to Unit 11, theatre refurbishment programme, acute redevelopment minor enabling works and backlog maintenance.

The estates teams will continue to manage, monitor, and mitigate the risks associated with our estate for the coming years prior to the upcoming redevelopment schemes. The work planned for next year include phase two of high voltage/low voltage electrical works, medical gas works and lift upgrades.

Finances

Benchmarking analysis indicates that WHHT costs are comparable to those of similar sized acute hospital trusts. However poor estate, IT and the three-site configuration make it more difficult for the Trust to maximise efficiency opportunities compared to those trusts with a more modern infrastructure. It is acknowledged that there is much to do and a great deal of opportunity to be capitalised on in driving the productivity and efficiency of the Trust's services. The Trust implemented its new Electronic Patient Record in November 2021 which will drive sustainable financial and operational benefits in the longer term.

An in-depth assessment "Drivers of the deficit" has been undertaken to analyse and understand the areas of focus in the short to medium term. A combination of operational, structural (poor estates and digital infrastructure) and strategic (system wide) issues were identified. These findings, together with intelligence yielded from Model Hospital and GIRFT findings are being used to further develop the 5-year efficiency and productivity programme.

In 2021/22, the Trust as mandated nationally has a block contract with all commissioners. 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. This is intended to support the emergency financial regime in place to fight against the COVID 19 pandemic as well the elective recovery. This is an important step towards the new ways of working that the South and West Hertfordshire Health Care Partnership will bring.

IT infrastructure
During the year we deployed Windows 10 devices across the estate. This has been completed in all areas except for pharmacy, pathology and cardiology which all need an application upgrade prior to the switch to Windows 10 end user devices. All three areas have upgrade projects underway to achieve this. This was no small undertaking with 3,700 devices replaced across the organisation.

In readiness for the EPR system we made some Wi-Fi improvements to deliver a medical grade Wi-Fi in priority clinical areas. This resulted in 300 additional access points being added to the estate, providing a 50% increase in access points.

4.3 Compliance with licence conditions

As an NHS Trust, compliance with the UK Corporate Governance Code is not required, however, it has reported on its corporate governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the Trust.

In April 2021, on behalf of the board, the Quality Committee approved two regulatory NHS self-certifications; Condition G6(3), the provider has taken all precautions to comply with the licence, NHS Acts and NHS Constitution; and Condition FT4(8), the provider has complied with required governance arrangements. Actions identified to mitigate these risks are outlined below:

- **Effectiveness of governance structures**

The corporate governance team works with divisional management team to strengthen and embed the following areas within the Trust:

- Risk management
- Incident reporting and investigation
- Clinical audit
- NICE guidance
- Patient reported outcome measures
- Complaints and litigation
- CQUIN; and
- Involving and engaging patients and the public

The quality compliance programme incorporates national requirements and locally identified measures. Quality goals have been selected to have the highest possible impact across the overall Trust. Most measures are specific, measurable and time bound.

Each division has a divisional governance framework in place. Divisional performance meetings are held monthly, and executive directors hold divisions to account for their performance. Areas of concern are escalated to the assurance committees.

To test the effectiveness of its governance structures and process, the Trust employs BDO as its internal auditors. Set out below is the 2021/22 work programme delivered by internal audit:

Review title	Level of Assurance	
	Design	Operational Effectiveness
Time to Recruit	Moderate	Moderate
Infection Prevention Control - BAF	Substantial	Substantial
Local Induction Practices	Moderate	Moderate
Risk Maturity	Advisory	
Data Quality	Substantial	Moderate
Safeguarding	Substantial	Substantial
Key Financial Systems	tbc	Tbc
Data Protection Security & Protection Toolkit	Advisory	
Outsourcing	Moderate	Moderate
PIFU	Tbc	Tbc
IT Infrastructure	tbc	tbc

- **Responsibilities of directors and committees**

The board provides leadership and sets the tone for the organisation. As a unitary board, the non-executive directors share responsibility with the executive directors for ensuring that resources are in place to meet the objectives set.

The board comprises of 11 directors: the chair, five non-executive directors and five executive directors including myself.

To discharge its duties effectively, the board is required to have several statutory committees. All assurance committees are chaired by a non-executive director and the membership includes other non-executive directors, all of which have relevant experience and qualifications. Attendance at board meetings and assurance committees is shown on pages 47-48.

The Audit Committee provides an independent and objective view of the Trust's internal control environment and the systems and processes by which the Trust leads, directs and controls its function. The Audit Committee independently reviews the effectiveness of risk management systems, ensuring that all significant risks are properly considered and communicated to the board. It reviews the management of the BAF to assure itself that risks are being accurately identified and managed and appropriate assurance is obtained.

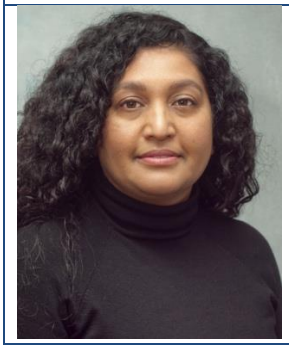
The assurance committees seek assurance from executive directors and divisions about risk and performance. Through the integrated performance report and finance, quality and workforce reports, non-executive directors can seek assurance and hold directors to account for quality, risk and performance.

The board also receives assurances through external assessments, clinical audit, internal and external audit which report regularly to the assurance committees. Visits are undertaken by board members which enable the board to meet with staff and patients and triangulate assurances received in formal meetings.

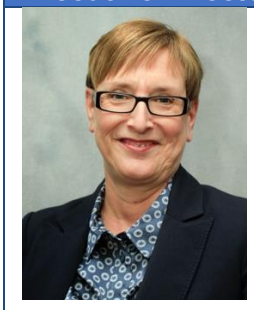
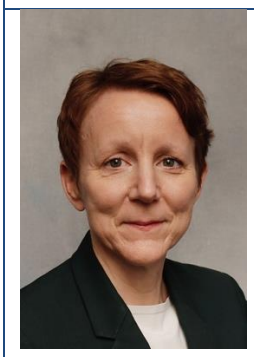
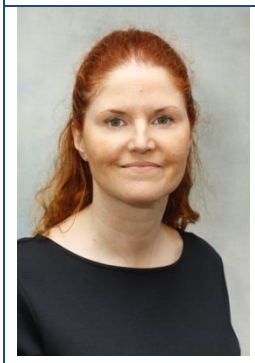
Together with internal and external audit, the Audit Committee receives reports on the effectiveness of the governance systems and structures to ensure they remain fit for purpose.

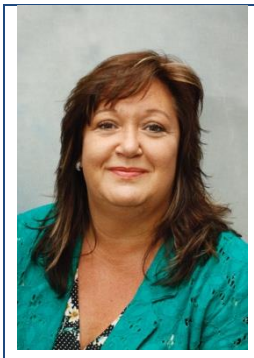
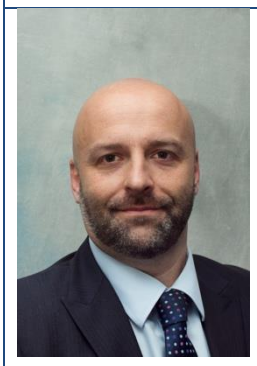
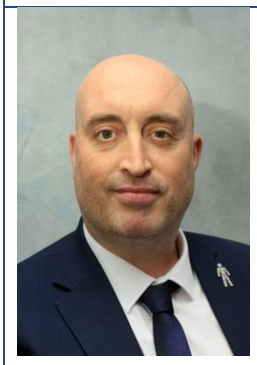
During 2021/22 the Trust continued to meet its requirements to undertake a fit and proper person assessment of its directors. All directors required to undertake the assessment met the requirements.

- **Reporting lines and accountability**

Non-Executive Directors	
	**Phil Townsend, Chair** Joined the Trust as a non-executive director in 2011, he was vice chair for five years and non-executive director for nearly eight years, before becoming the substantive chair in February 2020. Phil comes from a commercial background, having spent over 30 years in the complex telecommunications industry, focused on IT and business transformation. Responsibilities: Chair of Board
	**Ginny Edwards, Vice-Chair** Joined the Trust in 2014 and is a registered nurse who has been working within the NHS and the healthcare industry since 1975. She has held a number of director-level positions in organisations and at national level. Responsibilities: Lead for Freedom to Speak Up. Chair of Quality Committee. Member of Charity Committee
	**Paul Cartwright, Non-Executive Director** Joined the Trust in 2014 after working for Accenture (management consultants) for more than 20 years, where he specialised in finance, risk management and regulation. He is a Member of Council of King's College London. Responsibilities: Chair of Finance and Performance Committee. Member of Great Place Committee. Lead for End-of-Life Care
	**Jonathan Rennison, Non-Executive Director** Joined the Trust in 2014 with over 20 years' experience of working in the education, voluntary and public sectors. He currently runs an organisation which provides coaching for private businesses, as well as public sector and voluntary organisations and his expertise lies in helping leadership teams to manage change and development. Responsibilities: Senior Independent Director. Chair of Charity Committee. Member of Quality Committee Lead for Care of the Elderly, Learning from Deaths, Maternity
	**Natalie Edwards, Non-Executive Director** Appointed associate non-executive director in 2019 and non-executive director on 6 January 2021. She has over 20 years' extensive HR experience working in both strategic and operational roles. She has a strong track record of delivering business focused people strategies and transformation change projects. Responsibilities: Chair of People, Education and Research Committee. Member of Audit Committee. Lead for Health and Wellbeing.

	**Helen Davis, Associate Non-Executive Director** Helen was appointed as an Associate Non-Executive Director in May 2020. She has over 30 years' experience of the NHS working in both operational delivery and in a strategic advisory capacity. Helen has a background in all stages of the NHS estates and capital investment processes from strategic planning, through to business case approval, procurement and into construction and operation. She was previously UK Head of Health for an international advisory company and was the private sector director on two NHS/private Strategic Estates Partnerships. In addition, Helen is a local Justice of the Peace. Responsibilities: Chair of the Great Place Committee. Member of Audit Committee.
	**Edwin Josephs, Non-Executive Director** Edwin joined the board as a non-executive director in November 2020. He qualified as a chartered management accountant in 1984 and has extensive knowledge of corporate governance, risk and assurance and has held several senior financial positions. Edwin has also held senior roles in the public and charity sectors, including at the National Consumer Council and the Legal Services Board and was previously a non-executive board member for Chartered Institute of Management Accountants (CIMA) UK. Edwin worked for an NHS hospital Trust in Buckinghamshire early in his career in a variety of roles, including finance and auditing and senior leadership. He has lived in Abbots Langley for over 20 years. Responsibilities: Chair of the Audit Committee. Member of People, Education and Research Committee
	**Harvey Griffiths, Associate Non-Executive Director** Harvey joined the board as an associate non-executive director in December 2021 for an initial period of six months. He has substantial business and infrastructure experience and is currently a governor at Watford Grammar School for Girls. His commercial career spans three decades (with more than 20 years at chair, CEO, MD level) across capital investment, retail and social housing finance. Harvey will attend our finance and performance committee and the quality committee. Responsibilities: Shadow attendance at FPC and Quality Committee

Executive Directors	
	**Christine Allen, Chief Executive Officer** Appointed chief executive in March 2019. Christine has worked for the NHS for over 30 years, including as chief executive and other board level roles. She has also led service transformation and held senior positions in business development and IT in her NHS career. Responsibilities: Accountable officer. Chair of Trust Management Committee.
	**Helen Brown, Deputy Chief Executive Officer** Joined the Trust in 2014 and has an in depth understanding of the NHS developed over a 20-year career in North and East London. She has worked in both provider and commissioning organisations, with a focus on community and integrated care service development and major service change. Responsibilities: Lead executive for Charity Committee, deputising for the chief executive, strategy, acute redevelopment, sustainability and transformation partnership, estates and facilities, communications and engagement, integrated care, redevelopment of hospitals.
	**Tracey Carter, Chief Nurse** Joined the Trust in 2104 with over 30 years' experience as a nurse and has held several senior positions. In May 2019, Tracey received a prestigious Chief Nursing Officer award and was awarded an MBE in October 2020 for her service to the NHS. Responsibilities: Lead executive for Quality Committee, maternity safety champion, governance, nursing, midwifery and allied health professional (NMAHP), quality improvement, NMAHP education, infection prevention and control, safeguarding, end of life care, duty of candour, CQC.
	**Mike van der Watt, Chief Medical Officer** Joined the Trust in 2011 as a consultant cardiologist before becoming divisional director of medicine a year later. He was appointed as chief medical officer (formerly known as medical director) in April 2013. Responsibilities: Caldicott Guardian, medical establishment, medical education, medical revalidation, risk management, serious incidents, discharge services, mortality, medicines management, clinical strategy, patient safety.
	**Don Richards, Chief Financial Officer** Joined the Trust in 2014, having previously been an NHS director of finance with over 20 years' experience in director roles for a number of NHS organisations, mostly in the acute sector. Responsibilities: Financial performance and management, operating and financial plan, procurement, efficiency delivery, income, contracts and commerce, service line reporting and patient level costing, financial accounts, treasury accounting and cashiers, accounts receivable and payable, private patient services, overseas visitors.

	**Sally Tucker, Chief Operating Officer** Appointed in November 2016, with over 35 years extensive experience in NHS operational management, initially joining as a management trainee. Her previous roles include deputy mental health services manager and deputy director of strategy and corporate services. Responsibilities: Emergency services, business continuity, elective care, bed management, A&E performance, space utilisation, divisional performance, senior managers and directors on call service, service delivery, RTT/ED/cancer performance.
	**Paul Bannister, Chief Information Officer** Appointed in 2019, Paul is a qualified accountant with 15 years' NHS experience and extensive experience in commissioning, financial and acute contract management. Responsibilities: Senior information responsible officer ICT, digital transformation, business intelligence and reporting, performance assurance, outpatient administration, including medical records, information governance and data protection.
	**Andrew McMenemy, Chief People Officer** Appointed in February 2021, Andrew has worked in the NHS since 1997 in a variety of HR positions across NHS organisations in Scotland and the West Midlands. He worked on providing staff wellbeing solutions during the pandemic and will focus on developing the Trust's workforce with an emphasis on diversity and inclusion, further enhancing wellbeing support for all staff and improving the work-life balance. Responsibilities: Medical education, recruitment, occupational health, employee relations, education, learning and development, temporary staffing, medical resourcing, health and wellbeing, organisational development, apprenticeship, workforce redesign ICS lead for workforce planning, leadership and temporary staffing, East of England locum consortium lead.

Clinical representatives		
 **Dr Andy Barlow** **Divisional Director, Medicine**	 **Dr Anna Wood** **Director of Governance**	 **Mr Simon West** **Divisional Director, Surgery, Anaesthetics and Cancer**
 **Mr William Forson** **Divisional Director, Women's and Children's Services**	 **Mr Martin Keble** **Divisional Director, Clinical Support Services**	 **Dr Rachel Hoey** **Divisional Director for Emergency Medicine**
	 **Mitra Bakhtiari** **Director of Midwifery**	

- **Submission of timely and accurate information**

Through its governance structures, the Trust can assure itself on its performance. The board receives submission of timely and accurate information in the integrated performance report and in quality, workforce, and finance reports. The board assurance framework and the corporate risk register are produced regularly for the board and its assurance committees.

The board also receives assurances through external assessments, inspections and visits, clinical audit and internal and external audit which report on a regular basis to the assurance committees, including the Audit Committee. The Trust is therefore satisfied that there is a high degree of rigour and board oversight of risk and performance.

- **Board oversight of performance**

The Trust has an annual plan which is approved by the board and submitted to NHS England and NHS Improvement. The plan is monitored by the assurance committees and the board.

A monthly integrated performance report is produced which contains performance indicators and NHS Improvement's metrics for quality, performance, workforce, and finance information.

The Trust's resources are managed within the corporate governance framework and include standing financial instructions, standing orders and scheme of delegation. Financial governance arrangements are supported by internal and external audit that assess the economic, efficient, and effective use of resources and provide assurance to the Audit Committee.

Divisional and corporate departments are responsible for the delivery of financial and other performance targets through a performance management framework which incorporates service reviews with the executive team in four key areas, and compliance with the Trust's financial accountability framework.

The Trust uses external support to identify areas of improvement and develop and implement action plans to deliver the required efficiency. Through the contracts and commissioning team, business cases are developed to ensure that rigour is applied to significant changes in operation and service provision. This includes impact assessments and due diligence tests.

The Trust's cost improvement programme achieved savings of £8.0m for 2021/22 against a plan of £15m (2019/20 outturn savings programme was £15m pre-pandemic). Achievement of savings was lower than trajectory due to COVID 19 pandemic and focus on elective recovery.

How risk management is embedded in the activity of the Trust

The Trust has a risk management strategy in place which ensures that risks are considered and managed as part of its activity. Each division has a risk register which is regularly reviewed and updated, and operational risks are considered through the divisional governance framework. The risk registers are used to develop the monthly CRR and BAF report for the board and monthly risk reports for assurance committees.

The Trust openly encourages staff to report incidents and near misses using the Trust's incident reporting system (DATIX). The Trust encourages reporting within an open and fair culture, where reporting is congratulated, and individuals are not blamed or penalised if they speak out. The Trust has adopted and supported the Speak out Safely initiative.

Following the publication of NHS Employers' *Review into Raising Concerns* in March 2015, the organisation continues to promote the culture of speaking up for patients to improve and maintain the patient and staff experience.

The Trust's Freedom to Speak up Guardian is supported by the lead non-executive director for Freedom to Speak Up. The Trust continues to closely follow the recommendations from Robert Francis' *Freedom to Speak Up* report.

An incident reporting system is in place and incidents are entered onto a database for analysis. All incidents that are submitted using the incident reporting system are evaluated, with root cause analysis undertaken for instances of harm that are deemed to be serious under the Trust's incident reporting (including serious incident) and management policy. A weekly serious incident review meeting led by the chief medical officer or chief nurse determines whether rapid reviews or other actions are required. All identified changes in practice identified through a root cause analysis are signed-off by the serious incident review group.

For designated cost improvement activity, quality impact assessments are used by the Trust in respect of business cases, programme management activities and cost improvement programme proposals. Significant proposals must be signed off by the chief medical officer and chief nurse and impact assessments are kept under review.

The Trust has a zero-tolerance approach to fraud. The counter fraud service is provided by RSM. This helps to embed and tackle fraud and potential fraud in several ways.

- Developing an antifraud culture across the workforce
- Fraud proofing of all Trust policies and procedures
- Conducting fraud detection exercises into areas of large risk
- Investigating any allegations of suspected fraud
- Obtaining, where possible, appropriate sanctions and redress

All policies, procedures, guidelines, schemes and strategies have a completed equality impact assessment (EIA) before being submitted to the relevant committee for discussion and sign off. Likewise, completion of an EIA is expected when there is a new service to be implemented, a change to a service or cessation of the service along with the relevant consultation and engagement with service users. Where an adverse impact is identified during the completion of the initial assessment, a full EIA is carried out. This involves consulting and engaging with people who represent protected characteristic groups and other groups if required to do so.

4.4 How public stakeholders are involved in managing risks which impact on them

The Trust involves both patients and public stakeholders in the governance agenda, strategic planning and risks facing the Trust. This has been achieved through engagement with patients, Herts Valleys Clinical Commissioning Group, Hertfordshire County Council's Health Scrutiny Committee (HSC), local safeguarding boards and Hertfordshire HealthWatch. The Trust is also represented at the local Health and Wellbeing Board and frequently attends local authority committee meetings when hospital care and/or redevelopment plans are on the agenda.

Several patients attend meetings held by the Trust to ensure that the views of patients, carers and families are taken into consideration when the Trust is planning and developing services. Patient representatives contribute to meetings by bringing their personal experience and offering ideas and opinions. They help to facilitate the 'patient voice' being heard throughout the Trust whenever decisions that affect patient care are made.

Our redevelopment plans and the establishment of a co-production board have been at the heart of our engagement activity in 2021/22.

Online tools were used to hold meetings with our stakeholder reference group (for the redevelopment plans) and meetings of the co-production board. This is a forum for patient representatives to meet with the Trust and discuss a range of issues with the intention of improving the experience for patients (and carers) using our services.

Our inclusion and diversity manager has supported the engagement work to attract more young people as well as BAME communities to promote equal access to appropriate and quality services and to ensure that feedback is representative of the communities we serve.

The first phase of our public engagement programme called 'Your Care, Your Views' took place between 18 February 2021 and 28 March 2021 to gather feedback from everyone about how we can improve our services and build the best possible hospitals for the future. Proposals for new ways to provide care are being developed alongside rebuild and refurbishment plans for Hemel Hempstead Hospital, St Albans City Hospital and Watford General Hospital.

A second phase of engagement ran from 10 May to 30 June 2021 and shared feedback from the survey undertaken during phase one and explained the next steps in the programme. It also undertook the following tasks:

- created an engagement document and a presentation which provided detail on which services were moving where
- provided case studies from a patient perspective which provided greater insight into the 'one stop' clinic model and the proposed new way of managing routine follow-up appointments
- reassured the public that in-person appointments would still be available and that moving to online appointments was not compulsory
- carried out targeted research to determine whether results from a random and representative population sample differed from those expressed in the survey
- conducted in-depth research with current/recent patients whose services were set to change location
- continued to broaden and deepen reach through community networks and ensured that opportunities to engage were offered to those with protected characteristics.

The Trust takes its 'duty to involve' very seriously, as evidenced by our active engagement programme last year and the continued events we are running which provide local people with an opportunity to hear about our plans and provide feedback. Information about engagement sessions is regularly updated on our website, where there are also copies of our monthly newsletter (Blueprint) which anyone can sign up to receive. It provides an update on our redevelopment plans.

Local people have provided valuable feedback about transport and access as well as on new and proposed models of care. We are very grateful for the time given.

Measures in place to ensure safe staffing processes

Developing workforce safeguards supports the Trust to give patients safe, high quality, compassionate care that is financially sustainable. The board recognises the need to be consistent in its approach to safe staffing levels across all clinical workforce groups.

An adult nursing establishment review is completed bi-annually and reported to the Quality Committee and board using evidence-based tools, such as the safe care tool that uses patient acuity and dependency. Quality impact assessments are made when any ward reconfiguration occurs and have been undertaken for new roles introduced into the workforce. A quality dashboard is discussed at divisional, executive and board meetings with a monthly divisional and organisational performance review that monitors quality metrics, patient outcomes, staff and patient experience and financial sustainability.

Throughout the day staffing is reviewed using the safer care tool and senior staff undertake a risk assessment which is triangulated with professional judgement and documented. Formal escalation procedures are in place to be used in and out of hours.

There is a forward plan for establishment and skill mix reviews across nursing and midwifery services which are discussed and agreed at board level. The Trust is one of three founder members of a shared bank across Hertfordshire that allows staff to work across all three acute hospital trusts.

The right skills are monitored and supported through mandatory training, development, and education. E-roster and Medi-rota are used to manage staffing resources effectively and to enable the right staff with the right skills to be deployed daily as part of a risk assessment process which is documented and reported daily.

To enable improved productivity, the Trust continually reviews its skill mix to ensure the appropriate use of staffing and has introduced nursing associates where appropriate. The Trust has used the apprenticeship levy to fund the training of new and existing healthcare support workers into these roles.

Getting It Right First Time (GIRFT) is a national programme designed to improve clinical care by increasing productivity and efficiency across a range of speciality areas, by identifying unwarranted variation in clinical practice. By sharing best practice, the programme identifies changes that will help improve patient care and outcomes.

The Trust is working in collaboration with the Hertfordshire and West Essex ICS on a range of workforce priorities, including leadership and management development opportunities for the region. It is enhancing workforce planning and modelling at system level and developing coordinated initiatives to support the wellbeing of staff. These priority areas look to enhance the quality of provision and accessibility of leadership development, developing plans to support challenged staff groups with workforce sustainability solutions and supporting the on-going wellbeing of staff, affected by pandemic challenges.

4.5 Disclosure of registration requirements

The Trust is fully compliant with the registration requirements of the CQC. Oversight of the Trust's quality compliance programme is regularly monitored through the Quality Committee and reported through to the board. An unannounced CQC inspection of maternity services took place on 13 October 2021. Maternity services received a 'requires improvement' rating which was published on 22 December 2021. In June 2020, the Trust received a rating of 'Requires Improvement'. The report noted that the Trust's rating for caring remained as 'Good' and its rating for 'effective' and 'well led' had improved to 'Good' since its previous inspection.

4.6 Register of interests

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The most up to date register can be found at https://www.westhertshospitals.nhs.uk/about/Trustboard.asp

4.7 Compliance with the NHS pension scheme regulations

As an employer with staff entitled to membership of the two NHS pension schemes, control measures are in place to ensure all employees obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the scheme rules and regulations and that member pension schemes records are accurately updated in accordance with the timescales detailed in the regulations.

4.8 Compliance with equality, diversity, and human rights legislation

Over the past year, the Trust has been working hard to ensure the quality of its services takes account of the many different communities it serves and the diversity of its skilled and talented workforce. More details on this work can be found in the performance analysis section of this report.

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

4.9 Compliance with climate adaptation requirements under the Climate Change Act 2008

The Trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Trust has an annual plan which is approved by the board and submitted to NHSE and NHSI. The plan is monitored by the assurance committees and the board. A monthly integrated performance report is produced which contains performance indicators and NHSI's metrics for quality, performance, workforce, and finance information.

The Trust's resources are managed within the corporate governance framework and include standing financial instructions, standing orders and scheme of delegation. Financial governance arrangements are supported by internal and external audit that assess the economic, efficient, and effective use of resources and provide assurance to the audit committee.

Divisional and corporate departments are responsible for the delivery of financial and other performance targets through a performance management framework which incorporates service reviews with the executive teams.

Where necessary, the Trust uses external support to identify areas of improvement and develop and implement action plans to deliver the required efficiency. Through the contracts and commissioning team, business cases are developed to ensure that rigour is applied to significant changes in operation and service provision. This includes impact assessments and due diligence tests.

In April 2021, the Quality Committee on behalf of the board approved two regulatory NHS self-certifications; Condition G6(3), the provider has taken all precautions to comply with the licence, NHS Acts and NHS Constitution; and Condition FT4(8), the provider has complied with required governance arrangements.

The Trust's efficiency programme achieved savings of £8.0m.

6. Well-led framework

In 2018/19, the Trust's leadership and governance arrangements were reviewed externally by NHS Improvement, the CQC and an external consultancy. The CQC inspection in November 2018 rated 'well-led' for the Trust as requires improvement. The Trust implemented an improvement plan following that inspection and carried out significant improvement work during 2019/20 in relation to the well-led framework. In June 2020, it received a rating of 'good' for the well-led domain.

During 2020/21 and this reporting year, the Trust's work in relation to the well-led framework was disrupted by the pandemic. However, the Trust continued its monthly board meetings virtually, initially in private for three months and then in public (virtually) for the remainder of the year. During 2021/22, it started holding 'hybrid' meetings where some members of the board attended in person and some attended virtually. Sub-board committee meetings were maintained virtually, and board engagement

continued with a mix of in person and virtual visits. Risk management continued with regular reviews of the corporate and service level risk registers.

There was a continued focus on the Trust's strategic priorities with work on vision, strategy and engagement connected to the hospital redevelopment which included the approval of the Trust's clinical strategy for the next five years and the achievement of 'Teaching Hospital' status in December 2021.

Staff health and wellbeing remained a priority during the pandemic and work continued on inclusion, speaking up and analysing and implementing the results of the staff survey. Innovation work progressed with the continued development of the virtual hospital model to meet the needs of Covid patients as well as respiratory and cardiovascular patients. The Trust developed its Covid Medicine Delivery Unit (CMDU) which provided early medical treatment to vulnerable patients who tested positive for Covid.

The board assessed its effectiveness in May 2021 and undertook a review of its structure in July 2021. It anticipates undertaking an external review of governance towards the end of 2022 in accordance with the requirements for external reviews set out in the well-led framework.

7. Information governance

Information governance incidents are graded using the NHS Digital breach assessment grid which is in line with requirements under the UK General Data Protection Regulations 2016 and Data Protection Act 2018. Incidents are graded using a 5 x 5 breach assessment grid according to the significance of the breach and the likelihood of serious consequences occurring to the individual or groups of individuals affected. 1 is the least serious and 25 the most serious. Incidents graded as 6 or above are reportable to the Information Commissioner's Office (ICO) via the Data Security and Protection Toolkit Incident Reporting Tool.

During the financial year 2021/22, one serious incident was reported to the ICO.

Month of incident	Nature of incident	Number affected	How patients were informed	Lessons learned
Oct 2021	Inappropriate access by member of staff to electronic patient records.	3	Patients involved were notified by the Safeguarding team.	This incident was investigated by HR and the divisional area involved. Outcomes and any lessons learnt will be implemented at a local level by the division.

8. Annual Quality Account

The Trust is required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year.

The 2021/22 Quality Account will be completed in line with national guidance and a formal review process has been established with external stakeholders (commissioners, Overview and Scrutiny Committee and Healthwatch). The Quality Account goes through a number of internal sign off processes, including Quality Committee for assurance before being made available on the Trust's website.

Steps have been put in place to assure the board that the Quality Account presents a balanced view and that there are appropriate controls in place to ensure the accuracy of the data. These steps cover the following areas as detailed below:

- **Governance and leadership**

The quality improvement system is led directly by the board which also exercises its governance responsibilities through monitoring and reviewing the Trust's quality performance. The Quality Committee reports directly to the board and leads the Trust's quality agenda and provides assurance on compliance with the Trust's quality indicators.

- **Policies**

The Trust has in place a suite of policies which have quality at their heart, focusing on care that is safe, effective, and reflective of the needs of patients and staff. The Quality Committee sets out the framework in which quality improvement will be achieved within the Trust, including key policies such as the incident policy and the complaints policy.

- **Systems and processes**

The board ensures that adequate systems and processes are maintained to measure and monitor the Trust's effectiveness, efficiency, and economy, as well as the quality of the healthcare it delivers. The board regularly reviews the performance of the Trust in these areas against regulatory requirements and approved plans and objectives.

- **Data use and reporting**

The Trust is provided with external assurance from national data submissions and national patient survey results, local inpatient survey results and information governance toolkit results. Local internal assurance is also provided through the analysis of data following local internally led audits in relation to nursing care indicators; analysis of data following incidents in relation to medication errors; and slips, trips and falls incidents for patients and other patient harm. The quality and safety metrics are also reported monthly to the board through the integrated performance report and other quality and safety reports.

- **Data quality of elective waiting time data**

There are several ways in which the Trust carries out checks to validate data quality for referral to treatment (RTT), diagnostic, and cancer waiting times (CWT) for elective waiting time reporting.

All patient pathways for RTT, diagnostic and CWT standards are guided by the Trust's access policy, which describes the processes to be followed to ensure transparent, fair and equitable management of waiting lists. It includes guidelines and procedures to ensure that waiting lists are managed effectively, a high quality of service is maintained, and optimum use is made of resources at all locations with the Trust.

The access policy allocates clear lines of responsibilities within the organisation for ensuring that services have the frameworks, policies, and processes to support delivery of operational standards in relation to RTT, diagnostics and CWT, including robust checking to ensure adherence to the policy. A wide range of specific checks are undertaken by the Trust to validate data quality.

A series of specific RTT training modules is available via online learning for relevant staff groups to strengthen the understanding of RTT rules further and provide greater assurance on the accuracy of elective waiting time reporting.

8. Review of effectiveness

As accountable officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me.

My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and the Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system in place.

The effectiveness of the system of internal control is maintained by ensuring clear duties and accountability is allocated to each part of the governance framework and to individuals within the framework. I am assured that the Trust has in place a robust escalation framework which ensures timely and effective escalation from divisions and committees.

I am assured that the board effectively reviews risks to the delivery of the Trust's performance objectives through its monitoring of performance in the key areas of finance, activity, national targets, patient safety, quality, and workforce. This enables me, the executive team, and the board to focus and address key issues as they arise.

The Audit Committee independently monitors the effectiveness of internal controls and risk management arrangements by approving annual audit plans, receiving regular individual and progress reports, and ensuring that recommendations arising from audits are actioned by the executive management.

I am assured that the Trust has a clinical audit strategy in place which clearly sets out clinical audit objectives and priorities in relation to resource allocation and corporate, divisional, and individual responsibilities. Clinical audit is monitored by the Quality Committee and the Audit Committee provides added assurance on the controls in place. The internal audit reports show that the Trust has been successful in embedding good controls at many levels. However, the Trust remains vigilant and continues to strive for further improvements across all areas.

The Trust has in place a plan to bring the organisation back into financial balance by addressing the structural deficit and implementing a sustainability programme. As part of its financial plan, the Trust is working with HVCCG, NHSI and NHSE to secure the necessary resources to continue its operations and achieve financial sustainability.

The head of internal audit has provided moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently. In forming this view it was considered that:

- As at month 11, the Trust is reporting a deficit of £0.1m, with a forecast year end of £0.6m surplus.
- In the current year all of the audits provided either substantial or moderate assurance in the design of controls (Substantial: 3 and Moderate: 3), 2020/21: (Substantial: 2 and Moderate: 6). In addition we completed two audits which were advisory in nature and therefore did not generate an assurance level. These covered risk maturity and the data toolkit, in both of which the Trust benchmarked well, with some areas for improvement.
- In the current year all audits provided moderate assurance or better in the operational effectiveness of controls (Substantial: 2, Moderate: 4), an improvement on 2020/21: (Substantial: 1, Moderate: 6 and Limited: 1).
- There were a total of 25 recommendations (High: 0, Medium: 19 and Low: 6) raised in the current year, compared to 48 recommendations (High: 4, Medium: 39 and Low: 5) in the prior year; this represents a decrease of 52%, with a slightly lower proportion of medium level recommendations raised in the current year. However, the three audits to be completed are likely to add to this number.
- The Trust have specifically requested audits into known areas of concern and new areas of risk e.g. Time To Recruit and Outsourcing.
- However, the Trust have been slow in implementing some audit recommendations in the year e.g. Procurement Desktop Review-Minor Works.

Moderate assurance is our second highest assurance rating, which reflects in the main that there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not effective and a small number of exceptions found in testing of the procedures and controls.

9. Conclusion

In line with the guidance on the definition of the significant internal control issues, I have not identified any significant control issues.

Signed Date 28 June 2022

Tracey Carter
Acting Chief Executive

Oversight Framework

NHS England/NHS Improvement's (East of England) oversight framework provides the framework for overseeing providers and identifying potential support needs.

The framework looks at five themes
1) Quality of care,
2) Finance and use of resources,
3) Operational performance,
4) Strategic change, and
5) Leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from 1 to 4, where 4 reflects providers receiving the most support, and 1 reflects providers with maximum autonomy.

As of April 2019, the Trust is in segment 2. Current segmentation information for NHS Trusts and foundation trusts is published on the NHS Improvement website.

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

Acting Chief Executive

28 June 2022

Chief Financial Officer

28 June 2022

Independent auditor's report to the Directors of West Hertfordshire Teaching Hospitals NHS Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of West Hertfordshire Teaching Hospitals NHS Trust (the 'Trust') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group accounting manual 2021 to 2022 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks

associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report 2021-22, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Governance Statement does not comply with the guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the

Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and

- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the above matters except on 28 June 2022 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to West Hertfordshire Teaching Hospitals NHS Trust's breach of its break-even duty for the year ending 31 March 2022.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraud in revenue and expenditure recognition. We determined that the principal risks were in relation to:
  - unusual journal entries made during the year and accounts production stage
  - appropriateness of assumptions applied by management in determining significant accounting estimates, such as the valuation of land and buildings and the completeness and accuracy of provisions and accruals.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on testing unusual journal entries made during the year and accounts production stage for appropriateness and corroboration;

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to property, plant and equpment land and building valuations and completeness and accuracy of accruals, payables and provisions.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
    - knowledge of the health sector and economy in which the Trust operates
    - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS England’s rules and related guidance
    - the applicable statutory provisions.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, they will be reported by exception in a further auditor’s report. We are satisfied that this

work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for West Hertfordshire Teaching Hospitals NHS Trust for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

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

anyone other than the Trust and the Trust's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Ciaran McLaughlin

Ciaran McLaughlin, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London
Date: 28 June 2022

Independent auditor's report to the Directors of West Hertfordshire Teaching Hospitals NHS Trust

In our auditor's report issued on 28 June 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2022, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

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

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 28 June 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out

the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of West Hertfordshire Teaching Hospitals NHS Trust for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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

Ciaran McLaughlin

Ciaran McLaughlin, Key Audit Partner

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

London

13 September 2022

Staff and remuneration report

Staff policies applied during the financial year

The Trust has a recruitment and selection policy in place, which is committed to supporting employees whilst also delivering the highest standards of care and service to patients and service users. The Trust aims to be the employer of choice locally and draws on a wide and diverse range of people with a variety of skills and talents to deliver and manage its services; concentrating positively on the real requirements of jobs and the individual abilities of people who seek employment.

The national NHS jobs website is used to advertise all posts and applicants are asked about disabilities as part of the process. Any candidate who has declared a disability and invoked the 'two tick' scheme within their applications is guaranteed an interview provided they meet the minimum criteria for the post. A functional requirement form is also completed as part of pre-employment checks. Where a disability is identified, a discussion is held with the line manager as to what adjustments need to be made in conjunction with the occupational health department.

The Trust has a management policy in place to inform the need for reasonable adjustments and support staff who become disabled during employment. Close links are in place with the occupational health department in order to ensure that everything is done to support staff with disabilities at work.

Numbers of staff by banding and ethnicity

Band	Unknown	Black and Ethnic Minority	Ethnicity Not Disclosed	White	Total
Band 2	2	386	42	384	814
Band 3	4	179	36	315	534
Band 4	1	139	22	382	544
Band 5	2	647	84	304	1037
Band 6		356	52	425	833
band 6		1			1
Band 7	1	175	30	368	574
Band 8a	1	69	8	137	215
Band 8b		20	7	55	82
Band 8c		4	8	17	29
Band 8d		4	2	17	23
Band 9		3		10	13
Consultant		174	7	111	292
Foundation House Officer 1		43	1	18	62
Foundation House Officer 2		31	14	19	64
Non-Executive Director		2	2	5	9
Other doctor	2	221	25	56	304
Senior Manager		1	3	9	13
Grand Total	**13**	**2455**	**343**	**2632**	**5443**

Staff numbers by gender

Staff Group	Female	Male	Total	Female %	Male %
Add Prof Scientific and Technic	75	21	96	78.1%	21.9%
Additional Clinical Services	782	243	1025	76.3%	23.7%
Administrative and Clerical	1012	247	1259	80.4%	19.6%
Allied Health Professionals	233	60	293	79.5%	20.5%
Estates and Ancillary	36	46	82	43.9%	56.1%
Healthcare Scientists	124	42	166	74.7%	25.3%
Medical and Dental	318	404	722	44.0%	56.0%
Nursing and Midwifery Registered	1627	159	1786	91.1%	8.9%
Students	14		14	100.0%	0.0%
Grand Total	**4221**	**1222**	**5443**	**77.5%**	**22.5%**

Staff sickness absence data (audited)

For further details on average staff sickness per day in 2021/22 please refer to https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Modern Slavery Act 2015 – Transparency in supply chains

In line with the requirements of the Modern Slavery Act 2015, the board approved a statement which provided an overview of the steps taken by the Trust during the financial year to ensure that slavery and human trafficking had not taken place in any of its supply chains, and in any part of its own business. The statement, which is published on the Trust's website, confirms that the Trust has zero tolerance of slavery and human trafficking. Its policies, procedures, governance and legal arrangements are robust, ensuring that proper checks and due diligence are applied in employment procedures to ensure compliance with this legislation.

The Trust also conforms to the NHS employment check standards within its workforce recruitment and selection practices, including through managed service provider contract arrangements.

The statement can be accessed at www.westhertshospitals.nhs.uk.

Staff numbers and composition

Staff Numbers and composition - 2021/22

	2021/22						2020/21	
	Total		Permanently employed		Other		Total	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
Medical and dental	777	93,966	702	73,407	75	20,559	805	90,076
Administration and estates	1,161	54,302	1,066	46,832	95	7,470	1,137	59,823
Healthcare assistants and other support staff	1,115	34,858	913	28,696	202	6,162	1,070	33,472
Nursing, midwifery and health visiting staff	1,741	93,489	1,531	81,216	210	12,273	1,632	84,415
Scientific, therapeutic and technical staff	531	30,696	482	27,205	49	3,491	526	29,155
Engaged on capital projects	78	4,006	43	2,387	35	1,619	33	1,212
TOTAL	**5,403**	**311,317**	**4,737**	**259,743**	**666**	**51,574**	**5,203**	**298,153**

This table excludes Apprentice Levy costs of £1061k in 2021/22 (£973k in 2020/21) included in note 9 of the financial statements

Policy on remuneration of directors

Decisions on remuneration of directors are made by the Remuneration Committee which seeks to position the Trust in a way that is able to attract, retain and motivate very senior managers (VSM) and associated directors of sufficient calibre to maintain high quality, patient-centred healthcare and effective management of the Trust's resources. The committee ensures that it strikes an appropriate balance between this approach and the duty to ensure effective stewardship of public resources. On an annual basis the committee will consider the remuneration packages of all VSM and associated directors to ensure that remuneration remains appropriate and continues to ensure effective stewardship of public resources.

Directors' salary relative to workforce (audited)

Director's Salary Relative to Workforce **Audited**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director / member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce.

Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of salary components of the organisation's workforce. The banded remuneration of the highest paid director in the Trust in the financial year 2021-22 was £299k (2020-21, £307k). The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

In 2021/22 no employee received remuneration in excess of the highest paid director. Remuneration ranged for full time employees from pay banding £20-25k to pay banding £295-300k.

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

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021-22	11.5:1	7.8:1	5.8:1
2020-21	**n/a	*10.2:1	** n/a

*The comparator pay multiple in 2020/21 has been revised due to an error.
** the comparators for 2020/21 are not available.

Directors' remuneration (voting members only)

West Hertfordshire Teaching Hospitals NHS Trust
Year End 31 March 2022

DIRECTORS' REMUNERATION 2021-2022 (voting members only)		2021/22					2020/21				
NAME	TITLE	SALARY bands of £5,000	Expense payments (taxable) total to nearest £100	Performance pay and bonuses bands of £5,000	All pension-related benefits (bands of £2,500)	TOTAL bands of £5,000	SALARY bands of £5,000	Expense payments (taxable) total to nearest £100	Performance pay and bonuses bands of £5,000	All pension-related benefits (bands of £2,500)	TOTAL bands of £5,000
C. Allen	Chief Executive	215-220	0	0	0	220-225	205-210	0	0	0	205-210
P. Townsend	Chairman	40-45	0	0	0	40-45	40-45	100	0	0	40-45
V. Edwards	Non-Executive Director Freedom to speak up Guardian, and Vice Chair	15-20	0	0	0	15-20	10-15	0	0	0	10-15
E.Josephs	Non-Executive Director	10-15	0	0	0	10-15	0-5	0	0	0	0-5
J. Rennison	Non-Executive Director (Senior Independent Director)	10-15	0	0	0	10-15	10-15	0	0	0	10-15
P. Cartwright	Non-Executive Director	10-15	0	0	0	10-15	10-15	0	0	0	10-15
N. Edwards	Non-Executive Director	15-20	0	0	0	15-20	0-5	0	0	0	0-5
D. Richards (note 1)	Chief Financial Officer	170-175	0	0	Refer to note 1	170-175	165-170	0	0	0	165-170
T. Carter (note 6)	Chief Nurse & Director of Infection Prevention and Control	130-135	0	0	22.5-25	155-160	135-140	0	0	60-62.5	195-200
H. Brown	Deputy Chief Executive	140-145	0	0	0	140-145	140-145	0	0	0	140-145
M. Van Der Watt (note 2)	Chief Medical Officer	295-300	0	0	90-92.5	390-395	305-310	0	0	32.5-35	340-345

NOTES

Note 1: D Richards, Chief Financial Officer, rejoined the NHS pension scheme on 1 April 2021. The pension related benefit is not disclosed due to unavailability of the comparator pension entitlement as at 31 March 2021.
Note 2: 79% of salary as Chief Medical Officer and 21% for clinical work. M Van Der Watt salary includes £2k clinical excellence award in 2021/22 (£12k in 2020/21).
Note 3: The only directors who are in the NHS pension in 2021/22 are M Van Der Watt, D Richards and T Carter
Note 4: There were no changes in the Board voting structure in the year ending 31st March 2022
Note 5: The salaries above may include salary sacrifice schemes.
Note 6: T Carter salary in 2020/21 included annual leave buyback and additional COVID work

Signed by: 

Tracey Carter
Acting Chief Executive

Date: 28/06/2022

Off payroll engagements

Off Payroll Engagements

Table 1: Off-payroll engagements for longer than 6 months

For all off-payroll engagements as of 31 March 2022, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2022	5
Of which, the number that have existed:	
for less than one year at the time of reporting	1
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	1

Table 2: Off Payroll Engagements

For all new off-payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 per day and that last longer than six months:

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	5
Of which:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	5
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	5
No. of engagements that saw a change to IR35 status following the consistency review	0

Table 3: Off Payroll board members (including non-executive directors)/senior official engagements

For any off-payroll engagements of board members, and/or, senior officals with significant financial responsibility, between 1 April 2021 and 31 March 2022:

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility during the year	0
Number of individuals that have been deemed "board members, and/or senior officers with significant financial responsibility" during the financial year. This figure includes both off-payroll and on-payroll engagements	11

Exit packages

Exit Packages in 2021/22

	2021/22					
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Cost of compulsory redundancies**	**Number of other departures agreed**	**Cost of other departures agreed**	**Total number of exit packages**	**Total cost of exit packages**
	Number	**£s**	**Number**	**£s**	**Number**	**£s**
<£10,000	0	0	44	88	**44**	**88**
£10,000 - £25,000	0	0	3	49	**3**	**49**
£25,001 - 50,000	0	0	2	55	**2**	**55**
£50,001 - £100,000	0	0	0	0	**0**	**0**
£100,001 - £150,000	0	0	0	0	**0**	**0**
£150,001 - £200,000	0	0	0	0	**0**	**0**
>£200,000	0	0	0	0	**0**	**0**
Total	**0**	**0**	**49**	**192**	**49**	**192**

	2020/21					
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Cost of compulsory redundancies**	**Number of other departures agreed**	**Cost of other departures agreed**	**Total number of exit packages**	**Total cost of exit packages**
	Number	**£s**	**Number**	**£s**	**Number**	**£s**
<£10,000	10	28	4	24	**14**	**52**
£10,000 - £25,000	1	22	2	31	**3**	**53**
£25,001 - 50,000	0	0	0	0	**0**	**0**
£50,001 - £100,000	0	0	0	0	**0**	**0**
£100,001 - £150,000	0	0	0	0	**0**	**0**
£150,001 - £200,000	0	0	0	0	**0**	**0**
>£200,000	0	0	0	0	**0**	**0**
Total	**11**	**50**	**6**	**55**	**17**	**105**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS agenda for change terms and conditions. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme detailed in note 8.1 of the financial statements and are not included in this note.

Exit Packages - Other departure analysis

	2021/22		2020/21	
	Payments agreed Number	**Total value of agreements £000s**	**Payments agreed Number**	**Total value of agreements £000s**
Contractual payments in lieu of notice	49	192	6	55
Total	**49**	**192**	**6**	**55**

This note reports the number and value of exit packages agreed in the year.

There was no Trust's voluntary resignation scheme.

Above does not include any non-contractual severance payment made following judicial mediation or relating to non-contractual payments in lieu of notice.

There was no non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that report.

Directors' pension entitlement

DIRECTORS' PENSION ENTITLEMENT 2021-2022

Name	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2022	Cash Equivalent Transfer Value at 1 April 2021	Real increase in Cash Equivalent Transfer Value (bands of £1,000)	Employer's contribution to stakeholder pension
T. Carter	**0-2.5**	**0-2.5**	**50-55**	**110-115**	953,411	903,547	26	0
M. Van Der Watt	**5-7.5**	**2.5-5**	**76-80**	**210-215**	1,819,326	1,662,741	105	0
D.Richards (note 1)	**Refer to note 1**	**Refer to note 1**	**55-60**	**115-120**	1,271,268	**Refer to note 1**	**Refer to note 1**	0

Note 1: D Richards opted out of the pension scheme in 2018-19. The pension, lump sum and CETV values are not available for 2020/21. The CETV value for D Richards was £1,090,347 as at 31 March 2019. Real increases in pension, lump sum and CETV for 31 March 2022 is not disclosed due to comparators unavailability for 2020/21.

Non-Executive members do not receive pensionable remuneration, therefore there are also no entries in respect of pensions for these Directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

No disclosure is made for directors who did not contribute in the year ending 31 March 2022 or for those directors who opted out of the pension scheme before 31 March 2021.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme or chooses to transfer the benefits accrued in their former pension scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculty of Actuaries.

Real Increase / Decrease in CETV - This reflects the change in-year of CETV after adjusting the start of the year CETV for the change in consumer price indice.

* Staff Numbers and Composition
* Sickness Absence Data
* Director's salary relative to workforce
* Exit packages
* Director's Remuneration
* Director's Pension Entitlement

* I certify that the above are a true and accurate reflection of the remuneration and other associated staff reports.

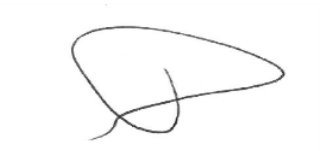
Signed by: 

Tracey Carter
Acting Chief Executive

Date: 28/06/2022

I certify that the above are a true and accurate reflection of the remuneration and other associated staff reports.

Signed by:



Tracey Carter
Acting Chief Executive

Date:
28 June 2022

West Hertfordshire Teaching Hospitals NHS Trust

Annual accounts for the year ended 31 March 2022

Statement of Comprehensive Income

	Note	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	452,359	400,225
Other operating income	4	28,777	72,340
Operating expenses	6, 8	(484,663)	(471,722)
Operating surplus/(deficit) from continuing operations		**(3,527)**	**843**
Finance income	11	28	-
Finance expenses	12	41	89
PDC dividends payable		(6,828)	(5,295)
Net finance costs		**(6,759)**	**(5,206)**
Other gains / (losses)	13	(41)	-
Surplus / (deficit) for the year from continuing operations		**(10,327)**	**(4,363)**
Surplus / (deficit) for the year		**(10,327)**	**(4,363)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(5,667)	-
Revaluations	15.5	8,097	4,635
Total comprehensive income / (expense) for the period		**(7,897)**	**272**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(10,327)	(4,363)
Remove net impairments not scoring to the Departmental expenditure limit		10,160	7,910
Remove I&E impact of capital grants and donations		363	(2,767)
Remove net impact of inventories received from DHSC group bodies for COVID response		452	(523)
DHSC		41	
Adjusted financial performance surplus / (deficit)		**689**	**257**

The adjusted retained surplus of £689,000 is after excluding impairments, net of donated income and depreciation and net of inventories received and consumed from Department of Health and Social Care centrally purchased Personal Protective Equipment (PPE) free of charge to the Trust. The Trust financial performance is measured on the adjusted Breakeven duty surplus of £689,000 as described in note 37.

The notes on pages 5 to 46 form part of this account.

Statement of Financial Position

	Note	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	14	21,794	8,391
Property, plant and equipment	15	265,269	233,712
Receivables	17	3,148	2,132
Total non-current assets		**290,211**	**244,235**
Current assets			
Inventories	16	5,004	5,659
Receivables	17	18,755	35,770
Cash and cash equivalents	18	36,688	22,404
Total current assets		**60,447**	**63,833**
Current liabilities			
Trade and other payables	19	(54,896)	(62,569)
Provisions	23	(1,604)	(609)
Other liabilities	20	(2,833)	(1,930)
Total current liabilities		**(59,333)**	**(65,108)**
Total assets less current liabilities		**291,325**	**242,960**
Non-current liabilities			
Borrowings	21	(2,000)	(2,000)
Provisions	23	(6,882)	(4,711)
Other liabilities	20	(3,704)	-
Total non-current liabilities		**(12,586)**	**(6,711)**
Total assets employed		**278,739**	**236,249**
Financed by			
Public dividend capital		557,760	507,373
Revaluation reserve		62,678	60,248
Income and expenditure reserve		(341,699)	(331,372)
Total taxpayers' equity		**278,739**	**236,249**

The notes on pages 5 to 46 form part of these accounts.

Name Tracey Carter
Position **Acting Chief Executive Officer**
Date 28/06/2022

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**507,373**	**60,248**	**(331,372)**	**236,249**
Surplus/(deficit) for the year	-	-	(10,327)	**(10,327)**
Impairments	-	(5,667)	-	**(5,667)**
Revaluations	-	8,097	-	**8,097**
Public dividend capital received	50,387	-	-	**50,387**
Taxpayers' and others' equity at 31 March 2022	**557,760**	**62,678**	**(341,699)**	**278,739**

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	**227,316**	**55,613**	**(327,009)**	**(44,080)**
Taxpayers' and others' equity at 1 April 2020 - restated	**227,316**	**55,613**	**(327,009)**	**(44,080)**
Surplus/(deficit) for the year	-	-	(4,363)	**(4,363)**
Revaluations	-	4,635	-	**4,635**
Public dividend capital received	280,057	-	-	**280,057**
Taxpayers' and others' equity at 31 March 2021	**507,373**	**60,248**	**(331,372)**	**236,249**

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. The deficit for the year includes £10.16m relating to a downward revaluation of buildings and £0.9m relating to the I&E impact of capital grants, donations and COVID inventories.

This note forms part of the financial statements.

Statement of Cash Flows

	Note	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(3,527)	843
Non-cash income and expense:			
Depreciation and amortisation	6.1	12,496	11,444
Net impairments	7	10,160	7,910
Income recognised in respect of capital donations	4	(117)	(2,871)
(Increase) / decrease in receivables and other assets		15,898	(554)
(Increase) / decrease in inventories		655	(218)
Increase / (decrease) in payables and other liabilities		(6,751)	15,923
Increase / (decrease) in provisions		3,208	514
Net cash flows from / (used in) operating activities		**32,022**	**32,991**
Cash flows from investing activities			
Interest received		28	66
Purchase of intangible assets		(14,086)	(5,722)
Purchase of PPE and investment property		(47,456)	(47,209)
Receipt of cash donations to purchase assets		117	113
Net cash flows from / (used in) investing activities		**(61,397)**	**(52,752)**
Cash flows from financing activities			
Public dividend capital received		50,387	280,057
Movement on loans from DHSC		-	(236,736)
Interest on loans		-	(1,025)
PDC dividend (paid) / refunded		(6,727)	(5,491)
Net cash flows from / (used in) financing activities		**43,659**	**36,805**
Increase / (decrease) in cash and cash equivalents		**14,284**	**17,044**
Cash and cash equivalents at 1 April - brought forward		**22,404**	**5,360**
Cash and cash equivalents at 31 March	18.1	**36,688**	**22,404**

This note forms part of the financial statements.

NOTES TO THE ACCOUNTS

1. Accounting Policies

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 2021-22 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.

1.1. Accounting convention

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

1.2. Critical accounting judgements and key sources of estimation uncertainty

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

1.2.1 Critical judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (note 1.2.2) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.2.2 Key sources of estimation uncertainty

The following is a key source of estimation uncertainty at the end of the reporting period that presents significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year.

The total balance of intangible and tangible fixed assets as at 31 March 2022 is £287m, of which £158m relates to revalued estate assets.

Where non-estate assets are of low value and/or have short useful economic lives, such as operational equipment, they are carried at depreciated historical cost (cost less any accumulated depreciation) as this is not considered to be materially different from fair value. The lives of equipment assets are estimated using historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change.

Intangible software licences are depreciated over the shorter of the term of the licence and the useful economic life. These are types of estimation, but they are less likely than the valuation of estate assets to present a significant risk of causing material misstatement.

The value and remaining useful lives of estate assets are estimated by the Trust's valuer, Avison Young (UK) Ltd. Valuations are carried out annually and are performed in accordance with the Royal Institution of Chartered Surveyors' RICS Valuation – Global Standards ('Red Book Global Standards') and the RICS Guidance Note titled 'DRC method of valuation for financial reporting 1st edition. The composition of this alternative site replacement model requires the operation of significant levels of professional estimation by the valuer.

Avison Young (UK) Ltd has highlighted to the Trust that any significant future changes in pandemic conditions may rapidly affect market conditions and future valuations. The performance of the 31 March 2022 desktop valuation was not compromised by pandemic-related access restrictions. It was based on a Building Cost Information Service All-in Tender Price Index (BCIS TPI) published on 1st April 2021 index figure and 31 March 2022 index figure is based on BCIS index data as at 21 September 2021.

The land at St Albans, Watford and Hemel Hempstead sites has been valued under the Modern Equivalent Asset (MEA) methodology in 2021/22. The approach to the MEA technique used for land valuation allows an alternative site to be used where the location requirements of the service being provided can be met from this location. Should the MEA have the potential to be relocated to a less expensive area due to changes in the nature of how existing facilities are used, the value of land in this alternate location should be adopted for valuation. This principle was applied to all three Trust sites in 2021/22, details of the impact of which can be found in note 15.5.

The estimate on land valuation is considered to be an accurate reflection of the industrial land valuation as at 31 March 2022. The valuation was done in August 2021 with a forecast to 31 March 2022. The buildings valuation is based on the BCIS TPI index which can fluctuate. A 5% increase represents a £7.9m valuation change to land and building assets.

Because the Trust undertakes annual revaluations of estate assets, estimation uncertainty relating to asset lives and depreciation does not present significant risk of causing material adjustments. As the Trust does pay PDC dividend currently, there can be cash implications to valuation. As in previous years, the Trust's reliance on valuation methods does present a risk of causing a material adjustment to the carrying amount of non-current assets.

1.2.2.1 Going Concern

IAS 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 such as the Trust, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements are prepared on a going concern basis unless there were 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 directors have considered the Trust's overall financial position, with an outturn adjusted surplus of £0.7m in 2021/22, and an expectation of future financial funding. The Trust expects as part of an integrated health care system to balance expenditure with revenue funding that is sufficient to meet the anticipated costs of revenue inflation. Currently the Trust has reached mainly fixed funding agreements with with designated Integrated Care Boards which will be flexed to support recovery of elective activity following the pandemic. The agreements contain additional funding to meet continued costs of managing the pandemic.

Directors are not seeking any cash support for revenue but the Trust is likely to submit a request for additional public dividend capital to fund nationally approved investment projects. It should be noted that 3.5% of PDC dividend is payable based on average net relevant assets on a yearly basis. Integrated Care Board contracts are priced to contain sufficient funding to meet these costs

All these factors have improved the finances of the Trust and its ability to continue as a going concern. The Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the Department of Health and Social Care Group Accounting Manual 2022/23 the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

1.3. Charitable Funds

Following Treasury's agreement to apply IFRS 10 to NHS Charities from 1 April 2013, the Trust has assessed whether it is appropriate to group the Trust's accounts and those of West Hertfordshire Hospitals NHS Trust Charity. The Trust Board as corporate trustee of the charity has the power to exercise control so as to obtain economic benefits therefore consolidation is appropriate. However the transactions are immaterial in the context of the group and are therefore not consolidated. A summary of the Charity's activities is disclosed in note 31.

1.4. Revenue

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

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

Generally revenue from contracts will be payable within 30 days upon satisfaction of performance obligation. All non NHS contract balances over 90 days old are 100% provided for as bad debt. NHS contract balances as per the GAM are not provided for bad debts.

Revenue from NHS contracts

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay.

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. 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 also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred and matched to the period in which it is undertaken.

1.4.1 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.

Hertfordshire NHS Procurement is hosted by the Trust, it provides procurement services to 7 NHS organisations in the locality. Within the 2021/22 financial year the arrangement was expanded to include services provided to the Prencess Alexandra Hospital NHS Trust. Under IFRS 15 and the GAM the Trust will disclose net expenditure for the Trust under net accounting as from 1 April 2018.

1.4.2 Revenue grants and other contributions to expenditure

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

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

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

1.4.3 Apprenticeship service income

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

1.5. 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.

Retirement benefit costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover 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 employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

For early retirements, other than those due to ill health approved by the Trust, the additional pension is not funded by the NHS Pension Scheme. The full cost is a liability of the Trust and is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the period over which the Trust pays its liability.

1.6. Other expenses

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.

1.7. Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent and had similar purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Capital expenditure on strategic schemes, i.e. those schemes which are of a longer-term nature such as building or large infrastructure projects, is initially charged to assets in the course of construction during the construction phase. Capital schemes are regularly assessed for progress, and once completed, costs are transferred from assets in the course of construction to the appropriate asset category and are recognised as coming into full use.

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at current value. Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations 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 are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Until 31 March 2009, the depreciated replacement cost of specialised buildings was estimated for an exact replacement of the asset in its present location. With effect from 1 April 2009, through its appointed valuers Avison Young (UK) Ltd (formerly known as GVA Grimley Ltd) the Trust has adopted the HM Treasury standard approach to depreciated replacement cost valuations based on modern equivalent assets. The effect of this estimation technique is detailed in note 15.5.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences once they are brought into use.

Until 31 March 2009, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historical cost. From 1 April 2009 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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 loss of service potential are charged to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.8. Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to the Trust, where the cost of the asset can be measured reliably, and where the cost is at least £5k.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant or equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention is to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.9. Depreciation, amortisation and impairments

Freehold land, properties under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Further details of each class of asset is shown in note 15.5.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets which are not yet available for use are tested for impairment annually.

If there has been an impairment loss the asset is written down to its recoverable amount with the loss charged to the revaluation reserve to the extent there is a balance on the reserve for the asset. If there is no reserve, it will be charged directly to expenditure. Unless the impairment results from use of the asset where the impairment is charged fully to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there, and thereafter, to the revaluation reserve.

In compliance with the DH Group Accounting Manual, from 2011-12, impairments relating to property, plant and equipment are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). The analysis is used by the Department of Health in consolidating the accounts of NHS bodies. In summary, DELs set as part of NHS spending are not expected to be exceeded. AME is less predictable and, subject to Treasury approval, may be revised. The related Trust impairment is classified as AME and is detailed in note 15.5.

1.10. Donated 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 this 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. Deferred income is recognised only where conditions attached to the donations preclude immediate recognition gain.

In 2020/21 and in 2021/22 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.

1.11 Non-current assets held for sale

The profit or loss arising on the disposal of an asset equals the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. Upon disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

1.12. Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

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

Useful economic lives of Assets:

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

Property, Plant and Equipment

	Min life Years	Max life Years
Buildings, excluding dwellings	1	99
Dwellings	1	99
Plant & machinery	1	15
Transport equipment	1	15
Information technology	1	15
Furniture & fittings	1	99

Finance-leased assets (including land) are depreciated over the shorter of the useful economic 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.

Intangible assets

	Min life Years	Max life Years
Information technology	1	15
Development expenditure	1	15
Software licences	1	15

1.13. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. The Trust does not hold any finance leases, its leases are classified as operating leases, further details of which are contained in note 10.

The Trust as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Trust as lessor

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

1.14. Inventories

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

In 2020/21 and in 2021/22, 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. The Trust has treated these inventories similarly to donated assets as detailed in note 1.10.

1.15. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of 24 hours or less. 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. The Trust does not hold cash equivalents nor overdrafts.

1.16. Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the appropriate HM Treasury's discount rate. Liabilities expected to be settled in 0 to 5 years are discounted at 0.47%, 5 to 10 years at 0.70% and beyond 10 years at 0.95%. Those relating to employee early retirement obligations are discounted at minus 1.30%.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.17. Clinical negligence costs

The NHS Resolution (NHSR) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSR who in return settles all clinical negligence claims.
Although the NHSR is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSR on behalf of the Trust is disclosed at note 23.2.

1.18. 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 the 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 as and when they become due.

1.19. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

1.20. Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value and subsequently measured at amortised cost.

1.21. Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health and Social Care are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

1.21.1 Financial assets and financial liabilities at amortised cost

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

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

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

1.21.2 Impairment of financial assets

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

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses.

NHS financial assets are not impaired with expected losses. As per the GAM only non NHS contract receivables are impaired as explained in note 1.4.

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.

1.21.3 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.

1.22. Value Added Tax (VAT)

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.

1.23. Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions.

The Trust do not have any assets or liabilities denominated in a foreign currency at the Statement of Financial Position date.

1.24. Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM. Details of third party assets are given in note 18.2 to the accounts.

1.25. Public Dividend Capital (PDC) and PDC dividend

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from the Trust. PDC is recorded at the value received.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care (DHSC) as PDC. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets, average daily cleared cash balances with the Government Banking Service and specific assets funded by DHSC which are excluded. The average carrying value is calculated as a simple average of opening and closing amounts.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

1.26. Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.27. Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. Deferred expenditure is revalued on the basis of current cost where material. Amortisation is calculated on the same basis as depreciation.

1.28 Gifts

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

1.29. Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2021/22. These standards are still subject to HM Treasury FReM interpretation, and the government implementation date for IFRS 16 is confirmed as from 1 April 2022.

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

Note 2 Operating Segments

The Trust's activities are managed collectively as a single operating segment to provide the wide range of patient healthcare usually available from a district general hospital; predominately for the population of West Hertfordshire.

Revenue relating to NHS patient care accounts for 90% of the total, further analysis of which is shown in note 3.1. This is managed through contracts established with commissioners, mainly Clinical Commissioning Groups (CCGs) which are the main commissioners, each contract covering the complete range of activities provided. The Trust's assets are used collectively to deliver the range of activities encompassed within these contracts.

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)	**2021/22 £000**	**2020/21 £000**
Block contract / system envelope income*	331,675	315,174
High cost drugs income from commissioners (excluding pass-through costs)	11,545	10,832
Other NHS clinical income**	92,367	55,496
All services		
Private patient income	754	613
Elective recovery fund	2,174	-
Additional pension contribution central funding***	10,768	10,018
Other clinical income****	3,076	8,092
Total income from activities	**452,359**	**400,225**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. 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 in the second half of the year in 2020/21. In 2021/22 the block contract agreement has rolled over.

**This includes reimbursement for COVID-19 and top up money from the West Essex CCG of £83.6m for 2021/22 (2020/21 £40.9m). See note 3.2 for further explanation

***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.

***** Includes £5.5m of income for holiday pay accrual in 2020/21. See note 1.2.2 for further details. In 2021/22 income for £1.3m has been accrued for clinicians pension provision. See note 23 on provisions for further details.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2021/22 £000**	**2020/21 £000**
NHS England	36,025	38,589
Clinical commissioning groups*	413,081	359,511
Other NHS providers	210	460
Non-NHS: private patients	754	613
Non-NHS: overseas patients (chargeable to patient)	583	386
Injury cost recovery scheme	623	650
Non NHS: other	1,083	16
Total income from activities	**452,359**	**400,225**
Of which:		
Related to continuing operations	452,359	400,225

* Includes £83.6m of reimbursement for COVID-19 and top up funding in 2021/22 (2020/21 £40.9m) from Essex CCG. In 2020/21 additional reimbursement for COVID-19 and top up funding of £39.0m was shown in other operating income in note 4.

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

	2021/22	2020/21
	£000	£000
Income recognised this year	583	386
Cash payments received in-year	172	82
Amounts added to provision for impairment of receivables	300	341
Amounts written off in-year	246	952

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Education and training	11,542	416	**11,958**	11,644	245	**11,889**
Non-patient care services to other bodies	13,768		**13,768**	9,712		**9,712**
Reimbursement and top up funding*	313		**313**	39,023		**39,023**
Receipt of capital grants and donations		117	**117**		2,871	**2,871**
Charitable and other contributions to expenditure		1,581	**1,581**		8,285	**8,285**
Other income	1,040	-	**1,040**	365	195	**560**
Total other operating income	**26,663**	**2,114**	**28,777**	**60,744**	**11,596**	**72,340**
Of which:						
Related to continuing operations			28,777			72,340

*In 2020/21 £39.0m accounted as reimburements and top up funding is included in NHS revenue for 2021/22. In 2020/21 this income was received from NHS England.

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2021/22 £000	2020/21 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,926	1,929

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2022 £000	31 March 2021 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:*		
within one year	2,770	1,930
after one year, not later than five years	252	-
after five years	3,452	-
Total revenue allocated to remaining performance obligations	**6,474**	**1,930**

* The increase in income recognised in future years is due to the advance payment of £3.8m received from Watford Borough Council for the multi storey car park. For further details see note 20 on other liabilities.

Note 5.3 Transaction price allocated to remaining performance obligations

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.

Note 5.4 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed. Income generation includes car parking revenue, rental of hospital space to other trusts, use of the Trust's roofs for aerials and other minor health related services. In 2021/22 and part of 2020/21 due to Covid-19 pandemic it was nationally mandated not to charge car parking to patients and staff. Car parking charges was reinstated for visitors as from August 2021. This has resulted in 2021/22, £653,000 (2020/21 £26,000) income generated. The Trust has made a deficit on its income generation activities in 2021/22 and 2020/21.

Note 5.5 Details of Trust Revenue

Most of the Trust's income is derived through contracts with Clinical Commissioning Groups and other NHS organisations, and is almost entirely derived from the supply of services; Income from the sale of goods is immaterial. As shown in note 3 and 4, the Trust may receive additional funds outside the main contract.
In 2021/22 the Trust received £22.1m (2020/21 £24.9m) reimbursement of COVID 19 and top up funding of £61.5m (2020/21 £55m).

Overseas Visitors' income is recognised when payment is made by the patient. As from 1 April 2015, changes in regulation has meant that the Trust recognises 50% of the income billed to Herts Valley Clinical Commissioning Group for all Overseas Visitors excluding patient from European Economic Area with reciprocal agreement. Herts Valley Clinical Commissioning Group will eventually be reimbursed with the advance of income if the Trust is successful in receiving full/part of the invoiced value from the patient.

Note 6.1 Operating expenses

	2021/22 £000	2020/21 £000
Purchase of healthcare from NHS and DHSC bodies - see i) below	3,183	4,419
Purchase of healthcare from non-NHS and non-DHSC bodies - see ii) below	10,587	7,924
Staff and executive directors costs	308,372	297,864
Remuneration of non-executive directors	146	115
Supplies and services - clinical (excluding drugs costs) - see iii) below	32,020	36,885
Supplies and services - general	13,810	18,888
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	22,932	20,592
Inventories written down - see iv) below	-	193
Consultancy costs - see v) below	1,841	2,240
Establishment	3,056	3,457
Premises	27,089	25,056
Transport (including patient travel)	523	523
Depreciation on property, plant and equipment	11,442	10,659
Amortisation on intangible assets	1,054	785
Net impairments - see vi) below	10,160	7,910
Movement in credit loss allowance: contract receivables / contract assets - see vii) below	(61)	(1,266)
Increase/(decrease) in other provisions - see viii) below	2,774	632
Change in provisions discount rate(s)	(393)	419
Fees payable to the external auditor		
audit services- statutory audit	73	89
other auditor remuneration (external auditor only) - see ix) below	-	(9)
Internal audit costs - see x) below	125	152
Clinical negligence - see xi) below	23,103	21,938
Legal fees	261	139
Insurance	1,526	133
Research and development	-	-
Education and training	1,629	1,580
Rentals under operating leases	1,629	943
Redundancy	-	50
Hospitality	405	815
Losses, ex gratia & special payments	31	-
Other - see xii) below	7,346	8,597
Total	**484,663**	**471,722**
Of which:		
Related to continuing operations	484,663	471,722
Related to discontinued operations	-	-

i) Total services from NHS bodies does not include expenditure which falls into a category below -

ii) Purchase of healthcare from non-NHS bodies relates to the outsourcing of activity both to meet waiting time targets and manage bed capacity. In 2020/21 outsourcing was used to manage the outbreak of the COVID 19 pandemic.

iii) This includes PPE consumables of £7.5m donated by DHSC in 2020/21 and £2.0m in 2021/22

iv) The written down of PPE stock centrally purchased by the DHSC. The purchase price of PPE in some cases was higher than the average market price at 31 March 2021. No write-off in 2021/22.

v) Consultancy services includes costs of support on clinical and estates strategy in both 2020/21 and 2021/22.

Note 6.1 Operating expenses

vi) The Trust's revaluation of its land and buildings in 2021/22 and 2020/21 has generated impairments. See notes 15.5 and 1.2.2 for further details.

vii) Decrease in Non NHS bad debt provision now shown in this line under IFRS 15. Decrease in year of provision as old overseas visitors' debt have been written off. The write of these debts has not impacted the income and expenditure account. There has been a corresponding reduction in income from overseas visitors in the year.

viii) Increase in provisions in 2021/22 is due to the following provisions made in the year:

- £1,467,000 for dilapidations on rented premises
- £925,000 for construction industry scheme tax

ix) The other auditor remuneration (external auditor only) relates to Quality Accounts Review. There is no Quality Accounts Review in 2021/22 and 2020/21.

x) Internal audit costs includes counter fraud services costs in 2021/22 and in 2020/21.

xi) Contribution paid as agreed with NHS Resolution - see notes 1.17 and 1.18.

xii) Other expenditure includes the following services:

- £1,346,000 consultants' pension provision
- £954,000 for security
- £725,000 for waste disposal
- £538,000 for storage rentals
- £499,000 for subscriptions
- £472,000 for additional porters
- £411,000 for external accomodation

Note 6.2 Other auditor remuneration

	2021/22	2020/21
	£000	£000
Other auditor remuneration paid to the external auditor:		
8. Other non-audit services not falling within items 2 to 7 above	-	(9)
Total	-	**(9)**

There is no non-audit services provided in 2021/22 and 2020/21.

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2020/21: £2 million).

Note 7 Impairment of assets

	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	10,160	7,910
Total net impairments charged to operating surplus / deficit	**10,160**	**7,910**
Impairments charged to the revaluation reserve	5,667	-
Total net impairments	**15,827**	**7,910**

Impairments relates to buildings at the Trust. No impairment on intangible assets is incurred. The analysis by site of the impairment on property, plant and equipment is shown in note 15.5. Note 15.5 shows the net movements in the reserves.

Note 8 Employee benefits

	2021/22 Total £000	2020/21 Total £000
Salaries and wages	203,013	199,826
Social security costs	22,999	21,076
Apprenticeship levy*	1,061	973
Employer's contributions to NHS pensions**	35,350	33,034
Temporary staff (including agency)***	49,955	44,217
Total gross staff costs	**312,378**	**299,126**
Recoveries in respect of seconded staff	-	-
Total staff costs	**312,378**	**299,126**
Of which		
Costs capitalised as part of assets	4,006	1,212

Note 8.1 Retirements due to ill-health

During 2021/22 there were 3 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £232k (£12k in 2020/21).

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

*Since 6 April 2017, employers with an annual pay bill exceeding £3 million are required to pay a levy of 0.5% of that pay bill, with payment to be made via the PAYE system along with payroll taxes. Funds paid under the levy are credited to a 'Digital Apprenticeship Services Account' (DAS) which can be used to pay for vocational training and assessment provided by government approved training/assessment organisations.
Government will also contribute to the costs of apprenticeships through a 10% 'top up' of funds paid into an employer's DAS and 90% 'co investment' when there are insufficient funds to pay for approved training/assessment. As required in the Department of Health and Social Care Group accounting Manual 2021/22, the apprentice levy together with the top up from government is shown as expenditure in the year.

**The Employer's contribution to NHS pension scheme is a total of 20.6% of which 6.3% is currently being paid directly by NHS England a total £10.8m in 2021/22 (2020/21 £10.02m). Corresponding income is included in income from patient care activities. Refer to note 3.1 for further details.

*** Costs relating to staff directly engaged from agencies totalled £14.9m in 2021/22 (£12.0m in 2020/21) . The remaining costs relate to temporary staff directly registered with NHS Professionals Ltd. These costs represent the outsourced temporary staffing arrangement with NHS Professionals Ltd.

Note 8.2 Staff Numbers

The average number of staff employed at the Trust during 2021/22 is 5,403 of which 4,737 were permanently employed. This compares to 5,203 total average number of staff employed in 2020/21. Further details on staff numbers are reported in remuneration and staff section of the annual report.

Note 8.3 Staff Sickness Absence

For further details on average staff sickness per day please refer to https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates.

Note 8.4 Exit Packages agreed in 2021/22

The total number of exit packages agreed in 2021/22 was 49 compared to 17 for 2020/21. Further details on exit packages are reported in remuneration and staff section of the annual report.

Note 8.5 Exit packages - Other Departures analysis agreed in 2021/22

The total number of other departures in exit packages agreed in 2021/22 was 49 compared to 6 for 2020/21. Further details on other departures in exit packages are reported in remuneration and staff section of the annual report.

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 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 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 also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

Note 9 Pension costs

Annual Pensions

The 95 and 2008 schemes are "final salary" schemes. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service. The 2015 Scheme pays a pension based on the average of a members pensionable earnings throughout their whole career - calculated as 1/54th of each years pensionable earnings revalued each year in line with the CPI plus 1.5%

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions Indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Ill-health retirement

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Early retirement

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Additional Pension Purchase

Members can purchase additional pension in the NHS Scheme in units of £250.

NEST Pension Scheme

Where staff are not eligible for, or choose to opt out of, the NHS Pensions Scheme, they are entitled to join the National Employment Savings Trust (NEST) scheme.

NEST is a government-backed, defined contribution pension scheme set up to make sure that every employer can easily access a workplace pension scheme.

The employer's contribution rate in 2021/22 was 3% (2020/21: 3%).

Note 10 Operating leases

Note 10.1 West Hertfordshire Teaching Hospitals NHS Trust as a lessor

This note discloses income generated in operating lease agreements where West Hertfordshire Teaching Hospitals NHS Trust is the lessor.

The Trust has no operating lease agreements as a lessor.

Note 10.2 West Hertfordshire Teaching Hospitals NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where West Hertfordshire Teaching Hospitals NHS Trust is the lessee.
The risks and rewards of ownership of assets leased by the Trust rest with the leasing company, and rental payments are charged to the period to which they relate.

Leases relate mainly to the hire of medical equipment: contracts are entered into using standard NHS conditions that include:

- Retained asset ownership by the Lessor;
- Fixed rental payments over the agreed lease period;
- Residual value being the property of the Lessor;
- The equipment used by the Trust is for its intended purpose;
- Options for the Trust to extend the lease period or return,
- The equipment when returned is complete and in reasonable condition.

	£000	£000
Operating lease expense		
Minimum lease payments*	1,629	943
Total	**1,629**	**943**

	2022 £000	2021 £000
Future minimum lease payments due:		
- not later than one year;	1,558	811
- later than one year and not later than five years;	4,072	458
- later than five years.	11,816	-
Total	**17,446**	**1,269**
Future minimum sublease payments to be received	-	-

*2021/22 includes lease payments relating to property leases at Jacketts Field** and Maynards road**, and 2 further medical equipment leases which total £183k. 2020/21 did not include such payments

Furthermore, the Trust has commenced 4 new properties related leases and 2 new equipment leases within 2021/22 which total £588k. These new leases are for office space on Thomas Sawyer way for back office staff, a lease for the Gate House building in Welwyn Garden City for the shared procurement service hosted by Trust, land lease*** for the newly built multi storey car park and additonal portakabin. Furthermore, a new contract with Xerox includes the lease of numerous multifunction printers.

**Jacketts Field is a purpose-built outpatient rehabilitation centre in Abbots Langley and the new lease term is for 20 years. Maynards road is a car park facility adjacent to the Hemel Hempstead hospital site with a renewed lease term of 10 years.

***Included in the new leases is a long-term lease (60 years) for use of the land on which the new multi-storey car park is built on. The term of the lease is in line with the expected use of the building.

Note 11 Finance income

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

	2021/22 £000	2020/21 £000
Interest on bank accounts	28	-
Total finance income	**28**	-

Note 12.1 Finance expenditure

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

	2021/22 £000	2020/21 £000
Interest expense:		
Interest on late payment of commercial debt	1	(63)
Total interest expense	**1**	**(63)**
Unwinding of discount on provisions	(42)	(35)
Other finance costs	-	9
Total finance costs	**(41)**	**(89)**

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

	2021/22 £000	2020/21 £000
Amounts included within interest payable arising from claims made under this legislation	1	(63)

Note 12.3 Public Dividend Payable

	2021/22 £000	2020/21 £000
The public dividend payable in the year	6,828	5,295

The public dividend payable is payable on average net assets of the Trust at 3.5%. For further details please refer to acounting policy note 1.25.

Note 13 Other gains / (losses)

	2021/22 £000	2020/21 £000
*Losses on disposal of assets	(41)	-
Total gains / (losses) on disposal of assets	**(41)**	-
Total other gains / (losses)	**(41)**	-

*The loss on disposal in 2021/22 is for the donated assets. The Trust had received in 2020/21 medical equipment for COVID-19. This was considered not compatible with Trust and in 2021/22 were returned to Department of Health and Social Care. There are no gains or losses on disposals in 2020/21.

Note 14 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for 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 without restatement and 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. TheTrust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. 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 Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases*	12,974
Additional lease obligations recognised for existing operating leases	(12,974)
Net impact on net assets on 1 April 2022	-
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(1,417)
Additional finance costs on lease liabilities	(119)
Lease rentals no longer charged to operating expenditure	1,467
Estimated impact on surplus / deficit in 2022/23	**(69)**
Estimated increase in capital additions for new leases commencing in 2022/23	**292**

* This includes the land leased from Watford Borough Council on which the multi storey car park is built at Watford General Hospital for a primary period of 60 years. The leasing cost to the Trust is £155,000 per annum. A cost under IFRS 16 of £7.1m is included as Right of Use asset. The lease agreement was signed on the 31 March 2022. Other operating leases included are for portakabins (£2.0m), medical and office equipment (£1.4m) and leased premises (£2.5m).

Note 14.1 Intangible assets - 2021/22

	Software licences £000	Internally generated information technology £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - brought forward	**1,227**	**9,864**	**-**	**5,796**	**16,887**
Additions	-	-	-	14,086	**14,086**
Reclassifications*	-	14,943	-	(14,572)	**371**
Disposals / derecognition	(1,227)	-	-	-	**(1,227)**
Valuation / gross cost at 31 March 2022	**-**	**24,807**	**-**	**5,310**	**30,117**
Amortisation at 1 April 2021 - brought forward	**1,227**	**7,269**	**-**	**-**	**8,496**
Provided during the year	-	1,054	-	-	**1,054**
Disposals / derecognition	(1,227)	-	-	-	**(1,227)**
Amortisation at 31 March 2022	**-**	**8,323**	**-**	**-**	**8,323**
Net book value at 31 March 2022	**-**	**16,484**	**-**	**5,310**	**21,794**
Net book value at 1 April 2021	**-**	**2,595**	**-**	**5,796**	**8,391**

* This includes a spend of £14.8m capitalised for Electronic Patient Records (EPR) system in 2021/22. The EPR system is now live as from November 2021. Total value capitalised is £19.2m of which £4.4m is shown within the tangible assets note 15.1.

Note 14.2 Intangible assets - 2020/21

	Software licences £000	Internally generated information technology £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2020 - as previously stated	**1,227**	**8,789**	**152**	**6,269**	**16,437**
Valuation / gross cost at 1 April 2020 - restated	**1,227**	**8,789**	**152**	**6,269**	**16,437**
Additions	-	-	-	5,722	**5,722**
Reclassifications	-	1,075	(152)	(6,195)	**(5,272)**
Valuation / gross cost at 31 March 2021	**1,227**	**9,864**	**-**	**5,796**	**16,887**
Amortisation at 1 April 2020 - as previously stated	**775**	**6,936**	**-**	**-**	**7,711**
Amortisation at 1 April 2020 - restated	**775**	**6,936**	**-**	**-**	**7,711**
Provided during the year	452	333	-	-	**785**
Amortisation at 31 March 2021	**1,227**	**7,269**	**-**	**-**	**8,496**
Net book value at 31 March 2021	**-**	**2,595**	**-**	**5,796**	**8,391**
Net book value at 1 April 2020	**452**	**1,853**	**152**	**6,269**	**8,726**

Note 15.1 Property, plant and equipment - 2021/22

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2021 - brought forward	70,009	94,739	89	51,974	45,169	160	22,864	2,886	287,890
Additions	-	-	-	51,141	-	-	-	-	51,141
Impairments	-	(14,841)	(29)	-	-	-	-	(6,610)	(21,480)
Reversals of impairments	-	77	-	-	-	-	-	-	77
Revaluations	8,090	7	-	-	-	-	-	-	8,097
Reclassifications*	-	7,703	-	(29,244)	9,432	(146)	5,387	6,497	(371)
Disposals / derecognition	-	-	-	-	(682)	-	-	-	(682)
Valuation/gross cost at 31 March 2022	78,099	87,685	60	73,871	53,919	14	28,251	2,773	324,672
Accumulated depreciation at 1 April 2021 - brought forward	-	7,953	30	-	29,917	148	15,748	382	54,178
Provided during the year	-	5,279	29	-	3,723	2	2,247	162	11,442
Impairments	-	(5,368)	(29)	-	-	-	-	(159)	(5,576)
Reclassifications	-	-	-	-	146	(146)	-	-	-
Disposals / derecognition	-	-	-	-	(641)	-	-	-	(641)
Accumulated depreciation at 31 March 2022	-	7,844	30	-	33,145	4	17,995	385	59,403
Net book value at 31 March 2022	78,099	79,841	30	73,871	20,774	10	10,256	2,388	265,269
Net book value at 1 April 2021	70,009	86,786	59	51,974	15,252	12	7,116	2,504	233,712

* The reclassifcation under the information technology category includes £4.4m of hardware and other infrastructure for the Electronic Patient Records (EPR) system. EPR has gone live as from November 2021.Total value capitalised is £19.2m of which £14.8m is shown within the intangible assets note 14.1.

Note 15.2 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2020 - as previously stated	62,807	97,841	118	22,357	46,014	160	14,949	2,979	247,225
Valuation / gross cost at 1 April 2020 - restated	62,807	97,841	118	22,357	46,014	160	14,949	2,979	247,225
Additions	-	-	-	48,824	2,758	-	-	-	51,582
Impairments	-	(13,603)	-	-	-	-	-	-	(13,603)
Reversals of impairments	7,202	(7,201)	-	-	-	-	-	-	1
Revaluations	-	9,045	(31)	-	-	-	-	(4,379)	4,635
Reclassifications	-	8,657	2	(19,207)	3,619	-	7,915	4,286	5,272
Disposals / derecognition	-	-	-	-	(7,222)	-	-	-	(7,222)
Valuation/gross cost at 31 March 2021	70,009	94,739	89	51,974	45,169	160	22,864	2,886	287,890
Accumulated depreciation at 1 April 2020 - as previously stated	-	8,067	30	-	34,163	146	13,643	384	56,433
restated	-	8,067	30	-	34,163	146	13,643	384	56,433
Provided during the year	-	5,388	29	-	2,976	2	2,105	159	10,659
Impairments	-	(5,502)	(29)	-	-	-	-	(161)	(5,692)
Disposals / derecognition	-	-	-	-	(7,222)	-	-	-	(7,222)
Accumulated depreciation at 31 March 2021	-	7,953	30	-	29,917	148	15,748	382	54,178
Net book value at 31 March 2021	70,009	86,786	59	51,974	15,252	12	7,116	2,504	233,712
Net book value at 1 April 2020	62,807	89,774	88	22,357	11,851	14	1,306	2,595	190,792

Note 15.3 Property, plant and equipment financing - 2021/22

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2022									
Owned - purchased	78,099	79,651	30	73,754	18,101	10	10,256	2,388	**262,289**
Owned - donated/granted	-	190	-	117	2,673	-	-	-	**2,980**
NBV total at 31 March 2022	**78,099**	**79,841**	**30**	**73,871**	**20,774**	**10**	**10,256**	**2,388**	**265,269**

The headlease has been signed between the Trust and Watford Borough Council (WBC) to provide the legal basis for the Trust to hold a 60-year lease for the land on which the multi storey car park (MSCP) was built. The land on which the MSCP is built is owned by WBC. The Head Lease assumed the Trust would fund the full capital cost of the 1455 space MSCP. 165 spaces within the MSCP were to be leased to WBC for the 60-year design life of the MSCP. The Trust would maintain and operate all the spaces within the MSCP, raising a proportional charge to WBC based on the spaces provided. A cumulative costs of £39.0m for MSCP is shown under asset under construction as at 31 March 2022. The MSCP will be operational in April 2022. MSCP will be valued in April 2022 under depreciated replacement cost basis and commence depreciation in 2022/23.

Note 15.4 Property, plant and equipment financing - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2021									
Owned - purchased	70,009	86,602	59	51,861	12,159	12	7,116	2,504	**230,322**
Owned - donated/granted	-	184	-	113	3,093	-	-	-	**3,390**
NBV total at 31 March 2021	**70,009**	**86,786**	**59**	**51,974**	**15,252**	**12**	**7,116**	**2,504**	**233,712**

Note 15.5 Revaluations of property, plant and equipment

Annual valuation of Land, Buildings and Dwellings is a forecast as at 31 March. The valuation is undertaken by an independent valuer; RICS Registered Valuers of Avison Young (UK) Ltd. Because of the specialised nature of hospital buildings, i.e. they would not normally be sold on the open market, the valuations are based on the depreciated replacement cost method (DRC) using the modern equivalent asset (MEA) technique. This valuation technique estimates the cost of a MEA; for buildings, this is then adjusted to reflect the age, condition and functionality of the buildings to which the valuation relates and can result in an impairment or reversal, details of which are shown below. The approach adopted by the Trust is for a full revaluation to be undertaken every five years with a desktop review in the interim years. Valuation reflects the capital investment to July each year, after which it is included at cost. VAT is added to the valuations to the extent that it would be payable were the Trust to construct the MEA. In 2021/22 a desk top valuation has been carried out by the independent valuer. The last full valuation was carried out in the year 2018/19.

The approach to MEA technique used for land valuation is based on 'alternative site basis'. Should the MEA have the potential to be re-located to a less expensive area due to changes in the nature of how the existing facility is used, the value of the land in this alternate location should be adopted for valuation.

All three sites land have been valued on 'alternative site basis' in 2021/22 which gave an increase of £8.1m. For details across sites refer to the table below.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation dates of 31 March 2022 and 31 March 2021 property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, valuation is not reported as being subject to 'material valuation uncertainty' disclosure in valuing the land, buildings, dwellings as at either 31 March 2021 or 31 March 2022.

	Watford Hospital	Hemel Hempstead Hospital	St Albans Hospital	Total
	2021/22			
	£000s	£000s	£000s	£000s
Operating expenses - note 7				
Buildings, dwellings and fittings - MEA	7,911	215	2,034	10,160
Total	7,911	215	2,034	10,160
Statement of change in taxpayers equity				
*Land - MEA (alternative site valuation)	(4,617)	(1,828)	(1,645)	(8,090)
Buildings, dwellings and fittings - MEA	561	4,652	447	5,660
	(4,056)	2,824	(1,198)	(2,430)
Total impairment/(reversal) 2021-22	3,855	3,039	836	7,730

*The total gross increase in the revaluation reserve account, on page 3 of the financial statements, is £8,097,000 of which £8,090,000 is due to land and the increase of £7,000 is on buildings, dwellings and fittings. The gross impairments in 2021/22 is £5,667,000 against the taxpayers' equity. The Statement of Changes in Equity on page 3 of the financial statements reflects the gross values of valuation and impairment in the 2021/22 revaluation reserve account.

	2020/21			
	£000s	£000s	£000s	£000s
Operating expenses - note 7				
Buildings, dwellings and fittings - MEA	6,010	707	1,193	7,910
Total	6,010	707	1,193	7,910
Statement of change in taxpayers equity				
Land - MEA (alternative site valuation)	(7,202)	0	0	(7,202)
Buildings, dwellings and fittings - MEA	(114)	1,426	1,255	2,567
	(7,316)	1,426	1,255	(4,635)
Total impairment/(reversal) 2020-21	(1,306)	2,133	2,448	3,275

Note 15.5 Revaluations of property, plant and equipment

The impairment charged to operating expenses is classified as annually managed expenditure for the purposes of NHS consolidated accounts - see note 1.9.

Assets under construction are transferred to the relevant class of assets when complete and depreciated in accordance with that class. A new Multi Storey Car Park (MSCP) is under construction at Watford General Hospital. As at 31 March 2022, the MSCP is not operational with some works to be completed in April 2022. The cost of £39m is included in asset under construction. The MSCP is operational from April 2022. MSCP will be valued in April 2022 under depreciated replacement cost basis and commence depreciation.

For plant and machinery, transport, information technology, the carrying value as at 1 April 2010 is written off over their remaining lives as per Note 1.9 to the accounts - Accounting Policies. Net assets in these classes are carried at depreciated historic cost as this is not considered to be materially different from fair value (see note 1.7). Property Plant and Equipment includes £37.6m of fully depreciated assets.

Details of asset life across the Trust's three hospital sites are tabled below:

	As at 31 March 2022		As at 31 March 2021	
Asset Class	Maximum remaining asset life Years	Minimum remaining asset life Years	Maximum remaining asset life Years	Minimum remaining asset life Years
Buildings	**41**	**1**	42	1
Dwellings	**1**	**1**	2	2
Plant and machinery	**12**	**1**	13	1
Transport	**4**	**4**	5	5
Information Technology	**8**	**1**	5	1
Furniture and Fittings	**41**	**1**	42	1

The valuation exercise included revision to the remaining asset lives of some buildings and their fittings, consequently the maximum remaining lives between 31 March 21 and 31 March 20 do not necessarily reduce by one year. Cherry Tree House is the only dwelling in both 2021/22 and 2020/21.

For all classes of assets, residual value is estimated at nil.

The Trust provides accommodation facilities to a number of other NHS organisations and a crèche provider, where these organisations occupy accommodation within the Trust's buildings. The net carrying amount of these facilities and related depreciation are included in the Trust's figures.

Note 15.6 Donations of property, plant and equipment

The Trust received donated medical equipment for a value of £2.8m in 2020/21 which was donated by the Department of Health and Social Care (DHSC). These assets were purchased centrally and given to the trust to use during the pandemic of COVID 19. No assets were donated by DHSC in 2021/22. However assets with a value of £0.04m were returned to DHSC due to incompatability with the Trust.

Note 16 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	1,052	1,325
Consumables*	3,816	4,205
Energy	136	129
Total inventories	**5,004**	**5,659**
of which:		

Inventories recognised in expenses for the year were £26,489k (2020/21: £30,607k). Write-down of inventories recognised as expenses for the year were £0k (2020/21: £193k).

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 2021/22 the Trust received £1,581k of items purchased by DHSC (2020/21: £8,255k).

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.

* £71,000 of donated PPE from DHSC is included within consumables in 2021/22 (£523,000 in 2020/21).

Note 17.1 Receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Contract receivables	12,630	26,575
Allowance for impaired contract receivables / assets	(874)	(1,256)
Prepayments (non-PFI)	4,333	5,887
PDC dividend receivable	95	196
VAT receivable	2,504	4,368
Other receivables*	67	-
Total current receivables	**18,755**	**35,770**
Non-current		
Contract receivables	1,869	2,132
Other receivables*	1,279	-
Total non-current receivables	**3,148**	**2,132**
Of which receivable from NHS and DHSC group bodies:		
Current	4,628	23,708
Non-current	1,279	-

* Other receivables has arisen due to the provision made for clinicians' pension provision. See note 23.1 in provisions for further details.

Note 17.2 Allowances for credit losses

	2021/22 Contract receivables and contract assets £000	2020/21 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**1,256**	**2,522**
Allowances as at 1 April - restated	**1,256**	**2,522**
Changes in existing allowances	(61)	(228)
Reversals of allowances	-	(1,038)
Utilisation of allowances (write offs)	(321)	-
Allowances as at 31 Mar 2022	**874**	**1,256**

Allowances for credit losses is for Non NHS, over 90 days and all classified under contract receivables and contract assets.
NHS debtor provision will not be provided unless agreed with the creditor NHS organisation as required by the Department of Health and Social Care Group Accounting Manual 2021/22. Provisions will form part of the Agreement of Balance exercise.

Note 17.3 Exposure to credit risk

Trade and other receivables are carried at the original invoice amount. As the majority of trade is with Clinical Commissioning Groups (CCGs), as commissioners funded by government to buy NHS patient care services, no credit scoring of these is considered necessary. Other trade receivables mainly relate to private patients who are generally covered by insurance. No formal credit scoring is undertaken. Injury cost recovery relates to patients with personal injury claims, as this is administered centrally for the NHS, no credit scoring is undertaken.

Note 18.1 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.

	2021/22 £000	2020/21 £000
At 1 April	**22,404**	**5,360**
Net change in year	14,284	17,044
At 31 March	**36,688**	**22,404**
Broken down into:		
Cash at commercial banks and in hand	17	172
Cash with the Government Banking Service	36,671	22,232
Total cash and cash equivalents as in SoFP	**36,688**	**22,404**
Total cash and cash equivalents as in SoCF	**36,688**	**22,404**

Note 18.2 Third party assets held by the trust

West Hertfordshire Teaching Hospitals NHS Trust held no cash and cash equivalents in 2021/22 and 2020/21 which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest.

Note 19.1 Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	6,983	4,235
Capital payables	12,569	8,884
Accruals	31,653	46,041
Social security costs	70	29
Other taxes payable	119	31
Other payables	3,502	3,349
Total current trade and other payables	**54,896**	**62,569**
Non-current		
Total non-current trade and other payables	-	-
Of which payables from NHS and DHSC group bodies:		
Current	3,300	3,932
Non-current	-	-

Note 19.2 Early retirements in NHS payables above

There is no early retirement in the year payable by the Trust.

Note 20 Other liabilities

	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	2,833	1,930
Total other current liabilities	**2,833**	**1,930**
Non-current		
Deferred income: contract liabilities*	3,704	-
Total other non-current liabilities	**3,704**	-

* This liability arises due to the sublease agreement, reserved allocation of car parking spaces, on the newly built car paking facility at the Watford General Hospital with Watford Borough Council. The liability arises as Watford Borough Council have agreed to pay in advance the car parking income of £3.8m for 60 years lease agreement of 165 spaces. This money was received on the 21 April 2022. The income will be recognised on yearly basis of £63,000 for the 60 year period of the lease agreement. £63,000 is shown under current liabilities. For details of the land lease agreement with Watford Borough Council please refer to note 15.3.

Note 21.1 Borrowings

	31 March 2022 £000	31 March 2021 £000
Current		
Total current borrowings	-	-
Non-current		
Other loans	2,000	2,000
Total non-current borrowings	**2,000**	**2,000**

Other borrowings:
£2m of other loans relate to the loan from Watford Borough Council as contribution to the cost of construction of the access road*. This loan is repayable subject to investment by Trust, on Watford Health Campus**, of between £30m and £40m a payment of £1.0m crystallises and investment of over £40m the full amount is due. Any shortfall in whole or part is payable on instalments of £0.1m per annum from April 2028.

*Thomas Sawyer Way for emergency vehicles and buses only.
** The Watford Health Campus is the regeneration of the land surrounding the Watford General Hospital.

Note 21.2 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC £000	Other loans £000	Total £000
Carrying value at 1 April 2021	-	2,000	2,000
Cash movements:			
Carrying value at 31 March 2022	-	2,000	2,000

Note 21.3 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC £000	Other loans £000	Total £000
Carrying value at 1 April 2020	237,761	2,000	239,761
Cash movements:			
Financing cash flows - payments and receipts of principal*	(236,736)	-	(236,736)
Financing cash flows - payments of interest	(1,025)	-	(1,025)
Carrying value at 31 March 2021	-	2,000	2,000

The borrowings relate to Department of Health and Social Care loans:
*All borrowings related to DHSC has converted in to PDC in 2020/21 a total of £236,700,000. The accrued interest of £1,025,000 in 2019/20 under IFRS 9 was included which has been paid in 2020/21.

Note 22 Other financial liabilities

The Trust has no other payables or financial liabilities.

Note 23.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs £000	Pensions: injury benefits £000	Other £000	Total £000
At 1 April 2021	5,067	159	94	5,320
Change in the discount rate	(393)	-	-	(393)
Arising during the year*	378	-	3,772	4,150
Utilised during the year	(484)	(32)	(23)	(519)
Reversed unused	-	-	(30)	(30)
Unwinding of discount	(42)	-	-	(42)
At 31 March 2022	4,546	127	3,813	8,487
Expected timing of cash flows:				
- not later than one year;	462	28	1,114	1,557
- later than one year and not later than five years;	1,848	92	1,158	3,098
- later than five years.	2,236	7	1,541	3,784
Total	4,546	127	3,813	8,487

i) The fair value of the provision for future pension payments relating to early retirement is assessed using information provided by the Pensions Agency and Government Actuary Department (GAD) tables concerning life expectancy. The forecast cashflow is discounted in accordance HM Treasury prescribed discount rates (see note 1.16).

ii) Staff and public liability claims are managed by NHS Resolution and NHS Pensions Authority. The provision relates to the excess for which the Trust is liable.

* New provisions included in 2021/22 is £1.5m for dilapidations of various rented premises, construction industry tax for £0.95m and clinical pension provision for £1.3m**.

**Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. The NHS employer will make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement. £1.3m has been accrued as income from NHS England, see notes 3.1/17.1 for details.

Note 23.2 Clinical negligence liabilities

At 31 March 2022, £663,102k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of West Hertfordshire Teaching Hospitals NHS Trust (31 March 2021: £428,461k).

Note 24 Contingent assets and liabilities

The Trust has no contingent assets and liabilities.

Note 25 Contractual capital commitments

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment	3,655	22,341
Intangible assets	245	1,121
Total	**3,900**	**23,462**

Note 26 Other financial commitments

The Trust has no other financial commitments.

Note 27 Financial instruments

Note 27.1 Financial risk management

Financial reporting standard IFRS 9 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 commissioners (Clinical Commissioning Groups) 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. The Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust may borrow from government for capital expenditure, subject to affordability as confirmed by the NHS Improvements. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations. The Trust has reduced interest rate risks when all loans in August 2020 were converted to public dividend capital. Total loans converted to public dividend capital is £236.7m.

The Trust may also borrow from government for revenue financing subject to approval by NHS England & Improvement. Interest rates are confirmed and fixed by the Department of Health (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note 17.

Liquidity risk

The Trust's operating costs are incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament and funds its capital expenditure within limits set by the Department of Health and Social Care. The Trust is not, therefore, exposed to significant liquidity risks. However, the Trust's cumulative deficit position since 2014/15 and insufficient surpluses to finance loan repayments means liquidity is weaker than the board of directors would wish. This has partially been addressed with loans over the years to cover for the deficit and capital loan repayments. The Trust has not used any loan finance in 2020/21 and 2021/22 approved by the Department of Health and Social Care to fund capital projects. The capital programme is funded by public dividend capital which does not get repaid. In the year 2020/21 the government has written off all the DHSC loans (£236.7m). This has improved the Statement of Financial Position and liquidity of the Trust. It should be noted that the Trust pays 3.5% on public dividend capital issued by the DHSC. See note 12.3 for PDC dividend payments in the year.

Note 27.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2022	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	13,101	-	-	13,101
Cash and cash equivalents	36,688	-	-	36,688
Total at 31 March 2022	**49,789**	-	-	**49,789**

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	27,451	-	-	27,451
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	22,404	-	-	22,404
Total at 31 March 2021	**49,855**	-	-	**49,855**

Note 27.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Other borrowings	2,000	-	2,000
Trade and other payables excluding non financial liabilities	54,699	-	54,699
Total at 31 March 2022	**56,699**	-	**56,699**

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
Other borrowings	2,000	-	2,000
Trade and other payables excluding non financial liabilities	62,461	-	62,461
Total at 31 March 2021	**64,461**	-	**64,461**

Note 27.4 Maturity of financial liabilities

This differs to the amounts recognised in the statement of financial position which are discounted to

	31 March 2022 £000	31 March 2021 £000
In one year or less	54,699	62,461
In more than one year but not more than five years	-	-
In more than five years	2,000	2,000
Total	**56,699**	**64,461**

Note 27.5 Fair values of financial assets and liabilities

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

Note 28 Losses and special payments

	2021/22		2020/21	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	8	1	-	-
Bad debts and claims abandoned	169	321	321	1,038
Total losses	**177**	**322**	**321**	**1,038**
Special payments				
*Ex-gratia payments	50	394	40	38
Total special payments	**50**	**394**	**40**	**38**
Total losses and special payments	**227**	**716**	**361**	**1,076**

*The special payments includes overtime corrective payments in line with Flowers case judgement in 2020/21. Trusts were asked by DHSC to accrue for the agreed corrective payments and the associated income as informed by NHSEI in 2020/21.

*These payments are considered as special payments, for which approval from HM Treasury, was sought on behalf of the Trust by NHS England. These amounts should have been disclosed in 2020/21 on accrual basis. The amount included in 2021/22 is £363,000 of which £326,000 was agreed and funded by NHS England.

Note 29 Gifts

No gifts were made in the year.

Note 30 Related parties

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Trust. Trust Board members remuneration is shown in the Annual Report in Directors' remuneration and pension entitlement.

The Department of Health and Social Care is regarded as a related party. During the year the 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. These entities and the transactions where over £0.5m are:

Department of Health and Social Care

Foundation Trusts
Chelsea and Westminster NHS Foundation Trust
Hertfordshire Partnership NHSFT
Royal Free London NHS Foundation Trust

Trusts
Central London Community Healthcare NHST
Imperial College Healthcare NHS Trust
East & North Hertfordshire NHS Trust
Hertfordshire Community NHS Trust
Barts Health NHS Trust
The Princess Alexandra Hospital NHS Trust

Clinical Commissioning Groups (CCG)
NHS Bedfordshire, Luton and Milton Keynes CCG
Buckingham CCG
East and North Hertfordshire CCG
Herts Valley CCG
North Central London CCG
West Essex CCG

Special Health Authorities
Health Education England
NHS Resolution
NHS Blood & Transplant

Other Government Bodies
HM Revenue and Customs
NHS Pension Scheme
NHS Professionals
Watford Borough Council
Local Authority Business Vehicle (LABV)
Other
West Hertfordshire Hospitals Charity (Raise) - see note 31 for details
Spire Healthcare Ltd*
Masimo Europe Ltd**

* Two medical consultants undertake private work at this private hospital
**Divisional Director is a Key Opinion Leader at this organisation

Note 31 West Hertfordshire Hospitals NHS Trust Charity Activities

(Unaudited)	**2021/22**	2020/21
	£000s	£000s
Income	**529**	1,170
Expenditure	**(724)**	(766)
Net Incoming/Outgoing Resources Before Transfers	**(195)**	404
Assets	**26**	78
Funds b/fwd	**1,413**	931
Funds c/fwd - Net Assets	**1,244**	1,413

The Trust does not consolidate charitable funds into the financial statements. Please refer to Note 1.3.

Note 32 Events after the reporting date

There are no events to report after the reporting date.

Note 33 Better Payment Practice code

Non-NHS Payables	2021/22 Number	2021/22 £000	2020/21 Number	2020/21 £000
Total non-NHS trade invoices paid in the year	62,639	311,037	53,592	283,079
Total non-NHS trade invoices paid within target	54,546	275,407	45,212	247,337
Percentage of non-NHS trade invoices paid within target	87.1%	88.5%	84.4%	87.4%
NHS Payables				
Total NHS trade invoices paid in the year	2,020	38,597	2,460	37,505
Total NHS trade invoices paid within target	1,446	32,798	1,503	31,372
Percentage of NHS trade invoices paid within target	71.6%	85.0%	61.1%	83.6%

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 34 External financing limit

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

	2021/22 £000	2020/21 £000
Cash flow financing	36,103	26,277
External financing requirement	**36,103**	**26,277**
External financing limit (EFL)	36,103	26,277
Under / (over) spend against EFL*	-	-

In 2021/22 and 2020/21 the Trust has achieved the EFL target as set by the NHSEI.

Note 35 Capital Resource Limit

	2021/22 £000	2020/21 £000
Gross capital expenditure	65,227	57,304
Less: Disposals	(41)	-
Less: Donated and granted capital additions	(117)	(2,871)
Plus: Loss on disposal from capital grants in kind	41	-
Charge against Capital Resource Limit	**65,110**	**54,433**
Capital Resource Limit	66,273	56,270
Under / (over) spend against CRL	**1,163**	**1,837**

Note 36 Breakeven duty financial performance

	2021/22 £000
Adjusted financial performance surplus / (deficit) (control total basis)	689
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**689**

Note 37 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		5,699	7,530	3,657	1,904	(13,370)	(13,837)
Breakeven duty cumulative position	(4,513)	1,186	8,716	12,373	14,277	907	(12,930)
Operating income		254,308	260,398	266,716	278,230	291,119	313,291
income		0.5%	3.3%	4.6%	5.1%	0.3%	(4.1%)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(41,155)	(29,431)	(41,352)	(49,641)	(22,471)	257	689
Breakeven duty cumulative position	(54,085)	(83,516)	(124,868)	(174,509)	(196,980)	(196,723)	(196,034)
Operating income	299,769	322,643	324,772	333,367	393,675	472,565	481,136
income	(18.0%)	(25.9%)	(38.4%)	(52.3%)	(50.0%)	(41.6%)	(40.7%)

i) The adjusted deficit for break-even duty in the year is after adjustments shown in note 36.

ii) In line with note 1.10 the Trust no longer maintains a donated asset reserve. Donations are credited to income, the extent that this differs from depreciation of donated assets (expense) improves the reported position. As this is not an operational activity it is excluded from the break-even duty.

The Trust reported cumulative deficit in 2014-15 of £12,930,000 (-4.13% of operating income). The Trust is in the eight year of consecutive break-even duty breach achieving a cumulative deficit of £196,034,000 (-40.7% of operating income) above the -0.5% permitted. The Trust is working with NHS Improvement and the local economy to develop a plan to achieve the breakeven duty in future years. The Trust finances is improving with delivering surpluses in both 2021/22 and 2020/21. It is planned to breakeven in year in 2022/23 subject to agreement of the Annual Plan with NHS England & Improvement.