NHS
West Hertfordshire
Teaching Hospitals
NHS Trust

ANNUAL REPORT 2022/23

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PERFORMANCE REPORT

This section of the report provides a summary of the actions the Trust set out to achieve in 2022/23 and its progress in achieving them

Overview from Phil Townsend, Chair and Matthew Coats, Chief Executive Officer

This 2022/23 annual report recognises the challenges we, and the wider NHS, faced and celebrates our successes in delivering high quality care for patients and supporting staff wellbeing.

We must start by thanking the incredible dedication and commitment of our brilliant staff who have worked hard to deliver the best care to our patients including challenging times of very high demand. We were delighted that a number of our staff received national recognition for their achievements, including a double award win in the Nursing Times Workforce Awards for clinical supervision programs and support for nursing staff. Andrea Hone, Carers' Lead also received the Royal College of Nursing (RCN) Commitment to Carers Award for her work on the carers network. The NHS Pastoral Care Quality award recognised our outstanding support for international nurses and midwives. Dr Nida Suri's inspirational leadership was also rewarded at the Black and Minority Ethnic (BAME) Health and Care Awards.

Staff wellbeing has never been more important. We have developed our wellbeing and counselling support services for staff, and we are committed to supporting our staff to carry out their duties to the best of their abilities. We value our staff's achievements and our annual awards evening celebrated nearly 600 colleagues in September. The 2022 NHS staff survey saw the highest participation rate yet, with staff feedback placing the NHS at or above the national average for most themes.

During the year, we adapted to changing demands of Covid-19. Our Covid-19 staff hub closed in March 2023, almost three years after it was set up during the first pandemic wave. We are grateful to all of our staff who have supported the hub and provided invaluable support to the organisation. Whilst the severity of the virus reduced, we continued to experience peaks in infections every three months. These Covid-19 peaks combined with high numbers of patients with flu have contributed to capacity pressures and delays for patients waiting to be admitted to our emergency department.

The pressure on our services during 2022/23 was high. Despite this, we made significant progress in eradicating 104-week waiters and, except for a very small number of patients, those waiting 78 weeks. We also worked to improve the productivity of our surgical services. We implemented improvements to the emergency and urgent care pathway by focusing on clinical assessment, discharges, our control centre, and looking at how the Urgent Treatment Centre at Watford works.

In 2022/23 we delivered a small surplus of £321k. Fixed payments against the elective recovery fund (ERF) 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.

We have worked hard on our digital transformation, implementing various systems to improve patient care. The Cerner Electronic Paper Record (EPR) has provided immediate access to patient data, while BadgerNet (a maternity services app) and the Patient Portal have been launched, providing patients with easy online access to their hospital health records and appointment times. The Hertfordshire and West Essex Shared Care Record has also brought together patient information from multiple providers, enabling quicker and more informed decision-making for patients.

The surgical robotic team performed its hundredth operation in July 2022, resulting in faster recovery, reduced pain, and earlier discharge from the hospital. The robotic programme has attracted skilled staff and made West Herts a robotic reference site. The virtual hospital, developed to treat high numbers of Covid-19 patients while preserving bed numbers, has expanded to treat heart failure, respiratory disease and frail patients, and those with diabetes. The new 'anticipatory care' model monitors patients with long-term conditions in the community to prevent hospital admissions.

We are now building on the success of our virtual hospital model through our place-based Health and Care Partnership in South and West Herts, which is a collaboration with mental health, community organisations, and social services to develop optimal patient pathways. To date, it has provided a platform for virtual hospital collaboration with CLCH partners and was recognised as a finalist in the 2022 Place Based Partnership category by the Health Service Journal (HSJ).

Our central priorities continue to include providing safe and high-quality patient care by supporting the wellbeing of hospital staff, developing our culture of innovation and improvement, and taking forward our hospital redevelopment programme. Work started at Watford General to develop a 44-bed ward in the Shrodells building, with funding for a new pathology hot lab. A major investment in diagnostics at St Albans City Hospital was announced in 2022, with funding to develop a community diagnostic centre. Work has started to upgrade the electrical network for this development. We also opened a GP-led Integrated Urgent Care Hub.

We would like to thank our charity, Raise, which has been instrumental in raising funds for essential services for patients and staff. Raise has also secured significant funding for the 'super scanner' appeal, which allows for transformational invasive pinhole surgery and the interventional radiology suite is being developed at Watford. We are proud of our volunteers, who embody compassion, determination, and professionalism, particularly in providing safe, high-quality services. We appreciate their resilience and kindness and thank them for their efforts.

Finally, looking to the future, we are delighted that a new hospital in Watford has been approved as fully funded by the Secretary of State for Health and Social Care in his announcement on 25 May 2023. This recognises the significant progress made to develop our plans, and shows that we are ready to proceed. Our plans are clinically led to make sure the new hospital is designed around the needs of patients and staff; and will provide state of the art clinical facilities from which our staff can provide the very best care for our patients.

Phil Townsend
Chairman

Matthew Coats
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.

Our values
Commitment, Care, Quality

Our values clearly set out how we work with patients, their family and friends, and partners and the standards they can expect from all of our staff, volunteers and contractors (such as our catering team). Many of our patients helped to create them.

Our values guide staff recruitment and appraisal processes because evidence suggests that hospitals where values are part of the culture improve health outcomes for their patients.

The Trust has a set of corporate aims for 2020 to 2023:

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 2025.

This report demonstrates the progress made by the Trust in 2022/23 towards achieving its aims and ambitions. Covid-19 has continued to affect the delivery of our services and we have implemented measures during the year to improve our performance. Delivery of our elective healthcare services has remained affected by the pandemic, and we have experienced significantly raised demand for urgent and emergency care services. 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
- Integrated Urgent Care Hub (New minor illness and injuries service delivered by HUC, which opened in November 22 to replace the Minor Injuries Unit)

Performance against national indicators

Performance is assessed through the corporate governance structure as set out on page 51. 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.

Indicator	National Standard	2021/22	2022/23
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 72.55%	Under Achieved 63.96%
Incidence of C.difficile should be identified and numbers minimised	Trust target was to have 36 cases	Under Achieved 60 Hospital and Healthcare Associated Cases	Under Achieved 65 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	Achieved (zero cases)	Not Achieved (Three 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.	Under Achieved 76.09% (all cancers) Under Achieved 62.00% (Breast Symptomatic)	Under Achieved 72.48% (all cancers) Under Achieved 40.01% (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	Not Achieved 95.14%	Not Achieved 95.32%
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 75.12% (Referred by GP) Under Achieved 66.37% (Referred by Screening Service)	Under Achieved 60.73% (Referred by GP) Under Achieved 68.09% (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.	87.28% Surgery (Under achieved) 99.55% Drugs (Achieved)	94.00% Surgery (Achieved) 99.02% Drugs (Achieved)
Maximum wait time of 18 weeks referral to treatment – patients not yet treated	>92%	Under Achieved 61.29% (March 2022)	Under Achieved 53.74% (March 2023)

For staffing performance, please refer to page 69. For financial performance please see page 25.

Data quality and governance

Data quality is verified through a series of checks 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 outlines 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.

The performance analysis section sets out at page 11 sets out the impact of our EPR implementation in more detail.

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 (NHS National objectives for 2022/23)

Eliminate waits over 104 weeks by July 2022, eliminating waits over 78 weeks by March 2023 and reducing waits over 52 weeks (all except where patients choose to wait longer)
- Reduce the cancer 62+ day waiting list size to pre-pandemic levels by March 2023
- Reduce outpatient follow ups by 25% against 2019/20 activity levels by March 2023
- Reduce 12 hour waits in EDs towards zero and no more than 2%
- Minimise handover delays between ambulance and hospital:
  - Eliminating handover delays of over 60 minutes
  - Ensuring 95% of handovers take place within 30 minutes
  - Ensuring 65% of handovers take place within 15 minutes

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

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

Recovery from the significant Covid-19 waves was much slower than anticipated and although initiatives to improve performance were put in place, the on-going impact of Covid-19 continued to affect provision of elective care services and significant increases in demand for urgent and emergency care services continued with more people attending our A&E Department or Urgent Treatment Centres than before the pandemic. While workforce absences were not as high as those seen during the first waves, this remained a factor in the pace of recovery and delivery of elective care.

The implementation of our electronic patient record (EPR) in November 2021 delivered many benefits across the organisation but it also created some challenges, particularly in the management of our referral to treatment (RTT) waiting list, where a range of issues contributed to a very significant increase in the number of RTT pathways and what appeared to be large numbers of patients with very long waits. Steps have been taken to address this issue and although most problems have been resolved, a degree of inaccuracy in our RTT waiting list continues.

The national objectives set for RTT performance for 2022/23 centred on long wait reduction, specifically pathways at 78 weeks or longer. The number of patients with a wait of 78 weeks or more peaked at 407 in August 2021 and by the end of March 2023, 15 remained on the waiting list. However, this has been affected by the issues noted above, and also includes some patients who chose to delay treatment.

In July 2022, NHS England (NHSE) established a tiering system reflecting confidence in the delivery of the 78 week wait elimination objective and the reduction in patients waiting more than 62 days on a cancer pathway. The Trust was placed into Tier One, the group considered to be at the highest risk of failure to achieve these improvements. A framework of improvement plans was already in place to deliver both objectives, delivering rapid improvement in the number of cancer pathways over 62 days and in recognition of this, the decision was made in November 2022 to remove the Trust from the tiering system altogether, for cancer only.

The actions put in place to ensure 78 week wait elimination objective were very effective and month on month improvements were delivered. In February 2023, NHSE took the decision to de-escalate the Trust from Tier One to Tier Two.

We continued to work closely with the ambulance service to ensure a planned and structured approach to support cohorting, corridor care and the management of delays in patient transfer from ambulance to A&E which allowed both services to ensure the safety of patients already in the hospital and those being brought to the Trust.
We continued to see the impact of Covid-19 on pathways from the A&E Department through to the wards and out of hospital, with continued loss of capacity resulting from segregating pathways and access to the right bed. This combination of factors had a very considerable impact on flow and ambulance handovers.

A wide range of initiatives have been in place throughout the year, designed to reduce waiting times for both elective and urgent care patients, improve patient flow and performance. We launched our Patient Flow Improvement Plan at the end of the year, with actions to support improvement from arrival in A&E through to discharge from hospital and there has already been improvement in both A&E four-hour performance and ambulance handovers.

For elective care, outsourcing treatment across a range of specialties has remained in place and has continued to be successful, with many patients treated in independent sector facilities over the course of the year. Good relationships with all providers have been key in the success of this programme which expanded to include agreements with providers who could accommodate more complex procedures, ensuring that more patients can be given an opportunity to have treatment earlier than would be possible at the Trust.

Care Quality Commission (CQC)

The Trust did not receive any CQC inspections during 2022/23. For completeness, we have set out the inspections that took place during 2021/22 which concern our maternity department. We have acted upon the results of the inspection and anticipate that we will be able to achieve a rating of 'good' at our next inspection.

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 Watford Football Club (WFC) have continued to provide significant support to the Trust this year.

Neighbours Watford Football Club once again proved invaluable by opening club facilities for the continued rollout of the Trust's Covid-19 vaccination programmed during the spring and autumn of 2022.

The spring and autumn covid-19 booster campaigns were rolled out from the club's base and to health and social care staff across Hertfordshire.

The Trust's Stars of Herts annual awards night at the Watford Palace Theatre and 'All Stars' reward and recognition week could not have taken place without kind support and sponsorship from suppliers and local companies, including: Raise, Briggs and Forrester Group, Fatkin, Gilmartins, GSCI consultants, Hempsons, Hygiene Contracts Limited, Hygienic Finishes South Ltd, McGee, Vinci Facilities and Watford Football Club. The Trust is extremely grateful for their support.

Patient visiting

The Trust has imposed strict patient visiting restrictions since the start of the pandemic for the safety of patients and staff. In July 2021, the Trust carefully re-introduced visiting in a phased way to some wards, but not all clinical areas. Visiting was suspended in January 2022 for six weeks due to the impact of the Omicron variant.

Since March 2022, the Trust has worked hard to reinstate patient visiting and has regularly reviewed and updated its visiting policy in line with updated guidance from NHSE (last issued in June 2022).

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.

Quality Account

The Trust is required to prepare a quality account for each financial year, was submitted at the end of June 2023. The account is produced according to the relevant national guidance and includes the progress of identified quality priorities that were set for 2022/23.

Serious incidents

The Trust reported 44 serious incidents (SI) in 2022/23, which were fully discussed by an executive-led incident review panel. The incidents were reported externally and investigated in collaboration with our divisions.

Of these:

- 11 were "diagnostic incidents including delay."
- 9 related to "maternity/obstetrics incidents," including those meeting HSIB (Healthcare Safety Investigation Branch) criteria.
- 7 were "suboptimal care of the deteriorating patients."
- 5 related to Healthcare-Associated infection (HCAI) and infection control incidents, mainly due to Covid-19.
- 2 each related to "Medication," "slips trips and falls" and "Treatment delay meeting serious incident criteria."

The Trust conducted another thematic review of the investigation into the HCAI and infection control incidents during 2022/23.

The remaining SIs fall into the following categories:

- "Alleged abuse (safeguarding)."
- "Surgical invasive process." and
- "Incidents affecting the patient's body".

The table below identifies some of the actions taken in 2022/23.

Serious incidents	Lessons learnt and actions taken
Diagnostic Incident including delay	**Unexpected / potentially avoidable injury** • Need to make clearer entries regarding the bruising of patients in the clinical notes and what the plan of action is. • Staff need to know how to spot and escalate bruises on a patient. • The importance of capacity issues and workforce operational challenges within the Radiology team. • When X-rays are requested, the proper steps need to be followed to ensure the X-ray has been reviewed before the patient is discharged, and any urgent, unexpected, and critical findings should be reported and red flagged in the X-ray. **Missed Treatment Opportunity - Wet Macular Degeneration** 1. The Senior Medical Team has reviewed if supervised practice is required for staff members. 2. The incident was discussed at the Trust's Ophthalmology Clinical Governance meeting, and the clinicians continue to have regular teaching to prevent reoccurrence. 3. Learning from incidents is highlighted in weekly emails from the Clinical Lead to the Ophthalmology team. **Hydro-nephrosis: Diagnostic incident including delay** • Clinicians reviewing radiology reports must review them in full and remember that they are responsible for responding to findings on radiology reports as indicated in the Royal College of Radiologists – Standards for the communication of radiological reports and fail-safe alert notification. • Patients should be appropriately consented and informed of the warning symptoms of potential hydronephrosis to look out for after stone surgery/stent removal. • To ensure that significant clinical findings (such as moderate hydronephrosis) are included in the conclusion of radiological reports.
Maternity and Obstetrics Incidents including those meeting HSIB	**IUD Still-birth – with Safeguarding element** • The Trust to ensure that a full clinical assessment is undertaken when a mother presents with reduced foetal movements. • Trust to ensure staff are supported to use professional translation services for every interaction when a mother cannot communicate effectively in English. • Trust to ensure supporting information is available in an accessible format for all mothers. **Unexpected / potentially avoidable injury** • Ensure there is the correct interpretation of Cardiotocography (CTG) at the time of making the decision for the Caesarean Section. • The obstetric consultant should be informed of the clinical situation when a Massive Obstetrics Haemorrhage is called. 27 Week Delivery • Women who are discharged from Maternity triage should be reviewed by an Obstetric Registrar ST3 and above.

Serious incidents	Lessons learnt and actions taken
Maternity and Obstetrics Incidents including those meeting HSIB	• Women presenting with suspected preterm birth should be offered a Foetal fibronectin (fFN) test performed to assess and quantify the risk of preterm birth using the QUIPP application. The preterm birth guidance has been updated to reflect this since the incident. • Women admitted under 34 weeks with abdominal pain and vaginal bleeding should be offered Steroids and tocolysis and considered for magnesium sulphate. • Women with suspected preterm labour should be assessed on Delivery Suite, and ongoing management should be planned after review by a Senior Obstetrician. • Responsible staff must ensure that cassettes to process fFn are available and accessible. • Preterm labour should try to minimise interventions; therefore, best practice is to keep the membranes intact, preferably until full dilatation and delivery. In this case, there was difficulty in ascertaining the difference between maternal pulse and foetal heart rate, which led to concern about foetal wellbeing. Therefore, it was reasonable to perform the Artificial Rupture of Membranes (ARM). However, this may not have been required if a bedside ultrasound was performed and a normal foetal heart rate was identified.
Suboptimal care of the deteriorating patients meeting SI criteria	**Fractured Neck of femur** • Need to make clearer entries regarding the bruising of patients in the clinical notes and what the plan of action is • Staff need to know how to spot and escalate bruises on a patient. • The importance of capacity issues and workforce operational challenges within the Radiology team. • When X-rays are requested, the proper steps must be followed to ensure the X-ray has been reviewed before the patient is discharged, and any urgent, unexpected, and critical findings should be reported and red flagged in the X-ray. **Patient not reviewed timely - leading to potentially avoidable death.** • Patients with Naso-gastric (NG) feeds should have their beds elevated 30-45 degrees during feeding and at least 30 minutes after the feed to reduce the risk of aspiration. • There should be a timely clinical review of the deteriorating patient and appropriate escalation as per hospital protocol, including escalation to the Intensive Care Unit (ICU) outreach team when appropriate. • The importance of all staff completing appropriate and accurate documentation in patient notes. • As part of their Basic Life Support training, all clinical staff are informed that if they have concerns and require further support with the deteriorating patient, they can put out a peri-arrest call. • Since this incident occurred, the Trust has formulated a deteriorating patient task force to raise awareness about the importance of the NEWS 2 tool to ensure that all clinical staff have an integrated approach when escalating patients' care. The deteriorating patient task force consists of staff from critical care outreach, professional development nurses, members of the education team, and sepsis nurses.

Serious incidents	Lessons learnt and actions taken
Suboptimal care of the deteriorating patients meeting SI criteria	**Wheeze Deterioration – Difficulty in breathing** • Non-escalation of treatment after child falling between mild to severe category on a number of occasions during their stay. Failure to look at the overall clinical picture, with preceding history, parental concerns, and treatment at home to try a different course of treatment. • False reassurance was provided to team members during the handover that this child could stretch between treatments and was alert and active. • The aim is for the child to improve (hence focus on whether the child can stretch between treatments), which can result in a bias towards this aim. The Wheeze Proforma design did not sufficiently help/trigger staff to identify at what point to escalate treatment in this case, as there were transient responses to treatment.

Never Events

In 2022/23 , the Trust declared three 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. The Hertfordshire and West Essex Integrated Care Board are informed, and the reports are routinely shared with them and the Care Quality Commission (CQC). The table below demonstrates the learning which resulted from the investigation into two of the three never events.

Category	Incident details	Actions taken to prevent future incidents
Surgical/invasive procedure incident	The detection of a missing swab after completing the triple A's (Abdominal Aortic Aneurysm) procedure.	**Lesson Learned** • If a missing swab is identified, the patient should undergo a re-opening of the wound to search for the missing swab. • If further investigation is needed (i.e., x-ray), and the patient is deemed medically stable, an investigation should be conducted whilst the patient is in theatre. **Actions** • Incident to be presented in the Surgery Divisional Governance Half Day Training. • Incident to be discussed in the Surgery Divisional Governance Meeting.

Continued on the next page

Category	Incident details	Actions taken to prevent future incidents
Treatment delay meeting SI criteria	Misplaced naso-gastric (NG) tube. The patient required an NG tube for feeding and medications. NG tube was inserted. The nurse found the documentation on Electronic Patient Record (EPR) stating that the NG tube and Central Venous Catheter (CVC) were safe to use and started the feed. However, the Radiology report came back indicating that the NG tube was unsafe. The NG tube feeding was stopped with approximately 10ml infused.	**Lesson Learned** • To ensure staff have the appropriate access to the Trust's clinical applications and understand how to access them. • Two-person verification of NG tube placement and documentation following all NG tube insertions in the ICU. • Learning from this incident to be shared at the Trust's Anaesthetic Governance meeting. **Actions** • Communication to be sent to all clinicians to remind them to ensure they have access to the systems they require and to contact the Trust's IT provider where they need assistance • Discussion at the next Surgery Anaesthetic and Cancer Governance meeting that all NG tube feeding instructions must be accompanied by a two-doctor check on the ICU and documented. • Anaesthetic trainees to produce a presentation for sharing at the next Anaesthetic Governance meeting.
Insulin overdose due to incorrect device	Overdose of insulin due to the use of an incorrect device to administer the medication.	**Lesson Learned** • Only an insulin syringe (calibrated in units) should be used to draw up and administer insulin to patients. **Actions** • 1ml IV syringes no longer stored with insulin syringes. • Insulin syringes kept with other syringes (not 1ml). • Storage cupboards have been distinctly labelled as "Insulin Syringe."

Harm free care

Harm free care (HFC) 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 HFC team specialists in the summer of 2021. Their objective was to develop a sustainable ward model of HFC and provide the best care with continuous quality improvement across our services.

Learning from deaths

During 2022/23 the Trust continued to expand its medical examiner service to incorporate all deaths across the local community as well as in-hospital deaths. The phased implementation across primary care is now complete with 100% coverage of GP surgeries. The service has also been extended to two hospices and three rehabilitation units.

The Trust's Medical Examiners screen all in-hospital deaths and non-coronial deaths in the community. Structured judgement reviews (SJR) are triggered by the Medical Examiners when they are alerted to one or more of the criteria listed in the Trust's learning from deaths policy.

The medical examiners also serve as the principal point of contact for referrals to the Coroner's Office. In 2022/23 there were 1,784 inpatient deaths, including 6 neonatal deaths and 17 stillbirths. 56 deaths (3%) met the selection criteria for structured judgement review. 63 reviews were carried out, including 7 deaths referred in 2021/22. Of the 56 referred in 2022/23, 47 (84%) scored adequate to good care. In 0.5% 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. The Trust continues to see high levels of activity and complexity in safeguarding as we move through Covid-19 recovery following the impact of prolonged lockdowns. There has been a particular focus on domestic and sexual abuse. Working closely with the Hertfordshire Police and Crime Commissioner, we have been able to directly employ two sexual and domestic violence advisors who are on site working in key clinical areas to provide an immediate response to victims. The service has experienced a high number of referrals offering support, advocacy, and signposting with ongoing plans to further develop the service. The service is also available for staff to access.

Children and young people's (CYP) mental health has remained a priority with a great deal of system working to ensure they receive the best care in the right place. A new mental health liaison team for CYP has commenced on site to provide support to CYP who present with mental health needs providing much needed expert support whilst they remain inpatients. Works are also well underway to provide 'safe space' rooms within paediatric areas and across the wider Trust to provide rooms to care for patients safely and with dignity who present in mental health crisis.

Our work to ensure we provide the best care for patients with learning disability continues. We work in partnership with patients with learning disability with coproduced 'Ask Listen Do' projects. We have also introduced a review process for patients with learning disability who are not brought or unable to attend appointments to support and facilitate attendance with reasonable adjustments when required. A recent section 11 / adult assurance visit by the Integrated Care Board (ICB) which looked at all aspects of safeguarding across the Trust rated the safeguarding service as 'good' to 'outstanding'.

Getting it right first time

GIRFT is part of an aligned set of programmes within NHS England and continues to work with trusts holding deep dive meetings across a range of specialty workstreams and supporting systems and regions with elective recovery through the High Volume Low Complexity (HVLC) programme.

The Trust held deep dive meetings in rheumatology and acute and general medicine during 2022/23, alongside continuing to progress 14 active specialty implementation plans, presenting progress updates and examples of key improvements to the Quality Committee as part of an agreed workplan.

The Trust's progress on the GIRFT programme continued to be monitored through the GIRFT Steering Group and via the Quality Committee as part of the internal GIRFT governance process. A new governance process is in development that will replace the Steering Group and offer a more bespoke supportive approach to assist divisions in gaining greater traction on specialty implementation plans. This will offer a renewed focus on litigation claims and financial efficiencies, to give greater assurance to the Trust Board that actions continue to be monitored and meet the required standards for high quality.

Quality Improvement

The Quality Improvement (QI) and Clinical Pathway Group teams were recruited in 2019. Capability has been developed through a QI training programme and through working with teams on QI projects and Clinical Practice Group (CPG) pathways. The Trust aims to build on the established work developing a QI culture across the organisation and facilitating all improvement workstreams to utilise QI methodology. Development of a 3–5-year QI Strategy is in progress. This will be an integral part of the overall Trust Strategy which will be relaunched later in 2023.

Addressing patient concerns

The management of complaints during the reporting year has remained above target at 81% although this is a slight decrease compared to the previous year (84%). However, the Trust continues to ensure that no backlogs develop and that all complaints receive an outcome response from the Chief Executive Officer within three months. Complaints are acknowledged within three working days and initial contact made wherever possible to discuss the detail and context of the concerns raised.

Complaints management is carried out in line with the NHS complaints procedure. The new Parliamentary and Health Service Ombudsman 'NHS Complaint Standards' went live in December 2022. The complaints standards have been updated to set out how organisations providing NHS services should approach complaint handling and has a strong focus on early resolutions and learning from complaints.

2022/23 saw a decrease (14%) in the number of complaints received compared to the previous year (382 against 446). Dissatisfaction with clinical treatment and communication, both written and verbal, remain as prominent themes.

Our quality governance and complaint teams work collaboratively to identify learning, with identified themes and trends being discussed at 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. A trust wide Complaints Terms of Reference was developed and implemented in January 2023, to provide a clear and robust structure of discussing complaints awaiting divisional review and response with clear actions assigned to leads to ensure timely responses.

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 Officer

During this period of reporting, the Trust received 440 compliments in the form of letters, cards and emails from satisfied patients and visitors.

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.

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. This enhanced the way we communicated with patients, relatives, and carers.

Subsequently, the duty of candour record has stabilised reasonably since the end of Covid-19 when the Trust processed a relatively high number of incidents requiring the duty of candour.

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 2022/23, 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 NHSE's '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 2022/23, with an on-going focus on communication in all its forms.

Prime Minister recognises game-changing potential of virtual hospitals

The ongoing success of our virtual hospital (VH) was mentioned in glowing terms by the Prime Minister when a group of senior clinicians and NHS leaders discussed approaches to pressures in a summit led by Rishi Sunak in January 2023. Dr Niall Keenan, a consultant cardiologist and the associate medical director in the Trust was invited to explain how the VH model has freed up beds and provided high quality care to patients in their own homes.

A comprehensive multi-agency virtual care model was established at Watford General Hospital in 2020 to prevent it from being overwhelmed by demand for beds for Covid-19 patients.

A VH model of care uses technology to provide a regular feed of health data from the patient in their own homes to a virtual hospital hub where the results are closely monitored by clinicians.

More than 5,000 Covid-19 patients were treated via the VH, saving thousands of 'bed days' whilst keeping patients safe. Excellent clinical outcomes and positive patient feedback spurred the team on to rolling out this model of care for other conditions; heart failure and COPD (chronic obstructive pulmonary disease).
This wraparound model of care where the patient is the central focus surrounded by a team of specialist nurses, doctors, therapists and physiologists is being developed and provided by different NHS organisations working together in a new partnership which has really made a difference.

The heart failure and COPD virtual wards opened at West Herts in December 2021 and admitted 532 patients from 1 April 2022 to 31 March 2023 (209 COPD and 310 heart failure and 13 acute respiratory infection). Patients have been largely transferred from the acute (reducing their length of stay), but are increasingly transferred in from the community, avoiding acute hospital emergency department admission and general admission altogether.

There are plans to expand the range of conditions that can be treated in this way. The virtual hospital team have highly developed plans to roll out this model of care to pneumonia, frailty, diabetes, and kidney disease.

Celebrating a milestone for robotic surgery

Surgical teams and theatre staff at West Herts have now performed over one hundred robotically assisted surgeries - bringing faster and less painful recovery for patients - just seven months after acquiring two state-of-the-art robotic systems.

West Herts was the first NHS trust in the country to install two robots to assist with surgical operations. Created by CMR Surgical, the robots made their debut in July 2022 and are now being used to perform surgery across a range of specialities including colorectal and upper gastrointestinal surgery, urology and gynaecology.

Robotic-assisted surgery brings major benefits to patients including reduced post-operative pain and a faster recovery which can lead to earlier discharge from hospital by up to a day in many cases.

The two robot systems are working concurrently on a high volume of cases across multiple surgical specialties most days of the week, meaning more patients can benefit from robotic-assisted surgery.

AIM TWO
BEST VALUE

Financial headlines

In 2022/23, the Trust closed the year with a revenue surplus of £0.3 million, in comparison to the £0.7 million surplus in 2021/22. This outcome surpassed the breakeven plan agreed upon with NHS England. However, as anticipated, infection prevention measures and emergency pressures restricted the Trust's capacity to maximise productivity and treat as many patients as feasible. Consequently, efforts to identify new cost savings were affected. Nonetheless, the Trust achieved savings totalling £13.2 million throughout the year, with £8.6 million of cash-releasing improvements. The Trust recognises that efficiency programmes that work hand in hand with strategic efforts, have consistently improved results over time and that following the pandemic period this approach will resume.

During the 2022/23 year, the Trust functioned under a financial structure where most of its income was fixed, with a variable component tied to elective activity performance rewarded through the Elective Recovery Fund (ERF). As the year progressed, a shift in national guidelines enabled the Trust to accrue the full contracted amount of elective recovery fund income.

Despite this benefit, contractual rigidity exposed the Trust to financial pressure arising from increased emergency activity demand. However, the Trust successfully managed its resources to continue to improve our financial health. Innovations in patient pathways and enhancements in estate infrastructure allowed the Trust to improve services. Further improvements in care, estate and finances aim to create superior daily experiences for patients, visitors, and staff.

Trust income saw a 6.7% increase in 2022/23, rising to £513.5 million compared to £481.1 million in 2021/22. This income growth was attributed to the natural expansion of activity and the addition of winter and capacity funding. Various revenue streams related to large projects, such as electronic patient record (EPR), were also recognised by the Trust.

The Trust's finances further benefited from the reinstatement of car parking charges.

Since the establishment of Integrated Care Boards (ICBs), funds now flow through the Hertfordshire and West Essex ICB instead of the Herts Valleys Clinical Commissioning Group (HVCCG), which previously handled most of the funding for the Trust.

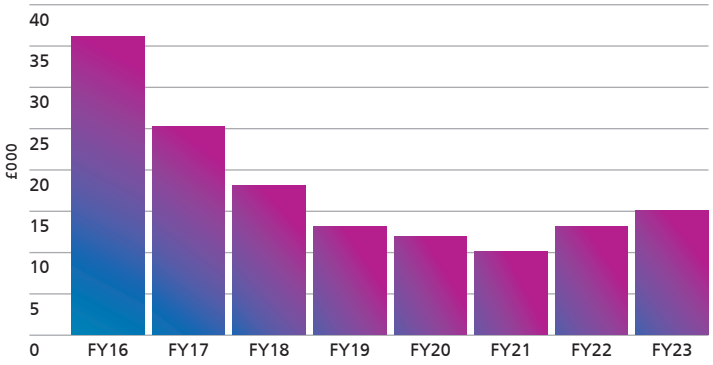
The Trust's operating costs (excluding impairments) increased by 6.0%, from £484.7 million in 2021/22 to £513.8 million in 2022/23.

Staff costs, which account for £20.7 million of this increase, can be attributed to the following:

- The 2022/23 pay award and the backdated element of it,
- Winter initiatives spending in Q4, and
- Increased reliance on temporary staffing.

Agency costs rose from £14.9m in 2021/22 to £16.6m, with £1.3m of that in relation to pandemic management. Although the Trust successfully reduced agency spending from £36.7m in 2015/16 (to £12.0m in 2020/21), there are plans to further decrease reliance on agency staff by making permanent positions more appealing and promoting the internal staff bank.

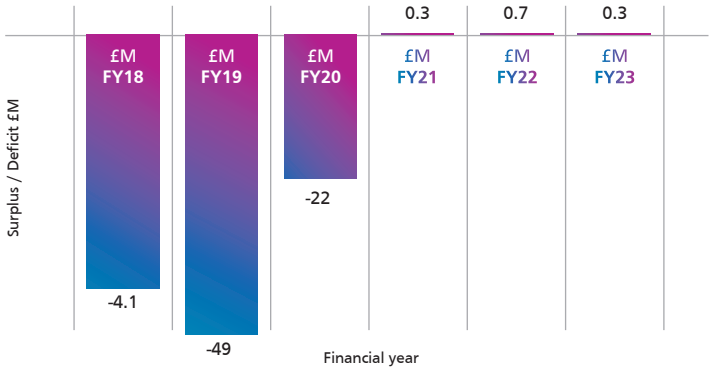
Agency Costs



Adjusted surplus / deficit £M

The Trust recorded a small surplus in 2022/23, this was the third year in a row that the Trust has exceeded its break-even target. However, because a cumulative deficit remains over the lifetime of the Trust, we have failed to meet our breakeven duty.

Adjusted surplus / deficit £M



Throughout the financial year, cash flow remained healthy partly aided by timely payment by Commissioners allowing prompt payment to suppliers enhancing the Trust's adherence to the Better Payment Practice Code.

Capital expenditure on new assets amounted to £38.2m (excluding £1.2m related to the capitalisation of lease payments in line with reporting standard IFRS16). The expenditure was supported by a £19.7m public dividend capital (equity) injection.

The Trust continues to build on its previous year's £65m capital plan, which included the completion of a multi-storey car park and the implementation of an Electronic Patient Record system.

Further investments were made in 2022/23 including:

- Over £0.3m spent on fire safety improvements across the Trust to ensure compliance with current Health and Safety standards.
- £2.1m allocated towards addressing critical infrastructure risks due to the ageing estate, thereby mitigating operating risks.
- £3.7m on land infrastructure around the Watford General Hospital estate supporting the future plans for service continuity and development in the short and medium term.
- £3.3m on project and design fees associated with developing the case for the Trust's redevelopment on all three Trust sites.
- £1.8m to finalise the refurbishment of Watford General Hospital theatres.
- £6.0m invested in equipment and infrastructure for a new state-of-the-art Community Diagnostic Centre (CDC) to benefit the local community.
- Over £3.9m spent on IT-related projects to improve the security of patient information, diagnostic record storage and accessibility.
- Lastly over £12m spent on replacing ageing medical equipment, including anaesthetic machines, thus maintaining high standards of care.

Capital investments for 2023/24 will be supported by dedicating £18.7m of internally generated cash, as part of the Hertfordshire and West Essex ICS' priorities for capital investment. The investment will aim to address maintenance backlogs, upgrade essential infrastructure, advance IT systems, enhance clinical spaces and replace outdated equipment.

Additional equity injections in the form of public dividend capital from the Department of Health and Social Care will fund other nationally supported, necessary investments. This includes the costs of developing the business plans for the major redevelopment of all three Trust locations and associated large scale renovations.

Internal audit

BDO LLP were appointed to provide Internal Audit services from 1 April 2020. The initial two-year contract ran until 31 March 2022, when it was extended in line with terms for the award until 31 March 2024. BDO create a yearly work plan that is approved by the Trust's Audit Committee. Progress reports are shared during committee meetings. The focus on important issues within these reports helps the Trust to manage risks and resolve weaknesses within the system of internal control. Further details can be found in the Annual Governance Statement on page 46 including the Head of Internal Audit Opinion.

External audit

The Trust must appoint external auditors as required by law under the Local Audit and Accountability Act 2014. Grant Thornton UK LLP (GT) was appointed for this role after a competitive tender process from April 2021 until March 2023. However, GT terminated the contract in October 2022 due to insufficient resources and additional compliance requirements, as the Trust's turnover was approaching £500m, leading to more audit scrutiny from the Financial Reporting Council (FRC).

In response, the Trust started searching for a new auditor for the 2022/23 accounts in October 2022. The search was challenging due to the difficult external audit market and legislation also requires that an NHS trust's external auditor is registered with a recognised supervisory body (in this case the Institute of Chartered Accountants for England and Wales). This limited the number of potential bidders.

The Trust Board has approved ASM B Ltd (ASMB) for an award of a two-year contract, with the possibility of two one-year extensions. If agreed, the contract will incorporate the audits of the 2022/23 years through to the 2025/26 financial year.

Expenses for work other than external audit, will be reported separately as "other auditor remuneration" in the annual accounts (see note 7.2). Before awarding such work, the Trust will ensure a competitive process is followed, and there are no conflicts of interest with the external auditor role.

Related parties and Conflicts of Interest

All Trust Board and executive committee members have declared potential conflicts of interest in conducting NHS business, such as external appointments and suppliers. These declarations are maintained in a register of interest kept by the Corporate Governance Office.

Note 32 of the accounts sets out related parties, which are primarily other NHS bodies that commission patient services from the Trust, or other government bodies involved in financial dealings with the Trust.

Better payment practice code

The Trust aims to pay suppliers on time and has reached over 80% efficiency in doing so during 2022/23 as set out in note 35 of the accounts. The goal is to achieve the 95% target set by NHS England. The Trust works closely with suppliers to address any issues and find suitable solutions for all parties involved.

Preventing Fraud

The Trust has a counter fraud policy that guides staff on reporting and handling potential fraud situations. A designated local counter fraud specialist works with the chief financial officer to increase awareness and address fraud incidents. The Trust has an action plan to enhance its counter fraud measures in collaboration with NHS Counter Fraud Authority. RSM, which won a 2019/20 competitive tender, provides local counter fraud services until March 31, 2024.

Income from additional activities

The Trust does not have significant income-generating activities outside its primary business. Profits, if any, are used to support patient care. Due to the Covid-19 pandemic, free parking was provided for staff and patients until August 2021. The income generated for the 2022/23 financial year was £2.8 million.

Pensions

The Trust contributes to the pensions of current employees through the NHS pension scheme, former employees' pension benefits are also managed through this scheme. Information on the benefits provided by these schemes can be found at https://www.nhsbsa.nhs.uk/nhs-pensions. More details can be found in note 10 of the accounts.

Going concern

Please see page 68 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 on 8 March 2023, 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 1.2.2.1. of the annual accounts.

raise

West Hertfordshire Teaching Hospitals Charity

Raise, our hospital charity continued to support patient care in our hospitals this year. Charitable donations help fund the latest technology, environmental enhancements, staff development and extra comforts that make such a difference to patients, day after day. One example this year is the support it has given the baby bereavement team. The death of a baby is heart-breaking, for the parents, their wider family and for the staff who support them. Having somewhere quiet and comfortable to talk through and start to come to terms with the tragedy is so important at this sad time, so Raise was honoured to make a grant to refurbish the bereavement suite, funding a sofa bed, comfortable chairs and a changing table, as well as special books to help parents explain to their other children what is happening. Thanks to Raise's support, families can now spend precious time with their babies in a homely environment.

The Trust is investing £2.2m in a new interventional radiology suite so we can develop into a centre of excellence, reflecting our teaching hospital status. Interventional radiology is a form of image-guided surgery which enables clinicians to carry out minimally invasive pinhole surgery. 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. Raise has done some sterling work this year fundraising for a new interventional radiology scanner which will sit at the suite's heart.
Raise ends the year very close to its £695,000 fundraising target and we'd like to thank all the companies, community groups, Foundations and individual donors who have given so generously. The suite is scheduled to be up and running by late summer 2023, and will mean that patients can be treated faster, return home sooner and heal more quickly than using traditional surgical techniques.

AIM THREE
GREAT TEAM

People strategy

The impact of the pandemic alongside the preparatory work regarding the acute redevelopment has provided an opportunity to reflect and review the existing strategy document and align to some of the changes from a workforce and health care context.

In addition, the national People Strategy has also been published with the launch of the NHS People Promise. This is based on seven promises and priorities that reflect some of the changes in the workforce context following the pandemic while focusing on the wider strategic challenges.

The revised People Strategy has been developed within an inclusive and consultative approach involving a cross section of our workforce. It has also included discussion with system partners and ratified by the Trust Board in December 2022.

The main drivers supporting the strategy are demonstrated below:

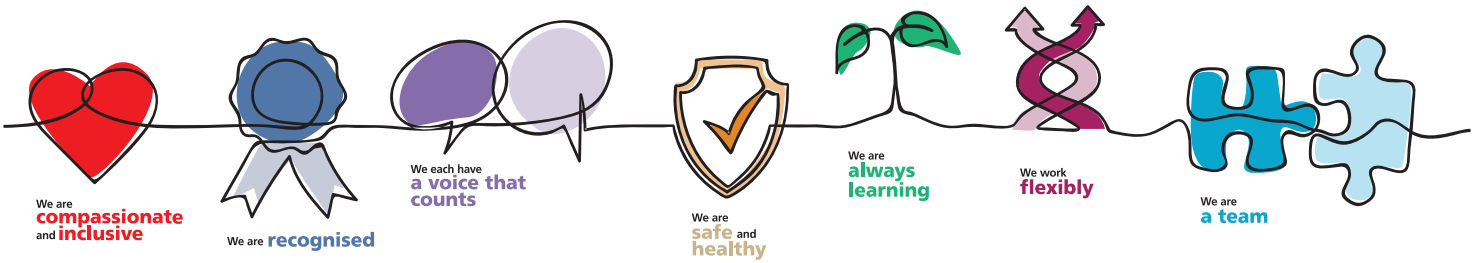
Staff retention
The recent People Plan and People Promise Plan sets out national expectations of how we must all continue to look after each other and foster a culture of inclusion and belonging, as well as take action to grow our workforce, train our people, and work together differently to deliver the highest standards of patient care.

Staff engagement and wellbeing
Our staff have provided valuable feedback through various levels of engagement. This includes the annual staff survey, pulse survey, Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and the Gender and Race Pay Equality Report. We regularly consider workforce indicators around absence, retention, vacancy rates and learning and education.

Teaching Hospital Status
The Trust achieved Teaching Hospital Status in December 2021. We have made improvements that led to this achievement with ambitious plans over the lifetime of our strategy to enhance teaching and education further for all our staff to support a highly skilled workforce that enables innovation.

Inclusion and Diversity
The Trust is extremely proud of the diversity of its staff. We have improved our support to enhance diversity and equality with an emphasis on our staff. This strategy gives the opportunity to demonstrate excellence in supporting equality and diversity further and providing the support and opportunities for all of our staff while demonstrating compassion, awareness, inclusivity and opportunities at all levels.

Listening to our Staff - Staff Survey 2022



All staff were encouraged to take part in the national staff survey which ran from October to November 2022. The Trust received a response rate of 50.3% (2,612 responders), with a 1.3% increase from 2022 (against an average of 44% for the sector).

Overall, we scored in line or above national average in six out of the nine People Promises. The three being below average are; 'we are compassionate & inclusive', 'we work flexibly' and 'staff engagement'. Responses show an improvement in our team working and positive culture as well as, some aspects of work pressure and consequently burnout are better than elsewhere in the sector.

Feedback from the survey show our score for the question, 'Would you recommend your organisation as a place to work?' has dropped by 8% since 2019, with a declining score year on year. Our Trust priority will be to explore reasons for this and to improve our work to make staff want to work here with a focus on flexible working, career development, international recruitment, and staff retention. This feedback and findings also align with our People Strategy and the wider NHS People Promise.

Supporting Health and Well Being

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. The wellbeing of our staff has been an area of priority over the last two years, particularly with the impact of the pandemic. On reflection of the Trust's work to support staff wellbeing and with the newly appointed Chief Executive Officer, there has been an opportunity to consider how we take our strategy to the next level.

During 2022/23 we have,

- Continued our psychological support through our local integrated care system (ICS) wellbeing hub - Here for You and Employee Assistance Programme (EAP),
- Provided peer to peer support through increased numbers of wellbeing champions, mental health first aiders and staff network groups,
- Introduced an internal physiotherapy service to support and improve muscular skeletal,
- Delivered a range of wellbeing awareness sessions on pensions, financial wellbeing, burnout, physical health and menopause,
- Offered quarterly free health checks, monthly discounted massages, and weekly discounted fitness classes onsite at Watford Football Club,
- Hosted annual recognition events including Long Service Awards and Stars of Herts awards night as well as wellbeing events including WellFest and Winterfest.

Our psychological support continued to support our workforce during 2021/22. The Here for You programme delivered 68 rapid assessments with onward referral, signposting or psychological intervention, 200 team consultations and reflective practice and 104 webinars and training to Trust staff. During 2022/23 , 91 rapid assessments have been conducted and 125 team consultations and reflective practices. In addition to the Here for You programme, we have provided support through our Employee Assistance Programme which received 48 calls, 0.92% utilisation rate in 2022.

We recognise the challenges staff are experiencing with the rise of cost of living. In response to this the Trust issued a one-off payment of £100 (bands 2 to 5) or £50 (bands 6 to 7) in April 2022 and we continued to offer £2 subsidised meals in the onsite restaurant. The Trust also delivered financial, wellbeing and pension educational sessions throughout the year, a mixture of onsite and webinars. Financial resources and signposting have been shared across the Trust and on the wellbeing intranet page. In addition, the Trust has opened an onsite essential hub at Watford which provides food and other essential items for staff and anyone in the local community. Essential items are also delivered to St Albans bi-weekly. The Trust provided the opportunity for all substantive members of staff to claim back the cost of a Blue Light Card which provides discounts at selected restaurants, holidays, days out and online and in-store retailers.

Recognising our brilliant staff

WellFest 2022

WellFest saw a month long wellbeing event which raised awareness physical health, mental wellbeing, nutrition and financial/ social wellbeing. We invited Wild Ivy Retreats to visit all our sites providing tasters of plant-based foraged foods and healthy juice shots. Staff had the opportunity to make their own herbal teas.

WinterFest

WinterFest was an opportunity to boost staff morale and get into the festive spirt, with local stall holders and food vendors, giving staff a chance to do a little Christmas shopping across all sites.

Long Service Awards

We once again held our long service awards ceremony to celebrate and thank staff who have worked at the Trust for over 15 years. One member of our staff was thanked for 50 years' service. Over 300 staff were recognised for their long service at the event, which took place at Watford Football Club with morning and afternoon tea and cakess.

Stars of Herts annual award ceremony

Our Stars of Herts annual award ceremony event was held in September 2022 and provided an opportunity for 600 staff and sponsors to come together to celebrate the individuals and teams whose commitment has gone above and beyond. Staff celebrated with street food, followed by a star-studded award ceremony at the Palace Theatre in Watford. Some staff took the opportunity to continue the night at Pryzm nightclub. The event was received very positively by staff, sponsors and the senior leadership team.

Freedom to Speak Up (FtSU)

Our Freedom to Speak Up (FtSU) service continues to promote a positive culture for all, with the principle of psychological safety embedded and underpinning the service and the Guardian's role.

Our key focus during the year has been to identify and tackle barriers to speaking up, such as issues of bullying culture, poor levels of awareness and fear of repercussions for staff who raise concerns.

The FtSU Champion team has increased over the past 12 months to a membership of 51. The Champions are visible across the Trust, through attending key meetings, holding training sessions within their own work areas and talking to different staff groups to promote speaking up messages. Their work has also been focused to give the organisation critical high-level insights, as part of our ongoing conversations around topics including race, inequality, and inclusion.

The Guardian and Champions continue to share good practice and ideas for improvement where people have raised concerns, and there is a feedback mechanism for people to anonymously share their own views of the FtSU service.

Over the past 12 months, 44 FtSU cases have been raised. This is an increase of 16 cases compared with the same period last year. The rise in cases across the period can be attributed to an increase in staff engagement activity, in particular a programme of direct engagement with all our staff, providing them with helpful information and helpful links to speaking up.

6% of the cases raised over the previous 12 months have been raised anonymously. In line with the national picture, bullying and harassment outweighs all other types of concern raised.

Over the year, the FtSU Guardian has held several engagement events with staff and has made direct approaches to staff. The aim of this work is to raise awareness about FtSU, to understand how speaking up works for staff, share themes and triangulate data around areas of concern. The work also helps to collaborate on a multidisciplinary approach to tackle issues in partnership with the leadership teams and other specialist practitioners, including the leads for organisational development and diversity.

Flu vaccination

The 2022/23 staff flu vaccination campaign ran from September 2022 to January 2023 with 62.7% of staff with direct patient contact, receiving the flu vaccine. Whilst this is lower in comparison to previous years, which was also mirrored across other acute trusts within the region and nationally, the uptake reflects a good position regionally. The flu campaign ran alongside the Covid-19 booster programme and the opportunity to co-administer flu and the Covid-19 vaccine was implemented once again.

Covid-19 vaccination programme

The Covid-19 booster vaccination programme ran from September 2022 to December 2023, offering vaccination across all three sites. 33.2% of staff with direct patient contact received their fourth Covid-19 booster. In an effort to support the regional vaccination effort, the Trust ran monthly consultant led allergy clinics for local patients who have been referred into a hospital setting by their general practitioner.

Education, learning and development

The Trust remains committed to training and developing its staff and continues to build on its teaching hospital status to realise learning and development opportunities in the organisation.

The simulation service is one area of particular focus and success. We have used simulation-based education as a powerful learning tool following national and local patient safety incidents. To widen knowledge and share learning the team have made recordings of these simulations and they have been used on both clinical governance sessions and induction programmes.

We were delighted to be one of the first trusts in the UK to appoint a simulation technician apprentice.

During the past 12 months the Trust became a regional centre for the East of England Critical Care Network/ University of East Anglia adult critical care course. We are now running three such courses per year in addition to the existing programme of critical care simulation days for critical care nurses.

As well as delivering the core training programmes for nursing staff and doctors the team were also able to deliver human factors, regional trauma team days, in-situ simulation for the radiology team and local GP Surgeries.

The Trust has made a significant investment into safeguarding the simulation training service through the purchase of an updated simulation model. This model increases the fidelity and the inclusion of our training. In addition to this our Health Education England, our commissioning partner, provided the Trust with two state of the art virtual reality (VR) headsets.

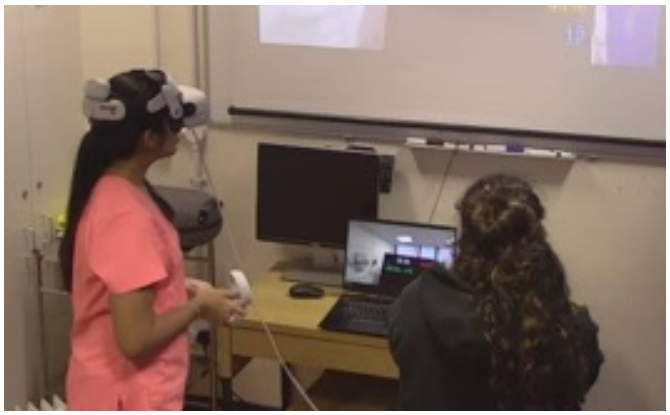
As we continued to explore technology enhanced learning, the Trust purchased further VR headsets for our emergency medicine staff. This provided them with the opportunity to train in a safe environment with peers.

We continued to offer high quality rotations to medical students and training grade doctors throughout the year within medical education. This was recognised by good specialty school inspections into anaesthetic and obstetrics and gynaecology training.

Undergraduate student numbers have increased back up to pre-pandemic levels, and currently include 28 University College London Medical School students as well as an increased number of overseas students from our partnership with St George's University in Grenada. The Trust continued to prepare to launch its training partnership with Brunel Medical School from 2024.

Our junior doctor numbers increased within our Foundation and GP training schemes in August 2022 and we are looking to expand our numbers further in 2023/24 as regional expansion plans come online.

The Trust offers learning and development opportunities to other clinical and non-clinical groups of staff. The coaching service, providing leadership and professional coaching to all staff and managers on request, continues to grow and meet the demands of the organisation. The Trust now has 39



trained coaches providing the service and the majority have been trained to provide specific career coaching sessions.

The Trust launched a new career development programme in March 2023. The programme is designed to give our staff the confidence and tools to be able to progress or change career pathways within the organisation. The programme consists of six workshops that include: knowing and understanding yourself, presenting yourself with confidence, developing your influencing skills, responding to change and understanding the environment in which you work. As part of the course, attendees will also receive career coaching.

In leadership and management, all programmes returned to full volume in the 2022/23 year. Four further Evolve (first line leadership) programmes were completed, as was the first Rise (senior leadership) programme, the first two Transform (clinical leadership) programmes and the first two Launchpad (Bands 2-4) programmes. Additionally, two experimental pilot programmes were designed and took place.

In the field of coach development, the Trust continues to excel, not only in creating its own coaches, but now as the destination trainer of coaches and leaders from across the region. The Trust is now the lead provider for coaching programmes at Integrated Care Board level, with discussions ongoing for provision of such training to regional level. During 2022/23 an additional specialist training course in career coaching was instituted and in 2023/24 even more advanced coach development courses are planned.

The Trust's mandatory training compliance has consistently remained around 90% over the last 12 months.

The Library and Knowledge Service (LKS) continues to provide facilities and support to all our learners and staff in the organisation. In order to support these services and resources, the Trust appointed a new library and knowledge service specialist and will appoint its first library apprentice in 2023.

Best Value

The Trust has continued to recruit successfully into band 5 adult nursing roles with a particular focus on theatres and A&E where vacancies are highest. There has been a continued increase in demand for temporary staffing to manage ongoing surge areas with the successful implementation of the Watford response team, offering flexible shifts in high demand areas.

The Trust's overseas nurse recruitment programme deployed over 190 nurses across all divisions, this will continue into 2023/24 with funding support from NHS England.

Midwifery continues to be extremely challenging to recruit which is reflected nationally. To mitigate against this, the Trust has supported the arrival of 10 overseas midwives and internal nurses converting to midwifery following an 18-month conversion course.

Staff turnover has reduced month on month and is 15.6% overall, with a focus on those leaving within their first 12 months. The first year of the People Promise Plan introduced a new induction programme, extended onboarding with themed support programmes, continued comprehensive wellbeing and staff assistance support.

Bank and agency utilisation has increased whilst the Trust requires support for surge. To mitigate high spend areas, HR, finance and the divisions work collaboratively to plan interventions that offer sustainable, cost-effective solutions either through bank or substantive recruitment.

Working differently is a priority for the Trust. To improve our engagement with young people and local communities, we held a large careers event for Westfield Academy. This attracted 180 15 – 16 year old students to our event which showcased all of our services, held interactive sessions, and provided careers advice. This will be developed for other local schools and colleges to promote work experience, placements, apprenticeships, and job opportunities.

The Trust works collaboratively across the network to manage NHS Professionals and increase bank supply and engagement. Ongoing targeted recruitment open days offering one-stop-shop processes were introduced. This has been particularly successful for healthcare support workers, appointing over 150 throughout the year.

Our medical locum spend is high and work is planned to improve candidate attraction, particularly for consultant recruitment. The Trust has focused on direct engagement with doctors and by migrating many workers to NHS Professionals. From April 2022 to February 2023, costs of £395,000 have been avoided and this work will continue into 2023/24.

The Trust has launched a new People Strategy aligned to the People Promise themes. This plan sets out priorities for next 5 years with Equality, Diversity and Inclusion at the forefront.

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

The Trust understands the importance of developing a healthier and happier workforce through fostering a compassionate and just culture, and where inclusiveness, equity and diversity is valued and nurtured. Progress has continued to be made in delivering our inclusive ambitions.

There are currently six established staff networks active within the Trust; Connect Multicultural, Diversability, Interfaith Network; LGBT+, Sexism in Medicine; and Working Carers Network;

The Equality, Diversity and Inclusion (EDI) team have been working collaboratively with the staff networks to further develop these groups' structure, embed them within the organisation and support with forward planning of key events and activities. One key example is the implementation of an EDI steering group, which has been established to provide the Trust with an overarching group that enables a collective focus on EDI priorities, to further advance the delivery of our inclusive ambitions, as well as representing all protected characteristics. To ensure a comprehensive approach, the focus of the agenda alternates between workforce related matters and the consideration of health inequalities in terms of our patients and services. To support this work, a dedicated non-pay EDI budget has been secured.

Additional progress include:

- Connect multicultural network continues to highlight diverse cultures through an evolving selection of well-attended celebration events covering a wide varie of key cultural and religious dates. They also run regular safe space sessions to inform future trust practices and approaches, as well as delivering regular cultural intelligence training as part of student nurse training, corporate and junior doctor inductions and other programmes.

- Over the past three years the number of staff who have shared their disability on electronic staff record (ESR) has continued to rise from only 1% to 3.2% (175 people). This trend is in line with the formation and development of the Trust's disability network, Diversability.

- Last year the British Medical Association (BMA) released a report that demonstrated the significant issue of sexism and gender bias experienced by doctors working in the NHS. The Trust is keen to demonstrate that, as an inclusive employer, we do not tolerate discrimination or bias in any form and therefore we run a series of focus groups so staff can share their experiences to inform future practices.

- The Trust recognises that many of its staff are working carers and is working closely with the network to undertake the first stages to becoming a Level 1 Carer Confident employer.

Regular reporting on diversity and monitoring experiences of all of the Trust's workforce continues to be a key focus. On that basis the Trust established a commitment to undertake the NHS Equality Delivery System (EDS), utilising the revised and more robust means of assessment from 2022 rather than waiting until it became mandatory.

Moreover, to ensure triangulation and enacting on the insightful data obtained from the staff survey, the annual Workforce Race Equality Standard (WRES) and Workforce Disability Standard (WDES) a new substantive post of Inclusion and Engagement Adviser has been developed and approved. This will also assist in aligning our wellbeing and equality, diversity and inclusion functions to ensure all associated provisions equally meet the needs of all protected groups.

Annual equality reports are discussed widely with staff networks, who also co-produce 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

Research and development

The Trust continues to be committed to contributing 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 change of emphasis and working practices during the recovery, work is underway to review and update the Trust's research and development strategy 2020-23.

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 2022/23 , the numbers of patients the Trust recruited into National Institute for Health and Care Research (NIHR) studies exceeded years previous to the pandemic as our usual wide portfolio of studies was restored. During 2022/23, according to our latest available figures, 1,606 participants took part in research at the Trust approved by the Health Research Authority (HRA) and supported by the NIHR through its research networks. Participants were actively recruited to 48 NIHR studies. A further 22 studies are open at the Trust of which 18 are NIHR supported. An additional 41 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 questionnaires, or a review of data held on systems. The projects included both non-commercial and commercial studies, with our commercial recruitment exceeding that in any previous year. These studies 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 and one hundred percent of research participants who completed a national satisfaction survey in 2022 reported that they had found the process to be a good experience and would be happy to participate in another research study.

AIM FOUR
GREAT PLACE

Ambitions:

Paper light Hospital by 2025

New hospital facilities

Opening of a multistorey car park at Watford

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.

The strategy will be refreshed in 2023/24.

Working in partnership across the local health system

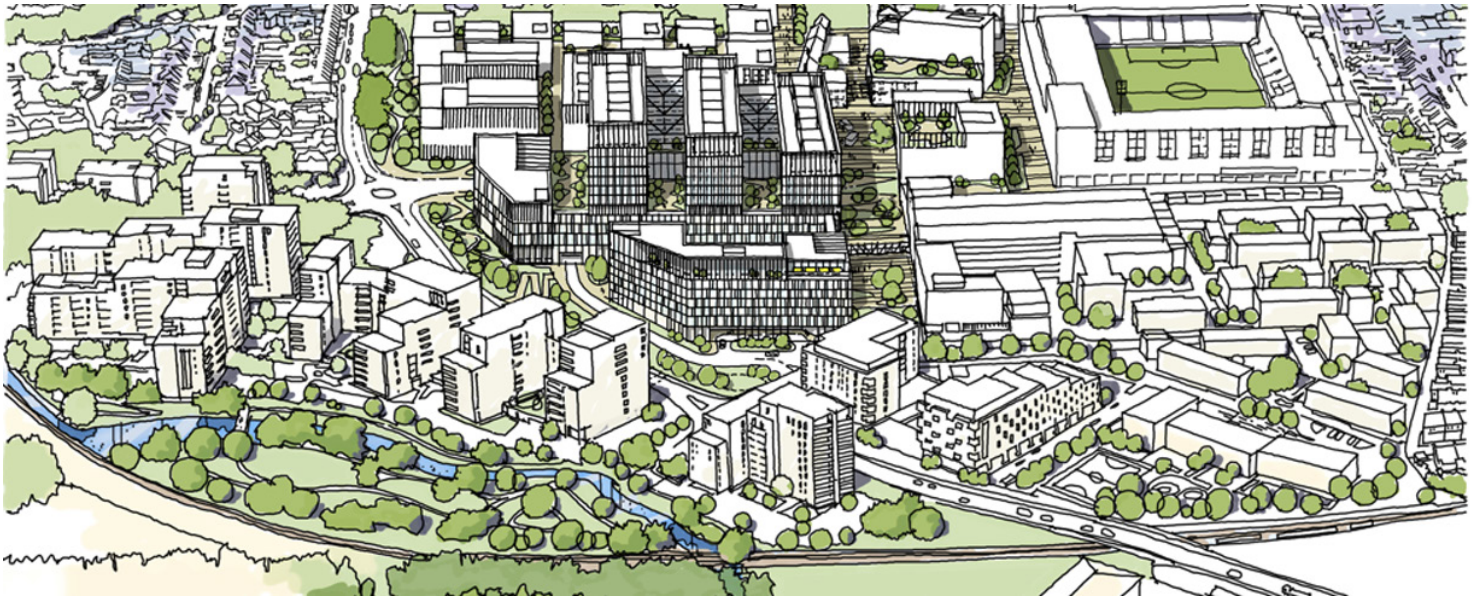
In line with all NHS organisations and local authorities, the Trust is working closely with partners to develop new ways of working to meet the challenges facing health and care services and deliver the ambitions in the NHS long term plan. The Trust is part of the Hertfordshire and West Essex Integrated 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 Covid-19 and the post-pandemic elective recovery and unprecedented non-elective demand. 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 focus on the elective recovery and managing non elective demand has really shown the benefits of joined up working between local health and care organisations on behalf of patients.

Acute redevelopment

The pandemic has not diminished the Trust's ambition to provide patients and staff with new buildings and up-to-date facilities. 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. We are delighted that a new hospital in West Herts has been approved as fully funded by the Secretary of State for Health and Social Care in his announcement on 25 May 2023



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 most 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 2021/22, the Trust progressed its detailed designs for its indicative preferred option at Watford and secured outline planning consent for a new emergency and specialist hospital on land adjacent to the current hospital. This set the maximum developable footprint for new clinical facilities on the site and demonstrated 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.

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 changed from that anticipated at the time of the shortlist decision/feasibility study due largely to changes in the national New Hospital Programme (NHP).

On 31 May 2022, the Board approved the plans for Watford for 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.

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-19 free' have reinforced the importance of continuing to provide planned surgery away from the emergency site. We are expecting to receive £12m to develop a community diagnostic centre at St Albans City Hospital which will include an extra MRI and CT scanner to support patients with suspected or diagnosed cancer or with other conditions that might require surgery.

This will increase the number of 'one stop shop' clinics and speed up diagnosis. Further plans for the expansion of operating theatres have been agreed and are awaiting funding approval.

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.

Multi-storey car park wins national design award

During the reporting year, a new multi-storey car park opened at Watford General Hospital. This has improved the parking for patients, staff and visitors. The design of the car park won a national design award at the British Parking Awards 2022. Its layout, improved disability access, quality of the construction, use of number plate recognition and contribution to carbon reduction were all factors which impressed the judges.

Estates

Whilst the Trust awaits the commencement of significant redevelopment work, it is important to continue to manage the current estate. Unexpected repairs to subsidence and pipework have put pressure on the estate in the latter part of the reporting year.

A maintenance programme addressed the following areas in 2022/23:

- Flooring repairs and refurbishments.
- Further investment in fire safety across all sites.
- Water hygiene across all sites.
- Phase 2 of a multi-year programme of works to upgrade high voltage/low voltage electrical infrastructure at St Albans City Hospital and Watford General Hospital.
- Five-year fixed wire testing for year three commenced at Hemel Hempstead Hospital.
- Pothole surveys and repairs.
- Lift maintenance and repairs.

A key challenge during the year was to recruit and retain suitable qualified estates staff with a focus on succession planning and opening up roles to apprenticeships to bring on board and develop the future experts in our Trust.

Clinical engineering

Our clinical engineering team was the first in the East of England to successfully roll out the infusion suite connectivity to electronic patient record (EPR) as part of a wider electrocardiogram EPR connectivity project.

Key focus areas in 2023/24 will be phase 2 EPR connectivity project focusing on infusion devices and a clinical bed replacement programme.

Facilities

Mitie continue to manage all our soft facilities services following an extension to its contract to 2025. This year there has been a dedicated focus on recycling and sustainability initiatives, which are also generating income for the Trust. Work has been undertaken to reduce carbon emissions and improve recycling within our waste services.

These include:

- A new carboard bailer, which generated an income of £4,200 and saved over 700 trees from April to October by recycling carboard and paper
- A trial to bale High Density Polyethylene (HDPE) plastics with a roll out to the rest of the Trust in the next year. This reduces the waste production and collections, saving costs and reducing emissions.

Security and car parking

The Trust has entered into new security and car parking contracts during the year and agree detailed plans for mobilisation across the first quarter of 2023/24. This will improve the service to patients, visitors and staff and could provide a potential cost saving for the Trust.

Strategic projects

The capital projects team have completed (or are nearing completion of) a significant number of schemes in year:

- The completion of the multistorey car park at Watford General Hospital
- Staff relocation project (Unit 11 – "Maple House")
- Theatre refurbishment and reconfiguration
- Acute redevelopment minor enabling works schemes
- High-voltage and high-risk power resilience work at St Albans City Hospital are underway and will support future development plans including the CDC and Elective Care Hub
- Refurbishment works are progressing to provide:
- a Changing Places Toilet in PMoK Level 4
- improved kitchens in Langley and Starfish wards
- four new waste disposal areas in the main block at Watford and the womens' and children's block
- improvements to Sarratt staff room, the adjacent relatives room, ophthalmology staff room, delivery suite staff room and red suite
- Enabling works for the interventional radiology suite.
- The works to reconfigure the main entrance in the womens' and children's block and refurbish the main corridors in Katherine and Victoria wards
- Works to create mental health/safe rooms within the A&E initially and two further rooms in AAU and Starfish.
- Relocation of the Fracture Clinic in St Albans City Hospital

We are currently finalising our prioritised projects for 2023/24 in line with capital allocations, with key schemes being:

- The switch to automatic number plate recognition in parking schemes across the Trust sites
- Refurbishing staff rest rooms
- ADT security services supporting access to high-risk areas including a migration to the Trust network
- A new interventional radiology suite at Watford General Hospital to be completed by July 2023
- Significant upgrades and refurbishment to lifts
- Continued work on the relocation of the Fracture Clinic in St Albans City Hospital
- A new modular Pathology building with planned completion in February 2024 at Watford General Hospital.
- Reconfiguration and refurbishment of the top floor of Shrodells Building at Watford General Hospital from an office environment to create a new 44 bed ward, planned for completed at the end of August 2023
- The first phase of development to create a Community Diagnostic Centre (CDC) at St Albans City Hospital
- The reconfiguration of the A&E department at Watford General Hospital and the creation of a Phlebotomy Department with a planned completion in the first quarter of 2023/24
- Trust-wide works to install LED lighting
- Refurbishments of kitchens and installation of new waste disposal areas in Watford General Hospital
- The creation of an Elective Care Hub at St Albans City Hospital in collaboration with Hertfordshire and West Essex ICS

IT developments

In November 2021, we installed an electronic patient record system (EPR). Introducing an EPR system means that all patient information is available electronically, on screen, at any hospital location, at any time. It has completely transformed the way we admit, treat, and discharge our patients. It has also improved referral management, reduced the number of cancellations and rescheduled appointments.

Patients' information is now 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 is 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 are automatically uploaded to the patient's record and clinics no longer are 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 now have instant access to the data they need to care for patients which leads to a better patient experience.
During the last year we have cemented our partnership arrangements, with a new IT outsource contract being awarded to Atos for the next five years. This provides us with a stable partner and platform to continue to develop from. To this end, we have begun to explore an expansion of our virtualised estate for all users.

Sustainability and net zero carbon

The Trust ratified its Green Plan in 2021/22, which set 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 and 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. Six-facet and condition surveys were undertaken in 2022/23 which allowed for further refinement and planning of investment of capital funding by focusing on areas of the estate which have the greatest need. They established 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 2022/23.

Signed by:

Matthew Coats
Chief Executive

Date: 30/10/2023

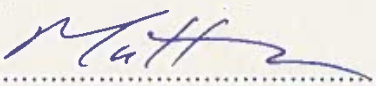
Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS England has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum*. These include ensuring that:

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

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

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



..... Date...30/10/2023.....

Matthew Coats

Chief Executive Officer

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, financial statements and notes

Board and Committee membership and register of meeting attendance 2022/23

Name of member		Board (10)	Audit (5)	Charity Committee (4)	Finance and Performance Committee (12)	Great Place Committee (8)	People Education and Research Committee (6)	Quality Committee (12)	Remuneration Committee (5)	Trust Management Committee (12)
Phil Townsend	Chair	10/10			12/12	8/8			5/5	
Matthew Coats	Chief Executive Officer	6/7	3/5		8/9	5/5		8/9	4/4	9/9
Christine Allen	Chief Executive Officer	2/3			2/2	1/2		2/2	1/5	1/2
Non-Executive Directors										
Ginny Edwards	Non-Executive Director	8/10		4/4				9/12	5/5	
Jonathan Rennison	Non-Executive Director	9/10		4/4				10/12	5/5	
Natalie Edwards	Non-Executive Director	8/10	3/5				6/6		5/5	
Edwin Josephs	Non-Executive Director	10/10	5/5				6/6		5/5	
Harvey Griffiths (appointed June 2022)	Non-Executive Director	7/7			9/9	4/5		2/2	4/4	
Harvey Griffiths	Associate Non-Executive Director	3/3			3/3	3/3		3/3	1/1	
Ann Griffin	Non-Executive Director	6/7			1/1		4/6		3/4	
Helen Davis	Associate Non-Executive Director	10/10	4/5			8/8				
Paul Cartwright	Non-Executive Director	3/3			2/2	1/2			1/5	
Executive Directors										
Tracey Carter	Chief Nurse	10/10	4/4	3/4	11/12	5/8	6/6	12/12		9/11
Don Richards	Chief Financial Officer	9/10	4/4	3/4	11/12	7/8				10/11
Sally Tucker	Chief Operating Officer	8/10			10/12	3/8		10/12		9/11
Mike van der Watt	Chief Medical Officer	9/10			10/12	5/8	6/6	11/12		10/11
Paul Bannister	Chief Information Officer	9/10			8/12	7/8				10/11
Andrew McMenemy	Chief People Officer	9/10		1/4		6/8	6/6		5/5	10/11
Helen Brown	Deputy Chief Executive	3/3		0/1		2/2				1/2

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 2023 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 NHSE 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 on page 51.

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.
- 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 focused 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.

1.1 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.

2. The risk and control framework

2.1 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 2022/23 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 Cloud. 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.

2.2 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 2022/23, 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 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, improvement works to upgrade the electrical infrastructure and lift maintenance and repairs.
Several new service developments were completed during the year, such as high voltage and high power resilience work at St Albans Hospital, refurbishment works in the Princess Michael of Kent Building (PMoK) and Women's and Children Service (WACS) at Watford General Hospital, enabling works for the Interventional Radiology suite at Watford General Hospital, works to create a safe environment for mental health patients in the A&E department at Watford General Hospital, relocation of the Fracture Clinic in St Albans Hospital and general backlog maintenance.

We 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 includes refurbishing staff rest rooms, a new modular Pathology building, reconfiguration and refurbishment of the top floor of the Shrodells building at Watford General Hospital, the first phase of the Community Diagnostic Centre at Hemel Hempstead Hospital and the creation of and the creation of an Elective Care Hub at St Albans Hospital in collaboration with the Hertfordshire and West Essex ICS.

Finances
Benchmarking analysis indicates that the Trust's 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. It has also implemented a wide range of initiatives throughout the year to improve patient flow and performance.

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 2022/23, the Trust as mandated nationally, had a block contract with all commissioners. The related performance obligation is the delivery of healthcare and related services during the period, with a variable component tied to elective activity performance rewarded through the Elective

Recovery Fund (ERF). As the year progressed, a shift in national guidelines enabled the Trust to accrue the full contracted amount of elective recovery fund income.

IT infrastructure
We have continued to invest and evolve our infrastructure throughout the last year with specific investment in Wi-Fi expansion increasing the coverage throughout the Trust, in cyber security and in provisioning greater resilience across our LAN and WAN network.

2.3 Compliance with licence conditions

As an NHS Trust, compliance with the UK Corporate Governance Code is not required before the Trust becomes subject to the new licence conditions coming into force on 1 April 2023. 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 2022, 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.
- Commissioning for Quality and Innovation (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 2022/23 work programme delivered by internal audit:

Review title	Level of Assurance Design	Operational Effectiveness
Deprivation of liberty safeguards (DoLS)	Substantial	Substantial
Divisional Governance - Maternity	Moderate	Moderate
Data Quality	Substantial	Moderate
HFMA – financial sustainability (including HFMA – Benchmarking Report)	Advisory	Advisory
Key Financial Systems – Accounts Receivable	Moderate	Moderate
Nurse Rota Management	Moderate	Moderate
Waiting List Management	Moderate	Moderate
Outpatient Bookings	Moderate	Moderate
Cyber Security	Moderate	Moderate
Data Security & Protection Toolkit	Moderate	Overall confidence in submission: High

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.

At the close of 2022/23, the Board comprised of 12 directors: the chair, six non-executive directors and five executive directors including myself. This reflects an increase of one non-executive director following the change of the Trust's status to that of a teaching hospital.

To discharge its duties effectively, the Board is required to have several statutory committees. All assurance committees are chaired by a non-executive director or associate 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 45.

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.

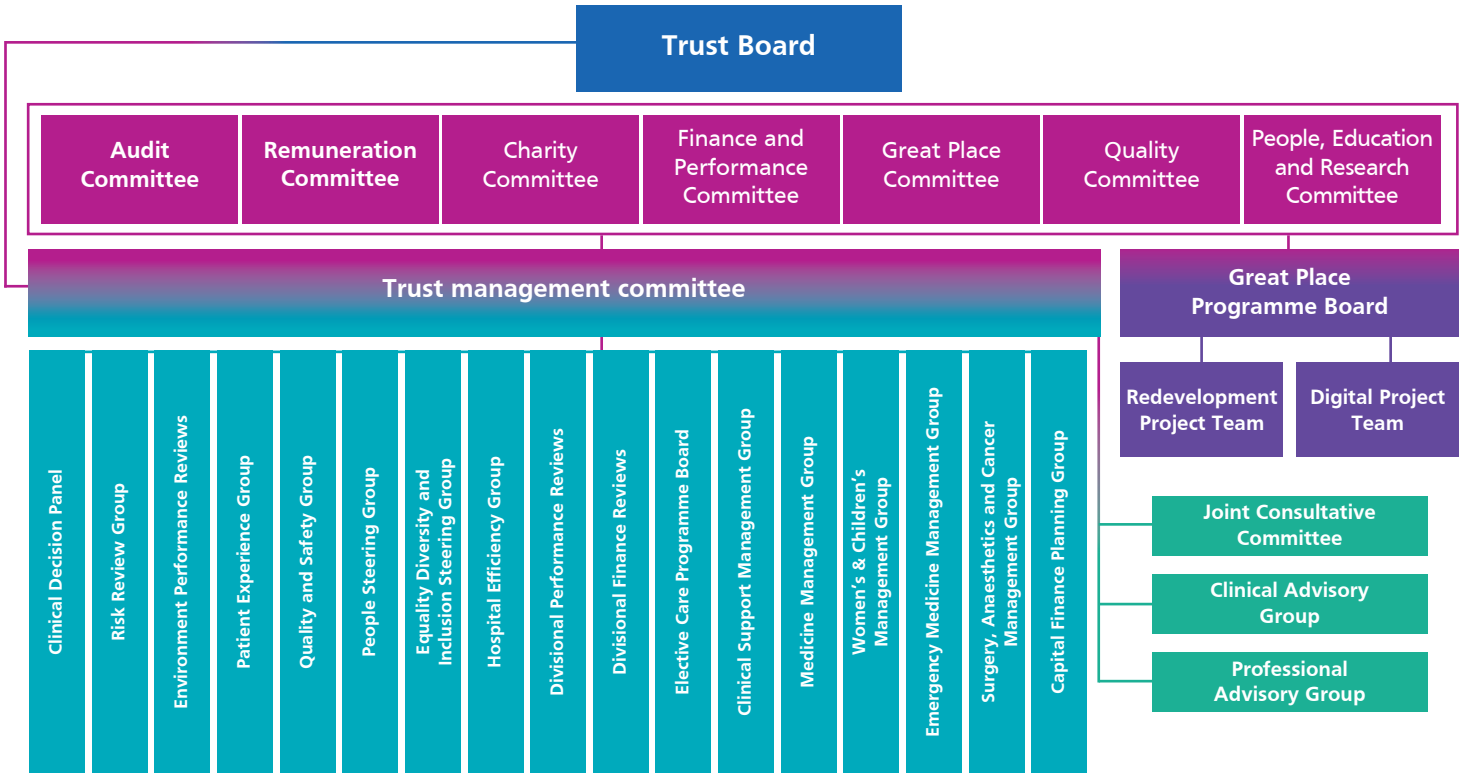
The assurance committees seek assurance from executive directors and divisions about risk and performance. Through the integrated performance report and finance, quality and workforce reports, non-executive directors can seek assurance and hold directors to account for quality, risk and performance.

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 2022/23 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.

The corporate governance structure for 2022/23 is set out below.



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

Jonathan Rennison, Vice Chair **(from 1 September 2022)**

Jonathan 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: Vice Chair, Chair of Charity Committee. Member of Quality Committee Lead for Care of the Elderly, Learning from Deaths, Maternity Safety

Ginny Edwards, Vice-Chair

Ginny 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

Harvey Griffiths, Non-Executive Director (1 June 2022)

Harvey joined the Board as a non-executive director on 1 June 2022, having previously been an associate non-executive director from 1 December 2021 to 31 May 2022. He has substantial business and infrastructure experience and his commercial career spans three decades (with more than 20 years at chair, CEO, MD level) across capital investment, retail and social housing finance.

Responsibilities: Chair of FPC and member of Great Place Committee.

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 25 years.

Responsibilities: Senior Independent Director, Chair of the Audit Committee. Member of People, Education and Research Committee, Lead for MHPS and Security.

Ann Griffin, Non-Executive Director (1 July 2022 – ongoing)

Professor Ann Griffin joined the Board in July 2022 with special responsibility for the Trust's teaching hospital status. She is a deputy director of University College London Medical School and both a doctor of medicine, on a GP career break, and a doctor of education.
As a clinical professor in medical education research, she brings significant experience and expertise in healthcare education, research and consultancy, as both an academic and a healthcare practitioner

Paul Cartwright, Non-Executive Director (1 April 2022 – 14 June 2022)

Paul 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

Reporting lines and accountability
Executive Directors

Matthew Coats, Chief Executive Officer (4 July 2022)

Matthew Coats joined as chief executive officer in July 2022 after three decades covering a range of senior roles in the NHS and the Civil Service.

Matthew has led large teams and implemented national change programmes in the Cabinet Office, the Ministry of Justice, the Home Office and the Department of Health. He has managed large teams and equally large budgets. Prior to that, he was deputy chief executive at a multi-site hospital trust.

Responsibilities: Accountable officer. Chair of Trust Management Committee.

Tracey Carter, Chief Nurse

(Acting Chief Executive Officer from 17 June 2022 – 3 July 2022)

Joined the Trust in 2014 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.

Christine Allen, Chief Executive Officer (1 April 22 – 17 June 2022)

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.

Helen Brown, Deputy Chief Executive Officer (1 April 2022 – 17 June 2022)

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.

Reporting lines and accountability
Clinical representatives

Dr Andy Barlow
Divisional Director, Medicine

Dr Rachel Hoey
Divisional Director for Emergency Medicine

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

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. The plan is monitored by the assurance committees and the Board.

A monthly integrated performance report is produced which contains performance indicators and NHSE's 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 £13.2 m for 2022/23 against a plan of £17.9m (2019/20 outturn savings programme was £15m pre-pandemic). Achievement of savings was lower than trajectory due to the 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.

2.4 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, Hertfordshire and West Essex ICS, 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.

The Trust has embedded co-production board meetings which are held every three months within the Trust. The aims of the co-production board are to engage, involve and place patients and the public at the heart of what we do. The principle of an active consumer rather than passive recipient remains central to the vision of co-production.

These board meetings are jointly chaired by the Trust and Healthwatch Hertfordshire. Themes and project initiation documents (PIDS) are presented to the board with a focus on co-production methodology and stakeholder engagement.

A co-production training workshop delivered by the Point of Care Foundation in February 2022 was attended by members of various organisations within the board with positive evaluations. The co-production board has also explored and initiated opportunities for placements within the voluntary sector for members of leadership programmes at the Trust.

Our redevelopment plans and the establishment of a co-production board have been at the heart of our engagement activity in 2022/23.

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 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.

We published papers detailing the preferred option for the redevelopment of each of our hospital sites. Each option will be based on a detailed economic appraisal, we held a period of engagement on the 6 and 26 May 2022 for an

online zoom session asking our stakeholders to consider their preferred options and feedback their views or make representations to the Board.

In mid-May 2022, we shared a link to an online feedback form where stakeholders could give their views and a summary of their responses was provided to the Board.

Representatives of community groups were also able to submit questions ahead of the Board meeting and there was an opportunity to submit representations for the Board to consider it at the June meeting. The outcome of the detailed economic appraisal of the shortlist of options agreed in October 2020 was received and considered. The recommendations were discussed for the preferred option for each of our three hospital sites.

On 15 and 18 August 2022, patients, carers, councillors, and local residents came along to our Hemel Hempstead and St Albans hospitals to find out more about our redevelopment plans.

Delegates heard how expanded diagnostics and more services running on a 'one stop' model are at the heart of our plans. We also explained how our three hospitals – and our outpatient physiotherapy unit at Jacketts Field – are very much part of a network, with each site having its own areas of expertise.

We shared current and future annual activity levels at Hemel Hempstead (around 180,000 appointments and more planned) and St Albans (around 110,000 appointments and more planned). We explained how our hospitals will increase the degree of specialty care at each site and that this will make better use of our resources (staff and equipment).

On 15 March 2023, we held an exhibition in collaboration with Building Design Partership (BDP) where we presented with display boards which gave an overview of the proposals for a new elective care hub that would increase the number of surgical procedures and reduce the delay for patients who are waiting for ophthalmology, ENT (ear, nose, and throat) and orthopaedic surgery, new facilities will be needed to help us meet our target opening by the end of 2024.

We presented our timescales and the construction process and phase. We successfully distributed 55 copies of letters to residents who live close to the St Albans site inviting them to attend the event and residents were given the opportunity to comment on the proposal and answer any queries they had on the day.

Patient portal engagement
On 6 December 2022, in collaboration with Royal Free Hospital, we hosted a patient focus group demonstrating how a new patient portal would allow patients to view parts of their digital health record safely and securely from their computer or smartphone. They would be able to view their test results, appointments, letters about their care and much more.

Patients were able to ask for their feedback on aspects of design, accessibility of information and best ways of contacting patients and we were able to capture patient's thoughts about it and understand their preferred options.

Multi-storey car park engagement
On 7 February 2023, community representatives, councillors, and residents came along to sixth floor of the multi-storey car park to capture and understand the landscape and views of our proposed new hospital site. Display boards were presented on the detailed overview of our redevelopment plans for Watford and presentations were held answering questions raised by attendees. A temporary display of our redevelopment designs is on display on the sixth floor of the multi-storey car park to encourage members of staff, patients, and our community to see our plans and to gain a better understanding.

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.

2.5 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.

2.6 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

2.7 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.

2.8 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.

2.9 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.

3. 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 Hertfordshire and West Essex ICS. The plan is monitored by the assurance committees and the Board. A monthly integrated performance report is produced which contains performance indicators and

NHSE'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 2022, 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 £13.2m.

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. This format has continued during 2022/23.

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. This unit closed during 2022/23 as it was no longer required.

The Board assessed its effectiveness in May 2022 and undertook an external review of governance in September 2022 in accordance with the requirements for external reviews set out in the well-led framework. The results were submitted to the Board in April 2023 who will monitor the implementation of suggested minor improvements over the course of the 2023/24 financial year.

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 2022/23, one serious incident was reported to the Information Commissioners Officer (ICO).

Month of incident	Nature of incident	Number affected	How patients were informed	Lessons learned
March 2023	**Patient medical records emailed to another patient with the same name in error.**	**1**	**On-going**	**In line with the recommendations from the ICO, the Access to Health Records team have established a checking and verification process to ensure this mistake does not happen again to another patient's personal information.**

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 2022/23 Quality Account has been 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 Hertfordshire and West Essex ICS 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 with other acute providers, the Trust has faced considerable operational pressures in the year. As at the end of February financial reports, the Trust was reporting a £5.5m deficit, which was £3.4m adverse to plan but was predicting break even at year end. Since then, the Trust has prepared its draft financial statements for the year 2022/23 that show a net I&E surplus of £0.3m.
- All the audits reported in year as final have provided substantial or moderate assurance in the design of controls (Substantial: 2 and Moderate: 5). This is comparable to 2021/22, with Substantial: 5 and Moderate: 5. In addition, one of the reviews, relating to HFMA Financial Sustainability, was advisory in nature therefore did not generate an opinion. The Trust benchmarked well, with some minor areas for improvement identified.
- Furthermore, all audits reported in the year as final have provided substantial or moderate assurance in the operational effectiveness of controls (Substantial: 1 and Moderate: 6), which remains consistent with 2021/22 which reported Substantial: 2 and Moderate: 8).
- There was a total of 21 recommendations (High: 0, Medium: 16 and Low: 5) raised in the current year, compared to 39 recommendations (High: 0, Medium: 28

and Low: 11) in the prior year; this represents a decrease of 46%, with a lower proportion of medium level and low-level recommendations raised in the current year. However, the two audits to be completed are likely to add to this number.

- The Trust has continued to request audits into known areas of concern and areas of potential risk. Furthermore, the Trust has also engaged us to offer further support on advisory areas outside of the Internal Audit plan this, with a specific piece of work conducted supporting an ongoing review of the Financial Accounts team.
- The Trust has implemented several longstanding recommendations but as of March 2023 there were 14 recommendations outstanding (all medium priority) so there is room for further improvement in this area. 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 by:

Matthew Coats
Chief Executive

Date: 30/10/2023

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

Signed by:

Matthew Coats
Chief Executive Officer

Date: 30/10/2023

Signed by:

Don Richard
Chief Financial Officer

Date: 30/10/2023

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

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.

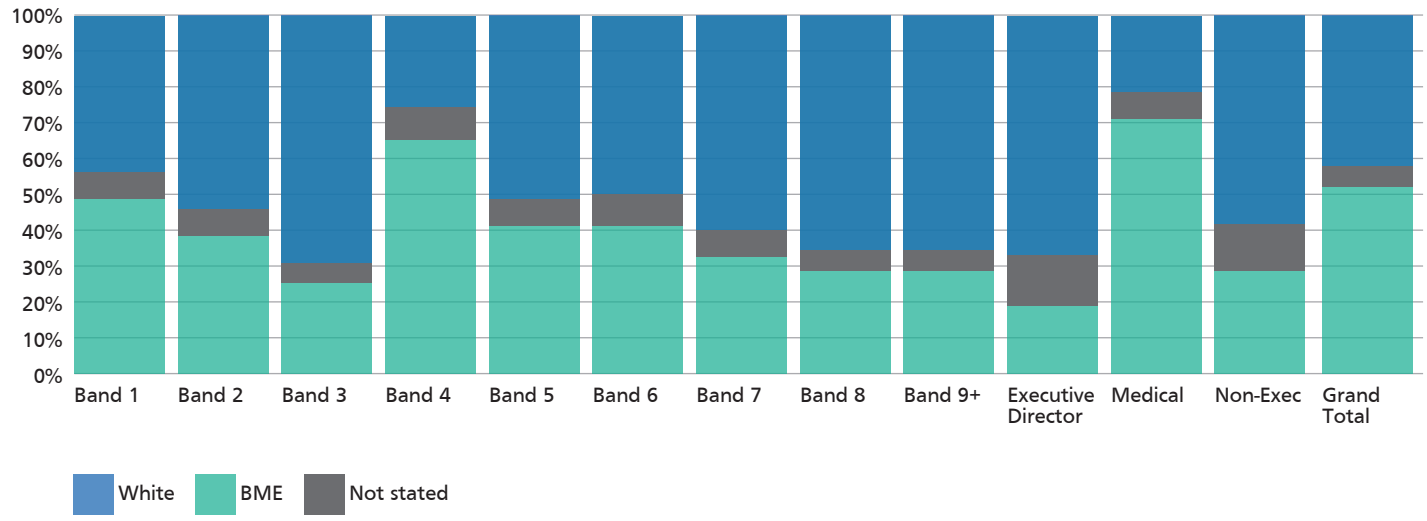
The national NHS jobs website is used to advertise all posts and applicants are asked about disabilities as part of the process. Any candidate who has declared a disability and invoked the 'two tick' scheme within their applications is guaranteed an interview provided they meet the minimum criteria for 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

Number affected	BME Staff	Staff Not Stated	White Staff	Grand Total	BME Staff	Staff Not Stated	White Staff	Grand Total
Band 2	396	58	339	793	49.9%	7.3%	42.7%	100.0%
Band 3	224	43	300	567	39.5%	7.6%	52.9%	100.0%
Band 4	147	29	385	561	26.2%	5.2%	68.6%	100.0%
Band 5	692	89	270	1051	65.8%	8.5%	25.7%	100.0%
Band 6	369	51	440	860	42.9%	5.9%	51.2%	100.0%
Band 7	189	32	348	569	33.2%	5.6%	61.2%	100.0%
Band 8	101	25	237	363	27.8%	6.9%	65.3%	100.0%
Band 9+	4	1	12	17	23.5%	5.9%	70.6%	100.0%
Executive Director	1	1	5	7	14.3%	14.3%	71.4%	100.0%
Medical	503	53	197	753	66.8%	7.0%	26.2%	100.0%
Non-Exec	2	1	5	8	25.0%	12.5%	62.5%	100.0%
Grand Total	2628	383	2538	5549	47.4%	6.9%	45.7%	100.0%

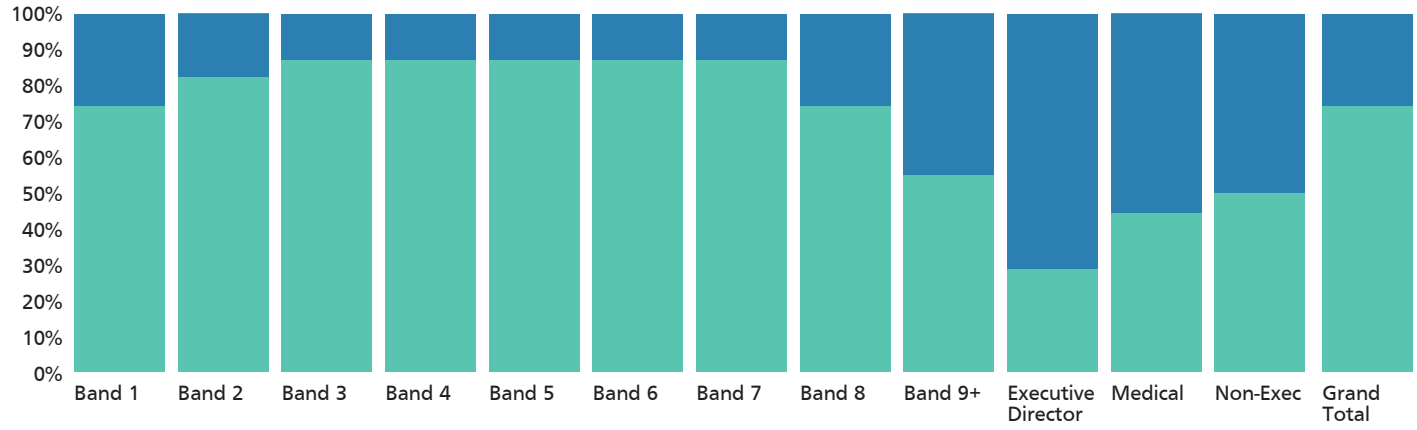
Ethnicity by banding



Staff numbers by gender

Number affected	Female	Male	Grand Total	Female	Male	Grand Total
Band 2	592	201	793	74.7%	25.3%	100.0%
Band 3	470	97	567	82.9%	17.1%	100.0%
Band 4	479	82	561	85.4%	14.6%	100.0%
Band 5	904	147	1051	86.0%	14.0%	100.0%
Band 6	741	119	860	86.2%	13.8%	100.0%
Band 7	488	81	569	85.8%	14.2%	100.0%
Band 8	266	97	363	73.3%	26.7%	100.0%
Band 9+	9	8	17	52.9%	47.1%	100.0%
Executive Director	2	5	7	28.6%	71.4%	100.0%
Medical	347	406	753	46.1%	53.9%	100.0%
Non-Exec	4	4	8	50.0%	50.0%	100.0%
Grand Total	**4302**	**1247**	**5549**	**77.5%**	**22.5%**	**100.0%**

Gender by banding



Staff Sickness Absence Data (audited)
For further details on average staff sickness per day in 2022/23 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

	2022/23						2021/22	
	Total		Permanently employed		Other		Total	
	Number		Number	£'000	Number	£'000	Number	£'000
Medical and dental	823	94,818	708	76,144	115	18,674	777	93,966
Administration and estates	1,202	60,108	1,114	54,199	88	5,909	1,161	54,302
Healthcare assistants and other support staff	1,124	38,897	889	30,049	235	8,848	1,115	34,858
Nursing, midwifery and health visiting staff	1,810	102,182	1,576	87,576	234	14,606	1,741	93,489
Scientific, therapeutic and technical staff	528	32,072	472	27,900	56	4,172	531	30,696
Engaged on capital projects	24	2,269	17	1,394	7	875	78	4,006
TOTAL	**5,511**	**330,346**	**4,776**	**277,262**	**735**	**53,084**	**5,403**	**311,317**

This table excludes Apprentice Levy costs of £1123k in 2022/23 (£1061k in 2021/22) included in note 9 of the financial statements.

NHS Sickness Absence Data

	Figures Converted by DH to Best Estimates of Required Data Items			Statistics Published by NHS Digital from ESR Data Warehouse	
Name		**Adjusted FTE days lost to Cabinet Office definitions**	**Average Sick Days per FTE**	**FTE-Days Available**	**FTE-Days recorded Sickness Absence**
West Hertfordshire Teaching Hospitals NHS Trus	4,891	52,255	10.7	1,785,169	84,770

An average of 10.7 working days were lost per staff member in the year ending 31 December 2022. The figures have only been calculated on a calendar year basis and is not fully aligned to the Trusts year which starts on 1st April 2022 and ends on 31 March 2023.

The sickness absence figures are provided by an independent body NHS Digital -Sickness Absence and Workforce Publications and are based on data from the ESR warehouse. The period that is covered is 1 January 2022 to 31 December 2022.

Data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used:

The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.

The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.

The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Director's Salary Relative to Workforce (audited)
Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director in the organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the financial year 2022-23 was £300k- £305k (2021-22 £295k-£300k) an increase of 3.3%. This was 7.3 (2021/22 - 7.8) times the median remuneration of the workforce, which was £42k (2021/22 - £38k), an increase of 9.8%. The relationship to the remuneration of the organisations workforce is disclosed in the table below.

Year	25th percentile pay ratio*	25th percentile pay £000	Median pay ratio*	Median pay £000	75th percentile pay ratio*	75th percentile pay £000
2022-23	10.4	29,472	7.3	42,021	5.5	55,509
2021-22	11.4	26,094	7.8	38,257	5.8	51,704

In 2022-23 no employees (2021-22 - none) received remuneration in excess of the highest paid director. Remuneration ranged from bandings £15k-£20k to £235-£240k. (This compares with the banding range in 2021-22 £15k-£20k to £260k-£265k)

The average percentage increase in pay from the year ending 31 March 22 is 7.9% (22/23 £50,375 21/22 £46,701)
2022/23: £50,375
2021/22: £46,702

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

Signed by:

Matthew Coats
Chief Executive

Date: 30/10/2023

Expenditure on consultancy
Total expenditure on consultancy services in 2022/23 was £1.7m (£1.8m in 2021/22). This spend is in relation to advisory services in connection with the Trust's strategies. This includes support to assist with various IT, clinical and estates projects.

DIRECTORS' REMUNERATION 2022/23 (voting members only). (Audited)

2022/23

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
C. Allen	Chief Executive (resigned 17 June 2022)	55-60	0	0	0	55-60
M. Coats	Chief Executive (appointed 4 July 2022)	155-160	0	0	37.5-40	195-200
P. Townsend	Chairman	45-50	0	0	0	45-50
V. Edwards	Non-Executive Director Freedom to speak up Guardian, and Vice Chair	15-20	0	0	0	15-20
E.Josephs	Non-Executive Director (Senior Independent Director from 1 February 2023)	10-15	0	0	0	10-15
J. Rennison	Non-Executive Director (Senior Independent Director until 31 January 2023)	15-20	0	0	0	15-20
P. Cartwright	Non-Executive Director (resigned 14 June 2022)	0-5	0	0	0	0-5
N. Edwards	Non-Executive Director	10-15	0	0	0	10-15
D. Richards (note 1)	Chief Financial Officer	165-170	0	0	45-47.5	215-220
T. Carter (note 2)	Chief Nurse & Director of Infection Prevention and Control	140-145	0	0	70-72.5	210-215
H. Brown	Deputy Chief Executive (resigned 17 June 2022)	30-35	0	0	0	30-35
M. Van Der Watt (note 3)	Chief Medical Officer	300-305	0	0	0	300-305
S. Tucker (note 4)		80-85	0	0	20-22.5	105-110
A. Griffin	Non Executive Officer (from 1 July 2022)	5-10	0	0	0	5-10
H. Griffiths	Non Executive Officer (from 1 June 2022)	10-15	0	0	0	10-15

2021/22

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
C. Allen	Chief Executive (resigned 17 June 2022)	215-220	0	0	0	215-220
M. Coats	Chief Executive (appointed 4 July 2022)	n/a	n/a	n/a	n/a	n/a
P. Townsend	Chairman	40-45	0	0	0	40-45
V. Edwards	Non-Executive Director Freedom to speak up Guardian, and Vice Chair	15-20	0	0	0	15-20
E.Josephs	Non-Executive Director (Senior Independent Director from 1 February 2023)	10-15	0	0	0	10-15
J. Rennison	Non-Executive Director (Senior Independent Director until 31 January 2023)	10-15	0	0	0	10-15
P. Cartwright	Non-Executive Director (resigned 14 June 2022)	10-15	0	0	0	10-15
N. Edwards	Non-Executive Director	15-20	0	0	0	15-20
D. Richards (note 1)	Chief Financial Officer	170-175	0	0	Note 1	170-175
T. Carter (note 2)	Chief Nurse & Director of Infection Prevention and Control	130-135	0	0	22.5-25	155-160
H. Brown	Deputy Chief Executive (resigned 17 June 2022)	140-145	0	0	0	140-145
M. Van Der Watt (note 3)	Chief Medical Officer	295-300	0	0	90-92.5	390-395
S. Tucker (note 4)		n/a	n/a	n/a	n/a	n/a
A. Griffin	Non Executive Officer (from 1 July 2022)	n/a	n/a	n/a	n/a	n/a
H. Griffiths	Non Executive Officer (from 1 June 2022)	n/a	n/a	n/a	n/a	n/a

NOTES

Note 1:

D Richards re-joined the NHS pension scheme on 1 April 2021. The pension related benefit as at 31 March 2022 is not disclosed due to unavailability of the comparator pension entitlement, thus the information relating to the pension related benefit in 21-22 cannot be calculated.

Note 2:

T Carter was acting CEO for the period from 17 June 2022 to 4 July 2022

Note 3:

M Van Der Watt resigned from the NHS Pension scheme on 1 March 2022 and thus any benefits have been excluded from the 22/23 figures. His salary is split as follows: 79% of salary as Chief Medical Officer and 21% for clinical work. Note 4 S Tucker became a voting director on 1 September 2022 and the salary and pension related benefits are thus based on the period from 1 September 2022 to 31 March 2023.

Signed by:

Matthew Coats
Chief Executive

Date: 30/10/2023

Off Payroll Engagements

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

For all off-payroll engagements as of 31 March 2023, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2023	9
Of which, the number that have existed:	
for less than one year at the time of reporting	3
for between one and two years at the time of reporting	5
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	0
Includes inside IR35	

Table 2: Off Payroll Engagements

For all new off-payroll engagements between 1 April 2022 and 31 March 2023, 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 2022 and 31 March 2023	3
Of which:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	3
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

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 2022 and 31 March 2023:

	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	15

Exit Packages in 2022/23 (Audited)

	2022/23					
Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	2	12	25	51	27	63
£10,000 - £25,000	2	37	2	30	4	67
£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	**4**	**49**	**27**	**81**	**31**	**130**

	2021/22					
Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£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**

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 9.1 of the financial statements and are not included in this note.

Exit Packages - Other departure analysis

	2022/23		2021/22	
	Payments agreed Number	Total value of agreements £000s	Payments agreed Number	Total value of agreements £000s
Contractual payments in lieu of notice	27	81	49	192
Total	**27**	**81**	**49**	**192**

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 2022/23 (Audited)

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 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2023 £	Cash Equivalent Transfer Value at 1 April 2022 £	Real increase in Cash Equivalent Transfer Value (bands of £1,000)	Employer's contribution to stakeholder pension £
T. Carter	2.5-5	2.5-5	60-65	115-120	1,069,304	953,411	68	0
M.Coats	2.5-5	0-2.5	0-5	0-5	41,953	-	23	0
D Richards (note 1)	2.5-5	0-2.5	60-65	120-125	369,298	1,271,268	- 963	0
S.Tucker	0-2.5	0-2.5	75-80	170-175	1,617,989	1,502,559	29	0

Note 1: D Richards. The reduction in the CETV between 2022 and 2023 is because of a draw down in the year of the preserved benefits from the 1995 CETV scheme.

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 2023 or for those directors who opted out of the pension scheme before 1 April 2022.

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:

Matthew Coats
Chief Executive

Date: 30/10/2023

Independent auditor's report to the directors of West hertfordshire teaching hospitals NHS trust

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 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), and as interpreted and adapted by the 2022-23 Government Financial Reporting Manual as contained in the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the National Health Service Act 2006.

Basis for opinion on financial statements

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Accountable Officer with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on information in the Remuneration Report and Staff Report

We have also audited the information in the Remuneration Report and Staff Report that is described in those reports as having been audited.

In our opinion the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the requirements of Accounts Directions issued under Schedule 15 of the National Heath Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

Matters on which we are required to report by exception

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

- in our opinion, the Annual Governance Statement does not meet the disclosure requirements issued by NHS England or is misleading or inconsistent with our knowledge acquired in the course of the audit; or
- 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 13 October 2023 we referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust's breach of break-even duty for the year ended 31 March 2023.

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Responsibilities of the Accountable Officer

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

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

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice issued by the National Audit Office, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Responsibilities of the Accountable Officer

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 Accountable Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accountable Officer either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

In respect of our 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.

Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our procedures included the following:

- inquiring of management, the Trust's head of internal audit, the Trust's local counter fraud specialist and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Trust's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Trust's controls relating to Managing Public Money requirements for any special payments;
- discussing among the engagement team and involving relevant internal specialists, including regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, expenditure recognition around year end, valuation of land and buildings and posting of unusual journals;
- obtaining an understanding of the Trust's framework of authority as well as other legal and regulatory frameworks that the Trust operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Trust. Relevant laws

and regulations identified include the National Health Service Act 2006 as amended by the Health and Social Care Act 2012 and compliance with HM Treasury's Managing Public Money.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal advisors concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Trust Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantively testing increased samples of income and expenditure around year end.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Certificate of completion of the Audit

We certify that we have completed the audit of West Hertfordshire Teaching Hospitals NHS Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the NAO's 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 Schedule 10 of the National Health Service Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Directors of the Trust, as a body, for our audit work, this report, or for the opinions we have formed.

Brian Clerkin (Key Audit Partner)
For and on behalf of
ASM (B) Ltd
Local Auditor
Chartered Accountants & Statutory Auditors
4th Floor Glendinning House
6 Murray Street
Belfast
BT1 6DN

Date: 31 October 2023

West Hertfordshire Teaching Hospitals NHS Trust

Annual accounts for the year ended 31 March 2023

Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	476,089	452,359
Other operating income	4	36,658	28,777
Operating expenses	7, 9	(513,814)	(484,663)
Operating surplus/(deficit) from continuing operations		**(1,067)**	**(3,527)**
Finance income	11	836	28
Finance expenses	12	(500)	41
PDC dividends payable		(7,894)	(6,828)
Net finance costs		**(7,558)**	**(6,759)**
Other gains / (losses)	13	-	(41)
Surplus / (deficit) for the year from continuing operations		**(8,625)**	**(10,327)**
Surplus / (deficit) for the year		**(8,625)**	**(10,327)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(1,896)	(5,667)
Revaluations	15.7	15,778	8,097
Total comprehensive income / (expense) for the period		**5,257**	**(7,897)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(8,625)	(10,327)
Remove net impairments not scoring to the Departmental expenditure limit	8	8,485	10,160
Remove I&E impact of capital grants and donations		432	363
Remove net impact of inventories received from DHSC group bodies for COVID response		29	452
Remove loss recognised on return of donated COVID assets to DHSC		-	41
Adjusted financial performance surplus / (deficit)		**321**	**689**

The adjusted retained surplus of £321,000 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 £321,000 as described in note 38.

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets	14	21,363	21,794
Property, plant and equipment	15	294,247	265,269
Right of use assets	15.6	12,761	-
Receivables	18	3,033	3,148
Total non-current assets		**331,404**	**290,211**
Current assets			
Inventories	17	5,800	5,004
Receivables	18	27,906	18,755
Cash and cash equivalents	20	35,393	36,688
Total current assets		**69,099**	**60,447**
Current liabilities			
Trade and other payables	21	(69,065)	(54,896)
Borrowings	23	(1,467)	-
Provisions	25	(1,129)	(1,604)
Other liabilities	22	(1,166)	(2,833)
Total current liabilities		**(72,827)**	**(59,333)**
Total assets less current liabilities		**327,676**	**291,325**
Non-current liabilities			
Borrowings	23	(13,232)	(2,000)
Provisions	25	(7,461)	(6,882)
Other liabilities	22	(3,641)	(3,704)
Total non-current liabilities		**(24,334)**	**(12,586)**
Total assets employed		**303,342**	**278,739**
Financed by			
Public dividend capital		577,106	557,760
Revaluation reserve		76,560	62,678
Income and expenditure reserve		(350,324)	(341,699)
Total taxpayers' equity		**303,342**	**278,739**

The notes on pages 5 to 53 form part of these accounts.

Name	Matthew Coats
Position	Chief Executive Officer
Date	30 October 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	557,760	62,678	(341,699)	278,739
Surplus/(deficit) for the year	-	-	(8,625)	(8,625)
Impairments	-	(1,896)	-	(1,896)
Revaluations	-	15,778	-	15,778
Public dividend capital received	19,346	-	-	19,346
Taxpayers' and others' equity at 31 March 2023	**577,106**	**76,560**	**(350,324)**	**303,342**

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**

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 £8.4m relating to a downward revaluation of buildings and £0.5m relating to the I&E impact of capital grants, donations and COVID inventories.

Statement of Cash Flows

	Note	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(1,067)	(3,527)
Non-cash income and expense:			
Depreciation and amortisation	7.1	16,472	12,496
Net impairments	8	8,485	10,160
Income recognised in respect of capital donations	4	-	(117)
(Increase) / decrease in receivables and other assets		(8,845)	15,898
(Increase) / decrease in inventories		(796)	655
Increase / (decrease) in payables and other liabilities		7,034	(6,751)
Increase / (decrease) in provisions		(267)	3,208
Net cash flows from / (used in) operating activities		**21,016**	**32,022**
Cash flows from investing activities			
Interest received		836	28
Purchase of intangible assets		(5,007)	(14,086)
Purchase of PPE and investment property		(27,759)	(47,456)
Receipt of cash donations to purchase assets		-	117
Net cash flows from / (used in) investing activities		**(31,930)**	**(61,397)**
Cash flows from financing activities			
Public dividend capital received		19,346	50,387
Capital element of lease liability repayments		(1,513)	-
Other interest		(2)	(1)
Interest element of lease liability repayments		(127)	-
PDC dividend (paid) / refunded		(8,085)	(6,727)
Net cash flows from / (used in) financing activities		**9,619**	**43,659**
Increase / (decrease) in cash and cash equivalents		**(1,295)**	**14,284**
Cash and cash equivalents at 1 April - brought forward		**36,688**	**22,404**
Cash and cash equivalents at 31 March	20.1	**35,393**	**36,688**

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 2022/23 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.

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

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, tangible fixed assets and Right of Use assets as at 31 March 2023 is £308.4m, of which £208.8m 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 2023 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 2022 index figure and 31 March 2023 index figure is based on BCIS index data as at 21 September 2022.

The land at St Albans, Watford and Hemel Hempstead sites has been valued under the Modern Equivalent Asset (MEA) methodology in 2022/23. 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 2022/23, details of the impact of which can be found in note 15.7.

The estimate on land valuation is considered to be an accurate reflection of the industrial land valuation as at 31 March 2023. The valuation was done in August 2022 with a forecast to 31 March 2023. The buildings valuation is based on the BCIS TPI index which can fluctuate. A 5% increase represents a £10.4m 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.

The directors consider that the estimation of the valuation of fixed assets has the following uncertainties. The concern over methodologies can be classified as follows:

1. MEA - valuation of fixed assets
2. Calculation of impairments
3. IFRS16 accounting standard

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

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 £0.3m in 2022/23, and an expectation of future financial funding. As part of an integrated health care system (ICS) the Trust aims to balance income with expenditure and the overall ICS also expects to balance expenditure with revenue funding. Funding to the Trust should cover projected costs for revenue inflation and growth in 2023/24. Presently the Trust has primarily entered fixed funding agreements with designated ICBs, with variable rates agreed for elective activity. These rates will adapt to support elective activity recovery. The agreements also include reduced supplementary funding for managing continued pandemic-related expenses.

Directors are likely to submit a request for additional public dividend capital to fund nationally approved investment projects. It should be noted that a 3.5% public dividend capital (PDC) dividend, based on average net relevant assets, is payable annually. ICB contracts have been priced to ensure sufficient funding for these expenses.

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 based on the going concern principle. They believe that the services currently offered by the Trust will continue in the foreseeable future. Consequently, the financial statements have been prepared using the going concern basis, excluding any adjustments that would apply if the Trust were unable to continue as a going concern.

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

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 Teaching 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 33.

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 the relevant portion of income.

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

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.

In 2022/23 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. 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.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred.

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. 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.

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.

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

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.

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

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 15.7.

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.

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

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
- 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.

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

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 15.7.

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 15.7.

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.

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

2021/22 and 2022/23 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.

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

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

1.13. Leases

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

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

Operating leases

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

Initial application of IFRS 16

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.
No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line.

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 2021/22 and in 2022/23, 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 3.27%, 5 to 10 years at 3.2% and beyond 10 years at 3.51%. Those relating to employee early retirement and injury benefit obligations are discounted at 1.7%. The inflation used to calculate the early retirement and injury benefit provisions is 2%.

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.

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

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 25.2.

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.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described in note 1.13.

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.

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

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 20.2 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 2022/23. 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 2021. Standard is not yet adopted by the FReM which is expected to be from April 2025: early adoption is not therefore permitted.

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

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) in 2021/22 and Integrated Care Boards (ICB) in 2022/23 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)	**2022/23 £000**	**2021/22 £000**
Income from commissioners under API contracts*	413,619	331,675
High cost drugs income from commissioners (excluding pass-through costs)	14,188	11,545
Other NHS clinical income**	12,412	92,367
Private patient income	496	754
Elective recovery fund	11,839	2,174
Agenda for change pay award central funding***	9,347	-
Additional pension contribution central funding****	11,600	10,768
Other clinical income*****	2,588	3,076
Total income from activities	**476,089**	**452,359**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

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 and 2022/23 the block contract agreement has rolled over.

https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

**This includes reimbursement for COVID-19. This income is now included with block income from commissioners. See note 3.2 for further explanation.

*** In March 2023 the government announced an additional pay offer for 2022/23 of £9.3m, in addition to the pay award earlier in the year. Addtional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

****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.

***** In 2021/22 and 2022/23 income for £1.2m has been accrued for clinicians pension provision. See note 25.1 on provisions for further details.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2022/23 £000**	**2021/22 £000**
NHS England	47,895	36,025
Clinical commissioning groups*	99,148	413,081
Integrated care boards	325,768	-
Other NHS providers	194	210
NHS other	-	-
Non-NHS: private patients	496	754
Non-NHS: overseas patients (chargeable to patient)	599	583
Injury cost recovery scheme	553	623
Non NHS: other	1,436	1,083
Total income from activities	**476,089**	**452,359**
Of which:		
Related to continuing operations	476,089	452,359
Related to discontinued operations	-	-

* Includes £83.6m of reimbursement for COVID-19 and top up funding in 2021/22 from West Essex CCG. CCG income is included up to June 2022. ICBs commissioned the service as from 1 July 2023.

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

	2022/23 £000	2021/22 £000
Income recognised this year	599	583
Cash payments received in-year	265	172
Amounts added to provision for impairment of receivables	552	300
Amounts written off in-year	277	246

Note 4 Other operating income

	2022/23			2021/22		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Education and training	12,408	480	**12,888**	11,542	416	**11,958**
Non-patient care services to other bodies	13,651	-	**13,651**	13,768	-	**13,768**
Reimbursement and top up funding	1,981	-	**1,981**	313	-	**313**
Receipt of capital grants and donations and peppercorn leases	-	-	**-**	-	117	**117**
Charitable and other contributions to expenditure		948	**948**	-	1,581	**1,581**
Other income	7,190	-	**7,190**	1,040	-	**1,040**
Total other operating income	**35,230**	**1,428**	**36,658**	**26,663**	**2,114**	**28,777**
Of which:						
Related to continuing operations			36,658			28,777
Related to discontinued operations			-			-

Note 5.1 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.

	2022/23 £000	2021/22 £000
Income	2,755	*
Full cost	(2,522)	*
Surplus / (deficit)	**233**	*

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 due to the COVID-19 pandemic there was a national mandate to waive car parking charges for patients and staff. However from August 2021, car parking fees were re-instated for visitors resulting in £2,755,000 worth of income in 2022/23 compared to £653,000 in 2021/22.

* The Trust made a deficit on its income generation activities in 2021/22. A surplus in 2022/23 which is reinvested in patient activity in the Trust.

Note 5.2 Details of Trust Revenue

Most of the Trust's income is derived through contracts with Clinical Commissioning Groups and Integrated Care Boards 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 reimbursement of COVID 19 and top up funding of £61.5m. The COVID-19 reimbursement and top up is now included in the block contracts.

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 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 applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

The Trust has no operating lease agreements as a lessor except for the sub lease arrangement of the multi storey car park (MSCP) with Watford Borough Council for the allocated car parking space.

The Trust entered into a 60-year headlease with Watford Borough Council (WBC) to lease the land on which the multi-storey car park (MSCP) is built. The MSCP, consisting of 1,455 spaces, was fully funded by the Trust. Out of the total spaces, 165 parking spaces were allocated to WBC as part of the agreement. The Trust is responsible for maintaining and operating the entire MSCP. WBC is charged proportionally for the cost of maintaining and operating the 165 allocated car parking spaces. This represents the only operating lease agreement that the Trust has as a lessor.

Note 7.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies - see i) below	3,898	3,183
Purchase of healthcare from non-NHS and non-DHSC bodies - see ii) below	14,361	10,587
Staff and executive directors costs	329,151	308,372
Remuneration of non-executive directors	159	146
Supplies and services - clinical (excluding drugs costs) - see iii) below	32,391	32,020
Supplies and services - general	11,549	13,810
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	26,056	22,932
Consultancy costs - see iv) below	1,661	1,841
Establishment	2,485	3,056
Premises	31,081	27,089
Transport (including patient travel)	525	523
Depreciation on property, plant and equipment and right of use assets	14,783	11,442
Amortisation on intangible assets	1,689	1,054
Net impairments - see v) below	8,485	10,160
Movement in credit loss allowance: contract receivables / contract assets - see vi) below	642	(61)
Increase/(decrease) in other provisions - see vii) below	1,180	2,774
Change in provisions discount rate(s) - see viii) below	(809)	(393)
Fees payable to the external auditor		
audit services- statutory audit - see ix) below	112	73
other auditor remuneration (external auditor only)	-	-
Internal audit costs - see x) below	120	125

Clinical negligence - see xi) below	22,213	23,103
Legal fees	191	261
Insurance	163	1,526
Education and training	2,103	1,629
Expenditure on short term leases (current year only)	110	-
Expenditure on low value leases (current year only)	12	-
Operating lease expenditure (comparative only)	-	1,629
Redundancy	49	-
Hospitality	644	405
Losses, ex gratia & special payments	27	31
Other - see xii) below	8,783	7,346
Total	**513,814**	**484,663**
Of which:		
Related to continuing operations	513,814	484,663
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.

iii) This includes PPE consumables of £2.0m donated by DHSC in 2021/22 and £0.97m in 2022/23

iv) Consultancy services includes costs of support on clinical and estates strategy in both 2021/22 and 2022/23.

v) The Trust's revaluation of its land and buildings in 2021/22 and 2022/23 has generated impairments. See notes 15.7 and 1.2.2 for further details.

vi) Increase in Non NHS bad debt provision now shown in this line under IFRS 15. There has been a dcrease in year of provisions as old overseas visitors' debt have been written off. The write-off 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 and reduction in bad debt expense at divisional level.

vii) Increase in provisions in 2022/23 is due to the following changes in the year:
- increase of £1,200,000 increase in pension injury provision
- decrease of £475,000 for construction industry scheme tax
- net increase of £389,000 early retirement pension provision

viii) The decrease in provision is due to changs in the discount rate.

ix) The external auditor remuneration (external auditor only) relates to audit fees for 2022/23 and 2021/22 only.

x) Internal audit costs includes counter fraud services costs in 2022/23 and in 2021/22.

xi) The contribution paid is as agreed with NHS Resolution - see notes 1.17 and 1.18.

xii) Other expenditure includes the following services:
- £2,070,000 for security
- £785,000 for waste disposal
- £1,055,000 for storage rentals
- £456,000 for subscriptions
- £717,000 for additional porters
- £509,000 for external accomodation

Note 7.2 Other auditor remuneration

No other auditor's remuneration in 2022/23 and 2021/22

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2021/22: £2 million).

Note 8 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus / deficit resulting from:		
Total net impairments charged to operating surplus / deficit	**8,485**	**10,160**
Impairments charged to the revaluation reserve	1,896	5,667
Total net impairments	**10,381**	**15,827**

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 15.7. Note 15.7 shows the net movements in the reserves.

Note 9 Employee benefits

	2022/23 Total £000	2021/22 Total £000
Salaries and wages	214,306	203,013
Social security costs	25,808	22,999
Apprenticeship levy	1,123	1,061
Employer's contributions to NHS pensions	37,974	35,350
Temporary staff (including agency)	52,258	49,955
Total gross staff costs	**331,469**	**312,378**
Total staff costs	**331,469**	**312,378**
Of which		
Costs capitalised as part of assets	2,269	4,006

Note 9.1 Retirements due to ill-health

During 2022/23 there were 5 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £292k (£232k in 2021/22).

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 2022/23, 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 £11.6m in 2022/23 (2021/22 £10.8m). 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 £16.9m in 2022/23 (£14.9m in 2021/22) . 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 9.2 Staff Numbers
The average number of staff employed at the Trust during 2022/23 is 5,511 of which 4,776 were permanently employed. This compares to 5,403 total average number of staff employed in 2021/22. Further details on staff numbers are reported in remuneration and staff section of the annual report.

Note 9.3 Staff Sickness Absence
The total number of adjusted sick days recorded for 2022/23 is 52,255 which gives an average of 10.7 days per full time equivalent (FTE). No reported numbers in 2021/22.

Note 9.4 Exit Packages agreed in 2022/23
The total number of exit packages agreed in 2022/23 was 31 compared to 49 for 2021/22. Further details on exit packages are reported in remuneration and staff section of the annual report.

Note 9.5 Exit packages - Other Departures analysis agreed in 2022/23
The total number of other departures in exit packages agreed in 2022/23 was 31 compared to 49 for 2021/22. Further details on other departures in exit packages are reported in remuneration and staff section of the annual report.

Note 10 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 are as 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 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 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.

Annual Pensions

The 1995 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 NEST is a government-backed, defined contribution pension scheme set up to make sure The employer's contribution rate in 2022/23 was 3% (2021/22: 3%).

Note 11 Finance income

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

	2022/23 £000	2021/22 £000
Interest on bank accounts	836	28
Total finance income	**836**	**28**

Note 12.1 Finance expenditure

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

	2022/23 £000	2021/22 £000
Interest expense:		
Interest on lease obligations	127	-
Interest on late payment of commercial debt	2	1
Total interest expense	**129**	**1**
Unwinding of discount on provisions	371	(42)
Total finance costs	**500**	**(41)**

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

	2022/23 £000	2021/22 £000
Amounts included within interest payable arising from claims made under this legislation	2	1

Note 12.3 Public Dividend Payable

	2022/23 £000	2021/22 £000
The public dividend payable in the year	7,894	6,828

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)

	2022/23 £000	2021/22 £000
Losses on disposal of assets	-	(41)
Total gains / (losses) on disposal of assets	**-**	**(41)**
Total other gains / (losses)	**-**	**(41)**

Note 14.1 Intangible assets - 2022/23

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**24,807**	**5,310**	**30,117**
Additions	-	-	5,007	**5,007**
Reclassifications	-	865	(4,614)	**(3,749)**
Valuation / gross cost at 31 March 2023	**-**	**25,672**	**5,703**	**31,375**
Amortisation at 1 April 2022 - brought forward	**-**	**8,323**	**-**	**8,323**
Provided during the year	-	1,689	-	**1,689**
Amortisation at 31 March 2023	**-**	**10,012**	**-**	**10,012**
Net book value at 31 March 2023	**-**	**15,660**	**5,703**	**21,363**
Net book value at 1 April 2022	**-**	**16,484**	**5,310**	**21,794**

Note 14.2 Intangible assets - 2021/22

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	**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 - as previously stated	**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 15.1 Property, plant and equipment - 2022/23

	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 2022 - brought forward	**78,099**	**87,685**	**60**	**73,871**	**53,919**	**14**	**28,251**	**2,773**	**324,672**
Additions	-	-	-	33,164	-	-	-	-	**33,164**
Impairments	(930)	(12,380)	(312)	-	-	-	-	(5,030)	**(18,652)**
Reversals of impairments	-	2,801	-	-	-	-	-	-	**2,801**
Revaluations	10,970	4,808	-	-	-	-	-	-	**15,778**
Reclassifications	3,700	43,301	286	(55,584)	4,560	-	1,238	6,248	**3,749**
Disposals / derecognition	-	-	-	-	(5,436)	-	-	-	**(5,436)**
Valuation/gross cost at 31 March 2023	**91,839**	**126,215**	**34**	**51,451**	**53,043**	**14**	**29,489**	**3,991**	**356,076**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**7,844**	**30**	**-**	**33,145**	**4**	**17,995**	**385**	**59,403**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	6,745	33	-	3,718	-	2,640	196	**13,332**
Impairments	-	(5,279)	(29)	-	-	-	-	(162)	**(5,470)**
Disposals / derecognition	-	-	-	-	(5,436)	-	-	-	**(5,436)**
Accumulated depreciation at 31 March 2023	**-**	**9,310**	**34**	**-**	**31,427**	**4**	**20,635**	**419**	**61,829**
Net book value at 31 March 2023	**91,839**	**116,905**	**-**	**51,451**	**21,616**	**10**	**8,854**	**3,572**	**294,247**
Net book value at 1 April 2022	**78,099**	**79,841**	**30**	**73,871**	**20,774**	**10**	**10,256**	**2,388**	**265,269**

Note 15.2 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 - as previously stated	**70,009**	**94,739**	**89**	**51,974**	**45,169**	**160**	**22,864**	**2,886**	**287,890**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
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 - as previously stated	**-**	**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	-	(5,388)	(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 reclassification 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 15.3 Property, plant and equipment financing - 31 March 2023

	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
Owned - purchased	91,839	116,749	-	51,451	19,224	10	8,854	3,572	**291,699**
Owned - donated/granted	-	156	-	-	2,392	-	-	-	**2,548**
Total net book value at 31 March 2023	**91,839**	**116,905**	**-**	**51,451**	**21,616**	**10**	**8,854**	**3,572**	**294,247**

Note 15.4 Property, plant and equipment financing - 31 March 2022

	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
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**
Total net book value 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.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 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	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
Subject to an operating lease	-	-	-	-	-	-	-	-	**-**
Not subject to an operating lease	91,839	116,905	-	51,451	21,616	10	8,854	3,572	**294,247**
Total net book value at 31 March 2023	**91,839**	**116,905**	**-**	**51,451**	**21,616**	**10**	**8,854**	**3,572**	**294,247**

Note 15.6 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Intangible assets £000	Total £000	leased from DHSC group £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - adjustments for existing operating leases / subleases	11,538	1,428	-	-	-	-	**12,966**	983
Additions	110	1,136	-	-	-	-	**1,246**	-
Valuation/gross cost at 31 March 2023	**11,648**	**2,564**	**-**	**-**	**-**	**-**	**14,212**	**983**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	-	-	**-**	-
Provided during the year	989	462	-	-	-	-	**1,451**	49
Accumulated depreciation at 31 March 2023	**989**	**462**	**-**	**-**	**-**	**-**	**1,451**	**49**
Net book value at 31 March 2023	**10,659**	**2,102**	**-**	**-**	**-**	**-**	**12,761**	**934**
Net book value of right of use assets leased from other NHS providers								934
Net book value of right of use assets leased from other DHSC group bodies								-

Note 15.7 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 2022/23 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 ROU assets are generally as per the accounting policy in note 1.13 not valued but cost basis considered to be a proxy to the revaluation. The exception is when the rent agreed in lease agreement is substantially less than the market value or at peppercorn rent.

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 2022/23 which gave an increase of £10.0m. For details across sites refer to the table below.

	Watford Hospital	Hemel Hempstead Hospital	St Albans Hospital	Total
	2022/23			
	£000s	£000s	£000s	£000s
Operating expenses - note 7				
Buildings, dwellings and fittings - MEA	8,121	(183)	547	8,485
Total	8,121	(183)	547	8,485
Statement of change in taxpayers equity				
*Land - MEA (alternative site valuation)	930	(4,571)	(6,399)	(10,040)
Buildings, dwellings and fittings - MEA	(1,446)	(2,373)	(23)	(3,842)
	(516)	(6,944)	(6,422)	(13,882)
Total impairment/(reversal) 2022/23	7,605	(7,127)	(5,875)	(5,397)

*The total gross increase in the revaluation reserve account, on page 3 of the financial statements, is £13.9m of which £10.0m is due to land and the increase of £3.8m is on buildings, dwellings and fittings. The gross impairments in 2021/22 is £5.7m 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 2022/23 revaluation reserve account.

	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 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 transferred in 2022/23 from assets under construction at Watford General Hospital to buildings at a value of £39.0m. The MSCP is operational from April 2022. MSCP is valued in 2022/23 under depreciated replacement cost basis and commence depreciation. The impairment of £5.4m is included in the charge to SOCI for MSCP.

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 £40.5m of fully depreciated assets.

*Note that there is a £3.7m of impairment against the Watford Hospital site included due to land infrastructure costs incurred in 2022/23.

Note 15.7 Revaluations of property, plant and equipment
Details of asset life across the Trust's three hospital sites are tabled below:

	As at 31 March 2023		As at 31 March 2022	
Asset Class	Maximum remaining asset life Years	Minimum remaining asset life Years	Maximum remaining asset life Years	Minimum remaining asset life Years
Buildings	**59**	**1**	41	1
Dwellings	**1**	**1**	1	1
Plant and machinery	**11**	**1**	12	1
Transport	**4**	**3**	4	4
Information Technology	**7**	**2**	8	1
Furniture and Fittings	**59**	**1**	41	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 2022 and 31 March 2023 do not necessarily reduce by one year. Cherry Tree House is the only dwelling in both 2022/23 and 2021/22.

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 15.8 Donations of property, plant and equipment
The Trust received no donated medical equipment for in 2021/22 and 2022/23 from the Department of Health and Social Care (DHSC). However assets with a value of £0.04m were returned to DHSC due to incompatability with the Trust in 2021/22.

Note 15.9 Revaluations of right of use assets

The ROU asset leased at Jacketts Field at Abbots Langley, Hertfordshire from Hertfordshire Community Trust on a 20yrs lease from June 2022 at a cost much less than the open market value. The property was assesed under IFRS 16 for revaluation by Avison Young (UK) LTD, the Trust's independent valuer. The conclusion was that the cost basis was considered materially similar to the independent valuation. Refer to accounting policy note 1.13 for further details.

Note 16 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 23.1.

	2022/23 £000
Carrying value at 31 March 2022	-
IFRS 16 implementation - adjustments for existing operating leases	12,966
Lease additions	1,246
Interest charge arising in year	127
Lease payments (cash outflows)	(1,640)
Carrying value at 31 March 2023	**12,699**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure. Please refer to accouting policy 1.13 on ROU assets.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

There is no income from subleasing in 2022/23.

Note 16.1 Maturity analysis of future lease payments at 31 March 2023

	Total 31 March 2023 £000	Of which leased from DHSC group bodies: 31 March 2023 £000
Undiscounted future lease payments payable in:		
- not later than one year;	1,637	54
- later than one year and not later than five years;	3,549	216
- later than five years.	10,202	756
Total gross future lease payments	**15,388**	**1,026**
Finance charges allocated to future periods	(2,689)	(88)
Net lease liabilities at 31 March 2023	**12,699**	**938**
Of which:		
Leased from other NHS providers		938
Leased from other DHSC group bodies		-

Note 16.2 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

There are no financial leases in 2022/23 or 2021/22

Note 16.3 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

	2021/22 £000
Operating lease expense	
Minimum lease payments	1,629
Total	**1,629**

	31 March 2022 £000
Future minimum lease payments due:	
- not later than one year;	1,558
- later than one year and not later than five years;	4,072
- later than five years.	11,816
Total	**17,446**

Note 16.4 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 1.13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	**17,446**
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	**14,391**
Less:	
Commitments for short term leases	(76)
Irrecoverable VAT previously included in IAS 17 commitment	(2,218)
Other adjustments:	
Differences in the assessment of the lease term	869
Total lease liabilities under IFRS 16 as at 1 April 2022	**12,966**

Note 17 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	1,420	1,052
Consumables	4,185	3,816
Energy	195	136
Total inventories	**5,800**	**5,004**
of which:		

Inventories recognised in expenses for the year were £39,092k (2021/22: £26,489k). Write-down of inventories recognised as expenses for the year were £0k (2021/22: £0k).

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 2022/23 the Trust received £948k of items purchased by DHSC (2021/22: £1,581k).

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.

* £42,000 of donated PPE from DHSC is included within consumables in 2021/22 (£71,000 in 2021/22).

Note 18.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	19,452	12,630
Allowance for impaired contract receivables / assets	(1,192)	(874)
Prepayments (non-PFI)	5,155	4,333
PDC dividend receivable	286	95
VAT receivable	4,165	2,504
Other receivables*	40	67
Total current receivables	**27,906**	**18,755**
Non-current		
Contract receivables	1,843	1,869
Other receivables*	1,190	1,279
Total non-current receivables	**3,033**	**3,148**
Of which receivable from NHS and DHSC group bodies:		
Current	15,448	4,628
Non-current	1,190	1,279

* Other receivables has arisen due to the provision made for clinicians' pension provision. See note 25.1 in provisions for further details.

Note 18.2 Allowances for credit losses

	2022/23	2021/22
	Contract receivables and contract assets £000	Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**874**	**1,256**
Changes in existing allowances	642	(61)
Utilisation of allowances (write offs)	(324)	(321)
Allowances as at 31 Mar 2023	**1,192**	**874**

Amounts written off in the year are still subject to enforcement activity.

Note 18.3 Exposure to credit risk

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 2022/23. Provisions will form part of the Agreement of Balance exercise.

Note 18.4 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) and Integrated Care Boards (ICB), 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 19 Finance leases (West Hertfordshire Teaching Hospitals NHS Trust as a lessor)

This note discloses future lease payments receivable from lease arrangements classified as finance leases where the West Hertfordshire Teaching Hospitals NHS Trust is the lessor.

There are no financial leases as a lessor in 2022/23 or 2021/22

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 20.1 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.

	2022/23	2021/22
	£000	£000
At 1 April	**36,688**	**22,404**
Net change in year	(1,295)	14,284
At 31 March	**35,393**	**36,688**
Broken down into:		
Cash at commercial banks and in hand	20	17
Cash with the Government Banking Service	35,373	36,671
Total cash and cash equivalents as in SoFP	**35,393**	**36,688**
Total cash and cash equivalents as in SoCF	**35,393**	**36,688**

Note 20.2 Third party assets held by the trust

West Hertfordshire Teaching Hospitals NHS Trust held no cash and cash equivalents in 2021/22 and 2022/23 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 21.1 Trade and other payables

	31 March 2023	31 March 2022
	£000	£000
Current		
Trade payables	11,962	6,983
Capital payables	17,974	12,569
Accruals	28,620	31,653
Social security costs	3,402	70
Other taxes payable	3,307	119
Pension contributions payable	3,800	3,502
Total current trade and other payables	**69,065**	**54,896**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	3,922	3,300
Non-current	-	-

Note 21.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below
There is no early retirement in the year payable by the Trust.

Note 22 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	1,166	2,833
Total other current liabilities	**1,166**	**2,833**
Non-current		
Deferred income: contract liabilities*	3,641	3,704
Total other non-current liabilities	**3,641**	**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 23.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Lease liabilities*	1,467	-
Total current borrowings	**1,467**	**-**
Non-current		
Other loans	2,000	2,000
Lease liabilities*	11,232	-
Total non-current borrowings	**13,232**	**2,000**

The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 1.13.

£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 23.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC £000	Other loans £000	Lease Liability £000	Total £000
Carrying value at 1 April 2022	**-**	**2,000**	**-**	**2,000**
Cash movements:				
Financing cash flows - payments and receipts of principal	-	-	(1,513)	**(1,513)**
Financing cash flows - payments of interest	-	-	(127)	**(127)**
Non-cash movements:				
Impact of implementing IFRS 16 on 1 April 2022	-	-	12,966	**12,966**
Additions	-	-	1,246	**1,246**
Application of effective interest rate	-	-	127	**127**
Carrying value at 31 March 2023	**-**	**2,000**	**12,699**	**14,699**

Note 23.3 Reconciliation of liabilities arising from financing activities - 2021/22

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

Note 24 Other financial liabilities

The Trust has no other payables or financial liabilities.

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs £000	Pensions: injury benefits £000	Other £000	Total £000
At 1 April 2022	**4,546**	**127**	**3,813**	**8,486**
Change in the discount rate	(809)	-	-	**(809)**
Arising during the year	866	1,192	79	**2,137**
Utilised during the year	(434)	(40)	(48)	**(522)**
Reversed unused	(477)	-	(596)	**(1,073)**
Unwinding of discount	222	149	-	**371**
At 31 March 2023	**3,914**	**1,428**	**3,248**	**8,590**
Expected timing of cash flows:				
- not later than one year;	457	81	591	**1,129**
- later than one year and not later than five years;	170	639	1,190	**1,999**
- later than five years.	3,287	708	1,467	**5,462**
Total	**3,914**	**1,428**	**3,248**	**8,590**

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.

* Provisions included in 2022/23 is £1.5m for dilapidations of various rented premises, construction industry tax for £0.45m and clinical pension provision for £1.2m**.

**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. £1.2m has been accrued as income from NHS England, see notes 3.1/18.1 for details.

Note 25.2 Clinical negligence liabilities

At 31 March 2023, £380,187k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of West Hertfordshire Teaching Hospitals NHS Trust (31 March 2022: £663,102k).

Note 26 Contingent assets and liabilities

The Trust has no contingent assets and liabilities.

Note 27 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	18,273	3,655
Intangible assets	428	245
Total	**18,701**	**3,900**

Note 28 Other financial commitments

The Trust has no other financial commitments.

Note 29 Financial instruments

Note 29.1 Financial risk

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 Integrated Care Boards) 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 2023 are in receivables from customers, as disclosed in the trade and other receivables note 18.1.

Liquidity risk
The Trust's operating costs are incurred under contracts with clinical commissioning groups and Integrated Care Bodies, 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 since 2020/21 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 wrote 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 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	19,464	**19,464**
Cash and cash equivalents	35,393	**35,393**
Total at 31 March 2023	**54,857**	**54,857**

Carrying values of financial assets as at 31 March 2022	Held at amortised cost £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**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost £000	Total book value £000
Obligations under leases	12,699	**12,699**
Other borrowings	2,000	**2,000**
Trade and other payables excluding non financial liabilities	61,532	**61,532**
Provisions under contract	8,590	**8,590**
Total at 31 March 2023	**84,821**	**84,821**

This excludes implicit interest in the operating leases of £2.7m. See note 29.4 for gross values.

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost £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**

Note 29.4 Maturity of financial liabilities

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

	31 March 2023 £000	31 March 2022 £000
In one year or less	64,298	54,699
In more than one year but not more than five years	5,548	-
In more than five years	17,664	2,000
Total	**87,510**	**56,699**

Note 29.5 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 30 Losses and special payments

	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	16	6	8	1
Bad debts and claims abandoned	238	318	169	321
Total losses	**254**	**324**	**177**	**322**
Special payments				
*Ex-gratia payments	42	563	51	712
Total special payments	**42**	**563**	**51**	**712**
Total losses and special payments	**296**	**887**	**228**	**1,034**

*Ex-gratia payments includes the cost of subsidised meals at the Trust during COVID-19 pandemic for the year of £536,000 in 2022/23.

*The payments in relation to Flower's case judgement in 2020/21 (overtime corrective 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.

The comparator for 2021/22 has been reinstated to include the Cost of Living Allowance accrued for £317,900. This was additional pay to groups of staff on lower salaries to cope with cost of living hardship.

Note 31 Gifts

No gifts were made in the year.

Note 32 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

Trusts
Barts Health NHS Trust
Central London Community Healthcare NHS Trust
East And North Hertfordshire NHS Trust
Hertfordshire Community NHS Trust
Imperial College Healthcare NHS Trust
The Princess Alexandra Hospital NHS Trust

Clinical Commissioning Groups (CCG)/ICB
NHS Bedfordshire, Luton and Milton Keynes ICB
NHS Buckinghamshire, Oxfordshire and Berkshire West ICB
NHS Hertfordshire and West Essex ICB
NHS North Central London ICB
NHS North West London ICB
NHS Buckinghamshire CCG (demised 01/07/22)
NHS East and North Hertfordshire CCG (demised 01/07/22)
NHS Herts Valleys CCG (demised 01/07/22)
NHS West Essex CCG (demised 01/07/22)
NHS England (statutory entity - populated by completing table of sub-entities below)
Health Education England
NHS Resolution
NHS North West London CCG (Y05) (demised 01/07/22)

Special Health Authorities
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 33 for details

	Income in 2022/23	Debtor as at 31 March 2023	Expenditure in 2022/23	Creditor as at 31 March 2023
	£000s	£000s	£000s	£000s
Spire Healthcare Ltd*	291	210	2,842	941
Masimo Europe Ltd**	35	-	-	-

* Two medical consultants undertake private work at this private hospital
**Divisional Director is a Key Opinion Leader at this organisation

Note 33 West Hertfordshire Hospitals NHS Trust Charity Activities

	2022/23	2021/22
	£000s	£000s
Income	**610**	529
Expenditure	**(1,128)**	(705)
Net Incoming/Outgoing Resources Before Transfers	**(518)**	(176)
Gains/(losses) on Revaluation and Disposals of Investment Assets	**(60)**	27
Funds b/fwd	**1,265**	1,414
Funds c/fwd - Net Assets	**687**	1,265

The Trust does not consolidate charitable funds into the financial statements. Please refer to Note 1.3.

Note 34 Events after the reporting date

There are no events to report after the reporting date.

Note 35 Better Payment Practice code

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	61,983	289,456	62,639	311,037
Total non-NHS trade invoices paid within target	51,793	252,077	54,546	275,407
Percentage of non-NHS trade invoices paid within target	83.6%	87.1%	87.1%	88.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,614	33,966	2,020	38,597
Total NHS trade invoices paid within target	1,143	29,093	1,446	32,798
Percentage of NHS trade invoices paid within target	70.8%	85.7%	71.6%	85.0%

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 36 External financing limit

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

	2022/23 £000	2021/22 £000
Cash flow financing	19,128	36,103
Other capital receipts		
External financing requirement	**19,128**	**36,103**
External financing limit (EFL)	19,128	36,103
Under / (over) spend against EFL	**-**	**-**

In 2021/22 and 2022/23 the Trust has achieved the EFL target as set by the NHSEI.

Note 37 Capital Resource Limit

	2022/23 £000	2021/22 £000
Gross capital expenditure	39,417	65,227
Less: Disposals	-	(41)
Less: Donated and granted capital additions	-	(117)
Plus: Loss on disposal from capital grants in kind	-	41
Charge against Capital Resource Limit	**39,417**	**65,110**
Capital Resource Limit	39,417	66,273
Under / (over) spend against CRL	**-**	**1,163**

Note 38 Breakeven duty financial performance

	2022/23 £000
Adjusted financial performance surplus / (deficit) (control total basis)	321
Breakeven duty financial performance surplus / (deficit)	**321**

Note 39 Breakeven duty rolling assessment

	1997/98	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£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)	(41,155)
Breakeven duty cumulative position	(4,513)	1,186	8,716	12,373	14,277	907	(12,930)	(54,085)
Operating income		254,308	260,398	266,716	278,230	291,119	313,291	299,769
Cumulative breakeven position as a percentage of operating income		0.5%	3.3%	4.6%	5.1%	0.3%	(4.1%)	(18.0%)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(29,431)	(41,352)	(49,641)	(22,471)	257	689	321
Breakeven duty cumulative position	(83,516)	(124,868)	(174,509)	(196,980)	(196,723)	(196,034)	(195,713)
Operating income	322,643	324,772	333,367	393,675	472,565	481,136	512,747
Cumulative breakeven position as a percentage of operating income	(25.9%)	(38.4%)	(52.3%)	(50.0%)	(41.6%)	(40.7%)	(38.2%)

i) The adjusted deficit for break-even duty in the year is after adjustments shown in note 38.

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 ninth year of consecutive break-even duty breach achieving a cumulative deficit of £195,713,000 (-38.2% 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 since the Trusts statutory requirement is to break even over a three year cumulative basis. The Trust finances is improving with delivering surpluses since 2020/21. It is planned to have an in-year breakeven position for 2023/24 subject to agreement of the Annual Plan with NHS England & Improvement. The cumulative deficit will continue to be monitored.

Signed by:

Matthew Coats
Chief Executive

Date: 30/10/2023

NHS
West Hertfordshire Teaching Hospitals
NHS Trust

team westHerts

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