Wye Valley NHS
NHS Trust

Annual Report 2013-14

and Summary Financial Statements

Annual Report - contents

1 April 2013 to 31 March 2014

Message from the Acting Chairman and Chief Executive

The needs of patients continue to be at the centre of our decision-making and activities during what has been a year of new starts and consolidation.

During the course of the year, many initiatives have begun and are already improving our patients' experiences as evidenced by improving Friends and Family Test results - a way of assessing our services which was introduced last year.

Much work has taken place to improve the pathway for A&E patients; a new Clinical Assessment Unit means some patients are seen and treated quickly with a high percentage allowed to go home instead of being admitted.

Our Virtual Ward means some patients are treated in the familiar surroundings of their own home instead of spending time on wards, and a new Physician of the Day means decisions can be made more quickly and effectively. A radiology service is now available seven days a week and a new Referral Management Centre streamlines the GP referral process.

We have also increased the number of frontline staff with successful recruitment campaigns across Europe and our Health Visiting and Midwifery Academy attracting new recruits.

Compassion, commitment, courage, competence and communication continue to define the kind of care our staff members provide ensuring patients receive the right care in the right place at the right time. Alongside patient experience, patient safety and providing an effective service remain paramount. Improvement work in these areas has been enhanced by the Rapid Responsive Review and CQC visit which took place in Autumn 2013.

Notwithstanding the decision by Herefordshire Council to take back responsibility for adult social care services, the Trust remains committed to the integrated provision of health services for the benefit of local people.

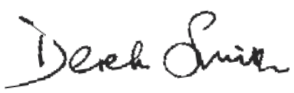
This marks the first year formally working with our new commissioners - the Herefordshire Clinical Commissioning Group. Together with them, we have formed the Urgent Care working group to improve access to emergency care. We have also welcomed into being the fledgling Herefordshire Healthwatch - the county's new healthcare watchdog, whose members have already visited the hospital seeking patients' views.

The issue of the future form of the Trust has not been resolved this year. It became evident through the Wye Valley Futures Project that options being considered to enable the Trust to meet Foundation Trust status would not provide a financially sustainable model. This means we are still reliant on further financial support to break even, although the Trust's financial position was stabilised.

As ever, none of our achievements would have been possible without our committed staff and team of more than 100 volunteers, so once again we thank them for frequently going the extra mile. We also thank the community we serve for their widespread and enduring support.

After eleven years with the Trust, seven as Chairman, Mark Curtis has stood down. We thank him for his commitment and dedication to the Trust and wish him every success in his future endeavours.

Mark Waller
Acting Chairman



Derek Smith
Chief Executive

Section 1 Strategic Report

1. Background to the Trust

1a. Structure and history of the Trust

As a provider of health services in Herefordshire, the Trust provides acute and community services to a population of just over 180,000 people in Herefordshire. We also provide urgent and elective care to a population of more than 40,000 people in mid-Powys, Wales. Our catchment area is characterised by its rural nature and remoteness, with more than 80 per cent of our service users living five miles or more from Hereford city or a market town.

Wye Valley NHS Trust was established on 1 April 2011. This followed extensive stakeholder engagement with our colleagues in health, social care and the third sector. The Trust was England's first integrated provider of acute, community and adult social care services bringing together Hereford Hospitals NHS Trust, NHS Herefordshire's Provider Services (excluding Mental Health) and Herefordshire Council's Adult Social Care services (under a Section 75 arrangement). The Section 75 arrangement with Herefordshire Council ended in September 2013 and the Trust no longer provides adult social care.

Engagement with our partners and colleagues as well as patients is central to our day-to-day work and we continue to work closely with them through a variety of ways, which are set out later in this annual report.

1b. Securing the future of Wye Valley NHS Trust

The Wye Valley Futures project was launched in spring 2013 to explore how the Trust could meet the stringent clinical and financial criteria needed to become an NHS Foundation Trust, which is a national requirement.

The Trust worked with local NHS partners, stakeholders, patients and the public to develop a series of options, which it was hoped, would allow the Trust to meet Foundation Trust standards and secure its long-term future. The shortlisted options were: working with an NHS partner – for example another NHS Trust, working with an independent sector partner or reconfiguring the services it already provides.

The process involved robust testing and financial modelling of each of these options to establish whether they were financially viable as well as clinically sustainable. This work took place in the latter half of last year and included a series of public engagement events held across the county.

However, following an exhaustive examination of the options, it was felt that none met the stringent criteria needed to develop a robust business case and would therefore be unlikely to be approved by the NHS nationally. While this is disappointing, it is the Trust's view, and that of our NHS colleagues, that we must look again, at where and how we can address the clinical viability and financial sustainability of the Trust while at the same time ensuring patient care is kept at the very highest standard.

Evidence gathered during the project is being used to develop the Trust's five-year business strategy to find a solution that meets the needs of our patients and service users.

1c. Our Strategic Objectives

Primary Objectives:
- To enjoy a reputation for, and be able to demonstrate, exceptional quality, safety and customer service.
- To achieve sufficient financial prosperity to enable services to be sustained and developed.

Service delivery objectives:
- To deliver community focused and integrated health care services.
- To deliver a clinically sustainable portfolio of secondary care services.
- To extend the range and, where appropriate, the volume of health care services we offer.

Supporting strategies:
- Workforce: To enjoy a reputation as an excellent employer enabling us to recruit, develop and retain the workforce we need.
- Technology: To use technology to support the quality, efficiency and user friendliness of our services.
- Estate: To ensure that we deploy our estate and assets efficiently and effectively to provide care in a first class environment.
- Organisation: To ensure that our organisation is 'fit for purpose' to fulfil our primary objectives.
- Partnership: To work proactively with partners willing and able to help us realise our mission.

1d. Management structure

The Trust is made up of three main Service Units. A Service Unit Director and a Service Unit Manager lead each of these. The three Service Units are:

Integrated Family Health Services
• Maternity and gynaecology, community midwifery, women's health. • Special care baby unit, paediatrics, palliative care. • Child development, child health, health visiting, school nursing, looked after children. • Integrated sexual health services.

Care Closer to Home and Urgent Care
• Medical nursing – Hereford County Hospital, Ross, Leominster and Bromyard Community Hospitals, Hillside Rehabilitation Centre. • Accident and Emergency (A&E), Clinical Assessment Unit, Ross and Leominster Minor Injuries Units. • Neighbourhood teams – virtual wards and hospital at home, district nursing. • Physiotherapy, occupational therapy, orthotics, dietetics, speech and language, podiatry, falls service, diabetes, community stroke. rehabilitation, acquired brain injury, specialist nursing. • Diagnostic and scientific services.

Elective Care
• Surgical nursing. • Cancer services, lymphedema, clinical nurse specialists. • Theatres. • Pharmacy and medicines management. • Dental services.

Support functions for this structure include quality and safety, finance, estates, and human resources.

2. Development of services

2a. Service development and contribution to strategic objectives

Development of the Clinical Assessment Unit
Dozens of patients each week are benefiting from the Clinical Assessment Unit (CAU) which opened its doors for business at the end of last year.

It offers an extended hours service providing assessment, diagnosis and treatment for patients with moderate health conditions and is helping the Trust manage increased emergency attendances.

For our patients, the majority of unnecessary admissions are avoided as they are diverted from having to be admitted to hospital to receive more appropriate health and social care services in the community - so far more than 1,000 patients have passed through the unit.

The Trust benefits by being a member of a national Ambulatory Emergency Care network which allow hospitals with these units to share experiences and continue to implement best practice.

Improvements to Outpatient services
The Trust operates out of a number of sites across Hereford city and is exploring ways to make better use of the facilities it owns. Options to relocate some of the outpatient clinics from Hereford County Hospital to other sites across the city are being looked into.

This follows the introduction of the CAU in December 2013 which required a number of outpatient clinics at Hereford County Hospital to be relocated.

The aim is to make better use of our existing capacity to provide a more effective non-elective care service and give patients a better experience.

Development of a Virtual Wards service
In October we launched the £1.5 million Virtual Wards service in partnership with, and funded by, the Herefordshire Clinical Commissioning Group.

The "hospital care at home" element provides support which allows patients to go home early, and the "risk stratification" element allows GPs to put in place measures to keep patients who they identify as being at risk of being admitted to hospital, in their own homes.

This is of huge benefit to patients who can receive treatment in familiar surroundings and around 1,000 have received treatment through the service during this year.

The development of this service supports the revision of patient pathways to assist with improving emergency and non-elective service performance and patient experience.

Seven day radiology service
Patients are benefiting following the introduction of a seven-day-a-week radiology service at Hereford County Hospital. This allows the quick turnaround of scan results which means the Trust can diagnose and treat its patients more quickly.

Outpatient Antibiotic Therapy service (OPAT)
Launched in August 2013, this service has meant a total of 602 days patients would previously have had to spend in hospital, were avoided. The service allows patients needing intravenous antibiotic therapy to be discharged early with strictly governed care provided in their home.

The care is provided by specially trained nurses who have treated 53 patients through the service during 2013/14. This not only results in a better patient experience, but also frees up hospital resources.

The development of this community-based service supports the revision of patient pathways to assist with improving non-elective service performance and patient experience.

Referral Management Centre (RMC)
Many patients are now benefiting from a one-stop shop approach to referrals. The RMC co-ordinates patient referrals and provides a standardised way of handling them - giving patients a single point of contact.

The service currently manages half of new referrals - plans are in the pipeline to expand this to cover all new referrals which will improve productivity through better clinic scheduling.

Endoscopy

A new recovery suite created within the existing Day Case Unit specifically for those undergoing Endoscopies has improved patients' experiences. As a result of these improvements, the Endoscopy service has received formal recognition for meeting national endoscopy standards.

Managed equipment scheme pathology

Patients are set to benefit from a quicker turn-round of their test results following work to replace and modernise ageing biochemistry laboratories at Hereford County Hospital.

Work began in January 2014 and is being carried out in partnership with research-focused healthcare company Roche. The modernisation work includes the installation of new equipment that will enable the Trust to work more efficiently and improve productivity.

Reduction in patients failing to attend appointments

Patients have responded positively to a pilot telephone appointment reminder service introduced in Paediatrics and Gynaecology.

Within Paediatrics, the number of DNAs (Did Not Attends), fell from 12.5 per cent two years ago to 4.6 per cent last year, and in Gynaecology the figure was halved from 9.7 per cent to 4.8 per cent during the same period. This has allowed us to offer patients cancelled appointments meaning improved productivity through the better utilisation of clinic slots.

In the longer term, this will help the Trust reduce waiting times and forms part of the on-going work to reduce DNA rates.

Development of a midwifery-led birth facility

A quicker recovery and a speedy return home are some of the benefits the midwifery-led birthing facility has brought to babies and their mothers.

The Trust opened the facility - based within the current delivery suite at Hereford County Hospital - in December.

It utilises the skills of midwives to care for women with straightforward pregnancies during birth, allowing other professionals to focus on women with more complex needs.

It means women are now offered an extended range of midwifery services and 100 women have used the facility since it opened.

3. Patient safety

3a. Operating Framework

Everyone Counts: Planning for patients 2014/15 to 2018/19 was published in December 2013 by the Trust Development Authority and sets out the next phase of development to produce high quality care for all patients. This comprehensive planning guidance directed all NHS bodies to produce local transformational change plans. It requires the Trust to continue to safeguard sustainable and high quality patient care, whilst at the same time making further progress to deliver efficiency savings. This is to ensure that the NHS is prepared and able to cope in the future with the demands produced by an ageing population and those helped to live longer through medical science.

During 2013-14, the Trust has therefore been actively engaged in local planning work with statutory partners NHS Herefordshire Clinical Commissioning Group (CCG) and Herefordshire Council about how we can work together to meet these requirements. Through the new Better Care Fund, we are working even more closely to integrate planning and service development to promote prevention and self-care, maximise independence, reduce emergency hospital admissions and maintain services to the vulnerable.

3b. Rapid Responsive Review and Care Quality

Commission Review and Reports

The Trust has taken part in a number of stringent reviews with a view to improving its services and patient experience. During October, the Trust took part in a Rapid Responsive Review (RRR) and Care Quality Commission (CQC) Inspection. The focus of these was to investigate the Trust's approach to:

1. Patient experience
2. Workforce and safety
3. Governance and leadership
4. Clinical and operational effectiveness.

A number of areas were identified where the Trust needed to make further improvements. These included:

- The use of the Day Case Unit for inpatients
- Mixed sex breaches within the Day Case Unit
- Medical cover arrangements within community hospitals
- Monitoring of governance and leadership arrangements
- Awareness of Friends and Family Test amongst front line staff members.

The findings from the review have been used to develop the Patient Care Improvement Programme, which is being delivered across the Trust. Resulting improvements include: opening the Clinical Assessment Unit (CAU) which is now operational seven days a week, enhancing the phlebotomy (blood) service, increasing medical input to community hospitals, implementing the mortality reduction plan, ensuring informal complaints are recorded in addition to formal complaints, rolling out the Friends and Family Test to community hospitals, strengthening the standard operating procedures for the day surgery unit, undertaking a review of nursing and midwifery establishments, and developing a long-term plan to improve the day surgery unit layout.

3c. Patient safety

Infection prevention and control

Infection prevention and control is a critical part of the Trust's day-to-day work. We have a zero tolerance approach to preventable healthcare associated infections and comply with the Care Quality Commission standard to ensure that people are protected from the risk of infection.

The Trust has a skilled specialist infection prevention nursing team, which leads on the proactive and reactive requirements for the Infection Prevention Strategy. Staff members who join the Trust are required to take part in a comprehensive, face-to-face induction to support the prevention of infection in the roles they perform. They are also required to take part in a refreshed education programme to make sure that their knowledge and understanding is always up to date.

There have been zero cases of MRSA bacteraemia in the Trust during 2013-14 against the target of zero, as shown in the table below. This was achieved by the high standards of infection prevention precautions undertaken by Trust. From next year, hospitals across the country will be penalised for any MRSA bacteraemia considered preventable.

Infection Prevention and Control		
Key Target	**Maximum permitted 2013-14**	**Actual 2013-14**
MRSA bacteraemia	0	0
Clostridium Difficile (County Hospital/community hospitals)	12	17

There has been an increase in the number of healthcare acquired C Difficile cases within our hospitals. Our infection prevention nurses and consultant microbiologist have individually reviewed each of these cases, and a C Difficile action plan was developed specifically to address this increase with the support of Public Health England.

This plan included: quarterly feedback to our consultants providing front line care on the antibiotic guidelines compliance across the Trust; introduction of hydrogen peroxide for cleaning all C Difficile isolation rooms; and launch of the staff campaign "ATTACK Cdiff" across the Trust during the year. This campaign aims to educate all Trust staff groups of their role in helping to reduce these healthcare acquired infections.

We are measuring the impact and effect on this action plan on a regular basis and it will be reviewed in the next financial year.

3d. Serious Incidents Requiring Investigation (SIRIs)

SIRIs are classed as serious incidents that require a formal investigation. These are monitored both internally and externally by the Trust and by our commissioners, NHS Herefordshire Clinical Commissioning Group (NHS HCCG). In the Trust there have been 141 SIRIs reported in 2013-14. The two top themes in these SIRIs are provided below:

Category 3 and 4 pressure ulcers
Pressure ulcers are categorised as grades 1, 2, 3 and 4 (4 being the most severe). All healthcare acquired category 3 or 4 pressure ulcers are reported as SIRIs and are investigated through root cause analysis. We have introduced a number of actions because of findings from the pressure ulcer root cause analysis investigations, including:

The use of the SSKIN bundle (known as a care bundle) incorporates the best practice for managing pressure areas and preventing pressure ulcers. It has been used widely across the Trust to promote our approach to pressure care. Ward sisters and district nursing sisters have been undertaking mini audits to ensure that standards are maintained and that preventative measures are taken quickly. The Tissue Viability Team has carried out regular teaching updates for all members of the healthcare team. A new visual tool is in place to easily identify patients at risk, and new mattresses and pressure care equipment have been purchased.

The table below shows the numbers of pressure ulcers for 2013-14 in comparison to the previous year 2012-13. As a result of our actions there has been a 14 per cent reduction in category 3 and 4 pressure ulcers compared to the previous year.

Pressure ulcers reduction tables

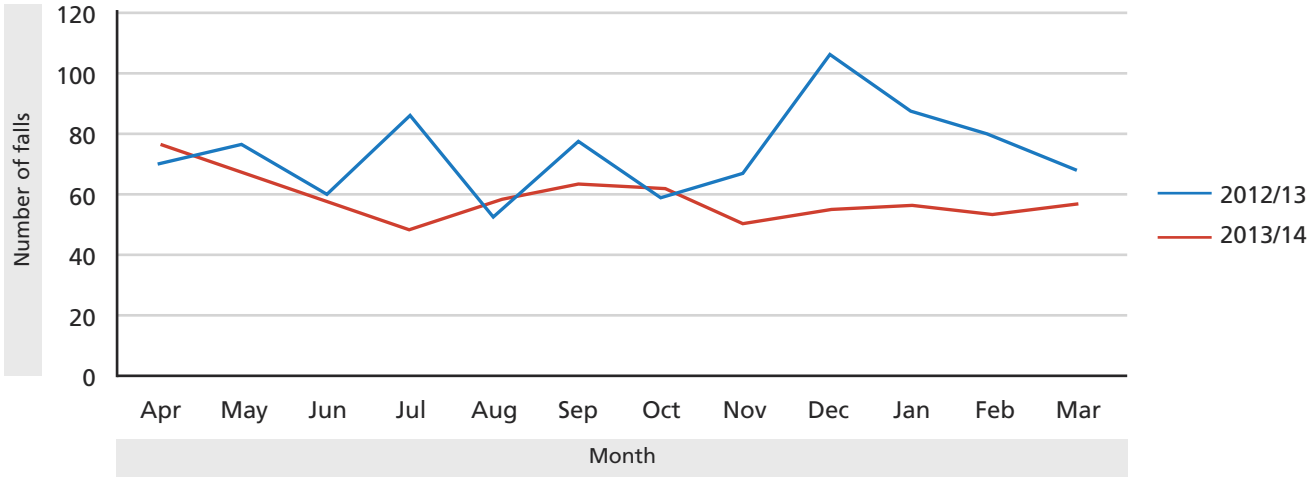
Year	Location	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2012/13	The County Hospital	4	6	5	2	2	0	0	4	9	4	4	3
	Community Hospitals	0	1	2	1	1	1	0	0	1	2	2	0
	Neighbourhood Teams	2	6	9	2	1	3	4	2	2	2	3	2
2013/14	The County Hospital	5	1	2	2	3	6	4	2	1	4	4	0
	Community Hospitals	3	0	1	0	1	0	0	0	0	0	0	1
	Neighbourhood Teams	2	0	0	7	8	5	7	4	4	1	5	0

Patient falls resulting in severe harm

There have been a number of actions taken to lower the number of patient falls including, carrying out a falls risk assessment and regular monitoring of patients at risk. We also put a picture of a falling leaf at the foot of each bedhead of patients at risk, so we can easily identify patients who require regular monitoring. Alarms have been purchased which will alert staff if a patient at risk of falling stands up unassisted.

The graph below shows the number of patient falls for 2013-14 in comparison to the previous year 2012-13. As a result of these actions, patient falls have reduced by 21 per cent in 2013-14 compared to the previous year 2012-13.

Patient falls reduction table



3e. Never Events

These are a sub-set of SIRIs and are defined as serious, largely preventable, patient safety incidents that should not occur if the available preventative measures have been implemented.

Some types of Never Events hold high potential for significant harm but are designated as Never Events regardless of the actual degree of harm that occurred. All these incidents are taken very seriously and are thoroughly investigated by the Trust and reported to NHS HCCG. These are then reported by NHS HCCG to the Trust Development Authority and Care Quality Commission, which has resulted in changes to practice and lessons learned. There have been three Never Events at the Trust during 2013-14.

3f. Mortality

Hospital Mortality rates are measured using Summary Hospital Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR) figures.

The average SHMI nationally is 100 and a rate below this is considered positive as it indicates a lower number of deaths than expected. As at 31st March 2014 the Trust's published SHMI was 115.62. This refers to the period July 2012 to June 2013. The SHMI is published quarterly 9 months in arrears.

The national average HSMR is 100 and a rate below this is considered positive as it indicates a lower number of deaths than expected. At 31st March 2014 the Trust's published HSMR for the period January 2013 to December 2013 was 108.92.

However, the latest independent report published by Dr Foster in November 2013 reports that we continue to meet the acute hospital performance indicator HSMR expectations. The Trust has also put in place a range of proactive measures to ensure we have robust lines of review for each in-hospital death. This includes the introduction of the National Early Warning System (NEWS), which standardises the assessment of acute-illness severity in the NHS, and Care Bundles (this is a set of four to six evidence based interventions that, when used together, lead to significant improvement in patient outcomes). In addition, an experienced senior doctor reviews deaths that take place in hospital and the results are sent to all relevant clinicians.

The Trust has also focused on those patients who are seen in an emergency, making sure that essential steps to find the cause of the problem and start appropriate treatment are performed in a systematic and timely way. We have also invited help from the Trust Development Authority to review the data and it is satisfied that our approach is measured and appropriate.

4. Patient views and experience

4a. Friends and Family Test

On 1 April 2013 the Friends and Family Test (FFT) was introduced throughout NHS England to measure patient satisfaction with their hospital experience. We also introduced the test in maternity services in October that year and November for community hospitals and plan to roll this out to outpatient services during 2014-15. Patients are asked: 'How likely are you to recommend this service to your friends and family should they require similar treatment?'

A response rate of 20 per cent is required for inpatient wards and A&E, which has been achieved. During this year, a total of 7823 responses have been completed by patients in these areas and 6793 (87 per cent) said they would be 'extremely likely' or 'likely' to recommend the service.

In our community hospitals 320 patients have taken part in FFT since November 2013 and given their feedback, and 309 (97 per cent) of these patients said they would be 'extremely likely' or 'likely' to recommend the service. There is no national required response rate for community hospitals, however, 51 per cent of community hospitals patients have chosen to take part.

During the year we received 1220 responses for patients using the maternity service (at four key points including 36 weeks antenatal service, labour ward, maternity ward, and postnatal discharge) since it was introduced in October 2013. Of these 1150 (94 per cent) responses were 'extremely likely' or 'likely' to recommend the service. Only the response rate for labour ward is required to be published nationally, which was 60.4 per cent.

We have also introduced a Friends and Family Test Challenge where services and wards are rewarded (with a small amount of funds to use for enhancing the ward patient environment/facilities) for improvement in their performance and response rates. There has been an overall improvement for the year in a number of these areas in both the response rates and the number of patients that would recommend us.

4b. National patient surveys

The Trust took part in two national patient surveys during the year. The annual Inpatient Survey was carried out in October 2013. A total of 488 patients, who were invited to participate in the survey, completed the questionnaire, giving a response rate of 60 per cent. Overall, the results are similar to the previous year and in most instances are in line with the average result for Trusts across the country.

Our results for ensuring that patients' are given all the necessary information about their condition has improved overall. However, the report also highlighted lower rates of patient satisfaction on help available from staff at mealtimes; waiting times for a bed, and information received on their condition while in A&E. We are using this information to improve quality of care and treatment, and patient experience in these specific areas, and we will review and monitor the improvements.

In December 2013, the Care Quality Commission carried out a national Maternity Services Patient Survey. The results placed the Trust's maternity services either on a par with, or better than, services provided by other hospitals. The report singled out the Trust for putting in one of the best performances across the country when it came to involving a partner or companion during labour and delivery.

The Trust was also in the "better than most" categories for ensuring that new mothers had contact numbers for a midwife or the midwifery team when they returned home and reminding women that they needed to arrange a postnatal check-up with their GP. We were rated highly for giving new mothers information about their own recovery after the birth, for giving help and advice from a midwife or health visitor about feeding their baby, and frequency of seeing a midwife and postnatal check-ups.

During the year, volunteers have been assisting the Patient Experience Team in gathering patient feedback for these surveys and the Friends and Family Test.

4c. Complaints, concerns and compliments: what they are and how we use them to improve

In May 2013, the Trust introduced a new complaints process, empowering Service Units to resolve and learn from complaints. When a complaint is received, the Patient Experience Team processes it and sends it to the relevant Service Unit for investigation, within agreed timescales. Any resulting actions taken to prevent the problem from arising again are then entered into a Service Unit improvement plan and monitored to ensure compliance.

In addition, each Service Unit receives monthly reporting on details of their complaints, which are subsequently discussed at the Service Unit governance meetings. The Trust's Quality Committee oversees quarterly patient experience reports, which set out any themes across the Trust and Service Units, alongside actions taken. This allows a whole Trust approach to be taken to complaints and ensures we continually take steps to improve.

Complaints - these are an expression of dissatisfaction that takes longer than 48 hours to resolve or where the individual clearly states that they are making a complaint.

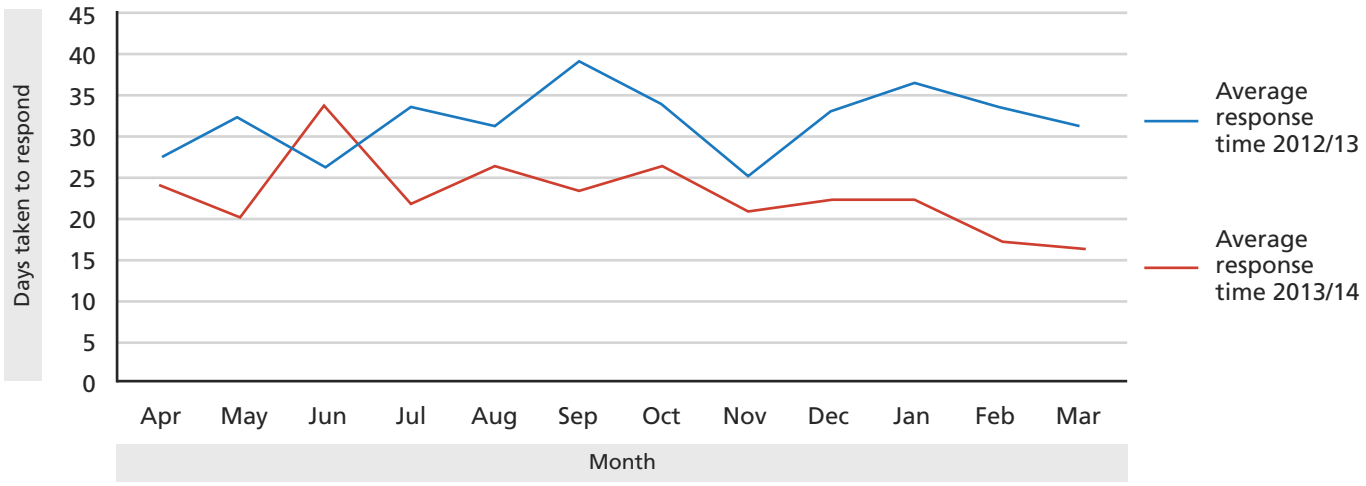
Concerns - an expression of dissatisfaction that either takes less than 48 hours to resolve or where the individual raising the concern clearly says they are not making a complaint.

Compliments - are an expression of gratitude, thanks and any positive comments.

242 complaints have been received this year in comparison to 266 complaints in 2012-13.

The average response time comparison between 2012-13 and 2013-14 (shown in the table below) indicates that on average there has been an improvement of seven days in the time taken to respond to complaints.

Complaint response times



The top five themes of the 242 complaints received during this year are quality and safety (all aspects of clinical care) 50 per cent, quality and safety (delays in treatment) nine per cent, relationships (attitude of nursing staff) seven per cent, access (admission and discharge arrangements) six per cent, and information (communications with administration staff) three per cent.

957 concerns have been dealt with through our Patient Experience Team in the same period as compared to 792 in the previous year. Patient experiences are looked at in their entirety to identify trends and introduce improvements based on poor patient experience.

More than 5000 compliments were received throughout the Trust during 2013-14. Compliments are shared with staff members in the ward/departments and shared more widely as part of Service Unit Reports.

4d. Taking complaints and turning them into improvements

The Trust has continued to develop its complaints process to ensure it obtains the best information from patient feedback and can subsequently make valuable improvements.

Feedback from patient experience has contributed to the following improvements: a discharge information sheet being produced to ensure patients know who to contact when they have been discharged from hospital; improved management and removal of intravenous cannula; statements provided by the theatre team to inform relatives if there are any delays in patients returning from theatres; and reviewed and improved information provided to patients and their families on admission to the Surgical Admissions Unit.

4e. Claims

Although every effort is made to ensure patients have a positive experience some claims are pursued. There have been 31 claims in 2013-14. The Trust is a member of the NHS Litigation Authority (NHSLA) to which all NHS Trusts and Foundation Trusts belong. It is a non-profit organisation of the NHS that provides indemnity cover and manages legal claims on behalf of the Trust. The Trust has a Claims Officer on site to ensure that claims are handled efficiently, and effectively liaises with the NHSLA and the NHSLA's recognised pool of solicitors.

5. Performance

5a. Performance against national targets (KPIs)

(see 5b. for information regarding these key performance indicators and the Trust's performance during 2013-14.

Acute hospital

Activity	2011/12	2012/13	2013/14	Increase/ Decrease 2013/14 on 2012/13
Elective Spells	4636	4536	4572	0.8%
Day Case Spells	14395	14273	15587	9.2%
Emergency Spells	20965	20297	19566	-3.6%
New Outpatient Attendances	64529	67441	69522	3.1%
Follow Up Outpatient Attendances	141259	149682	161288	7.8%
A & E Attendances	48387	48118	49561	3.0%

Community hospitals

Activity	2011/12	2012/13	2013/14	Increase/ Decrease 2013/14 on 2012/13
Daycase Spells	1420	1647	1910	16.0%
Community Bed days	36543	37149	36006	-3.1%
Contacts	244037	231681	230451	-0.5%
New Outpatient Attendances	16409	14843	16178	9.0%
Follow Up Outpatient Attendances	53466	52015	54380	4.5%
Minor Injury Unit Attendances	7888	5791	3596	-37.9%

Summary of virtual ward (VW) activity

Overview Month	October	November	December	January	February	March	Total
Referrals to Risk Strategy	40	73	26	36	26	31	232
Referrals to Hospital at home	29	49	52	96	66	72	364

Clinical Assessment Unit Activity

Date of admission	Number of Attendances to CAU	Average Attendances per day
December	43	4.8
January	292	9.4
February	310	11.1
March	351	11.3

*since the unit opened on 23 December 2013.

Key targets – 18 week referral to treatment and A&E four hour or less

Key Target	2011/12	2012/13	2013/14
18 week referral to treatment - Admitted Patients*	94.3%	97.8%	92.7%
18 week referral to treatment - Non Admitted Patients**	99.3%	99.8%	99.7%
Total time in A&E: four hours or less***	95.5%	94.8%	92.3%

* The key target for 18 week referral to treatment admitted is 90% within 18 weeks.
** The key target for 18 week referral to treatment non-admitted is 95% within 18 weeks.
*** The key target for A&E fours or less is that every A&E patient is seen, treated, admitted or discharged within four hours from arrival

Going Further on Cancer Waits The 2013-14 data below is presented in line with the national guidance reporting:		
Key performance indicators	**Key target 2013/14**	**2013/14**
Cancer Two Week Waits*	93%	94.8%
Two Week Waits (Breast Symptomatic)**	93%	89.4%
Cancer 31 Days	64-98%	99.50%
Cancer 31 Days Subsequent Treatments	94-98%	98.6%
Cancer 62 Days	85%	80.7%
Cancer 62 Days Screening	90%	91.7%
Cancer 62 Days Upgrades (no National Target set)	No national target	95.9%
Cancer 62 Days Rare cancers (31 Days)	85%	100%

* Cancer Two Week Wait – GP suspects cancer and patient offered referral within two weeks
** Two Week Waits (Breast Symptomic) – GP or other relevant health professional referred patient for breast symptoms but did not suspect cancer.

5b. Patients seen and treated

During 2013/14, outpatient activity has increased by more than six per cent and inpatient and Daycase activity has increased by two per cent. The Trust has been able to reduce the average length of stay trend through a raft of new measures, services and efficient new working practices, (including our Virtual Wards Service - see section 2 and table above), outpatient antibiotic therapy service, emergency ambulatory care and Physician of the Day.

However, as with many other hospitals across the country, it has been a challenge to meet the required performance targets within A&E and for 18 week referral to treatment (RTT). We have met the 18 week referral to treatment target (RTT) target for non-admitted patients consistently each month, and for admitted patients for the majority of the year, however, the months where this has not been possible has impacted on our final overall performance. The A&E four hour or less target (95 per cent), to ensure patients are seen, treated, admitted or discharged within four hours of arrival, is slightly below the required target at 92.3 per cent for this year. However, without the extensive changes and improvements we have brought about within our urgent care pathway change programme (such as the new CAU – see section 2), this performance would have been significantly worse over the winter period.

We are doing everything possible to improve performance in these areas to meet the targets and provide a better experience for our patients. We are making a number of substantial investments in order to improve performance and flow within the urgent care pathway. The main schemes include: emergency department redesign, such as involving workforce review and recruitment to additional posts and development of a new minor injuries see and treat service in early 2014; and further to the opening of the CAU in December, work has now been completed to expand the unit to see and treat up to twice as many patients and the opening hours have been extended.

The Trust has exceeded the majority of cancer wait targets, apart from two areas Two Week Wait (breast symptomatic) and 62 days. During the year, out of a total of 653 Two Week Wait (breast symptomatic) patients there were 73 breaches. The majority of these patients had chosen not to accept an appointment within the two week target. For the 62 day standard, 98 patients out of a total of 579 did not receive their first treatment for suspected cancer within 62 days. The Trust is reviewing processes and patient pathways in order to improve this performance significantly.

5c. Key risks to the achievement of objectives and policy for managing them

The Trust has a risk management and assurance strategy in place, which has been developed to support the delivery of the strategic objectives, comply with legal and statutory requirements, and the NHS litigation Authority.

The key risks and policy for managing these for this financial year are detailed within the Governance Statement, which is available upon request (see page 27).

5d .SIRIs involving data loss or confidential breaches

There has been one SIRI relating to a confidential breach during the year. The Root Cause Analysis has been completed and actions, which were identified, completed.

6. Stakeholder relations

6a. Members

The Trust currently has around 2,400 members. While the Trust values its members, due to the Foundation Trust application being on hold, we have been unable to fully engage with members during this year. However, our members have been involved in the Wye Valley NHS Trust Futures Project, and are able to attend the Public Board meetings and Annual Public Meeting.

Members are also invited to participate in the yearly Patient Led Assessment of the Care Environment (PLACE), which assesses the cleanliness, food, privacy and dignity of the patient environment. Some of our members also sit on our Trust Stakeholder Group (see 6d).

6b. Health and Wellbeing Board

As a major provider of healthcare in Herefordshire, we are a key member of Herefordshire's Health and Wellbeing Board (HWBB). Meetings of the board are held in public and are attended by Herefordshire Council, NHS HCCG, 2gether NHS Foundation Trust, West Mercia Police and Healthwatch Herefordshire, among others. Over the last year, the Trust has updated the HWBB regularly on the Futures Project, the work to define the future organisational form of the Trust. The Trust also worked with HWBB partners on:

- The development of Healthwatch in Herefordshire, representing patients, service users and the public.
- The transfer of the Adult Social Care service back to Herefordshire Council through the Next Stage Integration Project.
- The outcomes of the Francis Report on the public inquiry into Mid Staffordshire NHS Foundation Trust.
- The proposals for spending the Better Care Fund, an NHS funded initiative to create more joined up services with social care by maximising independence, promoting prevention, early intervention and supported self-management.

6c. Healthwatch Herefordshire

Healthwatch Herefordshire is the newly formed health watchdog, which will scrutinise our services and make sure we provide high quality care for our patients.

Early in 2014, the Trust welcomed Healthwatch Herefordshire to the Hereford County Hospital site to carry out a review of services. Feedback showed that the majority of patients and carers interviewed were very positive about their experience at the hospital. All the feedback will be used to improve patient experience.

We have also signed up to the ten-point Dignity Challenge, launched by Herefordshire Council's Safeguarding Adults Board, and endorsed by Healthwatch Herefordshire. As part of this, we are actively encouraging patients and relatives to let us know if they think that the services provided are not of the quality of care that they should experience.

6d. Trust Stakeholder Group

Stakeholder engagement is a key part of our day-to-day operations and we work closely with a group of stakeholders to discuss key issues facing the Trust. In 2013, the group became the Stakeholder Reference Group for the Futures Project (see 1b), meeting every six to eight weeks, to provide us with important feedback.

The group has representatives from the public (Herefordshire and Powys), carers, staff, staff side – union representation, Trust Board, GPs, Herefordshire Council and the voluntary sector. Over the course of the last year, the group provided feedback on the options the Trust was considering under the Futures Project, reviewed business cases and communications plans and helped design a public engagement exercise on the Futures Project.

6e. Significant relationships with stakeholders which are likely to directly/indirectly influence performance

We have been working with NHS HCCG to establish a new Urgent Care Working Group. It aims to improve access to emergency care by improving how we work across different services and organisations – for example West Midlands Ambulance Service, the Trust's hospitals and 2gether NHS Foundation Trust. An action plan is now in place and the group meets monthly to review the progress in taking this forward.

NHS HCCG has reinvested fines imposed on the Trust for not meeting some of the urgent care targets during the year (due to significant pressures on demand and capacity) to spearhead service improvements being led by the Trust. This includes the creation of the CAU, implementing better ways of working in A&E to reduce the turnaround times for ambulances arriving at Hereford County Hospital's A&E Department, and more effective management of emergency demand and capacity to reduce the number of postponed operations.

Over the course of the year, we have held a number of workshops with local statutory partners including NHS HCCG, Herefordshire Council and West Midlands Ambulance Service, as part of Better Care Funding planning – see section 3, page 8.

Private Finance Initiative partners

The Hereford County Hospital building, the engineering services and hotel services (e.g. patient dining, cleaning, and maintenance) are provided through a Private Finance Initiative (PFI) contract, which has been in place since 2002. The contract is with Mercia Healthcare Limited.

The Trust has had a challenging year in relation to managing this contract and recently completed a full compliance audit to help ensure: critical systems are safe and meet required standards; best value is being obtained from the contract; and the contract continues to meet the service requirements.

The Trust continues to work with Mercia Healthcare Limited at a strategic level to try and improve on each of these areas. However, in some instances dispute resolution processes have been required. The Trust continues to look at all options available to improve the services for patients.

6f. Volunteers – significant fundraising/patient feedback involvement

Our 100 plus volunteers are highly valued, not least for the generosity with which they give their time, but for their dedication and commitment, they bring to the Trust. Our volunteers have raised more than £5,000 during this financial year for enhancing the patient environment and purchasing additional equipment.

Our volunteers are also invaluable in obtaining feedback from patients about their hospital experience, which is used to inform the national NHS Inpatient Survey and also the Friends and Family Test.

Trust volunteers play a key role in supporting us during service developments and changes. The volunteers have provided help directing patients to the right clinics during the development of the clinical assessment unit and re-location of a number of Hereford County Hospital outpatient clinics, to ensure minimum disruption for our patients during this period.

7.Staff

7a. Recruitment, training, and professional development

Our staff members are our number one asset. Ensuring all staff members are equipped with the appropriate knowledge, skills and attitudes to deliver high quality and responsive patient care and services is vital. Staff members are required to start their learning journey in the Trust with the induction programme, which focuses on the importance of good patient care and services. Learning is continued via appraisals and we have increased the number of staff receiving personal development plans to 78 per cent, which is an increase of 19 per cent, compared to 59 per cent of appraisals completed in 2012-13. This is to ensure that staff members are provided with opportunities to have the knowledge and skills to do their jobs well.

In a competitive labour market, recruiting high calibre nursing and clinical staff has been challenging and we have therefore recruited and appointed experienced nurses and experienced theatre practitioners, from Bulgaria, Spain, Portugal and Italy to Hereford County Hospital. We have also recruited new staff from across the country to the Midwifery Academy, helping to boost our Maternity Services. Our comprehensive preceptorship packages have helped us to attract these recruits.

We provide a full portfolio of professional development courses including essential clinical skills and management development, access to first and second degrees, apprenticeships and secondments.

Engaging the young workforce is one of our key strategies moving forward and we have placements for apprentices in clinical care and administration, pre-registration nursing, midwifery, operating department practitioners, physiotherapists and occupational therapists. In addition, 40 apprentices have started working with us as part of the widening participation initiative.

7b. Leadership and management development

Having effective and strong leadership in place is pivotal to the success of the organisation and its ability to drive the redesign of clinical pathways, services and networks, and support genuine staff engagement. We have secured thirteen places for our clinical leaders to undertake a Postgraduate Certificate in Leadership for Healthcare at the Warwick Medical School.

7c. Staff engagement and involvement

Staff engagement is vital and we seek to positively engage and gain feedback from our employees using a range of channels. The key themes from a series of listening events and patient safety surveys held this year have been combined with results from the latest staff survey and have been used to develop an action plan to continue to improve staff experience.

The Trust also meets on a monthly basis with the Partnership Forum, which includes membership of all local Trade Unions at which issues affecting staff are discussed. In addition, the Trust also has a Medical Joint Local Negotiating Committee.

"Going the Extra Mile" is an initiative which recognises staff who have worked over and above their expected duties. Nominations are made by patients/service users and by staff and the awards are recognised in the monthly Team Briefing sessions. A total of 25 awards have been made this year including: nine Outstanding Contribution Individual awards, two Special Individual Awards and 14 Outstanding Contribution Awards.

7d. Staff survey

The latest staff survey results for the Trust show that staff members providing health care services in Herefordshire are satisfied with the quality of care they provide to patients. More than 800 members of staff were randomly selected and around half responded to the independent survey, which took place between September and December last year. 92 per cent of staff said their role makes a difference to patient and service user care - slightly above the national average for similar trusts.

The Trust has made progress since last year's survey, which is reflected by improvements in 22 of the 48 areas staff were asked to give feedback on, including staff feeling that their work is valued by the Trust and patient and service user care being a top priority. However, while we are generally heading in the right direction, to support our staff to reach their full potential and ultimately to give our patients the best possible experience, the survey identifies areas for improvement. The executive team is looking at the detail of the report and putting together an action plan to take these improvements forward, and improvement plans will be developed at service level.

7e. Health and wellbeing

The Health at Work service plays a key role in delivering safe, effective and efficient patient care through promoting and protecting the health of staff. The Health at Work department was recently accredited with Safe Effective Quality Occupational Health Service (SEQOHS). This accreditation is based on the Safe SEQOHS 2010 and these standards are in the public domain and serve to ensure that providers, purchasers and workers, understand the standards that they should expect from an occupational health service. The standards and minimum requirements reflect existing ethical and professional guidance and consensus and are intended to help the service achieve uniform good practice.

Our staff members have access to timely occupational health advice including, where appropriate, help from an occupational health consultant and a fast track physiotherapy service. We have also developed a nurse post with dedicated time for staff health and wellbeing initiatives. A health and wellbeing day for Trust staff took place on 20 June 2013 with more than 100 staff taking part.

The Trust's staff 'flu' vaccination campaign was launched in October 2013 with the aim of ensuring as many staff as possible are vaccinated to prevent staff sickness and the spread of the 'flu' virus to vulnerable patients. We saw an increase in the uptake of the staff vaccine, from 49 per cent in 2012 to 58.3 per cent in 2013, with a significant number of these being front line staff.

Staff sickness 2013-14

The overall sickness absence rates for this year have decreased by 0.14 per cent compared to 2012-13 (see table below). We have an action plan in place to reduce staff sickness and are reviewing and updating our Health and Wellbeing Strategy to support staff to keep healthy at work.

Staff sickness absence as at 31 March 2014			
	2012-13	**2013-14**	**% decrease**
Staff sickness	4.34%	4.20%	0.14%

7f. Workforce profile

The graph presented right demonstrates the workforce headcount by occupational group for the last year.

Staff profile
As at 31 March 2014 the Trust employed 2947 staff members.

Staff Group	Headcount
Professional Scientific and Technical	81
Clinical Services	669
Administrative and Clerical	583
Allied Health Professionals	244
Estates and Ancillary	40
Healthcare Scientists	70
Medical and Dental	276
Nursing and Midwifery Registered	970
Students	14
Grand Total	2947

7g. Equality and diversity

We are committed to ensuring that all patients and staff are treated with dignity and respect and have equal opportunity to access care and carry out work regardless of their age, disability, gender status, marital status, pregnancy/ maternity, race, religion or belief, sex, or sexual orientation.

In developing our policies and strategies, we ensure Equality Impact Assessments (EIA) are completed as an integral part of the process.

To help NHS organisations in complying with the public sector equality duties, and to help embed equality and diversity across organisations, a national framework has been developed called the Equality Delivery System (EDS).

As a result, the Trust is planning to publish its Equality objectives and is taking steps to engage staff members and users in the development of these objectives, which will inform our Equality Action Plan for the next three years. We also have in place an equal opportunities policy and policy in relation to disabled employees.

Workforce by ethnicity as at 31 March 2014 **Staff Group**	**Headcount**	**%**
White - British	2636	89.45
White - Irish	14	0.47
White - Other	67	2.27
Mixed - White & Black Caribbean	2	0.07
Mixed - White & Black African	3	0.10
Mixed - White & Asian	5	0.17
Mixed - Other	3	0.10
Asian or Asian British - Indian	69	2.34
Asian or Asian British - Pakistani	12	0.40
Asian or Asian British - Other	23	0.78
Black British	1	0.03
Black or Black British - Caribbean	6	0.20
Black or Black British - African	24	0.82
Black or Black British - Other	1	0.03
Chinese	8	0.27
Other Ethnic Group	19	0.65
Other Specified	2	0.07
Not Stated	52	1.76
Grand Total	**2947**	**100**

Gender split for the Board	
Male	7
Female	6
Gender split for general staff	
Male	415
Female	2,532

8. Board and governance

8a. Composition of The Trust Board

The Trust is led by the Board of Directors. The Board is made up of twelve directors – these include the Chairman, six Non-Executive Directors and six Executive Directors. There are four statutory Executive Director appointments, detailed below. There is also a fifth voting Director, the Chief Operating Officer (but this is not a statutory appointment) and a non-voting Executive Director, Director of Human Resources.

- Chief Executive
- Finance Director (Director of Finance & Information)
- Medical Director
- Director of Nursing (Director of Nursing & Quality)

8b. Board member changes

There have been a number of changes this year on the Trust Board, including the departure of the Director of Service Delivery, Tim Tomlinson, in May 2013; the temporary appointment of the Interim Director of Human Resources, Ken Hutchinson, from November 2012 to December 2013; appointment of a new substantive Human Resources Director, Maureen Bignell, who started in post in January 2014, and the reappointment of Frank Myers, Non-Executive Director, in March 2014. The new Chief Executive, Richard Beeken, was appointed in February 2014 and will commence in post in June 2014.

8c. Board Committees and names of Directors forming committees

Audit Committee	Simone Pennie – Chair & Non-Executive Director Christina Maclean – Non-Executive Director Frank Myers MBE – Non-Executive Director
Remuneration Terms of Service ommittee	Mark Waller – Chair & Non-Executive Director Mark Curtis - Chairman of the Trust Board Simone Pennie - Non-Executive Director
Quality Committee	Sara Coleman - Chair & Non-Executive Director Mark Curtis - Chairman of the Trust Board Frank Myers MBE - Non-Executive Director Derek Smith - Chief Executive Howard Oddy - Director of Finance & Information Michelle Clarke - Director of Nursing & Quality Peter Wilson - Medical Director Neil Doverty - Chief Operating Officer Maureen Bignell - Director of Human Resources
Charitable Funds Committee	Frank Myers MBE - Chair & Non-Executive Director Mark Curtis - Chairman of the Trust Board Sara Coleman - Non-Executive Director Christina Maclean - Non-Executive Director Simone Pennie - Non-Executive Director Mark Waller - Non-Executive Director Derek Smith - Chief Executive Howard Oddy - Director of Finance & Information Michelle Clarke - Director Nursing and Quality Peter Wilson - Medical Director Neil Doverty - Chief Operating Officer Maureen Bignell - Director of Human Resources

8d. Names of Chairman, Chief Executive and Trust Board

Names of Chairman, Chief Executive and Trust Board	
Trust Board Chairman	
Mark Curtis	
Appointed:	2007. After eleven years serving the NHS, Mark decided to step down at the end of April 2014 to allow him to pursue his business interests.
Appointed until:	April 2014
Attended:	19/19 Board Meetings
Non-Executive Directors	
Mark Waller Acting Trust Chairman, Chair of Remuneration Committee (Senior Independent Director)	
Appointed:	August 2011. Mark has also been appointed as Acting Chairman from end April 2014.
Appointed until:	August 2015
Attended:	17/19 Board Meetings
Sara Coleman – Chair of Quality Committee	
Appointed:	July 2012
Appointed until:	July 2016
Attended:	17/19 Board Meetings
Christina Maclean	
Appointed:	July 2012
Appointed until:	July 2016
Attended:	19/19 Board Meetings
Frank Myers MBE – Chairman of Charitable Funds Committee	
Appointed:	November 2011
Appointed until:	March 2016
Attended:	19/19 Board Meetings
Simone Pennie – Chair of Audit Committee	
Appointed:	April 2011
Appointed until:	March 2015
Attended:	18/19 Board Meetings
Executive Directors **Chief Executive - Derek Smith**	
Appointed:	September 2012
Appointed until:	May 2014
Attended:	16/19 Board Meetings
Director of Finance and Information and Deputy Chief Executive - Howard Oddy	
Appointed:	July 2007
Attended:	19/19 Board Meetings
Director of Human Resources - Maureen Bignell	
Appointed:	January 2014
Attended:	4/4 Board Meetings
Director of Nursing and Quality- Michelle Clarke	
Appointed:	August 2011
Attended:	18/19 Board Meetings
Chief Operating Officer - Neil Doverty	
Appointed:	May 2013
Attended:	14/16 Board Meetings
Medical Director - Peter Wilson	
Appointed:	January 2012.
Attended:	19/19 Board Meetings

8e. Register of Interests 1 April 2013 to 31 March 2014

Board Member	Position	Interest
M Curtis	Chairman	Patron, Herefordshire Muheza Link Society
D Smith	Chief Executive	Chief Executive and spouse are Directors of Durrow Ltd. Durrow has no contracts with WVT NHS.
M Bignell (appointed January 2014)	Director of Human Resources	None
M Clarke	Director of Nursing & Quality	None
S Coleman	Non-Executive Director	Director and Company Secretary of Colemans Software Ltd. Spouse is Managing Director of Colemans Software Ltd.
N Doverty (appointed May 2013)	Chief Operating Officer	None
C Maclean	Non-Executive Director	Ownership of PR consultancy 8AZ Communications Consultant Solicitor
F Myers MBE	Non-Executive Director	Ownership /part ownership of private companies; Myers Road Safety Ltd MCP Systems Consultants Ltd A position of authority in a charity or voluntary organisation in the field of health and social care:; Queen Elizabeth's Foundation for Disabled People President Hereford and South Herefordshire Conservative Association Non-Executive Director, Hoople Limited
H Oddy	Director of Finance & Information	None
S Pennie	Non-Executive Director	Trustee for Cotswold Care Hospice
M Waller	Non-Executive Director	Non-Executive Director, Hoople Limited Chairman of Herefordshire Mind
P Wilson	Medical Director	None

9. Sustainability

9a. Reference to the separate Sustainability Report

The Trust is required to produce an annual Sustainability Report. This standard report summarises the Trust's overall sustainability, including energy consumption, carbon reduction and good corporate citizenship. This year's report highlights the key challenges and achievements for the year and a copy of this is available on request from the estates team by contacting Tristan Morgan, Environments and Standards Officer tristan.morgan@wvt.nhs.uk or telephone 01432 364005.

9b. Environmental social and community issues

Environmental

We continue to make every effort to reduce our carbon footprint through the Trust's Wye Go Green campaign. However, due to a number of key projects, such as the new Radiotherapy Unit build, electricity consumption has increased by 3.65 per cent compared to the previous year.

Energy saving ideas have been promoted to staff members and regular energy audits are undertaken across the various sites to reduce energy consumption, where possible.

A new waste recycling system has been introduced at the Hereford County Hospital site to ensure that approximately only 10 per cent of the overall domestic waste from this site goes to landfill. The remaining 90 per cent is now sent to a recycling centre.

Emergency planning and being prepared

We have been rated as 'adequate' against the new national government standards for emergency preparedness and resilience. Building upon that rating, we are now developing a business continuity plan to take forward improvements in this area, which includes emergency training for senior managers, to ensure we are prepared for any kind of emergency.

Should there be a major incident, we have successfully taken part in two emergency planning exercises with our stakeholders and partners. The exercises were based on major incidents including an explosion in Bromyard. These exercises tested our ability to respond in an emergency and make sure our Major Incident Plan is up to date.

An example of our emergency preparedness was demonstrated early in 2014 during the flooding, when we worked together with local agencies (including Herefordshire Council and the Army). Together, we transported Trust nurses, using 4x4 vehicles, to flood-affected parts of the county to treat vulnerable patients and ensure continuity of care.

10. Finance

In 2013-14, the Trust achieved a £1,029k surplus at the year-end. When technical adjustments relating to asset impairments and the impact of accounting for PFI are taken in to account, the Trust delivered a surplus of £62K which was in line with the break-even target agreed with the Trust Development Authority (TDA) during the year. This was mainly achieved through the receipt of £9.0m from NHS England, via the TDA.

It was also achieved through delivery of a Cost Improvement Programme (CIP) totalling £6.6m (the recurrent proportion of this sum was £4.9m, with £1.7m being achieved non-recurrently), the highest annual savings total ever delivered by the organisation. As a result of the external support, the Trust's liquidity position was maintained.

The Trust has set a deficit budget for 2014/15. The Trust will therefore require external support totalling £9m (as well as delivery of a CIP totalling £9.6m) in order to breakeven.

This will be the fourth consecutive year that the Trust has required external support, having received £6m in 2011/12, £9.5m in 2012-13 and £9m in 2013-14. If external income and expenditure support is not forthcoming, the Trust will need cash brokerage in order to maintain liquidity throughout the year.

Given the reliance on external support, the Trust has been considering options for achieving financial sustainability, but none of the alternative organisational forms that have been considered has been able to demonstrate such sustainability.

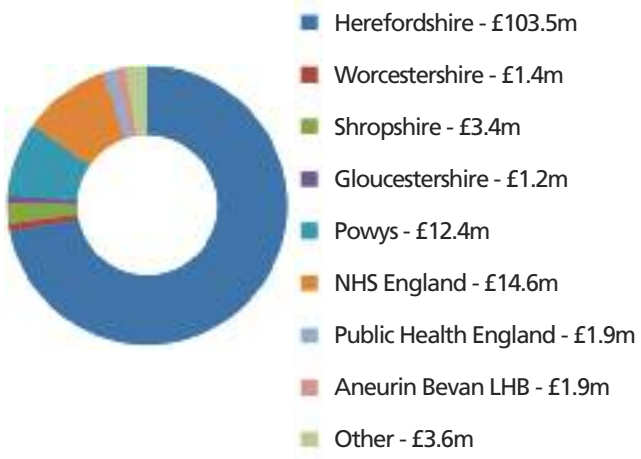
Resources 2013-14

The Trust generated income totalling £173,450k during 2013-14. The graph below identifies income received from commissioners for health related activity. The majority of the income is derived from Herefordshire CCG. Expenditure on salaries and wages for permanent and temporary staff, whether on the payroll or paid through agencies, totalled £107,372k.

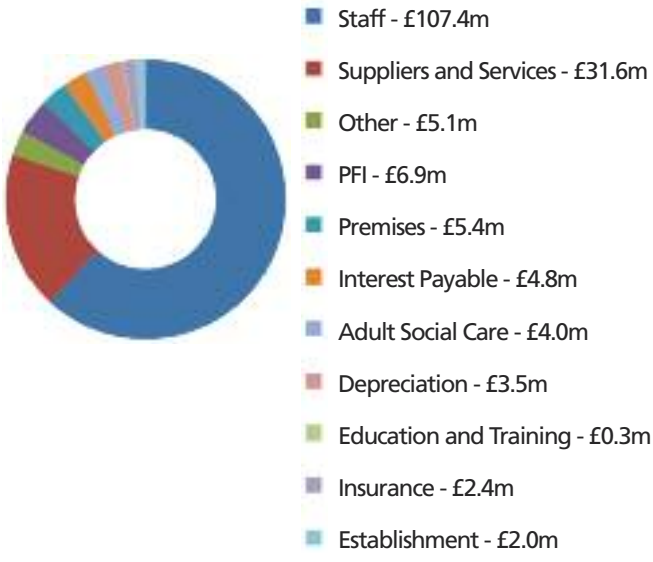
Expenditure on goods and services amounted to £57,720k, including £12,186k on drugs and £15,421k on Medical and Surgical Supplies and Equipment.

The cost of depreciation, interest and impairments totalled £9,480k.The most material elements of this expenditure related to depreciation of £3,449k, interest on the PFI contract of £4,752k and impairments to intangible assets of £1,174K.

2013/14 Commissioner Income (£m)



2013/14 Annual Expenditure (£m)



During the last financial year, the Section 75 agreement between the Trust and Herefordshire Council was not renewed, which led to a corresponding reduction in both the income and the costs of the Trust.

Also during the year, staff members who had been transferred from the Trust to Hoople in October 2011 were repatriated back to the Trust, which thus reduced non-pay expenditure but increased pay expenditure.

Staffing costs also increased materially because of a significant investment in additional doctors and nurses, in response to quality improvements and in response to the needs of the urgent care pathway.

The CIP comprised 17 work streams and each work stream comprised a number of schemes - the most material work streams related to procurement savings, workforce efficiencies and the PFI contract.

In addition to revenue income and operating expenditure, the Trust has spent £2,892k on capital purchases. This spending included the creation of the Clinical Assessment Unit (£798k) as well as the replacement of a range of critical medical and other equipment (£882k). The Trust has also implemented a new IT system for maternity, made investments in mobile working, and has made significant progress in the replacement of all PCs over five years old.

2013/14 Capital Expenditure	
	'£000
Medical Equipment	831
Furniture and Fittings	33
IT Development/replacement	590
Construction Schemes	1,438
	2,892

Better payments practice code

The Better payments practice code requires the Trust to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later.

During 2013-14, for non-NHS bodies, we paid 78.5% (by value) and 65.4% (by volume) in line with the target. This represents a small deterioration compared with the previous years' performance.

Pension Liabilities

Within the Annual Accounts on-going employer pension contribution costs are included within employee costs (see Note 10 of the full accounts for more detail). During 2013-14, as an employer, the Trust made contributions of £9.9m to the scheme (£9.3m in 2012-13).

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at http://www.nhsbsa.nhs.uk/Pensions.aspx

Going concern

International Accounting Standard 1 requires management to assess, as part of the accounts preparation process, the trust's ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the trust without the transfer of its services to another entity.

The Directors consider the contracts it has agreed with commissioning bodies and a letter of support from the Trust Development Authority is sufficient evidence that the Trust will continue as a going concern for the foreseeable future. For this reason the going concern basis has been adopted for preparing the accounts.

Full set of Annual Accounts and Governance statement

The following financial statements are a summary of the information contained in the full set of annual accounts for Wye Valley NHS Trust for 2013-14. Please note that the summary financial statements may not contain sufficient information to provide a full understanding of the Trust's financial position and performance throughout the year. A complete set of full annual accounts and governance statement for 2013-14 is available upon request and free of charge by contacting:

Howard Oddy
Director of Finance and Information
Wye Valley NHS Trust
County Hospital
Union Walk
Hereford HR1 2ER.

Alternatively, please telephone 01432 364000 or email Howard.Oddy@wvt.nhs.uk or visit www.wyevalley.nhs.uk

External Auditor

Our external auditor is:

Grant Patterson
Senior Statutory Auditor
Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham B4 6AT

The cost of Audit service (statutory audit and services carried out in relation to the statutory audit) included – within 2013-14 annual accounts is £123K.

The Trust has also employed a separate Grant Thornton team in relation to non-audit services.

The Board confirmed at its meeting on May 29 2014 that so far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware. The Board of Directors has taken all steps that they each ought to have taken as a director in order to make themself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Section 2 Remuneration report

1. Introduction

The Remuneration and Terms of Service Committee is a statutory committee appointed by the Board. It is a Non-Executive Director Committee and its role is to determine the framework, broad policy and reward structure and terms of service of the Chief Executive and Executive Directors. Its membership during the year was as follows:

- Mark Waller (Committee Chairman)
- Mark Curtis (Chairman of the Board)
- Simone Pennie (Non-Executive Director)

The Committee met on seven occasions during the period 1 April 2013 to 31 March 2014 and achieved an attendance rate of 95 per cent.

2. Principle review areas

The Remuneration and Terms of Service Committee approved a work plan at the beginning of the year and has undertaken the following during the year:

- Approved an extension to the contract of the interim Chief Executive.
- Agreed the process to recruit and appoint a substantive Chief Executive Officer.
- Noted the performance review and set the objectives on the interim Chief Executive.
- Noted the performance review and objectives of the Executive Directors.
- Approved a 1 per cent salary increase for Executive Directors in line with agenda for change staff 1 per cent increase.
- Approved the Remuneration and Terms of Services Committee Annual Report.
- Discussed the NHS Trust Development Authority (TDA) performance rating to be applied to the Interim Chief Executive.
- Approved an Executive Director salary increase.
- Approved the redundancy costs of the risk management team.
- Noted the process for the mid-year review of performance of the interim Chief Executive and Executive Directors.
- Approved the process and associated terms for the recruitment of a substantive Human Resources Director;
- Noted the update provided on Clinical Excellence Awards (CEAs).
- Reviewed a compromise agreement in accordance with TDA requirements.
- Approved the award of a third six-month contract to the interim Chief Executive after seeking advice from the TDA and a subsequent and final 2 month extension in March 2014.
- Reviewed Executive Director Objectives for 2013/14 and the process going forward.
- Noted the appointment of the substantive Chief Executive.
- Approved an Executive Director Salary increase.
- Approved the process and associated terms for the recruitment of Medical Director.
- Approved the Mutually Agreed Resignation Scheme (MARS) prior to TDA approval.

3. Statement on policy on remuneration

The policy of the Remuneration and Terms of Service Committee has continued to be guided by five principles:

1. Reward will attract and retain high quality people.
2. There must be a clear link between performance and reward.
3. The rationale for setting salary / performance pay levels must be clear to all.
4. Competitive levels of remuneration will be determined by reference to similar posts within comparable NHS Trusts.
5. Rewards will reflect the market but not drive it.

These principles were adhered to in the recruitment of the Chief Executive, the Chief Operating Officer and the Director of Human Resources.

Executive Directors receive a fixed base salary. Benefits include pension provision. In view of the Trust's financial challenges, Executive Directors did not participate in a performance related bonus plan. Directors are not paid a car allowance, nor are they provided with a Trust funded vehicle and they do not receive any private healthcare provision. No significant pay awards or severance payments have been made to the Executive Directors this year.

Contracts of Executive Directors include a six-month notice period; senior managers have a three-month notice period.

During the year, the Trust engaged third parties for the services of interim Chief Executive and an interim Director of Human Resources. The contracts commenced on 12 September 2012 and 19 November 2012 respectively. The contract for the interim Chief Executive was initially for six months but two further six-month contracts were awarded, after Trust Development Authority approval. The contract for the interim Director of Human Resources was initially for six months. A further six-month contract was awarded until 19 November 2013. The notice period for the contracts of the interim Chief Executive was one month or automatically on the termination date. The notice period for the interim Director of Human Resources was 1 month or automatically on the termination date. There was no provision for early termination and there were no other liabilities in the event of early termination.

4. Methods used to assess performance of Executive Directors

Executive Directors have objectives set for the financial year by the Chief Executive with the Chief Executive's objectives being set by the Chairman in conjunction with the Remuneration and Terms of Service Committee. A review of performance of achievement of objectives is undertaken mid way through the year and at the financial year-end.

5. Remuneration of Chairman and Non-Executive Directors

The Secretary of State for Health sets and reviews the level of remuneration payable to the Chairman and Non-Executive Directors (excluding NHS Foundation Trusts who set their own rates). In 2013-14, there was not an increase to the remuneration of these roles. The rates were £6,096 for Non-Executive Directors and £18,437 for the Chairman of the Trust. The Chairman and the Non-Executive Directors do not receive a pension.

6. Off-payroll engagements

Off-payroll engagements for more than £220 per day and that last longer than six months.

Mark Waller
Chairman Remuneration and Terms of Service Committee

Off Payroll engagements	
For all off-payroll engagements as of 31 March 2014, for more than £220 per day and that last longer than six months.	
	Number
Number of existing engagements as of 31 March 2014	3
Of which, the number that have existed:	
for less than 1 year at the time of reporting	0
for between 1 and 2 years at the time of reporting	1
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	1
for more than 4 years at the time of reporting	0
All existing off-payroll engagements have provided an assurance regarding the payment of tax on earnings relating to the Trust.	
Off-payroll engagements - Table 2	
For all new off-payroll engagements between 1 April 2013 and 31 March 2014, for more than £220 per day and that last longer than six months.	
	Number
Number of new engagements or those that reached six months duration between 1 April 2013 and 31 March 2014	2
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	2
Of which:	
assurance has been received	2
assurance has not been received	0
engagements terminated as a result of assurance not being received	0

Pension benefits and salaries 2013-14

Pension Benefits 2013-14								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Real increase in pension at age 60 (bands of £2,500)	*Real increase in pension lump sum at age 60 (bands of £2,500)*	*Total accrued pension at age 60 at 31 March 2014 (bands of £5,000)*	*Lump sum at age 60 related to accrued pension at 31 March 2014 (bands of £5,000)*	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2013	Real increase in Cash Equivalent Transfer value	Employer's contribution to stakeholder pension
Name	£000	£000	£000	£000	£000	£000	£000	£000
P Wilson	2.5-5.0	7.5-10.0	55-60	165-170	1171	1048	100	-
H Oddy	0.0-2.5	2.5-5.0	40-45	120-125	747	695	37	-
M Clarke	0.0-2.5	5.0-7.5	30-35	90-95	484	434	40	-
M Bignell	-	-	15-20	55-60	420	-	-	-

Salary and Pension disclosure tables

Salaries and allowances

		2013/14						2012 -13					
		(a)	(b)	(c)	(d)	(e)	(f)	(a)	(b)	(c)	(d)	(e)	(f)
Name and title		Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Pefor-mance pay and bonuses (bands of £5,000)	Long term per-formance pay and bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	TOTAL (a to e) (bands of £5,000)	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100	Pefor-mance pay and bonuses (bands of £5,000)	Long term per-formance pay and bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	TOTAL (a to e) (bands of £5,000)
		£000	£00	£000	£000	£000	£000	£000	£00	£000	£000	£000	£000
D Smith, Interim Chief Executive		250-255					**250-255**	120-125					**120-125**
N Doverty, Chief Operating Officer	From May 2013	100-105					**100-105**						
M Bignell, Director of Human Resources	From Jan 2014	15-20					**15-20**						
K Hutchinson, Interim Director of Human Resources	Left Dec 2013	150-155					**150-155**	75-80					**75-80**
H Oddy, Director of Finance		105-110				0-2.5	**105-110**	130-135				-12.5 to -15	**115-120**
J Wren,Acting Director of Resources	Acted up in 2012/13							45-50					**45-50**
T Tomlinson, Director of Service Delivery	Left Jun 2013	25-30					**25-30**	100-105					**100-105**
M Clarke, Director of Nursing & Transformation		90-95				25-27.5	**115-120**	90-95				107.5-110	**195-200**
P Wilson, Medical Director		135-140		40-45		42.5-45	**220-225**	135-140		35-40		-12.5 to -15	**120-125**
Chairman													
M Curtis		15-20					**15-20**	15-20					**15-20**
Other Non Executive Directors													
S Pennie		5-10					**5-10**	5-10					**5-10**
F Myers MBE		5-10					**5-10**	5-10					**5-10**
M Waller		5-10					**5-10**	5-10					**5-10**
C E Maclean		5-10					**5-10**	0-5					**0-5**
S Coleman		5-10					**5-10**	0-5					**0-5**

The Trust is required to report on the relationship between the pay of the highest paid Director and the median pay value for Trust staff based on a whole time equivalent basis.

In 2012/13, the Trust used £22,676 as the median salary. This equates to the third point of the Band 5 scale. For 2013/14 the same point has been used with the value being £22,903.

The highest paid Director earned £250,600 in 2013/14 equating to a pay multiple of 10.9 times the median salary. This compares to 2012/13 when the highest paid Director earned 7.6 times the median salary.

The significant increase in the pay multiple relates to the engagement of the interim CEO for the whole duration of 2014/15 whereas he was only in post for a proportion of 2012/13. Due to the interim status of the CEO's employment, the Trust has paid a premium for the engagement which is in keeping with the interim status. As a consequence the salary of the highest paid Director has increased significantly in 2013/14.

In 2013-14, two employees received remuneration in excess of the highest-paid director. Remuneration was between £250,600 and £296,900.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It also includes pension related benefits accrued during the year. It does not include employer pension contributions or the cash equivalent transfer value of pensions.

Section 3 Summary Financial Statements

Statement of Comprehensive Income for year ended 31 March 2014

	2013-14 £000s	2012-13 £000s
Gross employee benefits	**(107,372)**	(100,429)
Other operating costs	**(62,359)**	(70,061)
Revenue from patient care activities	**143,885**	140,151
Other Operating revenue	**29,565**	35,647
Operating surplus/(deficit)	**3,719**	5,308
Investment revenue	**26**	27
Other gains and (losses)	**0**	0
Finance costs	**(4,857)**	(4,995)
Surplus/(deficit) for the financial year	**(1,112)**	340
Public dividend capital dividends payable	**0**	0
Transfers by absorption - gains	**0**	0
Transfers by absorption - (losses)	**0**	0
Net Gain/(loss) on transfers by absorption	**0**	0
Retained surplus/(deficit) for the year	**(1,112)**	340

Other Comprehensive Income	2013-14 £000s	2012-13 £000s
Impairments and reversals taken to the Revaluation Reserve	**(918)**	(14)
Net gain/(loss) on revaluation of property, plant & equipment	**2,614**	372
Net gain/(loss) on revaluation of intangibles	**0**	0
Net gain/(loss) on revaluation of financial assets	**0**	0
Other gain /(loss) (explain in footnote below)	**0**	0
Net gain/(loss) on revaluation of available for sale financial assets	**0**	0
Net actuarial gain/(loss) on pension schemes	**0**	0
Other Pension Remeasurements	**0**	
Reclassification Adjustments		
On disposal of available for sale financial assets	**0**	0
Total Comprehensive Income for the year*	**584**	698

Financial performance for the year		
Retained surplus/(deficit) for the year	**(1,112)**	340
Prior period adjustment to correct errors and other performance adjustments	**0**	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	**1,053**	0
Impairments (excluding IFRIC 12 impairments)	**1,174**	(115)
Adjustments in respect of donated gov't grant asset reserve elimination [if required]	**(86)**	69
Adjustment re Absorption accounting	**0**	0
Adjusted retained surplus/(deficit)	**1,029**	294

IFRIC 12 adjustment

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10 and the associated revenue cost of bringing PFI assets onto the balance sheet, an NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgetting purposes, should be reported as technical. Any additional cost is not considered part of the organisation's operating position. Subsequently, in January 2013, the DH intoduced new guidance on this adjustment which stated that, where IFRIC 12 costs were lower than those under UK GAAP (as is the case with Wye Valley NHS Trust), the shortfall will not be an additional charge included within reported financial performance.

Impairments to Fixed Assets

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

Statement of Financial Position as at 31 March 2014

	31 March 2014 £000s	31 March 2013 £000s
Non-current assets:		
Property, plant and equipment	**82,582**	67,814
Intangible assets	**205**	126
Investment property	**0**	0
Other financial assets	**0**	0
Trade and other receivables	**0**	116
Total non-current assets	**82,787**	68,056
Current assets:		
Inventories	**2,537**	2,212
Trade and other receivables	**8,738**	6,641
Other financial assets	**0**	0
Other current assets	**0**	0
Cash and cash equivalents	**4,852**	9,428
Total current assets	**16,127**	18,281
Non-current assets held for sale	**0**	0
Total current assets	**16,127**	18,281
Total assets	**98,914**	86,337
Current liabilities		
Trade and other payables	**(14,708)**	(16,274)
Other liabilities	**0**	0
Provisions	**(298)**	(445)
Borrowings	**(3,205)**	(2,256)
Other financial liabilities	**0**	0
Working capital loan from Department	**0**	0
Capital loan from Department	**(470)**	(470)
Total current liabilities	**(18,681)**	(19,445)
Net current assets/(liabilities)	**(2,554)**	(1,164)
Non-current assets plus/less net current assets/liabilities	**80,233**	66,892
Non-current liabilities		
Trade and other payables	**0**	0
Other Liabilities	**0**	0
Provisions	**(690)**	(755)
Borrowings	**(54,624)**	(57,782)
Other financial liabilities	**0**	0
Working capital loan from Department	**0**	0
Capital loan from Department	**(2,465)**	(2,935)
Total non-current liabilities	**(57,779)**	(61,472)
Total Assets Employed:	**22,454**	5,420
FINANCED BY:		
TAXPAYERS' EQUITY		
Public Dividend Capital	**19,971**	17,724
Retained earnings	**(15,818)**	(24,596)
Revaluation reserve	**18,301**	12,292
Other reserves	**0**	0
Total Taxpayers' Equity:	**22,454**	5,420

The financial statements on pages 2 to 5 were approved by the Board on 29 May who gave delegated authority for the Director of Finance to sign on its behalf:

Director of Finance - Howard Oddy Howard K Oddy **Date:** 5 June 2014

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2014

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2013	**17,724**	**(24,596)**	**12,292**	**0**	**5,420**
Changes in taxpayers' equity for 2013-14					
Retained surplus/(deficit) for the year		(1,112)			(1,112)
Net gain / (loss) on revaluation of property, plant, equipment			2,614		2,614
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of available for sale financial assets			0		0
Impairments and reversals			(918)		(918)
Other gains/(loss) (provide details below)				0	0
Transfers between reserves		0	0	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		14,203			14,203
Transfers under Modified Absorption Accounting - Other Bodies		0			0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between Revaluation Reserve & Retained Earnings in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received - Cash	9,695				9,695
New PDC Received/(Repaid) - PCTs and SHAs Legacy items paid for by Department of Health	352				352
PDC Repaid In Year	(7,800)				(7,800)
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements	0	0	3	0	0
Net Actuarial Gain/(Loss) on Pension				0	0
Other Pensions Remeasurement				0	0
Net recognised revenue/(expense) for the year	**2,247**	**13,091**	**1,696**	**0**	**17,034**
Transfers between reserves in respect of modified absorption - PCTs & SHAs		(4,313)	4,313	0	0
Transfers between reserves in respect of modified absorption - Other Bodies		0	0	0	0
Balance at 31 March 2014	**19,971**	**(15,818)**	**18,301**	**0**	**22,454**
Balance at 1 April 2012	**17,724**	**(25,105)**	**12,103**	**0**	**4,722**
Changes in taxpayers' equity for the year ended 31 March 2013					
Retained surplus/(deficit) for the year		340			340
Net gain / (loss) on revaluation of property, plant, equipment			372		372
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			(14)		(14)
Movements in other reserves				0	0
Transfers between reserves		169	(169)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between Revaluation Reserve & Retained Earnings Reserve in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	0				0
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension				0	0
Net recognised revenue/(expense) for the year	**0**	**509**	**189**	**0**	**698**
Balance at 31 March 2013	**17,724**	**(24,596)**	**12,292**	**0**	**5,420**

Statement of cash flows for the year ended 31 March 2014	2013-14 £000s	2012-13 £000s
Cash Flows from Operating Activities		
Operating Surplus/(Deficit)	**3,719**	5,308
Depreciation and Amortisation	**3,449**	3,304
Impairments and Reversals	**1,174**	(115)
Other Gains/(Losses) on foreign exchange	**0**	0
Donated Assets received credited to revenue but non-cash	**(169)**	0
Government Granted Assets received credited to revenue but non-cash	**0**	0
Interest Paid	**(4,853)**	(4,994)
Dividend (Paid)/Refunded	**62**	(62)
Release of PFI/deferred credit	**0**	0
(Increase)/Decrease in Inventories	**(325)**	(32)
(Increase)/Decrease in Trade and Other Receivables	**(2,065)**	5,108
(Increase)/Decrease in Other Current Assets	**0**	0
Increase/(Decrease) in Trade and Other Payables	**(2,749)**	2,618
(Increase)/Decrease in Other Current Liabilities	**0**	0
Provisions Utilised	**(148)**	(180)
Increase/(Decrease) in Provisions	**(64)**	509
Net Cash Inflow/(Outflow) from Operating Activities	**(1,969)**	11,464
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	**26**	26
(Payments) for Property, Plant and Equipment	**(2,201)**	(1,388)
(Payments) for Intangible Assets	**0**	0
(Payments) for Investments with DH	**0**	0
(Payments) for Other Financial Assets	**0**	0
(Payments) for Financial Assets (LIFT)	**0**	0
Proceeds of disposal of assets held for sale (PPE)	**0**	0
Proceeds of disposal of assets held for sale (Intangible)	**0**	0
Proceeds from Disposal of Investment with DH	**0**	0
Proceeds from Disposal of Other Financial Assets	**0**	0
Proceeds from the disposal of Financial Assets (LIFT)	**0**	0
Loans Made in Respect of LIFT	**0**	0
Loans Repaid in Respect of LIFT	**0**	0
Rental Revenue	**0**	0
Net Cash Inflow/(Outflow) from Investing Activities	**(2,175)**	(1,362)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	**(4,144)**	10,102
CASH FLOWS FROM FINANCING ACTIVITIES		
Public Dividend Capital Received	**10,025**	0
Public Dividend Capital Repaid	**(7,778)**	0
Loans received from DH - New Capital Investment Loans	**0**	0
Loans received from DH - New Revenue Support Loans	**0**	0
Other Loans Received	**0**	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal	**(470)**	(470)
Loans repaid to DH - Revenue Support Loans	**0**	0
Other Loans Repaid	**(97)**	(140)
Cash transferred to NHS Foundation Trusts	**0**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	**(2,112)**	(2,513)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)	**0**	0
Net Cash Inflow/(Outflow) from Financing Activities	**(432)**	(3,123)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,576)**	6,979
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**9,428**	2,449
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**4,852**	9,428

Income from Activities

Income from patient care activities	2013-14 £000s	2012-13 £000s
NHS Trusts	**0**	0
NHS England	**14,594**	0
Clinical Commissioning Groups	**111,543**	0
Primary Care Trusts		123,351
Strategic Health Authorities		0
NHS Foundation Trusts	**0**	0
Department of Health	**0**	0
NHS Other (including Public Health England and Prop Co)	**166**	1,393
Non-NHS:		
Local Authorities	**0**	0
Private patients	**294**	161
Overseas patients (non-reciprocal)	**0**	0
Injury costs recovery	**580**	392
Other	**16,708**	14,854
Total Revenue from patient care activities	**143,885**	140,151

Injury cost recovery income is subject to a provision for impairment of receivables of 12.6% to reflect expected rates of recovery.
Non-NHS Other includes £14,559K (2012/13 £14,630K) from Welsh NHS bodies.

Other operating income	2013-14 £000s	2012-13 £000s
Recoveries in respect of employee benefits	**0**	0
Patient transport services	**0**	0
Education, training and research	**4,526**	4,246
Charitable and other contributions to revenue expenditure - NHS	**0**	0
Charitable and other contributions to revenue expenditure -non- NHS	**0**	0
Receipt of donations for capital acquisitions - NHS Charity	**169**	73
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**0**	0
Income generation	**183**	165
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**0**	0
Other revenue	**24,687**	31,163
Total Other Operating Revenue	**29,565**	35,647
Total operating revenue	**173,450**	175,798

Other income includes cross charges and drug recharges to NHS Herefordshire (£1,751k; 2012-13 £2,241k), Gloucestershire Hospitals NHS Foundation Trust for chemotherapy treatment (£3,540k; 2012-13 £3,218k), Powys LHB for clinics using the Trust's clinical staff (£751k; 2012-13 £597k), non-recurrent funding received (£9,000k; 2012-13 £9,500k), Section 75 income (£4,818k; 2012-13 £10,803k), contribution to winter pressures (£700k; 2012-13 £220k),part funding of the WVT "Futures" project (£400k, 2012-13 £200k) and other recharges (£4,992k; 2012-13 £2,120k).
In 2013-14 the Trust received with £9.0m of revenue support funding and £1.6m of exceptional capital resource from the TDA. The support recognises the strategic objective to plan to reduce expenditure in acute hospital services within the local economy and the need to secure a sustainable future for the Trust.

Operating expenses	2013-14 £000s	2012-13 £000s
Services from other NHS Trusts	0	0
Services from CCGs/NHS England	0	
Services from other NHS bodies	0	0
Services from NHS Foundation Trusts	36	62
Services from Primary Care Trusts		934
Total Services from NHS bodies*	36	996
Purchase of healthcare from non-NHS bodies	616	916
Trust Chair and Non-executive Directors	53	49
Supplies and services - clinical	27,607	25,081
Supplies and services - general	2,627	3,024
Consultancy services	1,004	1,428
Establishment	2,006	2,062
Transport	400	273
Premises	5,432	4,538
Hospitality	0	
Insurance	0	
Legal Fees	252	
Impairments and Reversals of Receivables	42	(48)
Inventories write down	0	0
Depreciation	3,366	3,161
Amortisation	83	143
Impairments and reversals of property, plant and equipment	1,174	(115)
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets [by class]	0	0
Impairments and reversals of non current assets held for sale	0	0
Impairments and reversals of investment properties		0
Audit fees	119	109
Other auditor's remuneration	45	19
Clinical negligence	2,562	2,840
Research and development (excluding staff costs)	17	12
Education and Training	288	284
Change in Discount Rate	52	40
Other	14,578	25,249
Total Operating expenses (excluding employee benefits)	62,359	70,061
Employee Benefits		
Employee benefits excluding Board members	106,322	99,421
Board members	1,050	1,008
Total Employee Benefits	107,372	100,429
Total Operating Expenses	169,731	170,490

The Adult Social Care expenditure relates to recharges from Herefordshire Council under the Section 75 arrangement that came into effect on 1 April 2011.
In October 2013, the provision of back office functions relating to Finance and Human Resources moved from being provided under a contractual arrangement with Hoople Ltd to being directly provided by the Trust.
The Trust incurred £45K of expenditure for the provision of non-audit related service by its external auditor.
The expenditure related to consultancy services in respect of long term financial planning.

Better Payment Practice Code				
Measure of compliance	**2013-14 Number**	**2013-14 £000s**	**2012-13 Number**	**2012-13 £000s**
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**51,384**	**78,139**	43,604	70,596
Total Non-NHS Trade Invoices Paid Within Target	**33,620**	**61,322**	33,357	62,090
Percentage of NHS Trade Invoices Paid Within Target	**65.43%**	**78.48%**	76.50%	87.95%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**978**	**4,289**	1,281	14,025
Total NHS Trade Invoices Paid Within Target	**544**	**3,456**	907	10,827
Percentage of NHS Trade Invoices Paid Within Target	**55.62%**	**80.58%**	70.80%	77.20%

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 a valid invoice, whichever is later.

The Trust is a signatory to the Government's Prompt Payment Code.

Independent Auditor's Report to the Directors of Wye Valley NHS Trust

In line with national requirements, the Trust is publishing this strategic report together with supplementary material. The Trust's auditors have given an unqualified report on the annual report and accounts and an unqualified statement as to whether the strategic report and directors' report are consistent with the accounts.

Grant Patterson
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Glossary of financial terms

Accounting policies - Guidelines adopted by an organisation that govern the treatment of the financial transactions within that body.

Annual accounts - The annual accounts, of an NHS body provide the financial position for a financial year i.e. 1 April to 31 March. The format of the annual accounts is set out in NHS accounts, manuals and includes financial statements and notes to the accounts.

Audit report - A final report by an NHS body's auditor on the findings from the audit process.

Average net relevant assets - Relevant net assets are calculated as the total capital and reserves of the NHS trust less the donated asset reserve and cash balances. The average relates to the average of the opening and closing figures.

Better Payments Practice Code - The target of the Better Payments Practice Code is to pay all NHS and non-NHS trade creditors trade creditors within 30 calendar days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

Break even - Where income equals expenditure.

Capital - Within the NHS, capital expenditure is primarily defined as outgoings on equipment or property over £5,000 which has an estimated life in excess of one year.

Capital charges - The revenue costs associated with fixed assets. This includes elements of depreciation and interest.

Capital receipts - Funding received from the sale of capital items (items with a value greater than £5,000) including land, buildings and equipment.

Capital cost absorption rate - The financial regime of NHS trusts recognises that there is a cost associated with the maintenance of the capital value of the organisation. NHS trusts are required to absorb the cost of capital (effectively the dividend paid on PDC) at a rate of 3.5 per cent of average net relevant assets. If the calculation of PDC dividends over relevant net assets is not within the 3-4 per cent range then the Trust is deemed to have failed this duty.

Capital resource limit (CRL) - The amount of money an NHS body is allocated to spend on capital schemes in a given financial year.

Cash releasing savings - Where a saving is realised because the organisation or function delivers the same service with fewer outgoings.

Cash requirement - This is the amount of cash an NHS body needs to provide to support its operational activities during the year.

Cost pressure - Increased outgoings arising from an unplanned or unforeseen event(s).

Cost savings/improvement - A collection of projects designed to reduce overall costs and improve the efficiency of the programme organisation.

CQUIN - The Commissioning for Quality and Innovation (CQUIN) payment framework enables commissioners to reward excellence by linking a proportion of providers' income to the achievement of local quality improvement goals.

Cumulative deficit - The excess of expenditure over income built up over more than one year.

Cumulative surplus - The excess of income over expenditure built up over more than one year.

External Financing Limit (EFL) - A cash limit on net external financing. The purpose of the EFL is to assist with the control of cash expenditure by NHS trusts. The EFL for each trust is set by the Department of Health and determines how much more (or less) cash than is generated from its operations the trust can spend in a year and is closely linked to the cash required to fund capital schemes.

Financial statements The main statements in annual accounts of an NHS body. These include: an income and expenditure account, statement of recognised gains and losses, balance sheet and cash flow statement. The format of these statements is specified in NHS accounts' manuals.

Financial stewardship - Financial stewardship ensures that expenditure is properly incurred and authorised. Proper accounting records are maintained and financial statements are prepared in line with standard accounting practice and relevant guidance.

Growth - Year on year general funding increases to NHS bodies allocated by the Department of Health.

IFRS - International Financial Reporting Standards. This accounting guidance replaced UK Generally Accepted Accounting Practice (UK GAAP) in 2009/10.

In-year financial performance - Result of income compared with expenditure, ignoring any impact of the previous years' financial results.

Management costs - Are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en.

Non-recurring funds - An allocation of funding for projects with a specific life span, or one-off receipts. This includes ring-fenced funding and capital receipts.

One-off funding - Funding which is provided for one year only.

Operational cost base - The cost of providing day-to-day healthcare services in an NHS body.

Outturn - The final financial position, which could be the actual or forecast position.

Private Finance Initiative (PFI) - The UK Government's initiative to encourage the development of private finance in the public sector. A generic term for projects involving both the public and private sectors. The involvement can be to varying degrees and the partnership can take different forms.

Public dividend capital (PDC) - PDC is a form of long-term government finance which was initially provided to NHS trusts when they were first formed to enable them to purchase the trust's assets from the Secretary of State. Additional capital expenditure can be funded as PDC. A dividend is payable by trusts to the Exchequer to cover the expected return on the Secretary of State's investment.

Qualified audit opinion - When an auditor is of the opinion that there is a problem with the annual accounts of an NHS body, they can issue a qualified report on the accounts. The qualification may be on the truth and fairness of the accounts, the regularity of transactions or both.

Regularity opinion - Auditors provide an opinion as to whether an NHS body's transactions throughout the year are regular i.e. they are in accordance with relevant legislation.

Resource accounting and budgeting - Accruals accounting for government, which plans, controls and analyses expenditure by departmental objectives.

Tariff - A national price list for hospital procedures carried out on behalf of patients. The national tariff is intended to simplify the process for service level agreements between NHS organisations.

Time-releasing savings - Efficiencies which do not release cash but allow frontline services to deliver more or better services with fewer outgoings. An example may be through the reduction sickness absence across the organisation.

True and fair opinion - Auditors provide an opinion as to whether an NHS body's accounts have been prepared in accordance with all relevant accounting standards, legislation and guidance.

Unfunded defined benefit scheme - Refers to a type of pension scheme in which no reserves are accumulated and benefits are paid by the employer as and when they are paid to the scheme's members.

Unqualified audit opinion - When auditors of NHS bodies are satisfied with the annual accounts they will issue an unqualified audit opinion.

This document is available on request in large print, braille, or a language of your choice.

Please contact the communications team on 01432 372928 for a copy.

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