



Annual Report 2017/18



FOREWORD



Welcome to our Annual Report for 2017/18. It has been another really busy year for us, with our staff working tirelessly to deliver high quality care. This annual report provides an opportunity for us to reflect upon the many successes of the year; we've got so much to be proud of. However, we have also faced some significant challenges, particularly around our financial position and some of our constitutional targets.

We have continued to experience ever increasing demand on our services and the pressures that this has brought to bear has meant that we have not always been able to treat our patients in a timely manner as we would like. We have to pay testimony to our staff as they have maintained a strong focus upon delivering services of the highest quality for patients in the face of this challenge. We are very proud that 98.5% people that responded to our patient satisfaction questionnaire indicating that they would be likely or extremely likely to recommend our services to their friends and family.

The financial climate continues to present unprecedented challenges for us and we came into the year having being placed into Financial Special Measures (FSM) by our regulators at NHS Improvement (NHSI). This has meant that we have been under intense scrutiny and have been working extremely hard to deliver our Financial Recovery Plan (FRP), within which we had an incredibly challenging cost improvement target of £50m to deliver. Our financial challenges will continue throughout the coming year and we are so thankful to our staff for their continued efforts to deliver savings and avoiding unnecessary spend.

The Care Quality Commission (CQC) have visited the Trust during the year and although our overall rating of Requires Improvement remains unchanged, we are very pleased that the latest report acknowledges significant progress across both of our hospital sites. We are now rated as 'Outstanding' for being caring; a reflection of the remarkable dedication and compassion of our staff, 'Good' for our services being effective and well led; in recognition of the strong leadership within our clinical managerial teams and 'Requires Improvement' for our services being responsive and safe; acknowledging the effects of overcrowding and long waiting times in our emergency departments – all of which are improvements on our previous ratings. We are proud of the work that we have undertaken to improve our ratings and will continue to focus on improvement across the whole organisation over the coming year.

We have refreshed our 2025Vision during the year and launched our new values and strategic objectives at our Annual General Meeting. Our refreshed 2025Vision provides us with a clear strategic direction for the future and our values set out the behaviours, attitudes and approaches that our staff will exhibit. Our Organisational and People Development Team are supporting us to ensure that all staff 'live our values' in our day to day working lives.

We never cease to be humbled by the level of commitment, expertise and professionalism shown by so many of our staff, and we want to build on this strong foundation to prepare us for the years ahead. Our commitment to you is to build on our many achievements, reflect when we have fallen short of the ambitious goals we have set ourselves and to always put the healthcare needs of you and your family first.

Paula Clark
Chief Executive

Stephen Burgin
Acting Chairman

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Part A: Performance Report



OVERVIEW

A1. Statement of Purpose and Activities of the Organisation

University Hospitals of North Midlands NHS Trust is one of the largest and most modern in the country. In our state of the art facilities, we serve around three million people and we're highly regarded for our quality, teaching and research. We have around 1,450 inpatient beds across our sites in Stoke-on-Trent and Stafford.

We provide a full range of general acute hospital services for approximately 900,000 people locally in Staffordshire, South Cheshire and Shropshire. We have an 11,000 strong workforce and we provide specialised services for three million people in a wider area, including neighbouring counties and North Wales.

We are one of the largest hospitals in the West Midlands and have one of the busiest emergency departments in the country, with more than 169,000 patients attending our Accident and Emergency departments last year. Many emergency patients are brought to us from a wide area by both helicopter and land ambulance because of our Major Trauma Centre status as we are the specialist centre for the North Midlands and North Wales.

As a university hospital, we work with Keele University and Staffordshire University and have strong links with local schools and colleges.

Our specialised services include cancer diagnosis and treatment, cardiothoracic surgery, neurosurgery, renal and dialysis services, neonatal intensive care, paediatric intensive care, trauma, respiratory conditions, spinal surgery, upper gastro-intestinal surgery, complex orthopaedic surgery and laparoscopic surgery.

We are a key player in the Staffordshire Sustainability and Transformation Partnership (STP) and take an active part in the planning and discussions. The health economy plan remains focused on minimising admissions to and discharging as soon as possible from the major acute site at Royal Stoke University Hospital, with as much care as possible being delivered in community settings or at County Hospital.

We benefit from being able to attract and retain high quality staff. In order to do this we need to continue to maintain and expand our tertiary capabilities to service the populations of the North West Midlands, Derbyshire, Wales, South Manchester and the northern suburbs of Birmingham.

Royal Stoke University Hospital



County Hospital (Stafford)



A2. Our Vision, Values and Strategic Objectives

In 2017, we refreshed our core strategy '2025Vision', which we launched at our Annual General Meeting in September 2017. The strategy sets out our vision, values and key priorities for moving forward and delivering services that our own families would choose should they need care, delivered by staff who take pride in everything they do.

Our 2025Vision was developed to set a clear direction for the organisation to become a world class centre of clinical and academic achievement and care. One in which our staff all work together with a common purpose to ensure patients receive the highest standards of care and the place in which the best people want to work.

To achieve the 2025Vision we must respond to the changing requirements of the NHS as they emerge and as we move into ever more challenging times for the service. This requires us to think further than the here and now and look beyond the boundaries of our organisation for inspiration. This means that our involvement in the STP is crucial in enabling us to move towards our vision and become the sustainable healthcare provider of hospital services we want to be into the next decade.

Through our organisational development activities we will continue to encourage a compassionate culture through our set of shared values, which identify the behaviours, attitudes and approaches we exhibit.

Our full 2025Vision is available via our website: www.uhnm.nhs.uk. Our 'Plan on a Page' is shown below:

Our strategic objectives

- Provide safe, effective, caring and responsive services
- Ensure efficient use of resources
- Achieve NHS constitutional patient access standards
- Lead strategic change within Staffordshire and beyond
- Achieve excellence in employment, education, development and research

2025 Vision Proud to Care

Our values

- Together
- Compassion
- Safe
- Improving

www.uhnm.nhs.uk

University Hospitals of North Midlands
Our 2025 Vision

What we will deliver - our strategic objectives

- Improved CQC ratings through implementation of our Care Excellence framework
- Monitoring strong performance in relation to the Summary Hospital Level Mortality Indicator (SHLMI)
- Positive Patient Last Assessment of the Care Environment (PULACE) annual responses across UHNM
- Improving pathways in and out of hospital
- Consistent implementation of best practice
- Provision of seven day services
- Recruitment and retention of highly skilled staff & implementation of UHNM improvement methodology
- On-going development of specialist services
- Building our links with Staffordshire & Keele Universities
- Increased income from NHS specialised commissioning services & elective care at County
- Leading role in the Staffordshire and Stoke-on-Trent STP
- Reduced number of Medically Fit for Discharge patients in acute beds
- Delivery of Financial Recovery Plan
- Optimum use of our estate
- Digitisation

How will we deliver this? - Our values

- Together**
 - We are a team
 - We are open-minded
 - We are inclusive
- Compassion**
 - We are supportive
 - We are respectful
 - We are friendly
- Safe**
 - We communicate well
 - We are organised
 - We speak up
- Improving**
 - We listen
 - We learn
 - We take responsibility

www.uhnm.nhs.uk

A3. Statement from the Chief Executive

2017/18 has been another extremely busy year for us, with demand for our services increasing to unprecedented levels over the winter period. The Annual Report provides an opportunity to look back and reflect on the achievements and challenges we have faced and to consider the opportunities and risks ahead of us.



This was reflected in our latest CQC report, which, whilst it highlighted many things for us to be proud of, the report identified that safety needs further consideration, particularly in relation to Emergency and Urgent Care, as a result of our extreme and sustained pressures. This is why, despite our areas of improvement, our focus must remain firmly on mitigating these risks. Regardless of these pressures though, we remain clear that quality is our number one priority.

As a Board we are very much aware of the challenges facing us, and it is disappointing that the pressure on our services has meant that we have been unable to meet some of our statutory targets this year in relation to the 4 hour target in A&E, 62 day cancer waits and the Referral to Treatment (RTT) target. We have also had to make some very difficult decisions to cancel elective surgery; this was one of the many direct impacts that the pressures over winter. However, we have a number of initiatives underway to enable us to overcome these challenges and we will continue to work hard with our partners across the health and social care economy to address these.

Within this report you will find a detailed breakdown of the Trust's financial performance. With some external specialist support, we have been working very hard to deliver on our Financial Recovery Plan during the year and whilst we are very clear on the scale of the challenge, we are pleased with the progress we have made this year. It is our responsibility to reduce our deficit and this will continue to be a major focus for us. We must ensure that we get the balance right between making the necessary changes to the way that we work so that we are as efficient as possible and push back on areas where we need support from the system to help us achieve this.

In amongst all of these challenges through, we had some great successes this year with many things to be proud of and to celebrate. More information about these can be found with the report. None of this would be possible without the continued work and support of our amazing staff.

Excellent and safe patient care requires commitment, compassion and competence and I'm really pleased that despite our challenges, we have been able to maintain a high standard of performance against our key quality indicators during 2017/18.

Paula Clark, Chief Executive
25th May 2018

A4. Key Issues and Risks

By the nature of our business, Risk Management is integral to everything we do and during 2017/18 we revised our Risk Management Policy and associated systems and processes to support our aims to embed a risk-aware, patient led culture. The improvements which we have made led to an improved assurance rating issued by our Internal Auditors when compared to 2016/17 but we recognise that we have more work to do to further embed and improve our processes during 2017/18.

During 2017/18 we have reviewed and monitored all risks throughout the organisation and at the start of the year, the Board identified a set of key strategic risks which were monitored through the Board Assurance Framework. We categorised these key risks around our Strategic Objectives; summarised as follows:

Strategic Objective 1: Provide safe, effective, caring and responsive services

- Uncontrolled demand for our services, exceeding capacity, which may compromise quality of care
- Availability of sufficiently trained clinical workforce, which may compromise quality of service provision
- 'Escalation areas' being open as a result of increased demand and our ability to staff these areas sufficiently

Strategic Objective 2: Achieve NHS constitutional patient access standards

- Overcrowding within our emergency portals compromising patient flow through the organisation
- Availability of appropriately trained medical staffing to deliver an optimal service
- Ability to discharge / transfer medically fit patients in a timely manner as a result of insufficient community care capacity
- Capacity versus demand for elective care to achieve the Referral to Treatment (RTT) constitutional standard

Strategic Objective 3: Achieve excellence in employment, education, development and research

- Levels of staff turnover and ability to recruit, which may impact upon sustainability of some services
- Promotion of education and research opportunities, which enable us to attract and retain staff

Strategic Objective 4: Lead strategic change within Staffordshire and beyond

- Improvements in productivity to achieve our Financial Recovery Plan (FRP)
- Clinical Commissioning Groups (CCG's) unable to repatriate work leading to an inability to increase activity and associated income levels
- Health and Social Care being unable to provide admission avoidance schemes leading to a blockage in our resources
- Multi-service Community Providers not leading to the development of robust community services

Strategic Objective 5: Ensure efficient use of resources

- Services not being delivered within agreed budgets leading to an inability to achieve the Financial Plan

The Board will be refreshing the Board Assurance Framework for 2018/19 and whilst this will continue to focus upon threats to the achievement of our Strategic Objectives, it will be enhanced to ensure a more robust approach to monitoring risks specifically associated with our Operational and Financial Plan.

A5. Going Concern

The 'going concern' assumption is a fundamental principle in the preparation of financial statements. An organisation under this assumption is viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that an organisation will be able to realise its assets and discharge its liabilities in the normal course of business. For the NHS, the Department of Health describes this as 'the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents'.



We anticipate that it may take some time before we can achieve financial balance on a sustainable basis. The Board has carefully considered the principle of 'going concern' and concluded that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability to continue as a going concern.

Nevertheless, we have concluded that assessing the Trust as a going concern remains appropriate. We have agreed contracts with local commissioners for 2018/19 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. Similarly, no decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

Subject to the receipt of the revenue funding within the 2018/19 financial plan, we consider that this provides sufficient evidence that we will continue as a going concern for the foreseeable future. On this basis, we have adopted the going concern basis for preparing the accounts and have not included the adjustments that would result if it were unable to continue as a going concern.

The assessment accords with the statutory guidance contained within the Department of Health and Social Care Group Accounting Manual.

A6. Performance Summary: 2017 / 18 at a Glance

Apr 17

Two new mothers thank staff on Neonatal Intensive Care Unit for their outstanding care and compassion, during traumatic circumstances.

May 17

The Cardiology team were rated No.1 in the country after winning the prestigious British Medical Journal (BMJ) 'Cardiology team of the year' award.

Jun 17

For the first time, we treated over 1,000,000 patients in a single year.

Jul 17

We awarded a special Honorary 'UHNM Hero' Award to a former nurse who helped save the life of a woman suffering a cardiac arrest.

Aug 17

Our maxillofacial cancer surgery and anaesthetic team became the first in the country to offer 3D computer modeling, printing and reconstructive surgery all under one roof.

Sep 17

Staff were recognised at The Sentinel's annual Our Heroes awards evening on Thursday 28 September.

Oct 17

Our very own Professor Jim Nolan and Professor Mamas Mamas successfully hosted a two-day 'Transradial Masterclass' conference in Manchester.

Nov 17

Staff descended on the Moat House Hotel to celebrate the 'Night Full of Stars' staff awards event. The 14 categories recognised some of the outstanding work going on each and every day.

Dec 17

The Short Stay Unit at Royal Stoke has been helping vulnerable patients by providing them with fresh clothes to wear when they are discharged.

Jan 18

Dr Tirej Brimo, a Foundation Trainee Doctor at Royal Stoke University Hospital, named as one of Medscape's Physicians of the Year for 2017.

Feb 18

Robina Johnstone, Midwife at UHNM celebrated 50 years in the NHS. In that time she will have helped care for over 50,000 babies and their families.

Mar 18

The Critical Care team were shortlisted for a HSJ Value award in the 'Acute Service redesign' category for their Transformation Programme.

A7. Celebrating our Achievements – Our Awards



During 2017/18, our staff have been gaining recognition, both internally and externally, for their efforts and expertise from judges, panellists and patients alike. The nominations, awards and special presentations have been received by staff right across the Trust, showcasing the professionalism, quality and talent of our workforce.

Here is just a snapshot of some of the many things we have achieved and of which we are proud.

Staff Awards November 2017



Joe Potts
Employee of the Year



Katie Knowles
Leading with
Compassion



Jenny Dodimead
Volunteer of the Year



Pathology Clinical Trials Team
UHNM Research Impact



Adam Farmer
Rising Star



Teresa Wilson
UHNM Charity Award



Elizabeth Handford
Learner of the Year



Radiotherapy Team
Clinical Team of the Year



Bariatric Team
Improving Care through Innovation



Organisational Development/CWD
Engagement Initiative of the Year



Endoscopy
Innovation in Education & Learning



SAFFRON Team
Non-Clinical Team of the Year



Placenta Accreta MDT
Organisational Improvement through Innovation



National Recognition

We've had another great year with national awards too, which are a great boost for our staff. Here are just some of our achievements.

Our 'Centre of Excellence', which supports people with Multiple Sclerosis (MS) was crowned the 2017 MS Professional of the Year at the MS Society Awards, which took place in London.



The Leading with Compassion Shropshire and Staffordshire Leadership Leads Group were winners in the HPMA Academi Wales Award for Excellence in Organisational Development 2017

The Cardiac Assessment Nurses (CAN) team swooped the 'British Heart Foundation Team of the Year' award at the British Cardiac Society meeting in Manchester, after also receiving Team of the Year accolade at the BMJ awards in May 2017.

The Critical Care Unit won a national award for monitoring patient outcomes as part of the Case Mix Programme (CMP) Quarterly Prize for their work in Critical Care.



The redevelopment of County Hospital won a prestigious, regional construction award at the 'Celebration Construction 2017 West Midlands Awards' with Kier.

Anaesthetic Registrar, Dr Felicity Jayne Avann, has received the prestigious 'Harvey Grant Prize' after showcasing an audit into experience of treatment stroke patients to the Neuro Anaesthesia & Critical Care Society of Great Britain and Ireland (NACCISGBI).



Dr Ranjan Sanyal and Dr Girish Muddegowda, Consultant Stroke Physicians won Joint UHNM Clinical Teacher of the Year. Mr Sriram Rajagopalan finished runner up.

A8. UHNM in Numbers 2017/18



169,885
Emergency
Department
Attendances



1,233,856
calls to our
switchboard

1,342
new starters



7,318,692
views of our
Facebook
page



264
Staff Trained
in Service
Improvement



3191
Patients Recruited
into Research
Studies

Up to **50**
Award
Nominations



6
Care Excellence
Framework
Platinum Awards

Sign up to
.....
SAFETY
LISTEN LEARN ACT



70
Care Excellence
Framework Visits

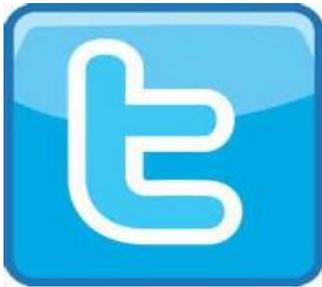
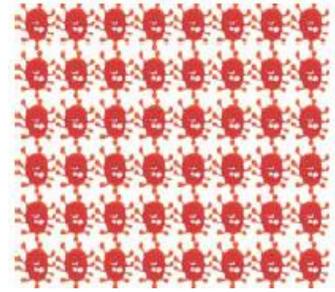


1,047,649
total patients
treated

14,266
Elective
inpatients



7,200
staff
vaccinated
with flu jab



2,137,600
Twitter
impressions



468,264
visitors to our
website

836,693
outpatient
appointments



1 patient attends the
Emergency
Department every
3 minutes



11
Board
Meetings held
in Public

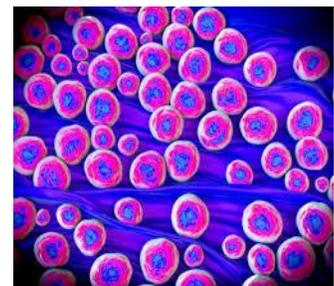


16
Awards Given
our at Awards
Evening

71
C Difficile
Infections



0
cases of
MRSA
reported



PERFORMANCE ANALYSIS

A9. How we Measure Performance

We measure our performance using the NHS Improvement (NHSI) single oversight framework. This framework is comprised of 35 metrics across 6 domains of:

- Finance and use of resources
- Operational performance
- Organisational health
- Caring
- Safe
- Effective



We report our performance to the Trust Board on a monthly basis and we are also monitored closely by the NHSI. A series of triggers have been identified by our regulators which range from 'maximum provider autonomy' to 'special measures'. These triggers are used to identify potential concerns and as a consequence of our financial position, we are currently in the category of 'special measures'.

Our monthly performance report provides the Board with an overview of latest performance against the key metrics and identifies exceptions, including position exceptions, where performance has outperformed usual tolerances, or where a target has been failed. Within the Single Oversight Framework

are five constitutional standards. This means they are set out within the NHS Constitution as standards which we pledge to achieve. Whilst pledges are not legally binding, they represent a commitment by the NHS to provide comprehensive high quality services.

These standards are:

- A&E 4 hour wait
- Diagnostic six week waits
- Referral to Treatment 18 - weeks
- All cancer 62 day waits
- 62 day waits from screening service referral

A10. How we have Performed During 2017/2018

An overwhelming theme for our performance during 2017/18 was the increase in demand for non-elective services. The number of patients choosing us for their treatment and care remained high, and we in turn expanded services where possible to meet this demand.



A clear indicator of this was the increase in new outpatient appointments and additional day case procedures performed.

The number of non-elective inpatients also increased and for some services this meant a considerable loss in managing to treat as many routine patients as we would have liked, particularly during the winter months. Also affected were the number of patients who could not have their cancelled operation re-scheduled within the 28 day standard and the deterioration of the Referral to Treatment performance. We have plans to increase the size and scale of our services further for 2018/19 as more patients continue to choose our services.

This year was an incredibly challenging year for the Emergency Centre team, seen in the four-hour wait performance, which was significantly below the 95% target. The most powerful indicator of this was the number of greater than 12 hour trolley waits, which this year slightly decreased to 508, most of which occurred between December 2017 and March 2018.

We have achieved and sustained the diagnostic wait time standard of 6 weeks. This is essential in ensuring patients have an early diagnosis.

We faced huge challenges in meeting the Referral to Treatment standard and failed to achieve the 92% standard in any month of 2017/18. The key specialties experiencing extreme pressures are Trauma and Orthopaedics (a considerable amount of capacity has been lost due to non-elective trauma demand); Neurosurgery (due to the number of spinal patients requiring surgery); General Surgery; Dermatology and Plastic Surgery (both due to the high demand from the initial cancer 2ww referral).

We worked hard to try to continue to meet our obligation to cancer patients during 2017/18. However, we were unable to meet the 62 day wait from GP referral to treatment Cancer Wait Time (CWT) standards for the year and we apologised for this. The reason for this was mainly due to the high demand for emergency care and cancer services.

The 31 day diagnosis to treatment was achieved along with the 2 weeks from referral to first appointment.

10.1 Operational Performance

| Performance Metric | National Target | Our Performance last year 2016/17 | Our Performance this year 2017/18 | What our Performance Means |
|--|-----------------|-----------------------------------|-----------------------------------|----------------------------|
| Operational Performance | | | | |
| A&E - % patients admitted, transferred or discharged within 4 hours | 95% | 78.46% | 77.62% | Target not achieved |
| Diagnostics – % patients seen within 6 weeks | 99% | 99.22% | 99.31% | Target achieved |
| Referral to Treatment - % patients within 18 weeks | 92% | 85.57% | 71.73% | Target not achieved |
| Cancer - % patients seen within 2 weeks from referral to first appointment | 93% | 93.10% | 98.30% | Target achieved |
| Cancer - % patients diagnosed being treated within 31 days | 96% | 95.10% | 97.40% | Target not achieved |
| Cancer - % patients being seen from urgent GP referrals | 85% | 71.00% | 78.50% | Target not achieved |
| Activity and Waiting Lists | | | | |
| Number of elective inpatients treated | n/a | 14,913 | 14,266 | n/a |
| Number of elective day cases | n/a | 83,952 | 86,909 | n/a |
| Number of emergency inpatients | n/a | 108,067 | 109,781 | n/a |
| Number of new outpatient appointments | n/a | 287,997 | 310,019 | n/a |
| Number of outpatient follow up appointments | n/a | 555,432 | 526,674 | n/a |
| Total number of patients on inpatient waiting list – first attendance | n/a | 8948 | 8370 | n/a |
| Total number of patients on outpatient waiting list | n/a | 25,214 | 29,246 | n/a |
| Number of operations cancelled at short notice for non-clinical reasons | n/a | 1403 | 1845 | n/a |
| Number of cancelled operations not rearranged within the target timescale of 28 days | 0 | 172 | 197 | Target not achieved |
| Emergency Department | | | | |
| Number of emergency attendances | n/a | 175,801 | 169,885 | n/a |
| Number of 12 hour trolley waits | 0 | 590 | 508 | Target not achieved |



10.2 Quality Performance

Stakeholder Engagement

Each year we hold a Stakeholder Engagement Workshop where members of staff along with partners from local councils, Clinical Commissioning Groups and Healthwatch are invited to help us to share our priorities for quality improvement. In our Quality Account 2016/17, we identified a number of Quality Priorities and these have been a key focus for us during 2017/18 where we have made strong progress:

- Reduction in overall harm from Patient Safety Incidents
- Reduction in total patient falls reported and reduction in overall rate of falls per 1000 bed days
- Reduction in harm to patients as result of falls
- Exceeding the 95% National Target throughout 2017/18 for 'Safety Thermometer'
- The percentage of staff saying they perceived an experience of bullying, harassment or abuse from other staff in the last 12 month (colleagues and managers) reduced from 28% to 27% although this remained at 26% from patients and the public.
- Elective Surgery (Bariatric and Trauma & Orthopaedics) has been significantly increased at County Hospital
- Reductions in complaints received at both Royal Stoke University Hospital and County Hospital compared to 2016/17

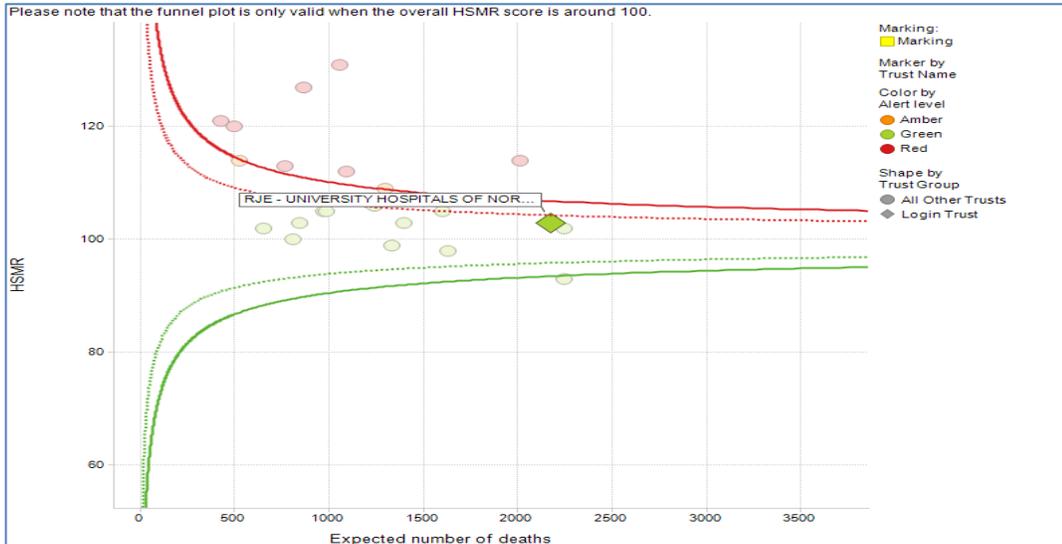
Key Quality Performance Indicators

| Performance Metric | Target | Our Performance last year 2016/17 | Our Performance this year 2017/18 | What our Performance Means |
|---|--------|-----------------------------------|-----------------------------------|----------------------------|
| Infection Control | | | | |
| Clostridium Difficile Infection – number | 82 | 92 | 71 | Target achieved |
| Avoidable MRSA Cases | 0 | 1 | 0 | Target achieved |
| Incidents | | | | |
| Never Events | 0 | 3 | 2 | Target not achieved |
| Falls Resulting in Harm | n/a | 796 | 1003 | n/a |
| Medication Errors: Rate per 10, 000 bed days | n/a | 33.58 | 38.2 | n/a |
| Falls resulting harm: Rate per 1,000 bed days | n/a | 1.56 | 2.23 | n/a |
| Pressure Ulcers – Hospital Acquired Grades 2 & 3 reportable (avoidable) | 145 | 156 | 150 | Target not achieved |
| Pressure Ulcers – Hospital Acquired Grades 4 | 0 | 0 | 1 | Target not achieved |
| Emergency C Section Rate as a % Total Births | | | 13.32% | n/a |
| Screening | | | | |
| VTE Risk Assessments | 95% | 97.13% | 95.5% | Target achieved |

- The target rate reduction for falls was 10% reduction in rate per 1000 bed days rather than raw numbers as we have had more beds opened during 2017/18 and this allows for activity variations
- We also use moderate harm and above from falls which shows improvement rate from 0.23 (2016/17) per 1000 bed days to 0.21 (2017/18)
- We have seen increases in reported falls but seeing lower rate of serious harm as a result of the falls

Mortality

Our mortality rate with current HSMR for 2017/18 year to date (April 2017 – December 2017) reported at 103. This means that our number of in hospital deaths is within expected range based on the type of patients that have been treated.



UHNM continues to compare well against Midlands peers during 2017/18

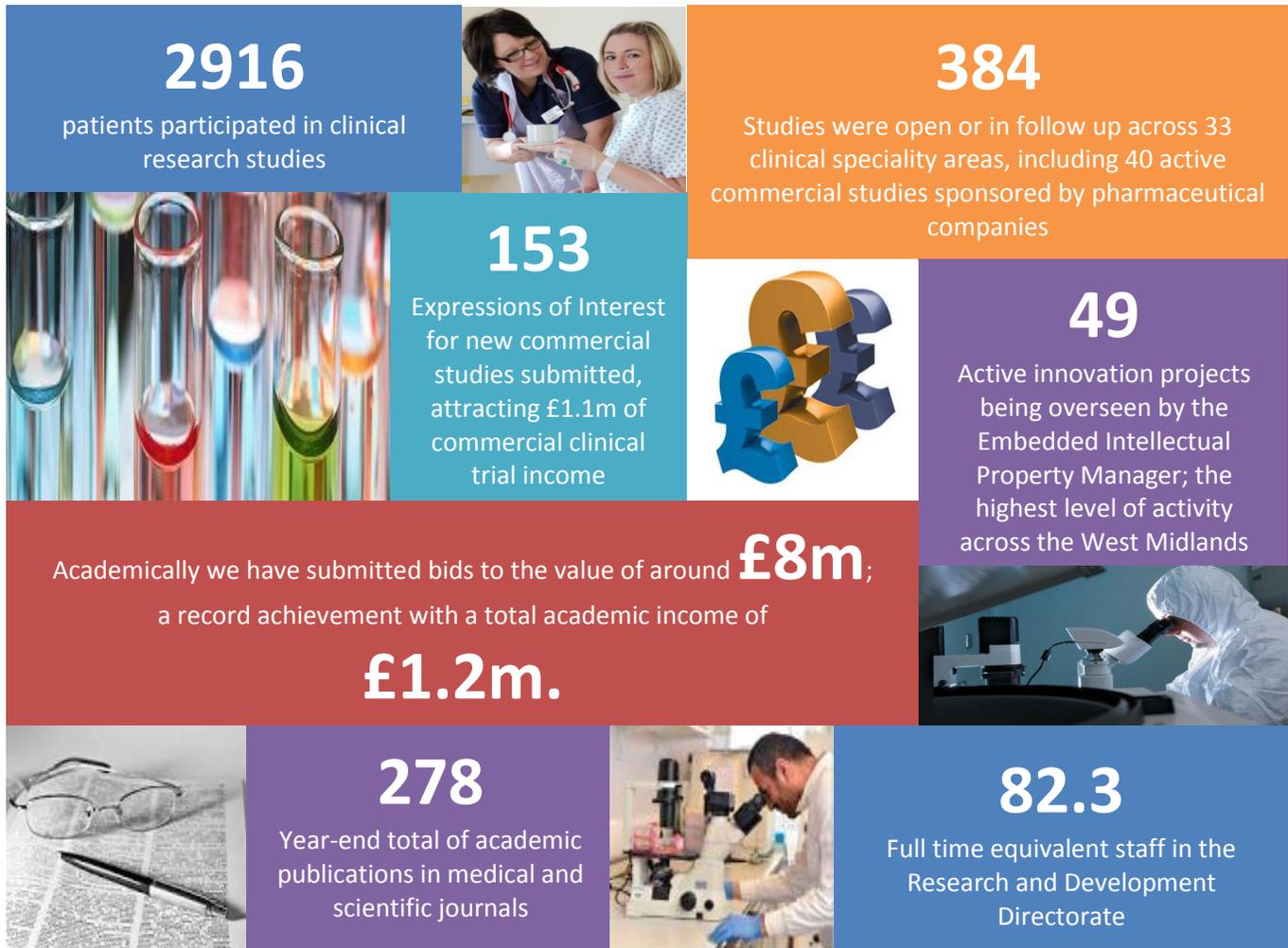
Complaints

The total number of complaints opened at Royal Stoke University Hospital during 2017/18 is 646 which is a decrease of 5.7% over the same period in 2016/17 when the Trust saw 685 complaints opened. The total number of complaints opened at County Hospital was 122 in 2017/18, which is an 11.6% reduction from 2016/17 with 138 complaints received.

During 2017/18, the Complaints Team have made a number of improvements to the complaints process, summarised as follows:

- Categorisation of complaints to assist in analysis of trends and themes
- Alignment of processes across both of our sites to ensure consistency in working practices
- Improvement in the timeliness of responses from receipt of complaint to final response with an average of 42.5 days during 2017/18 compared to 53.9 days in 2016/17
- Improved consistency and quality of responses
- Development of a Trust wide Peer Review Programme which provides consistency of approach to reviewing complaints across both hospital sites and forms an integral part of our governance processes for identification of learning lessons

Research and Development – Performance Summary



Anti-Bribery and Fraud

We are absolutely committed to maintaining an honest, open and well-intentioned atmosphere, so as to best fulfil the objectives of the Trust and of the NHS. Our Anti-Bribery & Anti-Fraud Policy sets out our approach and advice to employees in actively dealing with detected or suspected fraud, bribery or corruption, and the avoidance of such activity as directed by the NHS Counter Fraud Authority. This policy details the arrangements for such concerns to be raised by employees, those who do business with the Trust or members of the public.

We adhere to the NHS Counter Fraud Authority Standards for Providers, other directions and procedures published by the NHS Counter Fraud Authority, and the NHS Counter Fraud Authority NHS Anti-Fraud Manual when investigating cases and imposing sanctions.

10.3 Financial Performance

In 2017/18 the Trust agreed a financial plan with NHS Improvement to deliver a year end deficit of £68.9m. Within this the plan the Trust was required to achieve CIP savings of £50m and would receive £24.8m of Deficit Support and a refund of contractual fines of c£10m. The Trust was unable to agree to the Control Total set by NHSI and did not therefore receive any Provider Sustainability Funding in 2017/18.



At the end of the financial year the Trust has a deficit of £71.3m against the planned deficit of £68.9m. The deterioration in the position was mainly due to the cost of additional capacity and lost elective activity over Winter totalling £7.8m, which was partly mitigated by national funding for the costs of Winter at £2.1m. Additional mitigation came from the over achievement of CIP schemes.

The Trust set itself a challenging CIP target for 2017/18 of £50m, equal to 6.5% of costs in the plan. The Trust was able to make £52.6m of savings in year. The main areas of savings in year related to reductions in workforce expenditure, specifically from premium pay reductions and skill mix efficiencies. Improvements were also made in clinical optimisation schemes, various income opportunities, and efficiencies from procurement and other non-pay savings.

2017/18 was also a challenging year for our commissioners and the Trust contract management agenda was challenging for both provider and commissioning organisations across the Local Health Economy. The significant unscheduled care and winter pressures, which materialised in year, placed a considerable operational pressure on the Trust and meant that the Trust was unable to deliver patient activity to the levels planned and as a result earn the levels of income set out in the financial plan at the start of the year.

2018/19 Financial Plan shows a further improvement in the financial position from 2017/18. The Trust has a planned deficit for 2018/19 of £44.8m. This deficit has been agreed with NHSI as part of the trajectory to return the Trust to a break even position and release the Trust from being in financial special measures. In order to achieve the planned deficit of £44.8m in 2018/19 the Trust is required to make new Cost Improvements totalling £51.9m. The Trust also expects to receive £24.8m Deficit support as a continuation of the support agreed following the integration of County Hospital to the Trust in November 2014.

The Board of UHNM is the Corporate Trustee for the UHNM Charity. Charitable income received for the year from donations, legacies and investments amounted to £1.7m. During the year £1.7m was spent on advanced medical equipment, staff development, high quality research and enhancing the hospital environment. To enable the clinical teams to take advantage of developments in medical science and technology, substantial purchases have been made in many areas, including £747k for an Electronic Observations and Monitors System (EOBS) to capture real time data on the physiology of patients and to prioritise treatment; £60k for an ultrasound scanner in the Neo natal Intensive Care Unit to improve service delivery and £37k on 9 new theatre trolleys.

10.4 Statement of Comprehensive Income Account: Year Ended 31 March 18

| | 2016/17 | | 2017/18 | |
|---|-----------------|---------------|-----------------|---------------|
| | £'000 | % | £'000 | % |
| Revenue from patient care activities | 602,589 | 81.5% | 610,684 | 87.7% |
| Other operating revenue | 136,690 | 18.5% | 85,946 | 12.3% |
| Total revenue | 739,279 | 100.0% | 696,630 | 100.0% |
| Operating expenses | (770,128) | 97.5% | (736,512) | 97.2% |
| Operating surplus / (deficit) | (30,849) | (4.2%) | (39,882) | (5.4%) |
| Other gains and losses | 7 | (0.0%) | (5) | 0.0% |
| Surplus / (deficit) before interest | (30,842) | (4.2%) | (39,887) | (5.4%) |
| Investment revenue | 50 | (0.0%) | 64 | (0.0%) |
| Finance costs | (15,518) | 2.0% | (19,336) | 2.6% |
| Surplus / (deficit) for the financial year | (46,310) | (6.3%) | (59,159) | (8.0%) |
| Public dividend capital dividends payable | (3,925) | 0.5% | (2,119) | 0.3% |
| Transfers by absorption – net gains / (losses) | 0 | 0.0% | 0 | 0.0% |
| Retained surplus / (deficit) for the year | (50,235) | | (61,278) | |

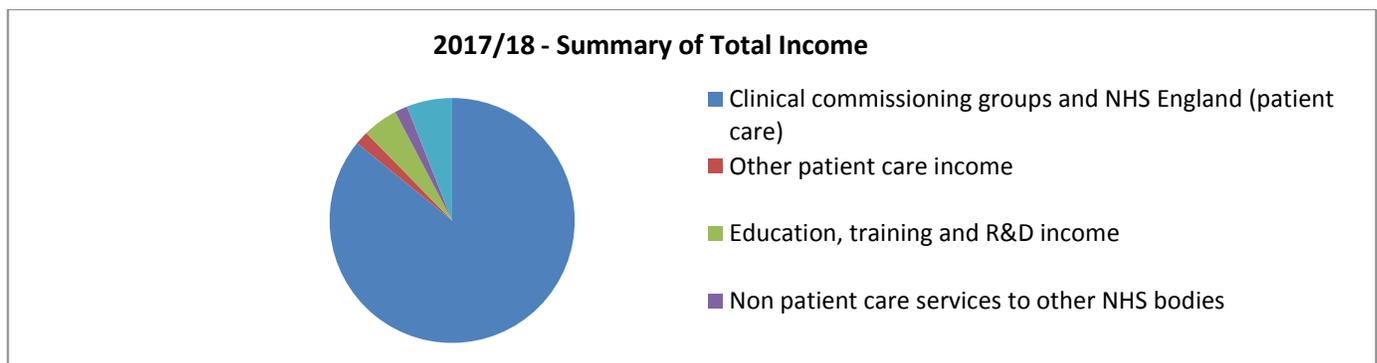
10.5 Performance against Breakeven Duty

| | 2016/17 | 2017/18 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Retained support / (deficit) under IFRS | (50,235) | (61,278) |
| Impairments | 22,174 | (8,583) |
| Adjustments for donated asset/gov't grant reserve elimination | 288 | 144 |
| Actual surplus under UK GAAP | (27,773) | (69,717) |

10.6 Revenue

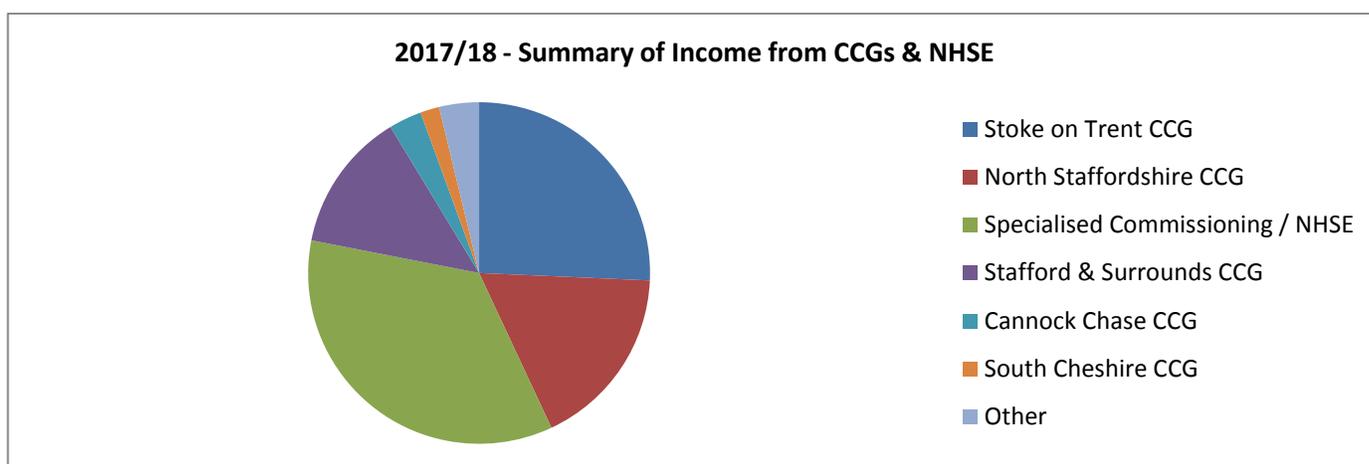
Income in 2017/18 totalled £697m. The majority of the Trust's income (£598m, 86%) was delivered from Clinical Commissioning Groups and NHS England in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other Trusts, training and education and miscellaneous fees and charges.

10.7 Summary of Total Income



| | 2016/17 | 2017/18 |
|--|--------------|--------------|
| | £m | £m |
| Clinical Commissioning Groups and NHS England (patient care) | 582.8 | 598.1 |
| Other patient care income | 19.8 | 12.5 |
| Education, training and R&D income | 32.6 | 32.4 |
| Non patient care services to other NHS bodies | 23.7 | 11.8 |
| Other | 80.4 | 41.8 |
| Total revenue | 739.3 | 696.6 |

10.8 Summary of Income from CCG's



| | 2016/17 | | 2017/18 | |
|----------------------------------|------------|-------------|------------|-------------|
| | £m | % | £m | % |
| Stoke on Trent CCG | 161 | 27% | 157 | 26% |
| North Staffordshire CCG | 112 | 19% | 106 | 17% |
| Specialised Commissioning / NHSE | 212 | 35% | 214 | 35% |
| Stafford and Surrounds CCG | 63 | 11% | 81 | 13% |
| Cannock Chase CCG | 21 | 4% | 19 | 3% |
| South Cheshire CCG | 10 | 2% | 11 | 2% |
| Other | 21 | 4% | 23 | 4% |
| Total CCG income | 600 | 100% | 611 | 100% |

| | 2016/17 | 2017/18 | % change |
|---|--------------|--------------|-----------------|
| | £m | £m | % |
| Revenue from clinical activities | 602.6 | 610.7 | 1.35% |
| Other revenue: | | | |
| Medical school (SIFT) | 8.0 | 8.6 | 7.50% |
| Junior doctor training (MADEL) | 14.0 | 14.0 | 0.00% |
| WDD funding | 4.3 | 4.4 | 2.33% |
| Research and development | 6.3 | 4.7 | (25.40%) |
| Non patient care services to other NHS bodies | 23.7 | 11.8 | (50.21%) |
| Other Income | 80.4 | 42.4 | (47.26%) |
| Total other revenue | 136.7 | 85.9 | (37.16%) |
| Total revenue | 739.3 | 696.6 | (5.77%) |

10.9 Operating Expenditure

In accordance with the requirement to annually revalue the estate and the hospital the Trust commissioned an independent valuer to carry out a valuation exercise in March 2018 on the whole estate. This resulted in an overall net upwards revaluation of £54m.

| Summary of Operating Expenditure | 2016/17 | 2017/18 | % change |
|---|--------------|--------------|----------------|
| | £m | £m | % |
| Staff costs | 458.4 | 461.1 | 0.59% |
| Other costs | 77.5 | 70.5 | (9.03%) |
| Clinical supplies and services | 142.4 | 145.4 | 2.11% |
| Depreciation | 27.3 | 27.2 | (0.37%) |
| Premises costs | 26.2 | 20.0 | (23.66%) |
| Clinical negligence | 16.1 | 20.9 | 29.81% |
| Total operating expenditure before impairments | 747.9 | 745.1 | (0.37%) |
| Impairments | 22.2 | -8.6 | (138.74%) |
| Total operating expenditure | 770.1 | 736.5 | (4.36%) |

10.10 Performance Indicators

The measure of the overall financial performance of the Trust can be expressed using NHSI's Single Oversight Framework (SOF). This consists of 5 financial metrics where a score of 1 is the highest score and 4 is the lowest score.

The metrics and scores are:

- Liquidity Ratio (score 3)
- Capital Servicing Capacity (score 4)
- I&E Margin (score 4)
- I&E Margin Distance from Plan (score 2)
- Agency spend (score 1)

10.11 Capital

In recent years the Trust has invested heavily in capital and received funding relating to Integrating Hospital Services in Staffordshire. The overall capital funding available reduced in 2017/18 however the Trust continued to invest in the retained estate with overall capital expenditure of £18.34m (£50.5m in 2016/17). The main areas of investments were:

| Capital Spend | 2017/18 £'000 |
|---|------------------|
| Medical Assets: | |
| Haemodialysis Machines: In-centre replacement machines | 299 |
| Neonatal Ventilator Replacement | 152 |
| PCA (patient controlled analgesia) pumps | 262 |
| Other Medical assets | 2,302 |
| Total medical assets | 3,015 |
| ICT Schemes: | |
| Strategic Infrastructure Development (Servers) | 460 |
| Central Replacements of PCs, Laptops and handheld Devices | 573 |
| Cyber security | 547 |
| Other ICT Schemes | 1,713 |
| Total ICT Schemes: | 3,293 |
| Other Schemes | |
| PFI capital | 2,923 |
| Service Reconfiguration schemes | 2,763 |
| PFI beds/NIV | 2,727 |
| Estates and General works | 3,619 |
| Total: | 18,340 |

The capital spend has been funded by a combination of internally generated funds, donations, grants and PDC funding for Cyber Security and the Urgent Treatment Centre.

A11. Sustainable Performance and Development

We are committed to demonstrating leadership in sustainability and developing a world-class healthcare system that is financially, socially and environmentally sustainable. In order to deliver this, our Sustainability team continues to implement the Sustainable Development Management Plan (SDMP): *'Our 2020 Vision: Our Sustainable Future'*. Here we provide you with some of the key initiatives undertaken during the financial year 2017/18.



Waste Management – Innovation and Contractual Change

Our Sustainability Team has been working hard to improve the quality of waste segregation and safely declassify a large proportion of waste from 'hazardous' to 'non-hazardous'. This has enabled a huge opportunity and freedom to transport and dispose of waste in a different way; no longer requiring the use of a specialist, clinical (hazardous) waste disposal contractor and disposal facility.

With this opportunity, the Trust have partnered and entered into a contract with a local waste haulier and Stoke (municipal) Waste to Energy plant to accept non-hazardous waste (offensive and domestic) as a 'mixed' waste stream for disposal. This disposal facility produces energy from household waste on behalf of local authorities and for the first time the NHS, with UHNM being the first Trust to achieve this nationally.



In order to realise this opportunity, it was essential to ensure the safe and efficient storage of offensive and domestic waste as a 'mixed' waste stream prior to disposal. As such, we received delivery of two new waste compactors at the Royal Stoke site in order to replace the existing antiquated infrastructure.

Project benefits include:

- Cost savings through negating the requirement for a clinical waste contractor
- Use of a local transport company means fewer transport miles and emissions
- Use of local transport and disposal facility bolsters the local economy
- Storing waste as 'mixed' means easier handling and efficient use of space within the service yards.

Energy and Water Efficiency Schemes

Our Sustainability and Operational Estates teams have worked in partnership to implement a portfolio of small (revenue funded) energy and water efficiency schemes across both the Royal Stoke and County Hospital sites. Schemes include; installation of additional LED lighting, pipe insulation, urinal controls and secondary glazing.

In partnership with colleagues from Infection Prevention, Facilities Management and Estates Capital, 56 high efficiency hand dryers have been installed within the retained estate non-clinical bathroom areas. Resultant savings are based on reduced paper towel usage, therefore offsetting both purchase and disposal costs.

Saving Lives with Solar - Community Energy Scheme



In 2016, the award winning ‘Saving Lives with Solar’ Community Energy scheme installed over 1,000 roof-mounted Solar Photovoltaic (PV) panels on the Royal Stoke and County Hospital roofs. Uniquely, the project value of £335,600 was entirely funded by investment from the public.

The scheme is a first of its kind for the NHS and has only been possible due to the partnership between UHNM, Southern Staffordshire Community Energy Limited (SCELE) and local fuel poverty charity ‘Beat the Cold’.

Vulnerable patients (those identified with a health condition that is at risk of becoming exacerbated by living in a cold and damp home) are now being referred by clinical teams in Respiratory and Elderly medicine to Beat the Cold.

The solar panels are now generating as expected, and the solar energy Feed-in-Tariff revenue is accumulating into a ‘Community Fund’, used by Beat the Cold to provide referred patients with a home visit upon discharge in order to help facilitate a safe temperature and affordable warmth.

Due to the innovative and high profile nature of the scheme, Beat the Cold has attracted additional funding from both public and private sector organisations to expand the delivery of the intervention. This means that the team are challenged with ensuring that sufficient numbers of patients are referred in order to meet the funding requirements.

NHS Sustainability Day – Campaign Roadshow

Our Sustainability Team were delighted to host a national NHS Sustainability Day Campaign Roadshow. UHNM were one of four trusts hosting this national event, making UHNM the focus of a wide range of Estates and Sustainability professionals from other health care providers within the Midlands and beyond.

The event allowed the Sustainability team the opportunity to showcase key projects and innovations whilst also networking, gathering best practice ideas and benchmarking ourselves against others to enable future project development.

A12. 2017/18 Highlights Overview

Care Quality Commission Inspection

The Care Quality Commission inspected our services in October 2017 and whilst our overall rating of 'Requires Improvement' had not changed since our previous inspection in 2015, the inspection team acknowledged that a number of significant improvements had been made. We were delighted that they rated us as 'Outstanding' across all core services within the Caring domain. Improvements were also realised in the Effective and Well Led domains where we were rated as Good and the Responsive domain had advanced from Inadequate to Requires Improvement. Our ratings are shown below:

| Overall rating | Requires improvement | Requires improvement |
|--------------------------|----------------------|----------------------|
| Are services safe? | Requires improvement | Requires improvement |
| Are services effective? | Good | Good |
| Are services caring? | Outstanding | Outstanding |
| Are services responsive? | Requires improvement | Requires improvement |
| Are services well led? | Good | Good |

New £1m Radiology Day Case Unit

We opened a new £1m Radiology Day Case Unit at our Royal Stoke University Hospital site at the beginning of the year. The unit, which treats vascular, stroke, neurology and oncology patients requiring Interventional Radiology, was officially opened by Dr Nicola Strickland, President of the Royal College of Radiologists.

We're delighted to have this outstanding new facility for patients who require Interventional Radiological treatment.

The area can treat up to nine patients at a time, which means not only will it vastly improve patient experience, but we can carry out an additional 750 day case procedures a year, which would otherwise have occupied an inpatient bed.

Dr Nicola Strickland, President of The Royal College of Radiologists, said that she was delighted to be able to open the new Radiology Day Case Unit as it is a real exemplar of good practice in the United Kingdom. She said that the unit should act as a beacon for other centres around the country and that patients will continue to benefit enormously from all the expertise at the hospital.



Major Trauma Centre

Our Major Trauma Centre was rated for having the best total rolling survival rates of any adult major trauma single site centre since 2013. The figures published by the Trauma Audit and Research Network (TARN) show that for every 1,000 major trauma patients treated at UHNM, 13 more survived who would otherwise not have been expected to.

In addition, the Centre also had the best survival rates for adult major trauma in 2015/16.



Stoke International live Endoscopic Retrograde Cholangio-Pancreatography (ERCP) Symposium

Some of our clinicians hosted a live international endoscopy symposium in late April 2017. The Endoscopic Retrograde Cholangio-Pancreatography (ERCP) symposium, the second international event to have been organised by the Endoscopy team, is the only one of its kind to be held in the UK. An ERCP is a type of x-ray and camera examination that enables examination and/or treatment of conditions of the biliary system (liver, gall bladder, pancreas, pancreatic and bile ducts).

This dedicated ERCP symposium is one of its kind in the UK. Live ERCP cases were beamed from Royal Stoke University Hospital, the Asian Institute of Gastroenterology in Hyderabad and St Thomas Hospital in London. The internationally renowned ERCP expert Dr Nageshwar Reddy was part of the faculty and the symposium has received excellent feedback. This will become a bi-annual event and really puts UHNM at the forefront of sharing our experience with colleagues from across the world.



Our AMU Nursing Team are Sepsis Champions

A special team of nurses are helping to save lives. Our Sepsis Champions take the lead in raising awareness of and enabling staff to identify the potentially deadly condition. Based on the Acute Medical Unit (AMU), the Champions also work with staff across the Trust to enhance education and adherence to essential guidelines. Sepsis is a rare but serious complication of an infection. Without quick treatment, it can lead to multiple organ failure and death.

The Sepsis Champions were given the Team of the Month award following their achievements and their dedication towards increasing the quality of care for our patients.



UHNM and Keele host Suturing Course

With our faculty support, the Keele Surgical Society (KSS) hosted a historic regional event aimed at suturing and surgical skills.

Over 40 delegates from across the Midlands attended an all-day suturing and tissue handling surgical skill course. The event, which was held in our Clinical Education Centre, was delivered by 15 surgical faculty members. The one day course ended with a competitive suturing competition, where all delegates showed passion and perseverance during the day to master the basic suturing techniques.

Delegate feedback was extremely positive towards conducting further events in the future and so we aim to do this in order to raise the profile of our medical school, KSS and ourselves.



Long Service Recognised at Awards

In May 2017, more than 325 staff celebrated landmark years of service at University Hospitals of North Midlands.

Over 100 of the staff attended Long Service and Retirement Awards in front of an audience of 200 people.

Amongst those recognised audiologist Neal Ratcliffe (pictured) holds the record for the longest service with over 45 years and received his retirement award on the day.



We are extremely proud of our people's commitment and loyalty. Our long service and retirement awards is one of the ways in which we celebrate and recognise the great contribution that our people have made over many years. The event involves presenting awards for staff who have worked at the Trust for 20, 30 and 40 years' service without any breaks in service, which is a fantastic testament to their commitment.

We also issue retirement awards for people who have completed a minimum of 20 years continuous service without any breaks in service within any NHS organisation. The event is held annually and those attending were there to both celebrate the service of our staff and to catch up with old friends and colleagues.

County Hospital Bariatric Surgery – 100 Patients

In June 2017, we reported that our Bariatric Surgery service at County Hospital in Stafford had completed 100 surgical procedures. This was an important milestone demonstrating the safety of the service since it began in December 2016, which has now moved to a new permanent seven bed unit at the hospital.

The success of the department has resulted in it being approached to take patients from across the West Midlands and North West.



The unit operates 23 hours a day and treats 350 patients a year. With this, the unit at County hospital will be the leading bariatric centre in the West Midlands with potential to become a centre of excellence in the country. There are four bariatric consultants at County Hospital with a 50-strong support team of specialist nurses, dieticians, endocrinologists, anaesthetists and secretarial staff.

Physiotherapy Staff Service Launch

In August, we launched a physiotherapy service for our staff which aims to support staff health and wellbeing. Staff are able to self-refer for Physiotherapy assessment and treatment of acute musculoskeletal problems.

The staff service includes physiotherapy for:

- Musculoskeletal (MSK) injuries with a history of less than two weeks
- Immediate Post-operative Orthopaedic surgery
- Immediate Post-fracture
- Acute flare ups of more chronic musculoskeletal conditions



'Operation' Came to Royal Stoke

A giant version of the classic board game 'Operation' came to our Royal Stoke site in September 2017 to help promote organ donation.

NHS Blood and Transplant brought their larger than life sized version of the game to our main entrance and players were able to use giant tweezers to remove organs from Cavity Sam whilst trying to avoid the dreaded buzzers.

The purpose of this game was to encourage players to talk about organ donation with their families.



First for Onsite 3D Model, Print and Surgery

Our maxillofacial cancer surgery and anaesthetic team became the first in the country to offer 3D computer modelling, printing and reconstructive surgery all under one roof. The innovative technology, which is used as part of facial reconstruction in cancer patients, enables clinicians to restore features using exact, customised models. The same team also introduced an airway management technique called 'THRIVE', which uses high flow and humidified oxygen to safely sedate and maintain oxygenation during the prolonged apnoeic period before patients go to sleep.



Surgical Nurse Practitioners Help to Improve Care

Our surgical nurse practitioners (SNPs) now form part of a fully integrated service for patients, relatives, nursing and medical staff at the Trust.

SNPs have provided a high level of patient-centred care for over 20 years, but this year the team has developed from its original remit as an out-of-hours service providing only emergency treatment to one which is operational 24-hours-a-day, seven days-a-week.



International Recognition for Cardiology Research

Recognition of the Cardiology Research taking place here is growing globally and will continue to do so as one of our Professors presented the findings of a worldwide study at an international meeting in Paris.

EuroPCR, the annual meeting of the European Association of Percutaneous Cardiovascular Interventions (EAPCI) was held in May 2017. The meeting sees 12,000 delegates in attendance each year from around the world.

We were named the highest recruiting site in the UK to the 'e-ULTIMASTER' trial, which looks at patients who have received treatment with the Ultimaster Coronary Stent. Our success in this trial shows that cardiology research here is world class and data from the study will facilitate research that will improve patient care and clinical outcomes.

Lymphoedema Nurse Puts us on the Map!

One of our nurse specialists has enhanced our reputation on a national scale by speaking at several high-profile conferences in 2017, including the British Lymphology Society Annual Conference, the British Journal of Community Nursing Annual Lymphoedema Conference and the Internal Vein Congress.

Rebecca has also won an award from the British Journal of Nursing, published a number of articles in highly-regarded medical journals and helped to develop the lymphoedema service at the Trust.

Lymphoedema is a distressing and disabling condition which affects people of all ages and for a variety of reasons.



First of a Kind Nutrition Conference was a Success

Patients and staff gathered at the Moat House Hotel in Stoke-on-Trent in October 2017 for a first of its kind UHNM Nutrition and Dietician conference. The conference was aimed at raising awareness around promoting good nutrition and healthy eating for patients and staff.

This conference was set up to celebrate and showcase the diversity of dietetics here. We're committed to educating our staff about some of the frequently asked nutrition questions and also highlighted how important nutrition can be in a patient's recovery.



Children in Need Pudsey Visited

We were delighted to welcome Pudsey from BBC Children in Need to Royal Stoke University Hospital.

He travelled around the hospital and met with lots of children and staff.

Photos were published via our Facebook page and our Newsletter.



HRH the Duchess of Cornwall Visited

We were delighted to welcome HRH The Duchess of Cornwall in November 2017, who visited to learn about the vital role the NHS plays in tackling domestic abuse.

During the visit the Duchess met UHNM staff and patients in Children's A&E and Adult Minor Injuries on a tour of A&E.

SafeLives, a national domestic abuse charity, and local charity, Arch, hosted the Duchess on her visit. During the visit, the Duchess spent time with domestic abuse professionals from the local service, specialist domestic abuse charity Arch.



Her Royal Highness also met people affected personally by domestic abuse and took the time to talk to survivors as well as those who have lost a loved one to domestic abuse.

Christmas Appeal for the Elderly

At Christmas we witnessed the grace and generosity of the people of Stoke-on-Trent and Staffordshire.

It took us four weeks to count, sort and deliver all of the presents donated to our Elderly Patients Christmas Appeal but when we were done, Stoke-on-Trent and Staffordshire had given our elderly patients 5,500 Christmas presents.

We were absolutely delighted with the response!



Keep Stoke Smiling

Our Orthodontic team launched a #keepstokesmiling campaign on. The team, who are internationally famous for producing nice smiles, wanted to make sure the smiles match the good nature of the people of Stoke. The five-strong consultant-led team have treated thousands of children and adults from across the North Midlands, transforming both their teeth and their lives.

The department strives for excellence and its motto of 'good enough is not good enough' is very apparent when you visit the clinic. They've covered the walls and display cabinets display with certificates and trophies for the straightest teeth and perfect smiles.



Happy Integration Day County Hospital!

Wednesday 1 November 2017, marked the third year since County Hospital was integrated into University Hospitals of North Midlands.

In that time County Hospital has seen a wholesale transformation following a record £47m investment programme, which has enhanced and improved patient care and services. We produced an exclusive County Celebration magazine to highlight the fantastic work that has gone on over the past three years at County Hospital.



**Paula Clark, Chief Executive
25th May 2018**

Part B: Accountability Report



CORPORATE GOVERNANCE



B1 Corporate Governance Report

The Trust Board is responsible for the running of our Trust, setting its strategy and overseeing the way it operates. The establishment of the Board is a Chairman and six Non-Executive Directors along with six Executive Directors, who are full-time employees of the Trust. A number of other Directors also sit with the Board but do not have voting rights.

During 2017/18 and up to the signing of the Annual Report and Accounts, the composition of our Trust Board included all Executive and Non-Executive Directors shown overleaf. The Chairman of the Trust between 1 April 2017 and 3 August 2017 was John MacDonald. Stephen Burgin then took up the role of Acting Chairman from 4 August 2017 for the remainder of the financial year.

Reporting directly into our Trust Board are five key committees, each Committee is chaired by a Non-Executive Director. Details of Committee membership are shown overleaf, along with a description of any directorships or other significant interests held.

Directors Report – Voting Members of the Trust Board (Non-Executive)

John MacDonald, Chair

From August 2011 to August 2017



Committees:

Nomination & Remuneration Committee (Chair)

Interests Declared:

- MacDconsult Ltd. providing management consultancy services to the NHS.
- Previous System Leader for the Staffordshire Sustainability and Transformation Programme.
- Chair of Sherwood Forrest NHS FT

Stephen Burgin, Acting Chair (Non-Executive Director)

From September 2014 (Acting Chair August 17 to April 18)



Committees:

- Finance & Performance Committee (Chair)
- Audit Committee (temporarily stood down during period of Acting Chair)
- Nomination & Remuneration Committee (Acting Chair)

Interests Declared:

- Non-Executive Director of Off Grid Energy Ltd.
- Deputy President of French Chamber of Great Britain
- Chair of South Staffordshire College
- Director / Co-Founder of IEI Group

Andrew Smith, Non-Executive Director

From March 2012



Committees:

- Quality Assurance Committee (Chair)
- Audit Committee
- Nomination and Remuneration Committee

Interests Declared:

- Sole Owner of Sund Sammen Ltd
- Trustee of Ministry at Work, Frontline Dance
- Governor of Abbey Hill Special School
- Msc Student at Keele University

Nicholas Young, Non-Executive Director

From September 2014



Committees:

- Professional Standards & Conduct Committee (Chair)
- Quality Assurance Committee
- Charity Committee

Interests Declared:

None

Sonia Belfield, Non-Executive Director

From July 2016



Committees:

- Professional Standards & Conduct Committee
- Quality Assurance Committee
- Nomination & Remuneration Committee

Interests Declared:

HR and Board Director of Adient UK Ltd.

John Marlor, Non-Executive Director

From September 2011



Committees:

- Charity Committee (Chair)
- Audit Committee (Chair)
- Finance & Performance Committee
- Nomination & Remuneration Committee

Interests Declared:

Trustee (Chair of Audit Committee) Catch22 Charity Limited

Andy Hassell, Non-Executive Director

From April 2017



Committees:

- Quality Assurance Committee

Interests Declared:

Head of School of Medicine at Keele University

Directors Report – Voting Members of the Trust Board (Executive)

Paula Clark, Chief Executive

From October 2016



Committees:

Trust Executive Committee (Chair)

Interests Declared:

Trustee of NHS Providers.

Ro Vaughan, Director of Human Resources

From December 2014



Committees:

- Trust Executive Committee
- Quality Assurance Committee
- Professional Standards & Conduct
- Finance & Performance Committee

Interests Declared:

Governor at Stoke on Trent College

Liz Rix, Chief Nurse

From August 2009



Committees:

- Trust Executive Committee
- Quality Assurance Committee

Interests Declared:

Nothing to declare.

Helen Ashley, Chief Officer – Finance & Performance

From January 2017



Committees:

- Trust Executive Committee
- Finance & Performance Committee

Interests Declared:

Nothing to declare.

Richard Beeken, Chief Operating Officer

From May 2017 to February 2018



Committees:

- Trust Executive Committee
- Finance & Performance Committee
- Quality Assurance Committee

Interests Declared:

Nothing to declare.

John Oxtoby, Medical Director

From May 2017



Committees:

- Trust Executive Committee
- Quality Assurance Committee
- Professional Standards and Conduct

Interests Declared:

- Director of Dawn River PLC
- Married to Julie Oxtoby, Vice Chair of North Staffs GPS Federation

B2. Annual Governance Statement (AGS)

3.1 Scope of Responsibility

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

3.2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

3.3 Capacity to Handle Risk

The Trust's Risk Management Policy was rewritten during 2017/18 as part of an improvement programme entitled 'Risk Management Improvement Collaborative'. This improvement programme focussed on five key objectives:

- Agreeing 'key principles' for Risk Management
- Revising the Risk Management Policy
- Strengthening the role and function of the Executive Risk Oversight Group
- Provision of education and training to support implementation of the revised Policy
- Improving the quality of Risk Registers through direct support with Divisions

An ongoing programme of Risk Management Training, using a 'workshop' based approach is available to staff; whilst open to all, this is targeted at those with specific roles in risk assessment and management. The sessions are led by the Corporate Governance Team. These 'action based' learning sessions walk candidates through the Risk Management Process, giving clarity on all aspects of Risk Assessment with opportunities for group work to apply learning. Evaluated feedback has proven this to be a successful approach.

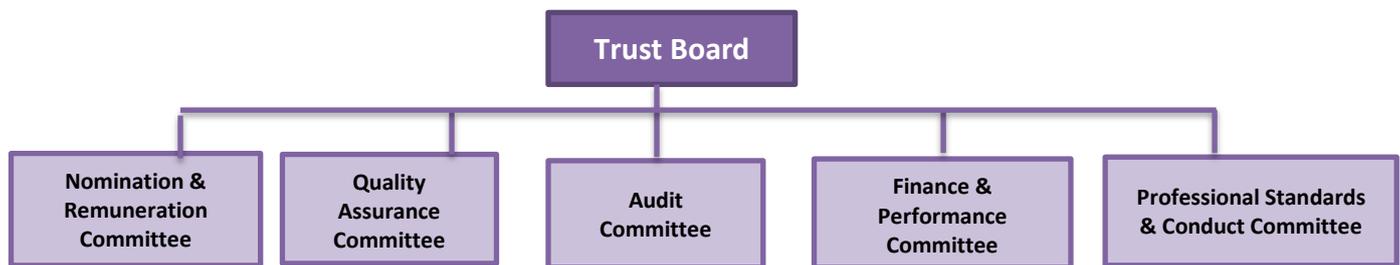
An ongoing programme of quarterly audits has been established to monitor implementation of the policy. These are reported to the Executive Risk Oversight Group. Good practice is identified and shared with Risk Owners as a means of providing ongoing support in implementing the Risk Management Policy.

Our risk management framework has been reviewed by our Internal Auditors who have concluded their report with a 'significant assurance' rating. Whilst this recognises the improvements that have been made, our key focus for 2018/19 will be around a refresh and further improvement to our Board Assurance Framework and processes to ensure identification of risk are robust, which we expect will be reflected in an increase in the number of risks on our risk register.

3.4 The Risk and Control Framework

Reporting Lines between the Board, its Committees and the Executive Team

The reporting lines between the Board and its Committees are illustrated below:



The Board comprises a Chair and six Non-Executive Directors. The Chief Executive is accountable to the Chairman and there are six Executive Directors who are accountable directly to the Chief Executive.

Key Elements of the Risk Management Policy

The Risk Management Policy sets out a clear framework for the management of risk and includes a number of key elements, which are described below.

The Risk Management Policy sets out a 'dual' approach to the **identification of risk**:

- Proactive risk identification focuses on our objectives with consideration given to any risks which may threaten achievement of those objectives
- Reactive risk identification is undertaken in the event of an adverse incident or ongoing issue and provides opportunity to consider and to identify future risk (i.e. recurrence of an adverse incident)

Evaluation of risk is undertaken through utilisation of a risk scoring matrix. We use the National Patient Safety Agency tool, which we have modified slightly in respect of information security. Risk is evaluated using the following components of scoring:

- Likelihood of the event occurring
- Impact or consequence of the event occurring

Control of risk is undertaken through the implementation of 'risk reduction action plans'. Controls are described as any measure designed to reduce likelihood and / or impact of risk. These are monitored as part of the Risk Register and in accordance with our risk escalation, oversight and reporting framework.

Setting an agreed **risk appetite** is the responsibility of the Trust Board. A Trust Board Seminar was held in January 2018, which engaged Board members in the development of a Risk Appetite Statement, to be used alongside the Board Assurance Framework (BAF) during 2018/19.

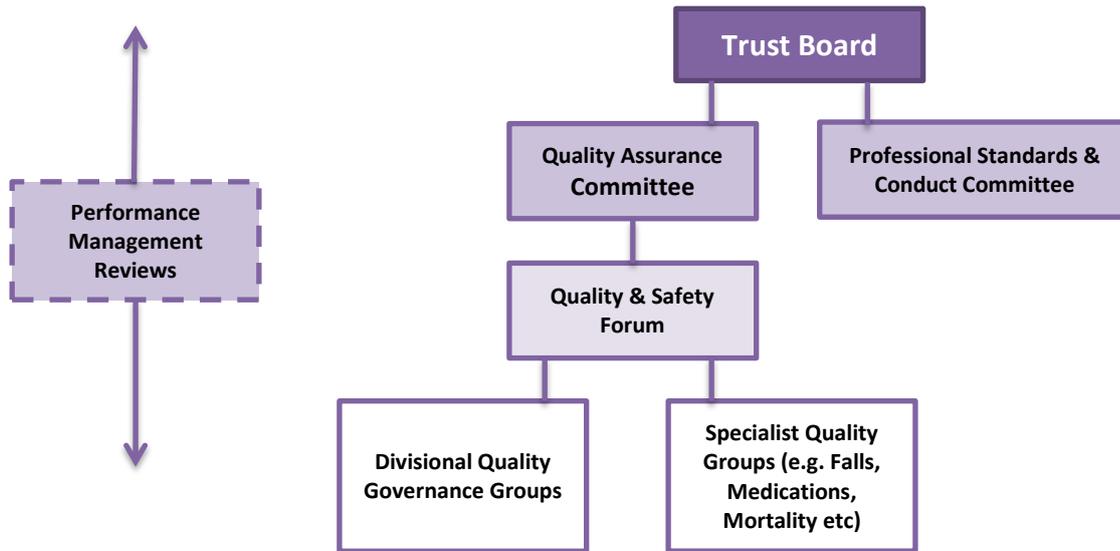
Performance Management

Performance information is assessed at a variety of levels throughout the organisation. The Trust Board receive a monthly Integrated Performance Report covering all aspects of performance under the headings of Finance, Quality, Workforce and Operational Delivery. In addition, specific performance related reports in respect of finance, quality and workforce are scrutinised by the Board. The Integrated Performance Report is also presented to the Finance & Performance Committee and executively at the Trust Executive Committee.

Our Performance Management Framework is well established, with monthly Performance Management Reviews held with each of the four clinical divisions each month. These are chaired by the Chief Executive, with an Executive Review Panel comprising the Chief Operating Officer, Chief Nurse, Medical Director, Director of Human Resources and Director of Business Development. Divisional Management Teams also hold Performance Management Reviews with each of their Directorates.

Quality Governance Arrangements

Our Corporate Quality Governance structure is well established and embedded, with multidisciplinary engagement across the organisation. The following provides an illustration of this structure:



During the year our Internal Auditors reviewed our Divisional Governance arrangements and in particular their application of our ‘Divisional Rules of Procedure’. Whilst it was recognised that the Rules of Procedure provide a clear governance framework for our Divisions, it was clear that the framework is not yet being universally applied and that there is a need for us to review the effectiveness of these structures and to ensure that duplication is removed. In view of this, we will be revisiting our governance arrangements in order to address the findings of this review.

Data Quality

Our Data Quality Team have a suite of reports to assure that risks to the quality and accuracy of our data are minimised and our Internal Auditors conduct annual audits, which provide us with a source of assurance.

However, we have faced particular difficulties with the accuracy and reliability of our elective waiting list information following the ‘go live’ of our new IT system in 2016/17. This has presented data quality concerns around the reporting of our 18 week Referral to Treatment information. We have been in dialogue with our regulators around this issue and have a programme of work in place to improve the quality of reporting.

Risks associated with the accuracy and reliability of our elective waiting list information are featured within our Corporate Risk Register and are being managed in accordance with our Risk Management Policy.

Care Excellence Framework (CEF)

Our Care Excellence Framework (CEF) is the means by which assurance on compliance with Care Quality Commission standards is obtained on a routine basis. The CEF is a unique, integrated tool of measurement, clinical observations, patient and staff interviews, benchmarking and improvement. It is an internal accreditation system providing assurance from ward to board around the CQC domains of Caring, Safety, Effectiveness, Responsive and Well Led. The framework provides an award system for each domain and an overall award for the ward / department based on evidence.

The CEF is supported by a bespoke IT system, acting as a data warehouse to store a suite of measures, with the ability to triangulate and present high level and granular information at ward/departmental level therefore ensuring that ward visits are intelligence driven and tailored. Managers are able to interrogate the system and benchmark themselves against others. The measures provide robust information to identify areas for improvement and areas of good practice. The clinical area is supported to develop and deliver a bespoke improvement plan and spread good practice.

Every ward has at least one Excellence visit per year reviewing all domains and receives ad hoc visits throughout the year to seek assurance with regards to individual domains. The CEF is delivered in a supportive style fostering a culture of learning, sharing and improving, and reward and recognition for achievement. The IT system demonstrates improvements and trends over time and helps to benchmark and spread excellence across the organisation.

Ahead of our inspection by the Care Quality Commission, our Internal Auditors undertook a readiness assessment, which was undertaken in the format of a ‘mock-inspection’. This review recognised that the CEF aims to improve and standardise services and confirmed that wards and departments were able to describe their rating and plans for improvement. The review concluded with an assurance rating of ‘Significant Assurance with Minor Improvements’, which was reported to our Audit Committee.

The Care Quality Commission recognised the CEF as a ‘robust quality improvement process which had been fully embedded and was driving improvements and encouraging excellence in all areas’.

We are fully compliant with the registration requirements of the Care Quality Commission.

Risks to Data Security

Our Information Security Policy sets out high level guidance intended to preserve aspects of our information and our information systems, including confidentiality, integrity and availability. The Information Security Policy is part of a collective assurance framework which is used in conjunction with a range of other policy.

Breaches in information security are regarded as adverse incidents and are managed and monitored in accordance with our Incident Reporting Policy. Future risks associated with Information Security are included on our Risk Register and are managed in accordance with our Risk Management Policy.

The Information Governance Steering Group, responsible for oversight of our compliance with the Information Governance Toolkit, has responsibility for overseeing mitigation of risks relating to information security.

Significant Risks

Significant risks are identified in accordance with our Risk Management Policy and are overseen by the Trust Board and its Committees through the Board Assurance Framework. Significant risks are defined as those which would threaten the achievement of our Strategic Objectives and are captured within our Board Assurance Framework. Risk assessments are updated regularly and at least on a quarterly basis, reflecting both in year and future risks. Risk Assessments include clear risk reduction plans which identify the actions that will reduce their likelihood and / or impact alongside the individuals responsible for taking action. The risks identified below provide a summary of those set out within our Board Assurance Framework:

| Strategic Objective 1: Provide safe, effective, caring and responsive services | | |
|---|-------------------|---|
| Summary of Risk | Risk Level | Key Actions |
| Uncontrolled demand for our services, exceeding capacity, which may compromise quality of care | Extreme 20 | <ul style="list-style-type: none"> Implementation of the Local Health Economy System Led Review (by CQC) Action Plan. Review of feedback from independent external reviews and identification of further actions to be taken. |
| Availability of sufficiently trained clinical workforce, which may compromise quality of service provision | High 12 | To enhance the reporting capability to cover all areas as the current report only covers ward staffing and reflects nursing and midwifery. |
| ‘Escalation areas’ being open as a result of increased demand and our ability to staff these areas sufficiently | Extreme 16 | Undertake review of staffing levels on nursing staff and less frequently for other groups. |
| Strategic Objective 2: Achieve NHS constitutional patient access standards | | |
| Summary of Risk | Risk Level | Key Actions |
| Overcrowding within our emergency portals compromising patient flow through the organisation | Extreme 16 | <ul style="list-style-type: none"> Review of UHNM and LHE escalation and winter plans on-going with A&E Delivery Board. Patient Safety Summit with ED MDT to be organised. The outcome of the Patient Safety Summit will be discussed at the next or an extraordinary QAC. |

| | | |
|---|-------------------|---|
| | | <ul style="list-style-type: none"> A&E Delivery Board to formally evaluate the Winter Plan Schemes and whether they have mitigated risks. |
| Availability of appropriately trained medical staffing to deliver an optimal service | Extreme 16 | <ul style="list-style-type: none"> Continued implementation and review of workforce plans and Divisional recruitment strategies. Reduction of agency / locum usage balanced with clinical safety across all areas. Approval of ED Workforce Strategy and Acute Medicine Strategy. |
| Ability to discharge / transfer medically fit patients in a timely manner as a result of insufficient community care capacity | Extreme 15 | <ul style="list-style-type: none"> Continued work on LHE capacity planning with partners via A&E Delivery Board to work to close capacity deficits in and out of hospital. Resetting evidence based discharge targets per day for the LHE. |
| Capacity versus demand for elective care to achieve the Referral to Treatment (RTT) constitutional standard | Extreme 16 | <ul style="list-style-type: none"> Continued roll out of the ITV programme and associated business cases. 31/3/18 Development of Performance Management Processes around Planned Care Recovery through the AD role. As part of the Annual Planning Process, implementation of the IST demand and capacity model by speciality. |
| Strategic Objective 3: Achieve excellence in employment, education, development and research | | |
| Summary of Risk | Risk Level | Key Actions |
| Levels of staff turnover and ability to recruit which may impact upon sustainability of some services | Moderate 6 | No further action at present unless there is a change in the data / trends. |
| Promotion of education and research opportunities which enable us to attract and retain staff | Moderate 6 | <ul style="list-style-type: none"> To improve reporting to the Trust Board via bi-annual undergraduate report To introduce reporting from Postgraduate Training to the Trust Board |
| Strategic Objective 4: Lead strategic change within Staffordshire and beyond | | |
| Summary of Risk | Risk Level | Key Actions |
| Improvements in productivity to achieve our Financial Recovery Plan (FRP) | Extreme 20 | To provide sufficient resources to Divisions in order to implement responsibilities over and above day to day requirements |
| Clinical Commissioning Groups (CCG's) unable to repatriate work leading to an inability to increase activity and associated income levels | Extreme 20 | To work with the STP to develop planned care networks |
| Health and Social Care being unable to provide admission avoidance schemes leading to a blockage in our resources | Extreme 25 | <ul style="list-style-type: none"> To provide accurate data as to what the demand in hospital is To ensure that Red2Green operates optimally. |
| Multi-service Community Providers not leading to the development of robust community services | High 12 | To provide support of acute expertise to other Alliance Boards once established |
| Strategic Objective 5: Ensure efficient use of resources | | |
| Summary of Risk | Risk Level | Key Actions |
| Services not being delivered within agreed budgets leading to an inability to achieve the Financial Plan | Extreme 20 | Governance associated with C3 Panel to be enhanced from mid-February 2018 onwards. |

NHSI Well Led Framework

In October and November 2017 the Good Governance Institute undertook an assessment as to whether our services are well led in accordance with NHS Improvement's Well Led Framework. The findings were positive, with some themed areas identified for further development. These have been used by the Board to shape its improvement priorities, with work around strategy development and integrated performance reporting already underway at the end of the financial year 2017/18.

Following our inspection by the Care Quality Commission, we received an improved rating of 'good' for the Well Led domain. They found that there was a positive culture that supported and valued staff with a sense of common purpose and a focus on patient quality and safety. They found that managers at all levels had the right skills and abilities; that governance systems were well embedded with a systematic approach to monitoring and they found services to be well engaged with staff and the public.

However, they found that staff within theatres felt less engaged and supported than other areas of the organisation and so this is a key area of focus for our Organisational Development plan.

Incident Reporting

Our Policy for Reporting and Management of Incidents aims to provide, so far as is reasonable practicable, an environment which is free from risks to health and safety. Our staff are required to behave in a manner which will not pose a risk to their or anyone else's health and safety.

Our policy is designed to openly encourage that all adverse incidents and near miss events are promptly reported, accurately documented, properly investigated and any learning shared and acted upon. Serious Incidents where there are opportunities for Trust wide learning are reviewed by our Risk Management Panel which is chaired by our Deputy Medical Director. Analysis and trends associated with adverse incident reporting is monitored at various levels within our quality governance framework, including a high level analysis to the Trust Board.

In July 2017, our Internal Auditors reported on our processes with regard to the management of Serious Incidents and assessed whether our policies were effective for staff to respond to a Serious Incident. The report identified a number of areas for improvement associated with incident reporting and investigation, policies, ensuring that lessons are learned, monitoring and reporting of Key Performance Indicators and training. Whilst work has been undertaken to make improvements in these areas during 2017/18, this continues to be a key area of focus going into 2018/19.

NHS Provider Licence

The principal risks to compliance with the NHS provider licence are in relation to our financial position and these are reflected within our Risk Register and Board Assurance Framework. We have developed a Financial Recovery Plan (FRP) which sets out how we will mitigate those risks and bring the organisation back into financial balance. The Finance and Performance Committee and the Recovery Programme Board have a key role in oversight of the FRP and ongoing scrutiny by our regulators at NHS Improvement continues in accordance with the requirements of being in Financial Special Measures.

In our annual declaration against the NHS Provider Licence, the Board has reflected on a number of significant challenges in respect of our constitutional targets; the impact of non-achievement of the 62 day cancer standard, 4 hour wait and Referral to Treatment. In addition to this the Trust Board recognises the implications of our significantly challenged financial position which has resulted in us being placed into Financial Special Measures and has therefore taken a decision that we have not met the requirements of our licence and must ensure a robust approach to operational and financial recovery.

Equality Impact Assessments

Our Equality and Diversity Policy aims to promote equality and diversity and value the benefits this brings. It is our aim to ensure that all staff feel valued and have a fair and equitable quality of working life. Equal opportunities and the embracing of diversity are central to everything we do as an organisation to create a workplace in which people feel valued, treating people fairly and with dignity and respect at all stages of the employment process from recruitment to termination of employment; access to learning and development and career progression.

Our policy ensures that Equality Impact Assessments are integrated into core Trust business, including on services, organisation change and on appropriate policies/procedures. These are monitored by our Human Resources Directorate.

NHS Pension Scheme

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

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

Sustainability

We have undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

3.5 Review of Economy, Efficiency and Effectiveness of the Use of Resources

In 2017/18 the Board agreed a financial plan with NHSI to deliver a year end deficit of £68.9m. Within this the plan we were required to achieve CIP savings of £50m and would receive £24.8m of Deficit Support and a refund of contractual fines of c£10m.

As we came into the financial year, we were issued with formal notification from NHSI that we had been placed into Financial Special Measures because although we had agreed a control total within the plan, there was a significant negative variance against the control total plan with a large deficit being forecast. NHSI outlined particular concerns in relation to the size of the planned 2017/18 deficit.

At the end of the financial year the Trust has a deficit of £71.3m against the planned deficit of £68.9m. The deterioration in the position was mainly due to the cost of additional capacity and lost elective activity over Winter totalling £7.8m, which was partly mitigated by national funding for the costs of Winter at £2.1m. Additional mitigation came from the over achievement of CIP schemes.

The Trust set itself a challenging CIP target for 2017/18 of £50m, equal to 6.5% of costs in the plan. The Trust was able to make £52.6m of savings in year. The main areas of savings in year related to reductions in workforce expenditure, specifically from premium pay reductions and skill mix efficiencies. Improvements were also made in clinical optimisation schemes, various income opportunities, and efficiencies from procurement and other non-pay savings.

Being placed into Financial Special Measures meant that a number of requirements were placed upon us including; a rapid diagnostic assessment to understand the underlying causes of our deficit, development and Board approval of a Financial Recovery Plan, intense oversight by NHSI of our activities and progress for the duration of being in Financial Special Measures and the appointment by NHSI of a Financial Improvement Director to oversee progress, provide challenge as appropriate and to determine further actions required.

In addition to measures outlined above, our existing governance framework, starting with the Board, performs an integral role in maintaining the system of internal control, supported by the Board Committees and internal and external audit.

The Finance & Performance Committee, chaired by a Non-Executive Director plays a key role oversight, scrutiny and seeking assurance in relation to ensuring economy, efficiency and effective use of resources. The Finance & Performance Committee reports directly to the Board after each meeting. The Audit Committee is responsible for reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control. In addition, a Recovery Programme Board has been established to provide specific oversight and scrutiny of the delivery of our Cost Improvement Programme.

The Internal Audit Plan is agreed by the Audit Committee and is focused on key risk areas, identified through the Board Assurance Framework and via escalation processes from other board committees. Follow up audits are also included in the plan to ensure that actions are implemented and improvements sustained.

Our external auditors give an expert and independent opinion on whether our financial statements are a true and fair view of the Trust's financial position at the end of the financial year. They also provide an expert and independent opinion on whether the financial statements comply with relevant laws. In carrying out their audit, they must have regard to aspects of corporate governance and securing economy, efficiency and effective use of resources.

During 2017/18 the Board has continued to receive a quarterly report on Key Performance Indicators. This includes trend data on a number of measures of efficiency and use of resources such as the sickness absence, bank usage, external agency usage, vacancy rates, delayed transfers of care and letter turnaround times. Reporting is by exception and focusses on the key areas of risk to achievement of targets, particularly in relation to NHSI's Single Oversight Framework (SOF).

3.6 Information Governance

All information governance breaches are reported via our incident management system. The Information Governance Team continues to monitor and review incidents to ensure these are investigated and where deemed serious, a root cause analysis is undertaken. From April 2017 to March 2018 the Information Commissioner's Office (ICO) was informed of a serious data breach relating to a subject access request. The request for the set of patient notes was processed accordingly. However, on receipt of the notes the recipient identified another set of notes had been incorrectly attached. The ICO has written to the Trust requesting further information.

3.7 Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. In order to ensure that our Quality Account presents a balanced view, we engage internal and external stakeholders in its development before presenting to the Quality Assurance Committee who will provide further scrutiny. The Quality Account is subject to external audit with the findings being shared as a source of assurance to the Audit Committee.

As with all of our performance data, controls are in place to ensure the quality and accuracy of information, which includes pre-validation, data quality review and Executive sign off. During the year, our Internal Auditors have undertaken a specific review of our elective waiting time data.

3.8 Review of Effectiveness

KPMG LLP were appointed as our Internal Auditors as of 29 July 2016. The objectives as set out in the Internal Audit Plan include ensuring the economical, effective and efficient use of resources and this consideration is applied across all of the work streams carried out. The findings of internal audit are reported to the Board through the Audit Committee and any recommendations arising from internal audit are tracked centrally to ensure that they are acted upon.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Internal Auditors, clinical audit and the executive directors and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account and other performance information available to me. My review is also informed by comments made by the External Auditors in their annual audit letter.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Internal Audit and External Audit. The system of internal control is reviewed and plans to address any identified weaknesses and ensure continuous improvement of the system are put in place. The process applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- The maintenance of a view of the overall position with regard to internal control by the Board through its routine reporting processes and its work on corporate risks;
- Review of the Board Assurance Framework and Risk Management and the receipt of internal and external reports on the Trust's internal control processes by the Audit Committee;
- Personal input into the controls and risk management processes from all Executive Directors and senior managers and individual clinicians; and

- Quarterly reports from the Quality, Safety and Compliance Department regarding national and local audit.

The Board's review of the risk and internal control framework is supported by the Head of Internal Audit Opinion, which provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of internal audit's work.

The Head of Internal Opinion on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control has given **partial assurance** for the period 1 April 2017 to 31 March 2018.

Internal Audit produce an annual risk based audit plan, which included the Executive team actively considering areas where there were either potential or known issues to incorporate. The Board Assurance and Risk Management review has contributed to the Trust's Risk Management Improvement Programme, which is described within this report. It is appropriate to focus on the use of Internal Audit resources on such areas and this has allowed the Trust to identify further issues and leverage best practice from other organisations.

They provide reports on a number of areas, specifically highlighting the potential risks have informed their work and opinions. For the financial year 2017/18, our Internal Auditors have issued four reports concluding with 'partial assurance with improvements required' (amber-red) and 'no assurance' (red). These conclusions included 18 high priority recommendations which are being used to inform our improvement programme for 2018/19.

- Treatment Initiative Payments (Waiting List Payments)
- Serious Incident Reporting
- Divisional Governance
- Financial Systems

In addition to this, our Internal Auditors have undertaken some 'advisory reviews' in respect of data quality. These have provided us with a more in depth understanding of the completeness of our data quality issues and are being used to shape and inform our improvement plan going forward.

3.9 Conclusion

As outlined within this report, there have been some key achievements during the year, particularly around our quality standards for infection prevention and VTE assessment, improvements to our risk management processes, our Care Excellence Framework process and achievement of Outstanding for Care in our inspection by the Care Quality Commission. However, we have continued to experience major issues in respect of our financial position, data quality and in particular the validation required to determine our position with regard to the Referral to Treatment target. We have been unable to achieve the 62 day cancer standard and have been unable to achieve the 4 hour target for our Emergency Department.

Paula Clark
Chief Executive
25th May 2018

B3 Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Secretary of State has directed the Chief Executive as Accountable Officer to prepare for each financial year a statement of accounts as set out in the Accounts Direction. The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs at University Hospitals of North Midlands NHS Trust and of its net resource outturn, application of resources and cash flows for the financial year.



In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

- Observe the Accounts Direction issued by the Department of Health, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out within the manual have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The responsibilities of an Accountable Officer, including the responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding University Hospitals of North Midlands NHS Trust's assets, are set out in Managing Public Money published HM Treasury.

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

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

I, as Accountable Officer, can confirm that, as far as I am aware, there is no relevant audit information of which the auditors are unaware. To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

In producing this Annual Report, all Directors and I have taken the necessary steps required to make ourselves aware of any relevant information and to establish that the Trust's auditors are aware of that information. In addition, I can confirm that this Annual Report and Accounts as a whole, is fair, balanced and understandable. I take responsibility for the judgment required in determining that these are fair, balanced and understandable.

**Paula Clark, Chief Executive
25th May 2018**

4.1 Remuneration Policy

Remuneration and terms of service for Executive Directors (i.e. Board voting and non-voting members), the Chief Executive and posts assigned to the 'Very Senior Manager framework' are agreed, and kept under review by the Trust Nominations and Remuneration Committee. This Committee monitors and evaluates the annual performance of individual directors, with the advice of the Chief Executive.



The annual work programme for the Committee includes an evidence based review and benchmarking of Executive Director salaries in comparison to national lower and upper quartile benchmarks. This exercise is undertaken in order to maintain awareness of arrangements in other organisations, which may be of relevance and any changes to Executive Director salaries are considered by the Committee on receipt of this information.

Where there is a vacancy in a permanently established post, it is usual practice to make a permanent appointment. All senior managers have a notice period of three months and Executive Directors have a notice period of six months. Non-Executive Directors are appointed with NHS Improvement on fixed-term contracts, which may be renewed. Compensation for early termination of Executive Directors provides payment in lieu of notice, except in cases of summary / immediate dismissal. Any termination payments which fall outside the standard provisions of the Contract of Employment must be approved internally by the Committee. Severance packages which fall outside the standard provisions of the Contract of Employment must be calculated using standard guidelines and any proposal to make payments outside of the current guidelines are subject to the approval of HM Treasury, via NHS Improvement.

4.2 Remuneration Salaries and Allowances

The table below sets out the amounts awarded to all Board members and where relevant, the link between performance and remuneration.

There have been no performance pay or bonuses paid to any of the Directors in either financial year.

The remuneration information disclosed in the tables 4.2, 4.3, 4.4 and 4.8 below have been subject to audit.

| Board Member | 2016/17 | | | | 2017/18 | | | |
|--|-----------------------|--|---|-----------------------|-----------------------|--|---|-----------------------|
| | Salary Bands of £5000 | Expense Payments (taxable) total to nearest £100 | All pension related benefits Bands of £2500 | Total: Bands of £5000 | Salary Bands of £5000 | Expense Payments (taxable) total to nearest £100 | All pension related benefits Bands of £2500 | Total: Bands of £5000 |
| Current Board Members: | | | | | | | | |
| Paula Clark Chief Executive | 120-125 | 42 | 12.5-15.0 | 135-140 | 195-200 | | | 195-200 |
| Liz Rix Chief Nurse | 145-150 | - | 37.5-40.0 | 185-190 | 150-155 | | 7.5-10.0 | 160-165 |
| Ro Vaughan Director of HR | 120-125 | - | 52.5-55.0 | 175-180 | 125-130 | | 25.0-27.5 | 150-155 |
| Helen Ashley Chief Officer – Finance & Performance | 35-40 | - | 27.5-30.0 | 65-70 | 155-160 | | 37.5-40.0 | 195-200 |
| John Oxtoby Medical Director | 115-120 | - | 0.0-2.5 | 115-120 | 215-220 | | 20.0-22.5 | 235-240 |
| Stephen Burgin Non-Executive Director | 5-10 | - | - | 5-10 | 25-30 | | | 25-30 |
| Andrew Smith Non-Executive Director | 5-10 | - | - | 5-10 | 5-10 | | | 5-10 |
| Jean Challiner Non-Executive Director | 5-10 | - | - | 5-10 | 5-10 | | | 5-10 |
| John Marlor Non-Executive Director | 5-10 | - | - | 5-10 | 5-10 | | | 5-10 |
| Nicholas Young Non-Executive Director | 5-10 | - | - | 5-10 | 5-10 | | | 5-10 |
| Sonia Belfield Non-Executive Director | 0-5 | - | - | 0-5 | 5-10 | | | 5-10 |
| Andrew Hassell Non-Executive Director | | | | | | | | |
| Previous Board Members: | | | | | | | | |
| Robert Courteney-Harris Medical Director / Deputy / Acting Chief Executive | 215-220 | - | 30.0-32.5 | 250-255 | - | - | - | - |
| Sarah Preston Director of Finance | 95-100 | - | 20.0-22.5 | 115-120 | - | - | - | - |
| John MacDonald Chairman (to 30/08/17) | 35-40 | - | 0.0-2.5 | 35-40 | 10-15 | | | 10-15 |
| Helen Lingham Chief Operating Officer | 115-120 | - | 10.0-12.5 | 125-130 | - | - | - | - |
| David Donegan Chief Operating Officer | 140-145 | - | 0.0-2.5 | 140-145 | - | - | - | - |
| Richard Beeken Chief Operating Officer | 120-125 | - | - | - | 120-125 | | | - |
| Robert Collins Non-Executive Director | 0-5 | - | - | 0-5 | - | - | - | - |
| Andrew Garner Non-Executive Director | 5-10 | - | - | 5-10 | - | - | - | - |
| David Simons Non-Executive Director | 0-5 | - | - | 0-5 | - | - | - | - |

4.3 Exit Packages for Staff Leaving in 2017/18

- Redundancy and other departure costs have been paid in accordance with standard NHS terms and conditions
- This disclosure reports the number and value of exit packages agreed with staff during the year.

| Exit Package Cost Band (including any special payment element) | 2016/17 | | | 2017/18 | | |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| Less than £10,000 | 2 | 0 | 2 | 2 | 17 | 19 |
| £10,001-£25,000 | 2 | 0 | 2 | 4 | 10 | 14 |
| £25,001-£50,000 | 1 | 0 | 1 | 1 | 9 | 10 |
| £50,001-£100,000 | 0 | 0 | 0 | 1 | 2 | 3 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| >£200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total number of exit packages by type | 5 | 0 | 5 | 8 | 38 | 46 |
| Total resource cost (£'000) | 87 | - | 87 | 184 | 732 | 916 |

4.4 Pensions

| Board Member | 2017/2018 | | | | | | | |
|--|---|--|---|--|--|---|--|---|
| | Real increase / (decrease) in pension at age 60 | Real increase / (decrease) in pension lump sum at age 60 | Total accrued pension at age 60 as at 31 March 2018 | Lump sum at age 60 related to accrued pension at 31 st March 2018 | Cash Equivalent Transfer Value as at 31 March 2017 | Real increase in Cash Equivalent Transfer Value | Cash Equivalent Transfer Value as at 31 March 2018 | Employers contribution to stakeholder pension |
| | Bands of £2,500 | Bands of £2,500 | Bands of £5,000 | Bands of £5,000 | £000 | £000 | £000 | £000 |
| Liz Rix Chief Nurse | 0-2.5 | 2.5-5 | 55-60 | 170-175 | 1,053 | 66 | 1,150 | |
| John Oxtoby Medical Director/ (Deputy) | 0-2.5 | 5-7.5 | 55-60 | 170-175 | 1,159 | 78 | 1,269 | |
| Ro Vaughan Director of HR | 2.5-5 | 5-7.5 | 50-55 | 160-165 | 1,007 | 76 | 1,116 | |
| Helen Ashley Chief Officer – Finance & Performance | 2.5-5 | 0-2.5 | 50-55 | 135-140 | 824 | 33 | 888 | |
| *Richard Beeken Chief Operating Officer | | | 45-50 | 115-120 | | | 740 | |

- As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
- The pensions information disclosed in the table above has been subject to audit.

*There are no opening figures available for Richard Beeken and therefore we have been unable to recalculate the real increases in his pension, lump sum and CETV

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV reflects the increase in CETV effectively funded by the employer. This calculation does not take account of any increase due to inflation or contributions paid by the employee.

4.5 Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the Trust in the financial year 2017/18 was £215,000 to £220,000 (2016/17 was £240,000 to £245,000). This is based on a full time equivalent, annualised calculation. This was 8 times (2016/17: 9 times) more than the median remuneration of the workforce, which was £ 26,848 (2016/17 was £26,945). 13 employees (2016/17 seven employees) received remuneration in excess of the highest paid director. The Range of staff remuneration during 2017/18 was £0 - £5,000 to £295,000 - £300,000 (2016/17 £0 - £5,000 to £325,000 - £330,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions or severance payments.

4.6 Staff Report

As a large acute Trust we face many challenges. In order to meet those challenges and seize opportunities for the future it is essential that we have the right people in the right jobs with the right skills mix at the right time. Our People Strategy supports all that we do to attract, recruit, develop, retain, support and reward our staff and teams to meet our future goals and aspirations. The Human Resources Department has a major role in driving the people agenda but it requires each and every one of us to play our part in making UHNM a great and successful place to work.



Ro Vaughan
Director of Human Resources

Our Workforce

At 31 March 2018, we had a workforce of 9,548.33 WTE (10,871 headcount). This is excluding Bank Staff and Honorary contracts. Our staffing is made up of a variety of roles and paycales. This section provides you with an overview of our workforce.



Senior Managers

Analysis of our senior managers is listed below:

| Pay scale | Headcount | | WTE | |
|-----------|-----------|------|--------|-------|
| | Female | Male | Female | Male |
| Band 8a | 55 | 32 | 53.26 | 31.80 |
| Band 8b | 21 | 12 | 21.00 | 12.00 |
| Band 8c | 9 | 6 | 8.92 | 6.00 |
| Band 8d | 7 | 5 | 6.11 | 5.00 |
| Band 9 | 5 | 4 | 5.00 | 4.00 |
| Director | 8 | 3 | 8.00 | 2.80 |

Staff Numbers

| Staff Group* | Full Time Equivalents (WTE) | | |
|---------------------------------------|-----------------------------|---------------|----------------|
| | Permanent | Other | Total |
| Professional Scientific and Technical | 344.10 | 10.68 | 354.78 |
| Clinical Services | 2120.12 | 56.82 | 2176.94 |
| Administrative and Clerical | 1677.54 | 95.86 | 1773.40 |
| Allied Health Professionals | 448.20 | 5.91 | 454.11 |
| Estates and Ancillary | 455.81 | 7.21 | 463.02 |
| Healthcare Scientists | 284.62 | 5.81 | 290.43 |
| Medical and Dental | 549.90 | 542.68 | 1092.58 |
| Nursing and Midwifery Registered | 2884.16 | 54.89 | 2939.05 |
| Students | | 4.00 | 4.00 |
| Grand total: | 8764.46 | 783.86 | 9548.32 |



*excludes bank, agency and staff out on secondment.

Staff Composition

| Staff Group | Part Time | | Full Time | | Total |
|-------------------------------|------------|-------------|-------------|-------------|---------------|
| | Male | Female | Male | Female | |
| Director | 1 | 0 | 1 | 7 | 9 |
| Senior Managers (Band 8a – 9) | 8 | 89 | 123 | 260 | 480 |
| Other employees | 366 | 3849 | 1860 | 4307 | 10382 |
| Grand total: | 375 | 3938 | 1984 | 4574 | 10,871 |

Sickness Absence

The sickness rate at 31 March 2018 (cumulative for the 12 months from 1 April 2017 to 31 March 2018) was 4.33%.

Staff Policies applied during the Financial Year

Our People Strategy outlines how we will lead and support staff to achieve our 2025 Vision and sets out our aims to provide a positive work environment that promotes an open, supportive and fair culture which helps our staff to do their job to the best of their ability and ensure delivery of high quality care.

We have a number of policies in place to ensure that as an organisation, we fulfil our obligations under equality, diversity and human rights legislation. We want staff to work to the very highest standards, to be able to communicate openly in an organisation which respects people's views, and values individuals and teams. We encourage and recognise high performance in a results-driven environment and will support individual and team development to deliver the organisations goals.

We know that excellent staff experience leads to excellent patient experience and improved patient outcomes. The People Strategy is supported by the Trust's workforce plan, and is aligned to both the learning and education strategy and the organisational development strategy.

We operate a full suite of HR policies, 47 in total, covering the whole employee life cycle. These can be made available to the public and our website <http://www.uhnm.nhs.uk>, provides guidance on how to access them.

- **HR08 Recruitment and Selection Policy:** We believe that unlawful discrimination is unacceptable and we are committed to recruiting staff in accordance with our Equality and Diversity Policy. Applicants are selected solely on objective, job related criteria and their ability to do the job applied for with no discrimination on the grounds of ethnic origin, nationality, disability, gender, gender reassignment, marital status, age, sexual orientation, trade union activity or political or religious beliefs. We provide appropriate assistance to ensure equality for all.
- For Appointments Advisory Committees to recruit to permanent Consultant posts, all members of the panel are required to have received training in Equal Opportunities.
- **HS17 Occupational Health Policy** - The role of occupational health is to help protect and promote the health and wellbeing of staff in the workplace. Workplace Health Assessment checks are also carried out to provide advice to managers, where necessary, on employee needs or any reasonable adjustments required to the work environment or structure in accordance with the Equality Act 2010.
- **HR12 Equality and Diversity Policy:** As a major employer and service provider we are committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling it to deliver the best possible healthcare service to those communities
- Appropriate mandatory training is provided to ensure that staff and managers understand their responsibilities under the Policy. Equality, diversity and inclusion themes are integrated into other Trust learning and development programmes as appropriate
- The principles of the **Equal Opportunities Policy** are incorporated into the Trust's Corporate Induction course and included in all local induction packages for newly appointed employees. This is also included in statutory and mandatory training as outlined in Trust policy HR53 **Statutory, Mandatory and Best Practice and the Training Needs Analysis**. All training should be recorded within staff personal record ideally on our electronic staff record.

4.7 Consultancy

Expenditure on consultancy services for the year 2017/18 was £5.4m for, compared to £5.8m in 2016/17

4.8 Off Payroll Engagements

As part of the Treasury's Annual Reporting Guidance 2012-13, Government Departments are required to report information relating to off-payroll engagements. Therefore NHS bodies are required to include information on any such engagements allowing for consolidation.

For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last longer than six months:

| Off Payroll Engagement Longer than 6 Months | Number | All existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. |
|---|--------|--|
| Number of existing engagements as of 31 March 2018 | 0 | |
| <i>Of which, the number that have existed:</i> | | |
| for less than one year at the time of reporting | 0 | |
| for between one and two years at the time of reporting | 0 | |
| for between 2 and 3 years at the time of reporting | 0 | |
| for between 3 and 4 years at the time of reporting | 0 | |
| for 4 or more years at the time of reporting | 0 | |

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last longer than six months:

| New Off-payroll Engagements | Number |
|---|--------|
| No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018 | 3 |
| <i>Of which, the number that have existed:</i> | |
| No. assessed as caught by IR35 | 0 |
| No. assessed as not caught by IR36 | 3 |
| No. engaged directly (via PSC contracted to department) and are on the departmental payroll | 0 |
| No. engagements reassessed for consistency / assurance purposes during the year | 0 |
| No. engagements that saw a change to IR35 status following the consistency review | 0 |

Confirmation that all existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

B5 The Modern Slavery Act 2015

Section 54 of the Modern Slavery Act 2015 requires our organisation to prepare a 'slavery and human trafficking statement' for each financial year, setting out the steps that have been taken during the year to ensure that slavery and human trafficking is not taking place in its supply chains or its own business.



Anti-Slavery Statement

This statement, made pursuant to section 54(1) of the Modern Slavery Act 2015, sets out the approach taken by University Hospitals of North Midlands NHS Trust to understand all potential modern slavery risks related to its business, and the actions undertaken to mitigate any such risks during the financial year ended 31 March 2018.

Our Board is committed to delivering high standards of corporate governance and a key element of this is managing the Trust in a socially responsible way. We are committed to preventing slavery and human trafficking in our corporate activities and through our supply chains and we expect the same high standards from those parties with whom we engage. During the course of the year, we have emphasised our commitment through a number of mechanisms:

Recruitment and Selection

Our policies and procedures in relation to recruitment and selection of staff ensure that we comply with all employment, equalities and human rights legislation. This includes the prevention of slavery and human trafficking.

Safeguarding Arrangements

Modern Slavery was identified as a separate category of abuse in the Care Act 2014 and as such sits within our safeguarding agenda for adults who have care and support needs. Our policy and procedures in relation to safeguarding refer to Modern Slavery including Human Trafficking and identifies possible indicators for staff to lookout for and sets out the procedure of how to raise safeguarding concerns.

We deliver mandatory safeguarding awareness training to all staff which includes identifying Modern Slavery as a category of abuse. In addition to this we provide an enhanced level of safeguarding training to all of our qualified clinical staff which discusses in more depth the categories of abuse including Modern Slavery.

Supply Chain

Our Supply Chain is made up of a number of large multi-national companies, Small to Medium Enterprises (SME's) and small local suppliers who make up a total of 2,975 live suppliers to the Trust at this current time. The location of supplier premises and manufacture locations are spread globally but the vast majority are situated in the European Union, where it is estimated that several hundred thousand people work for the aforementioned suppliers although not all these people work on UHNM related goods and services.

We have ensured that Anti-Slavery related provision is contained in both our Standard Terms and Conditions of Purchase which are issued with every Purchase Order and all tender documentation issued by the Trust.

Due to the nature of our business and our approach to governance and risk management, we assess that there is low risk of slavery and human trafficking in our business and supply chains. However we will continue to periodically review the effectiveness of our relevant policies, procedures and associated training to ensure that the risk remains low.

We do not have key performance indicators in relation to slavery or human trafficking as any instance would be expected to be a breach of law, our supplier standards and/or our local policies and therefore acted upon accordingly.

Paula Clark, Chief Executive
25th May 2018

B6 Signature of Accountable Officer

This Annual Report is approved by:

Paula Clark
Chief Executive Officer
25th May 2018

Part C: Financial Statements



A commentary on our financial position is included earlier in this report in our headline finances. The following pages are our Summary Financial Statements.

The Statement of Comprehensive Income shows how much money we earned and how we spent it. The main source of our income is from local commissioners, with which we have agreements to provide services for their patients.

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 9,497 full-time staff (compared with 9,760 last year). The actual number of people working for the Trust is more because a number work part-time (therefore, the full-time equivalent is less).

We also spend money buying services from other parts of the NHS, mainly ambulance transport for our patients.

We buy clinical and general supplies, maintain our premises, some of the costs of which are payable to our PFI partner and pay for gas and electricity, rent and rates. We also allow for depreciation, the wearing out of buildings and equipment which need to be replaced.

Our Statement of Financial Position summarises our assets and liabilities. It tells us the value of the land, buildings and equipment we own and of supplies we hold in stock for the day to day running of the hospital. It also shows money owed to us and the money we owe to others, mainly for goods and services received but not yet paid for. Under International Financial Reporting Standards it also shows buildings and equipment that are legally owned by our PFI partner and related borrowings which will be settled through the unitary payments we make over the term of the PFI contracts.

The Better Payment Practice Code shows how quickly we pay our bills.



C1 Statement of Comprehensive Income for the Year Ended 31 March 2018

| | 2016/17 £000 | 2017/18 £000 |
|---|------------------|-----------------|
| Operating income from patient care activities | 602,589 | 610,684 |
| Other operating income | 136,690 | 85,946 |
| Operating expenses | (770,128) | (736,512) |
| Operating surplus/(deficit) from continuing operations | (30,849) | (39,882) |
| Finance income | 50 | 64 |
| Finance expenses | (15,518) | (19,336) |
| Public dividend capital dividends payable | (3,925) | (2,119) |
| Net finance costs | (19,393) | (21,391) |
| Other gains / (losses) | 7 | (5) |
| Surplus/(deficit) for the year | (50,235) | (61,278) |
| Other Comprehensive Income | | |
| Impairments | (98,967) | 0 |
| Revaluations | 33,635 | 45,549 |
| Total comprehensive income / (expense) for the period | (115,567) | (15,729) |
| Financial Performance for the year | | |
| Surplus/(deficit) for the year | (50,235) | (61,278) |
| IFRIC 12 adjustments | 9,728 | 0 |
| Add back I&E impairments | 12,446 | (8,583) |
| Less capital donations | 288 | 144 |
| CQUIN adjustment | 0 | (1,608) |
| Reported NHS financial position | (27,773) | (71,325) |

C2 Statement of Financial Position as at 31 March 2018

| | 2016/17 £000 | 2017/18 £000 |
|--|------------------|-----------------|
| Non-current assets: | | |
| Property, plant and equipment | 485,018 | 532,326 |
| Intangible assets | 20,143 | 18,625 |
| Trade and other receivables | 3,032 | 0 |
| Total non-current assets | 508,193 | 550,951 |
| Current assets: | | |
| Inventories | 13,298 | 12,682 |
| Trade and other receivables | 37,817 | 65,940 |
| Other current assets | 247 | 0 |
| Cash and cash equivalents | 13,566 | 12,646 |
| Total current assets | 64,928 | 91,268 |
| Total assets | 573,121 | 642,219 |
| Current liabilities | | |
| Trade and other payables | (78,454) | (71,811) |
| Provisions | (5,713) | (3,601) |
| Borrowings | (21,950) | (18,820) |
| Total current liabilities | (106,117) | (94,232) |
| Non-current assets plus/less net current assets/liabilities | 467,004 | 547,987 |
| Non-current liabilities | | |
| Provisions | (983) | (980) |
| Borrowings | (333,032) | (428,662) |
| Total non-current liabilities | | (8) |

| | | |
|---------------------------------|------------------|------------------|
| Total Assets Employed: | (334,015) | (429,650) |
| | 132,989 | 118,337 |
| FINANCED BY: | | |
| Public Dividend Capital | 389,225 | 390,302 |
| Retained earnings | (332,878) | (393,986) |
| Revaluation reserve | 76,642 | 122,021 |
| Total Taxpayers' Equity: | 132,989 | 118,337 |

C3 Statement of Cash Flows for the Year Ended 31 March 2018

| | 2016/17 | 2017/18 |
|---|-----------------|-----------------|
| | £000 | £000 |
| Cash Flows from Operating Activities | | |
| Operating surplus/ (deficit) | (30,849) | (39,882) |
| Non-cash income and expense: | | |
| Depreciation and amortisation | 27,251 | 27,212 |
| Net impairments | 22,174 | (8,583) |
| Income recognised in respect of capital donations | (452) | (594) |
| (Increase)/decrease in inventories | (930) | 616 |
| (Increase)/decrease in receivables and other assets | 22,856 | (25,325) |
| Increase/(decrease) in payables and other liabilities | (14,846) | 2,363 |
| Increase/(decrease) in provisions | (3,610) | (2,115) |
| Net cash generated from / (used in) operating activities | 21,594 | (46,308) |
| Cash flows from investing activities | | |
| Interest received | 50 | 64 |
| Purchase of intangible assets | (4,608) | (2,447) |
| Purchase of property, plant and equipment | (38,504) | (26,554) |
| Sales of property, plant and equipment | 0 | 59 |
| Receipt of capital donations to purchase capital assets | 31 | 594 |
| Net Cash Inflow/(Outflow) from Investing Activities | (43,031) | (28,284) |
| Cash flows from financing activities | | |
| Public dividend capital received | 26,650 | 1,077 |
| Movement on loans from the Department of Health and Social Care | 29,362 | 101,760 |
| Movement on other loans | 46 | (293) |
| Other capital receipts | 7 | 0 |
| Capital element of finance lease rental payments | (367) | (461) |
| Capital element of PFI, LIFT and other service concession payments | (9,392) | (9,273) |
| Interest paid on finance lease liabilities | (180) | (126) |
| Interest paid on PFI, LIFT and other service concession obligations | (14,752) | (14,917) |
| Other interest paid | (586) | (2,967) |
| PDC dividend (paid) / refunded | (5,828) | (1,128) |
| Net cash generated from / (used in) financing activities | 24,960 | 73,672 |
| Increase / (decrease) in cash and cash equivalents | 3,523 | (920) |
| Cash and cash equivalents at 1 April - brought forward | 10,043 | 13,566 |
| Cash and cash equivalents at 31 March | 13,566 | 12,646 |

C4 Statement of Changes in Taxpayers Equity for the year ended 31 March 2018

| | Pubic Dividend Capital (PDC) £000 | Income and Expenditure Reserve £000 | Revaluation Reserve £000 | Total £000 |
|---|--|--|--------------------------------|----------------|
| Taxpayers equity at 1 April 2017 - brought forward | 389,225 | (332,878) | 76,642 | 132,989 |
| Surplus/(deficit) for the year | | (61,278) | | (61,278) |
| Impairments | | | 0 | 0 |
| Revaluations | | | 45,549 | 45,549 |
| Transfer to retained earnings on disposal of assets | | 170 | (170) | 0 |
| Public dividend capital received cash | 1,077 | | 0 | 1,077 |
| Taxpayers equity at 31 March 2018 | 390,302 | (393,986) | 122,021 | 118,337 |
| Taxpayers equity at 1 April 2017 - brought forward | 389,225 | (332,878) | 76,642 | 132,989 |

C5 Better Payment Practice Code

| Measure of Compliance | 2016/17 | | 2017/18 | |
|---|---------|---------|---------|---------|
| | Number | £000 | Number | £000 |
| Total non NHS trade invoices paid in the year | 117,000 | 348,574 | 128,930 | 383,834 |
| Total non NHS trade invoices paid within target | 93,631 | 303,643 | 104,319 | 332,834 |
| Percentage of non NHS trade invoices paid within target | 80.0% | 87.1% | 80.9% | 86.7% |
| Total NHS trade invoices in the year | 2,567 | 28,907 | 2,766 | 30,457 |
| Total NHS trade invoices paid within target | 1,450 | 21,563 | 1,619 | 22,417 |
| Percentage of NHS trade invoices paid within target | 56.5% | 74.6% | 58.5% | 73.6% |

The Better Payment Practice Code requires that Trusts aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. We have not signed up to the Prompt Payments Code.

C6 Cumulative Breakeven Position

| Year | Turnover | Surplus / (Deficit) |
|---------------------------------------|----------|---------------------|
| 1997/98 | 152,393 | (1,199) |
| 1998/99 | 165,535 | (1,246) |
| 1999/00 | 182,744 | 1,279 |
| 2000/01 | 193,823 | 1,225 |
| 2001/02 | 212,576 | 18 |
| 2002/03 | 235,801 | 4 |
| 2003/04 | 257,641 | 3 |
| 2004/05 | 295,327 | 41 |
| 2005/06 | 299,619 | (15,059) |
| 2006/07 | 333,855 | 311 |
| 2007/08 | 393,915 | 3,990 |
| 2008/09 | 371,299 | 3,008 |
| 2009/10 | 408,938 | 5,312 |
| 2010/11 | 418,078 | 4,141 |
| 2011/12 | 426,319 | 1,050 |
| 2012/13 | 473,558 | 235 |
| 2013/14 | 475,330 | (19,301) |
| 2014/15 | 623,835 | 3,782 |
| 2015/16 | 702,917 | (26,936) |
| 2016/17 | 739,279 | (27,773) |
| 2017/18 | 696,630 | (69,717) |
| Cumulative Breakeven Position: | | (136,832) |

C7 Staff Sickness Absence

| | 2016/17 | 2017/18 |
|----------------------------------|-------------|-------------|
| Total days lost | 90,520 | 83,399 |
| Total staff years | 9,427 | 9,522 |
| Average working days lost | 9.60 | 9.40 |

C8 Carrying Amount versus Market Value of Land

Our land was valued as at 31 March 2018 at £19.2m. These values are reflected in the Trust's Statement of Financial Position.



C9 Our External Auditor

To demonstrate that we are running our Trust properly we are required to publish a number of statements which are signed by our Chief Executive on behalf of our Trust Board. These statements cover our financial affairs as well as a number of other aspects of managing our Trust.

Our external auditor also checks our accounts and other aspects of our work and we are required to publish statements from them confirming that they are satisfied with what we have done. These formal statements are reproduced on these pages and the directors confirm that they know of no information which would be relevant to the auditors for the purposes of their report which has not been disclosed.

Our accounts are externally audited by Grant Thornton to meet the statutory requirements of the Department of Health. They received fees of £97k for audit services.



C10 Pension Costs



Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the secretary of State, in England and Wales. As a consequence it is not possible for our Trust to identify our share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

C11 Full Accounts

A full set of audited accounts for University Hospitals of North Midlands NHS Trust is available on request or can be viewed and downloaded on our website www.uhnm.nhs.uk.

C12 Statement of Director's Responsibilities in Respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

25.5.18 Date..... ..... Chief Executive

25.5.18 Date..... ..... Chief Officer – Finance & Performance