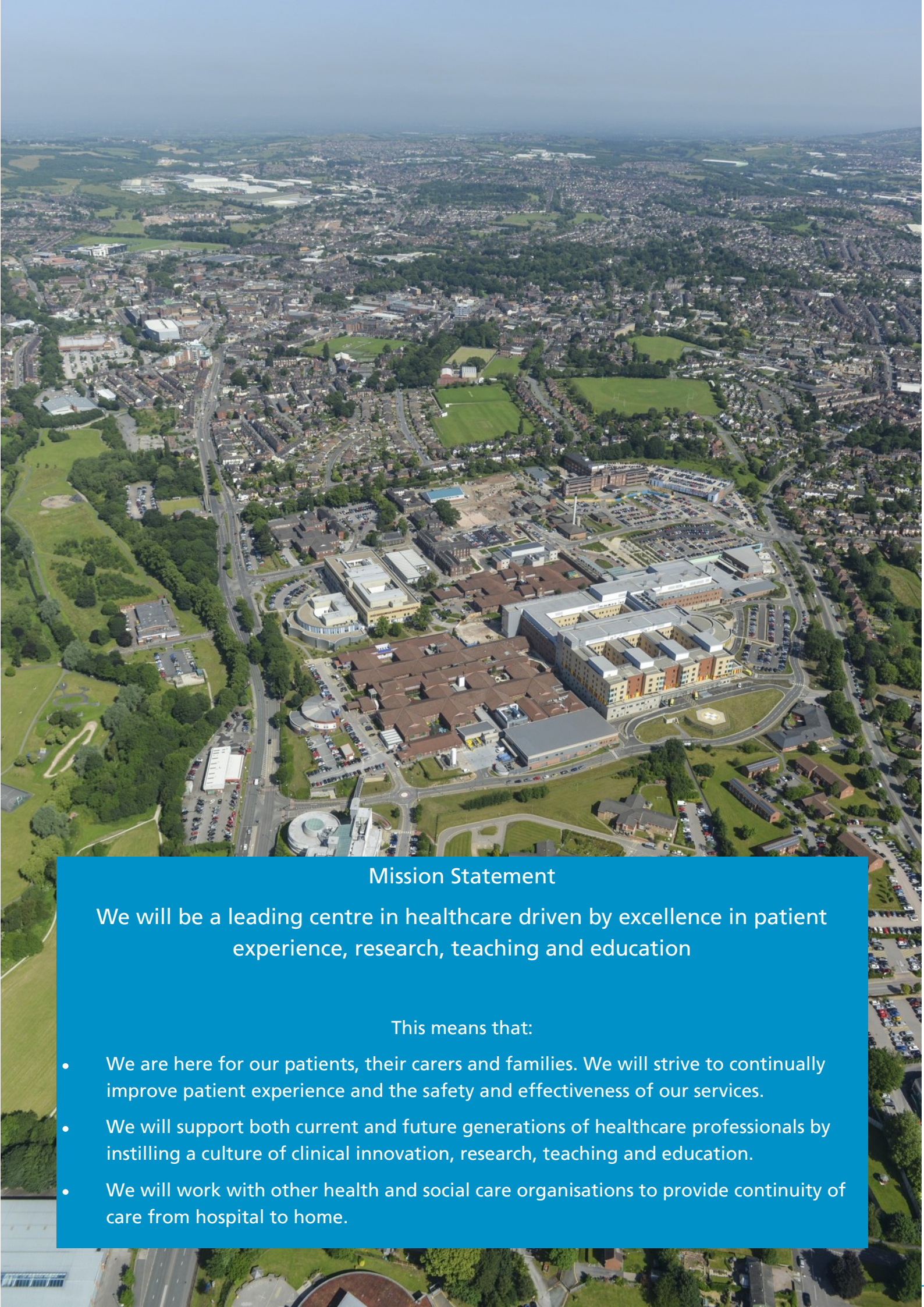
University Hospital of North Staffordshire

NHS Trust

Annual Report

2013 - 2014



Mission Statement

We will be a leading centre in healthcare driven by excellence in patient experience, research, teaching and education

This means that:

- We are here for our patients, their carers and families. We will strive to continually improve patient experience and the safety and effectiveness of our services.
- We will support both current and future generations of healthcare professionals by instilling a culture of clinical innovation, research, teaching and education.
- We will work with other health and social care organisations to provide continuity of care from hospital to home.

Contents

Foreword

This has been a momentous year for University Hospital of North Staffordshire. For the last few years we met the challenge of moving into the new hospital, and the responsibility that came with it of truly becoming the centre of excellence for the North West Midlands and North Wales.

For this I would like to thank our dedicated staff in making this possible. More than 7,500 NHS professionals dedicate their working lives here at UHNS to ensuring that this Trust delivers the care that our patients deserve.

This year we have treated more people than ever before as patients choose to access our specialist services. We have done this at a time when the NHS has been under the most intense scrutiny of any public service in the UK. Our staff have performed admirably against the backdrop of providing more services at a time when we need to make our contribution to the nation's finances.

The Trust now faces the even bigger challenge of integrating two hospitals following the Secretary of State's announcement that Stafford Hospital will become part of our Trust. The integration with Stafford Hospital signals a once in a lifetime opportunity to create world class healthcare for patients.

University Hospital, as a major teaching and research centre with an excellent recruitment record, will help to stabilise and improve staffing levels at Stafford Hospital to provide safe, sustainable services. Over the past year we have provided unprecedented support to Stafford Hospital to ensure the services are maintained for local people.

Now is the time to build for the future. Throughout this document you will see the values, behaviours and standards we have set ourselves. This is incredibly important as it lays out how we will serve patients and their families, and how we work with colleagues here and beyond.

We have been working hard with our partners in primary care, the clinical commissioning groups. Together we are making a real difference for patients. Hospital services can no longer stand in isolation, we need to work with our neighbouring trusts to ensure patients from across the region have access to the very best services available. This will mean greater partnership working with our colleagues in Staffordshire, Cheshire, Shropshire and beyond.

However, we must always stay focused on the services we provide for the people of North Staffordshire. This year we have maintained our excellent infection control rates and we were recognised nationally for our improvement in staff flu vaccination.

Our cancer services have maintained their excellent track record of achievement against the 2 week wait and 31 day national cancer standards. Performance against the 62 day standard has been more challenging this year as the Trust has seen a further 11% growth in demand. However, the Trust did achieve the standard for its patients for the year.

The Trust again did not fulfil its commitment to meet the four hour standard in A&E. We know we can do

better and throughout the year the Trust has been working with commissioners and our partners to implement plans to improve performance against the standard. We have recruited an additional 21 medical posts and opened additional beds during the winter.

Despite this performance, we know that the care we provide is some of the best in the NHS. We have pledged to screen all patients for dementia that are aged 75 or over and admitted as an emergency.

During the year we were able to recruit Mark Hackett as our new chief executive. Mark has over 18 years of experience as a chief executive in the NHS and most recently spent nine years at University Hospitals Southampton. Mark has already had a profound impact on the Trust and his energy and wealth of knowledge are bringing real change to our services.

Mark is leading on our vision to become one of the top university teaching hospitals in the UK by 2025 and establish a world class reputation by 2030. To do this the Trust will constantly improve patient care and foster innovation in the organisation, which exceeds the expectations of patients and meets the needs of commissioners and providers.

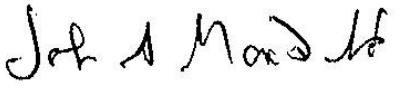
We have renewed our focus on innovation and research as drivers for change. We launched 'UHNS@Home', which aims to see patients receive their treatment at home, while still being under the care of a UHNS consultant. The Trust launched a seven day consultant maternity service for the first time this year and women who give birth at the Trust are given the safest care in the country according to an accreditation scheme.

In total a third of students who graduated from Keele University came to work here. Clinical teaching is a high priority and over half of our consultants were involved in teaching and developing the curriculum. We also know it is vital we support the next generation of nurses and nursing assistants.

Nearly 3,000 patients participated in 135 National Institute for Health Research portfolio projects. These involved 21 medical and surgical specialties, offering patients the opportunity to take part in a wide choice of research activities and bringing vital funding to the Trust. Our research strategy will see us invest £3m over the next three years.

Staff had another fantastic year in gaining recognition from their peers. The Trust held its annual Staff Awards ceremony at Keele Hall in November, with over 25 teams and individuals nominated for 10 awards.

I'm very proud of all of our achievements this year. University Hospital has changed beyond all recognition in the last five years and it is a real credit to everyone who has worked here or supported us during this time. I look forward to writing to you again next year after what will be another momentous year.



John MacDonald, **CHAIRMAN**

Mark Hackett, **CHIEF EXECUTIVE**

2013/14 at University Hospital

Our key performance indicators are monitored every month by our Trust Board to ensure we are meeting the standards set for us. Here is a snapshot of how we are performing, a detailed breakdown of the Trust's performance is available at www.uhns.nhs.uk. Below are our four pillars for achieving excellence, which are the bedrock of our standards and behaviours set out at the foot of the pages of this report.

LEARN FROM EXPERIENCE

- Giving and receiving feedback
- Always improving
- Championing learning and education
- Innovation and research

SAFETY IS OUR PRIORITY

- Keeping people safe
- Taking personal responsibility
- Leading with care
- Delivering the best outcomes

WORKING TOGETHER AND EVERYONE COUNTS

- Promoting teamwork
- Working in partnership
- Involving and engaging
- Active listening

RESPECT AND DIGNITY

- Compassion and kindness
- Going the extra mile
- Valuing diversity
- Protecting dignity

96.9%
of cancer patients seen within the first two weeks after referral to first outpatient appointment, down from 97.8% last year

5
MRSA bacteraemia, up from zero last year

13,255
Elective inpatients, up from 12,673

97.9%
of cancer patients treated within 31 days after diagnosis, down from 99.0%

85,298
Emergency inpatients, up from 84,300 last year

1
Operation not re-arranged within the target time of 28 days, down from 6 last year

119,690
Emergency patients treated, up from 116,390 last year

92.8%
Incomplete Pathways, down from 94.7% (target 92%)

1,000

days without a grade four pressure ulcer

196,754

New outpatients, up from 160,059

799

of patients whose operations were cancelled at short notice, down from 1,005

91.0%

of admitted patients treated within the 18 week referral target, down from 93.2% last year (the target is 90%)

387,534

Follow up appointments, up from 359,646

91.1%

of patients attending A&E seen within four hours, up from 89.9% (the target is 95%)

95.7%

of non-admitted patients treated within the 18 week referral target, down from 97.8% last year (the target is 95%)

85.3%

of cancer patients treated within 62 days after referral, down from 87.60%

58

C Difficile, down from 65 last year but above the 50 target for this year.

54,777

Elective day cases, up from 49,982

How we performed

All NHS hospitals are monitored to make sure they provide safe care of good quality. Data is collected on a wide range of measurements and targets and is used by regulators. They monitor individual hospital performance and enable comparison against other hospitals across the country. This shows where standards need to be raised and where good practice can be replicated.

The Trust is very proud of many of the performance indicators it has achieved this year. These statistics highlight just a fraction of the care and patient experience we provide, yet despite the challenges outlined in this report, these statistics provide assurance that patient care is this Trust's top priority.

Our own key performance indicators are monitored every month by our Trust Board so we can assure ourselves that we are meeting external standards. Where we are not, the consistent monitoring enables us to address and resolve issues as they arise.

This year the increasing number of patients being treated here at University Hospital is the unmistakeable trend in Table 1. Elective inpatients and day cases increased as the Trust opened more capacity and improved the efficiency of its services. This improvement could also be seen in a 20% reduction in operations cancelled at short notice.

The number of patients seen in new or follow-up outpatient appointments grew by nearly 65,000. This growth has inevitably led to a small rise in the number of people waiting for appointments. The Trust has plans to reduce the number of patients waiting by treating 800 patients in a state-on-the-art mobile day case unit and improving the efficiency of our services.

Table 1	2013/14	2012/13
Number of inpatients and day cases treated (in spells)		
Elective inpatients	13,255	12,673
Elective day cases	54,777	49,982
Emergency inpatients	85,298	84,300
Number of outpatients seen		
New appointments	196,754	160,059
Follow up appointments	387,534	359,646
Waiting lists		
Inpatient waiting list	5,411	4,359
Outpatient waiting list	20,763	17,282
Operations		
Cancelled at short notice	799	1,005
Not re-arranged within the target time of 28 days	1	6

Cancer

More than one in three people in the UK will be diagnosed with some form of cancer during their lifetime. This is a extremely stressful time for patients and their loved ones. By providing high quality cancer services we are ensuring our patients receive the care they need, and all staff involved in the delivery of cancer pathways are dedicated to meeting all national cancer standards, as shown by the national cancer patient survey results.

Apr: a mock evacuation, in a bid to improve patient safety in the event of a real emergency, took place.

Table 2 Cancer waiting targets (% of patients within target time)	2013/14	2012/13
2 week wait referral to first outpatient appointment	96.9%	97.8%
31 day wait diagnosis to treatment – overall	97.9%	99.0%
62 day wait referral to treatment – overall	85.3%	87.6%

The Trust has maintained its excellent track record of achievement against the 2 week wait and 31 day national cancer standards. Performance against the 62 day standard has been more challenging this year as the Trust has seen a further 11% growth in demand. However, the Trust did achieve the standard for its patients for the year as a whole, as shown in Table 2.

In response, the Trust created additional capacity across individual cancer sites and clinical support services to ensure we continue to meet demand for these services. The Trust works with its partners to implement best practice and standardised pathways, which will meet the standards expected and ensure all patients receive the same quality of care. The Trust will be reviewing its five year cancer strategy in 2014/15 to ensure we continue to improve cancer care and treatment for patients.

National Cancer Reviews

In November 2013 the Care Quality Commission (CQC) published a report of its inspection of Colchester Hospital. The inspection was undertaken in response to concerns raised about the clinical services and the recording of cancer wait times. The CQC report identified a number of areas of concern, in particular the accuracy of the data.

To assure ourselves that the data we publish is accurate, the Trust undertook an independent audit of its data collection. The outcomes provided the Trust Board with reassurance that the correct data is being used for the purposes of monitoring, with 100% accuracy of recording for the data quality standards audited.

Elsewhere, the Trust has a strong programme of peer review, which is undertaken annually for all cancer sites against the national site specific measures. The strength of our process was recognised by the National Cancer Action Team and no external reviews were required in 2013/14. However, to ensure strong performance going forward, we know there are always areas where we can make improvements and the Trust will be working hard to do so for its patients.

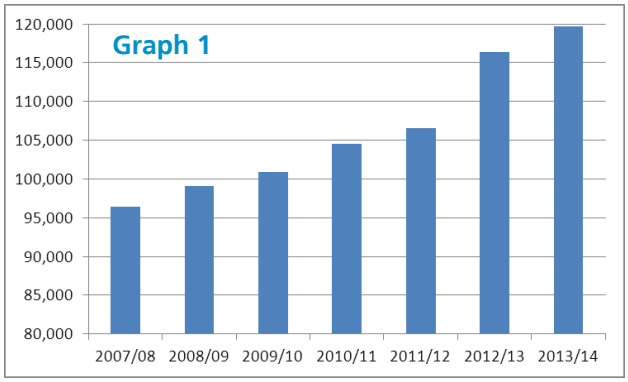
In August 2013 NHS England published the results of the third National Cancer Patient Experience Survey for 2012/13. The survey provides insights into the care and treatment experienced by cancer patients in NHS Hospital trusts across England. Our overall results were positive and 89% of patients rated their care as excellent or very good.

Apr: The lives of 71 patients requiring an organ transplant were improved after donations more than trebled.

Emergency Centre

Table 3	2013/14	2012/13
Number of emergency attendances		
Emergency Centre	119,690	116,390
A&E four-hour wait (target 95%)	91.1%	89.9%

Throughout the year the Trust has delivered a high quality and safe emergency service to its patients. However, despite this success, we are disappointed that performance did not meet the national 95% four hour wait standard. Demand for our Emergency Centre service has continued to grow, with a significant peak in emergency attendances over the winter period. Graph 1 below shows the increase in attendances at the Emergency Centre.



The increase in attendances year on year is a national phenomenon. The Trust has also continued to see an increase in the percentage of patients requiring admission to a hospital bed. During the year there has been a 10% increase. The emergency pressures experienced by the Trust significantly impacted on how patients flow through the Emergency Centre and into the Trust.

Apr: Breast cancer patients benefited from the quick results provided by innovative diagnostic test OSNA.

Despite increased demand for our emergency services the Trust has continued to deliver high quality services and excellent care and experience for our patients. This year there has been a significant sustained reduction in complaints, and incidents within the department have reduced and have remained low risk. This resulted in 90% of patients surveyed stating they are 'extremely likely' or 'likely' to recommend the Trust to friends or family.

To meet this increase in demand for our services, the Trust has:

- Improved discharge rates on wards by 20%, which means an additional 30 beds per day are available to admit patients.
- Recruited an additional 21 medical posts in the Emergency Centre.
- Opened 22 additional beds during the winter.
- Standardised practices across the hospital and introduced professional standards that all clinicians follow.
- Launched 'UHNS@Home', a scheme that sees patients receive treatment at home, but still under the supervision of a UHNS consultant.

Throughout the year the Trust has been working with commissioners and our partners to implement plans to improve performance against the standard. The Trust will be taking further action to improve the flow of patients through the hospital and improve patient experience.

May: The Neonatal Intensive Care Unit rewarded mums and babies with stickers for successfully practicing 'Kangaroo Care'

18 Weeks

Table 4	2013/14	2012/13
Referral to Treatment (RTT):		
95% for non admitted	95.7%	97.8%
90% for admitted patients	91.0%	93.2%
92% for incomplete pathways	92.8%	94.7%

Part of the NHS pledge to put patients at the centre of everything we do involves making sure that patients are diagnosed and start treatment as soon as possible. The Trust has a strong track record of delivering the overall 18 week targets, with sustainable delivery over the past two years. However, the Trust recognises that this is an area where it needs to improve in order to deliver the 18 week standards at individual speciality level. In 2014/15 the Trust will be making improvements in areas like Orthopaedics, ENT and Ophthalmology.

In 2013 the Trust put plans in place to ensure the resilience of 18 week pathways. These plans started to result in a reduction in outpatient waiting times in September 2013, and future work will reduce both outpatient and inpatient waiting times further. We treated over 8,000 more elective patients and 27,000 more outpatients to maximise this commitment above our planned levels in 2013/14.

Complaints

The Trust made a number of improvements in the way we manage complaints. We know that complainants need their concerns addressing in a sympathetic and timely manner. The formal complaint responses have been changed to an individualised letter from the CEO, which has been well received by the complainants.

The time taken to investigate and respond to concerns is being closely monitored and the Trust is beginning to see an improvement in the number of complaints resolved within the deadline agreed with the complainant. Our investigating officers have been trained to use a new toolkit that supports best practice and contains the templates they need to carry out effective investigations, whilst being open and honest to all parties.

Table 5	2013/14	2012/13
Complaints		
Total number of formal complaints received	809	744
Total number of complaints received by PALS	1,686	1,226
Percentage resolved within target time	68%	71.3%

The Trust has developed a system for the non-executive directors to review closed complaint case files. The review findings are sent to the investigating officer for their information and to highlight where improvements can be made for future investigations.

In response to complaints by disabled patients, a trial has started where volunteers are present in the disabled car parks, offering assistance to visitors from the car park to the point of care.

Fit for the 21st Century

May: The Emergency team launched a scheme to find out what patients & relatives think of the care they receive.

Overview of our services

University Hospital provides a full range of general acute hospital services for approximately half a million people living in and around North Staffordshire. The Trust is the centre of excellence for the Northern West Midlands and North Wales, providing high quality, safe and sustainable clinical services for a population of three million people. Our 'defining' services, where we seek world class outstanding research, innovation and service levels to patients, are:

- Cardiovascular - Cardiology, cardiac surgery, vascular surgery and thoracic surgery/medicine
- Neurosciences - Stroke, neuro-surgery, neurology, neuro-rehabilitation, spinal surgery, ophthalmology
- Metabolic/GI Services - Upper and lower GI surgery and medicine, hepatobiliary medicine/surgery, renal, diabetes, endocrinology
- Women's & Children's - Maternity, obstetrics, fetal medicine, neo-natal intensive care, specialised paediatric surgical/ medicine and community services, paediatric intensive care and specialised gynaecology
- Musclo-Skeletal Services/Trauma - Emergency department, imaging, orthopaedics and trauma, regenerative medicine, rheumatology
- Oncology - Clinical and medical oncology, specialised cancer medicine and surgery, cancer screening services

In 2013/2014 over 119,690 patients attended our Emergency Centre (A&E). Many emergency patients are brought to us from a wide area by both

helicopter and land ambulance because of our Major Trauma Centre status. We continue to work towards foundation trust status, in particular building on our links with the public and developing our strategy with a view to becoming a Foundation Trust between 2017-2019.

Our geography

The Trust is a large university teaching hospital on the border of Stoke-on-Trent and Newcastle-under-Lyme in Staffordshire. We are one of the largest hospitals in the West Midlands and have one of the busiest emergency departments in the country. We have good transport links and lie centrally between Manchester to the North and Birmingham to the South.

Clinical services at the hospital are based at the City General. The Trust's new hospital building is now fully operational and has 1,200 inpatient beds. Our Central Outpatients and Royal Infirmary sites are half a mile away from the City General. These no longer have clinical services.

Overview of our estate

The first clinical buildings, the Maternity Centre and the Cancer Centre, opened in 2009 and recently celebrated their fifth anniversary. The Trust completed its move into the Main Building in 2012 as part of a £370m private finance initiative (PFI). In addition to the new construction, the existing buildings were refurbished. However, the original design of the new City General site will not be fully complete until the last car parks are opened in early 2015. The two other sites will most likely be sold for housing developments or used for the Trust's needs.

May: The Trust held a National Nurses Day event called Celebrating Compas-sionate Care.

How we are organised

Our services are organised into four divisions, each of which is made up of a number of individual directorates or departments. Our clinical divisions are surgery, medicine and clinical support services, supported by the corporate services division. Each division is led by an associate director, the clinical directors of each directorate and, in surgery and medicine, a divisional nurse. They are supported by a human resources manager and a finance manager.

Each of the service line teams are led by a clinician managing the safety, clinical quality, patient experience and financial aspects of their particular service. As performance improves, they are given increasing levels of freedom to control and manage their own area to give the best possible quality and service to patients.

Our non-clinical staff support the work of the Trust's clinical teams. Some work within the clinical departments and others are organised into departments of central functions. These include our executive directors, human resources,

operations and performance. The corporate services division includes estates, facilities, supplies and procurement, and they also work closely with our private sector partners. The Trust is looking to create a fourth clinical division that will focus on women and children.

May: Our Major Trauma Centre was rated as one of the best in the country just a year after its formation

The Trust is changing the way it works internally as it moves towards becoming a more clinically led organisation. We have been considering what changes we should make to create the right environment to support the development of this clinically-led organisation, which will only improve the care we provide to patients. These changes are historic for the Trust and signal our absolute commitment to create a resilient organisation which will enable us to flourish.

Mid Staffordshire

The Secretary of State for Health announced his approval of the dissolution of Mid Staffordshire NHS Foundation Trust (MSFT) in February 2014. This paved the way for the transfer of the management and running of Stafford Hospital to UHNS, and Cannock Chase Hospital to Royal Wolverhampton Trust, as early as possible this year.

The Trust has worked with its partners over many years to ensure the sustainability of services across Staffordshire, including those services provided for patients in North Staffordshire. This year over 20 experienced nurses from University Hospital worked at Stafford Hospital, along with consultants from the Emergency Centre, to help ensure that patients continue to benefit from high quality, safe services.

We have held meetings with colleagues at MSFT in order to progress our plans for full integration with Stafford Hospital. Integration will enable University Hospital, working closely with colleagues at Stafford Hospital, to develop and improve a wide range of services at Stafford Hospital. These will include but are not limited to:

- developing a consultant led A&E service networked effectively with Stoke-on-Trent's major trauma centre
- enhancing ward environments and introducing en suite facilities

- setting up an integrated paediatric assessment process as part of urgent care services
- expanding paediatric outpatient and paediatric 'hospital at home' services to supplement schemes aimed at avoiding unnecessary hospital admissions and facilitating appropriate early discharge into the community
- creating a frail elderly assessment unit to improve care for elderly people with acute medical problems and working with CCGs to develop excellent integrated care services and care at home for older people
- upgrading A&E and bringing theatres up to modern, 'clean air' standards to enable patients to have hip and knee surgery in Stafford instead of having to go elsewhere
- introducing more daycase surgery at Stafford Hospital across a wider range of specialties including orthopaedics.
- Installing an MRI Scanner for the first time ever at Stafford Hospital

Ultimately the Trust wants to embrace this once in a lifetime opportunity to develop world class healthcare and services for the patients and populations served by UHNS and Stafford Hospital. This will change the population the Trust serves, so it may be that next year's annual report is released under a new name for the Trust.

2025 Vision

Our goal is to become one of the top university teaching hospitals in the UK by 2025 and establish a world class reputation by 2030. To do this the Trust will constantly improve patient care and foster innovation in the organisation, which exceeds the expectations of patients and meets the needs of commissioners and providers who work with us.

At the same time University Hospital needs to offer a more attractive place to work, learn and research to help focus on world class excellence and to spread this to our patients. Achieving this ambition will challenge the Trust to grow its income and reduce costs to enable it to re-invest in the organisation each year to meet our organisational and clinical aspirations.

During this time the Trust will be changing our traditional district general hospital services and become more externally focused in order to grow our inter specialised and regional services to the population of the Northern West Midlands, Cheshire, Derbyshire and Wales.

The hospital will become a truly more specialised hospital offering emergency care for our local population, in a defined local and regional emergency network, in its role as a major emergency and trauma centre. In addition, it will become a hub for complex medical and surgical interventions for routine and

June: Our staff took part in Age UK Falls Awareness Week, embracing the theme of 'Best Foot Forward'.

emergency work for adults and children alike. The Trust will work closely with Keele University and other academic institutions to build world class research in key areas relevant to:

- the needs of our patients
- have a research led culture
- develop our reputation to become an outstanding teaching and training centre for the future generation of health professionals
- foster innovation and creativity by changing the way our organisation works.

We will become a hospital that we would always choose for the care of our families. As a Trust we believe that by working together and embracing change we can achieve out stated goals and the Trust will deliver its duties to the public and taxpayer.

June: Clinicians at the Trust became some of the first in the world to offer a vaccine for breast cancer.

Employee consultation

We have engaged in employee consultation on various issues and actively seek employee contributions when making strategic decisions

Listening to what people say

In February 2013, Sir Robert Francis published his report following the Public Inquiry, which focused on how the wider system responded to the failings at Mid Staffordshire NHS Foundation Trust. In April, we held the first of a series of 'Listening into Action' events. We invited a cross mix of around 60 staff members to come and talk about areas where they believe improvements can be made and some of the good news stories they wanted to share. This led to a further event where our staff discussed:

- Robert Francis QC made an overriding conclusion that the culture of the NHS needs to change – what can we do at UHNS?
- What can we do to ensure we always provide the highest quality of care and compassion?
- Are we really listening to our patients – what can we do better?
- Are we giving our patients the care we would want for our loved ones? If not, why?

Staff really engaged with one another and this led to a number of tangible improvements, such as the focus on dementia.

Regional and local monitoring

The Trust is monitored by the National Trust Development Agency (NTDA), which replaced the Strategic Health Authority. The Trust regularly reports its performance and this in turn is reported to the Department of Health. The Trust is also monitored locally by the new clinical commissioning groups, supported by NHS England nationally.

UHNS Charity

UHNS Charity has supported the excellent work of the Trust this year by enhancing facilities and providing added value. UHNS Charity supports patients, their relatives and friends, staff and local businesses and organisations to raise money for the hospital. The Charity also works closely with the hospital to make sure that all specialities are supported to spend every penny of the money raised on items that will directly improve patient care.

Over the last year the Charity, due to the generosity of its supporters, has been able to fund research and purchase a wide range of state-of-the-art equipment for patients at the Trust. These include a £190,000 Opmi Pentero Microscope, which the neurosurgeons use on a daily basis to treat a variety of neurological problems. This microscope has a range of new functions, enabling surgeons to carry out more complex brain surgery than ever before.

Following on from the huge success in raising the funds needed to purchase the PET CT Scanner, the Charity provided further support to the Imaging Department to purchase a Kitten Scanner. This £20,000 mini version of a scanner is used to help reduce the anxiety felt by our younger patients when preparing to go for a scan.

Using a range of creatures that each tells their own story about why they need a scan, the Kitten Scanner allows children to explore the machine and takes the fear out of the procedure. Within days of the Kitten Scanner being installed it had its first success when a distressed child who was refusing to go into the real scanner spent time with the Kitten Scanner. They went on to have a successful scan without the need for a general anaesthetic, which is a fantastic achievement.

June: UHNS was ranked inside the top 50 trusts after seeing an increase in the number of patients recruited to clinical trials.

Deliver safe, appropriate and effective patient care

Harm free care

Protection from hospital acquired infection

Table 6	2013/14	2012/13
MRSA bacteraemia (limit 0)	5	0
C Difficile (limit 50)	58	65

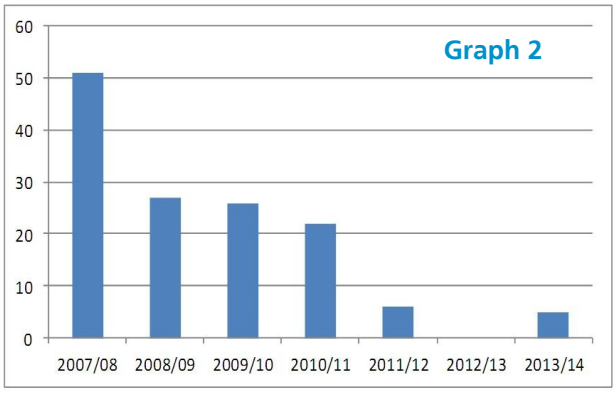
The prevention and control of infections, together with the safety of our patients, remains a top priority at the Trust. During this year we reported five cases of MRSA bacteraemia and 58 Clostridium difficile cases, which is eight lower than last year. However, our staff are not complacent and review every one of these cases, which are brought to the Chief Nurse and Medical Director.

July: The Trust reduced the number of alcohol-related admissions thanks to a new alcohol liaison team.

University Hospital, as a large centre of excellence, has a significant number of vulnerable and frail patients. These patients are susceptible to infections, particularly in clinical services such as nephrology, oncology, haematology, critical care, major surgery and elderly.

MRSA

The Trust set itself the goal of being free of MRSA bacteraemia. This is a very challenging target but one that the Trust strives to achieve for its patients. This year we reported five cases of MRSA bacteraemia. Our nursing staff aim to consistently reduce the levels of MRSA in our hospital, see Graph 2.



To achieve and sustain year on year reductions, the Trust has developed policies and procedures and an audit programme ensures they are adhered to. A new and expanded Infection Prevention team is working closely with clinical colleagues to further help this fight and support front line staff prevent, reduce and control avoidable hospital-acquired infections.

Each case of MRSA bacteraemia undergoes an immediate thorough investigation and a multi-disciplinary meeting is held with external colleagues to identify what lessons can be implemented to prevent further cases. These lessons are disseminated widely throughout the organisation. A number of these were deemed unavoidable by the external panel that reviews cases.

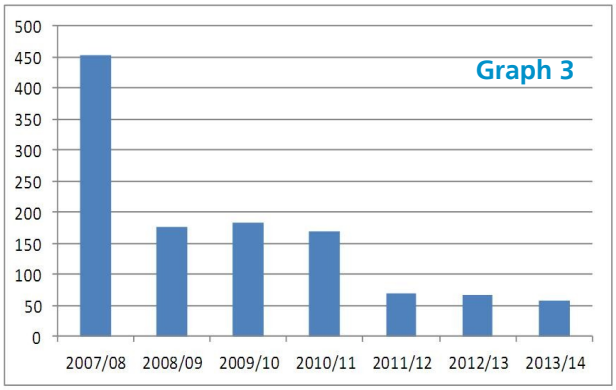
The Trust has continued to screen all in-patients. Alcohol hand gel dispensers at

Safety is our priority

Love to see: Keeping people safe. Positively promotes safety for staff and patients. Develops and implements safer practices, reduces risk and encourages others to make safety a priority - taking the initiative to put things right outside of my remit if I see others fearing to act.

bedsides and entrances to all wards and departments help encourage both staff and patients to use them on entry and exit from clinical areas. Matrons have responsibility for regular hand hygiene audits in their areas.

Clostridium difficile



The Trust has again achieved a further reduction in *Clostridium difficile* cases, see Graph 3. There has been year on year reduction in the number of *Clostridium difficile* cases since 2007. Cases of trust apportioned *Clostridium difficile* infections are subject to a root cause analysis. Wards that have two or more cases within 28 days present their root cause analysis to the Chief Executive. The learning outcomes from the meeting and investigations carried out are then shared throughout the organisation. All cases are reviewed at least three times per week by a *Clostridium difficile* nurse, and at weekly multi-disciplinary meetings.

The Trust is participating in a multi-centre research project to look at the feasibility of a vaccine that protects against *Clostridium difficile*. There are plans to introduce a new 'Probiotic Infusion service' for patients with recurrent *Clostridium difficile*. This has already been shown to have a high success rate in the few centres that have already introduced it.

Norovirus

Norovirus, commonly known as the 'winter vomiting virus', is the most common cause of gastroenteritis in the UK and generally occurs between October and April. The illness, found in the community, is self-limiting and the symptoms will last for 12 to 60 hours, with most people making a full recovery within one to two days.

However, some people may become very dehydrated and require hospital treatment. Patients that present with suspected gastroenteritis in the emergency admitting areas are isolated as soon as possible to try to prevent the introduction of norovirus in our in-patient areas. This helps reduce the spread of norovirus in our hospital, which can be disruptive and result in ward closure and loss of activity.

In line with other hospitals throughout the UK, we have had a small number of wards closed or restricted. However, we have not been affected as strongly as

July: Physios and therapists at the Trust are now using IPods to log their work on the run.

Expect to see: Keeping people safe. Follows procedures, recognises and takes action when things are going wrong. Supporting one another to create a safe environment for everyone to do their jobs effectively.

Safety is our priority

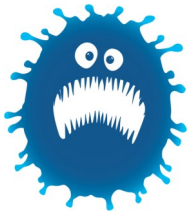
other large hospitals due to our practices and facilities. The Trust has again been able to open wards sooner this year than in previous years.

Surgical Site Surveillance

The Trust continues to participate in Surgical Site Surveillance, working closely with clinical teams and reporting when an infection is identified. The Infection Prevention team work closely with clinical teams to look at root cause to put in place actions to reduce the risk of infection.

July: New Chief Executive Mark Hackett joined the Trust from UHS NHS Foundation Trust.

Flu vaccination



This year the Trust celebrated achieving 75% of frontline staff receiving the flu vaccine. By volunteering to receive the flu jab NHS staff are protecting themselves, their friends and families and their patients. This is an outstanding achievement, which saw more than 4,500 staff participate in just ten weeks.

We know that by immunising ourselves against the flu we are reducing the chances that we can pass it on to our patients, who are very often the most vulnerable in society. Although the flu jab is voluntary our staff are fully committed to protecting their patients and that is why so many people have come forward this year.

The efforts of UHNS staff ensures the Trust is in the top 10% of trusts nationwide and means the Trust is eligible to apply for a share of £250m of funds for emergency services in North Staffordshire and the rest of England. Rebecca Aitkin, of Ward 117, won a special prize and a certificate for being our Flu Champion. Rebecca was the most pro-active clinical member of staff in encouraging colleagues to take part and giving them information on the vaccine and how and where they could get their jab.

In an emergency

Trauma

University Hospital's Major Trauma Centre has been rated as one of the best in the country. Just a year after its launch the service was ranked as the best in the West Midlands and sat in the top five nationally.

The Centre treats more than 700 patients, as well as serving the people of North Staffordshire. It acts as a tertiary centre for the wider population of 1.55 million in the North West Midlands and for a further 700,000 people in North Wales. The success of the Centre is founded on great clinical leadership in partnership with a network of local hospitals, who work together to benefit patients.

Safety is our priority

Love to see: Taking personal responsibility. Is a role model in acting with appropriate empathy and compassion, managing their own behaviours and emotions and helping others to manage theirs – taking positive action to ensure others are taking responsibility for the emotional wellbeing of all.

Vulnerable adults

Elderly

University Hospital has pledged to screen all patients for dementia that are aged 75 or over and admitted as an emergency and made this process a formal part of the nursing assessment. The Trust has also started to implement the process on patients who are over 75 and admitted electively. We have been providing nursing assistants with training to improve the management of dementia patients, following the recommendations of the Francis Inquiry.

As health professionals our staff are very aware of the increasing need to care for people with dementia. In 2012, David Cameron pledged to make a real difference to the lives of people with dementia and their families and carers by launching 'the dementia challenge'.

At UHNS we are fully on-board with this challenge and are continually improving the way in which we care for people with the disease. We aim to provide the best care possible and believe that a person-centred approach involving the patient, their families and carers is the way to do this.

Patients, their families or their carers are asked simple questions on admission relating to short-term memory loss. If the patient shows signs of memory loss they are assessed using an evidenced based tool known as 6-CIT. A score is applied and the result determines the next step. Either no immediate action is required and the patient is assessed again by their GP in three to six months, or the patient is referred to mental health services for a full assessment.

The sooner we identify that a patient is showing signs of dementia, the better we can tailor their care. Recognising a patient's individual capabilities and helping everyone involved in the care of the patient to understand and manage the illness is a vital part of enriching their lives. If a patient is admitted to hospital, or diagnosed whilst in hospital with dementia, the clinical teams have a greater opportunity to access additional support services for them when they are discharged home.

The screening and assessment is not limited to patients over the age of 75, staff use clinical discretion for screening of patients below this age.

July: The Acute Medical Unit now cares for 16,000 patients each year, up 43% in two years.

Expect to see: Taking personal responsibility. Takes ownership for their work, is trustworthy and reliable and takes responsibility for their own performance, actions and behaviour. Cares for their own physical and mental wellbeing and is committed to creating a positive climate for colleagues and patients.

Safety is our priority

August: University Hospital merged the specialist surgery wards, improving patient privacy and dignity.

23 Hour pathway

Our staff have successfully discharged a patient less than 24 hours after surgery for bowel cancer. A new pathway, the 23 hour pathway, saw a patient discharged home just 23 hours after undergoing surgery for bowel cancer. Staff using the new pathway identify suitable patients for accelerated enhanced recovery following a laparoscopic right hemicolectomy. The patient's bowel cancer was picked up through the Trust's bowel cancer screening programme.

Enhanced Recovery is a plan of care that involves patients as the central stakeholder in their care. The pathway requires input from all members of the multi-disciplinary team, from the initial contact at outpatients through to the post-discharge period. As patient pathways have improved quality of care and reduced readmissions, the patient's length of stay in hospital has also been reduced. The colorectal enhanced recovery accelerated pathway is an extension of the existing programme, providing safe care from hospital to home with safety as a priority.

Many areas now use enhanced recovery. This helps to streamline future patient journeys, enhancing both patient recovery and satisfaction. More and more patients have been through the pathway and the Trust utilises it for other surgical procedures.

Bowel Cancer Screening Programme

The Programme began in 2008, offering screening for those aged 60-69 years and an opt-in option for those over the age of 69 years. The programme then expanded to routinely include those aged 70-74. The programme has saved lives as cancers within this population have been diagnosed earlier and treated with less invasive procedures.

The uptake of bowel screening has increased year on year and the programme, from going live to the end of this year, have diagnosed 241 bowel cancers. The team have also removed over 3,000 polyps that could have, if left in situ, had the potential to turn into cancers. The next challenge for the service is the introduction of Bowel Scope (flexible sigmoidoscopy) Screening into the established programme. Nearly a third of lives are saved where cancers are found.

Bowel Scope Screening is a one-off invite to people aged 55 to have the left side of their bowel reviewed by flexible sigmoidoscopy. There will also be the option for those aged 56-59 years to opt in to the Programme.

Safety is our priority

Love to see: Leading with care. Sees themselves as leaders in care, contributing to the conditions that provide mutual care and support paying close attention to what motivates one another so that energy can be pooled to deliver better care.

Tissue viability

Our staff have achieved 1,000 days without a grade four pressure ulcer. Staff have also reduced the number of patients suffering milder pressure ulcers by 75%. This year just 40 pressure ulcers have been recorded, compared to 157 in the same period in 2012/13.

The Trust is becoming a magnet for nurses in the region. When a nurse is employed by the Trust they are dedicated to that particular ward and to the patients who are treated there. They get to know those patients and they understand what they need day in day out. Pressure ulcers can develop when pressure is applied over a long period of time so it's vital that patients get continuity of care from nurses.

Pressure ulcers are a type of injury that breaks down the skin and underlying tissue. They are caused when an area of skin is placed under pressure. They are also sometimes known as 'bedsores' or 'pressure sores'. Pressure ulcers can range in severity from patches of discoloured skin to open wounds that expose the underlying bone or muscle.

People over 70-years-old are vulnerable to pressure ulcers as they are more likely to have mobility problems and ageing of the skin. There are better and better treatments for pressure ulcers being developed all the time, but the very best solution is to avoid pressure ulcers.

Fractured Neck of Femur

The Trust's hip fracture team have been named as one of the best in the country. The team, known as Fractured Neck of Femur team, have the best record in the country for getting their patients home. The average patient stays in hospital for over 15 days in the UK, but at UHNS the team have brought this down to just over seven days.

Each year the Trust treats over 620 patients with hip fractures. Patients who undergo surgery here at the Trust have a better chance of survival than elsewhere. University Hospital's mortality rate is 5.1%, which is far lower than the national average of 8.2%.

Eight years ago our patients stayed in hospital for about three weeks, we've managed to reduce this to just one week. To do this we created a dedicated single ward to specifically manage patients with broken hips, bringing therapists, anaesthetists, ortho-geriatrician and advanced nurse practitioners under one roof. Staff developed and finely tuned a pathway that really meets the needs of patients. From here they just got better and better and these results are hugely rewarding for all the team.

Hip fracture is the commonest cause of injury related death, and is seen by patients, their relatives and friends as 'the final insult' that led to their death.

August: Patients were offered the chance to learn about innovative clinical research at a special open day

Expect to see: Leading with care. Speaks up when there are concerns about the care we provide, consistently role modelling our values in the everyday care of patients and in our interactions with one another.

Safety is our priority

Many of these deaths are a reflection of frailty and pre-existing illness, and not all mortality is preventable.

However, a low mortality rate and an early discharge home are good indicators of the quality of hospital services for the older person. In many ways the care of our frail elderly patient is a barometer of how a hospital is performing. This is because their needs are often complex and their recovery can be greatly improved by well-planned care delivery. Avoiding complications, particularly infection and blood clots, has a major effect on health improvement for our older patients.

September: Urology services in North and Mid Staffs joined to create one service, provided by UHNS.

Patients at University Hospital are fully assessed by the nurse practitioner and ortho-geriatrician team. The aim is to have the surgery within 36 hours, and ensure they are mobilised as soon as possible. This means fewer infections and dislocations, lower mortality and earlier discharge with home support. Martyne Horton-Jones (below) from the team won our Employee of the Month for March 2014.

Stroke Services and hospital mortality

The Trust has been praised for Stroke survival rates but given lower scores for some readmissions across the hospital. Every year each NHS trust is rated across 33 indicators by ratings firm Dr Foster in their annual Hospital Guide. This year The Trust was praised for its Stroke service. Our Stroke Service is nationally recognised as being an excellent service. Many patients in Staffordshire and beyond benefit from their expertise and the team deserve the recognition they received. The Trust is now working with colleagues in Mid Staffordshire and Mid Cheshire to integrate services and improve access to our world class acute stroke care.

Dr Foster said improvements can be made in four other areas across the Trust. These included readmissions, hospital mortality over three years, palliative care coding and complications recorded following surgery.

At University Hospital we have well-developed systems to monitor mortality, both within individual specialties and more broadly across the Trust. Patient safety is our top priority. Our HSMR has been consistently good overall for the past six years but the Trust is not complacent about the figures. We believe the Trust is a safe hospital where mortality and other indicators of safety are systematically monitored, measured and reported on publicly.

Safety is our priority

Love to see: Delivering the best outcomes. Inspires confidence in others to follow best practice. Safely finds better ways to deliver services and has the resilience and courage to persist in the face of opposition or if they have suffered a setback.

Maternity Centre

Women who give birth at University Hospital are given the safest care in the country according to an accreditation scheme. Staff at the Maternity Centre celebrated in March 2014 after being given the highest rating of any large Maternity service nationwide.

All hospitals with maternity services are assessed for Clinical Negligence Scheme for Trusts (CNST) and given a rating of 0 -3, with Level 3 being the highest. The Trust scored 49/50 in achieving CNST Level 3, a score matched by only two other smaller trusts. Only 20 trusts nationwide have achieved CNST Level 3, showing our excellence in maternity and obstetrics care.

This is a fantastic achievement for all our women who choose to give birth here at the Maternity Centre in Stoke-on-Trent. The achievement has given staff a real boost and it will give mums across Staffordshire the knowledge that the service provided here is amongst the very best in the country.

The Maternity Centre opened in 2009 and currently delivers 5,800 babies each year, and has capacity for more deliveries. The Trust also announced this year that it would be working closely with Mid Cheshire NHS Foundation Trust. The Trust's insurance premiums are to be reduced by £375,000 following the achievement of CNST Level 3.

September: The Trust was rated as one of the top 40 healthcare providers for food in England.

Expect to see: Delivering the best outcomes. Lead by example in promoting best practice and ensuring a consistent high quality service. Ensures patient and colleague outcomes are prioritised.

Safety is our priority

Children's Centre

Staff on the Children's Intensive Care Unit were praised this year after a virus hit units across the country in the lead up to Christmas. The Respiratory Syncytial Virus causes infection of the lungs and breathing passages, which is a major cause of respiratory illness in young children.

The team at University Hospital were aware of the impact this could have, and, despite the department already having reached full capacity at this busy winter period, put plans in place to ensure every possible bed was available.

October: Dr Gavin Russell was awarded the title of Honorary Professor of Medicine from Keele University.

Through the additional efforts of staff in the unit, and across the rest of the Children's Centre, more children were able to be treated in the region and fewer families faced the trauma of being transferred further afield. Staff working in the Children's Centre, which is described as a hospital within a hospital, ensure compassion is shown to the children and families across the West Midlands region. The staff were recognised for their efforts with a Team of the Month Award in January.

Environment

The Trust has been rated as one of the top 40 healthcare providers. The Trust's Patient-Led Assessments of the Care Environment inspection praised the cleanliness, privacy and dignity and the environment where patient are treated.

The environment where we are cared for makes a huge difference to our recovery. The cleanliness of the hospital helps us to fight infections, the food and hydration helps patients recover and the privacy and dignity we are able to give keeps our patients comfortable and feeling safe. Moving into the new hospital made a big difference and these scores are a testament to the hard work of support staff who work with our clinicians on a daily basis.

University Hospital's overall scores for the four categories were as follows:

- Cleanliness 99%
- Food 94%
- Privacy, Dignity and Wellbeing 95%
- Condition Appearance and Maintenance 94%

Although the new hospital has made a difference, the Trust still has a number of older buildings where the standards are just as high. This shows that patients who come to here can expect a clean environment, good food and hydration, and dignity they deserve in a 21st Century environment.

Respect & Dignity

Love to see: Compassion & kindness. Remains sensitive and calm at all times. Is a role model in creating an environment of mutual care, support and empathy.

Efficiency driven by innovation, teaching, research and education

Becoming a Clinically Led Organisation

The Trust appointed its first chief clinical information officer this year to support major IT projects. Dr Zia Din, Acute Medicine Consultant, will help the development, delivery and organisational engagement of the projects. Dr Din will work alongside the ICT Director to develop IT systems that enable more efficient and higher quality clinical care.

Dr Zia Din said: "As a consultant I am using technology more and more to improve the outcomes for patients. In the last five years we have seen huge improvements in the use of software that can get data and patient records to consultants quickly and accurately. This includes a Ward Information System that gives each patient's details and diagnostics at the click of a button.

"What my role will involve is making sure we optimise the revolutions in IT software to bring the maximum benefits. One of my first actions will be to bring together a group of clinical champions so that each clinical area will have the opportunity to influence the strategic direction of IT."

Criteria Led Discharge

Thirty per cent of patients on a ward at University Hospital are now discharged home sooner in the day thanks to a new practice. The Criteria Led Discharge allows nurses to discharge a patient home rather than waiting for it to be approved by a doctor. Nursing staff on general medical Ward 122 have successfully discharged patients using this system.

The trained senior nurses follow a medical management plan and a criteria led approach that allows them to discharge patients in a planned, safe and timely manner. The medical plan is agreed by a multidisciplinary team of doctors and nurses, which is then signed off by a doctor. Providing all the criteria in the medical plan are met, nurses have the authority to discharge patients.

Doctors and nurses have praised the use of the system. Most importantly, the patient experience is significantly improved. The welcomed increase in responsibility has made the Criteria Led Discharge trained nurses feeling more valued, and doctors feel the system enables them to work closer with senior nurses and share responsibilities. The Criteria Led Discharge system has now been rolled out on other wards.

October: The Trust underlined its green credentials after being given the go-ahead to install a green energy system.

Expect to see: Compassion & kindness. Pays attention to others and demonstrates that the wellbeing of their colleagues and patients are important. Demonstrates genuine acts of kindness.

Respect & Dignity

October: The Trust was judged to be one of the safest in the country by the CQC after being given a band five rating.

UHNS@Home

The Trust launched this scheme to give hospital patients the option to be treated in their own homes for the first time. The 'UHNS@Home' initiative means that patients will receive care from nursing and therapy staff in their own home under the guidance of a UHNS consultant. The service, provided in partnership with Healthcare at Home Ltd, will run for an initial three years and is expected to provide additional capacity for up to 41 patients at a time.

The Trust has received widespread support from our staff, commissioners, and, most importantly, our patients for the UHNS@Home scheme. Our patients have told us that what they really want is to be able to go home as quickly as is safe to do so, and the UHNS@Home scheme is able to support this. They are still under the care of a consultant, who will be responsible for their care until they are ready to be discharged.

The service was initially available to patients in general medicine, elderly care and trauma and orthopaedics. Patients treated in the comfort of their home tend to recover quicker, are less likely to be readmitted into hospital and are less likely to acquire infections during their recovery. The Trust is committed to reducing bed occupancy rates at the hospital and this scheme will help achieve this goal.

Andy Fallow's story

Andy Fallows became the first patient to be helped by the pioneering scheme. Mr Fallows had been receiving treatment on a ward every day, despite being well enough to be treated at home. Andy said he was delighted to now be receiving the same care in his front room.

As he recovered from hip surgery, orthopaedic surgeon Phil Roberts allowed him home. Andy said: "After what I have been through, the first two days of this new system have convinced me there is a God. Almost everything on the ward is now at home and these hospital nurses come in every morning to see to my intravenous antibiotics and make sure I'm OK. I have complete faith I am being kept safe and having the best of care. I feel honoured to be the first."

Respect & Dignity

Love to see: Going the extra mile. Puts themselves out for the benefit of others. Is willing to go above and beyond to make others feel special and intervenes when others do not do this.

Interventional Radiology

Our Interventional Radiology service has been recognised as one of the best in the country in delivering treatments to vascular patients after receiving a national status. The service, which is run in partnership with Stafford and Leighton hospitals, has been awarded 'exemplar' status by the British Society of Interventional Radiology.

Interventional Radiology uses minimally -invasive image-guided procedures to diagnose and treat diseases throughout the body. The techniques used minimize risk to patients and help to improve health outcomes. This allows treatments to take place that were not previously possible, or which required major open surgery. This means that, across Staffordshire and Cheshire, more patient lives and limbs are being saved.

As one of nine exemplar sites nationally, the Trust was awarded the status after demonstrating a commitment to improving quality and access to the Vascular Interventional Radiology service in four key areas: scope of service, providing good quality care, patient focus and service improvement.

Vascular services are now organised into a 'clinical network', rather than three previously stand-alone units. Surgeons, radiologists and other clinicians in Stoke, Crewe and Stafford work together to treat patients locally where possible, transferring where necessary the most life-threatening cases to the specialist centre at the Trust. In 2014 we will be incorporating Burton into our network, which will increase the population served by this service to 1.4m people.

Connie's story

One patient to benefit from the service is 91-year-old Connie Crook from Crewe. Connie was admitted to Leighton Hospital with an abdominal aorta ruptured aneurysm before being transferred to UHNS where surgeons performed an aneurysm repair.

Dr John Asquith (left), clinical lead in interventional radiology, said: "This status demonstrates to patients that UHNS is at the forefront of clinical excellence in this country. I'm very proud of our team because a lot of hard work and dedication has gone in to achieving this exemplar status."

Connie said: "The doctors and nurses at Stoke were worth their weight in gold for me – they really looked after me. At 91, I don't want to be spending too much time in hospital so they put me right and I was back home after about a week. It's good for me that I could have the operation done so close to home."

October: Over 3,000 staff at the Trust had their flu jab during the first five weeks of the campaign.

Expect to see: Going the extra mile. Smiles when appropriate and makes eye contact, remembers people's names, faces and facts to personalise the service they give.

Respect & Dignity

Seven Day working

The Trust launched a seven day consultant maternity service for the first time this year. The maternity service already had a consultant on call 24 hours a day seven days per week as well as skilled doctors, junior staff and midwives. From January 2014 the Obstetrics and Gynaecology consultants were present on the delivery suite seven days a week. The Maternity Centre has increased the number of consultant obstetricians to 13, which will also reduce the waiting time for gynaecological surgery.

As a Trust we are very proud to have been able to achieve this. This move will result in the delivery of the best and safest care for our expecting mothers in labour. The NHS is moving towards a seven day culture and as a Trust we are instituting this ahead of most centres in the UK. All the evidence suggests that larger centres with more consultants available within delivery suite deliver the very best care to mothers and their babies.

October: University Hospital held a lung cancer awareness event with the support of the Roy Castle Foundation

Day surgery

The Trust installed a state-of-the-art mobile day surgery unit to improve access times for its patients. The new unit is completely self-contained and comprises of all elements of a surgical theatre from a patient waiting area, a dedicated procedure and treatment room through to discharge lounge. The unit will receive 800 patients in its first four months, with patients receiving treatment from UHNS surgeons and anaesthetists.

The creation of this mobile day surgery unit (shown below) will bring huge benefits to our patients. The Trust has seen, this year especially, a growing number of patients choosing to have their treatment here. We needed to increase capacity for these patients in the short-term as we look to increase capacity later this year. In addition to treating additional patients, the unit will ensure that University Hospital meets its commitment to treat its patients within 18 weeks.

Respect & Dignity

Love to see: Valuing diversity. Devotes effort and is flexible in communication and approach to overcome obstacles and constraints to engaging effectively with people who have different views and opinions.

Doctors of the future

Keele University Medical School trains 130 students in each of the five years of the MBChB course. The first graduates from this course started work at the Trust in 2012. Before then, doctors training at Keele University had been awarded a Manchester degree. In 2013 the School achieved a very high rating on the National Student Survey, being placed in the top two medical schools.

The Keele curriculum is a hybrid course that includes both problem based learning and also traditional methods of teaching. Students also spend time on Student Selected Components, where they choose subjects that they want to study in more detail, as well as time in clinics, wards and operating theatres.

In their final year students spend 15 weeks in hospitals as student assistants, where they are learning the work of the foundation doctors. They also spend 15 weeks in General Practice before going on electives to get experience.

The School won an award from INSPIRE, a scheme devised by the Academy of Medical Sciences, with the aim of fostering a research culture in all clinicians entering the NHS. A medical student volunteer programme, Med-Path, has been developed in partnership with our Skills Academy. Medical students are trained to deliver enrichment activities as part of the widening participation programme.

In total 127 students graduated from Keele University in July 2013 and a third of these came to work at the Trust as foundation doctors in August 2013. Clinical teaching is a high priority within the Trust. During the 2012/13 academic year, 56% of the Trust's consultants were involved in teaching and developing the curriculum.

The General Medical Council sets and monitors standards in medical education. The standards are set out in the publication 'Tomorrow's Doctors'. Two senior members of the GMC visited Keele University and the Trust in January 2014 as part of an informal programme of visiting all medical schools. They were shown new developments at Keele University, including the newly refurbished state-of-the-art anatomy facilities, which can be used for postgraduate surgical teaching.

November: Our staff set up a new clinic to care for patients suffering from hayfever, many have severe allergies.

Expect to see: Valuing diversity. Treats people as valued individuals by listening and seeking to understand things from the other person's perspective. Is open to a variety of views and ways of doing things.

Respect & Dignity

Nurses of the future

It is incredibly important that we support the next generation of nurses and nursing assistants. Our nursing assistants represent 40% of the total nursing workforce, and they perform approximately 60% of our hands on care. The last 12 months have seen the level of support grow even faster to ensure we give nursing assistants the opportunities for future development (Chief Nurse Liz Rix pictured with Nursing Assistant Rachael Booth).

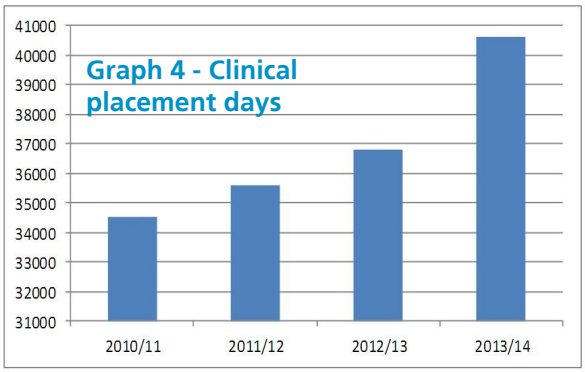
The Trust has appointed a care coach to support and develop our nursing assistants. The care coach is now working with Health Education West Midlands to gain accreditation with City and Guilds/Skills for Health. We have also developed specific competencies for nursing assistants around the care of a patient with dementia.

December: Staff fundraised to support those affected by Typhoon Haiyan, the Trust has 300 Filipino nurses.

The first cohort of nursing apprentices commenced in February 2014 and have been well received. We are looking to develop this scheme further and develop a pathway for apprentices to follow a career in the NHS, which could result in them undertaking courses to gain professional registration.

The Trust provides clinical placements for pre-registration students for nursing, midwifery and operating department practitioners. The majority of the placements relate to students from Keele University, but we are receiving increasing numbers from Staffordshire University.

The number of students requesting elective placement within specialities from across the country has increased, demonstrating that the Trust is being recognised for its excellence. We have seen year on year growth in clinical placements, as shown below, with 40,620 days completed this year.



This year we welcomed 198 qualified nurses and midwives. For our registered staff we continue to offer a preceptorship programme and we supported 347 staff to undertake a degree or masters level study to ensure we develop our workforce to meet the changes in service delivery.

Respect & Dignity

Love to see: Protecting dignity. Sets clear standards for behaviour that creates an environment of privacy and dignity. Is an advocate for the vulnerable (patients and staff).

Research helping new mums

Researchers are at the forefront of a new trial into the early detection of pre-eclampsia, a serious complication of pregnancy for mothers, which can also results giving birth prematurely. First-time mothers are being given the opportunity to take part in the trial, which is being used to develop an effective screening test for the condition.

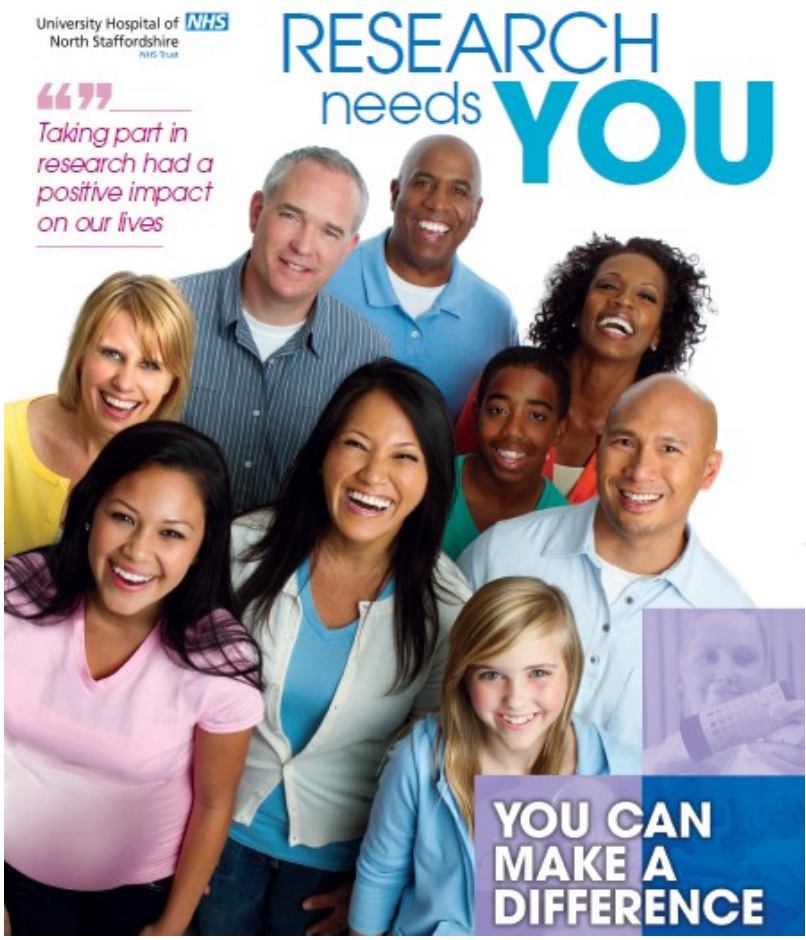
Pre-eclampsia is a condition which mainly occurs in the last third of pregnancy and can result in the mother becoming severely ill or the baby being born prematurely or not growing in the womb. It can result in the mother being very unwell, needing intensive care and a prolonged hospital stay. It has been shown that around one in ten first-time mothers can be affected by this condition, one in 30 of these can be in the most severely affected group.

Professor Shaughn O'Brien, Consultant Obstetrician and Gynaecologist, said: "We were very pleased to have achieved this large grant from the EU awarding body for UHNS and Keele University. If it demonstrates the outcomes we expect it will be a major advance in our understanding of pre-eclampsia and for all pregnant women at risk of this serious complication."

Research

Our vision for research over the past five years has seen significant year-on-year improvement. However, this year has seen a step change in approach to research within the Trust. With the approval of the new five-year Strategy in March 2014, we now have a mandate to initiate a very ambitious programme moving forward. This will have a major impact on our profile as a research centre, will generate significant additional income and, importantly, provide opportunities for the people of Staffordshire to have access to the latest treatments and innovations.

January: A seven day consultant maternity service launched with Obs and Gynae consultants present on the delivery suite.



Expect to see: Protecting dignity. Is aware of vulnerability, protects privacy and treats others as they wish to be treated. Has the courage to intervene when others do not do this.

Respect & Dignity

Breast Cancer success

Clinicians at UHNS are some of the first in the world to offer a vaccine for breast cancer. It is given to patients immediately after the completion of chemotherapy and radiotherapy for early breast cancer. Breast cancer is the most common cancer in the UK with 48,000 diagnosed in Britain each year.

Prof Murray Brunt (pictured above), a Consultant Oncologist leading the study in North Staffordshire, said: "This is an entirely new type of treatment and is given in addition to the gold standard therapy that the breast cancer patients already receive. For the many years we have been treating breast cancer an increasing number of patients are cured. Perhaps the number of cures will increase thanks to this new vaccine."

The cancer clinical trials unit at the Trust entered the first patient in the UK into this ground-breaking breast cancer vaccine trial. The trial is being run at more than 100 sites worldwide for at least 700 patients after preliminary studies showed very encouraging results.

Offering patients an opportunity to take part in high quality research projects is one of our top priorities. Nearly 3,000 patients have been recruited into 135 National Institute for Health Research (NIHR) portfolio projects. These projects, involving 21 medical and surgical specialties, offer patients the opportunity to take part in a wide choice of research activities. The main areas have been stroke, respiratory, cardiology, imaging and musculoskeletal.

This year we have opened 63 new NIHR studies, of which 17 were commercial trials, as well as 55 non-NIHR projects (commercial and non-commercial). In 2013/14 our NIHR portfolio of clinical trials was supported by £1.7m of NIHR research network investment. This provided the infrastructure that supported patient recruitment into studies. It also allows us to invest in research nurses, midwives and key support services such as pharmacy, pathology and imaging.

We received a £1.58m research grant and commercial clinical trials income in partnership with Keele University. This delivers a 'bench to bedside' approach to research, enabling the results to feed through to daily clinical practice in clinics and on the wards. In addition, we received £833,000 from NIHR to support projects in orthopaedics, nephrology, respiratory, neurology, paediatrics, and

Learning from experience

Love to see: Giving & receiving feedback. Proactively seeks and acts on feedback from others to improve services and themselves. Is skilled in giving balanced feedback and support. Champions a mind-set of high ambition.

obstetrics and gynaecology.

This year the Trust was ranked 45th out of 390 research active trusts, based on the number of patients recruited in to studies, and 34th based on the number of studies open. Our target is to be ranked within the top 30 NHS trusts by 2018/19. To achieve this the Trust is making appointments in key areas as we know that getting the right people involved will be key to our success. These include:

- Professor Murray Brunt was appointed interim Clinical Lead for the West Midlands Cancer Research Network.
- Radiographers Rachel Sutton and Ruth Cope have been recruited to the role of Research and Audit Radiographer.
- Professor Gavin Russell, the Trust's Executive Lead for Research and Education, is chairing The Northern Hub of the Academic Health Sciences Network (AHSN)

On a study by study basis University Hospital consistently tops the rankings for patients recruited into studies and continues to perform well against stiff national and international competition.

We aim to become a nationally recognised centre of excellence for the identification, protection and commercialisation of health related innovation and intellectual property by 2018-19.

PET CT Scanner

The Trust officially launched our new PET CT Scanner this year. The scanner, which was part funded by Keele University, will play a huge role in research.

The scanner uses a combination of CT scanning and nuclear medicine PET imaging to produce accurate images of cancer spread and activity in the body. It is extremely sensitive in determining the presence of cancer and in detecting any spread of cancer to distant parts of the body. In addition, PET/CT scanning can determine how much energy a cancer is using and therefore how active it is.

The Scanner it is particularly good at determining which treatment is likely to be of most benefit in each patient. Once treatment has been given PET/CT can give a very early indication how effective it has been in treating the cancer. Taken together, this means that we can make sure that our patients are getting the most effective treatment, and, if it is not working, PET/CT can provide early warning so that other options can be considered.

Tackling C-difficile

Patients at University Hospital of North Staffordshire are being offered a vaccine for a potentially life-threatening disease as part of a worldwide clinical trial. C-difficile is a bacterium which causes intestinal disease and older adults in hospitals are at the greatest risk of infection. UHNS is one of eight sites across the UK who are recruiting volunteers to the trial. The volunteers are age 50 or older and planning an upcoming hospitalisation of more than 72 hours for a surgical procedure.

Dr Amit Arora, (pictured above) Specialist Consultant in Care of Older People, who is leading on the trial at University Hospital, said: "The susceptibility of C-Diff generally increases with age so the infection is a concern to our elderly population. This trial will go some way to helping develop a vaccine which stops the transmission of the infection."

Dr Arora is the elected Chair of England for the Council of the British Geriatrics Society and influences national policy.

This will benefit our patients, staff and local health economy through the expansion of our commercialisation activity by capitalising on innovation and intellectual property opportunities from across the Trust. A research and development commercialisation strategy is being developed to support this aspiration.

However, we know that our patients are ultimately the ones that need to benefit. This year we conducted a survey of research patients to understand their experiences when taking part in research studies. Nearly 90% said that they would recommend taking part in a research project to a friend or family member, with 84% stating they would take part in another study if asked. The Trust is committed to increasing the number of people involved in research. To support this aspiration and ensure patients are at the centre of everything we do, a business case has been created to maximise opportunities for patients.

Research was well supported by UHNS Charity with projects funded in areas such as imaging, obstetrics and gynaecology, cardiology, orthopaedics and diabetes. Funding is important in order to sustain and grow the business to benefit both local patients and the Trust's national profile, which supports the recruitment and retention of high quality staff.

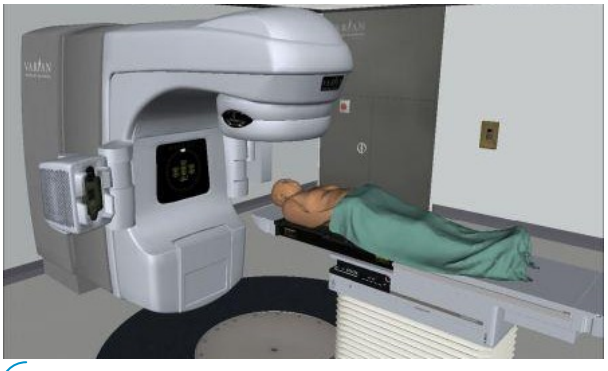
Learning from experience

Love to see: Always improving. Leads change by spotting opportunities for improvements, seeks out information to generate new ideas and helps and influences others to make it happen.

UHNS Charity and its fundraisers have been passionate about supporting research at the Trust over the past 12 months. One of the main collaborations that continues to draw fundraising is a project being carried out in the Cancer Centre to help to improve the service for patients undergoing radiotherapy.

Radiotherapy is a remarkably safe, effective treatment for patients suffering from cancer. However, because radiation must pass through healthy tissue on its way to the tumour, normal cells can be damaged and this means patients have concerns about their treatment.

The team at the Cancer Centre have developed a tool that shows patients exactly what the treatment will involve by using new hi-tech 3D images (shown below). The project aims to alleviate some of the stress, worry and uncertainty surrounding radiotherapy treatment. Patients are reassured and confident of their treatment once it has been explained to them using the 3D images and the feedback is that the whole experience was very informative and reduces the fear factor.



Fertility research at University Hospital

The Trust launched a new study into the treatment of endometriosis, which can cause fertility problems in women. The trial was awarded prestigious funding from the National Institute for Health Research (NIHR) and will compare two different keyhole surgical treatments.

Endometriosis is a condition where cells similar to those within the lining of the wombs are found elsewhere in the body. The condition can be chronic and affects around two million women in the UK. Symptoms include stomach, pelvic and lower back pain as well as fertility problems.

Mr Gourab Misra, (pictured) Consultant in Obstetrics and Gynaecology, said: "The trial allows us to compare the two different keyhole treatments and assess which one is the best for symptom relief and causes fewer complications after surgery. The women will be assessed before surgery, and then six weeks, three months and nine months afterwards. The results will improve future patient care of this disease."

There is no cure for endometriosis, although symptoms may be controlled by hormone treatments or painkillers. The average number of women seen here with endometriosis is around 140.

Our staff

Each year our staff are asked to take part in a national survey to help the NHS understand what those who work in the service think about their area. This year our staff are amongst the top 20% in the NHS that believe their role makes a difference to patients.

The results of the NHS National Survey of staff show a sustained improvement over the last two years on staff engagement at the Trust. Fifteen of the 28 key indicators were better than average, with six scoring in the top 20% compared to other hospitals nationally. In this time the Trust has brought all its staff together on one site. At University Hospital our staff believe our top five strengths are:

- More staff agreed their role makes a difference to patients
- Fewer staff said they witnessed potentially harmful errors, near misses or incidents in the last month
- Fewer staff said they had felt pressure from colleagues to come to work despite not feeling well enough in the last three months
- More staff said they had received relevant job-related training, learning or development
- Fewer staff said they experienced discrimination at work

January: Staff from the Hearing and Balance Centre at University Hospital provided info about tinnitus in the atrium.

It is important that, not only do we compare ourselves to other trusts nationally, but also our previous performance. These were:

- More staff said they are satisfied with the quality of work and patient care they are able to deliver
- More staff would recommend the Trust as a place to work or receive treatment
- More staff said team working is effective

Although our results were overwhelmingly positive, staff did outline areas where we as a Trust need to improve. They want us to:

- Introduce a values and behaviour framework which defines how we serve patients and their families, and how we work with colleagues
- Work with staff to make sure that incident reporting continues and that feedback on incidents is improved locally and corporately
- To improve opportunities for career progression

Learning from experience

Love to see: Championing learning & education. Seeks out creative and challenging opportunities for themselves and others to learn. Provides mentoring and coaching spotting high potential colleagues or capability gaps and capitalising on or mitigating the situation.

From the Philippines to Aspiring Matron

One of University Hospital's nurses has told of her journey from being a trainee in the Philippines to becoming an aspiring matron at the hospital.

Nadine Opiniano, aspiring matron, first travelled to the UK in May 2003 and after working her way up the nursing ranks at UHNS, she was recently appointed to the position of aspiring matron in elderly care. Now living in Stoke-on-Trent, Nadine's journey has taken here a long way since graduating from her nurse training in the Philippines in 1996.

After a spell as a school nurse, Nadine went on to work in various health maintenance organisations as a company nurse, before moving to Singapore where she worked as a healthcare assistant for two years. It was in Singapore where, as part of an international nurse recruitment programme, Nadine was recruited to come and work at UHNS.

She said: "I can remember it like it was yesterday. On 25 May 2003, after a long flight, we arrived at the hospital's nursing accommodation with our suitcases in-hand and I couldn't believe it, I had never seen a building like it, it was so big and so old.

"I felt just like Harry Potter when he first arrived at Hogwarts! In the Philippines, houses are made from bamboo and in Singapore it was all very modern with brand new high-rise flats and here I was in Stoke-on-Trent stood in front of what looked like a big old haunted castle and this was my new home!"

Along with more than 130 other nurses from the Philippines, Nadine came to work at UHNS in 2003 as part of an international nurse recruitment campaign. Nadine has now worked at

January: Stoke was chosen to lead a ground-breaking programme of research into treatment of asthma patients.

Expect to see: Championing learning & education. Is aware of their own development needs, seeks out opportunities to address skill, knowledge and experience gaps. Prioritises reflection to learn from both success and failure and takes accountability for their own performance.

Learning from experience

the Trust for over ten years and has shown a huge appetite to learn and develop in nursing as part of UHNS.

"I would not be where I am today without the support of my mentors; Gill Turner and Fiona Millington," said Nadine. "They have supported me and moulded me into the nurse I am today, giving me the support, skills and ability to work up through the different nursing bands."

Nadine has worked in numerous areas and wards including rehabilitation, gastroenterology and elderly care. After her initial six month adaptation nurse training Nadine went on to be a staff nurse, deputy ward manager, ward sister and is now aspiring matron for elderly care.

Nadine said: "I'm truly in my element when doing hands-on nursing but I'm really enjoying the experience of management and being aspiring matron for elderly care. There's always something new to learn about and get involved in. I have kept one uniform from each nursing position I have held, they are hung in my wardrobe as a little reminder of where I have come from and where I am today. It's nice to remember and reflect."

Leadership and Team development

The Trust has placed significant energy on improving and expanding leadership and team development this year. Over 500 staff have taken part in leadership and management development programmes over the last three years. This year saw the development of the Collaborative Leadership Programme for senior medical, nursing and managerial staff. It has seen the endorsement, by the Institute for Leadership and Management of our internally delivered programmes, which is the springboard to medical leadership for newly appointed consultants and effective managers programmes.

Dr Magnus Harrison, CD for Emergency Medicine, has been accepted onto the NHS Executive Fast Track Programme. This underlines our commitment to developing clinical leaders. For the first time the Trust has hosted two participants for the NHS Leadership Academy HOPE Exchange programme. These were a nursing manager from the Netherlands and a head radiographer from Austria.

The Trust has introduced the Aston Team Performance Inventory as a team performance diagnostic and the Team Performance Toolkit. We have also developed the UHNS Collaborative Leadership Model and evaluation process, which has been recognised regionally as good practice.

Learning from experience

Love to see: Innovation & research. The personal strength and vision to understand research disciplines, identify opportunities to improve services through research and innovates. Widely share good practice and success stories that foster pride and achievement and enhance the reputation of the Trust.

Award Winners

University Hospital staff have had another fantastic year in gaining recognition from their peers within the Trust and nationally. The Trust held its annual Staff Awards ceremony at Keele Hall in November, with over 25 teams and individuals nominated for 10 awards. The winners were:

- Education: Criteria Led Discharge – developing and implementing CLD across the Trust
- Service Improvement / Transformation / Re-design: Software Development team – development of the Clinical Information System (CIS)
- Employee of the Year: Dr Dargoi Satchi – Heart Failure Service
- Non-clinical Team of the Year: Clinical Audit team – NHSLA spot checks
- Patient Experience: Cardiac Assessment Nurses and Supporting Consultants
- Clinical Team of the Year: Cancer Clinical Trials team – surpassed recruitment of RCTs
- Clinical Innovation: Endobronchial Ultrasound team – EBUS guided needle aspiration of mediastinal and hilar lymph nodes
- Clinical Excellence: Pleural team – ambulatory pleural clinic
- Volunteer of the Year: John Wise
- CEO Special Award: Dr Peter Oakley

Cardiac Care win national award

The Trust collected the cardiac care award at the Patient Safety and Care Integration Awards. The cardiac care service was one of six nominations for the Trust in the national awards, with the Emergency Centre and the Frail Elderly Assessment Unit both shortlisted for their care of older people. The final nominations were earned by the neuroradiology department, who were shortlisted for three awards for their work with stroke patients.

The cardiac care service won the award after being praised for improving choices for patients with end stage heart failure and enhancing specialist care delivered in the community. Dr Dargoi Satchi (pictured top left), Consultant Cardiologist, said: "Winning a Care Integration Award is great news for the Trust's Heart Failure team. Heart and circulatory disease is the biggest cause of death in the UK. The community and University Hospital heart failure teams have worked hard with the palliative care specialists at Douglas Macmillan Hospice to enhance the pathway for cardiac patients in Stoke-on-Trent."

University Hospital of North Staffordshire's Red Legs Service reached the final round of the Pioneers of Care Awards 2013. The team, which treats patients with lymphoedema, were nominated for 'Setting up of an Integrated Red Legs Service'.

The awards are designed to celebrate and reward nurses who have gone out of their way to work effectively, efficiently and empathetically with their patients, and have introduced new techniques to solve problems and help improve lives.

The Red Legs Service was created to provide care for patients with bilateral Red Legs, which are often mistaken for cellulitis. The cause of Red Legs may be due to a variety of conditions and a number of specialities have worked together with patients to develop the referral and treatment criteria.

Lee Findler, lead nurse for the North Staffordshire Bowel Cancer Screening Centre, was one of the finalists for the NHS Leadership Recognition Awards 2013 in the category of 'NHS Leadership Development Champion of the year'.

January: The Trust celebrated reaching 75% of frontline staff receiving the flu vaccine, 4,500 staff had the jab.

Another success for Orthodontics

Consultant Orthodontist John Scholey (pictured above right with consultant colleagues) celebrated winning his sixth national award in as many years. Mr Scholey was awarded the prestigious Maurice Berman Award for Clinical Excellence at this year's British Orthodontic Conference. Mr Scholey and his team specialise in the treatment of problems with growth and development of the teeth and jaws.

The award is the latest in a long list for Mr Scholey, and is notably a remarkable achievement, being the first of its type to be awarded in the last five years. Receiving the accolade is a testament to the collaborative work that takes place between the Orthodontic Teams at UHNS and Mid Staffs.

Mr Scholey said: "We are so pleased to pick up another award for clinical excellence. Complex treatments such as this require a dedicated team approach and I'm are grateful for the excellent support of our teams at both University Hospital and Mid Staffordshire Trust in Stafford."

Working together & everyone counts

Love to see: Promoting teamwork. Is a role model in promoting team work, creating a sense of pride in the team, recognising success and behaving in a way that reflects our values; inspiring others to believe and live by our values, challenging those when they don't.

Promoting Staff Health and Wellbeing

We know fit and healthy staff provide a higher quality of care to patients. The Trust has been working hard for a number of years, through its staff wellbeing group, to facilitate an on-going wellbeing programme. The programme for this year included campaigns and initiatives aimed at improving staff diet and nutrition, exercise and stress, as well as alcohol awareness and smoking cessation.

In addition, two health and wellbeing weeks were held at the hospital in June 2013 and January 2014. These events were well attended and staff benefitted from advice on emotional health and wellbeing, exercise, cardiac assessment and lung function. The Trust provided a number of health and wellbeing "MOT" sessions for staff.

Staff now have the opportunity to access a range of complementary therapies on site at a reduced rate. The Trust's Health and Wellbeing website for staff was launched in December 2013, which enables staff to complete a confidential Health Risk Assessment to assist in understanding the impact of lifestyle on their health and what they can do to reduce their risks.

The Trust is working towards the Silver Workplace Health Award, given by Staffordshire County Council. It has also participated in the National Audit of NICE Guidance for Health in the Workplace and received over 1,500 staff responses to a questionnaire on health and wellbeing in the workplace. All of this information will be used to inform the Trust's on-going health and wellbeing action plan and programme and continue to progress the health at work agenda.

University Hospital of North Staffordshire teamed up with fitness provider M Club Spa and Fitness to improve the health and wellbeing of its staff. The Trust, has been working hard for many years to give staff the opportunity to stay fit and healthy. The latest scheme will see M Club Spa and Fitness offer special benefits and incentives to the Trust's staff to maintain their health.

Ro Vaughan, Director of Human Resources, said: "I'm delighted we have been able to work with M Club to give this benefit to our staff. We know what a positive impact initiatives such as this have on staff health and wellbeing. We have had many events in the past at the hospital that aim to improve the well-being of our staff and this scheme offers another great opportunity."

Mo Chaudry, M Club Founder, said: "We are delighted to be working with the NHS because both organisations have the shared goal of improving the health and wellbeing of our local communities in North Staffs."

February: Researchers at the Trust were at the forefront of a new trial into the early detection of pre-eclampsia.

Expect to see: Promoting teamwork. Contributes in an open and honest way to team discussions, demonstrates a commitment to team objectives and works with others to shape and deliver these. Is punctual and values other people's time.

Working together & everyone counts

Be efficient and financially stable

Procurement

University Hospital's Supplies Department achieved finalist status in the National Government Opportunities Excellence in Public Procurement Awards 2013/14. The entry was nominated as a finalist in the Collaborative Procurement Initiative of the Year Award category. This recognition shows that the Trust is achieving real value for money for the people of North Staffordshire and ensuring that as much money goes to frontline services as is possible.

University Hospital of North Staffordshire is the first NHS trust in England to achieve special recognition for procurement from the Department of Health. The Trust's Supplies and Procurement Department, which provides services for four trusts, a commissioning support unit and 10 clinical commissioning groups, has been given Level 1 status in 'NHS Standards of Procurement'. By improving the way the Trust manages its commercial activities University Hospital has saved more than £15m in the last five years, all of which can be re-invested back into patient care. A further £2.5m has been saved for partner trusts.

Nathan Johnson, Head of Procurement & Commercial Services, said: "This is important recognition for the team and the Trust in ensuring we are providing value for money for our patients and the taxpayer. I'm very proud of the team and the role they are playing in allowing our clinicians to provide the very best care for our patients. We know that every pound we spend is incredibly important and we work very hard to ensure our resources go as far as possible."

The Supplies & Procurement Department at University Hospital have had an extremely successful year. As well as being finalists in the National Government Opportunities (GO) Excellence in Public Procurement Awards, for the third year running, the team were also recognised for the efforts in combating inflation and for a supplier re-engagement program.

John Simpson, Director of Corporate Services, said: "This latest recognition is probably the most significant achievement of late for Nathan and his team. We know that our Supplies & Procurement Department is one of the best in the country and there is now absolutely no doubt about it. We will now be sharing our expertise with colleagues in the West Midlands and nationally."

Members of the supplies team

Working together & everyone counts

Love to see: Working in partnership. Connects with people outside of the team as well as in the team - this includes outside of the Trust so that they can work collaboratively fostering open and frank relationships.

Sustainability: Our impact on the Environment

The Trust continues to work hard to reduce the environmental impact of our activities and improve the sustainability of our hospital. The Trust has a sustainable development management plan that ensures we fulfil our commitment to sustainability, whilst providing high quality patient care. The Trust's ambition is a 10% carbon emissions reduction by 2015. We continue to be participants in the EU Emissions Trading Scheme and the Carbon Reduction Commitment Energy Efficiency Scheme.

As expected, our CO2 emissions decreased by 13%. Our energy consumption has also decreased by 19% this year, mainly due to gas usage falling by 29%. Our water consumption has increased by 37,064 cubic meters in 2013/14, a 17.3% increase. We recycled 23.96 tonnes of scrap metal, 132.66 tonnes of cardboard and 157.18 tonnes of paper shredding.

Reducing the amount of energy used in our organisation is key to reducing our footprint. There is also a financial benefit that comes from reducing our energy bill. This year the Trust invested £1.5m from the NHS Energy Efficiency Capital Funding Initiative for a Combined Heat and Power Engine.

The engine, which uses gas to generate electricity, will provide cost and carbon savings. This includes recycling the waste heat generated to supplement the hospital's heating system. The heat is normally wasted into the atmosphere at conventional power stations. Once the engine is fully operational, carbon emissions will reduce by 2,792 tonnes per year – almost 8% of the Trust's current carbon output, the equivalent of removing 991 cars from the road.

The Trust has invested in energy efficient LED lighting in the Lyme and Trent Buildings. This has improved the environment in lighting quality, as well as offering energy and carbon savings.

The Trust is committed to reducing wider environmental and social impacts associated with our activities. To improve the accessibility of the hospital site for staff and patients, the Trust has been working with local partners to increase alternative methods of transport. This includes:

- Bus travel - the introduction of a discounted monthly bus pass
- Cycling promotion - 'Two-wheel Tuesday' campaign, which includes cycle route planning, trial bikes, cycle training, bike maintenance
- A dedicated lift share scheme for our employees.

The Trust received the NHS Forest Award for the largest number of trees planted in the NHS, over 12,000 in total.

Expect to see: Working in partnership. Demonstrates an understanding of how their work relates to other parts of the division and Trust, how financial and other pressures influence how we work.

Working together & everyone counts

Build a positive reputation and play a key role in the wider community

Overview of Care Quality Commission (CQC) report

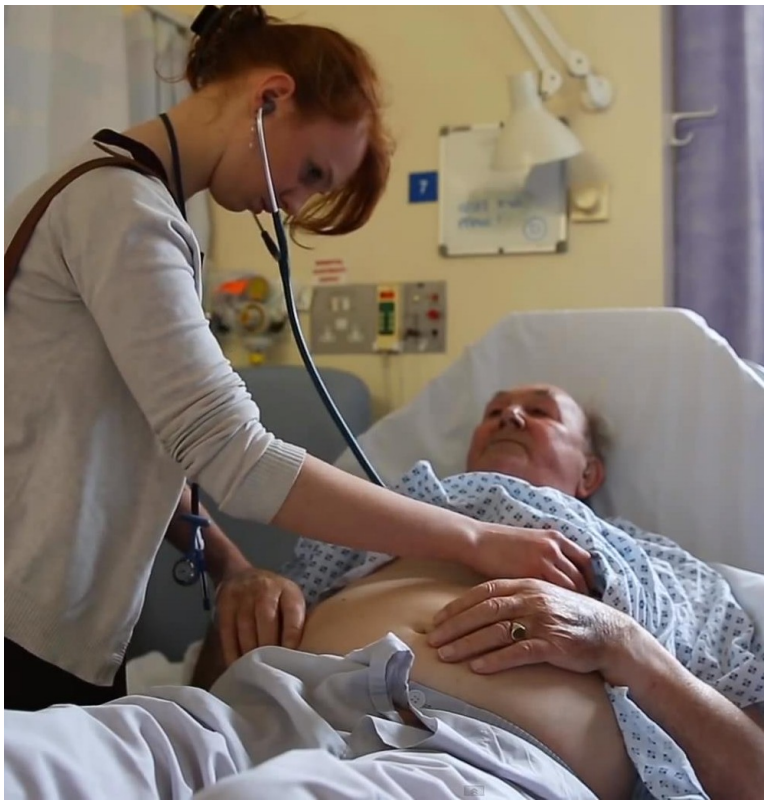
February: Staff were amongst the top 20% in the NHS that believe their role makes a difference to patients.

The CQC has praised University Hospital for the care it gives to dementia patients. The Trust has worked hard over many years to improve care for dementia patients and following the Francis Inquiry into Mid Staffs last year. This includes the implementation of a butterfly symbol for dementia patients, additional training for nursing assistants and screening for all patients aged 75 or over and admitted as an emergency

Our staff are all very aware of the increasing need to care for people in our society with dementia. At the Trust we meeting this challenge and are continually improving the way that we care for people with the disease. We aim to provide the best care possible and believe that a person-centred approach involving the patient, their families and carers is the way to do this.

The CQC visited the Emergency Centre, the Frail Elderly Assessment Unit (FEAU), two elderly frail wards and two orthopaedic wards. They made the unannounced visit to University Hospital to monitor the care and welfare of people who use services, the level of co-operation with other providers and how the Trust assesses and monitors the quality of service provision. The Trust achieved all three standards during the visit.

The CQC report said patients were kept safe because their risks were appropriately managed by the staff. Staff worked closely with other providers and services to ensure that specialist assessments were completed and safe hospital discharges were facilitated. All the staff they spoke with were aware of the purpose of the butterfly symbol and this meant there was a system in place to ensure staff were aware of patients who required additional support.



Working together & everyone counts

Love to see: Involving & engaging. Creates a strong sense of loyalty & commitment to the Trust & inspires others by helping them to see how their contribution makes a difference. Adapts communication to the needs & concerns of different groups & uses stories & other memorable approaches to increase their impact.

Who we work with

The Trust takes every opportunity to listen to our patients and act on their comments. Our newly formed Patient Council, consisting of members of the Shadow Governors and lay members of our community, supports improvements to patient experience. These members are actively involved in quality walkabouts on the wards and now review and provide an independent opinion on all patient information. This ensures that it is easy to read and understandable prior to circulation.

Over the last 12 months members of our Patient Council and Shadow Governors have visited 26 clinical areas and influenced the following improvements:

- Laminated welcome signs are now displayed in each department in the Maternity Centre.
- Clear guidance on managing noticeboards has been developed and distributed to ensure that they are up to date and informative.
- Quality Boards are in the process of being placed in all ward areas to provide clear information for patients and their families about performance against key quality measures.
- Patient Information films have been made available on the Trust website or on DVD to show what to expect when receiving care in the Cancer Centre.
- Posters have been displayed on many wards to demonstrate to patients and relatives the designation of staff in different uniforms.

March: The Maternity Centre team achieved CNST level 3, with a score of 49/50, in the top three nationwide.

Our patient experience manager has been working with AgeUK FACT to help their members share their experiences and ask questions about the hospital. Over 800 patients responded to the National Cancer Patient Experience Survey last year. The Trust was placed in the top 20% of trusts for:

- Patients completely understood the explanation of what was wrong
- Hospital staff gave information about support groups
- Patients have seen information about cancer research in the hospital
- Always given enough privacy when being examined or treated
- Staff told patients who to contact if worried post discharge
- Patients definitely given enough care from health or social services
- GPs given enough information about a patient`s condition and treatment
- Patients offered written assessment and care plan

There were two responses where the Trust was within the lowest 20% of trusts, these were:

- Staff explained how operation had gone in understandable way
- Doctors did not talk in front of patient as if they were not there

In response to this our clinical teams

Expect to see: Involving & engaging. Uses clear language, checking understanding and providing explanation where necessary. Proactively contributes to wider staff engagement opportunities to improve patient care and staff well-being.

Working together & everyone counts

have reflected on the need to improve the information given to patients about their treatment. They are directing patients and carers to the Macmillan Cancer Support and Information Centre for additional help and guidance.

The use of comfort rounds have also been enhanced to share information with patients and ensure pain is controlled. Whilst the survey results are mostly positive the Trust's ambition is to be in the top 20% for all sections. Our improvement plan therefore focuses on:

- Ensuring that patients are given the name of their clinical nurse specialist, their contact details and time to discuss their care.
- Improving access to verbal and written information regarding support groups, financial help, and the impact of cancer on work and education.
- Ensuring that communication with patients regarding the appropriateness of clinical trials is improved.
- Ensuring that clinical trials are discussed with relevant patients
- Ensuring that patients are given as much information as they want regarding managing side effects of radiotherapy and chemotherapy and who to contact if they have problems

Elsewhere, the 2013 survey of women's experiences of maternity took place, with 169 women completing the survey.

March: The CQC gave the Trust a positive report after making a visit in December, they praised the dementia care.

Emergency planning

To ensure that the Trust is well prepared for emergencies we undergo a range of internal and external audits, which have demonstrated we have good compliance with our responsibilities. In order to respond to a range of risks in the local area, the Trust is an active member of the Local Health Resilience Partnership and the Staffordshire Resilience Forum. These memberships allow us to network with, and work alongside, other agencies.

We strive to ensure we have robust and current plans for emergency events, but equally recognise that we need to continue to learn and develop our expertise. The national arrangements for Emergency Preparedness, Resilience and Response (EPRR) are now embedded.

Under this guidance the hospital is required to identify an Accountable Emergency Officer (AEO) to take executive responsibility in emergency preparedness. The AEO is the Chief Operating Officer for the Trust. The AEO makes sure we are compliant with the EPRR requirements as set out in the Civil Contingencies Act (2004); the NHS Planning Framework and the NHS Standard Contract. Over the last year we have fulfilled our requirements to exercise plans, including taking part in 'Triton', the largest live Civil Response exercise undertaken in Staffordshire.

Working together & everyone counts

Love to see: Active listening. Actively promotes 'no decision about me without me' and motivates others by making people feel their views are welcomed and valued.

Supporting the local community

University Hospital held an incredibly successful open day for Registered Nurses. The Trust met over 45 attendees, with 25 being offered nursing positions. In addition to this, we were also able to support two registered nurses with enrolling onto the Return to Practice course at Staffordshire University. The open day was an opportunity for the Trust to reach out to nurses wanting to gain experience of working in a hospital environment or return to the practice.

Elsewhere, the work experience team arranged 587 placements, a 45% increase on the previous year. The Health Society Programme has continued to develop with weekly enrichment activities taking place to support students with a keen interest in a career with the NHS.

Students from St Peter's Academy, St Joseph's College Sixth Form, Thistley Hough Academy, Newcastle-under-Lyme College, Stoke-on-Trent College and City of Stoke-on-Trent Sixth Form took part in a variety of activities. These included enrichment days at the hospital and school/college based sessions designed to support their health and science curriculum and their future career aspirations.

Nearly 600 students aged 14-19, from schools and colleges from across North Staffordshire, attended enrichment activities at 37 events at the Healthcare Careers and Skills Academy. These are designed to promote NHS careers and positive health messages. A further 2,000 students were supported with careers advice and guidance in schools, colleges and university career events, parents evenings and industry days.

A Young Person's Forum was created at the Trust. The forum consists of focus groups from schools/colleges who undertake activities to support of the Patient Council, including whole school patient experience questionnaires and helping design University Hospital patient leaflets for young people.

A 'Get into Health and Social Care' programme was developed, in partnership with the Prince's Trust. There were 46 young people aged 18-25 not in employment, education or training (NEET) who took part in programmes to provide them with group training and work experience in clinical and non-clinical settings.

In partnership with the National Careers Service, the Trust has provided careers advice to members of the local community who are seeking further information about jobs in the NHS. The Trust has 30 Stoke-on-Trent College apprentices and 59 of its own staff working towards the Apprenticeship Framework. They are studying either a level 2 or 3 qualification.

March: The Trust began recruiting volunteers to help patients with mobility issues access the Main Building.

Expect to see: Active listening. Demonstrates genuine attention through body language (e.g. eye contact, open posture, nodding), expressing interest in what they have to say and appreciating each person's perspective and experience.

Working together & everyone counts

Finances

Financial performance

The Trust outlined at the start of the year, in its plan for 2013/14, a very challenging year ahead, and financially this was articulated as a planned deficit for the year of £31.7m on planned turnover of £444.4m. This position was significantly the result of the additional cost of the new hospital being fully incurred and the requirement to retain additional components of the legacy estate.

At the end of the financial year the deficit stands at £19.3m (after technical adjustments), although this is still a materially challenged financial position, this does constitute a significant improvement against plan. The activity levels, and consequently activity based income, were considerably higher than previous years and the initial 2013/14 activity plan. Turnover for the year increased to £475.3m as a result. Clearly 2013/14 has been extremely challenging in terms of operational performance and service delivery and considerable investments in services, clinical workforce and capacity, including those set out in the Local Health Economy Winter Plan, have been and continue to be made.

2013/14 was the first year of the new commissioning landscape with the formation of clinical commissioning groups and a realignment of commissioning responsibilities for our growing specialised services. We look forward to reinforcing and building on these relationships across our health economy in the coming year to deliver improvements in the services we provide whilst continuing to address and resolve our considerable financial challenges.

2014/15 therefore will be equally challenging and the Trust has well developed plans to meet the efficiency targets set out in the national tariff and to achieve the further improvements required as set out in the Trust's five year financial plans. Although we expect delivery of the financial plan and associated efficiency programme and operational performance targets to be challenging we will continue to invest in our services, our workforce and our facilities to ensure we are able to meet these challenges and continue to improve services for patients.

UHNS is the Trustee for the UHNS Charity and income received for the year from donations, legacies and investments amounted to £1.4m. During the year £1.5m 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 Respiratory and Neurosurgery.

A full copy of the Trust's annual financial statements can be found on the Trust's website (www.uhns.nhs.uk) or you may request a copy from the

Communications Department via telephone 01782 676644 or email universityhospital@uhns.nhs.uk or by writing to the Communications Department at University Hospital of North Staffordshire NHS Trust, City General, Newcastle Road, ST4 6QG.

Statement of Comprehensive Income Account for the year ended 31st March 2014

	2013/14 £'000	2013/14 %	2012/13 £'000	2012/13 %
Revenue from patient care activities	**419,065**	88.2%	**395,680**	**83.6%**
Other operating revenue	56,265	11.8%	77,878	16.4%
Total revenue	**475,330**	**100.0%**	**473,558**	**100.0%**
Operating expenses	(480,233)	(101.4%)	(513,032)	(108.3%)
Operating surplus/(deficit)	**(4,903)**	**(1.0%)**	**(39,474)**	**(8.3%)**
Other gains and (losses)	(354)	(0.1%)	201	0.0%
Surplus/(deficit) before interest	**(5,257)**	**(1.1%)**	**(39,273)**	**(8.3%)**
Investment revenue	65	0.0%	71	0.0%
Finance costs	(14,907)	(3.1%)	(12,825)	(2.7%)
Surplus/(deficit) for the financial year	**(20,099)**	**(4.2%)**	**(52,027)**	**(11.0%)**
Public dividend capital dividends payable	0	0.0%	(1,456)	(0.3%)
Retained surplus/(deficit) for the year	**(20,099)**	**-4.2%**	**(53,483)**	**-11.3%**

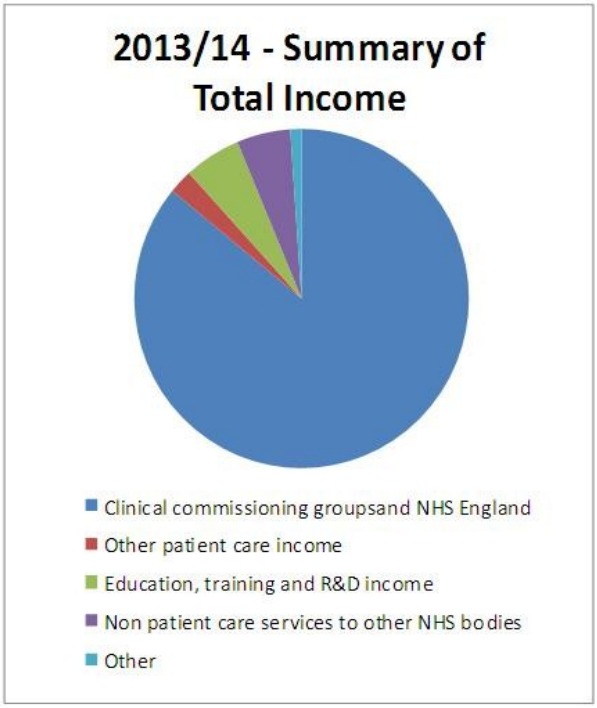
Performance against breakeven duty

	2013/14 £'000	2013/14 %	2012/13 £'000	2012/13 %
Retained surplus/(deficit) in statutory financial statements	(20,099)		(53,483)	
Impairments	1,113		57,106	
Adjustment for donated asset/gov't grant reserve elimination	(315)		(3,388)	
NHS breakeven performance	(19,301)	(4.1%)	235	0.0%

Revenue

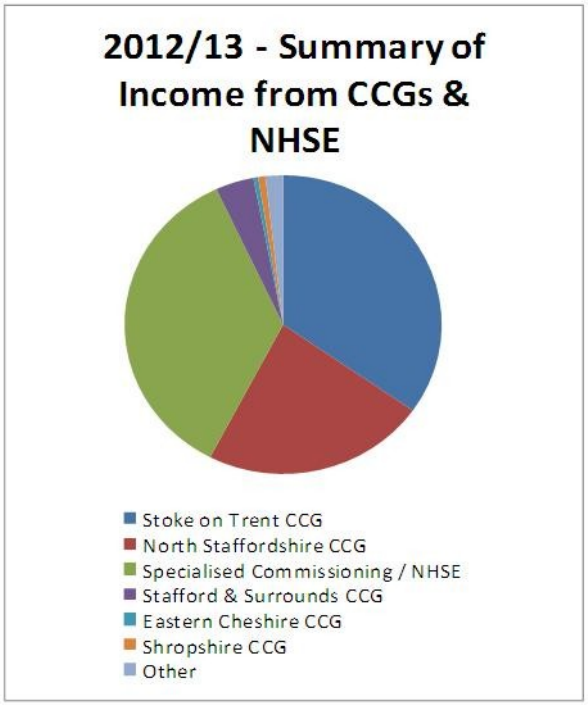
Income in 2013/14 totalled £475.3m. The majority of the Trust's income (£407.8m, 86%) was delivered from clinical commissioning groups and NHS England in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other trusts, training and education and miscellaneous fees and charges.

Summary of total income



	13/14 £m	12/13 £m
Clinical commissioning groups and NHS England	407.8	375.0
Other patient care income	11.0	41.7
Education, training and R&D income	26.0	26.7
Non patient care services to other NHS bodies	24.7	23.6
Other	5.8	6.6
Total Revenue	**475.3**	**473.6**

Summary of income from PCT's/CCG's



	13/14 £m	13/14 %	12/13 £m	12/13 %
Stoke on Trent CCG	142	35%	150	40%
North Staffordshire CCG	93	23%	102	27%
Specialised Commissioning/NHSE	145	35%	80	21%
Stafford and Surrounds CCG	16	4%	22	6%
Eastern Cheshire CCG	2	0%	8	2%
Shropshire CCG	3	1%	4	1%
Other	6	2%	**9**	2%
Total income	**408**	100%	**375**	**100%**

	2013/14 £m	2012/13 £m	Change %
Revenue from clinical activities	**419.1**	**395.7**	**5.91%**
Other Revenue:			
Medical School (SIFT)	9.3	10.7	(13.08%)
Junior Doctor Training (MADEL)	11.5	11.5	0.00%
WDD Funding	1.4	1.5	(6.67%)
Research & Development	3.7	2.1	76.19%
Non patient care services to other NHS bodies	24.7	23.6	4.66%
PFI transitional relief	0.9	13.3	(93.23%)
Other income	4.7	15.2	(69.01%)
Total Other Revenue	**56.2**	**77.9**	**(27.86%)**
Total Income	**475.3**	**473.6**	**0.37%**

Operating expenditure

Operating expenditure has increased year on year by 5.1% before impairments. This has been driven by annual incremental pay rises for staff and increased staffing (often bank and agency) and clinical supplies to meet increasing demand. The unitary payment has also increased by £2.7m in the year. In accordance with the requirement to annually revalue the estate and the new hospital the Trust commissioned an independent valuer to carry out a valuation exercise in March 2014 on the existing residual estate and the new PFI. This resulted in an impairment of £1.1m. The impairment is a non cash adjustment shown on the comprehensive statement of income.

Summary of operating expenditure	**2013/14 £m**	**2012/13 £m**	**Change %**
Staff costs	299.9	290.0	3.41%
Other costs	51.8	46.3	11.87%
Clinical supplies and services	88.9	77.7	14.41%
Depreciation	17.2	18.9	(8.99%)
Premises costs	13.4	15.1	(11.26%)
Clinical negligence	7.9	7.9	0%
Total operating expenditure before impairments	**479.1**	**455.9**	**5.09%**
Impairments	1.1	57.1	(98.07%)
Total operating expenditure	**480.2**	**513.0**	**(6.39%)**

HM Treasury guide 'Managing Public Money'

The Trust complies with the requirements of HM Treasury guide 'Managing Public Money'. Where it sets charges for services it delivers, they are based upon the full cost of providing that service so that healthcare income is not supporting non-healthcare activities.

Performance indicators

The measure of the overall financial performance of the Trust can be expressed using Monitor's Financial Risk Rating (FRR) and Continuity of Service Rating (CoSR). The Trust achieved a FRR score of 2 in 2013/14, where 1 is poor and 5 is good and a CoSR score of 2, where 1 is poor and 4 is good.

Capital

In recent years the Trust has invested heavily in capital to complete the Fit for the Future changes to healthcare provision in North Staffordshire. Spend will continue with these works and the development of the retained estate In 2013/14. The Trust invested a further £15.2m (£100.7m in 2012/13) in capital. The main areas of investments were:

Capital spend	2013/14 £'000
Medical assets	2,740
Retained estate work	2,344
Energy efficiency spend	1,341
Fit for the future enabling works	1,292
Electronic Data Management System (EDMS)	878
ICT schemes	848
PFI variations	714
Non clinical assets e.g. beds/operating tables	683
Estates and general works	675
Estates rationalisation	667
Other schemes	3,001
	15,183

The capital spend has continued to be funded by a combination of internally generated funds and donations.

Our Trust Board

The Trust Board consists of six non-executives and Chairman, five executive directors and a chief executive, all of whom have voting rights. The Board and sub-committee structure is as follows:

Membership of Trust Board Sub-committees	Audit	Finance & Efficiency	Quality Assurance	Charitable Funds	Remuneration
Mark Hackett Chief Executive					
Jim Birrell Interim Chief Executive					
Liz Rix Chief Nurse			●		
Vanessa Gardener Chief Operating Officer		●	●		
Mr Robert Courteney-Harris Medical Director			●		
Gavin Russell Medical Director			●		
Margot Johnson Director of Human Resources			●		●
Ro Vaughan Acting Director of Human Resources		●	●		●
Steve Allen Director of Strategy		●			
Andrew Underwood Director of Corporate Services		●			
Chris Adcock Director of Finance	●	●		●	
Graham Bennett Interim Director of Finance	●	●		●	
John Scampion Interim Director of Finance	●	●		●	

Membership of Trust Board Sub-committees	Audit	Finance & Efficiency	Quality Assurance	Charitable Funds	Remuneration
John MacDonald Chairman					●
Kevin Fox Non-executive Director	●		●		
Professor Andy Garner Non-executive Director			●		
Robert Collins Non-executive Director	●	●		●	
John Marlor Non-executive Director	●	●		●	●
Andrew Smith Non-executive Director		●	●	●	●

Remuneration

Our Trust Chairman and non-executive directors are appointed through a formal recruitment process by the National Trust Development Agency. They are appointed to serve for an initial term of four years. Their remuneration is fixed nationally and they receive no pension.

Our executive directors are appointed by formal appointment panels and have standard substantive NHS contracts. The notice period for executive directors is six months. Retirement and severance conditions are in line with national contractual arrangements.

Remuneration for executive directors is fixed by the remuneration committee, which comprises of the Chairman and non-executive directors. Remuneration is benchmarked to be in line with the salaries for similar posts in orther large trusts and annual increases are in line with the recommendations by the Secretary of State for Health. Their performance is subject to annual appraisal.

Where directors have joined or left our Trust during 2013/14, this is indicated in the previous table of Board and committee membership. Details of remuneration, pensions etc. for directors who served in 2013/14 are given in the following tables.

Remuneration report – salaries and allowances (audited)

Director (Current Trust Board Members)	2013/14 Salary	2013/14 Expense payments (taxable) total to nearest £100	2013/14 All pension related benefits	2013/14 Total	2012/13 Salary	2012/13 Expense payments (taxable) total to nearest £100	2012/13 All pension related benefits	2012/13 Total
	Bands of £5,000 £'000	£00	Bands of £2,500 £'000	Bands of £5,000 £'000	Bands of £5,000 £'000	£00	Bands of £2,500 £'000	Bands of £5,000 £'000
Mark Hackett Chief Executive	160-165	32	67.5-70	230-235	-	-	-	-
Mr Robert Courteney-Harris Medical Director	25-30	6	40-42.5	65-70	5-10	-	(10-12.5)	(0-5)
Vanessa Gardener Chief Operating Officer	110-115	3	17.5-20	130-135	55-60	-	(42.5-45)	10-15
Liz Rix Chief Nurse	130-135	5	130-132.5	260-265	115-120	16	(50-52.5)	65-70
Ro Vaughan Acting Director of Human Resources	100-105	-	275-277.5	375-380	-	-	-	-
Chris Adcock Director of Finance	105-110	6	15-17.5	125-130	-	-	-	-
John MacDonald Chairman	35-40	46	-	35-40	35-40	39	-	35-40
Kevin Fox Non-Executive Director	5-10	5	-	5-10	5-10	7	-	5-10
Andy Garner Non-Executive Director	5-10	1	-	5-10	5-10	3	-	5-10
Robert Collins Non-Executive Director	5-10	3	-	5-10	5-10	3	-	5-10
John Marlor Non-Executive Director	5-10	18	-	5-10	5-10	16	-	5-10
Andrew Smith Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
David Simons Non-Executive Director	0-5	-	-	0-5	-	-	-	0-5

Remuneration report – salaries and allowances (audited)

Director (Previous Trust Board Members)	2013/14 Salary	2013/14 Expense payments (taxable) total to nearest £100	2013/14 All pension related benefits	2013/14 Total	2012/13 Salary	2012/13 Expense payments (taxable) total to nearest £100	2012/13 All pension related benefits	2012/13 Total
	Bands of £5,000 £'000	£00	Bands of £2,500 £'000	Bands of £5,000 £'000	Bands of £5,000 £'000	£00	Bands of £2,500 £'000	Bands of £5,000 £'000
Julia Bridgewater (1) Chief Executive	-	-	-	-	135-140	58	(30-32.5)	110-115
Jim Birrell Interim Chief Executive	75-80	16	-	75-80	50-55	-	-	50-55
Mark Mould Chief Operating Officer	-	-	-	-	45-50	8	(22.5-25)	20-25
Gavin Russell Medical Director	0-5	-	(0-2.5)	0-5	10-15	-	(75-77.5)	(60-65)
Margot Johnson (2) Director of Human Resources	5-10	-	7.5-10	15-20	45-50	10	32.5-35	75-80
Graham Bennett Interim Director of Finance	65-70	-	-	65-70	45-50	-	-	45-50
John Scampion Interim Director of Finance	50-55	-	-	50-55	-	-	-	-
John Maddison (3) Director of Finance	-	-	-	-	170-175	8	(10-12.5)	160-165
Keith Norton Non-Executive Director	-	-	-	-	5-10	13	-	5-10

1. Former Chief Executive Julia Bridgewater has not acted as a member of the Board in this financial year although a payment in lieu of notice amounting to £81,333, excluding employer costs, was made during the year.
2. The remuneration for Margot Johnson, Director of Human Resources, relates to time spent employed working for the Trust and does not include salary costs paid whilst seconded to Mid Staffordshire NHS Foundation Trust. Salary costs relating to this secondment are disclosed and recognised within Mid Staffordshire NHS Foundation Trust's annual report and financial statements.
3. The prior year remuneration for John Maddison, former Director of Finance includes a payment in lieu of notice of £75,960 excluding employer costs.

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

Directors expenses 2013/14 (unaudited)

Full name	Title	Value £000s
Mark Hackett	Chief Executive	3
John MacDonald	Chairman	5
John Marlor	Non-executive Director	2
Jim Birrell	Interim Chief Executive	3
John Scampion	Interim Director of Finance	1

These expenses include both expense claims reimbursed to Directors and travel expenses paid directly by the Trust.

Pensions (audited)

Director	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 March 2014	Lump sum at age 60 related to accrued pension at 31 March 2014	Cash equivalent transfer value at 31 March 2014	Cash equivalent transfer value at 31 March 2013	Real increase in cash equivalent transfer value	Employers contribution to Stakeholder pension
	Bands of £2,500 £000's	Bands of £2,500 £000's	Bands of £5,000 £000's	Bands of £5,000 £000's	£000's	£000's	£000's	£000's
Mark Hackett Chief Executive (from 01/07/13)	2.5-5	10-12.5	80-85	240-245	1,490	1,331	97	-
Robert Courtney-Harris Medical Director (from 01/06/13)	0-2.5	5-7.5	45-50	140-145	953	852	69	-
Vanessa Gardener Chief Operating Officer	0-2.5	2.5-5	20-25	70-75	333	299	27	-
Elizabeth Rix Chief Nurse	5-7.5	17.5-20	45-50	135-140	823	673	135	-
Ro Vaughan Acting Director of Human Resources	12.5-15	35-37.5	40-45	120-125	763	484	245	-
Chris Adcock Director of Finance (from 12/08/13)	0-2.5	2.5-5	25-30	85-90	434	391	22	-
Dr Gavin Russell Medical Director (to 31 May 2013)	(0-2.5)	(0-2.5)	65-70	200-205	-	-	-	-
Margot Johnson * Dir. of Human Resources (to 30/04/13)	0-2.5	0-2.5	50-55	150-155	921	762	9	-

See notes overleaf

*working at Mid Staffordshire NHS Foundation Trust on basis of 1st April 2013 to 30th April 2013 25% recharge.

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. 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 usually takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, as NHS Pensions have used the most recent set of actuarial factors produced by the government actuary's department, market valuation factors have not been used for the start and end of the period, as new factors have been applied at 31st March 2012.

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 2013/14 was £365,000 to £370,000 (2012/13 was £305,000 to £310,000) This is based on a full time equivalent, annualised calculation. This was 18 times (2012/13: 16 times) the median remuneration of the workforce, which was £21,000 (2012/13: £20,000). In 2013/14 0 employees (2012/13 0 employees) received remuneration in excess of the highest-paid director. 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. The large increase from last year's highest paid director is due to the staff member being on an interim contract, hence the Trust are paying a premium rate.

Exit packages for staff leaving in 2013/14 (audited)

	2013/14			2012/13		
Exit package cost band (Including any special payment element)	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
<£10,000	2	1	3	2	0	2
£10,001 - £25,000	0	0	0	2	0	2
£25,001 - £50,000	1	0	1	3	0	3
£50,001 - £100,000	0	0	0	2	2	4
£100,001-£150,000	0	0	0	1	0	1
£150,001-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	1	1
Total number of exit packages by type	3	1	4	10	3	13
Total resource cost (£000's)	**40**	**8**	**48**	**453**	**354**	**807**

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. The remuneration information disclosed in the tables above have been subject to audit.

Declarations of interest

	Date from	Date to	Position	Interest
John MacDonald			Chairman	Company Secretary, MacDconsult LTD, Westwood, Clifton Road, Ashbourne, Derbyshire, DE6 2DH - and - Associate Consultant, IMD Consultants Ltd, The Old Vicarage, Market Street, Castle Donington, Derbyshire, DE74 2JB
Mark Hackett	01/07/13		Chief Executive	Married to Penny Venables, CEO Worcestershire Acute Hospitals NHS Trust. Chair National Healthcare Medicines Implementation Group. Member 7 Day Working Party (DoH). Chair Staffordshire and Shropshire LETC.
Kevin Fox			Non-Executive Director	No interests to declare
Andy Garner			Non-Executive Director	Pro Vice Chancellor and Dean of the Faculty of Health, Keele University
Robert Collins			Non-Executive Director	Director - Bob Collins Management Ltd
Andrew Smith			Non-Executive Director	No interests to declare
John Marlor			Non-Executive Director	Trustee Catch22 - National Children's Charity
David Simons			Non-Executive Director	Non-executive chairman for Servest Buildings Services
Liz Rix			Chief Nurse	No interests to declare
Vanessa Gardener			Chief Operating Officer	No interests to declare
Jim Birrell	01/02/13	27/06/13	Interim Chief Executive	Director of J Birrell Ltd

Cont.

Declarations of interest

	Date from	Date to	Position	Interest
Gavin Russell	18/06/12	03/06/13	Medical Director	No interests to declare
Mr Robert Courteney-Harris	03/06/13		Medical Director	Private practice at Nuffield Hospital
Margot Johnson		30/04/13	Director of Human Resources	No interests to declare
Ro Vaughan	01/05/13		Acting Director of Human Resources	Governor of Stoke-on-Trent College
Steve Allen	01/05/13		Director of Strategy	No interests to declare
Andrew Underwood		30/06/13	Director of Corporate Services	No interests to declare
Graham Bennett	10/12/12	09/12/13	Interim Director of Finance	Director and Shareholder, Graham Bennett Associates Ltd
John Scampion	10/06/13	11/08/13	Interim Director of Finance	No interests to declare
Chris Adcock	12/08/13		Director of Finance	No interests to declare
John Simpson	02/09/13		Director of Corporate Service	Son is employed by Laing O'Rourke – Comms Manager. Sister in Law is COE Great Manchester West MH Trust. Member of DoH Estates and Facilities Policy Advisory Group.
Mark Bostock	01/08/13		Director of IT	No interests to declare

Off-Payroll Engagements (unaudited)

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. Off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012.

- No. In place on 31 January 2012: **2**
- Of which - No. that have since been re-negotiated/re-engaged to include to include contractual clauses allowing the (department) to seek assurance as to their tax obligations: **2**
- Total: **2**

The Trust have had no new off-payroll engagements between 23 August 2012 and 31 March 2013 which were for more than £220 per day and over a period of more than six months.

Annual Governance Statement

Scope of Responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisational policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible, as set out in the Accountable Officer Memorandum. I am responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively.

In my role as Chief Executive of the Trust, I fulfil my own responsibilities as its Accountable Officer in close association with the Chief Executive and senior officers of the Trust Development Authority, the chairs and chief accountable officers of the clinical commissioning groups and the council leaders of the local authorities. Governance and risk issues have regularly been discussed at a variety of health economy wide forum, including formal review meetings with the Trust Development Authority and meetings of chief executives.

The Trust continues to build public engagement and accountability and scrutiny through the work with the Shadow Council of Governors, which was established in October 2012, our Board meetings held in public, the two local overview and scrutiny committees, the two local healthwatch groups and other patient and public groups. The Trust has worked closely with them this year to ensure that stakeholders are involved in understanding the work, achievement and challenges of the Trust and is committed to actively reporting and listening to their views.

The Governance Framework of the Organisation

System of Internal Control

The governance framework within the organisation has a system of internal control which is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- 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 at the Trust for the year end of 31 March 2014 and up to the date of approval of the annual report and accounts.

Quality, and Quality Governance Arrangements

The Board has a collective responsibility for quality and has taken a number of measures to ensure that quality forms an integral part of its business. There is a clear quality governance structure within the organisation. The Quality Assurance Committee (QAC) reports directly to the Board and receives reports on assurance and risks considered by the Quality & Safety Forum and divisional quality & safety forums. Reporting directly into the Quality & Safety Forum is a broad range of specialist groups, for example, Mortality Review Group, Data Quality Group and Infection Control Committee.

The Board has approved an organisation wide Patient Care Improvement Programme (PCIP) for delivery during 2014 – 2017 to deliver improvements in patient safety, experience and outcomes. This will be monitored through the quality governance structure, with regular updates to the Trust Board at least four times a year.

The Trust is responsible for ensuring that an annual Quality Account is produced and made available to the public. To ensure that the Quality Account is accurate, the Trust uses information which has been subject to data quality assurance processes throughout the year, in accordance with the Data Quality Policy and Strategy.

This includes internal and external audit processes. The Quality Account is subject to internal and external consultation amongst key stakeholders and in accordance with the Department of Health Quality Account Toolkit. Therefore, in developing the account, directors take the necessary steps to ensure that:

- The quality account represents a balanced picture of performance.
- The information is reliable and accurate.
- There are adequate internal controls in place around data reporting.
- The data is robust and reliable.

Each meeting of the Board has a focus on quality, with key reports on quality and patient experience being considered which include compliance with essential standards of quality and safety and progress against key quality priorities and performance. Each month the Board will receive either the Patient Experience Report, the Patient Safety Report or the Patient Outcomes Report. These provide assurance that priorities are actively managed and progressed at an operational level.

Members of the Board, including Non-Executive Directors, and Shadow Governors actively participate in Quality Safety Walkabouts each month and are involved in working with staff to enable improvements where the need is identified. The Trust works in partnership with others on quality improvement activities including:

- Patient Council
- Clinical Quality Review Group
- Healthwatch
- Overview and Scrutiny Committee
- Quality Review Visits of the patient pathway which are director led with clinical commissioning group/GP involvement

During 2013/14 work has been undertaken on improving the processes around complaints. This has involved a detailed review of the existing system involving feedback from users, views from Non-Executive Directors and Shadow Governors. In addition to this a review by the Trust internal auditors also highlighted a number of areas for consideration. The outcome of all this has resulted in a centralised system being introduced. This has been introduced to ensure a consistent approach to responses and learning lessons from issues raised.

The Board, its Committee Structure, Attendance Records and Coverage of Work

Key responsibilities of the Board are to formulate strategy, ensure accountability and to shape culture. During 2013/14, this has included a greater focus on quality, performance and governance. Throughout 2013/14 the Board has held:

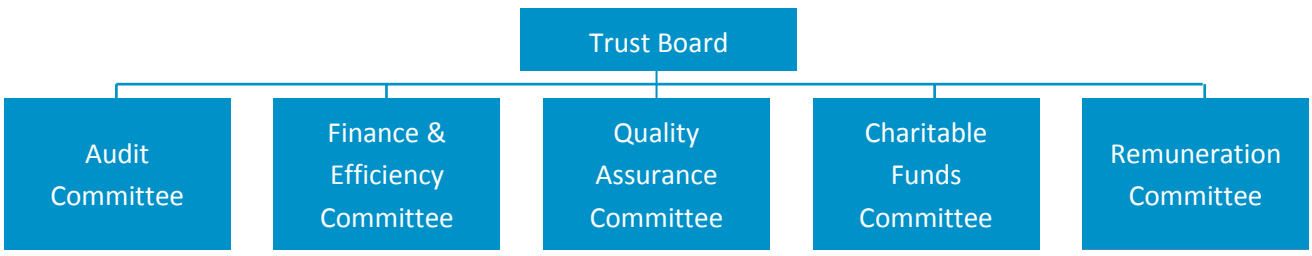
- Nine meetings in public;
- 12 meetings in private; and
- Seven developmental seminars, including one 'time out'.

Committee Structure

There are five key committees which report directly to the Board. The structure is illustrated in the diagram below. In addition to these five key committees, the Trust also has a:

- Professional Standards and Clinical Conduct Committee; implemented as a recommendation arising from an independent review.
- Nominations Committee.
- Integrating Health Services for Stafford Project Board; a short term committee of the Board considering the impact of Mid Staffordshire NHS Foundation Trust's integration with University Hospital of North Staffordshire NHS Trust.

Following the introduction of this committee structure during 2011/12, the Board has continued to develop its governance and reporting arrangements. A further review of committee structures will start in 2014/15 with external support.



Board Attendance Records

Attendance at Board and Committee meetings is formally recorded within the minutes, including where apologies have been received and deputies have been nominated. The following table provides an overview of the attendance of Board members at Board meetings throughout 2013 /14.

Trust Board - Public and Private Meetings			
Member	Possible No. of Meetings	No. Attended	Notes
John MacDonald, Chairman (Chair)	21	21	
Mark Hackett (Chief Executive)	17	17	01/07/13 to present
Kevin Fox, Non-Executive Director	21	17	
Andy Garner, Non-Executive Director	21	19	
Bob Collins, Non-Executive Director	21	16	
Andrew Smith, Non-Executive Director	21	21	
John Marlor, Non-Executive Director	21	18	
Liz Rix, Chief Nurse	21	14	
Vanessa Gardener, Chief Operating Officer	21	21	
Jim Birrell, Interim Chief Executive Officer	4	4	01/02/13 to 27/06/13
Gavin Russell, Medical Director	4	3	18/06/12 to 03/06/13
Robert Courteney-Harris, Medical Director	19	13	03/06/13 to present
Margot Johnson, Director of Human Resources	0*	0	Left 30/04/13
Ro Vaughan, Acting Director of Human Resources	21	21	01/05/13 to present
Steve Allen, Director of Strategy	21	19	01/04/13 to present
Andrew Underwood, Director of Corporate Services	4	4	Left 30/06/13
Graham Bennett, Interim Director of Finance	4	4	10/12/12 to 09/06/13
John Scampion, Interim Director of Finance	2	1	10/06/13 to 11/08/13
Chris Adcock, Director of Finance	15	12	12/08/13 to present
John Simpson, Director of Corporate Services	13	13	02/09/13 to present
Mark Bostock, Director of IT	15	11	01/08/13 to present

* No Board meetings held in April 2013

Coverage of Work 2013/14

During 2013/14, key areas of focus for the Board have been:

- Quality and Safety
- Risk and Assurance
- Performance against key targets
- Finance
- Strategy development and partnership working
- Service developments

Following each meeting of the Board, a 'time analysis' report is produced which enables Board members to reflect upon the time spent per agenda item and the appropriateness of this in line with the Strategic Priorities.

Board Composition

Following the number of changes at Board level during the course of 2012/13; substantive appointments have been made to the Chief Executive post and the Director of Finance post; and two non-voting posts in the Director of Corporate Services and Director of IM&T posts in 2013/14. Skills analysis and succession plans have been updated during the year to take account of these changes and future changes for Non-Executive Directors.

Board Performance including Assessment of Effectiveness

In November 2013, a Board 'Time Out' session was held which allowed Board members to take the opportunity to evaluate their priorities, effectiveness and development needs going forward. The output of this was a framework, which sets out a number of Board Development Objectives for 2014, which are structured around the following areas:

- Becoming more forward looking and anticipatory
- Keeping 'ahead of the curve' on the quality and culture agenda
- A real focus on delivery through stronger scrutiny and improved risk management
- Value added at all stages of the governance process
- Ensuring good governance on any MSFT Transition Arrangements
- Enhancing the reputation of the Trust
- Specific objectives for the Chairman and chairs of sub committees of the Board

There is a Board Development Programme in place, which encompasses a wide range of development activity including Board seminars, education, audits, assessments and external reviews. These form a continuous improvement cycle whereby the outcome of these audits, assessments and external reviews are fed into the Development Programme to 'close the learning loop'.

The Board agenda includes a specific section for reports on performance and quality, to ensure that there are effective mechanisms for monitoring performance against key national

priorities, including the NHS Operating Framework. During 2013/14, the Trust was able to report delivery of all targets and performance objectives with the exception of the 4 hour wait, MRSA and C Diff targets.

Highlights of Board Committee Reports

Following committee meetings, each committee produce a formal report to the Board, providing a summary of items considered. This provides the Board with assurance that the committee is functioning appropriately and highlights any key risks which have been considered during the course of the meeting. An overview of the key areas of focus for each of the 'core governance' committees is:

Quality Assurance Committee

- Patient Experience, Patient Safety and Patient Outcomes reports
- Performance against key quality indicators
- Quality Account
- Internal and external assurance
- Research and Education

Finance and Efficiency Committee

- Financial performance
- Contracting performance
- Productivity and efficiency
- Service developments

Audit Committee

- Risk management and assurance
- Corporate governance
- Financial controls

Corporate governance, including the Board's assessment of its compliance with the Corporate Governance Code

The Corporate Governance Code is integral to the business of the organisation and is reflected within key policies and procedures. There are a range of mechanisms in place which are designed to monitor our compliance with the code, these include:

- Self-assessment
- Internal and external audit
- Independent reviews

Audit Committee

The Audit Committee is authorised by the Board to provide an independent and objective review of financial and corporate governance risk management. This includes independent assurance from external and internal audit and ensures standards are set and compliance monitored on both financial and non-financial issues. The Audit Committee investigates any activity within its terms of reference and seeks any information it requires from any member of staff. In discharging these responsibilities last year the Committee approved both the internal and external audit work plans, received regular reports from internal and external audit and approved the Annual Audit Report and Accounts.

The Audit Committee met six times during the year to assess and critically review the key risks facing the Trust and

to ensure that key controls were in place and operating effectively. Reports from the Trusts' internal auditors, external auditors and local counter fraud specialists were reviewed at each meeting during the year, with a focus on the recommendations being made.

The Risk and Control Framework

Capacity to handle risk

The risk management process is an integral part of good management practice and the aim is to ensure it is integral to the Trust's culture. It is an increasingly important element of the Trust's business planning process, budget setting and performance review frameworks. The risk management process is supported by a number of policies which relate to risk assessment including incident reporting, information governance, training, health and safety, violence and aggression, complaints, infection control, whistle-blowing, human resources, consent, manual handling and security.

The Trust has a Board approved Risk Management and Assurance Strategy which identifies that the Chief Executive has overall responsibility for risk management within the Trust. All directors, managers and clinicians accept the management of risks as one of their fundamental duties. Additionally, the strategy recognises that every member of staff must be committed to identifying and reducing risk. In order to achieve this, the Trust promotes an environment of accountability to encourage staff at all levels to report when things have, or have the potential to go wrong, allowing open discussion to prevent any re-occurrence.

The Risk and Assurance Strategy states that all staff will have access to risk management information, advice, instruction and training. The level of training varies to meet local and individual needs and is assessed as part of the annual formal staff appraisal process. Mandatory training modules are delivered to key personnel and cover the reporting, investigation, management and handling of incidents. This training includes the following of risk management procedures for reporting and responding to adverse events.

The Trust has several key groups where employees are supported to learn from good practice in risk management. These include the work of the Risk Management Panel, the Quality and Safety Forum, health economy wide Serious Incident (SI) Sub Group and a range of specialist groups including mortality review, infection control and medication safety meetings. Key reporting is embedded into risk assessment and assurance processes as evidenced through the Quality and Experience Report which is reported to the Quality Assurance Committee and

to the Public Trust Board.

The Trust operates a whistle-blowing policy to provide staff with an open process whereby they may raise any issues of concern, so as to protect patients and staff from harm and the organisation from risk. A thorough review has been undertaken during the course of the year to ensure that the policy meets latest guidance and best practice.

Whilst Risk Management processes are embedded in the Trust, during 2013/14 there has been a review of processes to ensure they are still relevant and are being used effectively. Following this review, with input from internal audit, there has been strengthening of processes, particularly around the day to day review, challenging and updating of risks on the risk register.

Assessment, Management and Reporting of Risks

Risk Assessment

RISK SCORING MATRIX						
		Consequence Score				
		1	2	3	4	5
Likelihood	1	1	2	3	4	5
	2	2	4	6	8	10
	3	3	6	9	12	15
	4	4	8	12	16	20
	5	5	10	15	20	25

The Trust uses the internationally recognised model for assessment of risk which includes the use of a 5 x 5 risk scoring matrix. Risks are categorised into 4 levels as follows:

- Low – with a score between 1 and 3
- Moderate – with a score between 4 and 6
- High – with a score between 8 and 12
- Extreme – with a score between 15 and 25

Risk Register

Each directorate holds a risk register which they are responsible for regular reporting, monitoring and review at their local governance group. This process is mirrored at a divisional level whereby those risks which pose a threat which spans across the entire division are aggregated up to the relevant committee or Trust Board.

At a corporate level, each executive director holds a risk register which includes risks which affect the delivery of their objectives; i.e. a risk register which is reflective of their portfolio.

Assurance Framework

The Board held a workshop at the beginning of 2012, which focussed on further development of the Board Assurance Framework (BAF). As a result of this and taking full account of the Department of Health, Healthy NHS Board - Principles of Good Governance

guidance, a revised BAF was developed and has been reported to the Board each quarter throughout 2013/14. The BAF is owned by the Board and is structured around the key risks which pose a threat to achievement of the organisations objectives.

The BAF proved effective in maintaining the Board's focus on managing the top strategic risks and areas for improvement and has been subject to scrutiny by internal audit during the year. The audit recognised that the BAF is a much improved document although there were opportunities to strengthen this further through the introduction of 'Risk Assurance Plans' at committee level.

Risk Management Reports

Integral to the process of risk management are a variety of reports which describe risks and the way in which these are being managed at a corporate level, through the Board, committees or forum. This framework of reporting is set out within the table below:

Tier	Format of Report	Frequency
Board	Board Assurance Framework (BAF), including key strategic risks / assurances / actions	Quarterly
	Specific reports which are reported under the 'Governance' section of the Board agenda (these may include those which are escalated from a committee). Clarity on risks / assurance will be covered within the front sheet.	Every meeting
	Reports from Sub-Committees which provide an overview of the risks considered at Committee level.	Every meeting
Committee	Specific reports which are produced for the committee which include details of risk (these may include those which are escalated from a forum), e.g. QIPP report, Finance Report. Clarity on risks / assurances will be covered within the front sheet.	Every meeting
	Reports from forums which provide an overview of the risks considered at committee level.	Every meeting
Forum	Specific reports which are produced for the supporting forum which include details of risk, e.g. QIPP report, Finance Report. Clarity on risks / assurances will be covered within the front sheet.	Every meeting

Francis Report

Following the publication of the Francis Report, a comprehensive delivery plan was developed which set out how the Trust would deliver actions and improvements, as appropriate, against the 290 recommendations in the report. The delivery plan has been continuously updated during the year; and in addition, a gap analysis has been undertaken in response to the Department of Health response to the Francis report 'Hard Truths'. This has been presented to the Trust Board.

Quality Impact Assessments

Following the introduction in 2012/13, the Trust has continued to undertake Quality Impact Assessments against cost improvement proposals to ensure that they do not have a negative impact on quality. The Medical Director and Chief Nurse are responsible for sign off of proposals which are then reported to the Board via the Quality Assurance Committee.

Sustainability

The effects of climate change ultimately impact on human health. These impacts are multiple and diverse (and not all negative). The direct effects of hotter, drier summers, milder, wetter winters, and more frequent extreme weather events such as flooding and heat waves (as described in the UK Climate Projections 2009), might include the increased incidence of sunburn and skin cancers, heatstroke and dehydration during heat waves, and injuries and death caused by extreme weather-related events. Indirect effects extend from disruption to the supply chain of food (its quality and quantity), energy, clean air and drinking water, to the long-term mental health effects of flooding.

In order to mitigate the effects of climate change University Hospital of North Staffordshire and our multi agency partners have a number emergency plans in place, these include the following:

- Flooding;
- Heatwave;
- Evacuation Plans for Flood, Fire and Other Incident;
- Rest/Evacuation Centre Plan;
- Drought Plan;
- Excess Death/Mortuary Plan;
- Cold Weather Plan; and
- Information Technology will continue to play a vital role in supporting emergency planning.

All existing plans may be invoked more frequently due to the effects of climate change. All contingency planning in the future will take into account climate change projections and its impact on our environment.

Making a positive contribution to the environment and cutting our carbon emissions is a key priority for the Trust and there has been a Trust Board

approved Sustainability Strategy and supporting Carbon Management Plan in place since 2010. The Trust has a target to reduce our CO2 by 10% from 2007 levels by 2015 and will need to meet the more challenging target within the Climate Change Act of 34% from 1990 levels by 2020.

Information Security Risks

To ensure all information is efficiently and legally managed, the Trust has an Information Governance Steering Group (IGSG) which is chaired by the Caldicott Guardian (Deputy Medical Director) and of which the Senior Information Risk Officer (SIRO) is a member. The work of the IGSG focuses on legal compliance; NHS requirements; confidentiality and records management; information security, information quality assurance and completing the annual mandatory information governance assessment. The IGSG develops policies and procedures which minimise risk and provide a robust governance framework.

The IGSG receives reports of related incidents and breaches and escalates as appropriate. Over the year, the IGSG considered 45 incidents although none of these were of such severity that they were required to be reported to the Information Commissioner. The IGSG also monitors, advises and reports on compliance against a range of national performance indicators. Via the outcome of the performance indicators the IGSG is able to identify and evaluate gaps and risks; the IGSG ensures the Trust is alerted to any significant risks by formal reports to various Trust committees.

Equality and Diversity

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Throughout 2013/14 the Trust has had in place the Single Equality Strategy and an action plan to ensure compliance, an element of this has been completion of equality impact assessments of all HR policies and any service changes. The Trust established an Equality and Diversity Group to oversee delivery and development of the action plan.

Serious Incident Reporting

The Trust has a robust process for the reporting and investigation of serious incidents which spans internally and externally. During the year, the Trust has reported and investigated a total of 114 serious incidents. A full summary of serious incidents is reported to each meeting of the Quality Assurance Committee, which includes the details of incident, the root cause and any lessons learned. This is summarised in a report to the Public Board.

NHS Pensions 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 in to 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.

Emergency Planning / Resilience

As a Category 1 responder with key emergency response duties under the Civil Contingencies Act (2004) the Trust is required to ensure it has robust plans for Emergency Preparedness, Resilience and Response (EPRR). In addition, the Trust has key requirements to meet against Care Quality Commission (CQC) standards as well as meeting the guidance set out in the NHS Operating Framework. This responsibility includes the needs to produce and review incident plans, to undertake multi-agency planning, to work in partnership with other local health agencies and to ensure education and training for our staff.

In order to ensure these objectives are realised an Emergency Preparedness Annual Plan is produced which identifies objectives for the year. To monitor the progress of these objectives a report is produced. The Trust's EPRR lead meets regularly with Health emergency planning officers from the local NHS organisations and is part of a County Health Emergency Planning Working group to ensure that networking and information exchange occurs and lessons learned are shared with other health agencies.

The Trust is an active member of the Local Health Resilience Partnership (LHRP) and the Staffordshire Resilience Forum (SRF).

Review of the Effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of internal audit's work. The opinion provides significant assurance that there is a sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently. Also informing my review of effectiveness are the following:

- Quality Assurance Committee;

- Finance and Efficiency Committee;
- Monthly Integrated Performance Report, Finance and Contracting Report and Quality Reports; and
- Annual Quality Accounts.

However, some weaknesses in the design and inconsistent application of controls were identified during the year which required improvement; these were in relation the following:

- A red opinion on the Trust's Complaints Investigation Process. Improvements needed to be made in relation to: compliance with the complaints policy and procedure; the communications between investigation teams and the central unit; and better training for the divisions and investigating officers.
- A red opinion following the review of consultants professional/study leave was undertaken, which identified a number of arrears for improvement, including; consultants being allocated more study days than they were allowed; consultants study day allocations not being pro-rated where appropriate and the lack of monitoring undertaken by clinical directors.
- A number of recommendations across a range of areas such as data quality, operational risk management, the governance arrangements around business cases, overpayments to staff and additional payroll payments.

The Audit Committee have considered each of these reports and the summary of the control weaknesses identified by internal audit and have, and will, continue to monitor action being taken.

There is a statutory duty on NHS trusts, under the NHS Community Care Act 1990, to breakeven taking one year with another. Following discussions between the Department of Health, the Treasury and the Audit Commission it was agreed some time ago that this duty will have been met if expenditure is covered by income over a three year rolling period, or five years in exceptional circumstances. The Trust's financial outlook for 2013/14 and the next few years means that the Trust may not be able to deliver its statutory breakeven duty. There is a requirement for the statutory auditor, in this case Grant Thornton, to refer such a breach together with associated issues to the Secretary of State. Such a referral is made under Section 19 of the Audit Commission Act of 1998. The external auditor also needs to consider the Trust's status as a going concern.

Although the resolution of the Trust's financial position for 2012/13 onwards, and in particular its currently planned shortfalls of income over expenditure, is the subject of on-going discussions with the NTDA, the Trust's statutory auditor, Grant Thornton, issued a Section 19 Letter to the Secretary of State on 9 May 2013. This was subsequently discussed at the Trust Board meeting on 7 June 2013.

A further Section 19 referral was made to the Secretary of State on 10 April 2014. This made reference to the breakeven position, the deficit budget and the uncertainty around the transfer of services from Mid Staffordshire NHS Foundation Trust

Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the internal auditors, external auditors, Care Quality Commission (CQC) provider compliance assessment and risk profiles, clinical audit, the National Patient Safety Agency NRLS, accreditation bodies and peer reviews.

I have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee, with support of external and internal auditors. A plan to address weaknesses and ensure continuous improvement of the system is in place. Based on the work undertaken in 2013/14, I have been given significant assurance that the Trust has a generally sound system of internal control, designed to meet key objectives, and that controls are generally being applied consistently.

Significant Issues

The key areas of risk to achievement of the strategic objectives identified and control weaknesses managed in 2013/14 are featured within the Board Assurance Framework. The Trust has taken, or is in the process of completing remedial actions to address the gaps identified; these remain as risks moving into 2014/15.

Strategic Risk	Key Actions
Finance and the Major Underlying Deficit: The Trust may fail to deliver financial targets in 2012/13 to 2014/15 with consequent implications for FT status and delivery of operational and quality objectives.	• Five Year Financial Plan approved by the Board and submitted to the NTDA. • Reinforced contractual risk management arrangements supporting the recovery of contract income according to PbR rules. • Detailed analysis of the Trust normalised position completed and reported to Finance and Efficiency Committee and Trust Board; this has then been used to inform 2014/15 and 2015/16 financial planning. • Comprehensively review and update of the LTFM under construction to reflect developments within the Trust and to align with the developing IBP.

Continued overleaf

Strategic Risk	Key Actions
A&E Underperformance on a Significant Scale: Inability to achieve the A&E standard consistently results in a failure to deliver a safe, effective emergency pathway across primary care, UHNS and community services.	• Live Inpatient Dashboard tracking LOS across the Trust. • Daily Emergency Dashboard to track and flag operational pressures. • Performance Report monitors performance against the A&E target; reported to Trust Executive Committee and Trust Board. • Early Warning System based on the three key triggers: Activity, middle grade staffing overnight, discharges developed in October 2013. • Mapping of patient flows and streamlining pathways review undertaken. • Business case for the West Building approved with additional capacity and staffing in place. • Robust internal analysis and RCA of the A&E position continues to identify factors impacting on performance. • LHE improvement plan in place focussing on 3 key areas: prior to A&E, flow within hospital, discharge and out of hospital. • Review data submitted for the 4 hour A&E standard - submit data which includes all emergency portals as per SITrep 1, 2, and 3 to contribute to whole economy performance.
Mid Staffordshire NHS Foundation Trust (MSFT)	• Memorandum of Understanding (MOU) in place with NHS England, Monitor, NTDA and the local CCGs. • Integrating Health Services for Staffordshire Project Board, a sub-committee of the Board, introduced.
Bed Capacity to Undertake Elective and Non-Elective Work: Lack of capacity to deliver the medical non elective activity which impacts on elective capacity through outlying.	• Development of the metrics to monitor the bed days savings through a weekly assurance meeting chaired by the Chief Operating Officer. • Introduction of UHNS@Home. • Winter planning schemes presented to the Trust Executive Committee and Trust Board. • North Staffordshire Health Economy A&E Recovery & Improvement Plan 2013/14 signed off by the Trust Executive Committee; included the capacity modelling for the winter period. • Draft capacity plan developed for emergency activity for 2014/15 including additional work on the requirements of additional 18 weeks activity.

Strategic Risk	Key Actions
Maintaining Quality Standards: The Trust may face reputational and operational risks if there is failure to meet the different quality standards monitored by the CQC, TDA and other external partners. Potential harm to patients from the acquisition of C Difficile and potential reputational risk amongst patients and the public. There are financial implications of not meeting the CQUIN requirements (penalties).	• Agreed internal quality KPIs. • Trust has dedicated specialist groups/forum to monitor and act upon quality indicator changes. • Directorate and divisional performance and quality reviews. • Quarterly Quality and Patient Experience Report to Trust Board. • Monthly Nursing Indicators Report. • Monthly Quality report. • Cleanliness audits, PLACE inspections and Think Clean Day audits. • Infection Control Annual Work Programme. • Weekly "walkabout" with senior clinical nurses and the domestic supervisors. • Monthly feedback of surveillance data to DGMs, PHONs, clinical governance leads, clinical directors, senior clinical nurses for cascading to wards for MRSA bacteraemia's, new case MRSA, new case C DIff and new cases ESBL.
Strategy to Protect Market Share/ Partnership Working: There is evidence that the Trust is losing core business (elective surgery in particular) because of lack of capacity. The risk is twofold; inability to regain market share and further loss of market share.	• Demand modelling, considering additional bed, theatre and workforce capacity plans • Securing additional support from UHNS@Home to improve length of stay and release bed capacity. • Use of Vanguard facility; alternative provider capacity in public and private sectors and rostered Saturday working.

Significant Issues in 2013/14

Non-Compliance with NICE Guidance – Ophthalmology

The Ophthalmology Service has been extensively challenged in terms of capacity to implement NICE Health Technology Appraisals. This has resulted in some delays for patients and more recently an adverse incident has been recorded. A full review of the governance arrangements around this and root cause analysis (RCA) are in the process of being undertaken.

Oral and Maxillofacial Review

Following concerns raised by our consultant oral and maxillofacial surgeons around some aspects of the practice of one of their consultant colleagues; an immediate review was undertaken. Concerns relate to

potential harm caused to some patients either because the consultant used a new and unproven technique to treat fractures of the lower eye socket or because in other cases, he performed an operation when a more conservative, non-surgical approach should have been tried before open surgery was considered.

We carried out internal investigations, as part of which we sought the independent, expert opinion of the Royal College of Surgeons. Their findings led to us suspending the consultant.

Tax Liability for Junior Doctors

Following an investigation by HMRC regarding junior doctors' removal and relocation expense payments, the Trust has identified that such expenses have not been taxed appropriately. The investigation is still on-going and the Trust has engaged professional advisors to support this investigation. The Trust has provided for the potential full liability due to HMRC within the 2013/14 financial statements.

With the exception of the internal control issues that I have outlined in this statement, my review confirms that University Hospital of North Staffordshire NHS Trust has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that identified control improvement issues have been, or are being addressed.

Accountable officer: Mark Hackett, Chief Executive

Organisation: University Hospital of North Staffordshire NHS Trust

Signature: 

Date: Friday 6 June 2014

University Hospital of North Staffordshire
City General
Newcastle Road
Stoke-on-Trent
ST4 6QG

Tel: 01782 715444
Web: www.uhns.nhs.uk

Statement of Comprehensive Income for year ended 31 March 2014

	NOTE	2013-14 £000	2012-13 £000
Gross employee benefits	9	**(299,863)**	(289,957)
Other operating costs	7	**(180,370)**	(223,075)
Revenue from patient care activities	4	**419,065**	395,680
Other Operating revenue	5	**56,265**	77,878
Operating surplus/(deficit)		**(4,903)**	(39,474)
Investment revenue	11	**65**	71
Other gains and (losses)	12	**(354)**	201
Finance costs	13	**(14,907)**	(12,825)
Surplus/(deficit) for the financial year		**(20,099)**	(52,027)
Public dividend capital dividends payable		**0**	(1,456)
Retained surplus/(deficit) for the year		**(20,099)**	(53,483)

Other Comprehensive Income

	2013-14 £000	2012-13 £000
Impairments and reversals taken to the Revaluation Reserve	**(3,804)**	(8,860)
Net gain/(loss) on revaluation of property, plant & equipment	**7,027**	6,336
Total Other Comprehensive Income	**3,223**	(2,524)
Total Comprehensive Income for the year	**(16,876)**	(56,007)

Financial performance for the year

Retained surplus/(deficit) for the year	**(20,099)**	(53,483)
IFRIC 12 adjustment (including IFRIC 12 impairments)	**375**	37,954
Impairments (excluding IFRIC 12 impairments)	**738**	19,152
Adjustments in respect of donated gov't grant asset reserve elimination	**(315)**	(3,388)
Adjusted retained surplus/(deficit)	**(19,301)**	235

The notes on pages 5 to 45 form part of this account.

Statement of Financial Position as at 31 March 2014

	NOTE	31 March 2014 £000	31 March 2013 £000
Non-current assets:			
Property, plant and equipment	14	**367,880**	369,719
Intangible assets	15	**3,370**	1,664
Other non-current assets	21	**215**	214
Trade and other receivables	20.1	**2,390**	0
Total non-current assets		**373,855**	371,597
Current assets:			
Inventories	19	**8,301**	6,961
Trade and other receivables	20.1	**41,688**	27,000
Other current assets	21	**21**	27
Cash and cash equivalents	22	**1,450**	34
Total current assets		**51,460**	34,022
Total assets		**425,315**	405,619
Current liabilities			
Trade and other payables	23	**(35,540)**	(35,061)
Provisions	28	**(9,250)**	(3,652)
Borrowings	24	**(8,973)**	(9,366)
Total current liabilities		**(53,763)**	(48,079)
Net current assets/(liabilities)		**(2,303)**	(14,057)
Non-current assets plus/less net current assets/liabilities		**371,552**	357,540
Non-current liabilities			
Provisions	28	**(894)**	(87)
Borrowings	24	**(329,731)**	(338,688)
Total non-current liabilities		**(330,625)**	(338,775)
Total Assets Employed:		**40,927**	18,765
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**211,431**	172,393
Retained earnings		**(221,504)**	(201,438)
Revaluation reserve		**51,000**	47,810
Total Taxpayers' Equity:		**40,927**	18,765

The notes on pages 5 to 45 form part of this account.

The financial statements on pages 1 to 45 were approved by the Board on 6th June 2014 and signed on its behalf by

Chief Executive: Martin Mellett Date: 6/6/2014

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

	Public Dividend capital	Retained earnings	Revaluation reserve	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2013	**172,393**	**(201,438)**	**47,810**	**18,765**
Changes in taxpayers' equity for 2013-14				
Retained surplus/(deficit) for the year		**(20,099)**		**(20,099)**
Net gain / (loss) on revaluation of property, plant, equipment			**7,027**	**7,027**
Impairments and reversals			**(3,804)**	**(3,804)**
Transfers between reserves		**33**	**(33)**	**0**
New PDC Received - Cash	**50,738**			**50,738**
PDC Repaid In Year	**(11,700)**			**(11,700)**
Net recognised revenue/(expense) for the year	**39,038**	**(20,066)**	**3,190**	**22,162**
Balance at 31 March 2014	**211,431**	**(221,504)**	**51,000**	**40,927**
Balance at 1 April 2012	172,393	(149,472)	51,851	74,772
Changes in taxpayers' equity for 2012-13				
Retained surplus/(deficit) for the year		(53,483)		(53,483)
Net gain / (loss) on revaluation of property, plant, equipment			6,336	6,336
Impairments and reversals			(8,860)	(8,860)
Transfers between reserves		1,517	(1,517)	0
Net recognised revenue/(expense) for the year	0	(51,966)	(4,041)	(56,007)
Balance at 31 March 2013	172,393	(201,438)	47,810	18,765

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31 March 2014

	2013-14 £000	2012-13 £000
Cash Flows from Operating Activities		
Operating Surplus/(Deficit)	**(4,903)**	(39,474)
Depreciation and Amortisation	**17,225**	18,864
Impairments and Reversals	**1,113**	57,106
Donated Assets received credited to revenue but non-cash	**(488)**	(3,409)
Government Granted Assets received credited to revenue but non-cash	**(379)**	0
Interest Paid	**(14,907)**	(11,126)
Dividend (Paid)/Refunded	**558**	(2,908)
(Increase)/Decrease in Inventories	**(1,340)**	39
(Increase)/Decrease in Trade and Other Receivables	**(17,501)**	13,151
(Increase)/Decrease in Other Current Assets	**5**	(241)
Increase/(Decrease) in Trade and Other Payables	**(4,819)**	(6,421)
(Increase)/Decrease in Other Current Liabilities	**0**	0
Provisions Utilised	**(133)**	(1,588)
Increase/(Decrease) in Provisions	**6,538**	2,497
Net Cash Inflow/(Outflow) from Operating Activities	**(19,031)**	26,490
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	**65**	71
(Payments) for Property, Plant and Equipment	**(7,228)**	(27,994)
(Payments) for Intangible Assets	**(2,084)**	(399)
Proceeds of disposal of assets held for sale (PPE)	**7**	322
Net Cash Inflow/(Outflow) from Investing Activities	**(9,240)**	(28,000)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	**(28,271)**	(1,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Public Dividend Capital Received	**50,738**	0
Public Dividend Capital Repaid	**(11,700)**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	**(9,351)**	(476)
Net Cash Inflow/(Outflow) from Financing Activities	**29,687**	(476)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,416**	(1,986)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**34**	2,020
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**1,450**	34

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2013-14 NHS Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

1.1 Accounting convention

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

1.2 Charitable Funds

The divergence from the Government Financial Reporting Manual (FReM) that NHS Charitable Funds are not consolidated with NHS Trust's own financial statements has been removed for 2013-14. Under the provisions of IAS 27 *Consolidated and Separate Financial Statements*, those Charitable Funds that fall under common control with NHS bodies should be consolidated within the entity's financial statements. The Trust has a Charitable Fund, the 'UHNS Charity' that falls under the definition of common control. Common control is defined within IAS 27 as "the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities". Control is presumed to exist where a parent owns directly or indirectly more than half of the voting power of an entity, including where a body acts as a corporate trustee. The Trustees of the Charitable Fund are all members of the Trust Board. The purpose of an NHS Charity is to assist NHS patients, and HM Treasury view this as the "benefit" link as per the IAS 27 guidance. The Trust has reviewed the financial statements of the 'UHNS Charity' and it is deemed that the income, expenditure, assets and liabilities of the Charitable Fund are not material. IAS 1 *Presentation of Financial Statements* states that specific disclosure requirements set out in individual standards or interpretations need not be satisfied if the information is not material. The consolidation of the Charitable Fund would not have a material impact on the financial statements of the Trust and has therefore not been consolidated into the Trust's financial statements.

1.3 Going Concern

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

The Directors consider the contracts it has agreed with commissioning bodies, and a letter of support from the NHS Trust Development Authority (NTDA) confirming that the NTDA will make sufficient cash financing available to the Trust over the next twelve month period such that the Trust is able to meet its current liabilities are sufficient evidence that the Trust will continue as a going concern for the foreseeable future. For this reason the going concern basis has been adopted for preparing the accounts.

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

1.4 Critical accounting judgements and key sources of estimation uncertainty

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

1.4.1 Critical judgements in applying accounting policies

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

Income recognition

It is the Trust's accounting policy to recognise income when performance occurs. In some instances the income that the Trust receives is not readily attributable to performance or the achievement of certain targets cannot readily be ascertained. The key judgements in relation to income recognition are detailed below.

In 2013-14 the Trust's income is provisional based on the achievement of CQUIN targets and the avoidance of contractual penalties. The data required to assess achievement of these targets was not available at the end of the financial reporting period, therefore the Trust has assumed a level of underachievement for contracts where final settlement has not been reached. Should the quarter four targets be met the provision made will present as an opportunity to increase the Trust income. The maximum opportunity associated with this decision is £342,000.

Estate Valuation

The Trust's management have elected to revalue the Trust's land and buildings as at 31 March 2014. This option was elected as providing the best assurance that the values are not materially misstated. If the Trust's management had not revalued the estate, i.e. the assets were shown at their original cost, the value of non-current assets would have been £187,399,000 higher in value.

The Trust obtains valuations for its land, buildings and dwellings from a qualified independent valuer. These valuations are performed at a point in time and take into account conditions and circumstances relevant to that date. In future years, conditions may change resulting in uplifts or impairments being required to the value of land, buildings and dwellings. The valuation has been completed based on the depreciated replacement cost and the remaining useful economic life of the assets.

PFI Assets

The Trust's PFI scheme is deemed under International Financial Reporting Standards to be classed as on Statement of Financial Position on the basis that the asset is under the control of the Trust and all risks and rewards sit with the Trust. This is deemed to be a critical judgement that impacts on the financial statements.

Operating leases/finance leases

The Trust has two buildings which are leased to a third party. The Trust has deemed that this is an operating lease where the risks and rewards of the asset remain with the Trust and as such are recognised on the Trust's Statement of Financial Position as assets. This is deemed to be a critical judgement as if the transaction was deemed to be a finance lease the assets would not be reflected in the Statement of Financial Position and the property, plant and equipment balance would be £12,789,000 lower if these assets were not included.

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

1.4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Income recognition

In 2008-09 the requirement to account for patient care spells that were in progress but not complete as at 31 March was introduced. The value put on this activity is estimated using an average tariff, rather than the specific tariff relevant for each patient. The total value of the accrual for patient care is £3,788,000 and therefore a change of 1% between the average tariff applied and the actual tariff due would affect income assumptions by £38,000.

Valuation of liabilities

As at 31 March 2014 the Trust recognised £23,101,000 of accruals and deferred income within trade and payables liability. The Trust's management has made the best estimate of the value of the liability based on information available at the reporting date. The value of these accruals may differ from the values estimated and since the value is high a difference of only 1% between the estimate and actual value would result in a change to the Trust's expenditure of £248,000. However, since none of the accruals are individually material and the Trust has provided at the most likely value (rather than with a bias towards a more or less favourable outturn) it is unlikely that the difference between actual and estimated values would be significant.

The Trust has obtained professional advice where applicable for the value that should be recognised in respect of provisions and contingent liabilities. The value of these liabilities is uncertain and values are likely to differ from those estimated. A difference of 1% between the estimated provision and actual value would result in a change to the Trusts deficit position of £146,000. However, the Trust has provided at what it estimates the likely value would be based on information available.

Valuation of assets

As at 31 March 2014 the Trust recognised trade and receivables assets of £44,078,000. The Trust provides for income invoices more than 180 days past the due date, for RTA accruals at the prescribed rate of 15.8% and individually for any other debts which Trust management has reason to believe the Trust may not receive. The Trust's management considers that this is a reasonable estimate of the value of asset.

1.5 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

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

1.6 Employee Benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs
Past and present employees are covered by the provisions of the NHS Pensions 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. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. In line with the Governments auto enrolment pension roll out, from 1st April 2013 the Trust also offered the NEST pension scheme to employees who may not be eligible to join the NHS Pension Scheme. The NEST pension scheme is a defined contribution scheme.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.7 Other expenses
Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.8 Property, plant and equipment

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

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

Valuation

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

1.8 Property, plant and equipment (Continued)

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

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

Subsequent expenditure

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

1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

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

1.10 Depreciation, amortisation and impairments

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

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

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

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.
AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.11 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.12 Government grants

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

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

1.13 Leases

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

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The Trust as lessor

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

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

1.14 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

1.14 Private Finance Initiative (PFI) transactions (Continued)

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

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

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

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

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

Lifecycle replacement

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

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

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

Assets contributed by the Trust to the operator for use in the scheme

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

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

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

1.15 Inventories

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

1.16 Cash and cash equivalents

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

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

1.17 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of -0.65% in real terms 2.2% for employee early departure obligations) except where such adjustments are not deemed material to the Trust's financial statements.

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

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

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

1.18 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 28.

1.19 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims, are charged to operating expenses as and when they become due.

1.20 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.21 Contingencies

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

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

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

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

1.22 Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly/through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

1.23 Financial liabilities

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

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.24 Value Added Tax

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

1.25 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the year in which they arise.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 37 to the financial statements.

1.27 Public Dividend Capital (PDC) and PDC dividend

PDC represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as PDC dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets, net assets transferred from NHS bodies dissolved on 1 April 2013 and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

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

1.28 Losses and Special Payments

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

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

1.29 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

From 2013-14, the Trust is required under IAS27 to consolidate the results of 'UHNS Charity' Charitable Funds over which it considers it has the power to exercise control in accordance with IAS27 requirements. The Trust however deems that the income, expenditure, assets and liabilities of the Charitable Fund are not material to the Trust's financial statements and in line with IAS1, which states that specific disclosure requirements set out in individual standards or interpretations need not be satisfied if the information is not material, the Trust has not consolidated the Charitable Fund.

1.30 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNE/SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.31 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 9 Financial Instruments - subject to consultation - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2 Operating segments

IFRS 8 requires reporting entities to separate out the financial performance of each segment of the business, on the basis reported to the Chief Operating Decision Maker (CODM). The Trust considers that the Trust Board is the CODM of the organisation. The Trust Board receives financial performance data for the Trust as one 'healthcare' segment and makes decisions on this basis.

	Per SOCI		Healthcare Reported to Trust Board		Variance	
	2013-14 £000	2012-13 £000	**2013-14 £000**	2012-13 £000	**2013-14 £000**	2012-13 £000
Total income	**475,080**	470,442	**475,330**	470,045	**(250)**	397
Pay costs	**(299,863)**	(289,957)	**(299,651)**	(289,640)	**(212)**	(317)
Non pay costs	**(194,518)**	(180,250)	**(194,980)**	(180,170)	**462**	(80)
Reported breakeven performance	(19,301)	235	**(19,301)**	235	**(0)**	*0*

** The difference between the figures reported to the Board & the SOCI is mainly due to staff recharges of £286,000 (2012-13: £397,000) being reclassified due to a change in disclosure requirements in the financial statements in 2011-12.*

The financial performance of the Trust is reported to Board on a breakeven basis. A reconciliation of the Trust's breakeven performance to the retained surplus/(deficit) reported in the Statement of Comprehensive Income is presented at Note 36.1.

Since all the business of the Trust is deemed to be one 'healthcare' segment there is no difference between the financial performance of this segment and the financial performance of the Trust and all the disclosures in the notes to the accounts are identical.

3. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

	2013-14 £000s	2012-13 £000s
Income	**1,240**	0
Full cost	**1,215**	0
Surplus/(deficit)	**25**	0

Full cost in 2012/13 was less than £1m and therefore no disclosure was made.

4. Revenue from patient care activities

	2013-14 £000	2012-13 £000
NHS Trusts	**0**	0
NHS England	**146,260**	0
Clinical Commissioning Groups	**264,480**	0
Primary Care Trusts		375,452
Strategic Health Authorities		0
NHS Foundation Trusts	**0**	22
Department of Health	**0**	0
NHS Other (including Public Health England and Prop Co)	**439**	13,872
Non-NHS:		
Local Authorities	**309**	0
Private patients	**1,022**	1,188
Overseas patients (non-reciprocal)	**197**	408
Injury costs recovery	**2,426**	2,098
Other	**3,932**	2,640
Total Revenue from patient care activities	**419,065**	395,680

Other non NHS revenue relates mainly to income received from NHS bodies within Wales which are classed as non NHS as such bodies are outside NHS England.

5. Other operating revenue

	2013-14 £000	2012-13 £000
Recoveries in respect of employee benefits	**286**	397
Patient transport services	**0**	0
Education, training and research	**25,924**	26,639
Charitable and other contributions to revenue expenditure - NHS	**148**	140
Receipt of donations for capital acquisitions - NHS Charity	**488**	3,409
Receipt of Government grants for capital acquisitions	**378**	0
Non-patient care services to other bodies	**25,497**	23,649
Income generation	**1,860**	1,372
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**987**	960
Other revenue	**697**	21,312
Total Other Operating Revenue	**56,265**	77,878
Total Operating Revenue	**475,330**	473,558

Other revenue includes all revenue not covered under any other operating revenue headings. Included within other revenue is £0 (2012/13: £21,000,000) in respect of non recurrent support to deliver major change including the Local Health Economy re-design programme 'Fit For the Future' and the PFI hospital.

6. Revenue

	2013-14 £000	2012-13 £000
From rendering of services	**474,983**	473,386
From sale of goods	**347**	172

7. Operating expenses

	2013-14 £000	2012-13 £000
Services from other NHS Trusts	**1,507**	245
Services from CCGs/NHS England	**447**	
Services from other NHS bodies	**420**	0
Services from NHS Foundation Trusts	**851**	0
Services from Primary Care Trusts		1,130
Total Services from NHS bodies*	**3,225**	1,375
Purchase of healthcare from non-NHS bodies	**1,886**	1,349
Trust Chair and Non-Executive Directors	**75**	79
Supplies and services - clinical	**88,855**	77,717
Supplies and services - general	**4,529**	4,536
Consultancy services	**5,033**	1,541
Establishment	**3,228**	3,460
Transport	**1,400**	2,708
Premises	**13,364**	15,122
Hospitality	**70**	
Insurance	**43**	
Legal Fees	**189**	
Impairments and Reversals of Receivables	**476**	135
Inventories write down	**37**	0
Depreciation	**16,845**	18,608
Amortisation	**380**	256
Impairments and reversals of property, plant and equipment	**1,113**	57,106
Audit fees - external auditors	**156**	157
Other auditor's remuneration:		
Tax services - external auditors	**14**	0
Other	**104**	175
Clinical negligence	**7,888**	8,166
Research and development (excluding staff costs)	**0**	0
Education and Training	**873**	729
Change in Discount Rate	**0**	0
Other	**30,587**	29,856
Total Operating Expenses (excluding Employee Benefits)	**180,370**	223,075

Other operating expenses include all expenditure not covered under any other operating expense headings. Included within other operating expenses is £28,808,000 (2012/13: £27,436,000) in respect of operating costs relating to the main PFI scheme.

Employee Benefits		
Employee benefits excluding Board members	**298,615**	288,446
Board members	**1,248**	1,511
Total Employee Benefits	**299,863**	289,957
Total Operating Expenses	**480,233**	513,032

*Services from NHS bodies does not include expenditure which falls into a category below

8 Operating Leases

8.1 Trust as lessee

	2013-14 £000	2012-13 £000
Payments recognised as an expense		
Minimum lease payments	**1,343**	1,620
Total	**1,343**	1,620
Payable:		
No later than one year	**1,073**	1,326
Between one and five years	**1,690**	2,168
After five years	**0**	249
Total	**2,763**	3,743
Total future sublease payments expected to be received:	0	0

The Trust leases various medical and office equipment assets under operating leases. The terms of these leases are standard equipment leases for between 5 and 7 years. The Trust does not sub-let these assets.

8.2 Trust as lessor

	2013-14 £000	2012-13 £000
Recognised as revenue		
Rental revenue	**987**	960
Total	**987**	960
Receivable:		
No later than one year	**349**	341
Between one and five years	**680**	680
After five years	**595**	765
Total	**1,624**	1,786

The Trust receives rental income from commercial retail outlets within the Hospital reception areas and from rental of buildings owned by the Trust.

9 Employee benefits and staff numbers

9.1 Employee benefits

Employee Benefits - Gross Expenditure 2013-14	Total £000	2013-14 Permanently employed £000	Other £000
Salaries and wages	**253,378**	234,164	19,214
Social security costs	**18,005**	17,695	310
Employer Contributions to NHS BSA - Pensions Division	**28,050**	27,564	486
Termination benefits	**1,297**	1,297	0
Total employee benefits	**300,730**	**280,720**	**20,010**
Employee costs capitalised	**867**	867	0
Gross Employee Benefits excluding capitalised costs	**299,863**	**279,853**	**20,010**

Employee Benefits - Gross Expenditure 2012-13	Total £000	2012-13 Permanently employed £000	Other £000
Salaries and wages	246,257	222,510	23,747
Social security costs	17,742	17,428	314
Employer Contributions to NHS BSA - Pensions Division	25,978	25,518	460
Termination benefits	509	509	0
TOTAL - including capitalised costs	290,486	265,965	24,521
Employee costs capitalised	529	529	0
Gross Employee Benefits excluding capitalised costs	289,957	265,436	24,521

In 2012-13 there were rows for 'other post-employment benefits' and 'other employment benefits'. These are now included within the 'Salaries and wages' row.

9.2 Staff Numbers

	Total Number	2013-14 Permanently employed Number	Other Number	2012-13 Total Number
Average Staff Numbers				
Medical and dental	**871**	**797**	**74**	837
Administration and estates	**1,132**	**1,095**	**37**	1,139
Healthcare assistants and other support staff	**1,673**	**1,664**	**9**	1,629
Nursing, midwifery and health visiting staff	**2,158**	**2,123**	**35**	2,226
Scientific, therapeutic and technical staff	**774**	**739**	**35**	751
Other	**248**	**155**	**93**	231
TOTAL	**6,855**	**6,573**	**282**	6,813
Of the above - staff engaged on capital projects	**36**	**36**	**0**	13

9.3 Staff Sickness absence and ill health retirements

	2013-14 Number	2012-13 Number
Total Days Lost	56,745	54,052
Total Staff Years	6,390	6,133
Average working days lost	8.88	8.81

	2013-14 Number	2012-13 Number
Number of persons retired early on ill health grounds	**13**	5
	£000	£000
Total additional pensions liabilities accrued in the year	**674**	155

9.4 Exit Packages agreed in 2013-14

Exit package cost band (including any special payment element)	2013-14 Compulsory redundancies Number	2013-14 Other departures agreed Number	2013-14 Total of exit packages by cost band Number	2012-13 Compulsory redundancies Number	2012-13 Other departures agreed Number	2012-13 Total of exit packages by cost band Number
Less than £10,000	2	1	3	2	0	2
£10,000-£25,000	0	0	0	2	0	2
£25,001-£50,000	1	0	1	3	0	3
£50,001-£100,000	0	0	0	2	2	4
£100,001 - £150,000	0	0	0	1	0	1
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	1	1
Total number of exit packages by type	3	1	4	10	3	13
	£s	£s	£s	£s	£s	£s
Less than £10,000	9,711	8,266	17,977			
£10,000-£25,000	0	0	0	9,063	0	9,063
£25,001-£50,000	29,942	0	29,942	33,489	0	33,489
£50,001-£100,000	0	0	0	116,069	0	116,069
£100,001 - £150,000	0	0	0	159,868	143,504	303,372
£150,001 - £200,000	0	0	0	134,683	0	134,683
>£200,000	0	0	0	0	0	0
Total cost of exit packages by type	39,653	8,266	47,919	453,172	143,504	596,676

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

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous year.

9.5 Exit packages - Other Departures analysis

	2013-14 Agreements Number	2013-14 Total value of agreements £000s	2012-13 Agreements Number	2012-13 Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	1	8	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	2	297
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval*	0	0	0	0
Total	1	8	2	297

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous year.

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 9.4 which will be the number of individuals.

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

9.6 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These financial statements can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions
The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

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

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

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

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

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Other Pension Schemes
In line with the Governments auto enrolment pension roll out, from 1st April 2013 the Trust offered the NEST pension scheme to employees who may not be eligible to join the NHS Pension Scheme. The NEST scheme is a defined contribution scheme. The Trust (employers) contributions to this scheme during 2013/14 were £8,000

10 Better Payment Practice Code

10.1 Measure of compliance

	2013-14 Number	2013-14 £000	2012-13 Number	2012-13 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	**99,804**	**174,158**	104,240	183,042
Total non-NHS trade invoices paid within target	**89,504**	**149,119**	88,179	159,812
Percentage of NHS trade invoices paid within target	**89.68%**	**85.62%**	84.59%	87.31%
NHS Payables				
Total NHS trade invoices paid in the year	**2,326**	**24,217**	2,142	29,913
Total NHS trade invoices paid within target	**1,575**	**18,156**	1,273	15,667
Percentage of NHS trade invoices paid within target	**67.71%**	**74.97%**	59.43%	52.38%

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2013-14 £000	2012-13 £000
Amounts included in finance costs from claims made under this legislation	**5**	4

11 Investment Revenue

	2013-14 £000	2012-13 £000
Interest revenue		
Bank interest	**65**	62
Other financial assets	**0**	9
Total investment revenue	**65**	71

12 Other Gains and Losses

	2013-14 £000	2012-13 £000
Gain/(loss) on disposal of assets other than by sale (PPE)	**(343)**	201
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**(11)**	0
Total	**(354)**	201

13 Finance Costs

	2013-14 £000	2012-13 £000
Interest		
Interest on obligations under finance leases	**114**	72
Interest on obligations under PFI contracts:		
- main finance cost	**10,356**	9,940
- contingent finance cost	**4,437**	2,809
Interest on late payment of commercial debt	**0**	4
Total	**14,907**	12,825

14.1 Property, plant and equipment

2013-14	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2013	24,275	299,019	1,820	4,176	73,491	752	10,498	8,100	422,131
Additions of assets under construction				**852**					**852**
Additions purchased	0	6,248	0		3,426	0	1,789	77	**11,540**
Additions donated	0	0	0	0	458	0	30	0	**488**
Additions government granted	0	0	0	0	340	0	26	0	**366**
Additions leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	18	0	(3,683)	3,665	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(5,793)	0	(285)	(303)	**(6,381)**
Write back of depreciation on revalued/impaired assets	0	(9,042)	(31)	0	0	0	0	0	**(9,073)**
Upward revaluation/positive indexation	0	6,905	122	0	0	0	0	0	**7,027**
Impairments/negative indexation	0	(3,804)	0	0	0	0	0	0	**(3,804)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
At 31 March 2014	**24,275**	**299,344**	**1,911**	**1,345**	**75,587**	**752**	**12,058**	**7,874**	**423,146**
Depreciation:									
At 1 April 2013	0	0	0	0	41,391	612	6,700	3,709	52,412
Reclassifications	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(5,450)	0	(284)	(297)	**(6,031)**
Write back of depreciation on revalued/impaired assets	0	(9,042)	(31)		0	0	0	0	**(9,073)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	1,113	0	0	0	0	0	0	**1,113**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Charged during the year	0	7,929	31		6,529	120	1,553	683	**16,845**
At 31 March 2014	**0**	**0**	**0**	**0**	**42,470**	**732**	**7,969**	**4,095**	**55,266**
Net Book Value at 31 March 2014	**24,275**	**299,344**	**1,911**	**1,345**	**33,117**	**20**	**4,089**	**3,779**	**367,880**
Asset Financing:									
Owned - purchased	24,275	117,682	0	1,345	14,357	20	4,033	3,779	**165,491**
Owned - donated	0	1,521	0	0	4,023	0	30	0	**5,574**
Owned - government granted	0	367	0	0	340	0	26	0	**733**
Held on finance lease	0	0	1,911	0	908	0	0	0	**2,819**
On-SOFP PFI contracts	0	179,774	0	0	13,489	0	0	0	**193,263**
Total at 31 March 2014	**24,275**	**299,344**	**1,911**	**1,345**	**33,117**	**20**	**4,089**	**3,779**	**367,880**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	13,288	33,407	883	0	167	0	0	64	**47,809**
Movements (specify)	0	3,090	122	0	(19)	0	0	(2)	**3,191**
At 31 March 2014	**13,288**	**36,497**	**1,005**	**0**	**148**	**0**	**0**	**62**	**51,000**

Additions to Assets Under Construction in 2013-14	**£000**
Land	0
Buildings excl dwellings	852
Dwellings	0
Plant & machinery	0
Balance at 31 March 2014	**852**

14.2 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	24,275	274,364	2,053	5,811	71,654	752	9,591	5,711	394,211
Additions - assets under construction				5,838					5,838
Additions - purchased	0	82,963	2		4,700	0	942	2,487	91,094
Additions - donated	0	7	0	3,194	208	0	0	0	3,409
Reclassifications	0	10,769	0	(10,667)	(102)	0	0	0	0
Disposals other than by sale	0	(66,582)	(213)	0	(2,969)	0	(35)	(98)	(69,897)
Revaluation & indexation gains	0	6,336	0	0	0	0	0	0	6,336
Impairments	0	(8,838)	(22)	0	0	0	0	0	(8,860)
At 31 March 2013	24,275	299,019	1,820	4,176	73,491	752	10,498	8,100	422,131
Depreciation:									
At 1 April 2012	0	0	0	0	37,567	492	5,305	3,110	46,474
Disposals other than for sale	0	(66,581)	(213)		(2,864)	0	(35)	(83)	(69,776)
Impairments	0	56,990	116	0	0	0	0	0	57,106
Charged during the year	0	9,591	97		6,688	120	1,430	682	18,608
At 31 March 2013	0	0	0	0	41,391	612	6,700	3,709	52,412
Net book value at 31 March 2013	24,275	299,019	1,820	4,176	32,100	140	3,798	4,391	369,719
Asset financing:									
Owned	24,275	116,870	0	4,176	17,105	140	3,798	4,391	170,755
Held on finance lease	0	0	1,820	0	0	0	0	0	1,820
On-SOFP PFI contracts	0	182,149	0	0	14,995	0	0	0	197,144
Total at 31 March 2013	24,275	299,019	1,820	4,176	32,100	140	3,798	4,391	369,719

14.3 (cont). Property, plant and equipment

The UHNS Charity donated £454,000 of assets and Baxter Healthcare Ltd donated £34,000 to the Trust in 2013-14 in respect of assets acquired in the financial year.

All land and building assets have been revalued as at 31 March 2014. The valuation was carried out by a qualified independent valuer from Jones Lang LaSalle.

The valuation is a calculation based on the estimated building cost and the remaining useful economic life.

Land values have not been changed since the last valuation on 31 March 2013 as the valuer does not consider that there have been significant changes in the commercial land market.

The valuer has considered the works undertaken to buildings by the Trust since the last valuation and in most cases this has not significantly changed the estimated building cost per square metre. The valuer has updated the building cost per square metre for listed buildings held by the Trust to reflect the relevant price for a building of listed status. Part of the costs that have been capitalised as buildings additions during 2013-14 have subsequently been impaired. This is considered a pricing impairment, and not a permanent loss due to use of economic benefit.

The useful economic life of an asset is determined individually for each asset, but generally falls within the following range:

	Min Life Years	Max Life Years
Buildings	15	80
Dwellings	20	80
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	5	5
Furniture & Fittings	5	10

Where a building is schedule for demolition the remaining asset life will be reduced to the period remaining before demolition.

The Trust leases two buildings which are used for medical education to Keele University. The following values within the property, plant and equipment and expense disclosures relate to these buildings:

	2013-14 £000	2012-13 £000
Gross carrying amount	**12,884**	13,439
Depreciation in period	**(364)**	369
Revaluation/(impairment)	**(269)**	(391)

15.1 Intangible non-current assets

2013-14	Computer Licenses £000
Cost or valuation:	
At 1 April 2013	**2,568**
Additions - purchased	**2,084**
Additions - government granted	**13**
Disposals other than by sale	**(29)**
At 31 March 2014	**4,636**
Amortisation:	
At 1 April 2013	**904**
Disposals other than by sale	**(18)**
Charged during the year	**380**
At 31 March 2014	**1,266**
Net Book Value at 31 March 2014	**3,370**
Asset Financing:	
Owned - purchased	3,357
Government Granted	13
Total at 31 March 2014	**3,370**

Revaluation reserve balance for Intangible Non-Current Assets	**£000**
At 1 April 2013	1
Movements (specify)	0
At 31 March 2014	**1**

15.2 Intangible non-current assets prior year

2012-13	Computer Licenses £000
Cost or valuation:	
At 1 April 2012	2,169
Additions - purchased	399
At 31 March 2013	2,568
Amortisation:	
At 1 April 2012	648
Charged during the year	256
At 31 March 2013	904
Net book value at 31 March 2013	1,664
Asset financing:	
Purchased	1,664

15.3 Intangible non-current assets

Purchased software licenses are the only category of intangible asset held by the Trust. These assets have not been revalued as historic cost is deemed to be a reasonable proxy for fair value.

The useful economic life of a software asset is determined by the duration of the licensing agreement.

16 Analysis of impairments and reversals recognised in 2013-14

	2013-14 Total £000
Property, Plant and Equipment impairments and reversals taken to SoCI	
Other	414
Changes in market price	699
Total charged to Annually Managed Expenditure	**1,113**
Total Impairments of Property, Plant and Equipment changed to SoCI	**1,113**
Total Impairments charged to SoCI - DEL	**0**
Total Impairments charged to SoCI - AME	**1,113**
Overall Total Impairments	**1,113**
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

17 Commitments

17.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2014	31 March 2013 Restated
	£000	£000
Property, plant and equipment	**152,418**	154,626
Intangible assets	**0**	26
Total	**152,418**	154,652

18 Intra-Government and other balances

	Current receivables £000	**Non-current receivables £000**	**Current payables £000**	**Non-current payables £000**
Balances with other Central Government Bodies	**26,484**	**0**	**4,144**	**0**
Balances with Local Authorities	**3,316**	**0**	**36**	**0**
Balances with NHS bodies outside the Departmental Group	**0**	**0**	**46**	**0**
Balances with NHS Trusts and Foundation Trusts	**4,323**	**0**	**3,584**	**0**
Balances with Public Corporations and Trading Funds	**0**	**0**	**0**	**0**
Balances with bodies external to government	**7,565**	**2,390**	**27,730**	**0**
At 31 March 2014	**41,688**	**2,390**	**35,540**	**0**
Balances with other Central Government Bodies	15,310	0	9,368	0
Balances with Local Authorities	30	0	2,906	0
Balances with NHS bodies outside the Departmental Group	0	0	119	0
Balances with NHS Trusts and Foundation Trusts	2,806	0	1,445	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	8,854	0	21,223	0
At 31 March 2013	27,000	0	35,061	0

19 Inventories

	Drugs £000	Consumables £000	Energy £000	Total £000
Balance at 1 April 2013	1,948	4,961	52	6,961
Additions	37,128	57,653	1,639	**96,420**
Inventories recognised as an expense in the period	(36,734)	(56,667)	(1,642)	**(95,043)**
Write-down of inventories (including losses)	(37)	0	0	**(37)**
Reversal of write-down previously taken to SOCI	0	0	0	**0**
Balance at 31 March 2014	**2,305**	5,947	49	**8,301**

20.1 Trade and other receivables

	Current		Non-current	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
NHS receivables - revenue	**18,480**	10,286	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**2,672**	5,203	**0**	0
Non-NHS receivables - revenue	**3,152**	5,375	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**15,261**	4,564	**2,390**	0
Provision for the impairment of receivables	**(1,689)**	(1,453)	**0**	0
VAT	**2,809**	2,157	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**1,003**	868	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	0	**0**	0
Total	**41,688**	27,000	**2,390**	0
Total current and non current	**44,078**	27,000		
Included in NHS receivables are prepaid pension contributions:	**0**			

The majority of trading for the Trust is with CCG's. As CCG's are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

20.2 Receivables past their due date but not impaired

	31 March 2014 £000	31 March 2013 £000
By up to three months	**3,726**	2,195
By three to six months	**1,982**	103
By more than six months	**5**	329
Total	**5,713**	2,627

20.3 Provision for impairment of receivables

	31 March 2014 £000	31 March 2013 £000
Balance at 1 April 2013	**(1,453)**	(1,768)
Amount written off during the year	**240**	450
Amount recovered during the year	**5,878**	
(Increase)/decrease in receivables impaired	**(6,354)**	(135)
Balance at 31 March 2014	**(1,689)**	(1,453)

The Trust provides in full for all non NHS trade receivables which are more than 180 days past due and 15.6% of NHS Injury Cost Recovery Scheme.

21a Other current assets

	31 March 2014 £000	31 March 2013 £000
EU Emissions Trading Scheme Allowance	**21**	27

21b Other non current assets

	2013-14 £000s	2012-13 £000s
EU Emissions Trading Scheme Allowance	**215**	214

22 Cash and Cash Equivalents

	31 March 2014 £000	31 March 2013 £000
Opening balance	**34**	2,020
Net change in year	**1,416**	(1,986)
Closing balance	**1,450**	34
Made up of		
Cash with Government Banking Service	**1,448**	31
Commercial banks	**0**	0
Cash in hand	**2**	3
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**1,450**	34
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**1,450**	34
Patients' money held by the Trust not included above	**3**	2

23 Trade and other payables

	Current	
	31 March 2014 £000	31 March 2013 £000
NHS payables - revenue	**391**	209
NHS payables - capital	**0**	0
NHS accruals and deferred income	**5,277**	2,782
Non-NHS payables - revenue	**2,448**	2,207
Non-NHS payables - capital	**5,332**	34
Non-NHS accruals and deferred income	**17,824**	20,799
Social security costs	**1,568**	2,755
VAT	**538**	1,558
Tax	**0**	1,969
Payments received on account	**0**	0
Other	**2,162**	2,748
Total	**35,540**	35,061
Included above:		
To buy out the liability for early retirements over 5 years	**0**	0
Number of cases involved (number)	**0**	0
Outstanding pension contributions at the year end	**0**	0

24 Borrowings

	Current		Non-current	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
PFI liabilities:				
Main liability	**8,717**	9,228	**327,516**	336,116
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**256**	138	**2,215**	2,572
Other (describe)	**0**	0	**0**	0
Total	**8,973**	9,366	**329,731**	338,688
Total other liabilities (current and non-current)	**338,704**	348,054		

Loans - repayment of principal falling due in:	**£000**
0-1 Years	8,972
1 - 2 Years	9,556
2 - 5 Years	21,488
Over 5 Years	298,688
Total	**338,704**

The Trust's finance leases include relate to a building and equipment. The final repayment for the building lease will be made in 2025 and for the equipment 2022.

The Trust has a PFI scheme in operation for the provision of buildings, equipment and services. The majority of the assets associated with the scheme were brought into use in 2011/12 with the remaining assets coming into use in 2012/13. The final repayment associated with the assets currently in use and those scheduled to come into use will be made in 2046.

25 Deferred income

	Current		Non-current	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Balance at 1 April 2013	**2,243**	3,567	**1,610**	0
Deferred revenue addition	**3,229**	1,235	**171**	1,610
Transfer of deferred revenue	**(2,267)**	(2,559)	**(139)**	0
Balance at 31 March 2014	**3,205**	2,243	**1,642**	1,610
Total deferred income (current and non-current)	**4,847**	3,853		

26 Finance lease obligations as lessee

Amounts payable under finance leases (Buildings)
The Trust has a finance lease for one building. The final repayment will be made in 2025.

The lease liability in the Trust's Statement of Financial Position is £1,543,000 split between £87,000 due in less than one year and £1,456,000 due in more than one year. This liability represents the sum of the rental payments due in respect of the property (£1,888,000) less the element deemed to be interest (£345,000) which is recognised as an expense in the year that the payment is made.

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Within one year	**136**	132	**87**	80
Between one and five years	**588**	571	**421**	390
After five years	**1,164**	1,317	**1,035**	1,152
Less future finance charges	**(345)**	(398)		
Minimum lease payments / present value of minimum lease payments	**1,543**	1,622	**1,543**	1,622
Included in:				
Current borrowings			**87**	80
Non-current borrowings			**1,456**	1,542
			1,543	1,622

Amounts payable under finance leases (Other)
The Trust has a finance lease for pathology equipment. The final repayment will be made in 2022.

The lease liability in the Trust's Statement of Financial Position is £928,000 split between £169,000 due in less than one year and £759,000 due in more than one year. This liability represents the sum of the rental payments due in respect of the equipment (£1,875,000) less the element deemed to be interest (£947,000) which is recognised as an expense in the year that the payment is made.

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Within one year	**221**	221	**169**	58
Between one and five years	**882**	882	**66**	340
After five years	**772**	968	**693**	690
Less future finance charges	**(308)**	(983)		
Less future additions	**(639)**			
Minimum lease payments / present value of minimum lease payments	**928**	1,088	**928**	1,088
Included in:				
Current borrowings			**169**	58
Non-current borrowings			**759**	1,030
			928	1,088

27 Finance lease receivables as lessor

The Trust has no finance leases where it acts as the lessor.

The Trust has no finance lease commitments at the year end.

28 Provisions

	Total £000	Early Departure Costs £000	Legal Claims £000	Other £000	Redundancy £000
Balance at 1 April 2013	3,739	103	409	3,046	181
Arising during the year	9,920	0	109	8,419	1,392
Utilised during the year	(133)	(16)	(87)	0	(30)
Reversed unused	(3,382)	0	(194)	(3,045)	(143)
Balance at 31 March 2014	**10,144**	**87**	**237**	**8,420**	**1,400**
Expected timing of cash flows:					
No later than one year	**9,250**	**16**	**237**	**8,420**	**577**
Later than one year and not later than five years	**887**	**64**	**0**	**0**	**823**
Later than five years	**7**	**7**	**0**	**0**	**0**

	31 March 2014 £000	31 March 2013 £000
Amount included in the provisions of the NHS Litigation Authority in respect of clinical negligence liabilities:	**58,507**	55,248

The Trust has provided £87,000 (2012-13: £103,000) in respect of ill-health and early retirements pension obligations for four former employees. The value of the liability is an estimate based on actuarial assumptions regarding life expectancy.

The Trust has provided £237,000 (2012-13: £409,000) in respect of legal cases. Of this £50,000 relates to current employment tribunal cases and £187,000 relates to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority. In all cases the timing and the value of the payments are uncertain and the Trust has provided based on the advise provided by legal advisors and the NHS Litigation Authority.

The Trust has provided £8,420,000 (2012-13: £3,046,000) in respect of additional costs in relation to income, pay and operating costs where the Trust has deemed there to be a risk and a qualifying providing event which is likely to result in the Trust incurring future cash outflows as a result of past events.

The Trust has provided £1,400,000 (2012-13: £181,000) in respect of redundancy costs relating to 211 members of staff.

29 Contingencies

The member contingent liability relating to the excess due on clinical negligence cases covered by the NHS Litigation Authority is £119,506. The equivalent balance in 2012-13 was £117,000.

30 PFI and LIFT - additional information

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

The Trust has commitments to two PFI schemes:
- The main scheme covering the redevelopment of the City General site, facilities management services, PACS equipment, a managed equipment service and network and communications equipment
- A second scheme covering radiotherapy equipment

The Trust will retain existing estate at the City General site in addition to new buildings covered by the PFI scheme.

The main PFI contract ends in August 2044. A monthly unitary payment will be paid up to that point. Historically, bullet payments have been made to reduce the monthly unitary payment. The unitary payment is subject to annual increases in line with RPI. Services are subject to market testing every 7 years. The arrangement requires the operator to deliver services to the Trust in accordance with the service delivery specification. Non delivery of quality or performance can lead to a reduction in the service charge being paid by the Trust. The Trust retains step in rights should the contractor fail to meet minimum standards as set out within the contract. Under IFRIC 12 the asset is treated as an asset of the trust. The substance of the contract is that the trust has a financial lease and payments comprise 2 elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are included within the table below.

The radiotherapy contract commenced in May 2010 and runs for 10 years. A bullet payment was made at the beginning of the scheme. Monthly service payments are made to cover the cost of the equipment, maintenance and lifecycle costs.

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI	**2013-14 £000**	2012-13 £000
Service element of on SOFP PFI charged to operating expenses in year	**28,808**	27,436
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No later than one year	**29,907**	27,787
Later than one year and not later than five years	**120,220**	113,152
Later than five years	**739,834**	724,258
Total	**889,961**	865,197

Imputed "finance lease" obligations for on SOFP PFI contracts due	**2013-14 £000**	2012-13 £000
No later than one year	**17,752**	19,340
Later than one year and not later than five years	**64,382**	73,133
Later than five years	**405,526**	441,374
Subtotal	**487,660**	533,847
Less: interest element	**(151,427)**	(188,505)
Total	**336,233**	345,342

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due	**2013-14 £000**
Analysed by when PFI payments are due	
No later than one year	**8,364**
Later than one year and not later than five years	**29,018**
Later than five years	**298,851**
Total	**336,233**

Number of on SOFP PFI Contracts	
Total Number of on PFI contracts	**2**
Number of on PFI contracts which individually have a total commitments value in excess of £500m	**1**

31 Impact of IFRS treatment - current year

	2013-14 £000	2012-13 £000
The information below is required by the Department of Heath for budget reconciliation purposes		
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)		
Depreciation charges	**6,488**	6,860
Interest expense	**14,793**	12,749
Impairment charge - DEL	**375**	37,954
Other expenditure	**28,808**	27,436
Impact on PDC dividend payable	**(5,759)**	(5,410)
Total IFRS Expenditure (IFRIC12)	**44,705**	79,589
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	**(52,187)**	(48,041)
Net IFRS change (IFRIC12)	**(7,482)**	31,548
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12		
Capital expenditure 2013-14	**1,080**	69,707
UK GAAP capital expenditure 2013-14 (Reversionary Interest)	**2,021**	1,951

32 Financial Instruments

32.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31st March 2014 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

32.2 Financial Assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			0
Receivables - NHS		21,152		21,152
Receivables - non-NHS		919		919
Cash at bank and in hand		1,450		1,450
Other financial assets	0	0	0	0
Total at 31 March 2014	0	23,521	0	23,521
Embedded derivatives	0			0
Receivables - NHS		15,475		15,475
Receivables - non-NHS		3,944		3,944
Cash at bank and in hand		34		34
Other financial assets	0	0	0	0
Total at 31 March 2013	0	19,453	0	19,453

32.3 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		0
NHS payables		3,749	3,749
Non-NHS payables		20,662	20,662
Other borrowings		1,400	1,400
PFI & finance lease obligations		338,704	338,704
Other financial liabilities	0	0	0
Total at 31 March 2014	0	364,515	364,515
Embedded derivatives	0		0
NHS payables		50	50
Non-NHS payables		24,877	24,877
Other borrowings		181	181
PFI & finance lease obligations		348,054	348,054
Other financial liabilities	0	0	0
Total at 31 March 2013	0	373,162	373,162

33 Events after the end of the reporting period

The Trust has not identified any major events that required disclosure.

34 Related party transactions

The Trust's Register of Interests shows that a number of individuals employed or contracted by the Trust in roles of significant influence are also employed or contracted in roles of significant influence by other organisations. The income received relates mainly to the purchase by the UHNS Charity of equipment that enhances the service provided by the Trust. For practical purposes these purchases are administered via the Trust's established ordering and payment procedures with the UHNS Charity reimbursing the cost to the Trust. The charitable and other contributions to revenue expenditure income disclosed in Note 5 relates to services provided by the Trust to the UHNS charity, i.e. the running of the Appeals Dept. Details of related party transactions with such parties are detailed below:

	2013-14			
	Payments to Related Party £000	**Receipts from Related Party £000**	**Amounts owed to Related Party £000**	**Amounts due from Related Party £000**
Baker Tilly	206	0	14	0
Keele University	4,340	2,575	480	281
Laing O'Rourke	1,854	0	0	0
Mid Staffordshire NHS Foundation Trust	849	5,238	708	2,445
Stafford and Surrounds CCG	0	17,034	0	2,238

	2012-13			
	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Keele University	5,204	1,983	481	71
Mid Staffordshire NHS Foundation Trust	457	1,747	452	573
West Midlands Ambulance Service	868	24	922	27

The Trust has included in the financial statements a provision of £8,000 (2012-13; £12,000) for amounts due from Keele University.

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, these are

2013-14
Department of Health
NHS South Cheshire CCG
NHS Vale Royal CCG
NHS Cannock Chase CCG
NHS North Staffordshire CCG
NHS Shropshire CCG
NHS Stafford & Surrounds CCG
NHS Stoke on Trent CCG
NHS Telford & Wrekin CCG
Betsi Cadwaladr UHB
Health Commission Wales
NHS England
East Cheshire NHS Trust
North Staffordshire Combined Healthcare NHS Trust
Shrewsbury and Telford Hospital NHS Trust
Staffordshire and Stoke on Trent Partnership NHS Trust
Mid Staffordshire NHS Foundation Trust
The Mid Cheshire NHS Foundation Trust
NHS Business Services Authority
NHS Litigation Authority

2012-13
Department of Health
Birmingham East and North PCT
Central and Eastern Cheshire PCT
Derbyshire County PCT
North Staffordshire PCT
Shropshire County PCT
South Staffordshire PCT
Stoke On Trent PCT
Telford and Wrekin PCT
Walsall Teaching PCT
Western Cheshire PCT
Wolverhampton City PCT
Mid Cheshire NHS Foundation Trust
Mid Staffordshire NHS Foundation Trust
North Staffordshire Combined Healthcare NHS Trust
Shrewsbury and Telford Hospital NHS Trust
Staffordshire and Stoke on Trent Partnership NHS Trust
NHS Business Services Authority
NHS Litigation Authority

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. The majority of these transactions have been with HM Revenue and Customs, National Insurance Fund and the NHS Pension scheme.

The Trust has also received revenue and capital payments from the UHNS Charity and all of the Trustees are also members of the Trust board. In 2013-14 the total amount received from the UHNS Charity was £1,370,000 (2012-13: £4,273,000). At the end of the year £305,000 (2012-13: £2,212,000) was outstanding and is included within trade and other receivables.

35 Losses and special payments

	2013-14		2012-13	
	£s	**Number**	£s	Number
Losses	**217,179**	**110**	422,333	147
Special payments	**26,583**	**53**	25,286	75
Total losses and special payments	**243,762**	**163**	447,619	222

There have been no cases in 2013/14 or 2012/13 over £250,000 individually.

36. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

36.1 Breakeven performance

	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000
Turnover	299,619	333,855	393,915	371,299	408,938	418,078	426,319	473,558	**475,330**
Retained surplus/(deficit) for the year	(15,059)	311	3,990	3,008	(56,308)	3,002	(125,084)	(53,483)	**(20,099)**
Adjustment for:									
Adjustments for Impairments				0	55,065	(1,611)	127,898	57,106	**1,113**
Adjustments for impact of policy change re donated/government grants assets						8	22	(3,388)	**(315)**
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					6,555	2,742	(1,786)	0	**0**
Break-even in-year position	(15,059)	311	3,990	3,008	5,312	4,141	1,050	235	**(19,301)**
Break-even cumulative position	(14,934)	(14,623)	(10,633)	(7,625)	(2,313)	1,828	2,878	3,113	**(16,188)**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %
Materiality test (i.e. is it equal to or less than 0.5%):									
Break-even in-year position as a percentage of turnover	(5.03)	0.09	1.01	0.81	1.30	0.99	0.25	0.05	**(4.06)**
Break-even cumulative position as a percentage of turnover	(4.98)	(4.38)	(2.70)	(2.05)	(0.57)	0.44	0.68	0.66	**(3.41)**

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

The Trust has a statutory duty to break even on a cumulative basis. In 2005-06 the Trust incurred a £15,059,000 deficit. The Trust developed a 5 year Financial Recovery Plan (FRP) which was agreed with the Strategic Health Authority and the Department of Health to achieve cumulative break even by the end of 2010-11. During the 5 years to March 2011 the Trust generated surplus and was able to repay the deficit. In 2011-12 and 2012-13 the Trust achieved surplus positions which gave a cumulative surplus as at March 2013 of £3,113,000. The Trust submitted a deficit plan of £31,673,000 for 2013-14 and achieved a deficit of £19,301,000 against this plan. This resulted in a cumulative deficit at March 2014 of £16,188,000. Because of the cumulative deficit the Trust's external auditors have been required to issue Section 19 letters to the Secretary of State for Health informing him that the Trust has not met its statutory duty to break-even over a 3 year period in accordance with the Audit Commission Act 1998. The Trust recently approved a two year financial plan with planned deficits of £16,864,000 and £5,288,000 in 2014-15 and 2015-16 respectively and is currently updating its financial strategy and preparing a 5 year financial plan to address the deficit. The NHS Trust Development Authority has provided written assurance that it will make sufficient cash financing available to the Trust over the next twelve month period such that the organisation is able to meet its current liabilities.

36.2 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

36.3 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2013-14	2012-13
	£000	£000
External financing limit (EFL)	**29,924**	70,631
Cash flow financing	**28,271**	1,510
Finance leases taken out in the year	**0**	68,904
Other capital receipts	**0**	0
External financing requirement	**28,271**	70,414
Under/(Over) Spend against EFL	**1,653**	217

36.4 Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2013-14	2012-13
	£000	£000
Gross capital expenditure	**15,343**	100,740
Less: book value of assets disposed of	**0**	(121)
Less: capital grants	**(379)**	0
Less: donations towards the acquisition of non-current assets	**(488)**	(3,409)
Charge against the capital resource limit	**14,476**	97,210
Capital resource limit	**14,560**	99,364
(Over)/underspend against the capital resource limit	**84**	2,154

37 Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the financial statements.

	31 March 2014	31 March 2013
	£000	£000
Third party assets held by the Trust	**3**	2

All third party assets relate to monies held by the Trust on behalf of patients.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UNIVERSITY HOSPITAL OF NORTH STAFFORDSHIRE NHS TRUST

We have audited the financial statements of University Hospital of North Staffordshire NHS Trust for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

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

- the table of salaries and allowances of senior managers and related narrative notes
- the table of pension benefits of senior managers and related narrative notes
- the table of pay multiples and related narrative notes.

This report is made solely to the Board of Directors of University Hospital of North Staffordshire NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report which comprises the Chairman's Foreword, 2013/14 at University Hospital, How we performed, Fit for the 21st Century, Deliver safe, appropriate and effective patient care, Efficiency driven by innovation, teaching, research and education, Be efficient and financial stable, Build a positive reputation and play a key role in the wider community, Finances, Our Trust Board and the Annual Governance Statement, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of University Hospital of North Staffordshire NHS Trust as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following matters where we are required to report to you if:

- in our opinion the governance statement does not reflect compliance with the Trust Development Authority's Guidance; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We are required to report if:

- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

On 10 April 2014 we referred a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust has taken a course of action that, if followed to its conclusion, will lead to a breach of the Trust's break-even duty for the three year period ending 31 March 2016.

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

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In seeking to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered the following matters in relation to financial resilience:

- The Trust set a deficit budget of £31.4 million in 2013/14 and delivered an actual deficit of £20.0 million for the year
- The Trust will need to deliver recurrent savings of 6% of income per annum to deliver against plan in 2014/15 and beyond
- The Trust's 2014/15 planned deficit of £16.6 million assumes delivery of internal savings of approximately £30 million

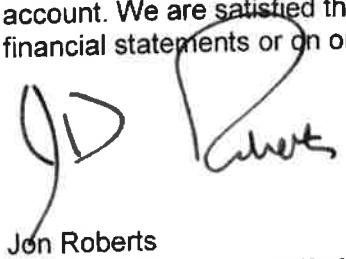
- The Trust received cash support of £37 million in 2013/14 in the form of permanent Public Dividend Capital and will require a further £25 million during 2014/15 and £13 million in 2015/16
- There remains uncertainty in relation to the dissolution of the Mid Staffordshire Hospital NHS Foundation Trust when the Trust takes over the management and running of Stafford Hospital, both in relation to initial funding, longer term income streams and the services which are due to transfer.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, the matters reported in the basis for qualified conclusion paragraph above prevent us from being satisfied that in all significant respects University Hospital of North Staffordshire NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality account. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.



Jon Roberts
Partner for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

9 June 2014