NHS
University Hospitals of North Midlands
NHS Trust

PROUD TO CARE

Annual Report 2016/17

FOREWORD

Welcome to our new Annual Report about University Hospitals of North Midlands NHS Trust (UHNM). 2016/17 has been a challenging yet exciting year for us, although we have continued to deliver on our commitment to transform health services in Staffordshire, ensuring stability and future resilience.

Over the past 10 years we have focused on becoming an organisation that looks outwards. This means that we now provide services we could only dream of before now. However, this brings challenges as well as benefits. **We are constantly looking at improving and evolving the way we do things** and at the start of the year, the Board set out our next steps towards achieving our 2025Vision through the development of our Integrated Business Plan (IBP). Some are big changes, others small. However, whilst our strategy as set out in the IBP is important, it is **our culture that sets us apart from other trusts**. We never cease to be humbled by the level of commitment, expertise and professionalism shown by so many of our staff, and we want to build on this strong foundation to prepare us for the years ahead.

This year we began and continue to work with partners within our **Sustainability and Transformation Plan (STP)** network to identify the changes needed to design a healthcare system which focuses on prevention as well as treatment and care, whilst at the same time improves our finances over the next five years.

Safety of patients remains our over-riding priority, and throughout 2016/17, we have worked closely internally and with our wider system partners to put sensible and robust measures in place to ensure this remains the case. We are very proud that in terms of providing 'Harm Free Care', we are one of the best in the country.

As part of our drive to **Lead with Compassion** we hosted a series of listening events this year to help us to understand and improve the experience for our staff and our patients, along with a staff engagement and well-being survey. This provided us with vital information which we will be using to develop and improve our services over the coming year. We also launched our *'It's OK to ask'* initiative to encourage our patients to ask the questions that matter to them, as being well informed is key to improving their experience.

We've seen some further exciting developments at our **County Hospital** site this year, including a new Renal Unit; a £3.1m development that allows more patients to be treated closer to home and a £3m 29-bed Elective Orthopaedic Unit that will care for and rehabilitate patients who have undergone orthopaedic surgery. At the same time we were proud to report that we have been carrying out our highest ever number of operations on this site. We will see many more developments at County Hospital like this over the coming year as part of the investment of well over £250m in bringing together our new NHS Trust.

Nationally, **recruitment** to NHS roles is a challenge and we are no stranger to this difficult dilemma. One of the biggest threats to the delivery of our Annual Plan is an inability to recruit to some core posts. This year we've tried lots of different ways of recruiting, including our first Careers Open days which was a great success with around 1785 people visiting. As a result we have seen marked increase in the number of job applications.

Research has continued to be an area of excellence for us and we have been delighted with some of the exciting developments over the year which demonstrates that our reputation is growing internationally. The team has won a plethora of awards recently and we are one of only five sites to be chosen to participate in a national pilot project to explore the wider benefits of participation in research.

Our **emergency services** have been under incredible pressure this year and remain one of our biggest challenges. We all know that our pressures are down to a variety of complex and longstanding reasons, many of which are not within our direct control, which is hugely frustrating. External assurance processes and advice tells us that we are doing all the right things, but we must do them more consistently and so in the year ahead we will continue to work closely with our partners across the healthcare system to reduce admissions and therefore reduce pressures on our services.

Our **financial situation** also remains extremely challenging and we were placed into Financial Special Measures in March 2017 as a result. We are far from meeting our cost improvement targets; and the financial gap between our costs and our income will be in excess of £100m next year, which will be one of the largest in the country. For this reason we are under the microscope at a national level. Whilst we are always looking at ways of becoming more efficient, it is very clear that we are expected to deliver significant savings across our health economy and that we must explore some radical and sustainable options in order to achieve this. The Board recognises that to resolve this, it will need to take a series of further short-term actions in order to control costs as well medium-term decisions, to ensure the Trust becomes financially sustainable.

However, despite our challenges, we've achieved so much to be proud of this year. We held our first new-style **celebratory awards** evening; 'A Night Full of Stars' in November 2016 where we were delighted to give out 22 awards to our deserving staff and these were in addition to many awards received externally and at a national level.

Our commitment to you is to build on our many achievements, reflect when we have fallen short of the ambitious goals we have set ourselves and to always put the healthcare needs of you and your family first.

John MacDonald
Chairman

Paula Clark
Chief Executive

2016/17

PROUD TO CARE

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Part A: Performance Report

OVERVIEW

A1. Statement of Purpose and Activities of the Organisation

University Hospitals of North Midlands (UHNM) NHS Trust was created in 2014 with an investment of over £250 million to bring together clinical services in Stoke and Stafford across two hospital sites; Royal Stoke University Hospital, located in Stoke-on-Trent and County Hospital, located in Stafford. This was a major, positive change for the people of Staffordshire and their local NHS. The substantial investment into NHS services is enabling us to expand and develop our hospitals to the very real benefit of local people.

We provide a full range of general acute hospital services for approximately 900,000 people locally in Staffordshire, South Cheshire and Shropshire. We employ over 10, 000 staff members and with more than 1,250 inpatient beds, we also provide specialised services for three million people in a wider area, including neighbouring counties and North Wales.

We are one of the largest hospitals in the West Midlands and have one of the busiest emergency departments in the country, with more than 175,000 patients attending our A&E departments last year.

Many emergency patients are brought to us from a wide area by both helicopter and land ambulance because of our Major Trauma Centre status.

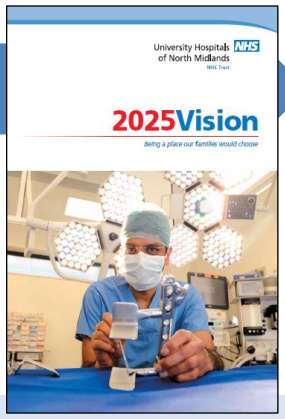
As a university hospital, we work with Keele University and Staffordshire University and have strong links with local schools and colleges.

Royal Stoke University Hospital

County Hospital (Stafford)

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

A2. Our Vision, Values and Strategic Objectives



2015 saw the development of our core strategy '2025Vision'. Approved by our Trust Board, the strategy sets out our key priorities for taking the organisation forward over the ten-year period between 2015 and 2025.

2.1 Our Vision and Values

Our goal is to become one of the top university teaching hospitals in the UK by 2025. We 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 we will offer a more attractive place to work, learn and research because we will focus on excellence and help to spread this to our patients. We need to be rated by our customers as consistently excellent in everything we do. Achieving this ambition will challenge us to grow our income and reduce costs by 5-7% of turnover so we can reinvest into the organisation each year to meet our organisational and clinical aspirations.

We will be changing our traditional district general hospital services and become more externally focused throughout the organisation in order to grow our inter-specialised and regional services to the population of the Northern West Midlands, Cheshire, Derbyshire and Wales. We will provide the services our customers need instead of simply delivering services we have always provided. This will mean we will see significant changes to the way our care will be delivered to local patients. We will be relying less on inpatient care and more on working across the whole care pathway for patients who have urgent and emergency care needs.

To do this we will continue to deliver outstanding inpatient care for local people. But we will need to move towards outpatient clinics at home or through rapid diagnosis, treatment and observation to meet the needs of patients and commissioners, which will be more integrated with other providers. We will see the development of day case and inpatient elective work being delivered through a series of elective centres in key sites, which we will partner with other providers or manage the outcomes.

2025Vision
Being a place our families would choose

Our Values, identify how we as an organisation serve patients and their families and how we work with colleagues in the Trust and beyond:

Safety is our Priority
- Keeping people safe
- Taking personal responsibility
- Leading with care
- Delivering the best outcome

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

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

Working Together and Everyone Counts
- Promoting teamwork
- Working in partnership
- Involving and engaging
- Active listening

Royal Stoke University Hospital will become a truly 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 emergency work for adults and children alike.

We will continue to develop County Hospital as a modern, local hospital offering local emergency care networked with Royal Stoke. It will do this along with outstanding local elective and long term condition care, integrated with community and primary care, to improve clinical and patient outcomes.

We will continue to work closely with Keele University and other academic institutions to build world-class research in key areas relevant to:

- The needs of our **patients**
- A **research** led culture
- Developing our reputation to become an **outstanding teaching and training** centre for the future generation of health professionals
- Fostering **innovation and creativity** by changing the way our organisation works

We will have to become faster at delivery, more flexible, agile, and less bureaucratic while ensuring excellence for our patients, commissioners and providers. We will achieve this by being true to our values and beliefs, focusing on the patient and becoming a clinically led and accountable trust. We will become a hospital that we would always choose for our families. We believe that by working together and embracing change we can achieve our stated goals and will deliver our duties to the public and the taxpayer.

2.2 Strategic Objectives

Our 5 key Strategic Objectives are set out within our core strategy and form the basis of our Integrated Business Plan (IBP) and Annual Plan. Our objectives are underpinned by our core values and provide us with a clear focus and drive to deliver our strategy.

A3. Statement from the Chief Executive

2016/17 has been another extremely busy year for us, with demand for our services continuing to increase. This is encouraging as it demonstrates that patients are choosing us as their treatment provider. However, with an increase in patients, this places additional pressure on our services and has meant that in some areas we have been unable to meet our statutory targets.

Regardless of these pressures, we remain clear that quality is our number one priority and since I started in October 2016, I have been impressed with the relentless commitment to improve the quality of care we deliver, the focus on the elimination of error and the wholehearted embrace of learning from our mistakes and those of others.

We began the financial year having come through a winter where we saw a 19% increase in A&E attendances compared to 2015/16. The demand for our Emergency Services means that we have to use much of our bed capacity for emergency care, which impacts on our planned care patients. In January 2017, calls to the West Midlands Ambulance Service were up by a staggering 28%, which of course has a significant knock on effect on us. Combined with this, there have been times that we have had more than 200 patients within our hospital beds that are medically fit for discharge although their discharge to an appropriate setting is often delayed due to internal and external challenges, which we are working with our staff and partners to address.

The result of these pressures has meant that during 2016/17, we have been unable to achieve the four hour access target for Emergency Care. This is very disappointing for us and we have introduced a number of initiatives, which are captured within our recovery plan and some within this Annual Report, to enable us to overcome these challenges. Some of our efforts began to show in January 2017 where we were able to report that none of our patients had been waiting on a trolley within our Emergency Department for 12 hours or longer and we are working very hard to sustain this over the coming year.

We worked hard to continue to meet our obligation to cancer patients during 2016/17. However, we were unable to meet the 62 day wait from GP referral to treatment Cancer Wait Time (CWT) standards for the year. The 31 day diagnosis to treatment was narrowly missed, with the standard being achieved intermittently throughout the year. The reasons for both were mainly due to the high demand for emergency care and cancer services.

Our patients have a constitutional right to start non-emergency NHS consultant-led treatment within a maximum of 18 weeks from referral. We have faced huge challenges in meeting this 'Referral to Treatment (RTT)' standard and we unable to achieve the target of 92% during 2016/17. The key specialties experiencing extreme pressures are Trauma and Orthopaedics, where a considerable amount of capacity has been lost due to the non-elective trauma demand along with General Surgery; Dermatology and Plastic Surgery.

For all specialities, a high number of operations were cancelled due to emergency pressures; Neurosurgery, due to the number of spinal patients requiring surgery and General Surgery, due to some specialised treatments. Where possible, all available capacity at County Hospital has been increased and utilised and additional theatre capacity made available. We made a significant difference, since the move of activity in December 2016 to the overall number of procedures undertaken. However, the challenges have remained with a small number of patients who have waited over 52 weeks. The treatment of these patients is key and we are working to ensure we have zero over 52 weeks for 2017/18. Despite this, we are pleased that we have delivered the diagnostic wait time

standard of patients waiting less than 6 weeks for their diagnostic test.

Our financial position is extremely serious as we are not making enough progress towards delivering our Cost Improvement Programme (CIP). The financial gap between our costs and our income will be in excess of £100m next year, which will be one of the largest in the country and as a result of this, we were placed into Financial Special Measures by the NHS Improvement in March 2017. With external specialist support, we have been working very hard to further develop our Trust wide financial improvement plan and are clear on the scale of the challenge we face. It is our responsibility to reduce our deficit and this will be a major focus for us throughout the coming year, ensuring that we get the balance right between making the necessary changes to the way that we work so we are as efficient as possible, and pushing back on areas where we need support from the system to help us achieve this.

However, it's worth remembering that in terms of Harm Free Care, we are one of the best in the country. We have greatly improved our performance in relation to C Difficile infection in comparison to other trusts and where instances occur it is pleasing that we have been able to confirm that they are not due to lapses in care and that our documentation is to the standards that we expect.

Through our continued focus on reducing harm and learning from individual incidents, we have increased our understanding of specific actions we need to take to improve our practice. As a result, our levels of harm have reduced, our rate of incidents have decreased and our mortality continues to improve. Our staff continue to report adverse incidents to us which means we have a thorough understanding of where things might or could have gone wrong, so that we can learn from them. This is particularly impressive given the pressures our staff are under, particularly during busy times and demonstrates that despite our challenges patient care remains important to all of us.

Over the last 12 months we have developed further our knowledge and skill in quality improvement and developed and embedded a quality management framework; our 'Care Excellence Framework'. This framework is delivered in a supportive style fostering a no blame culture and an environment of learning and sharing, and reward and recognition for achievement

We are proud that we have not had any Grade 4 pressure ulcers now for over 1000 days and we have seen an 11% reduction in Grade 3 ulcers. We will continue relentlessly to make improvements until we have eliminated all avoidable pressure ulcers. Whilst we have seen an increase in the number of falls, fewer patients have experienced harm from a fall and we have seen a 14% reduction in hospital acquired deep vein thrombosis.

A4. Key Issues and Risks

Through our Risk Management and Assurance Framework, risks which threaten to affect the achievement of our Strategic Objectives are identified, reported and managed as appropriate and monitored accordingly. As a result of this process, the Board has identified and is currently managing some overarching challenges impacting upon the delivery of our key objectives during 2016/17. These fall into three categories:

Demand & Capacity

Financial

Stakeholder Related

Further information about our risks and associated processes for managing these can be found within our Annual Governance Statement in Part B of this report.

A5. Going Concern

A going concern is an organisation that functions without threat for the foreseeable future, usually regarded as at least within 12 months. It implies for the business the basic declaration of intention to keep running its activities at least for the next year.

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

A6. Performance Summary: 2016 / 17 at a Glance

April 16

County Hospital's new Renal Unit was officially opened on 26 April 2016. The new and expanded unit, which is a £3.1m development, allows more patients to be treated closer to home.

May 16

We launched a new helpline for elderly patients following their discharge. The 'Silver Helpline' is available to older adults for up to 72 hours after they have been discharged to help them with any concerns.

June 16

The first of County Hospital's five new wards opened to patients. The new Ward 15, which cost £3m to build and replaces Ward 10, will support Elderly Care patients.

July 16

We launched a new Elective Orthopaedic Unit at County Hospital. The new £3m, 29 bed Unit was created as part of the £250m investment into NHS services in Staffordshire.

August 16

We were given a near perfect score of 99.52% for cleanliness in our 2016 Patient-led assessments of the care environment (PLACE).

Sept 16

Dr Amit Arora, Elderly Care Consultant in started a campaign 'Sit Up, Get Dressed and Keep Moving' to try to stop older people becoming deconditioned in hospital or after discharge. They won a national award and showcased this to HRH the Countess of Wessex.

October 16

Our Maternity Units were fully re-accredited by the UNICEF UK Baby Friendly Initiative Awards, with County Hospital's free-standing Midwifery Unit receiving the recognition for the first time.

Nov 16

Our Maternity Units were fully re-accredited by the UNICEF UK Baby Friendly Initiative Awards, with County Hospital's free-standing Midwifery Unit receiving the recognition for the first time.

Dec 16

The new £2.1m Chemotherapy, Oncology and Haematology Unit at County Hospital was officially opened with state of the art facilities to provide treatment for a range of cancers.

Jan 17

The Infection Prevention Team reached a total of 7,000 vaccinations for staff against the potentially deadly flu virus, making us one of the top 5 Trusts nationally.

Feb 17

Staff in the Oral and Maxillofacial Department celebrated two years of using innovative technology of 3D printing to create exact patient customized models for surgical procedures.

March 17

HRH the Countess of Wessex made a commemorative visit to Royal Stoke, visiting our Children's Centre, having lunch with award winners and being presented with a posy of flowers.

A7. Celebrating our Achievements – Our Awards

During 2016/17, our staff have been gaining recognition, both internally and externally, for their efforts and expertise from judges, panellists and patients alike. The nominations, awards and special presentations have been received and undertaken by staff right across the Trust, showcasing the professionalism, quality and talent of our workforce.

Here are just some examples of some of the fantastic recognition received by teams and departments across our organisation:

Pharmacy Directorate

Team of the Year: Medicine Waste Management Project

MRW National Recycling Awards

Estates, Facilities and PFI

Staff Engagement Programme Award

HPMA

Mr Jinesh Shah, Consultant Orthodontist

Patient Choice Award

Aesthetic Dentistry

Estates, Facilities and PFI

3 Awards: Public Health, Food and Procurement

NHS Sustainability Awards 2016

ICT & Operations

A&E Live Waiting App: 4 Candles Award

NHS Academy of Fab Stuff

Mandie Burston

Nurse of the Year: Raising Awareness of Domestic Abuse

Nursing Times Awards

Department of Intensive Care – ACCP Team/Keele University

Innovation in Education & Skills

WMAHSN

Estates, Facilities & PFI

Excellence in Employee Engagement

Healthcare People Management Association

It's great to see so many members of staff across the Trust being recognised for their fantastic day to day efforts. Our workforce is made up of highly skilled, professional and diligent staff who provide an excellent level of care to patients. I would like to congratulate all those who have received awards, and wish those nominated for awards all the very best.

Mr Rob Courteney-Harris
Medical Director

Acute Research Team

First 24/7 Research Service in the UK

Nursing Times Awards

Estates, Facilities & PFI

Highly Commended: Improving Environmental and Social Sustainability

HSJ

Supplies & Procurement

Team of the Year 2016

National Healthcare Supplies Association Awards

UHNM

Bronze Award for Experience Provided to Reservists and Military Personnel

Armed Forces

Deconditioning Syndrome Awareness Campaign

January 2017 Award

Academy of Fab Stuff

Human Resources – LEWP Team

Apprenticeship Employer of the Year

West Midlands NHS Apprenticeship Recognition

Multiple Sclerosis Centre

MS Professional of the Year

MS Society Awards

Rebecca Elwell, ANP/Team Leader

Chronic Oedema Nurse of the Year

British Journal of Nursing

Procurement Team

Procurement Team of the Year - Health

GO Procurement Leadership of the Year Awards

Critical Care Unit

Monitoring Patient Outcomes

Intensive Care National Audit & Research Centre

A8. UHNM in Numbers 2016/17

209,812
admissions

6899
staff vaccinated with flu jab

887,100
people reached on Twitter

982,913
visitors to our website

843,798
outpatient appointments

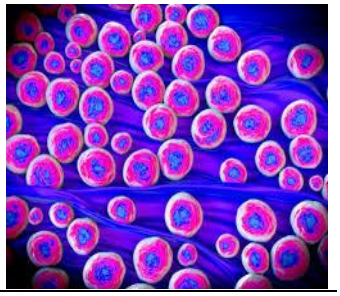
1785
attended Recruitment Open Days

9
Board Meetings held in Public

22
Awards Given our at Awards Evening

5
Board level appointments

2
cases of MRSA reported



175,840 Emergency Department Attendances

1,438,676 calls to our switchboard

1,806 new starters

4,201,765 views of our Facebook page

18 Shadow Governors

3000 Patients Recruited into Research Studies

Up to **50** Award Nominations

9 Care Excellence Framework Platinum Awards

32 Quality Walks undertaken

#Red2Green & SAFER - Caring for ALL our patients

#Red2Green & SAFER - Caring for ALL our patients

#Red2Green & SAFER - Caring for ALL our patients

1,034,143 total patients treated

PROUD TO CARE

PERFORMANCE ANALYSIS

A9. How we Measure Performance

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

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

We report our performance to the Trust Board on a monthly basis and we are also monitored closely by the NHSI. Whilst NHSI has not published an overall scoring scheme for NHS trusts, a series of triggers have been identified which range from 'maximum provider autonomy' to 'special measures'. These triggers are used to identify potential concerns and as a consequence of our financial position, we are currently in the category of 'special measures'.

Our monthly performance report provides the Board with an overview of latest performance against the key metrics and identifies exceptions, including position exceptions, where performance has outperformed usual tolerances, or where a target has been failed. Within the Single Oversight Framework are 5 constitutional standards. This means they are set out within the NHS Constitution as standards which we pledge to achieve. Whilst pledges are not legally binding, they represent a commitment by the NHS to provide comprehensive high quality services.

These standards are:

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

A10. How we have Performed During 2016/2017

An overwhelming theme for our performance during 2016/17 was the increase in demand for non-elective services. The number of patients choosing us for their treatment and care remained high, and we in turn expanded services where possible to meet this demand.

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

The number of non-elective inpatients also increased and for some services this meant a considerable loss in managing to treat as many routine patients as we would have liked, particularly during the winter months. Also affected were the number of patients who could not have their cancelled operation re-scheduled within the 28 day standard and the deterioration of the Referral to Treatment performance. We have plans to increase the size and scale of our services and staff further for 2017/18 as more patients continue to choose our services.

This year was an incredibly challenging year for the Emergency Centre team, which can be seen in the four-hour wait performance, which was significantly below the 95% target. The most powerful indicator of this was the number of greater than 12 hour trolley waits, which this year rose to 590, most of which occurred in November and December 2016 and January 2017.

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

We faced huge challenges in meeting the Referral to Treatment standard and failed to achieve the 92% standard in any month of 2016/17. The key specialties with experiencing extreme pressures are Trauma and Orthopaedics (a considerable amount of capacity has been lost due to the non-elective trauma demand); Neurosurgery (due to the number of spinal patients requiring surgery); General Surgery; Dermatology and Plastic Surgery (both due to the high demand from the initial cancer 2ww referral).

We worked hard to try to continue to meet our obligation to cancer patients during 2016/17. However, we were unable to meet the 62 day wait from GP referral to treatment Cancer Wait Time (CWT) standards for the year and we apologised for this. The 31 day diagnosis to treatment was narrowly missed, with the standard being achieved intermittently throughout the year. The reasons for both were mainly due to the high demand for emergency care and cancer services.

10.1 Operational Performance

Performance Metric	National Target	Our Performance last year 2015/16	Our Performance this year 2016/17	What our Performance Means
Operational Performance				
A&E - % patients admitted, transferred or discharged within 4 hours	95%	78.40%	78.46%	Target not achieved
Diagnostics – % patients seen within 6 weeks	99%	99.11%	99.22%	Target achieved
Referral to Treatment - % patients within 18 weeks	92%	90.20%	85.57%	Target not achieved
Cancer - % patients seen within 2 weeks from referral to first appointment	93%	93.80%	93.10%	Target achieved
Cancer - % patients diagnosed being treated within 31 days	96%	95.90%	95.10%	Target not achieved
Cancer - % patients being seen from urgent GP referrals	85%	75.10%	71.00%	Target not achieved
Activity and Waiting Lists				
Number of elective inpatients treated	n/a	14,469	14,913	n/a
Number of elective day cases	n/a	79,004	83,952	n/a
Number of emergency inpatients	n/a	106,568	108,067	n/a
Number of new outpatient appointments	n/a	274,494	287,997	n/a
Number of outpatient follow up appointments	n/a	509,521	555,432	n/a
Total number of patients on inpatient waiting list – first attendance	n/a	9098	8948	n/a
Total number of patients on outpatient waiting list	n/a	30322	25,214	n/a
Number of operations cancelled at short notice for non-clinical reasons	n/a	1205	1403	Target not achieved
Number of cancelled operations not rearranged within the target timescale of 28 days	28 days	82	172	Target not achieved
Emergency Department				
Number of emergency attendances	n/a	176385	175,801	n/a
Number of 12 hour trolley waits	0	103	590	Target not achieved

10.2 Financial Performance

At the start of 2016/17 we agreed a financial control total with NHS Improvement to deliver a year end surplus of £698k. Within this the plan we were required to achieve CIP savings of £41.7m and would receive £20.9m of Sustainability and Transformation funding.

At the end of the financial year the Trust has a deficit of £27.773m against the planned surplus of £698k.

The deterioration in the position was mainly due to three key areas:

- Under delivery of CIP savings by £9m
- Under recovery of Clinical income by £12.4m
- Under recovery of Sustainability and Transformation funding of £12m

We set ourselves a challenging CIP target for 2016/17 of £41.7m, equal to 5.6% of costs in the plan. We were able to make £32.7m of savings, equal to 4.4%. The main areas of savings in year related to reductions in workforce expenditure, specifically from skill mix efficiencies and changes. Improvements were also made in outpatient optimisation schemes, various income opportunities, and efficiencies from procurement and other non-pay savings.

2016/17 was also a challenging year for our commissioners and the contract management agenda was challenging for both provider and commissioning organisations across the local health economy. The significant unscheduled care and winter pressures, which materialised in year placed a considerable operational pressure on us and meant that we were unable to deliver patient activity to the levels planned and as a result earn the levels of income set out in the financial plan at the start of the year.

The Sustainability and Transformation funding was payable to trusts from the Department of Health in quarterly instalments in 2016/17. We were able to earn the full amount of funding in quarter one, 70% of the funding in quarter two and no funding in quarters 3 and 4. We lost funding as we were unable to meet some of patient access and financial targets set out in the plan. Mainly a result of the two pressure areas set out above.

2017/18 financial plan shows a further deterioration in the financial position from 2016/17. This is primarily a result of us no longer being eligible for additional funding supporting the integration of County Hospital along with the pressure created from having a significant amount of non-recurrent savings in 2016/17. As a result of the deteriorating financial position we have been placed in Financial Special Measures and will be working towards improving the planned financial position in the first quarter of 2017/18.

We are the Trustee for the UHNM Charity and income received for the year from donations, legacies and investments amounted to £2m. During the year £1.2m was spent on advanced medical equipment, staff development, and 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 £110k towards the fifth MRI scanner and more than £120k for medical research (including our for world renown heart research); £58k for a heart scanner for the children's centre so that local children no longer have to travel further afield for treatments and two cooling blankets worth £31k to help save the lives of premature and sick new-born babies.

10.3 Statement of Comprehensive Income Account: Year Ended 31 March 17

	2016/17		2015/16	
	£'000	%	£'000	%
Revenue from patient care activities	602,589	81.5%	551,904	**78.5%**
Other operating revenue	136,690	18.5%	151,013	**21.5%**
Total revenue	**739,279**	**100.0%**	**702,917**	**100.0%**
Operating expenses	(770,128)	(109.6%)	(720,991)	**115.6%**
Operating surplus / (deficit)	**(30,849)**	**(4.4%)**	**(18,074)**	**2.9%**
Other gains and losses	7	0.0%	(1)	**0.0%**
Surplus / (deficit) before interest	**(30,842)**	**(4.4%)**	**(18,075)**	**2.9%**
Investment revenue	50	0.0%	159	0.0%
Finance costs	(15,518)	(2.2%)	(14,888)	2.4%
Surplus / (deficit) for the financial year	**(46,310)**	**(6.6%)**	**(32,804)**	**5.3%**
Public dividend capital dividends payable	(3,925)	(0.6%)	(4,944)	0.8%
Transfers by absorption – net gains / (losses)	0	0.0%	0	0.0%
Retained surplus / (deficit) for the year	**(50,235)**	**-7.1%**	**(37,748)**	**-6.1%**

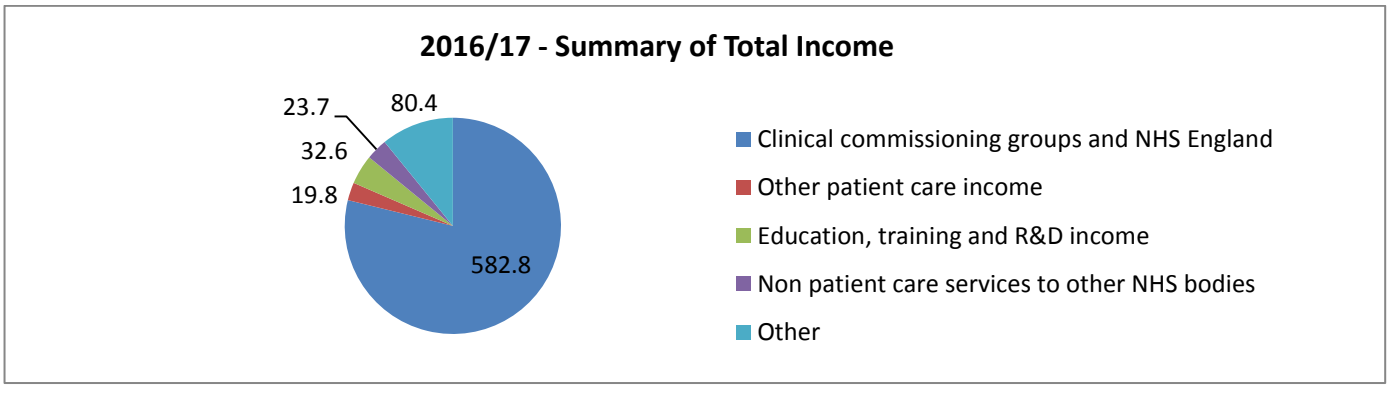
10.4 Performance against Breakeven Duty

	2016/17		2015/16	
	£'000	%	£'000	%
Retained support / (deficit) under IFRS	(50,235)		(37,748)	
Impairments	22,174		11,281	
Adjustments for donated asset/gov't grant reserve elimination	288		**(469)**	
Adjustment re absorption accounting			0	
Actual surplus under UK GAAP	**(27,773)**	**(4.0%)**	**(26,936)**	**(3.8%)**

10.5 Revenue

Income in 2016/17 totalled £739m. The majority of our income (£585m, 79%) was delivered from Clinical Commissioning Groups and NHS England in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other trusts, training and education and miscellaneous fees and charges.

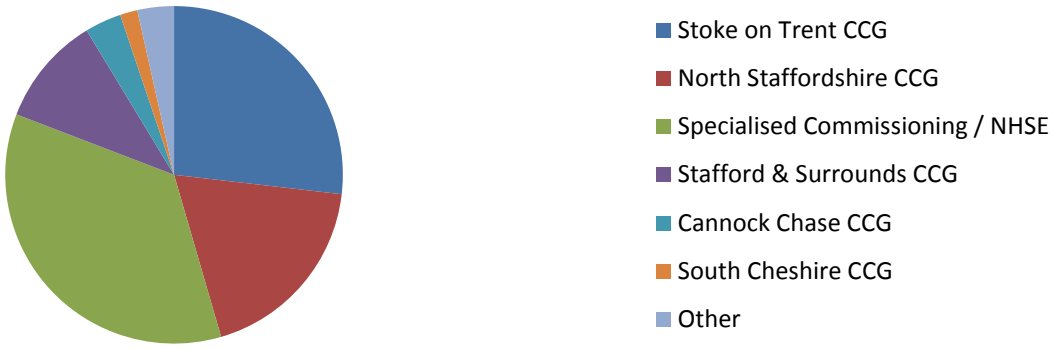
10.6 Summary of Total Income



	2016/17	2015/16
	£m	£m
Clinical Commissioning Groups and NHS England	582.8	533.1
Other patient care income	19.8	18.8
Education, training and R&D income	32.6	33.9
Non patient care services to other NHS bodies	23.7	33.1
Other	80.4	84.0
Total revenue	**739.3**	**702.9**

10.7 Summary of Income from CCG's

2015/16 - Summary of Income from CCGs & NHSE



	2016/17		2015/16	
	£m	%	£m	%
Stoke on Trent CCG	161	27%	144	26%
North Staffordshire CCG	112	19%	97	18%
Specialised Commissioning / NHSE	212	35%	195	35%
Stafford and Surrounds CCG	63	11%	59	11%
Cannock Chase CCG	21	4%	21	4%
South Cheshire CCG	10	2%	9	2%
Other	21	4%	29	5%
Total CCG income	**600**	**100%**	**554**	**100%**

	2016/17	2015/16	% change
	£m	£m	%
Revenue from clinical activities	**602.6**	**551.9**	**9.18%**
Other revenue:			
Medical school (SIFT)	8.0	9.2	(12.59%)
Junior doctor training (MADEL)	14.0	16.8	(16.51%)
WDD funding	4.3	2.3	85.99%
Research and development	6.3	5.7	10.53%
Non patient care services to other NHS bodies	23.7	33.1	(28.40%)
Other Income	80.4	84.0	(4.29%)
Total other revenue	**136.7**	**151.0**	**(9.49%)**
Total revenue	**739.3**	**702.9**	**5.17%**

10.8 Operating Expenditure

Operating expenditure has increased year on year by 6.6% before impairments. The remaining increase has been driven by annual incremental pay rises for staff and increased staffing costs and clinical supplies to meet increasing demand and additional activity as a result of demand and service developments. Further increases in costs have been driven by increases to CNST premiums and premises costs and the Trust working with external consultancy firms to support financial recovery plans.

In accordance with the requirement to annually revalue the estate and the new hospital we commissioned an independent valuer to carry out a valuation exercise in March 2017 on the whole estate. This resulted in an overall net downwards revaluation of £86m.

Summary of Operating Expenditure	2016/17	2015/16	% change
	£m	£m	%
Staff costs	458.4	432.9	5.89%
Other costs	77.5	78.8	(1.70%)
Clinical supplies and services	142.4	135.5	5.13%
Depreciation	27.3	25.6	6.64%
Premises costs	26.2	25.3	3.56%
Clinical negligence	16.1	11.6	38.79%
Total operating expenditure before impairments	**747.9**	**709.7**	**5.38%**
Impairments	22.2	11.3	96.46%
Total operating expenditure	**770.1**	**721.0**	**6.81%**

10.9 Performance Indicators

The measure of our overall financial performance can be expressed using NHSI's Single Oversight Framework (SOF). This consists of 5 financial metrics:

- Liquidity Ratio
- Capital Servicing Capacity
- I&E Margin,
- I&E Margin Distance from Plan
- Agency spend

We achieved scores of 4 in all metrics apart from 2 against agency spend, where 1 is the highest score and 4 is the lowest score.

10.10 Capital

In recent years we have invested heavily in capital to complete the Fit for the Future changes to healthcare provision in North Staffordshire. Spend to complete these works and in the development of the retained estate continued in 2016/17. We invested a further £50.5m (£57.7m in 2015/16) in capital assets. The main areas of investments were:

Capital Spend	2016/17 £'000
Medical Assets:	
MRI 2	2,008
Bariatric unit	341
Urology TRUS machine	227
Other Medical assets	809
Total medical assets	**3,385**
ICT Schemes:	
Electronic Data Management System (EDMS)	470
Health Records consolidation	498
Medway	1,154
Other ICT Schemes	2,075
Total ICT Schemes:	**4,197**
PFI capital	**3,199**
6th MRI (PFI funded)	**1,202**
Laminar Flow 3	**2,149**
Service Reconfiguration schemes	**2,494**
Estates and General works	**2,033**
Salix schemes	**357**
IHSS Funded Spend:	
Medical Assets	**5,986**
ICT	**1,828**
Estates	**23,641**
Total:	**50,471**

The capital spend has been funded by a combination of internally generated funds, donations, grants and PDC funding for ICT projects (Safer Wards, Safer Hospital Technology fund and Nurse Technology Fund) and PDC funding to support the IHSS related spend.

A11. Sustainable Performance and Development

We are committed to demonstrating leadership in sustainability and developing a world-class healthcare system that is financially, socially and environmentally sustainable. In order to deliver this, our Sustainability team continues to implement the Sustainable Development Management Plan (SDMP): *'Our 2020 Vision: Our Sustainable Future'*. Here we provide you with some of the key initiatives undertaken during the financial year 2016/17.

11.1 Saving Lives with Solar - Community Energy Scheme

The Sustainability team were thrilled to have successfully completed the ground breaking **'Saving Lives with Solar'** Community Energy scheme, which has been 'Highly Commended' at the 2016 HSJ awards and is providing an exemplar model nationally to other trusts.

The project is a first of its kind for the NHS and has created far-reaching benefits including; energy and community resilience, reducing emissions, improving health and cost savings across clinical and non-clinical services. The project has been facilitated by a partnership between ourselves, Southern Staffordshire Community Energy Limited (SSCEL) and local fuel poverty charity 'Beat the Cold'.

Over 1000 roof-mounted Solar Photovoltaic (PV) panels have been installed on the hospital roofs. Remarkably, the project value of £335,600 has been entirely funded by investment from the public. An agreement between SSCEL and UNHM means cheaper energy for us and the solar energy Feed-in-Tariff facilitates a return for investors together with a 'Community Fund', used by Beat the Cold.

Our Consultants in Respiratory and Elderly Medicine now select patients (identified as living within defined areas that have a high prevalence of fuel poverty together with suffering from conditions that could be exacerbated by living in cold and damp homes) and refer them into the scheme. Upon discharge, Beat the Cold visit the patient to help facilitate a safe temperature and affordable warmth.

11.2 Waste Management

We have continued to implement our transformational '**Waste Management**' project in order to deliver initiatives that produce far-reaching improvements relating to cost, safety and the environment for our patients. These initiatives include:

- Complete roll out of the 'Offensive' waste stream (Tiger bags);
- A best practice reusable container system has been introduced at County Hospital to bring them in line with those used at Royal Stoke. This now ensures a consistent approach to safe and responsible sharps management.
- A recyclable waste stream has been introduced at Royal Stoke.

11.3 New Electric Fleet and Charging points

We have purchased nine fully electric vans (Nissan's ENV-200s) which are ideally suited to the Transport Departments' typically short and high frequency journeys. By switching fuel from diesel to electric in this way, our fleet is making a positive contribution to the health and wellbeing of the local community through improved air quality and a reduction in noise.

In addition, four Electric Vehicle Charging Points have been installed within the Royal Stoke multi-storey car park. The points are proving popular with staff and the public, thereby supporting the growing demand of low carbon transport nationally.

11.4 Behaviour change (the SWITCH to a Sustainable UHNM campaign)

We have continued to evolve the 'SWITCH *to a Sustainable UHNM*' campaign in order to ensure the effective use of resources, thereby achieving efficiency savings and enabling further investment in patient care and the working environment.

The campaign engages with the entire workforce. Across all areas of our hospitals, the campaign has recruited over 200 voluntary 'SWITCH Champions' who are bringing the campaign to life! The Champions tell us where and how we can make changes.

11.5 2016 NHS Sustainability Awards

The Sustainability team had great success at the prestigious national NHS Sustainability Awards. The team were thrilled to be awarded 'overall winner' for the following categories:

- **Public Health**: Reducing Fuel Poverty through the Saving Lives with Solar Community Energy scheme
- **Food**: County Hospital receipt of the Soil Association 'Gold Award' for the Food for Life Catering Mark
- **Procurement**: increasing understanding of CO2 emissions related to procurement activity

The team were also 'highly commended' for the category '**Behaviour change'** (the *SWITCH to a Sustainable UHNM campaign*).

A12. Strategic Performance Focus

Whilst we have had a challenging year, we have achieved so much to be proud of. Maintaining our focus on the delivery of our 2025Vision, we have driven forward our Strategic Objectives. This section provides just a selection of performance highlights and developments during 2016/17.

Strategic Objective:
Delivering Quality Excellence for Patients

12.1 Harm Free Care

Quality, safety and patient experience remains our Number 1 priority and is described within our Patient Care Improvement Strategy. Our strategy confirms our relentless commitment to the elimination of error, to systematic promotion of safety, embracing wholeheartedly learning from our mistakes and those of others, changing our clinical services to improve the outcomes for patients and the delivery of excellent clinical results.

The success of our strategy is measured through a comprehensive range of clinical indicators, such as:

Patient Safety Incidents		A Patient Safety Incident is defined as an incident which could have or did lead to harm.
Harm Free Care		The Safety Thermometer is a national tool which is used locally to measure a snapshot of harm and the proportion of patients that are 'harm free' in relation to Pressure Ulcers, Catheter associated Urinary Tract Infections, Falls and Venous Thromboembolism.
Patient Falls		This involves slips, trips and falls which have the potential to cause actual physical harm, psychological harm and have an impact on personal confidence.
Pressure Ulcers		Pressure ulcers occur when an area of skin is placed under pressure, they can be extremely painful. However, they are mostly preventable through changing a patient's position and using relieving devices to protect particularly vulnerable parts of the body, for example heels.
Medication Incidents		Medication incidents are adverse incidents which involve prescribing, dispensing and administering medications, which could have or did lead to harm.
Mortality Rate		Mortality is measured and benchmarked nationally. The main indicator used is Standardised Hospital Mortality Ratio.

Clinical Indicator	Our Performance last year 2015/16	Our Performance this year 2016/17
Patient Safety Incidents	14176	13561
Harm Free Care	97.96%	97.72%
Patient Falls	2450	2783
Hospital Acquired Pressure Ulcers	231	318
Medication Incidents	1866	1703
Mortality Rate	93.1	93.9*

*HSMR is April 2016 – February 2017 (March 2017 data not yet available)

12.2 Care Excellence Framework

Our commitment to quality has been delivered this year through the implementation of our locally developed Care Excellence Framework (CEF) which is a unique, integrated tool of measurement, clinical observations, patient and staff interviews, benchmarking and improvement. It provides an internal accreditation system providing assurance from ward to board around the domains of caring, safety, effectiveness, responsive and well led. The framework provides an award system for each domain and an overall award for the ward/department based on evidence. The awards range through bronze, silver, gold and platinum.

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

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

The improvement process is supported by the Trust's recently established Quality Academy. The purpose of the Academy is to:

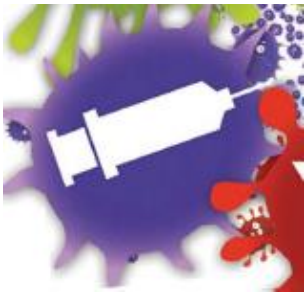
- extend the scope of quality and safety by facilitating creative thinking and empowering staff to deliver improvement themselves
- develop internal capacity and capability to undertake improvement
- encourage successful spread of innovation and learning
- support the implementation of the National Sign Up to Safety Campaign

Specifically the Academy:

- facilitates clinical teams
- implements improvement methodologies
- supports the measurement of improvement
- analyses and presents data

12.3 Protecting our Patients from Avoidable Hospital Acquired Infection

The prevention and control of infections together with the safety of our patients remains a top priority for us. However, it is important to note that as a major teaching Trust, we have a significant number of vulnerable, frail and immuno-compromised patients who are susceptible to infections, particularly in clinical services such as nephrology, oncology, haematology, critical care, major surgery and of course the care of our older patients.



Therefore, we continuously undertake root-and-branch reviews of our infection prevention policies and practices so that good practice can be optimised, including preparations for emerging threats.

2016/17 Headline Figures

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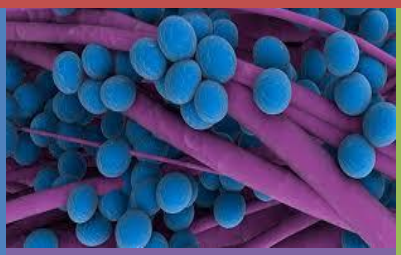


MRSA Bacteraemia

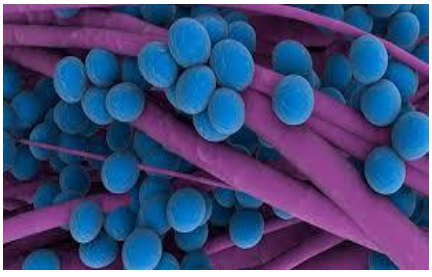
92

Clostridium Difficile

During 2016/17, we reported 2 cases of 'trust-apportioned' Methicillin resistant *staphylococcus aureus* (MRSA) bacteraemia and 90 *Clostridium difficile* cases, the majority being deemed as unavoidable by the external review process.

12.4 Tackling MRSA Bacteraemia

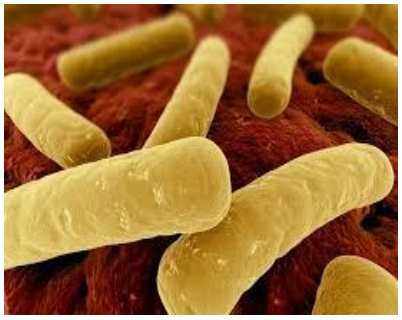
Clinical Indicator	Our Performance last year 2015/16		Our Performance this year 2016/17		What our Performance means
	Target	Actual	Target	Actual	
No. of Trust apportioned MRSA Bacteraemia	**0**	**5**	**0**	**2**	We have exceeded our target but improved on the previous year.



Each MRSA case undergoes an immediate investigation and a multi-disciplinary meeting is held with external colleagues to identify what can be learned to prevent further cases. Investigations are presented to the Chief Executive and the findings are shared widely throughout the organisation. This has enabled us to implement a number of initiatives to help prevent patients from acquiring MRSA in our hospitals. During 2016/17, we reported just **one** case and this was deemed as 'unavoidable' by the external panel that reviews such cases.

12.5 Tackling Clostridium Difficile

Clinical Indicator	Our Performance last year 2015/16		Our Performance this year 2016/17		What our Performance means
	Target	Actual	Target	Actual	
No. of Trust apportioned Clostridium Difficile Infections	**74**	**102**	**78**	**92**	We have exceeded our target but improved on the previous year.

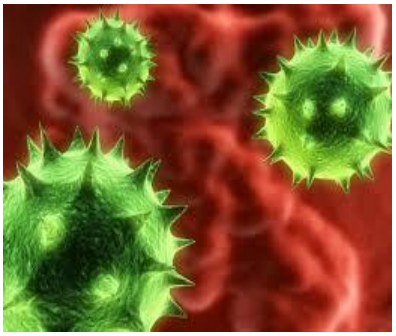


Cases of trust apportioned *Clostridium difficile* infections are also subject to investigation and the findings are reviewed externally by our commissioners. Like MRSA investigations, the outcomes are shared throughout the organisation so that we can learn from them.

All patients confirmed as positive for *Clostridium difficile* are reviewed at least 3 times per week by a *Clostridium difficile* nurse and at weekly multi-disciplinary meetings. This means that we can ensure that they receive optimum care which is tailored to their needs whilst ensuring the protection of other patients.

We are also just one of a few centres offering a new '**probiotic infusion service'** for patients with recurrent Clostridium difficile infection. This service involves transplantation of healthy bacteria to recolonize the gut and has been proven to have a high success rate.

12.6 Tackling 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 and most people make a full recovery within 1-2 days. However, some people may become very dehydrated and require hospital treatment. Patients that present with suspected gastroenteritis in the emergency portals are isolated as soon as possible to try to prevent the introduction of norovirus within our inpatient areas. This helps reduce the spread of norovirus which can be disruptive and result in ward closure and loss of activity due to the quick transmissibility of the organism.

In line with other hospitals throughout the UK, we have had a number of wards closed or restricted. The predominant strain during 2016/17 was a particularly virulent strain which saw 16 of our wards closed for up to 12 days, with the average closure lasting for 5.6 days.

12.7 Key Infection Prevention Measures

Our **Infection Prevention Team** continues to work closely with clinical colleagues to help and support front line colleagues prevent, reduce and control avoidable hospital-acquired infections. Our infection protection measures cover a wide variety of people, systems and interventions such as screening all of our patients for MRSA. Other interventions include:

iPortal

Our **iPortal system** continues to be developed, enabling wards and departments to have real time alerts of patients with a resistant organism, including MRSA.

This prompt identification of patients enables staff to isolate or cohort cases early to help prevent further transmission. In addition, we have refined our Infection Prevention dashboard, which is distributed widely within the organisation for information on alert organisms and to ensure prompt action where needed.

Hand Hygiene

Alcohol hand gel dispensers at bedsides and entrances to all wards and departments help encourage both staff and patients to use them on entry and exit from clinical areas. Our Matrons have responsibility for conducting regular hand hygiene audits within their areas.

In addition, a **hand hygiene** technician undertakes regular covert and overt independent audits throughout clinical areas to monitor compliance with our hand hygiene procedures.

Surgical Site Surveillance

We continue to participate in **Surgical Site Surveillance** working closely with clinical teams and reporting when an infection is identified.

The Infection Prevention team works closely with clinical teams to look at root cause to put in place actions to reduce the risk of infection.

Flu Vaccine

Our **seasonal campaign to vaccinate staff against influenza** ran from October 2016 to January 2017. There was an overwhelming response from staff for the vaccination, ultimately vaccinating over 81.2% of our front line staff.

This was a significant achievement and built on improvements from previous years resulting in us being within the top 5 Trusts.

Antimicrobial Resistance

There is a great deal of focus within our hospitals against the global threat of **Antimicrobial Resistance**, with the introduction of a dedicated team to specifically focus on antimicrobial usage and stewardship.

Sepsis Team

The recent introduction of a dedicated **sepsis team** has allowed greater focus on this important condition, to help reduce the mortality and disabilities associated with this through early identification and management.

Strategic Objective:
To achieve Excellence in Employment, Education, Training and Research

12.8 Developing a Culture of Compassion

It is our vision to be a world class centre of clinical and academic achievement, where staff work together to ensure patients receive the highest standards of care and the best people want to come to learn, work and research. In order to achieve this, we need to develop a culture where people are enabled to thrive.

This section provides some highlights of the work we have been doing during 2016/17 to enable us to achieve our vision.

With the ever increasing demands on our organisation, it is more important than ever to create a work environment where we all feel cared for, listened to and appreciated. There is a growing body of evidence demonstrating that effective, compassionate leadership is vital:

- Compassionate leadership leads to higher levels of staff wellbeing, engagement, cognitive functioning and performance, which is associated with improved financial performance.
- There are links between staff and patient experiences; positive outcomes and experiences for patients are more likely when staff feel well supported, valued and treated with compassion by leaders at all levels.

In April 2016, we launched, '**Developing a Culture of Compassion**', a five year (2016-2021) strategic approach to Organisational Development (OD). This demonstrates our commitment to developing a positive culture, driven by courageous and compassionate leaders and sets out how we will achieve our vision and create the conditions needed to develop a thriving and high performing Trust.

> "Compassionate leadership – more important than ever in today's NHS....this is borne out by NHS Improvement's Strategy; Developing People – Improving Care, which put leadership and compassion top of its list of conditions needed to shape cultures that enable sustainable, high-quality care."
>
> Kings Fund 2017

During 2016/17, we collected data from the following sources, to enable us to develop a robust baseline for the OD strategy:

- National NHS Staff Survey
- 'engage@uhnm' Internal Staff Engagement and Wellbeing Survey
- Over 20 'In Our Shoes' listening events attended by over 500 patients, carers and staff

Delivery of the OD strategy (which includes both organisational design and development) is intended to not only sustain and improve the progress made to raise standards in the quality of services and in operational delivery but also to enable further development in overall organisational performance.

The new compassionate leadership philosophy was launched at our 'Dare to be Different' Leadership Conference, which was attended by over 100 of our top leaders. Inspirational speakers including Professor Michael West (the King's Fund), Robert Cragg (Director of Transformation, STP) and our very own Dr Melissa Hubbard and Dr Sarah Lehmann shared their views on what compassionate leadership means to them.

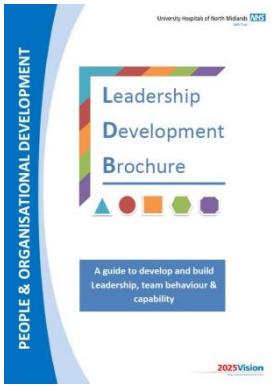
12.9 Leading with Compassion Recognition Scheme

As a pilot site, we have been instrumental in developing a new West Midlands wide '**Leading with Compassion Recognition Scheme**', which has been taken up by 11 organisations with the shared purpose of embedding compassion recognition across the West Midlands. The scheme gives both staff and patients the opportunity to acknowledge those individuals who 'Lead with Compassion' and promote, recognise and reward compassionate leadership behaviours. Over 200 UHNM staff have been acknowledged through the scheme, with over 1,500 submissions received across the region.

12.10 Leadership Development: Brochure

In April 2016 we introduced a brochure of development opportunities available to leaders and aspiring leaders. The **Leadership Development Brochure (LDB)** was created to inform staff about the internal development opportunities available, understand the approach and really identify the core skills and behaviours that the Trust see as critical for organisational success and delivery of the 2025 Vision. Highlights of the LDB include:

- Gateway to Leadership
- Courageous Conversations
- Developing Resilience
- Manager as Coach



12.11 Gateway to Leadership

To help develop an organisation of strong leaders we have developed a new one day '**Gateway to Leadership**' workshop. The course is an essential requirement for any member of staff in a management and/or leadership role and will provide an understanding of the UHNM leadership philosophy, discuss roles and expectations of managers and leaders and to act as a foundation and provide access to continued development, which has so far seen leadership pledges made by 360 leaders.

12.12 Courageous Conversations

The course is aimed at leaders who wish to develop their skill and confidence to deal with difficult situations and conversations, rather than avoiding them. The programme will improve manager's ability to act with courageous compassion when dealing with difficult or challenging situations, including talking to people about behaviour that is not in line with our organisational values.

12.13 Performance Development Review

We have developed a new **Performance Development Review (PDR)** process which replaces the former staff appraisal process. The PDR annual review is a planned conversation which focuses on performance and development and should be a positive experience and is aimed at developing the reviewee, both professionally and personally. The PDR process incorporates the NHS Leadership Academy's 'Maximising Potential Conversation tool', which is part of a national inclusive approach to talent management for all NHS staff. To support staff in utilising this new process, particularly in having effective 'talent conversations', an extensive blended approach to learning is available including workshops, e-learning and briefings, which have been accessed by over 600 managers.

12.14 Developing a Coaching Approach

Implementing a coaching style of leadership is an integral part of the Trust's compassionate leadership philosophy. The Trust has therefore developed a new in-house ILM Level 5 accredited coaching programme. The Trust has been awarded accredited centre status by the Institute of leadership and Management (ILM) and delivered its first cohort for 25 senior leaders. In addition, a 'Manager as Coach' masterclass is available.

12.15 A Night Full of Stars

This year's annual Staff Awards, was themed 'A Night Full of Stars', and took place at the prestigious King's Hall in Stoke. The event was the second awards evening as an integrated Trust and was attended by more than 400 staff, a two fold increase on the previous year and included new categories including, 'Rising Star' and 'Leading with Compassion' awards. We were delighted to give out 22 awards to our deserving staff and these were in addition to many awards received externally and at a national level.

12.16 Medical School

We are the main teaching hospital for Keele University Medical School. The Medical School has trained around 130 students in each of its five years of the Keele MBChB course. In July 2016, 125 students graduated from Keele University with a Keele MBChB (Hons) degree. Keele graduates comprised 53% of Foundation Doctors starting at UHNM in August 2016.

The Keele curriculum is an innovative, modern medical curriculum that includes problem-based learning whilst still using traditional methods of teaching. The distinctiveness of the course is that it has been designed to allow diversity and integration. It allows students with different personalities, aspirations, preferences, learning styles and strengths and weaknesses to be successful, to enjoy their undergraduate time and to be able to build on these experiences. Although the curriculum has been successful, it is being redesigned to keep it fresh, for students starting in 2018.

Career options for doctors have never been greater and, although the primary aim is to deliver competent Foundation Year Trainees, the course helps students to experience more specialised activity by recognising and developing natural aptitudes. This is achieved through flexibility in the student-selected components, innovative 15-week student assistantship in both primary and secondary care, and final year electives that allow for maximum variety of choice in terms of activity and learning environment. The ultimate goal is to provide practitioners in primary or secondary care, and especially to support health care in Staffordshire and Shropshire.

Clinical teaching is a high priority for us. Over half of our consultants are involved in teaching and developing the curriculum. More than 100 clinicians were nominated by Medical Students for the 2016 Clinical Teacher of the Year award. Overall 251 students are being educated here in the academic year 2016/17. There are currently 74 Foundation Year 1s and 84 Foundation Year 2s in post. 6 posts were lost to the West Midlands pool for the 2017/18 entry. UHNM is regularly Quality Assured by HEWM to ensure that we are delivering high quality training. Various Specialties have been reviewed over the last 12 months and overall the reports have been satisfactory.

12.17 Research and Development

2016/17 has been an exciting year for Research and Development within our hospitals. We have continued to deliver our Research and Development Strategy and are seeing some real successes. Research has continued to be an area of excellence for us and we have been delighted with some of the exciting developments over the year which demonstrates that our reputation is growing internationally.

We have won plethora of awards we are one of only five sites to be chosen to participate in a national pilot project to explore the wider benefits of participation in research.

12.18 Summary of Success in Research and Development

- We held a week-long series of events to celebrate **International Clinical Trials Day in May 2016**. These were held to inform patients, public and staff members about our research activity. Attendance for these events was up by 26% on 2015's recorded numbers. It also attracted significant media coverage, with a feature on BBC Midlands Today as well as reports on BBC Radio Stoke, reaching quarter of a million people across the region.
- We received our **largest ever grant in 2016**, securing an impressive £1.9m of funding from the NIHR Health Technology Assessment (HTA) Programme for the MAPS-2 stroke trial. This nationwide research study, led by UHNM, could soon benefit stroke patients, who are more susceptible to pneumonia, by looking at different methods to reduce this major cause of death and disability after stroke.
- We hosted the **Health Research Conference in October 2016**, in conjunction with the Keele and Staffordshire Universities. The successful one-day event attracted over 100 healthcare professionals from various organisations and included 27 poster entries from our staff and those from Keele and Staffordshire Universities.
- We held our **Research Firelighter Awards in December 2016**. These awards, funded by the North Staffordshire Medical Institute (NSMI), gave staff at the Trust the chance to win up to £10,000 funding for their research ideas. The awards received a large number of applicants with research ideas, and these were then shortlisted. The remaining seven applicants then presented their ideas at a Dragons Den style event at the Grand Rounds on Friday 9th December 2016. Representatives from our Trust and NSMI then chose three winners. Following the success of this preliminary awards event, it is hoped that this will now continue on an annual basis.
- Figures collected by MidTECH, the NHS Innovations Hub for the West Midlands region, showed that between April 2016 and December 2016, we managed the **second highest number of new innovation projects in the region**. We received 22 new project disclosures during this time, a huge 14 more than the Trust listed in third place. This ranking suggests an increased awareness of R&D amongst staff across the Trust, which would see the department move towards its critical success factor of being 'rated as a research-led organisation by over 75% of staff' by 2018/19.

12.19 An Award Winning Team

As an organisation, our goal is to be a world-class centre of clinical and academic achievement, where staff work together to ensure patients receive the highest standards of care and the best people want to come to learn, work and research.

During 2016/17, our Research & Development Team have made a real contribution to this goal, receiving numerous awards and national recognition. Here are just some of their achievements.

AWARD WINNING

The Clinical Research Network West Midlands awarded us **'Best Overall Performance'** for our efforts in research, against all other Trusts in the region.

The Clinical Research Network West Midlands awarded our Imaging Research Team the **'Support Service'** award.

The Clinical Research Network West Midlands awarded the Neurosciences Research Team with the **'Collaboration in Research'** award, for their work in conjunction with North Staffordshire Combined Healthcare NHS Trust (NSCHT).

In October 2016 the Acute Research Team won a national award at the prestigious 2016 Nursing Times Awards in London. After having set up the UK's first ever 24/7 research service in March 2015, the team entered the 2016 awards under the **'Clinical Research Nursing'** Category. Our entry, 'Optimising opportunities and equalising access to acute research', was shortlisted, beating other entries from around the country in what was a record-breaking year for entries to the Nursing Times Awards. The Team then presented the entry to a judging panel before being chosen as the winning team. The Nursing Times Awards are the most admired and relevant award in the healthcare sector. The awards provide industry recognition and unrivalled networking opportunities.

Five of our research teams were awarded a joint total of £70,000 in the **North Staffordshire Medical Institute (NSMI) Research Awards**. The awards, which are given out annually by the NSMI, were presented at an event held at the North Staffordshire Conference Centre in October 2016.

12.20 Key Performance Indicators – Research & Development Achievements at a Glance

We measure the success of our strategy through a range of key performance indicators. Below provides an extract of how we have performed during 2016/17 against our ambitious plans.

2813 patients

With an annual target of 3296 total portfolio recruitment for 2016/17, we have recruited **2813**, giving a total recruitment of 85.3%.

85

new studies

During this financial year, a total of **85** new studies have been opened.

£1,365,228 grant income

We exceeded our grant income target of £1.2 million by more than **£165,000.**

424 studies

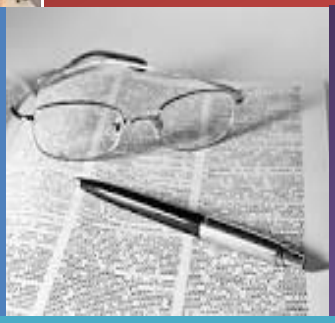
Since April 2016, the number of studies open and in follow-up in the last recorded month (January 2017) had risen from 388 in April 2016 to **424** studies. Whilst this changes month-on-month, the figure has never dipped below the initial 388 studies in the nine months recorded thereafter.

£4,104,862 grant value

1/3 grant applications approved, demonstrating the quality of applications being submitted by the Academic Development Team being extremely high

274

publications



Our researchers published **274** publications compared with 193 last year.

We secured **36th** place out of 241 Trusts in the league table published by the National Institute of Health Research (NIHR) Clinical Research Network.

NHS National Institute for Health Research

36/241

NHIR ranking

£916,040 commercial trials income

We received a total of **£916,040** commercial trial income, representing 87% of the annual target.

12.21 What our Patients Said about Research Participation

I had psoriasis and was offered the chance to take part in a clinical trial testing a drug. I was informed from the start how the drug worked and of my visits programme. The research nurses and other research staff have been fantastic with me from day one. I have been kept informed all the way through and they have made me feel at ease with myself and now, with the help of the research staff, and of course the trial drug, I am leading a normal life and have been able to start playing sports again.

I would recommend taking part in a clinical trial to anyone, as the benefits outweigh anything else.

David Padmore

Patient participating in the 'Prose' study

I was registered on to the PRISM trial by one of the research nurses following bleeding when I was about seven to eight weeks pregnant. My partner and I had already noticed and read the posters on the wall in the Early Pregnancy Unit at UHNM regarding the trial before the research nurse gave me a leaflet to look at prior to my scan. Following the good news of my scan, I agreed to discuss the trial with the research nurse. I was keen to try anything that could potentially improve the outcome of my pregnancy. As I work in the hospital pharmacy I had some prior knowledge of clinical trials, the need for research, and how the process works. However, the research nurse provided much more in-depth information regarding the trial and the drug involved.

The idea of pessaries did make me think that administration could be time consuming, but after a few days it became quite quick and fit into my daily routine. At 16 weeks pregnant now, I am very glad that I went ahead with the treatment. As I said before, I would have done anything to potentially improve my pregnancy outcome and I also feel like I have done something useful by being involved. It is good to feel that I may have had some small part in shaping future treatment for ladies in a similar position as I was, and if nobody took part we would not be able to improve care. The research nurse was lovely, she went above and beyond and was very approachable if I had any questions. She genuinely cared which made the whole experience a positive one.

Sarah Watts

Patient participating in the 'PRISM' study

Strategic Objective:
Create an Integrated, Vibrant Trust and Develop Strategic Alliances

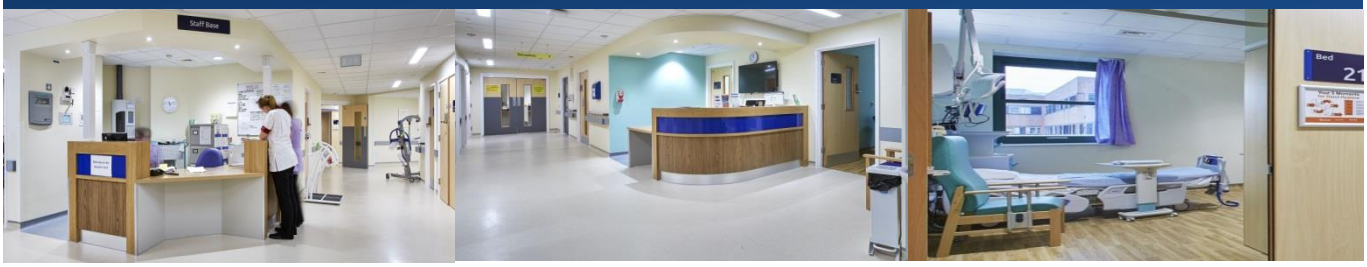
12.22 Exciting Developments at County Hospital

During 2016/17 we delivered an ambitious and exciting number of improvements at County Hospital through our 'Integrating Health Services for Staffordshire' programme, which has realigned services between Royal Stoke and County Hospital sites in line with the Trust Special Administrator (TSA) model.

In addition, we have introduced further services to County Hospital over and above the original TSA proposal which include the provision of 23 hour surgery and bariatric surgery.

Here we provide you with just some examples of the key physical improvements which have taken place as part of our commitment to improve hospital services for the people of Stafford.

Provision of 4 fully refurbished ward areas for medical and elderly care creating 113 modern beds. This has increased single room provision from 16% to 43%, with each side room with en-suite. There are also dedicated therapy rooms, counselling areas and dayrooms. The wards have been designed to support the needs of dementia patients and incorporate. features to support bariatric patients.



Refurbishment of A&E to incorporate ambulance triage, 4-bedded clinical decision unit and dedicated entrances for adults and children.

New day case chemotherapy and haematology treatment unit, which provides significantly improved environment for patients and visitors, with supporting treatment rooms and dedicated side rooms.

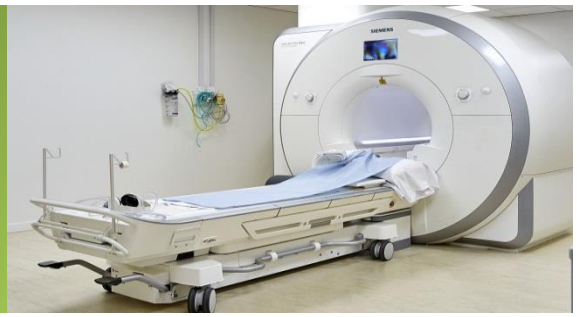
New haemodialysis unit, with expanded capacity to support treatment of people closer to home.

Expansion of theatre recovery to support the increasing numbers of day case surgical patients receiving surgery.

Development of the Women's Unit at County

Refurbishment and expansion of outpatient areas, including an expanded Orthodontic and Maxillofacial treatment area.

A new MRI Scanner providing MRI scanning facilities for the first time.



Refurbishment of Pathology Laboratory space.

12.23 Strategic Alliances

Within our Strategy, we set out our commitment to working with many providers to reconfigure services across hospitals to improve clinical outcomes and patient care.

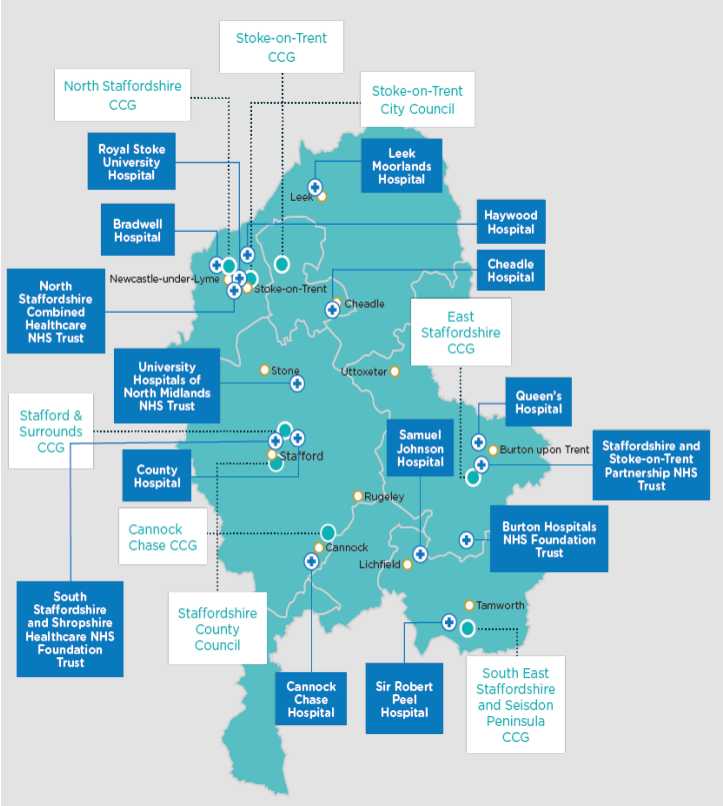
During 2016/17 and in line with this commitment, through the Sustainability and Transformation Planning within Staffordshire and Stoke on Trent, we have worked strategically with health and social care partners across Staffordshire and surrounding Cheshire, Shropshire and Derbyshire. We have also worked strategically with specialist trusts such as Alder Hey Children's Hospital.

12.24 Sustainability and Transformation Planning (STP) within Staffordshire and Stoke on Trent

Sustainability and Transformation Planning (STP's) are about local leaders working together and with local people to join up and improve health and care within the budgets available to us.

TOGETHER WE'RE BETTER

There are 44 STP's and each has a 'footprint' – the area that it covers. Our footprint is Staffordshire and Stoke-on-Trent and we have named our plan **Together we're Better.** We have two local authorities, six clinical commissioning groups, who are responsible for buying healthcare for the area and five NHS trusts providing services to 1.1 million people.



During 2016/17, our contribution to the STP has focused on:

- **Clinical input to planned care particularly orthopaedics.**
- **Developing urgent care models to provide more non-acute services where possible, with particular reference to County Hospital.**
- **Playing an active part in the workforce planning workstream, with particular reference to recruiting and retaining into the hard to fill jobs in acute services.**
- **UHNM have shared details of their estate with other STP partners and encouraged its utilisation by other health and social care providers where possible.**
- **Director of IM&T has played a lead role in helping to plan and deliver the single care record across Staffordshire.**

12.25 Stronger Together Partnership

During 2016/17 we have continued with our 'Stronger Together' partnership with Mid Cheshire NHS Foundation Trust, which provides joint working across a range of services, including vascular, haematology, oncology, cardiology, elective surgery and neurology. Through this partnership changes have been made to the Cheshire Stroke Pathway, meaning that these patients are now treated at Royal Stoke for the hyper acute part of their treatment and then repatriated to Leighton Hospital.

We have worked closely with specialist commissioners, Derby Teaching Hospitals NHS Foundation Trust, Walsall Healthcare NHS Trust and Royal Wolverhampton NHS Trust to realign breast screening programmes with pathways for on-going treatment.

We have led a pilot to integrated care delivered for people with respiratory, heart failure and diabetes long term conditions in partnership with commissioners and community NHS colleagues. This work is now supporting further integration through integration through to primary care colleagues.

We are working in partnership with health and social care colleagues across Staffordshire to prevent people becoming stranded in hospital when they no longer need to be there. In line with national NHS best practice, implementing discharge to assess (D2A) will support people to leave hospital, when safe and appropriate to do so and continuing their care and assessment out of hospital. They can then be assessed for their longer-term needs in the right place. D2A works from the principle that, in the main, people should be supported to go home from hospital.

Strategic Objective:
Create a Resilient Urgent and Emergency Care System through Increased Integrated Healthcare Provision

The four hour standard was created by clinical staff to ensure patients can be quickly assessed and leave emergency departments as quickly as possible. For that to happen there needs to be somewhere for the patient to go. That could be home, to our ambulatory care service, a specialty ward or domiciliary care. This presents us with one of our biggest challenges as often the exit from the emergency department becomes blocked, because there are no beds for patients to go to. When that happens, the care we want to offer can become compromised and cause stress and anxiety for our patients, their relatives and our staff.

During 2016/17 we have worked very hard with our partners in social care, the clinical commissioning groups and the community to help us transfer medically fit patients out of our hospitals. We have also developed and implemented a number of internal initiatives which are aimed to address the challenges we face. Here we provide you with a summary of those initiatives along with some key performance indicators which we use to evaluate the success of these initiatives.

12.26 Key Performance Indicators for our Emergency Services

Clinical Indicator	Our Performance last year 2015/16		Our Performance this year 2016/17		What our Performance means
	Target	Actual	Target	Actual	
4 hour wait	95%	82.6%	95%	76.4%	We did not achieve the target.
12 hour trolley breaches	0	103	0	591	We did not achieve the target.
Ambulance handover delays	0	13	0	103	We did not achieve the target.

12.27 #Red2Green

The **red** **and** green day approach is a national initiative, utilising a visual management system, which focusses on reducing unnecessary waiting for patients and unnecessary time spent by staff. During 2016/17 we have been working with the Emergency Care Improvement Programme team to implement the approach within our hospitals.

We successfully implemented the #Red2Green approach within all of our medical wards and have seen some very positive results in terms of increased use of our discharge lounge and early movement of patients from the Emergency Department. The Emergency Care Improvement Programme team has commended our approach as being… '***the most ambitious roll out of #Red2Green in terms of scale and pace that they have seen across the whole country'.***

Feedback from our doctors and nurses is that they are grateful for the help that this approach offers and that they are pushing for earlier, safe discharge. It is very clear that together we can strive to provide the best care for all of our patients.

12.28 2016 / 17 Improvement Initiatives

Integrated Discharge Team

Collaborating with our partners in social care and the community, we have introduced an integrated discharge team who are responsible for the co-ordination of a single assessment of the needs of our complex patients needing discharge from hospital. This approach reduces unnecessary duplication and delays and means that our patients can be discharged much sooner to the appropriate setting, with the support that they need.

Extended Operating Hours in our Ambulatory Emergency Care Unit

We have extended the operating hours of our Ambulatory Emergency Care Unit to 12 hours per day, which means that we can decrease the time it takes for patients aged over 70 years to be admitted to one of our wards.

Relocation of Frail and Elderly Assessment Unit

We have relocated our Frail and Elderly Assessment Unit, which sat within a separate location to the main hospital at our Royal Stoke site so that it is now in close proximity to our Emergency Department. This means that elderly patients can now be seen far sooner by a specialist elderly care clinician ensuring that they receive the appropriate treatment much quicker, which in turn reduces unnecessary delays. This has led to a significant reduction in admissions for our elderly patients.

Changes to Patient Flow in our Emergency Department

We have introduced a number of fundamental changes to patient flow within our Emergency Department at Royal Stoke. These changes include a 'Rapid Access and Triage' model of care within the ambulance triage and that patients requiring admission are cared for close to one of our nursing stations. The aim is to eliminate the possibility of patients who have not been assessed having to wait for long periods within the corridor, which we know is not safe for our patients. To evaluate the success of these changes, we have developed a series of performance metrics which will be used to further refine our processes if necessary.

Part B: Accountability Report

CORPORATE GOVERNANCE

B1 Corporate Governance Report

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

During 2016/17 and up to the signing of the Annual Report and Accounts, the composition of our Trust Board included all Executive and Non-Executive Directors shown below. The Chairman of the Trust during this period was John MacDonald. For the period February to October 2016, Robert Courteney-Harris acted as Chief Executive until the substantive appointment of Paula Clark in October 2016.

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

1.1 Directors Report – Voting Members of the Trust Board

John MacDonald, Chairman
From August 2011 to August 2017

Committees:
Nomination & Remuneration Committee (Chair)
Interests Declared:
- MacDconsult Ltd. providing management consultancy services to the NHS.
- Previous System Leader for the Staffordshire Sustainability and Transformation Programme.
- Chair of Sherwood Forrest NHS FT

Paula Clark, Chief Executive
From October 2016

Committees:
Trust Executive Committee (Chair)

Interests Declared:
- Director – Mawbrook Management
- Trustee of NHS Providers.

John Marlor, Non-Executive Director
From September 2011

Committees:
- Charity Committee (Chair)
- Audit Committee
- Finance & Efficiency Committee
- Nomination & Remuneration Committee

Interests Declared:
Trustee (Chair of Audit Committee) Catch22 Charity Limited

Nicholas Young, Non-Executive Director
From September 2014

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

Interests Declared:
Chair of General Dental Council Fitness to Practice Committee

Steve Burgin, Non-Executive Director
From September 2014

Committees:
- Finance & Efficiency Committee (Chair)
- Audit Committee

Interests Declared:
Previous Employee of GE Power Division

Bob Collins
From July 2010 to April 2016

Committees:
- Audit Committee (Chair)
- Finance & Efficiency Committee
- Charity Committee

Interests Declared:
- Director /Owner Bob Collins Management Ltd

Andrew Smith, Non-Executive Director
From March 2012

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

Interests Declared:
Director of Sund Sammen Ltd (Consultancy) and Associate of Capsticks HR Advisory Practice

Sonia Belfield, Non-Executive Director
From July 2016

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

Interests Declared:
Director of Adient UK Ltd.

Robert Courteney-Harris, Medical Director (Acting Chief Executive Feb to Oct 2016) *From October 2007*

Committees:
- Trust Executive Committee
- Quality Assurance Committee

Interests Declared:
Nothing to declare.

Ro Vaughan, Director of Human Resources
From December 2014

Committees:
- Trust Executive Committee
- Quality Assurance Committee
- Nomination & Remuneration Committee

Interests Declared:
Governor at Stoke on Trent College

Liz Rix, Chief Nurse
From August 2009

Committees:
- Trust Executive Committee
- Quality Assurance Committee

Interests Declared:
Nothing to declare.

Helen Ashley, Chief Officer – Finance & Performance
From January 2017

Committees:
- Trust Executive Committee
- Finance & Efficiency Committee
- Audit Committee

Interests Declared:
Nothing to declare.

David Donegan, Chief Operating Officer
From September 2016

Committees:
- Trust Executive Committee

Interests Declared:
Nothing to declare.

Helen Lingham, Chief Operating Officer
From October 2014 to December 2016

Committees:
- Trust Executive Committee

Interests Declared:
Nothing to declare.

Sarah Preston, Director of Finance
From September 2015 (voter until January 2017)

Committees:
- Trust Executive Committee
- Finance & Efficiency
- Audit Committee

Interests Declared:
Director – Post Graduate Medical Centre
Independent Auditor – Hospital Radio Stafford
Independent Examiner- Wolverhampton Aftercare Group s and Occasional Lecturer – Keele University

Andy Garner, Non-Executive Director (Associate)
From November 2006 to January 2017

Committees:
- Quality Assurance Committee
- Nominations & Remuneration Committee

Interests Declared:
Employee of Keele University

1.2 Statement of Accountable Officers Responsibilities

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

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

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

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

I, as Accountable Officer, can confirm that, as far as I am aware, there is no relevant audit information of which the auditors are unaware. In producing this Annual Report, all Directors and I have taken the necessary steps required to make ourselves aware of any relevant information and to establish that the Trust's auditors are aware of that information. In addition, I can confirm that this Annual Report and Accounts as a whole, is fair, balanced and understandable. I take responsibility for the judgment required in determining that these are fair, balanced and understandable.

Paula Clark
Chief Executive
31 May 2017

B2. Our Shadow Council of Governors

Our elected Shadow Council of Governors was established December 2015. Their constitution comprises a balance of public and staff Shadow Governors. Their aim is to hold the Non-Executive Directors to account for the performance of the Trust Board and to represent the interests of members and the public.

Some of our Shadow Governors at a Developmental Workshop in February 2017

During 2016/17, our Shadow Governors have undertaken a Development Programme, which has included a visit to Governors at Salford Royal NHS Foundation Trust, to understand their ways of working and to adopt best practice. They have been involved in a broad range of activities to fulfil their aims, below provides just a snapshot of their involvement with us.

Development of our Quality Account Priorities for 16/17

Appointment of the Chief Executive

Patient Led Assessment of the Care Environment (PLACE) Inspections

Quality Walkabouts with Board Members

Clinical Pathway Visits

Quality Assurance Committee

PROUD TO CARE

Patient Information Ratification Group

Research & Development Forum

Hospital User Group

Engagement Practice & Advisory Group

Shadow Governor Meetings and Workshops

B3. Annual Governance Statement (AGS)

3.1 Scope of Responsibility

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

3.2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

3.3 Governance Framework of the Organisation

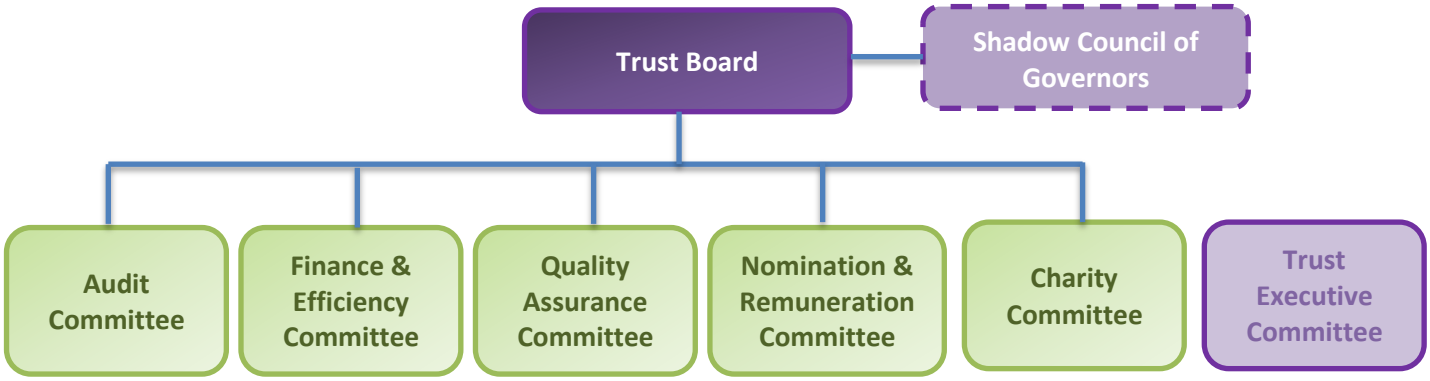
Responsibilities of the Board

Key responsibilities of the Board are to formulate strategy, ensure accountability and management of operational and strategic performance and to shape culture. Alongside this it has a duty to explain and engage patients and members of the public in partnership, to effectively discharge its duties. Throughout 2016/17, the Board has held:

- 9 meetings in public
- 13 meetings in private
- 1 Annual General Meeting and;
- 5 developmental seminars plus one 'Trust Board Time Out'

Committees of the Board

There are five key committees, Chaired by a Non-Executive Director, which report directly into the Board. In addition, the Trust has a Shadow Council of Governors and a Trust Executive Committee which is led and chaired by the Chief Executive. The structure is illustrated in the diagram below.



Composition and Attendance at Board

Attendance at Board and Committee meetings is formally recorded within the minutes and is captured in an attendance matrix, detailing where apologies have been received and deputies have been nominated. The table below provides an overview of attendance of Trust Board members throughout 2016/17. This does not include developmental seminars, Time Out or the Annual General Meeting.

Board Member	Job Title	Possible No. Meetings	Actual No. Meetings Attended
John MacDonald	Chairman	**22**	**22**
Paula Clark	Chief Executive	**13**	**10**
Robert Courteney-Harris	Medical Director	**22**	**19**
Liz Rix	Chief Nurse	**22**	**19**
Helen Ashley	Chief Officer – Finance & Performance	**8**	**8**
David Donegan	Chief Operating Officer	**12**	**10**
John Marlor	Non-Executive Director	**22**	**18**
Andrew Smith	Non-Executive Director	**22**	**22**
Bob Collins	Non-Executive Director	**6**	**0**
Nicholas Young	Non-Executive Director	**22**	**18**
Andy Garner	Non-Executive Director	**16**	**11**
Stephen Burgin	Non-Executive Director	**22**	**15**
Sonia Belfield	Non-Executive Director	**16**	**9**
Previous Voting Board Members			
Helen Lingham	Chief Operating Officer	**10**	**9**
Sarah Preston	Director of Finance	**16**	**16**

During the financial year 2016/17, there have been three substantive appointments made as voting members of the Board. Board member succession plans have been updated during the year to take account of these changes Our new appointments were:

Paula Clark
Chief Executive
(effective 1 October 2016)

Sonia Belfield
Non-Executive Director
(effective 1 July 2016, term basis)

Helen Ashley
Chief Officer, Finance & Performance
(effective 1 January 2017)

Activities of the Board

During 2016/17, key areas of focus for the Board have included:

Formulate Strategy

1

- Consideration and approval of the Annual and Financial Plans for 2016/17 and 2017/18
- Updating the Strategic Objectives and associated Strategic Risks
- Reviewing progress towards delivering our Strategy (2025Vision)
- Progress in integrating health services in Staffordshire
- Fully engaging and participating in the Sustainability and Transformation Programme (STP) as a key partner
- Developing strategic alliances with neighbouring provider organisations
- Approval of business cases and service developments
- Reviewing progress against delivery of our Research & Development Strategy
- Approval of our Quality Account for 2015/16

Ensure Accountability

2

- Reviewing the Board Assurance Framework, including oversight and scrutiny of strategic risks
- Review of the Patient Care Improvement Programme (PCIP) to deliver improvements in patient safety, experience and outcomes
- Monitoring the work undertaken by the Committees of the Board
- Approval of overarching governance arrangements within our Rules of Procedure

Management of Operational and Strategic Performance

3

- Operational performance monitoring, review and assurance against key NHS Constitutional targets and internal targets, using an integrated approach to the balance scorecard of quality, operational, financial and workforce performance
- Financial planning, performance management, monitoring and assurance of the efficiency programme, cash management and oversight of activity, contractual management arrangements and relationships
- Receiving presentations from Divisional Clinical Chairs and their teams at Board meetings (in public)

Shaping the Culture of the Organisation

4

- Approval of the Organisational Development Strategy and progress against this
- Whistleblowing and Implementation of the Freedom to Speak Up Action Plan and updates
- Findings of the National NHS Staff Survey 2015

Each report to Board and the committees of the Board were aligned to one or more of the Strategic Objectives identifying the impact upon them. Committee reporting to Board has been strengthened and improved with more detailed reports being provided to complement the verbal updates provide by each of the committee chairs.

Board Performance and Effectiveness Assessment

Following consideration of an independent external evaluation of Board governance, an audit of the implementation of recommendations from the review was undertaken and actions arising from that audit were completed during 2016/17. Additionally, an audit review was undertaken into governance and the actions completed during 2016/17 in order meet recommendations.

Board workshops have considered a number of matters including an evaluation of the Board's objectives, priorities, effectiveness and development needs going forward. These influence the Board Development Plan for 2017/18, with the recognised need for a key focus on the future strategy, objectives and critical success factors.

The Rules of Procedure were updated for 2016/17, following a review of the roles and function of the Board and its committees. Additionally, a Rules of Procedure document was produced and recommended to Trust Executive Committee during the year for use by the clinical divisions.

A Board development programme was agreed by the Board following a review in March 2016 and included a wide range of development activity, through both Board Seminars and individual member development initiatives.

During 2016/17 the approach to Board meetings was revised, with the Board (open) meeting being held first and followed by the Board (closed) meeting; thus, creating the opportunity for Board members to consider confidential and commercially sensitive matters arising from Board (open) meetings. Members of public continue to be invited to ask questions of Board members at the end of each Board (open) meeting.

In February 2017, the Board undertook an assessment as to the degree that we met the requirements of each of the statements for each of the eight key lines of enquiry against the CQC and NHSI proposed Well Led Framework. Areas for further improvement were identified and Executive Directors tasked with developing an action plan to ensure continued improvement during 2017.

Also during February / March 2017, each committee of the Board undertook a self-assessment to assess their effectiveness against their terms of reference and membership. The outcome of each assessment is reported to the committees along with an Annual Report. Any actions arising from the self-assessment process are taken into account within a review of their terms of reference and associated 'Committee Governance Pack' which form part of the Rules of Procedure.

In February 2017, the Board undertook an assessment of the organisation's position against the Care Quality Commission and NHSI's proposed Well Led Framework. Subsequently, areas for further development at Board and committee level were identified and agreed at Board for implementation during 2017/18.

During 2017/18, key areas of further development as a Trust Board will be in relation to:

- Strategy review
- Risk management review
- Well-led oversight
- Engagement with clinical leads from divisions and directorates
- Review of effectiveness of Board
- Board development through Board workshops and other mechanisms

Highlights of Board Committee Reports

Board committees produced formal reports to the Board following each meeting, providing a summary of items considered and those which required escalation. These provided the Board with assurance that each committee was functioning appropriately and in accordance with Terms of Reference and highlighted any key risks considered during the course of the meeting. An overview of the key areas of focus for each of the committees is set out below:

Committee	Topical Highlights Considered
Quality Assurance Committee	• Quarterly reports on safety, compliance and effectiveness and patient experience • Nurse staffing levels and acuity • Compliance with the Duty of Candour • Outputs of Care Excellence Framework visits • Outputs from Clinical Audits • Mortality Rates • Research Governance • Safeguarding Arrangements • National staff and patient surveys • Litigation management • Board Assurance Framework and associated Risk Register • Quality Account • Whistleblowing activity and management
Finance & Efficiency Committee	• Trusts financial position • Workforce information • Supplies, procurement and contracts management • Strategic financial risks • Business cases • Annual and Financial Plan including budget setting
Audit Committee	• Annual Report and Accounts • Internal, External and Clinical Audit plans

	• Internal and External Audit Reports • Board Assurance Framework process and outcome • Monitoring implementation of actions arising from audit reports • Counter Fraud prevention activity • Monitoring of Seal and Declaration of Interest arrangements
Charity Committee	• Charity Annual Report and Accounts • Risks to the Charity • Finances including expenditure, plans and investment funds • Approval of applications for funding • Approval and monitoring of the Charity Strategy
Professional Standards Committee	• Employment cases • Matters being handled by the NMC and GMC • Matters relating to professional conduct • Revalidation governance processes
Nominations & Remuneration Committee	• Outputs from Executive Director Performance Reviews • Remuneration and terms of service for Executive Directors • Severance packages • Annual remuneration report • Reviewing the size, composition and skill mix of the Board including succession planning

Board's Assessment of its own Corporate Governance

The Corporate Governance Code is integral to the business of the organisation and is reflected within key policies and policies, but most significantly within our Board approved 'Rules of Procedure'. The five main principles of governance set out within the Code have been adopted as best practice and have been reflected within our Rules of Procedure chapter on Code of Conduct for Board Members. These are:

- Leadership
- Effectiveness
- Accountability
- Remuneration
- Relationships with stakeholders

Within our system of internal control, there are a range of mechanisms in place which are designed to monitor compliance with the code, these include:

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

Outputs of these monitoring mechanisms indicated continued compliance with the corporate governance 'good principles' and our Trust Rules of Procedure.

Quality Governance

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 holds the executive team to account and reports directly to the Board, receiving reports on assurance and risks considered by the Quality and Safety Forum.

Reporting directly into the Quality and Safety Forum is a broad range of specialist groups, for example; Mortality Review Group, Data Quality Group and Infection Control Committee. In addition, the Quality and Safety Forum refers into the Trust Executive Committee. These monthly meetings at which all Executive Directors and senior divisional leaders, including Clinical Divisional Chairs and Associate Directors, are members, consider issues arising from Executive led forums within the Trust.

The Patient Care Improvement Programme (PCIP) to deliver improvements in patient safety, experience and outcomes during 2014 – 2017 has been monitored through the Quality Governance Structure, which provides assurance to the Board through the quality performance report. The effectiveness of the PCIP has been specifically measured by the delivery of the Trust Strategic Objective on quality.

The Executive Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare a Quality Account for each financial year. The Department of Health issued guidance on the form and content of the Quality Account, which is subject to external audit.

The content of the Trust Quality Account for 2016/17 builds on the 2015/16 report and importantly takes account of the Care Quality Commission (CQC) inspection into services in 2015/16 have been implemented. Quality improvement priorities are agreed through wide engagement with key stakeholders, including the Shadow Council of Governors. The priorities implemented during 2016/17 included the continued implementation of the agreed actions resulting from the CQC inspection.

We use the same systems and processes to collect, validate, analyse and report on data for the Quality Account as it does for other clinical quality and performance information, which has been subject to data quality assurance processes throughout the year, in accordance with the Data Quality Policy and Strategy. Information is subject to regular review and challenge at speciality, divisional and Trust levels. Data included within the 2016/17 Quality Account has been checked by all teams involved and is signed off by the responsible Executive Directors before being approved by the Board. In line with our commitment to transparency, the data included is not just limited to good performance.

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, Executive 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 Trust Board has a focus on quality as part of the integrated performance report, including compliance with quality and safety standards, progress against key priorities and performance, patient experience, safety and outcomes. 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 Walkabouts each month and are involved in working with staff to enable improvements where the need is identified.

We have also worked in partnership with stakeholders on quality improvement activities including:

- Hospital User Group
- Clinical Quality Review Group
- Healthwatch
- Overview and Scrutiny Committee
- Quality review visits of the patient pathway which are Director led with Clinical Commissioning Group and GP involvement
- Complaint Peer Review Workshops
- Patient Information Ratification Workshops
- PLACE inspections

Discharge of Statutory Functions

The Audit Committee is authorised by the Board to provide an independent and objective review of financial and corporate governance and 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 the Committee approved both the internal and external work plans, received regular reports from internal and external audit and approved the Annual Audit Report.

The Audit Committee met 5 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 internal and external auditors and local counter fraud specialists were reviewed at each meeting during the year, with a focus on the recommendations being made.

There is a statutory duty on NHS trusts, to break even taking one year with another. There is a requirement for the statutory auditor, in the Trust's case, Grant Thornton, to refer such a breach, together with associated issues, to the Secretary of State. Such a referral is made under Section 30 of the Local Audit and Accountability Act of 2014. The External Auditor also needs to consider the Trust's status as a going concern.

Risk Assessment

Overall responsibility for the strategic management and assessment of risk within the Trust rests with the Trust Board.

Reporting mechanisms are in place to ensure that operational risks are reported by divisions to Executive Risk Oversight Group, which is accountable to the Trust Executive Committee. Reporting arrangements are in accordance with the Risk Management Policy and Strategy. Management and ownership of risk is delegated to the appropriate level from directors to divisional management teams to directorate management teams through the organisational structure.

The Board held a strategic risk management workshop in May 2016 with an external facilitator who was an expert in risk management processes. This provided the outputs of the agreement of the top 3 risks for each of the five strategic objectives. Subsequently the key actions required to support the mitigation of each risk were considered and agreed. Through the Board Assurance Framework report, monitoring the status of each of those risks and the progress of mitigating each risk has occurred on a quarterly basis, reporting to the relevant committees and to the

Board. Below provides a summary of the Board Assurance Framework with risk scores relevant to the beginning and the end of the financial year.

Strategic Objective	Executive Director	Lead Committee	Strategic Risk	Strategic Risk Score (Impact x Likelihood) Initial at 1/4/16	Actual at 31/3/17	Target
SO1: Delivering Quality Excellence for our Patients	**Chief Nurse (with Medical Director)**	**Quality Assurance Committee**	1. If we lack an effective learning culture supported by effective leadership.	**3x2=6 Mod**	**3x2=6 Mod**	**3x2=6 Mod**
			2. If we lack sufficient appropriately trained clinical workforce.	**4x3=12 High**	**4x2=8 High**	**4x2=8 High**
			3. If we have uncontrolled demand for our services or have high levels of medical fit for discharge patients (MFFD).	**4x5=20 Extreme**	**4x4=16 Extreme**	**4x3=12 High**
SO2: Delivering our Obligations to the Taxpayer and Public	**Chief Officer – Finance & Performance**	**Finance & Efficiency Committee**	4. If the CIP target is not significantly achieved by 10%.	**4x5=20 Extreme**	**4x5=20 Extreme**	**4x4=16 Extreme**
			5. If Divisions and their Directorates do not deliver services within agreed and delegated budgets.	**4x4=16 Extreme**	**4x5=20 Extreme**	**4x3=12 High**
			6. If the demand profile significantly changes.	**4x4=16 Extreme**	**4x5=20 Extreme**	**4x3=12 High**
S03: Achieve Excellence in Employment, Education, Teaching and Research	**Director of Human Resources** (with Medical Director)	**Quality Assurance Committee**	7. If we lack effective leadership.	**3x2=6 Mod**	**3x2=6 Mod**	**3x2=6 Mod**
			8. If we cannot create capacity to deliver.	**4x3=12 High**	**4x3=12 High**	**4x3=12 High**
			9. If we fail to sustain and develop partnerships with key educational providers.	**4x1=4 Mod**	**4x1=4 Mod**	**4x1=4 Mod**
SO4: Create an Integrated vibrant Trust and develop strategic alliances with neighbouring Trusts and partners	**Director of Business Development**	**Finance & Efficiency Committee**	10. If we cannot create capacity to deliver.	**4x3=12 High**	**4x4=16 Extreme**	**4x3=12 High**
			11. If the commissioning strategy does not align with an integrated model.	**2x2=4 Mod**	**2x2=4 Mod**	**2x2=4 Mod**
			12. If there is stakeholder opposition to working differently.	**4x3=12 High**	**3x4=12 High**	**4x3=12 High**
SO5: Create a resilient Urgent and Emergency Care System through increased Integrated Healthcare Provision	**Chief Operating Officer**	**Finance & Efficiency Committee**	13. If demand management alternatives to patient care provision are not realised.	**5x4=20 Extreme**	**5x4=20 Extreme**	**5x3=15 Extreme**
			14. If we cannot realise the management of frailty within the community setting as per best practice.	**5x4=20 Extreme**	**5x4=20 Extreme**	**5x3=20 Extreme**
			15. If we cannot create the appropriate culture change within the workforce to deliver the change.	**4x3=12 High**	**4x3=12 High**	**4x2=8 High**

Through discussion at Trust Board and the Committees of Board, it was agreed that the overarching challenges relating to these red rated risks continues to fall in to three categories which are:

- Demand and capacity;

- Financial; and
- Stakeholder related.

During the process of reviewing the Board Assurance Framework (BAF) during 2016/17 it was evident that some of the critical success factors for each strategic objective were no longer appropriate. As part of the review of the future strategic plans, the strategic objectives and associated critical success factors will be reviewed and updated accordingly. As part of developing the BAF for 2017/18 and determining the strategic risks, consideration will therefore be given to the risks of achieving the revised strategic objectives and associated critical success factors.

Work had continued in improving the reporting of divisional risks to the Executive Risk Oversight Group and a risk workshop (similar to that provided to Board) was held during December 2016 to which all divisions, both clinical and non-clinical, were represented. The adoption of a similar BAF approach by each Division with Divisional Board Assurance Frameworks will help to facilitate clear and risk-focused decision-making at divisional boards and will be promoted for 2017/18.

We continue to have a significant financial risk with an estimated outturn deficit for 2016/17 of £28.8m. The financial plan for 2016/17 includes a planned deficit and funding issues remain a constant theme of dialogue with NHS Improvement and local commissioners. Our external auditors, Grant Thornton UK LLP, are required to form a conclusion on whether we have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Due to the significance of the matters identified in the financial sustainability during 2016/17, Grant Thornton were not satisfied that arrangements for planning finances effectively to support sustainable delivery of strategic functions and maintain statutory functions were in place. They have formed a qualified (adverse) conclusion on our arrangements.

3.4 The Risk and Control Framework

The Risk and Control Framework is an integral part of good management practice and the aim has been to ensure risk management has been integral to the Trust's culture and an increasingly important element of our 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, whistleblowing, human resources, consent, manual handling and security.

The Audit Committee monitors and oversees both internal control issues and the assurance processes for risk management. The Board and its committees receive reports that relate to the identification and management of strategic risks through both the Board Assurance Framework and as part of performance reports identifying the degree of compliance with the strategic objectives, NHS constitutional standards and other national and locally agreed targets.

The Trust's Risk Management Policy and Strategy was updated during 2015/16 and following the recommendations of Internal Audit received in January 2017, will be updated again in early 2017/18.

A review undertaken by our Internal Auditors, KPMG LLP, made a number of recommendations for improving risk management processes throughout the Trust and an action plan for meeting the recommendations was agreed and reported to the Trust's Executive Risk Oversight Group in February 2017 for implementation during 2017. A risk management improvement programme; Risk Management Improvement Collaborative (RMIC) will be delivered during 2017/18 to deliver improvements needed.

A main thrust of the recommendations was for improved risk management processes and understanding within divisions and directorates. As a consequence a Risk Management Training Programme continued from 2015/16 through 2016/17. This is now being evaluated in light of Internal Audit recommendations with a view to considering how risk management within divisions and directorates can be further strengthened.

The current Trust's Risk Management Policy and Strategy is available to staff via the Trust Intranet and sets out the processes for managing risk at all level. The policy identifies that the Chief Executive has overall responsibility for risk management.

The Strategy sets out that all directors, managers and clinicians are required to accept the management of risks as one of their fundamental duties. Additionally, the Strategy sets out that every member of staff must be committed to identifying and reducing risk. In order to achieve this, we 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 Executive Risk Oversight Group which set out to provide stewardship and a cohesive corporate overview of the risk management process, providing support and leadership on the management of risk within divisions, has continued to operate and the Internal Audit review considered that this was an appropriate mechanism. However, the Group's terms of reference, membership and frequency of meetings have been considered and any appropriate changes made, linked to the review of the Risk Management Strategy and Policy.

In addition to the Risk Management Training, other training continued to be delivered during 2016/17 to meet local and individual needs and was 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.

Corporate Induction includes key elements of risk management. Learning from incidents and good practice has been considered at the Quality and Safety Forum and Risk Management Panel in addition to within divisions and directorates at department and ward level. Identified groups of senior staff are trained in Root Cause Analysis (RCA), which is carried out on all serious incidents that require investigation. Learning from RCA is disseminated in a number of ways.

We have 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 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 Trust Board.

We operate 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. The policy was updated during 2016/17 to meet the national requirement included within the NHS contract for 2016/17 for NHS trusts to have a local guardian in place with the aim of improving the culture and the ability for staff to raise concerns.

Embedding risk management has therefore been further strengthened during 2016/17 and risk reporting at divisional and directorate levels through the divisional management governance structures has improved. However, further improvement is recognised and plans are being developed to implement further changes.

The culture of the Trust has aided the confident use of the incident reporting procedures. Online reporting enables tight management of incident reporting and more efficient reporting by category.

We require all clinical and non-clinical incidents, including near misses, to be formally reported. Members of staff involved in or witnessing such an incident have been responsible for ensuring that the incident has been reported in compliance with the policy and associated procedural documents.

When an incident has occurred and there is a remaining risk, all practical and reasonable steps are taken to prevent re-occurrence. The line manager is responsible for the provision of primary support for staff involved in the incident and this is made available to them immediately. Any incidents which are considered serious are escalated as appropriate and a decision is taken as to whether the incident should be treated as a Serious Incident Requiring an Investigation (SIRI). All SIRIs must be investigated using the Root Cause Analysis (RCA) methodology. All SIRIs are reported and managed in accordance with the national framework.

All new and revised policies undergo an equality impact assessment as part of the approval process.

3.5 System of Internal Control

Our governance framework 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 Trust'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 throughout 2016/17 and up to the date of approval of the Annual Report and Accounts for 2016/17.

External assessments and inspections regarding quality and efficiency standards are numerous and include many undertaken at a service level. Trust-wide assessments include the following.

3.6 NHSLA and Care Quality Commission (CQC)

The Quality, Safety and Compliance Department, led by the Chief Nurse and the Medical Director, is responsible for seeking assurance that we are compliant with the CQC standards. Whilst NSHLA no longer undertake inspections, we agreed to adopt the principles as part of our compliance framework. We had a comprehensive CQC inspection in April 2015 and received an overall rating of requires improvement. A CQC improvement plan was developed that not only addressed the CQC 'must' and 'should' actions but also highlighted CQC comments for consideration.

During 2016/17 the Care Excellence Framework has been introduced which is aligned to the CQC inspection process and domains. All wards and clinical areas within the trust are being considered through this Framework and awarded either 'platinum', 'gold', 'silver' or 'bronze' award. These awards are aligned to the CQC categories of 'outstanding', 'good', 'requires improvement' and 'inadequate'. Actions plans are developed for each clinical area and ward and the implementation of these are being monitored. Internal Audit undertook a review of the process and provided a complimentary report.

A compliance and effectiveness report is presented at the Quality and Safety Forum on a quarterly basis; which includes the elements described above. A report is also received at Quality Assurance Committee; a summary of which is presented at Trust Board.

3.7 Information Governance

Risks relating to information are managed and controlled in accordance with our Information Governance (IG) Policy through the Information Governance Steering Group, and associated working groups, chaired by the Senior Information Risk Officer (SIRO) and Caldicott Guardian.

The Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All information governance issues are integrated through the Information Governance Steering Group. Quality Assurance Committee, on behalf of Trust Board receives a report regarding its systems of control for information governance via the Quarterly Patient Outcomes Report and these include satisfactory completion of the Trusts annual self-assessment against the Information Governance Toolkit, mapping of data flows, IG ward audits, monitoring of access to data, and reviews of incidents.

We completed the Information Governance Toolkit assessment for 2016/17 and achieved a score of 71%, achieving level 2 or above for 45 out of 45 requirements. Internal Audit graded the Toolkit as 'amber/green', stating that we provided 'significant assurance, with minor improvement opportunities'. Internal Audit recommended that going forward, the focus should be on validating the robustness of Level 2 scores across the Toolkit before progressing to level 3.

Personal Data Related Incidents

Information governance risks relating to information are managed and controlled in accordance with the information governance policy through the Information Governance Steering Group, jointly chaired by the Director of ICT, who has been appointed as the Senior Information Risk Officer (SIRO), and the Trust Medical Director. The Medical Director is also our Caldicott Guardian, responsible for the protection of patient information. All information governance issues are integrated through the Information Governance Steering Group. The Board receives a report regarding its systems of control for information governance via the Quarterly Patient Outcomes Report. These include satisfactory completion of its annual self-assessment against the Information Governance Toolkit, mapping of data flows, monitoring of access to data, and reviews of incidents.
During the financial year 2016/2017 two data breaches have been reported to the Information Commissioner's Office (ICO). Both incidents are still under investigation by the ICO; both incidents concern potential inappropriate access to data.

Data Quality

We ensure the quality and accuracy of elective waiting time data through routine operational validation. Within the financial year, as a result of the introduction of Medway, additional external validation has been commissioned and the National Intensive Support Team have taken responsibility for overseeing the business rules associated with the elective waiting list.

The Data Quality Team have developed and are further developing a comprehensive suite of reports to assure that risks to the quality and accuracy of this data are minimized.

3.8 Risk Assessment and Evaluation

Risks are identified via a variety of mechanisms, which are briefly described below. All areas within the Trust report incidents and near misses in line with our Incident Reporting Policy. Details of incidents are reported through the Divisional Governance Groups, the weekly Quality Panel and to the Quality and Safety Forum.

Risk Assessments, including health and safety and infection control audits are undertaken throughout the Trust. Identified risks at all levels are evaluated using a common methodology based on a 5 x 5 risk scoring matrix as shown below.

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

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

Other methods of identifying risks are:

- Complaints and Care Quality Commission reports and recommendations
- Inquest findings and recommendations from HM Coroners
- Health and Safety visits
- Clinical audit
- Quality Walkabouts
- Medico-legal claims and litigation
- External benchmarking
- Peer reviews
- Royal College/Deanery visits

Ad hoc risk issues are also reported through our 'safety monitoring groups' as appropriate, for example, Health and Safety Committee, Safe Medications Group, Risk Management Panel and Safeguarding Group. These will include:

- Incident reports and trend analysis
- Internally generated reports
- Internal and external audit reports

Identified risks are added to the risk registers and reviewed to ensure that action plans are being carried out and that risks are being added or deleted as appropriate.

Kay operational risks (with scores of over 12) are reported to the Executive Risk Oversight Group (which reports to Trust Executive Committee), in addition to divisional boards regularly considering extreme and new risks.

Every quarter, the Board reviews the Board Assurance Framework (BAF), which identifies the key strategic risks for the organisation in the achievement of the strategic objectives and the assurances associated with those risks.

3.9 Review of Effectiveness of Risk Management and Internal Control

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

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Internal Auditors, clinical audit and the executive directors and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the content of the Quality Account and other performance information available to me.

My review is also informed by comments made by the External Auditors in their annual audit letter.

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

The process applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- The maintenance of a view of the overall position with regard to internal control by the Board through its routine reporting processes and its work on corporate risks;
- Review of the Board Assurance Framework and Risk Management and the receipt of internal and external reports on the Trusts internal control processes by the Audit Committee;
- Personal input into the controls and risk management processes from all Executive Directors and senior managers and individual clinicians; and
- Quarterly reports from the Quality, Safety and Compliance Department regarding national and local audit.

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

The Head of Internal opinion on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control has given partial assurance for the period 1 April 2016 to 31 March 2017.

Internal Audit produce an annual risk based audit plan which included the executive team actively considering areas where there were either potential or known issues to incorporate. It is appropriate to focus on the use of Internal Audit resources on such areas and this has allowed the Trust to identify further issues and leverage best practice from other organisations.

They provide reports on a number of areas, specifically highlighting the potential risks have informed their work and opinions. The areas noted for improvement with partial assurance ('amber/red') opinions were:

- Board Assurance Framework and Risk Management
- Data Quality Governance Arrangements
- IT General Controls

- ICT Strategy – Medway Implementation
- Divisional Governance
- Consultant Job Planning

The Board Assurance and Risk Management review has contributed to the Trust's Risk Management Improvement Programme which is described within this report.

There were no reports issued with a 'red' opinion; i.e. no assurance. The Audit Committee has considered each of these reports and the summary of the control weaknesses identified by Internal Audit and will continue to monitor action being taken.

3.10 Significant Issues

In addition to the issues identified within the Annual Governance Statement, we were placed into Financial Special Measures by NHS Improvement in March 2017, as despite having agreed a financial control total, we have a significant negative variance against the plan and have forecast a significant deficit.

Although outside of the financial year 2016/17, on 12th May 2017, a number of NHS organisations were infected by a particularly aggressive Cyber intrusion. Due to a number of actions taken, we were able to avoid becoming infected by the intrusion and all clinical systems continued to function uninterrupted by these events. Our IM&T Directorate continue to liaise with a number of organisations with the view to understanding lessons that have been learned during this time.

There are no further significant issues that may have prejudiced the achievement of priorities or undermined the integrity or reputation of the NHS that may have put at risk the delivery of the standards expected of myself as Accountable Officer.

The Risk Assessment above provides full details of each of the 15 strategic risks against each of the five strategic objectives agreed by the Board as part of the Annual Plan for 2016/17. These strategic risks have to an extent impacted upon the achievement of the Trust's strategic objectives for 2016/17.

I am satisfied that all internal control issues raised have been, or are being, addressed through appropriate action plans and that the implementation of these action plans is monitored and reported to Audit Committee.

Paula Clark
Chief Executive and Accountable Officer
31 May 2017

4.1 Remuneration Policy

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

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

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

4.2 Remuneration Salaries and Allowances

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

	2016/17				2015/16			
Current Voting Board Member	**Salary** Bands of £5000	**Expense Payments** (taxable) total to nearest £100	**All pension related benefits** Bands of £2500	**Total:** Bands of £5000	**Salary** Bands of £5000	**Expense Payments** (taxable) total to nearest £100	**All pension related benefits** Bands of £2500	**Total:** Bands of £5000
John MacDonald Chairman	35-40	-	0.0-2.5	35-40	35-40	-	-	35-40
Paula Clark Chief Executive	120-125	42	12.5-15.0	135-140	-	-	-	-
Robert Courteney-Harris Medical Director	215-220	-	30.0-32.5	250-255	215-220	-	2.5-5	220-225

Ro Vaughan Director of HR	120-125	-	52.5-55.0	175-180	115-120	-	80-82.5	200-205
Liz Rix Chief Nurse	145-150	-	37.5-40.0	185-190	145-150	3	60-62.5	205-210
Helen Ashley Chief Officer – Finance & Performance	35-40	-	27.5-30.0	65-70	-	-	-	-
David Donegan Chief Operating Officer	140-145	-	0.0-2.5	140-145	-	-	-	-
John Oxtoby Medical Director/ (Deputy)	115-120	-	0.0-2.5	115-120	15-20			15-20
John Marlor Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
Andrew Smith Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
Bob Collins Non-Executive Director	0-5	-	-	0-5	5-10	-	-	5-10
Nicholas Young Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
Andy Garner Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
Stephen Burgin Non-Executive Director	5-10	-	-	5-10	5-10	-	-	5-10
Sonia Belfield Non-Executive Director	0-5	-	-	0-5	5-10	-	-	5-10
Previous Voting Board Member								
Mark Hackett Chief Executive	-	-	-	-	230-235	6	7.5-10	235-240
Helen Lingham Chief Operating Officer	115-120	-	10.0-12.5	125-130	160-165	11	50-52.5	210-215
Sarah Preston Director of Finance	95 – 100	-	20.0-22.5	115-120	75-80	-	92.5-95	165-170

- Mark Hackett received payment of £230k in 2016/17 through a nationally agreed secondment which was approved by the Nomination and Remuneration Committee in accordance with the Terms of Reference
- There has been no performance pay or bonuses paid to any of the Directors in either financial year.
- There are no applicable comparative figures available for 2015/16 in relation to Dr John Oxtoby.

4.3 Exit Packages for Staff Leaving in 2016/17

- 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.

	2016/17			2015/16		
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
Less than £10,000	2	0	2	2	1	3
£10,001-£25,000	2	0	2	1	0	1
£25,001-£50,000	1	0	1	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£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	0	0
Total number of exit packages by type	**5**	**0**	**5**	**4**	**1**	**5**
Total resource cost (£'000)	**87**	**-**	**87**	**138**	**7**	**145**

4.4 Pensions

	2016/2017							
Board Member	Real increase / (decrease) in pension at age 60	Real increase / (decrease) in pension lump sum at age 60	Total accrued pension at age 60 as at 31 March 2017	Lump sum at age 60 related to accrued pension at 31st March 2017	Cash Equivalent Transfer Value as at 31 March 2016	Cash Equivalent Transfer Value as at 31 March 2017	Real increase in Cash Equivalent Transfer Value	Employers contribution to stakeholder pension
	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000	£000	£000	£000
Mark Hackett	0	0	0	0	1,667	-	-	-
Robert Courteney-Harris	0-2.5	5-7.5	55-60	165-170	1,109	1,189	80	-
Liz Rix	2.5-5	7.5-10	55-60	165-170	976	1,053	76	-
John Oxtoby	-	-	55-60	165-170	1,159	1,159	-	-
Ro Vaughan	2.5-5	7.5-10	50-55	150-155	918	1,007	89	-
Helen Lingham	0-2.5	0-2.5	45-50	145-150	938	-	-	-
David Donegan			10-15	5-10	143	146	2	-
Helen Ashley	0-2.5	0-2.5	50-55	135-140	738	824	21	-
Sarah Preston	0-2.5	2.5-5	45-50	135-140	811	872	46	-

- 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.

4.5 Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the financial year 2016/17 £240,000 to £245,000 (2015/16 was £235,000 to £240,000). This is based on a full time equivalent, annualised calculation. This was 9 times (2015/16: 9 times) than the median remuneration of the workforce, which was £26,945 (2015/16: £26,972). In 2016/17 4 employees (2015/16 7 employees) received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions or severance payments.

4.6 Staff Report

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

Ro Vaughan
Director of Human Resources

Our Workforce

At 31 March 2017, we had a workforce of 9609.55 WTE (10920 headcount). This is excluding Bank Staff and Honorary contracts. Our staffing is made up of a variety of roles and payscales. This section provides you with an overview of our workforce.

Senior Managers

Analysis of our senior managers is listed below:

	Headcount		WTE	
Pay scale	Female	Male	Female	Male
Band 8a	57	32	55.52	31.85
Band 8b	24	11	23.80	11.00
Band 8c	12	6	11.72	6.00
Band 8d	4	4	3.60	4.00
Band 9	5	5	5.00	5.00
Director	7	5	7.00	4.20

Staff Numbers and Costs

Staff Group*	Full Time Equivalents (FTE)		
	Permanent	Other	Total
Professional Scientific and Technical	323.12	2.11	**325.23**
Clinical Services	2100.51	58.00	**2158.51**
Administrative and Clerical	1755.57	104.78	**1860.35**
Allied Health Professionals	445.47	4.40	**449.87**
Estates and Ancillary	476.27	6.65	**482.92**
Healthcare Scientists	287.82	4.40	**292.22**
Medical and Dental	528.73	544.12	**1072.85**
Nursing and Midwifery Registered	2920.90	43.70	**2965.60**
Students		3.00	**3.00**
Grand total:	**8838.39**	**771.16**	**9609.55**

*excludes bank, agency and staff out on secondment.

Staff Composition

Staff Group	Part Time		Full Time		Total
	Male	Female	Male	Female	
Director	1	0	**4**	**7**	**12**
Senior Managers (Band 8a – 9)	19	82	**123**	**262**	**486**
Other employees	311	3646	**1904**	**4561**	**10422**
Grand total:	**331**	**3728**	**2031**	**4830**	**10920**

Sickness Absence

The sickness rate at 31st March 2017 (cumulative for the 12 months from 1st April 2016 to 31st March 2017) was 4.32%.

Staff Policies Applied during the Financial Year

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

We want staff to work to the very highest standards, to be able to communicate openly in an organisation which respects people's views, and values individuals and teams. We encourage and recognise high performance in a results-driven environment and will support individual and team development to deliver the organisations goals.

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

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

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

4.7 Consultancy

Expenditure on consultancy services for the year was £5.8m for 2016/17, compared to £1.1m in 2015/16.

4.8 Off Payroll Engagements

As part of the Treasury's Annual Reporting Guidance 2012-13, Government Departments are required to report information relating to off-payroll engagements. Therefore NHS bodies are required to include information on any such engagements allowing for consolidation. For all off-payroll engagements as of 31 March 2017, for more than £220 per day and that last longer than six months:

Off Payroll Engagement	Number
Number of existing engagements as of 31 March 2017	15
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	7
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	1
for 4 or more years at the time of reporting	6

All existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax.

B5. The Modern Slavery Act 2015

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

Anti-Slavery Statement

This statement, made pursuant to section 54(1) of the Modern Slavery Act 2015, sets out the approach taken by University Hospitals of North Midlands NHS Trust to understand all potential modern slavery risks related to its business, and the actions undertaken to mitigate any such risks during the financial year ended 31st March 2017.

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

During the course of the year, we have emphasised our commitment through a number of mechanisms:

Recruitment and Selection

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

Safeguarding Arrangements

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

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

Supply Chain

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

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

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

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

This statement is approved by the Board and signed on its behalf by:

Paula Clark
Chief Executive
31 May 2017

B6. Signature of Accountable Officer

This Annual Report is approved by:

Paula Clark
Chief Executive Officer
31 May 2017

Part C: Financial Statements

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

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

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 9,760 full-time staff (compared with 9,135 last year). The actual number of people working for the Trust is more because a number work part-time (therefore, the full-time equivalent is less).

We also spend money buying services from other parts of the NHS, mainly ambulance transport for our patients. We buy clinical and general supplies, maintain our premises, some of the costs of which are payable to our PFI partner, and pay for gas and electricity, rent and rates. We also allow for depreciation, the wearing out of buildings and equipment which need to be replaced.

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

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

C1 Statement of Comprehensive Income for the Year Ended 31 March 2017

	2016/17 £000	2015/16 £000
Employee benefits	(458,461)	(432,898)
Other costs	(311,667)	(288,093)
Revenue from patient care activities	602,589	551,904
Other Operating revenue	136,690	151,013
Operating surplus/(deficit)	**(30,849)**	**(18,074)**
Investment revenue	50	159
Other gains and (losses)	7	(1)
Finance costs	(15,518)	(14,888)
Surplus/(deficit) for the financial year	**(46,310)**	**(32,804)**
Public dividend capital dividends payable	(3,925)	(4,944)
Retained surplus/(deficit) for the year	**(50,235)**	**(37,748)**
Other Comprehensive Income		
Impairments and reversals	(98,967)	(15,295)
Net gain/(loss) on revaluation of property, plant & equipment	33,635	52,865
Total comprehensive income for the year	**(115,567)**	**(178)**
Retained surplus/(deficit) under IFRS	**(50,235)**	**(37,748)**
Impairments	22,174	11,281
Adjustments for donated asset/gov't grant reserve elimination	288	(469)
Reported NHS financial performance position	**(27,773)**	**(26,936)**

C2 Statement of Financial Position as at 31 March 2017

	31/3/17 £000	31/3/16 £000
Non-current assets:		
Property, plant and equipment	485,018	554,326
Intangible assets	20,143	14,755
Trade and other receivables	3,032	2,991
Total non-current assets	**508,193**	**572,072**
Current assets:		
Inventories	13,298	12,368
Trade and other receivables	37,817	59,272
Other current assets	247	248
Cash and cash equivalents	13,566	10,043
Total current assets	**64,928**	**81,931**
Total assets	**573,121**	**654,003**
Current liabilities		
Trade and other payables	(78,454)	(88,373)
Provisions	(5,713)	(9,023)
Borrowings	(9,500)	(9,498)
DH Revenue support loan	(12,450)	0
Total current liabilities	**(106,117)**	**(106,894)**
Non-current assets plus/less net current assets/liabilities	**467,004**	**547,109**
Non-current liabilities		
Provisions	(983)	(1,283)

Borrowings	(303,670)	(311,470)
DH Revenue support loan	(29,362)	(12,450)
Total non-current liabilities	**(334,015)**	**(325,203)**
Total Assets Employed:	**132,989**	**221,906**
FINANCED BY:		
TAXPAYERS' EQUITY		
Public Dividend Capital	389,225	362,575
Retained earnings	(332,878)	(284,348)
Revaluation reserve	76,642	143,679
Total Taxpayers' Equity:	**132,989**	**221,906**

C3 Statement of Cash Flows for the Year Ended 31 March 2017

	2016/17 £000	2015/16 £000
Cash Flows from Operating Activities		
Operating Surplus/Deficit	(30,849)	(18,074)
Depreciation and Amortisation	27,251	25,660
Impairments and Reversals	22,174	11,281
Donated Assets received credited to revenue but non-cash	(421)	(1,108)
Government Granted Assets received credited to revenue but non-cash	0	(82)
(Increase)/Decrease in Inventories	(930)	(1,528)
(Increase)/Decrease in Trade and Other Receivables	22,855	2,950
(Increase)/Decrease in Other Current Assets	1	55
Increase/(Decrease) in Trade and Other Payables	(14,846)	22,201
Provisions Utilised	(561)	(1,377)
Increase/(Decrease) in Provisions	(3,049)	(1,334)
Net Cash Inflow/(Outflow) from Operating Activities	**21,625**	**38,644**
Cash Flows from Investing Activities		
Interest Received	50	159
(Payments) for Property, Plant and Equipment	(38,504)	(50,162)
(Payments) for Intangible Assets	(4,608)	(7,072)
Proceeds of disposal of assets held for sale (PPE)	0	105
Net Cash Inflow/(Outflow) from Investing Activities	**(43,062)**	**(56,970)**
Net Cash Inflow / (Outflow) Before Financing	(21,437)	(18,326)
Cash Flows from Financing Activities		
Public Dividend Capital Received	26,650	33,892
Loans received from DH	32,499	12,450
Other Loans received	175	850
Loans repaid to DH	(3,137)	0
Other loans repaid	(129)	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(9,759)	(9,335)
Interest Paid	(15,518)	(14,878)
Dividend paid	(5,828)	(4,368)
Capital grants and other capital receipts	7	0
Net Cash Inflow/(Outflow) from Financing Activities	**24,960**	**18,611**
Net Increase / (Decrease) in Cash and Cash Equivalents	3,523	285

C4 Statement of Changes in Taxpayers Equity for the year ended 31 March 2017

	Pubic Dividend Capital (PDC) £000	Retained Earnings £000	Revaluation Reserve £000	Total £000
Changes in Taxpayers Equity for 2016/17				
Balance at 1 April 2016	362,575	(284,348)	143,679	221,906
New PDC received – cash support				0
New PDC received – capital	26,650			26,650
Retained surplus / (deficit) for the year		(50,235)		(50,235)
Transfers between reserves		1,705	(1,705)	0
Impairments and reversals			(98,967)	(98,967)
Net gain on revaluation of property, plant and equipment			33,635	33,635
Reclassification Adjustments				0
Transfers between revaluation reserve and retained earnings				0
Other movements				0
Balance at 31 March 2017	**389,225**	**(332,878)**	**76,642**	**132,989**

C5 Better Payment Practice Code

Measure of Compliance	2016/17		2015/16	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	154,781	385,988	193,158	295,181
Total non NHS trade invoices paid within target	134,607	345,092	166,380	248,452
Percentage of non NHS trade invoices paid within target	87%	89%	86%	84%
Total NHS trade invoices in the year	3,674	41,369	3,626	44,247
Total NHS trade invoices paid within target	2,215	26,623	2,172	31,351
Percentage of NHS trade invoices paid within target	60%	64%	60%	71%

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

C6 Cumulative Breakeven Position

Year	Turnover	Surplus / (Deficit)
1997/98	152,393	(1,199)
1998/99	165,535	(1,246)
1999/00	182,744	1,279
2000/01	193,823	1,225
2001/02	212,576	18
2002/03	235,801	4
2003/04	257,641	3
2004/05	295,327	41
2005/06	299,619	(15,059)
2006/07	333,855	311
2007/08	393,915	3,990
2008/09	371,299	3,008
2009/10	408,938	5,312
2010/11	418,078	4,141
2011/12	426,319	1,050
2012/13	473,558	235
2013/14	475,330	(19,301)
2014/15	623,395	3,782
2015/16	702,917	(26,936)
2016/17	739,279	(27,773)
Cumulative Breakeven Position:		**(67,115)**

C7 Staff Sickness Absence

	2016/17	2015/16
Total days lost	90,520	61,760
Total staff years	9,427	6,959
Average working days lost	**9.60**	**8.87**

C8 Carrying Amount versus Market Value of Land

Our land was valued as at 31 March 2017 at £19.2m. These values are reflected in the Trust's Statement of Financial Position.

C9 Our External Auditor

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

Our external auditor also checks our accounts and other aspects of our work and we are required to publish statements from them confirming that they are satisfied with what we have done. These formal statements are reproduced on these pages.

Our accounts are externally audited by Grant Thornton to meet the statutory requirements of the Department of Health. They received fees of £133k for audit services.

C10 Pension Costs

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

C11 Full Accounts

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

Paula Clark
Chief Executive Officer
31 May 2017

Helen Ashley
Chief Officer – Finance & Performance
31 May 2017