University Hospital of North Staffordshire

NHS Trust

# *Annual Report*
## *2008/09*

# Contents

# Introduction

**Our Trust remains committed to our strategic objectives agreed in 2008. These objectives underpin our long term vision. We call them our STEPSS.**

### *Sound financials and getting the basics right*
We will continue to develop our financial, governance and management systems to ensure that we continue to meet all of our statutory duties. We will continue to improve the clinical care our patients receive.

### *Teaching Hospital and learning organisation*
We will work with partners to maximise the opportunities which Teaching Hospital status provides, as well as our education, training, research and development activities.

### *Excellence in healthcare*
We will achieve all Care Quality Commission core standards and establish and maintain a reputation for excellence in the delivery of clinical care. We will achieve all national service targets, including offering a maximum waiting time for referral to treatment of 18 weeks.

### *Partnerships and social responsibility*
We will work with primary care trusts (PCTs), local authorities, voluntary groups and other partners to support joint work to improve the health of the local population. We will support and play our part in the regeneration of the local area, particularly through initiatives which support skills training and development for employment in the health sector.

### *Specialised services*
We will continue to develop our role as a provider of specialist services, where this makes sense clinically and financially and is supported by our commissioners.

### *Service transformation*
To deliver our new hospital and associated services in the community, we will need to change or transform our hospital services by 2012/2013.

These strategic objectives form the basis upon which we agree our long and short-term business objectives and our corporate objectives. They are also linked to the performance framework which ensures the improvement of service standards across our Trust.

# Foreword

**Our Chairman and Chief Executive reflect on a year in which we have made significant progress but also faced real challenges**

"As 2008/09 draws to a close we can once again be very proud of the significant progress our Trust has made during the year.

"In 2007 we made a very clear Board level commitment to tackling healthcare associated infections (HCAIs) and made this our top priority. We are delighted with the significant reductions that have been made in MRSA and Clostridium difficile (C.diff) as a result. Significant resources have been invested in tackling infections, involving additional staff and finance, particularly in the area of cleaning.

"This investment has paid off. MRSA and C.diff figures for 2008/09 show a 39% improvement. Our Infection Control Team has worked tirelessly to support staff through ongoing training and development and through raising awareness of first class practice across our Trust.

"We reported last year that we had received approval from HM Treasury for our full business case, which gave us the go ahead to build our long awaited new hospital. Those visiting the City General site over the past 12 months will have seen significant construction under way.

"Our new sterile services building is now open and as we complete the year we are about to move into the new maternity and oncology building. This is very exciting for both staff and patients, who will work and receive their care in state of the art buildings which have been designed with the patient in mind.

"Our *Fit for the Future* project is about much more than the new hospital; it is also about the transformation of services, with more services being delivered closer to people's homes. The first wave of this change has already occurred. Some diabetes services are now being provided in local community health centres.

"The NHS celebrated its 60th anniversary in 2008 and we marked this event by opening our doors to the public. The day was well attended and a number of our departments welcomed visitors. Everyone had the opportunity to have a cup of tea with the hospital's senior team and find out more about the hospital. There were lots of opportunities to gain general health information, too.

"During September, October and November 2008 we undertook a public consultation about our proposal to become a Foundation Trust. We visited local towns and communities to talk to members of the public about our plans and distributed consultation documents.

"We spoke to over 1,700 local residents during those three months, as well as a large number of staff. We received feedback which broadly supported our plans and feel confident to move forward with our application. But we listened carefully to what you had to say and made some changes to our draft constitution as a result of your feedback.

"The consultation exercise was most rewarding and valuable; so we are now committed to continuing this engagement with our local community. We will put in place forums for further discussion as we move forward into 2009/10. Following the public consultation our Trust Board decided to move forward to the next stage of our Foundation Trust application, which will be considered during 2009.

"We continue to strive to deliver national performance targets for patient care and we are proud that we have achieved the majority of these, in particular the 18 week maximum waiting time target. This is a huge achievement and means our patients receive the treatment they require more quickly than ever.

"Accident and Emergency (A&E) proved to be a particular challenge for us during 2008/09. We are expected to see 98% of patients within four hours and achieved 96.62%. We continue to work very closely with our local primary care colleagues, community matrons and social services partners to ensure that patients who no longer require our care are discharged to a more appropriate setting quickly, thus freeing up our emergency staff. Nevertheless, the winter period was a very challenging time. Although our staff worked magnificently, it is clear that we have more work to do to ensure that emergency services in North Staffordshire perform consistently at the standard our patients deserve.

"We look forward to continuous improvement and in 2009/10 will continue to focus on the key issues: the national targets, further reducing infection and ensuring we remain financially robust whilst keeping patient safety and quality of care as our top priorities. You can read more about these developments in this report, where you will also find a review of our accounts.

"Finally, thank you to everyone who has worked to support UHNS through 2008/09. We are an organisation deeply embedded in our community and we know that staff, patients and the North Staffordshire public all wish for our success as much as we do."

***Chairman***
***Mike Brereton***

***Chief Executive***
***Julia Bridgewater***

# Operating and financial review

## Who we are and what we do

The University Hospital of North Staffordshire (UHNS) Trust is located on the border of Stoke-on-Trent and Newcastle-under-Lyme. We are one of the largest acute, general hospital trusts in the West Midlands and currently operate across three sites; the Royal Infirmary, Central Outpatients and City General.

Our Trust has good transport links from the M6 motorway and lies approximately 50 miles north of Birmingham and 45 miles south of Manchester. Derby is around 35 miles to the east and Shrewsbury 35 miles to the west.

We are the main provider of acute, general hospital services to a population of approximately half-a-million people living in and around North Staffordshire. Our Trust is one of four major tertiary centres in the West Midlands, providing a range of specialist services to a wider population of around three million.

Our turnover is in excess of £371m per year and we operate with approximately 1,200 beds and a workforce of 6,102 whole time equivalent staff.

### *Our services*

Our Trust provides a full range of general acute services, as well as the following specialist or tertiary services: cancer diagnosis and treatment; bone marrow transplants; cardiothoracic surgery; neurology and neurosurgery; complex orthopaedic procedures; renal and dialysis services; neonatal intensive care and paediatric intensive care. We are recognised for our particular expertise in respiratory conditions, spinal surgery, upper gastro-intestinal surgery, laparoscopic surgery and management of liver conditions.

Our Trust operates the busiest A&E Department in the region and in 2008/09 99,110 people attended this Department. Emergency care accounts for just under half of our inpatient activity. As well as local emergency patients, trauma cases from outside the local area are brought by land and air ambulance in response to traffic accidents and other incidents.

Most of the emergency services have been concentrated on our Royal Infirmary site, with the Heart Attack Centre located on the City General site. The Royal Infirmary is also home to cardiothoracic, neurosurgical and stroke services. City General Hospital accommodates most elective inpatients services. Central Outpatients includes outpatient clinic rooms, and diagnostic and pathology services.

### *Our estate*

Our Trust is currently taking forward a capital development programme that will redevelop the City General site to co-locate all acute services. The plans have been developed as part of a whole health economy reconfiguration of acute and community services.

The scheme consists of a new building to accommodate maternity and oncology services (117 beds), which is completed. This has been a publicly funded scheme at a cost of £70m.

In addition, from 2008 to 2013 we are constructing a new hospital and refurbishing some retained buildings as part of a private finance initiative (PFI), at a cost of £274m. This will provide new emergency services, an outpatient centre, theatres, 540 new beds and 309 refurbished beds. The PFI also includes a £30m development of a community hospital in north Stoke.

We are working with staff groups from all disciplines as we develop our plans to ensure they are familiar with the design and layout of the new hospital buildings. All of our plans are being developed with a focus on the delivery of patient care, with their needs a priority.

We have dedicated commissioning teams working hard to ensure that when buildings come on line they are fully equipped and ready to be utilised. The current plan for the commissioning of the remainder of new buildings is:

- spring 2009 - maternity unit
- spring 2009 - Haywood Hospital
- autumn 2009 - cancer centre
- winter 2011/12 - hub and ward blocks
- autumn 2012 - main entrance and service block
- autumn 2014 - all remaining works including landscaping.

Whilst we recognise the long term benefits the new hospital will bring, we appreciate that the construction work is disruptive for both staff and patients and we work hard to liaise with local residents to try and reduce the impact of these works. Navigation around the site can not only be difficult but also dangerous. We ensure we produce regular communications, keeping people up to date in respect of planned changes, car parking arrangements and the need to ensure the safety of themselves and others at all times.

We are working very closely with our partners to ensure that the shift of activity from the hospital to primary care facilities, such as health centres and GPs, is managed appropriately. This requires a major transformation of the way we work and the way in which healthcare will be delivered in the future. We have set up a programme board to oversee this work and drive forward the agenda.

### *How we are organised*

We have four clinical divisions; Medicine, Surgery, Clinical Support Services and Women and Children's. Within each division there are individual directorates or specialties headed up by a Clinical Director. Each division is led by an Associate Director who is supported by a Professional Head of Nursing, Human Resources Manager and a Finance Manager.

We also have a non clinical division which includes central functions, our Directors and their support teams which include Human Resources, Finance and Performance and Corporate Services incorporating estates, facilities, catering cleaning, portering and security.

## How we performed

The focus for 2008/09 has included delivering our key financial performance indicators. This has been a challenge across the organisation with divisions working hard to drive through cost improvement plans. We are pleased that we have achieved a surplus of £3m for the financial year. Our summary financial statements are detailed on page 29.

We have made significant progress against a number of access targets. This is summarised in the table on the opposite page, along with comparisons to 2007/08. The 2007/08 figures have been restated in some cases *(italics)* to take into account the different ways in which patients are now classified and the counting methods in place.

The reduction in emergency inpatients from 67,910 in 2007/08 to 61,215 in 2008/09 is due to changes in the way admissions are counted when patients are admitted from our emergency portals. The actual admission of emergency inpatients has not reduced significantly during 2008/09.

## *A roundup of our performance*

| | 2008/09 | 2007/08 |
|---|---|---|
| **Number of inpatients and day cases treated (in spells)** | | |
| Elective inpatients | 12,815 | *13,079* |
| Elective day cases | 53,449 | *50,972* |
| Emergency inpatients | 61,215 | *67,910* |
| **Number of outpatients seen** | | |
| New appointments | 137,785 | *117,333* |
| Follow up appointments | 269,080 | *247,303* |
| **Number of emergency attendances** | | |
| A&E Department | 99,110 | *96,398* |
| **Waiting lists** | | |
| Total number on inpatient waiting list | 4,159 | 4,159 |
| Total number on outpatient waiting list | 7,336 | 4,841 |
| **Progress towards 18 week referral to treatment target** | | |
| Inpatients waiting longer than 26 weeks | 0 | 0 |
| Outpatients waiting longer than 13 weeks | 0 | 0 |
| Referral to treatment (RTT):<br>90% for non admitted<br>85% for admitted patients | <br>95.95%<br>91.69% | <br>93.8%<br>87.7% |
| **A&E four hour wait (target 98%)** | **96.62%** | **97.66%** |
| **Cancer waiting targets (percentage of patients within target time)** | | |
| Two week wait, referral to first outpatient appointment – all cancers | | 100% |
| 31 day wait, diagnosis to treatment – overall | | 100% |
| 62 day wait, referral to treatment – overall | | 96% |
| **Infection control** | | |
| MRSA total bacteraemia (trajectory 54) | 39 | 71 |
| C.diff (trajectory 433) | 282 | 454 |
| **Access to genito-urinary medicine (GUM) clinics** | **100%** | **73%** |
| **Cancelled operations** | | |
| Operations cancelled at short notice | 884<br>(1.33)% | 776<br>(1.13%) |
| Operations not re-arranged within the target time of 28 days | 66 | 75 |
| **Complaints** | | |
| Total number of formal complaints received | 482 | 513 |
| Percentage resolved within target time | 64% | 58% |

# Celebrating 60 years


***We celebrated the 60th anniversary of the NHS on July 5, 2008 with an Open Day at our City General site.***

Hundreds of visitors came along to see a range of displays and exhibitions including Fit 4 Life where they could have some simple health tests; infection control; a dramatic production of 'who they are and what they do'; careers and training in the NHS; modern midwifery; productive ward; Foundation Trust; GUM services; Map of Medicine; clinical technology; charitable funds; volunteering; moving services into the community; resuscitation and the blood donor scheme.

Lots of people did a double take when they found themselves confronted by Port Vale players Chris Martin and Simon Richman, who turned out to be really good at laparoscopic 'surgery' in a simulated procedure. As our photo shows, Pottermus also tried his hand.

Staff gave up their Saturday to run their particular exhibitions, volunteers came in to meet, greet and guide visitors around the site, WRVS volunteers opened their coffee shops, and our estates, hotel services and catering staff did a huge amount behind the scenes to make it all run smoothly.

There have been changes in the way in which cancer wait times are calculated, which were introduced part way through 2008/09. Therefore, we are not able to provide comparable figures to the 2007/08 data. From April 2008 to December 2009 we met the operational tolerances in place. From January 1, 2009 performance was at or above the indicative figures provided by the National Cancer Action Team.

One of our key achievements for 2008/09 was the delivery of the 18 week target. In 2007 the Government set a target that by December 2008 all hospitals had to ensure that 90% of patients requiring surgery waited no longer than 18 weeks and that 95% of patients not requiring admittance were also seen within 18 weeks.

We have achieved this target and although it has required a lot of hard work across the divisions it means patients are being seen more quickly and therefore getting the treatment they need sooner. We are pleased with this achievement. We have also treated more patients as day cases than in 2007/08. We have seen a rise in the number of operations cancelled at short notice, to 1.33%. Avoiding cancellations remains a high priority for us.

During 2008/09 our A&E Department continued to be extremely busy, with 99,110 attendances. There was a slight drop, to 96.62%, of patients seen within four hours but we are continuing to work with the PCTs to avoid unnecessary admissions and secure timely discharges. This is key to ensuring operations are not cancelled at short notice and patients receive the most appropriate care in the most appropriate setting.

There have been significant increases in the number of outpatients seen, with 20,000 additional first appointments and 22,000 additional follow up appointments. We achieved 100% in offering access to our GUM services within 48 hours and our infection control figures have continued to drop, demonstrating our continued commitment to tackling HCAIs.

The past year has been very challenging year for our Trust and we have seen an increase in the number of complaints received. We have been able to respond to these complaints in a more effective and timely manner, with 66% responded to within target time.

### *Learning from experience*

We do recognise that there are times when not everything goes right, patients become dissatisfied and raise complaints with our Trust. We are committed to listening to the views of our patients and their families. We encourage them to raise their initial concerns with our Patient, Advice and Liaison Services (PALS) who are on hand to deal with complaints from patients whilst they are still being treated. Our PALS officers attempt to find solutions to problems and visit patients on the wards to discuss their concerns. Unfortunately we do still receive a number of formal complaints.

During 2008/09 we achieved a significant improvement in our performance in respect of responding to these complaints. Our Chief Nurse and her team reviewed the complaints processes during the year. They have put in place improved systems to ensure not only that complaints are dealt with efficiently but also that we remain focused on satisfactory outcomes for patients and swift resolution to the issues.

From April 2009 the Health Service Ombudsman will play a role in reviewing all health bodies in respect of the way in which they deal with complainants. Our Trust is committed to the guidelines published by the Ombudsman, in particular the document 'Principles for Remedy'. Our complaints processes include a commitment to getting it right, being patient focused, being open and accountable, acting fairly and proportionally, putting things right and seeking continuous improvement.

Occasionally we experience what we class as adverse incidents in relation to the way in which we manage data. In these events we report the incident to NHS West Midlands. We take every step to reduce the risk in respect of personally identifiable information and every effort to protect it from loss.

We have continued to work with a number of community groups and our Overview and Scrutiny Committees (OSCs). Our Foundation Trust public consultation gave us a valuable opportunity to engage with some hard to reach groups by taking our teams out to the local communities and some specific public forums. These events gave us valuable feedback about our objectives, our services and the real issues that are important to our service users.

During 2008 Local Involvement Networks (LINks) were established. These networks will represent local residents in relation to all aspects of health and social care and we are looking forward to working closely with the LINks as we move forward in 2009/10.

### *Annual Health Check*

In October 2008 the Healthcare Commission published the results of the Annual Health Check for 2007/08. We received a 'good' rating for quality of services and a 'fair' rating for use of resources. This is an improvement on the 2006/07 result when we received 'fair' for both.

It is an indication of the improvements we have made in respect of our services and our commitment to delivering the best care for patients. The use of resources result was appropriate in light of the issues highlighted in our Statement on Internal Control (page 34). The results for 2008/09 will be published in October 2009.

In April 2009 the Care Quality Commission was established with the remit of replacing the Healthcare Commission, Commission for Social Care Inspection and the Mental Health Act Commission. The new body, established under the Health and Social Care Act 2008, brought together regulation of all aspects of health and social care under one regulatory body.

The Care Quality Commission will play an important role in safeguarding quality moving forward.

The Annual Health Check is the mechanism by which the Commission can measure compliance with the standards and provide assurance to the public in respect of how we are performing.

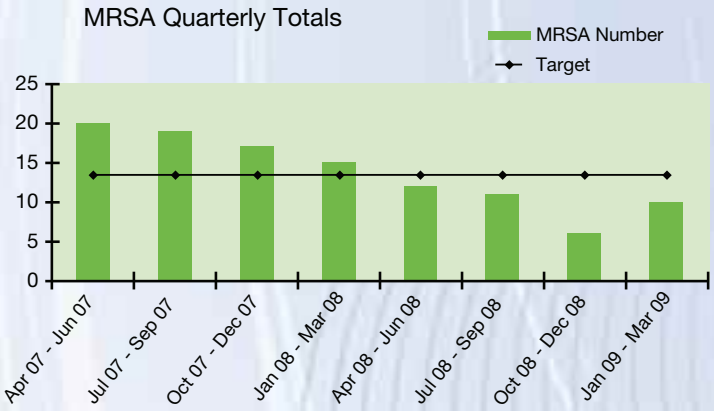
We have submitted our declaration for the year and declared compliance in all but one of the core standards. Our Trust is declaring non compliance for standard C13a *'Healthcare organisations have systems in place to ensure that staff treat patients, their relatives and carers with dignity and respect'*. Our Trust Board reviewed the evidence in relation to this standard and concluded that it could not be assured that there was evidence to demonstrate compliance in one department, the Emergency Portal, for part of 2008; as such, our Trust is declaring non compliance for 2008/09. The Trust has taken a number of measures to address this gap. In January 2009 a policy for caring for patients waiting to be seen in A&E was adopted and our Trust is confident that it now meets this standard.

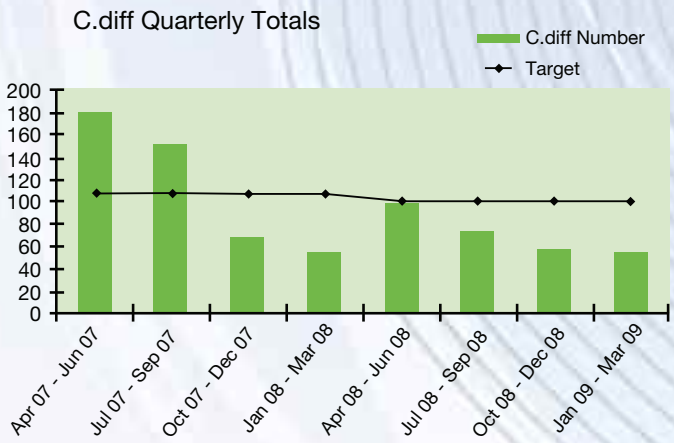
In 2007/08 our Trust declared non compliance with two standards - equality and diversity and medicines management. We are satisfied that we have made significant improvements during 2008/09 against both these standards and are pleased to report compliance for the year. However, we are not complacent and work is ongoing across our Trust to maintain high standards and continue to gain assurance that we are compliant in all of the healthcare standards.

## *Healthcare associated infections*

The past 12 months represent a year of great successes in our fight to tackle HCAIs; we have achieved our trajectory and reduced the number of infections in both MRSA and C.diff. We appointed a Deputy Director for Infection and Prevention Control and our Infection Control Team has been supporting staff across our Trust.

We have maintained a top level focus on this issue. Our Trust Board receives monthly progress reports and fully supports the plans that have been put in place to tackle it. In order to make further progress it is important that we work with our local partners across the community to help reduce infections in other care settings and therefore reduce the risk of a patient being admitted with an infection. This can only be achieved with a consistent approach.



# Productive ward

***During 2008/09 we rolled out our productive ward programme across 24 wards. Those wards that have gone through the programme have seen a number of benefits which ultimately allow staff more time to spend on direct patient care.***

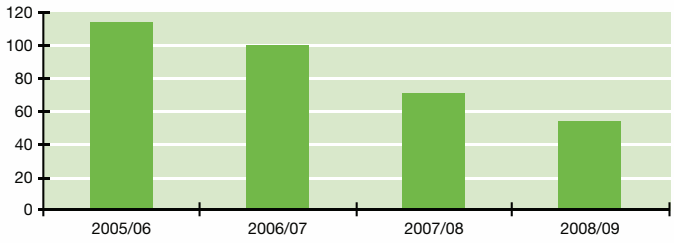
Cath Banner, Healthcare Support Worker on Ward 19, confirmed some of the benefits to staff and patients: "When productive ward was first mentioned I didn't know what it was. I was worried it was going to be more work; I already have a high workload and didn't need the added pressure.

"We are talking more with some of the support services such as estates, supplies, linen and catering and this is helping us identify problems – on both sides - and to start to sort them out.

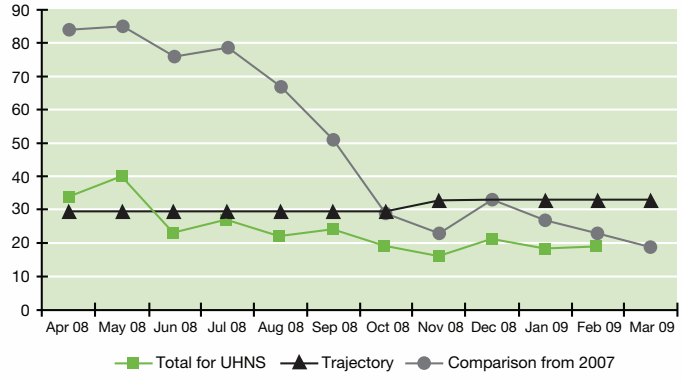
"The challenges have been in maintaining the changes, as things can slip. The weekly productive ward meetings at our Measures Board are important in maintaining motivation; you get positive feedback at the meetings and have the opportunity to put your ideas forward. The more staff get involved with the meetings the more they come on board."

We will continue to roll out the programme across our wards in 2009/10.

MRSA bacteraemia performance, year on year comparison




C. diff performance April 2008 to February 2009




## Our finances

A summary of our principal financial statements is included in this annual report at pages 29 to 33. A full copy of our annual accounts can be found on our website (www.uhns.nhs.uk) or you may request a copy from our Director of Finance by calling 01782 555022, emailing chris.calkin@nhs.net or by writing to the Director of Finance at North Staffordshire Royal Infirmary (see back page for details).

The headline figures follow.

## Income and expenditure account for the year ended March 31, 2009

| | 2008/09 £000 | 2008/09 % | 2007/08 £000 |
|---|---|---|---|
| **Income from activities** | **321,104** | **86.5%** | 355,521 |
| **Other operating income** | **50,195** | **13.5%** | 38,394 |
| | **371,299** | **100.0%** | 393,915 |
| **Operating expenses** | **(361,204)** | **(97.3)%** | (383,971) |
| **OPERATING SURPLUS/(DEFICIT)** | **10,095** | **2.6%** | 9,944 |
| Cost of fundamental reorganisation/restructuring | **0** | | 0 |
| Profit/(loss) on disposal of fixed assets | **(168)** | **0.0%** | (103) |
| **SURPLUS/(DEFICIT) BEFORE INTEREST** | **9,927** | **2.6%** | 9,841 |
| Interest receivable | **679** | **0.2%** | 1,487 |
| Interest payable | **(1)** | **0.0%** | 0 |
| Other finance costs - unwinding of discount | **0** | | 0 |
| **SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR** | **10,605** | **2.8%** | 11,328 |
| Public dividend capital dividends payable | **(7,597)** | **(2.0)%** | (7,338) |
| **RETAINED SURPLUS/(DEFICIT) FOR THE YEAR** | **3,008** | **0.8%** | 3,990 |

Our Trust achieved the 'control total' target set for it by the strategic health authority and Department of Health. Our Trust is currently required to achieve a cumulative surplus of £15m by the end of 2009/10 to repatriate the £15m loss incurred in 2005/06. However, the cash generated by the surplus remains in our Trust and available for investment. In 2009/10 this funding will be used to support our capital programme, continue the maintenance of services and develop health services in preparation for our new hospital.

The surplus achieved this year, whilst good news, was achieved by non recurrent funding. That is, the level of recurrent costs and activity of our Trust exceeds the income received by approximately £9m. Much of this issue has been addressed by the 2009/10 contracting round. However, there remains further work to secure the recurrent financial position of our Trust and its future stability and viability.

In 2007/08, our Trust's position was complicated by the impairment funding we received to compensate for the reduction in value of the old hospital assets due to the building of the new hospital. That is, the old hospital assets have only a few years of productive life and therefore their book value had to be written down to reflect the shorter life of the buildings. If we exclude the impairment issue the summary changes are:

| Income changes | £m change | % change |
|---|---|---|
| Income from clinical activities | 19.3 | 7.2% |
| Income from other activities | 11.0 | 29.0% |
| | | |
| Total increase in income | 30.3 | 8.8% |
| | | |
| Staff costs | 18.3 | 8.2% |
| Clinical supplies | 4.2 | 7.5% |
| Other | 6.4 | 93.2% |
| | | |
| Total net cost increases | 28.9 | 8.7% |
| | | |

The increase in other income included PFI transitional relief of £5.1m.

The staff cost increase reflects two main factors:

i. a general increase in salary and wage pay rates for 2008/09 of 2.2% and an incremental payment of approximately 3% for the majority of staff

ii. an increase of 218 in the average numbers employed, which represents a 3.6% increase over the average number employed in 2007/08.

Other factors contributing to the increase in pay costs include an increase in the use of agency staff and the impact of the European Working Time Directive which caps the maximum number of hours that can be worked per week and redefines what is classed as 'working hours' for staff on-call.

## Key metrics

| | | Plan | Outturn |
|---|---|---|---|
| Surplus | | £3.018m | £3.008m |
| | | | |
| Capital cost absorption rate | | 3.0% | 2.8% |
| | | | |
| External finance limit | | £0.0m | £0.0m |
| | | | |
| Capital resource limit | | £39.9m | £38.0m |
| | | | |
| Invoices paid | | | |
| Non NHS | number | 95% | 94% |
| | value | 95% | 95% |
| NHS | number | 95% | 88% |
| | value | 95% | 95% |
| EBITDA | | £23.0m | £25.7m |
| Monitor risk rating (1 poor, 5 good) | | 3 | 3 |
| | | | |

Our Trust achieved its planned surplus for the year to within £10,000 and its external finance limit to within £1,000. We did undershoot the capital cost absorption rate target and the planned capital resource limit for accounting reasons linked to the PFI scheme.

EBITDA, which Monitor sees as a key indicator of cash generation, improved by £2.7m against the plan as we needed to generate extra income to cover depreciation costs that were higher than originally planned.

We maintained a Monitor risk rating of 3.

## Key financial challenges for 2008/09

### *Cost improvement plan*

As a Trust we were required to generate £14.6m of cost savings or additional contribution from earning additional income. Ideally, this cost improvement should be made recurrently, that is available each year in the future. The final outturn was a saving of £13.6m, with a split of £10.8m recurrent and £2.8m non recurrent. The element that has only been made non recurrently will have to be carried forward and will increase our cost improvement target for 2009/10.

The range of schemes undertaken includes:

- projects to generate additional income through increased activity
- procurement savings, for example, through negotiating best prices on contracts and expensive medical equipment
- reviews of department structures and workforce requirements.

### *Payroll*

Last year we reported on the difficulties our Trust was facing with the payroll service. This service transferred to North Staffordshire Shared Services on June 1, 2008. Since then our Trust has seen a significant improvement in the accuracy of the payroll service.

New controls and training have been introduced to ensure that accurate and timely information is provided to the payroll provider. The number of incorrect payments to staff has reduced significantly and there is timely access to payroll staff to resolve queries.

There remains much to do to embed the improvements into our Trust. Having stabilised the payroll service, we can now start to look at improvements. In 2009/10 this will include the phased introduction of electronic turnaround documentation and an electronic expense system. In addition, our Human Resources Directorate is actively looking to make sure that our Trust is able to extract benefits from the electronic staff record system.

### *Capital*

Our Trust continues to make significant investment in our capital stock as we prepare for the *Fit for the Future* changes to healthcare provision in North Staffordshire. In 2008/09 we invested a further £41.3m in capital. Our main scheme, the maternity and oncology building on the City General site, opened its doors to the first maternity patients on April 25, 2009.

Other significant capital investments included:

| | £000 |
|---|---|
| Maternity and oncology (M&O) building | 25,750 |
| *Fit for the Future* enabling works | 4,094 |
| Estates rationalisation | 1,500 |
| Equipment for M&O new build | 1,340 |
| Learning resource centre | 1,016 |
| Medical equipment | 964 |
| Electrical works | 945 |
| Renal satellite | 870 |
| Decontamination case (ward 71) | 682 |
| Primary care urgent care unit | 200 |
| Springfield upgrade | 360 |
| Other | 3,628 |
| | **41,349** |

In 2008/09 capital continued to be funded by a combination of internally generated funds (surplus from previous years), charitable donations, government grants and public dividend capital.

### *Financial challenges for 2009/10 and beyond*

Our Trust has invested in preparing for the financial challenges of 2009/10. A significant cost improvement programme of around £19m will be required to ensure that we repatriate the final payment of the 2005/06 deficit and move our Trust into recurrent balance.

# Move improves stroke service

***We have made some significant changes to our stroke service during 2008/09. The service is now delivered on the Royal Infirmary site.***

The changes are not just about location though. Staff have taken the opportunity to change the way they provide their service and the way they work.

Most stroke patients come to our hospital via A&E so, with the stroke team now on the same site, staff have a closer working relationship. It is easier for stroke specialists to review patients in A&E and, once ready for admission, patients only have to be wheeled down the corridor to their specialist bed rather than waiting for ambulance transport to another site.

Therapy is a major part of stroke management and, in a groundbreaking move, the therapy team has fully relocated into the stroke service, while maintaining professional links with the Therapies Department.

Now therapists are able to be more dedicated to their stroke patients and work in a team with the nursing staff to provide continuity of care.

In a simple but effective move, our Stroke Unit has a multi-disciplinary office for staff use. This encourages closer working between all the staff looking after our stroke patients, including social services staff.

In preparation we have instituted an external review of our cost improvement plans and established a system of governance around the delivery of cost improvement to ensure that our Trust remains focused on achieving the required targets. The challenge includes not only reducing costs (and in some circumstances increasing contribution from earning more income) but also improving our care standards. Whilst it may appear that the objective of reducing costs and improving quality are in conflict, our Trust Board will ensure that we do not sacrifice quality on the grounds of reducing costs. The challenge is not quality or cost reduction; it is delivering both.

This will require an examination of all aspects of our service. To support the organisation, improved financial and activity information will be provided. This has also been part of our preparation for 2009/10.

The recent Budget secured the financial assumptions for the NHS for 2009/10 and 2010/11, albeit that the reduction in tariff for 2010/11 will be 3.5%, an increase from the annual 3% reduction. However, as the NHS is dependent on the financial health of the country we must also begin to plan for much lower assumptions post 2011/12.

# Our environment

In January 2009 the NHS Carbon Reduction Strategy for England was launched. The initial target is for a 10% reduction in carbon production by 2015 compared to the 2007 level of carbon generation in the NHS. Our new hospital is being designed with this in mind and we have targets for reducing the energy consumption.

As a Trust we are committed to reducing waste, disposing of it safely and preventing pollution. During 2009, in light of the new nationwide strategy, we will develop a strategic plan and ensure that all our developments are assessed appropriately for their carbon impact.

### *Patient environment*

The Patient Environment Action Team (PEAT) continues to monitor the standard of our environment (including cleanliness) and the quality of our hospital food. The team carries out its inspections unannounced and the last inspection took place in March 2009. The final results of the inspection are expected to be consistent with the results achieved in 2008, when we were given the score of 'good' for our environment and 'good' for our food.

A great deal of investment has been made in cleaning in the last two years and this has resulted in a significant improvement in cleaning standards. As set out in the NHS Operating Framework for 2008/09, improving cleanliness and reducing HCAIs is one of the top priorities for the NHS. During 2007 high infection rates in the NHS prompted increased scrutiny of all issues associated with the management of hospital infections.

A three-stage improvement plan was developed and has now been implemented as follows:

- stage 1 - introduction of enhanced cleaning and specialist cleaning teams (commenced October 2007)
- stage 2 - deep clean programme of all wards (commenced December 2007)
- stage 3 - introduction of ward assistants to supplement ward cleaning and help support a better experience for the patient through improved cleanliness, catering issues and the general environment (commenced on July 1, 2008).

The benefits of the above have been seen through:

- improved cleanliness of the wards and hospital environment
- a reduction in complaints about ward cleanliness, food and environment
- improved compliance with hospital infection control policies
- reduction in cross infection incidents.

We have an approved Environmental Management Policy which sets out our policy in relation to environmental management and the impact on the environment arising from our processes and practices. We are committed to the reduction of pollution and waste in line with, and exceeding where possible, NHS Environmental Conscriptions. We acknowledge the impact that some of our Trust's activities may have on the environment and are committed to ensuring these activities are identified and managed in order to minimise possible detriment.

We also have a policy specifically covering the use of energy to ensure this is cost effective.

### *Our staff and volunteers*

Our staff are our most valuable asset and 2008/09 has seen another year in which our staff have continued to work extremely hard to deliver the best care for our patients. We are one of the largest employers in the area and strive to be the employer of choice for local people.

We have a number of facilities for our staff, including our Healthcare Careers and Skills Academy. The Academy is based within our Trust, on the City General site, and has been set up through collaboration between the University Hospital of North Staffordshire, Advantage West Midlands, North Staffordshire Regeneration Zone, Stoke-on-Trent College, Skills for Health, Jobcentre Plus and the Learning and Skills Council. The Academy offers access to training and employment and careers advice to support new, existing and future employees. It also employs a Careers Officer who works with local partners to provide information about future opportunities and guidance on the job application process.

# Employee of the month awards

***Barry Clewlow***

Barry Clewlow, medical records porter, was nominated by staff from neurosurgery, orthopaedics and the fracture clinic who paid tribute to his cheerful, pleasant and helpful nature. Even if they didn't know his name until now, most people working at the Royal Infirmary will recognise Barry by his trademark whistle and the trolley that goes everywhere with him.

***Pauline Brownsword***

Our *Star of the Month* for January 2009 was Pauline Brownsword, domestic on Ward 28 at the Royal Infirmary. Pauline was nominated by the staff on the ward and her managers in Hotel Services for her dedication, helpfulness and cleaning standards. The ward consistently scores between 98% and 100% in the environment audits – a tribute to Pauline's efforts which are so appreciated by her colleagues.

***Debbie Peak***

Debbie Peak, a Discharge Facilitator on Ward 62, was nominated by a doctor on the Springfield Unit for her excellent communication and team working skills that help her to facilitate discharges from the ward so effectively.

The Academy delivers a number of vocational and formal courses that help to develop our staff. It has a dedicated team to work with local people aged between 14 and 19, who are considering a career in healthcare. We offer apprenticeship schemes and work experience, focusing on the workforce of the future and encouraging local young people into a career in the NHS.

Encouraging and enabling our staff to maximise and reach their full potential at work is central to the delivery of timely modern healthcare services to the people of North Staffordshire. We do this by putting in place the right number and mix of staff with the appropriate skills and reflecting the community we serve.

During 2008 we introduced a scheme to reward those staff who 'go the extra mile'. The *Employee of the Month* scheme gives five awards a month for employees who have been nominated by patients and their colleagues. One of them is awarded the title *Star of the Month*.

This is just one way to say thank you to staff across all our divisions, working in a variety of roles. In 2009 we are bringing back our staff awards which will be an opportunity to reward staff and teams and recognise good practice.

We have a dedicated team of volunteers who provide much needed support across our Trust.
In December 2008 we employed a new Volunteer Coordinator with the aim of:

- raising the profile of volunteering in the hospital
- supporting volunteers within their placements
- matching volunteers to placements and experience
- liaising and developing effective links with outside voluntary agencies
- liaising with the Healthcare Careers and Skills Academy to develop volunteers.

We hope to encourage many more people to join us as volunteers and we are very grateful to those who have worked so hard over the last year. We are working on a strategy to actively seek to recruit additional volunteers who can support our staff in a variety of different roles. The feedback from our

volunteers about the experience they have is very positive and the input and support they provide staff is invaluable. There is no specific criterion for those who want to get involved and no requirement to have specific skills or qualifications, just a desire to help and support staff and patients.

Each month as part of our performance monitoring we report on staff sickness levels. We identified issues with our data collection during 2008/09 as a result of the transfer of our payroll services, however we have tackled these issues and are on track to accurately report sickness absence data as we move forward in 2009/10. A range of actions have been undertaken so far to address both the problems with data accuracy and to improve staff attendance management. These actions will continue during the next year to support an improvement.

Sickness rates have fluctuated between 4.65% and 6.53% during the last 12 months and our relative position in respect of other Trusts' performance has varied significantly. It is acknowledged that this is the period when our sickness data could not be totally relied upon (given the payroll data quality issues), nevertheless our ranking against other Trusts has been in the upper half of overall performance and the upper quartile for four of the six reporting periods.

We are revising our sickness absence policy and putting in place other streams of work to assist with both accurate data collection and monitoring. One such action is the implementation of an electronic rostering system (initially for nurses and midwives). This will ensure more timely recording and reporting of information as it is directly linked to hours worked, staffing rotas and bank and agency requests. The timescale for the full system roll out is approximately two years.

### *Equality and diversity*

In 2007/08 we declared non compliance against this standard and since then we have made significant progress. We established an Equality and Diversity Committee in 2008, pulling together expertise from across our Trust. This committee, chaired by Professor Paulene Collins, one of our Non Executive Directors, has taken forward the equality and diversity agenda.

We are proud of our diverse workforce who are representative of our community and we are working hard to establish firm foundations from which people can grow regardless of their ethnic origin, nationality, disability, gender, gender assignment, marital status, age, sexual orientation, trade union activity, political or religious beliefs.

We hold Positive About Disability status, awarded by the Jobcentre Plus service and have met the Racial Equality Means Quality standard, assessed by the Racial Equality Council. The Positive About Disability status is awarded based on the following criteria.

We ensure that we:

- interview all disabled applicants who meet the minimum criteria for the job
- have a mechanism in place to discuss at any time, but at least once a year, with disabled employees what can be done to ensure that they can develop and use their full abilities
- make every effort to ensure that when employees become disabled, they stay in employment
- take action to ensure that all employees develop the appropriate level of disability awareness needed to make these commitments work
- conduct an annual review on what has been achieved and plan ways to improve on them. This is reported to the Department of Work and Pensions.

In 2008 we published our Single Equality Scheme (SES). The SES sets out in one document how we intend to take forward new and improved ways relating to equality. As we move forward we are looking at how we can embed this in the objectives of our organisation.

### *Communications*

We have made some significant developments during 2008/09 to improve our communications both internally and externally. Our Chief Executive has held communication days and our senior team has met with staff groups directly as part of the consultation process around our Foundation Trust application.

# NHS Foundation Trust consultation

***Between September and November 2008 we undertook a public consultation around our plans to become a Foundation Trust. During this three month consultation period we visited local towns to discuss our plans with the public as well as talking to groups of staff.***

We saw more than 1,700 members of the public and our events were well attended. We used this opportunity to talk to people about some of the services we offer and our plans for the new hospital as well as providing lots of useful health promotion advice and material.

A number of members of the public have already fed back to us that they are interested in the role of governor and keen to be involved with the Trust as it moves forward.

In 2009/10 we are actively recruiting members who can work with us as a Foundation Trust. Anyone who is interested in becoming a member, should email us at foundationtrust@uhns.nhs.uk or call us on 01782 555577.

The photo shows our Chairman, Mike Brereton, with the Mayor of Biddulph, Councillor Wayne Rogers, who came along to support our event at Biddulph Town Hall.


We took our responsibility around this consultation very seriously. We provided every member of staff with a copy of our consultation document and followed this up with individual letters explaining the process for opting out of membership. We are pleased to say that the majority of staff chose to become members.

In May 2008 our Communications Team developed a monthly online staff magazine *Newsround*. It is packed with information for staff, including news about developments, new people, staff awards and lots of other up to date topics affecting our Trust including the new hospital. The online magazine has been well received and the Communications Team is working hard to ensure there is continuous improvement in communication with staff at all levels.

In December 2008 we launched our new website. This has been developed in accordance with legislation, but designed in a user friendly format. Our website is our main information portal for patients, partners and people interested in coming to work for our Trust.

Work is ongoing during 2009/10 to populate the website with information about all the services we offer and our Communications Team is working with the divisions to achieve this.

### *Our partners*

We work with the whole local health economy to deliver our services. The most significant service changes affecting our Trust and local PCTs over the next five years are those associated with moving to the new model of healthcare as described in the *Fit for the Future* business case. We regularly monitor progress against these plans through our joint management arrangements.

We also work closely with Keele University, providing valuable work experience for clinical staff in training. This partnership allows us to have Teaching Hospital status. We work with Keele to develop talent to support the future delivery of quality healthcare. Our Trust also works in partnership with Keele around research and innovation and during 2008/09 revised our Research and Innovation Strategy.

As we continue with our objective to achieve Foundation Trust status we have identified our key stakeholders and outlined our plan to have appointed governors to represent those organisations on our Council of Governors.

The public consultation we undertook between September and November 2008 included consultation with our key stakeholders and the feedback we received supported our plans to move forward with our application. Our local community and service users provided us with lots of valuable feedback and we plan to continue these valuable conversations with the public using a variety of forums. We are grateful to those who contribute and support our Trust and those who provide us with constructive feedback to help us develop our strategy.

### *Quality*

We know that the people who work in our Trust, providing treatment and services every day – doctors, nurses, therapists, technicians, porters, domestic staff, support staff, managers and others – all care about quality. They want to give a good service to patients and there are many superb examples of where we get care and treatment right for our patients, time after time.

Sometimes though, we do not get it right and we know we need to improve. Providing healthcare is not a risk free business but if we are clear about what we are aiming for and where we want to get to, and if we monitor this and work together, we can create something we are proud of.

Keeping our patients safe when they are in our care is of vital importance to us, as is ensuring that the experience they have is the best it can be. To do this we have to ensure quality and the patient is at the start and end of every conversation about their care.

We also know that in order to keep standards as high as possible, we have to constantly challenge ourselves in order to improve further.

The *NHS Operating Framework* outlines the key priorities for 2009/10, moving forward. In addition to the existing priorities around reducing waiting times, tackling HCAIs and maintaining financial stability, there is a need to engage with partners in the local health economy to address the growing health inequality problems. This is especially important to the people of Stoke-on-Trent where there is a higher than average mortality rate, higher incidence of major disease and declining health in certain groups.

Around us there are examples where organisations, despite the best of intentions, have made mistakes that compromised patient safety and the quality of the patient experience. We need to learn from these examples and ensure that we use every possible source of intelligence we have to monitor and further improve our service.

This means putting together information – on mortality, patient complaints, incidents, outcomes, patient feedback and feedback from those responsible for inspecting and regulating our services - to ensure that as an organisation and as individuals we know where we are. From this we can decide where we want to get to.

We want our organisation to be proud of the care we provide and the service we offer our patients. We want each person who works in our Trust to consider what they would want if they were one of our patients and in need of our services – and to strive to reach that level of quality and excellence.

We are developing a strategy which sets a very clear ambition about what our Trust wants to achieve for patients and staff.

This strategy will build upon the excellent work that is already in place across our Trust and the services we provide.

It starts with key ambitions about:

- engaging with staff in listening to what they know is important
- listening to patients and carers about what is important to them.

It also includes key priorities about where we want to do better for our patients:

- reducing the level of mortality and saving lives
- reducing the number of HCAIs even further
- reducing the number of people who fall whilst in our care
- reducing the amount of errors we make, for example prescribing errors
- improving the experience of acutely ill patients (using the global trigger tool)
- improving the quality of care for patients suffering a stroke
- reducing the number of patients with pressure sores
- implementing the *Proud to Care* initiative to ensure patients have excellent essential care
- achieving patient satisfaction rates in the top 25% of Trusts nationally.

### *Changes in the national contract*

Nationally there is a contract in place which defines the services that providers are paid for by commissioners (primary care trusts). The contract provides an agreement between providers and commissioners and includes a number of locally agreed activity, performance and quality standards. The national contract was introduced for 2008/09 and is subject to further changes for 2009/10.

One of the main changes for 2009/10 is the introduction of the Commissioning for Quality and Innovation (CQIUN) framework. The key aim of the CQIUN framework is to support a shift towards the vision set out in *High Quality Care for All* where quality is the principle underpinning all service delivery. It will be used locally to develop more effective ways of encouraging improvement. Our Strategy and Planning Team has been working hard with our commissioners to develop these frameworks locally.

### *How prepared are we?*

The activities which took place in 2008/09 demonstrate that we met our responsibilities as a category one responder under the Civil Contingencies Act (CCA) 2004. Our Major Incident Plan and action cards are undergoing annual review, with a table top exercise planned for later in 2009. The plan will provide a coordinated response alongside the emergency services and other partners to those involved, including victims, relatives, friends and our own staff.

All north Staffordshire PCTs, North Staffordshire Combined Healthcare NHS Trust and our Trust have a Service Level Agreement (SLA) with the Staffordshire Civil Contingencies Unit. This provides expert health emergency planning advice from a Civil Contingencies Officer when required. The SLA now incorporates and formalises an on-call rota provided by the unit. In addition our Trust has recently appointed a full time Resilience Manager to oversee the review of the plan, training and exercising.

Pandemic flu is the highest risk on the national and regional risk register and as such has represented the majority of work undertaken on emergency planning during 2008/09. Our Pandemic Flu Committee continues to meet bi-annually to develop a Trust plan based on the national plan and which integrates with the whole health and social care economy.

The swine flu outbreak has validated our pandemic flu plans which will continue development should the outbreak continue. During the present outbreak our Pandemic Flu Committee is meeting twice weekly to ensure that we are prepared to respond if required.

Training and exercising has taken place at a number of levels and will be ongoing. Lessons learnt from the training will directly feed back into the major incident planning to ensure that we manage any crisis effectively.

## *Research and development (R&D)*

Before 1995 the NHS did not set aside any specific amount of money for the purpose of research. Over the past 14 years the Culyer budget changed all that and in 2004 we had a Culyer research budget of approximately £2m. With the establishment of the National Institute for Health Research (NIHR) the funding for research changed dramatically and by 2009/10 the Culyer budget finally ended.

This means we now have to bid for future R&D monies in competition with all other NHS Trusts in England. The good news is the total pot is big, at least £1.2bn; the bad news is the competition is very strong.

Due to this, a brand new Research and Innovation (R&I) Strategy has been developed over the past year, which was adopted by our Trust Board in May 2009. We hope this will be the beginning of an exciting five year strategy, the aim of which is to bring in increasing financial support for the research we expect to undertake from April 2009.

NHS research throughout the country is now better supported than ever, with the development of networks which previously did not exist. Our Trust has funding from the national Stroke Network and Medicines for Children Research Network. We have close associations with the Primary Care Research Network. Its coordinating centre, in the north of the region, is based at Keele University. We also have a strong cancer research team working within the National Cancer Centre Network. All these networks are supported by our R&D Department and the newly formed West Midlands North Comprehensive Local Research Network.

We continue to work closely with the research institutes at Keele, particularly the Institute of Science and Technology in Medicine (ISTM). As more network studies are developed, researching common themes such as asthma, diabetes, epilepsy, infections and cardiac failure, we expect to work increasingly with the Primary Care Research Institute.

Our R&I strategy aims to increase our involvement in all areas of clinical research and continue our close working relationship with ISTM in translational research. It also aims to develop new ways of encouraging all staff members to be innovative in order to benefit our patients.

Innovation is a key area highlighted in the Darzi Report and we can all play a part in realising that exciting ideas for improved patient management come from diverse areas. We recently held an innovation workshop and one outcome was that the lockers at patients' bedsides are not fit for purpose. A group of designers was therefore appointed to redesign the locker system according to the recommendations of a group of professional and lay people. The outcome may be that an ultimate design could be taken up by a manufacturer and newly designed lockers could be introduced into hospitals throughout the country. The intellectual property for their development could be within the West Midlands and, indeed, our Trust. Ideas such as these could be a significant means of income generation.

We have also held research workshops, inviting many different professional groups to participate. Their helpful comments have been included in our five year R&I Strategy.

This is a challenging yet very exciting time for research and innovation and if we utilise our strengths R&I will greatly enhance the future development and improvement of patient care at our Trust. To do this we need a change in our culture, so that everyone who works here realises that research and innovation are not separate to good clinical practice but are woven integrally into clinical plans both now and in the future.

### *Our transformation agenda*

Service transformation is one the six key strategic objectives for our Trust. A detailed transformation programme is required as we move towards our new hospital. The programme will manage multiple projects which take the following into consideration:

- ensuring delivery and sustainability of current initiatives
- outputs from the work conducted on service reviews while preparing our five year integrated business plan
- productivity data for 2008/09 which highlights areas for improvement
- implementation of service line reporting
- financial recovery targets/long term financial model (2008/09 required an additional £14m saving)
- capacity and new technologies to ensure paperless systems.

In order to deliver our ambitious transformation agenda we have partnered with the Lean Healthcare Academy for support such as training and facilitating projects. We launched our transformation programme in October 2008 and have made progress in a number of areas. We are rolling out a productive ward programme and have seen the benefits of adopting Lean principles in a number of areas.

Everyone Improving Quality

We have a number of transformation schemes in place and report progress against these on an ongoing basis. The productive ward scheme is on track, with 24 wards now live with the foundation modules. The benefits of the productive ward programme include increases in direct care time and average savings per ward and reductions in medication errors and falls - all of which benefit the patient.

Other projects include a review of theatres, which was launched in 2008 to support the movement under *Fit for the Future* to a single theatre complex on the City General site. The Lean Theatre programme is based around standardising working practices by introducing Lean methods, such as 6s and visual management, within the theatres environment.

### *Foundation Trust status*

During 2008/09 we continued with our application to become a Foundation Trust and held a public consultation about our plans. The consultation ran from the beginning of September 2008 to the end of November 2008. During this time our teams held events across North Staffordshire, which were open to the public so they could come along and talk to us about our plans. We received feedback from members of the public and our stakeholders, who broadly supported our plans moving forward. We reported to our Trust Board the outcome of the public consultation in January 2009 and they decided to consider the next stage of the application process in July of this year.

During 2008/09 we commenced recruiting members. We asked all of our staff to be members and are pleased that the majority of them chose not to opt out of membership. We are actively recruiting public members and will continue to do this moving forward in 2009/10. We are pleased that we have already received more than 50 expressions of interest in the role of governor.

# Our Trust Board

Our Board consists of five Executive Directors, five Non Executive Directors and a non executive Chairman, all of whom have voting rights. There are also four non voting executive Board members. Some of these directors sit on sub-committees of the Board, as well as the Board itself. This is summarised in the table below.

| Membership of Trust Board sub-committees | Remuneration Committee | Audit Committee | Governance and Risk Committee | Major Projects and Transformation | Charitable Funds Committee | Equality and Diversity Committee |
|---|---|---|---|---|---|---|
| Julia Bridgewater<br>Chief Executive (substantive from June 2007, previously Acting Chief Executive from October 2006 ) | | | | Chair | | |
| Chris Calkin<br>Director of Finance (from January 1, 2008) | | | | | | |
| Vanessa Gardener<br>Acting Chief Operating Officer (from December 2008) | | | | | | |
| Rob Courteney Harris<br>Medical Director (Chair, Clinical Governance Committee) | | | | | | |
| Sarah Byrom<br>Chief Nurse | | | | | | |
| Mike Brereton<br>Chairman | Chair | | Chair | | Chair | |
| Kevin Fox<br>Non Executive Director | | | | | | |
| Ian Tordoff<br>Non Executive Director | | | | | | |
| Keith Norton<br>Non Executive Director | | Chair | | | | |
| Professor Andrew Garner<br>Non Executive Director | | | | | | |
| Professor Paulene Collins<br>Non Executive Director | | | | | | Chair |
| **OTHER BOARD MEMBERS DURING 2006/07** | | | | | | |
| Val Doyle<br>Chief Operating Officer (until November 30, 2008) | | | | | | |

The four Board members who are non voting members are:

- Andrea Green, Director of Foundation Trust Development
- Margot Johnson, Director of Human Resources
- Andrew Underwood, Director of Corporate Services
- Jane Marshall, Director of Strategy and Planning (commenced February 1, 2009).

### *Board appointments*

There have been a number of changes to the Board during the year. Paul Tulley left our Trust in July 2008 and John Cliffe acted as Director of Strategy and Planning until a permanent replacement, Jane Marshall, commenced on February 1, 2009. Val Doyle left our Trust in November 2008 and Vanessa Gardener is currently Acting Chief Operating Officer.

## Remuneration

Our Trust Chairman and Non Executive Directors are appointed through a formal recruitment process by the NHS Appointments Commission. They are appointed to serve for an initial term of four years. The Chairman works a minimum of three to three and a half days a week and the Non Executive Directors two and a half days a month. Their remuneration is fixed nationally. They receive no pension.

Our Executive Directors are appointed by formal appointment panels and have standard substantive NHS contracts. The notice period for Executive Directors is six months. They do not receive any additional termination payments.

Remuneration for Executive Directors is fixed by the Remuneration Committee, whose membership is the Chairman and Non Executive Directors. Remuneration is benchmarked to be in line with the salaries for similar posts in other large Trusts and annual increases are in line with recommendations by the Secretary of State.

Directors do not receive performance related pay. Nonetheless, their performance is subject to annual appraisal.

Where Directors have joined or left our Trust during 2008/09, or the period up to the publication of this report, this is indicated in the previous table of Board and Committee memberships.

Details of remuneration, pensions etc. for Directors who served in 2008/09 are given in the following tables.

## *Remuneration report – gross pay*

| | 2008/09 | | | 2007/08 | | |
|---|---|---|---|---|---|---|
| **Director** | **Salary** | **Other remuneration** | **Benefits in kind** | **Salary** | **Other remuneration** | **Benefits in kind** |
| | Bands of £5,000 | Bands of £5,000 | Rounded to the nearest £0,000 | Bands of £5,000 | Bands of £5,000 | Rounded to the nearest £0,000 |
| Julia Bridgewater<br>Chief Executive | 160-165 | - | - | 155-160 | - | - |
| Rob Courteney Harris<br>Medical Director | 30-35 | 45-50 | - | 40-45 | 30-35 | - |
| Sarah Byrom<br>Chief Nurse | 100-105 | - | - | 95-100 | - | - |
| Chris Calkin<br>Director of Finance | 130-135 | - | - | 30-35 | - | - |
| Val Doyle (to December 2008)<br>Chief Operating Officer | 130-135 | - | - | 25-30 | - | - |
| Vanessa Gardener<br>(from January 2009)<br>Acting Chief Operating Officer | 25-30 | - | - | N/A | - | - |
| Mike Brereton<br>Chairman | 20-25 | - | - | 20-25 | - | - |
| Keith Norton<br>Non Executive Director | 5-10 | - | - | 5-10 | - | - |
| Ian Tordoff<br>Non Executive Director | 5-10 | - | - | 5-10 | - | - |
| Kevin Fox<br>Non Executive Director | 5-10 | - | - | 5-10 | - | - |
| Professor Andrew Garner<br>Non Executive Director | 5-10 | - | - | 5-10 | - | - |
| Professor Paulene Collins<br>Non Executive Director | 5-10 | - | - | 5-10 | - | - |

There are four non voting executive members of our Trust Board who have direct accountability to the Chief Executive for their areas of responsibility. These directors have no formal voting rights on our Trust Board, although they do attend our Trust Board meetings and report on their areas in terms of strategy, performance and risks associated with their areas of responsibility. Our Trust is not required to disclose their remuneration.

## *Remuneration report – pensions*

| Director | Real increase in pension at age 60 | Real increase in pension lump sum at age 60 | Total accrued pension at age 60 at March 31, 2009 | Lump sum at age 60 related to accrued pension at March 31, 2009 | Cash equivalent transfer value at March 31, 2009 | Cash equivalent transfer value at March 31, 2008 | Real increase in cash equivalent transfer value | Employer's contribution to stakeholder pension |
|---|---|---|---|---|---|---|---|---|
| | Bands of £2,500 | Bands of £2,500 | Bands of £5,000 | Bands of £5,000 | £000 | £000 | £000 | £000 |
| Julia Bridgewater Chief Executive | 2.5-5 | 10-12.5 | 45-50 | 145-150 | 813 | 610 | 203 | 0 |
| Rob Courteney Harris Medical Director | 5-7.5 | 17.5-20 | 35-40 | 110-115 | 706 | 461 | 245 | 0 |
| Sarah Byrom Chief Nurse | 2.5-5 | 7.5-10 | 30-35 | 95-100 | 550 | 406 | 144 | 0 |
| Chris Calkin Director of Finance | 2.5-5 | 12.5-15 | 60-65 | 180-185 | 1,426 | 971 | 455 | 0 |
| Val Doyle (to December 2008) Chief Operating Officer | 0-2.5 | 5-7.5 | 30-35 | 90-95 | 624 | 465 | 159 | 0 |
| Vanessa Gardener (from January 2009) Acting Chief Operating Officer | N/A | N/A | 10-15 | 40-45 | 169 | N/A | 169 | 0 |

Footnote: Non Executive Directors receive non pensionable remuneration.

## *Declarations of interest*

| Name | Date from | Date to | Position | Interest |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Julia Bridgewater | April 2008 | March 2009 | Chief Executive | No interests to declare |
| Sarah Byrom | April 2008 | March 2009 | Chief Nurse | Married to Finance Director of construction/civil engineering company that contracts for NHS primary care schemes |
| Rob Courteney Harris | April 2008 | March 2009 | Associate Medical Director | Private practice at the Nuffield Hospital |
| Vanessa Gardener | Dec 2008 | March 2009 | Acting Chief Operating Officer | No interests to declare |
| Chris Calkin | April 2008 | March 2009 | Director of Finance/Deputy Chief Executive | Trustee, Healthcare Finance Managers Association. Spouse employed by our Trust. |
| John Cliffe | October 2008 | Jan 2009 | Acting Director of Strategy and Planning | No interests to declare |
| Andrew Underwood | April 2008 | March 2009 | Director of Corporate Services and *Fit for the Future* project | No interests to declare |
| Margot Johnson | April 2008 | March 2009 | Director of Human Resources | No interests to declare |
| Jane Marshall | February 2009 | March 2009 | Director of Strategy and Planning | No interests to declare |
| Andrea Green | April 2008 | March 2009 | Director of Foundation Trust Development | No interests to declare |

# Summary financial statements

The **Income and Expenditure Statement** shows how much money we earned and how we spent it. The main source of our income is PCTs, with whom 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 6,102 full-time staff (compared to 6,070 in the previous year). The actual number of individuals working for the hospital is more because a number work part-time, so the full-time equivalent is less.

We also spend money buying services from other parts of the NHS, mainly the cost of ambulances to transport patients. We buy clinical and general supplies, maintain our premises, 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 **Balance Sheet** summarises our assets and liabilities. It tells us the value of land, buildings and equipment we own, and of supplies we hold in stock for the day to day running of our Trust. 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.

The **Public Sector Pay Policy – Measure of Compliance** shows how quickly we pay our bills. As a result of our deficit our performance against this policy has been poor compared to previous years.

We also include details of a number of other aspects of our financial position.

These summary financial statements might not contain sufficient information for a full understanding of our Trust's financial position and performance.

## INCOME AND EXPENDITURE

| INCOME | 2008/09 £000 | % share | 2007/08 £000 |
|---|---|---|---|
| Strategic health authorities | 799 | 0.2 | 0 |
| NHS trusts | 18 | 0.0 | 21 |
| Primary care trusts | 310,657 | 83.9 | 342,685 |
| Department of Health | 5,806 | 1.6 | 8,633 |
| NHS other | | 0.0 | 0 |
| Non NHS other | 1,705 | 0.5 | 1,539 |
| Private patients | 1,295 | 0.3 | 1,752 |
| Overseas patients (non reciprocal) | | 0.0 | 0 |
| Road traffic act | 824 | 0.2 | 891 |
| Education, training and research | 26,128 | 7.0 | 22,570 |
| Charitable and other contributions to expenditure | 108 | 0.0 | 97 |
| Other | 23,959 | 6.2 | 15,727 |
| **TOTAL** | 371,299 | 100.0 | 393,915 |

| EXPENDITURE | 2008/09 £000 | % share | 2007/08 £000 |
|---|---|---|---|
| Services from other NHS trusts | (536) | 0.1 | (2,307) |
| Services from other NHS bodies | (874) | 0.2 | 0 |
| Directors' costs | (768) | 0.2 | (776) |
| Staff costs | (240,918) | 66.5 | (222,601) |
| Supplies and services – clinical | (59,942) | 16.5 | (55,737) |
| – general | (4,473) | 1.2 | (3,263) |
| Establishment | (3,069) | 0.8 | (3,225) |
| Transport | (3,989) | 1.1 | (4,259) |
| Premises | (10,915) | 3.0 | (13,705) |
| Bad debts | (476) | 0.1 | (180) |
| Depreciation and amortisation | (15,586) | 4.3 | (15,707) |
| Fixed asset impairments and reversals | 0 | 0.0 | (51,695) |
| Audit fees | (333) | 0.1 | (283) |
| Other auditor's remuneration | (182) | 0.1 | 0 |
| Clinical negligence | (3,360) | 0.9 | (3,662) |
| Redundancy | (702) | 0.2 | (170) |
| Other | (15,081) | 4.5 | (6,401) |
| **TOTAL** | (361,204) | 100.0 | (383,971) |
| **OPERATING SURPLUS** | 10,095 | | 9,944 |
| Loss on disposal of fixed assets | (168) | | (103) |
| **SURPLUS BEFORE INTEREST** | 9,927 | | 9,841 |
| Interest receivable | 679 | | 1,487 |
| Interest payable | (1) | | 0 |
| Other finance costs - change in discount rate on provisions | 0 | | 0 |
| **SURPLUS FOR THE FINANCIAL YEAR** | 10,605 | | 11,328 |
| Public dividend capital dividends payable | (7,597) | | (7,338) |
| **RETAINED SURPLUS FOR THE YEAR** | **3,008** | | **3,990** |

## BALANCE SHEET AS AT MARCH 31, 2009

| | | March 31, 2009 £000 | March 31, 2008 £000 |
|---|---|---|---|
| FIXED ASSETS | | | |
| Intangible assets: | Software licences | 298 | 258 |
| Tangible assets: | Land | 28,993 | 34,079 |
| | Buildings, installations and fittings | 111,550 | 108,434 |
| | Dwellings | 1,250 | 5,832 |
| | Assets under construction | 67,780 | 42,299 |
| | Plant and machinery | 17,528 | 17,399 |
| | Transport equipment | 556 | 577 |
| | Information technology | 1,613 | 2,311 |
| | Furniture and fittings | 2,317 | 2,618 |
| | | 231,885 | 213,807 |
| CURRENT ASSETS | | | |
| Stocks | | 6,266 | 5,306 |
| Debtors: amounts falling due within one year | | 51,671 | 95,302 |
| amounts falling due after one year | | 9,047 | 3,436 |
| Cash at bank and in hand | | 5 | 6 |
| TOTAL CURRENT ASSETS | | 66,989 | 104,050 |
| CREDITORS: amounts falling due within one year | | (36,559) | (37,801) |
| NET CURRENT ASSETS/(LIABILITIES) | | 30,430 | 66,249 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 262,315 | 280,056 |
| CREDITORS: amounts falling due after more than one year | | 0 | 0 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | (671) | (483) |
| TOTAL ASSETS EMPLOYED | | 261,644 | 279,573 |
| FINANCED BY: | | | |
| TAXPAYERS' EQUITY | | | |
| Public dividend capital | | 172,393 | 188,508 |
| Revaluation reserve | | 56,711 | 64,023 |
| Donated asset reserve | | 2,293 | 2,549 |
| Government grant reserve | | 1,731 | 1,211 |
| Income and expenditure reserve | | 28,516 | 23,282 |
| TOTAL CAPITAL AND RESERVES | | 261,644 | 279,573 |

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | 2008/09 £000 | 2007/08 £000 |
|---|---|---|
| INFLOW | | |
| Net cash inflow from operating activities | 62,477 | 24,666 |
| Interest received | 679 | 1,486 |
| Receipts from sale of tangible fixed assets | 2,431 | 0 |
| Public dividend capital received | 35,000 | 30,168 |
| Other capital receipts | 0 | 0 |
| | 100,587 | 56,320 |
| OUTFLOW | | |
| Interest paid | (1) | 0 |
| Dividends paid | (7,597) | (7,338) |
| Payments to acquire tangible fixed assets | (41,795) | (48,821) |
| Payments to acquire intangible assets | (80) | (26) |
| Public dividend capital repaid (not previously accrued) | (51,115) | (136) |
| Public dividend capital repaid (accrued in prior period) | 0 | 0 |
| | (100,588) | (56,321) |
| INCREASE/(DECREASE) IN CASH | (1) | (1) |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED MARCH 31, 2009

| | 2008/09 £000 | 2007/08 £000 |
|---|---|---|
| Surplus for the financial year before dividend payments | 10,605 | 11,328 |
| Fixed asset impairment losses | (5,086) | (5,209) |
| Unrealised surplus on fixed asset revaluations/indexation | 0 | 17,700 |
| Increase in the donated asset reserve due to receipt of donated assets | 801 | 86 |
| Additions/(reductions) in 'other reserves' | 0 | 0 |
| Total recognised gains and losses for the financial year | 6,320 | 23,905 |
| Prior period adjustments | 0 | 0 |
| Total gains and losses recognised in the financial year | 6,320 | 23,905 |

Public Sector Pay Policy - Measure of Compliance

The target is to pay non NHS trade creditors within 30 days of receipt of a valid invoice

| | 2008/09 Number | 2008/09 £000 | 2007/08 £000 |
|---|---|---|---|
| Total bills paid | 99,675 | 176,286 | 137,635 |
| Total bills paid within target | 93,451 | 167,398 | 130,934 |
| Percentage of bills paid within target | 94% | 95% | 95% |

## CUMULATIVE YEAR ON YEAR TRUST FINANCIAL POSITION

| Year | Turnover £000 | Surplus/(deficit) £000 |
|---|---|---|
| 1997/98 | 152,393 | (1,199) |
| 1998/99 | 165,535 | (1,246) |
| 1999/2000 | 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 | 372,499 | 3,008 |
| Cumulative break-even position | | (7,625) |

## MANAGEMENT COSTS

| | 2008/09 £000 | 2007/08 £000 |
|---|---|---|
| Management costs | 9,105 | 7,903 |
| Income | 372,497 | 342,799 |
| Percentage of income | 2.44 | 2.31 |

Our Trust has undergone a restatement exercise and demonstrated our preparedness for the implementation and impact of account in accordance with International Financial Reporting Standards (IFRS).

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 external auditor*

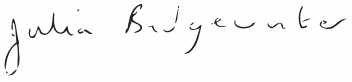
Our accounts are externally audited by the Audit Commission to meet the statutory requirements of the Department of Health. They received fees of £333,000.

### *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.

### *Full accounts*

A full set of audited accounts for the University Hospital of North Staffordshire NHS Trust is available on request, or can be accessed via our website www.uhns.nhs.uk.



Julia Bridgewater
Chief Executive

Chris Calkin
Director of Finance

# Statements

## Statement on internal control 2008/09

### University Hospital of North Staffordshire NHS Trust

#### *Scope of responsibility*

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

In order to achieve these objectives a governance and management framework has been established which includes:

- developing a Performance Management Framework which monitors and manages achievement of our Trust strategic objectives. Our Trust Board agrees a set of Key Performance Indicators (KPIs) at the start of each financial year; these include national targets; these are reviewed each month by our Trust Board and the relevant sub committee
- each executive director has a defined set of operational areas of responsibilities and these are linked to the delivery of the strategic objectives
- our Trust's standing orders, risk management policies and standing financial instructions are reviewed and updated annually and these are supported by a detailed Scheme of Reservation and Delegation of powers
- ongoing internal and external reviews of the governance structures in place across the organisation, including the Board development programme
- ongoing partnership working towards the delivery of the *Fit for the Future* project which as well as including the new hospital includes a redesign in the way in which some services are delivered across North Staffordshire, liaison with key partners within the Local Health Economy including the Strategic Health Authority.

These arrangements have been further strengthened during 2008/09 with:

- the public consultation exercise in relation to our plans to become a Foundation Trust
- a review of our Trust in relation to risk maturity
- NHSLA review resulting in our Trust being awarded level 2 compliance – which demonstrates a level of robustness in our governance structures
- regular meetings with partner organisations including the local PCTs
- continuing to hold open public board meetings
- the introduction of pre public Board meeting briefs where members of the public have the opportunity to focus on specific issues coming out of our Trust Board papers
- Audit Committee development programme
- revised terms of reference for main sub committee of the Board
- bi monthly divisional performance reviews, full six month review
- appointment of a new Director of Strategy and Planning.

As Accountable Officer, I work with a number of partner organisations and report on the progress of the *Fit for the Future* programme and other developments including 18 weeks and this progress is monitored by the strategic health authority. An Annual Financial Plan is submitted to the Strategic Health Authority, in addition to financial monitoring returns on a monthly basis. The monthly returns go to the Strategic Health Authority and are then reported to the Department of Health.

As Chief Executive I attend weekly meetings with the Chief Executives of NHS North Staffordshire and NHS Stoke-on-Trent, these meetings concentrate on local and immediate priorities and the Strategic Health Authority attends some of these meetings and supports the output and agreed actions.

Our Trust continues to work closely with the Local Authority Overview and Scrutiny Committees. We have continued to work closely with them to ensure stakeholders are involved in understanding the work, achievement and challenges of our Trust. Our Trust is

committed to listening to the views and as such has begun to work with the LINks partnerships established during 2008/09. Our Trust has facilitated community focus events throughout 2008/09 as part of the public consultation for our Trust plans to become a Foundation Trust. A number of community events were held where the public were invited to discuss our Trust plans moving forward. The consultation process resulted in a number of expressions of interest, from both the public and staff, in the role of governor, with 50 expressions of interest. Our Trust continues to communicate with these people and in March 2009 invited them to an event where they had an opportunity to review our controls and assurances in relation to our Annual Health Check declaration.

Our Trust submitted the Annual Health Check Declaration in accordance with the national timescales and has ensured that the national standards have been embedded into our Trust Assurance Framework and Risk and Assurance Registers. Action Plans have been put in place to address the identified residual risks.

## *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 the organisation's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the University Hospital of North Staffordshire for the year ended March 31, 2009 and up to the date of approval of the annual report and accounts.

## *3. Capacity to handle risk*

Our Trust is committed to providing high quality services in a safe and secure environment. As Chief Executive, supported by our Trust Board, I have overall responsibility and accountability for all aspects of risk management within our Trust, making sure that the organisational objectives are supported by a robust structure and resources are in place to ensure this occurs.

Our Trust has an executive structure which outlines the key areas of responsibility for each executive lead. Each executive director is responsible for managing the risks across their areas; the corporate risk register is linked back on each risk to an executive lead and this is reported to the Governance and Risk Committee.

All staff receive training in governance, risk management and incident reporting as part of our Trust statutory and mandatory training programme. In addition to this our Executive Committee and Trust Board receive an annual overview of the risk management structure. Those staff with day to day responsibility for reporting risks receive additional training in the operation of the risk management system.

The Risk Management Strategy and Policy was updated in October 2008/09 along with the terms of reference for the Governance and Risk Committee which was established in January 2008. The risk management process is further embedded by ensuring ownership at a local level with operational managers having responsibility for risk identification, assessment and control. There are divisional and corporate risk registers in place.

During 2008/09 our Trust has continued to develop Datix as the system from which our Trust seeks assurance in respect of our key objectives. Our Trust utilises Datix to identify risks, controls, assurances, gaps in controls and supporting evidence. Our Trust underwent an NHS Litigation Authority Clinical Negligence Scheme for Trusts (CNST) assessment in November 2008. This review resulted in our Trust maintaining level 2; our Trust is level 3 CNST for maternity services. Datix continues to be utilised to provide information and evidence to support our Assurance Framework, our Annual Health Check declaration and provide regular reports to our Trust Board and our sub committees to give assurance in respect of the risks facing the organisation.

Extreme corporate risks are reported to the Governance and Risk Committee on a monthly basis alongside the performance report which also includes exception reporting in respect of key risks.

### *4. The risk and control framework*

Our Trust has an integrated approach to managing risk, which considers all aspects of risk including clinical, non clinical, strategic, organisational and financial risks. The aim of our Trust is to minimise our exposure to clinical, financial and operational risk; the methodology for this is in accordance with sound risk management practices.

Our Trust also aims to empower all staff to assume responsibility for contributing to effective risk management by setting out a framework that meets the needs of day to day risk management practice and encourages a 'freedom to act hierarchy'. The key elements of our Trust Risk Management Strategy are to manage and control identified risks, whether clinical, non clinical or financial, appropriately. This is achieved through a sound organisational framework with promotes early identification of risk, using the Datix system to report near misses and critical incidents. Our Trust reports all serious untoward incidents to the Strategic Health Authority and undertakes root cause analysis following such incidents.

Our Trust has an embedded Assurance Framework at a corporate level and is continuing to apply these processes across all areas of the organisation. Our Trust Board receives regular reports highlighting those extreme risks that are considered to be business critical, and put the achievement of our strategic objectives at risk. Prior to the Annual Health Check declaration the non executive directors take part in an event where they review some of the standards in detail, reviewing the controls and assurance that support our Health Check declaration. This challenge does allow for a review of the risks. Since the implementation of the Datix system our Trust has seen an increase in the number of incidents and near misses reported and these are monitored on a day to day basis to identify any areas where remedial action is required to mitigate against risks. The business of our Trust Board and its sub committees is linked back to our strategic objectives and the risk to achieving these and is embedded across the organisation. Internal Audit conducted a review in December 2008 and found our Trust to be 'Risk Managed' and did not highlight any significant gaps in our risk management processes.

The Assurance Framework was presented to the Governance and Risk Committee in March 2009 and was subject to review by the Head of Internal Audit. This review identified that the framework was in place for 2008/09 however it highlighted the need to ensure that our Trust demonstrates that the Assurance Framework is in place more frequently by producing the document on a regular basis. The Assurance Framework will be reported quarterly throughout 2009/10 supported by monthly extreme risk reports linked to strategic objectives to the Governance and Risk Committee.

Our Trust is committed to working with our service users and local communities to ensure they are involved in the development of our services and aware of our risks. We achieve this by:

- holding Trust Board meetings in public
- receiving and discussing operational risks and associated reports at the public meeting
- presenting to and receiving visits from the Overview and Scrutiny Committees and their members

- holding community focus events, invited key stakeholders and community groups
- public consultation (September to November 2008)
- continued work with key groups i.e. neighbourhood forums, hard to reach groups and community voluntary services
- continued work with potential governors.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. These include a Single Equality Scheme and an Equality and Diversity Committee which meets regularly to discuss equality and diversity issues affecting both staff and patients and assure the organisation that our Trust is complying with the relevant human rights legislation.

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

The Clinical Governance Committee is responsible for Information Governance. It reports to the Governance and Risk Committee and any material issues are escalated to the Board and via extreme risk reports. The Clinical Governance Committee gets assurance that risks have been identified and are being managed by its review of Information Governance Toolkits and consideration of internal audit reviews which specifically cover data mapping. The West Midlands Strategic Health Authority also independently reviews our Trust's risk management processes.

Our Trust successfully completed the Information Governance Toolkit self assessment in April 2009 and reported green in four of the six areas assessed. The main area of concern is around the management of corporate records and an action plan will be developed for 2009/10 moving forward.

Our Trust Board recognised the following gaps in control and assurance for 2008/09 which will be a matter of priority for 2009/10:

### *Service level agreement with iSoft*

A review carried out by Internal Audit included a number of recommendations which if not addressed could impact on the objectives of our Trust. These are being addressed by management and regular meetings with iSoft to address outstanding issues.

### *Pharmacy stores*

Internal Audit reviewed the Pharmacy in June 2008 and identified a number of weaknesses in relation to stock control. However a follow up review was carried out in March 2009 and Internal Audit was able to provide assurance that the majority of the recommendations had been implemented and the controls strengthened.

### *Payroll*

Our Trust identified a number of significant control issues during 2007/08 as a result of the outsourcing of our payroll system. The Audit Committee has received regular reports in relation to the issues identified and the steps taken to address them. Our Trust has seen a significant improvement in the controls around the payroll system and Internal Audit has provided assurance on these controls.

### *Compliance with Healthcare Commission Core Standards*

Our Trust declared non compliance with two of the Healthcare Commissions Core Standards in 2007/08 and the two standards that were cause for concern during 2007/08 were:

- C4d Medicines are handled safely and securely - our Trust believes it is in a much stronger position in 2008/09, having made significant and sustained progress against the actions outlined in the last declaration
- C7e Equality and Human Rights - our Trust participated in a review of race equality in January 2008 and has worked throughout 2008/09 to review the issues raised as part of this review. Our Trust has an active Equality and Diversity Committee with overarching responsibility for

equality and diversity issues both in relation to staff and patients and has made significant progress throughout 2008/09. Control measures are in place to ensure that all the organisation's obligations under equality and diversity and human rights legislation are complied with.

Therefore for 2008/09 our Trust is now declaring compliance with these two standards.

Our Trust is not fully compliant with the core standards for better health for 2008/09 and the detail is included in section 5 of this document.

### *5. Review of effectiveness*

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I have been advised on the implications of the results of my review of effectiveness of the systems of internal control in a number of ways. Executive directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance by ensuring Datix is up to date and the performance report is supported by up to date action plans, so that our Trust Board is fully informed of the day to day operational risks being faced by the organisation. In addition our Trust Board receives monthly reports which include the risks associated with our *Fit for the Future* programme, plans to achieve Foundation Trust status, our long term financial viability and other strategic and planning items.

The Audit Committee meets a minimum of four times per year and meets all of the 'must do' requirements of the NHS Audit Committee Handbook. The Audit Committee is a sub committee of our Trust Board and provides assurance to the Board that there is a robust system of control in place across the organisation.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Datix risk management system and the reports taken from it provide me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. All recommendations raised by Internal Audit are tracked through the Audit Committee to ensure that they are followed up, the gaps in controls are addressed and Internal Audit also carries out follow up reviews in all areas.

The Governance and Risk Committee is a sub committee of our Trust Board and meets monthly to discuss the key risks facing the organisation; reports include finance, performance, risk registers and reports from the Clinical Governance Committee.

My review is also informed by:

- reports and audit plans from Internal and External Audit
- annual audit letter
- feedback from Auditor's Local Evaluation (ALE) assessment
- feedback from Healthcare Commission/Department of Health reviews
- minutes and observation of Audit Committee
- minutes of Governance and Risk Committee
- minutes and summary of Clinical Governance Committee Key Actions
- achievement of key performance targets
- achievement of all key financial duties
- accreditations for the NHS Litigation Authority Standards for Acute Trusts (general – level 2; maternity – level 3)
- quality and safety reports including health and safety reports
- PEAT assessments
- compliance with the hygiene code
- patient experience reports incorporating complaints
- inpatient, outpatient and staff surveys.

Plans to address weaknesses and ensure continuous improvement are in place.

## Annual Audit Letter 2007/08

The Annual Audit Letter for 2007/08 identified weaknesses in a number of areas. Our Trust has made improvements in these areas as follows:

### *Payroll overpayments*

Our Trust is reporting a much improved position at the end of 2008/09 with a significant amount of focus on ensuring payroll data is robust and that overpayments are kept to a minimum. Internal Audit has carried out substantive testing as well as testing around the controls in place and External Audit has confirmed it will rely on this work as part of the 2008/09 final accounts process.

### *Long term financial plan*

The Board is ensuring that productivity improvements required by our Trust's long term financial plans are on track. Activity plans are being reviewed with commissioners and patient pathways are being redesigned where appropriate.

### *Financial statements*

Detailed plans have been developed to ensure that the preparation and audit of the 2008/09 accounts runs more smoothly than in 2007/08.

2007/08 was adversely affected by two major issues which are not expected to recur in 2008/09; namely, the revaluation of our Trust's buildings as a direct consequence of the financial closure of the PFI scheme (this will not be repeated in 2008/09).

Extensive, substantive testing of payroll transactions in response to the issues raised in the 2007/08 review which included overpayments. The Audit Committee is monitoring progress.

### *Health inequalities*

Our Trust has undertaken the following actions:

- establish a Lead Director for Health Inequalities
- ensure health inequalities is a component of both the Medical Director and Chief Nurse functions
- organisation to receive and consider the annual report from the Director of Public Health, augmenting actions where appropriate
- ensure all business cases are sensitive to and reflective of health inequalities
- build health inequalities into the annual Trust and divisional business plans
- establish strategic health inequality relationships with the PCT and local council
- augment Trust strategic objectives to include health inequalities
- ensure participation in Healthy City and other strategic partnerships
- reflect improved outcomes for patients in quality monitoring, including published quality accounts.

### *Significant control issues*

In addition to the issues highlighted above, our Trust also reported three incidents relating to data losses. These incidents were in relation to unencrypted USB memory sticks and on all occasions these were reported as Serious Untoward incidents and also notified to the Information Commissioner. The Information Governance Steering Group (IGSG) reports to the Clinical Governance and Risk Committee on a quarterly basis. In October 2008 our Trust took steps to strengthen security in relation to memory sticks by issuing encrypted memory sticks to those staff who are required to transfer data and blocking the use of unencrypted memory sticks from our Trust PCs. Our Trust takes every step to secure data, staff are informed of the requirement under the Data Protection Act as part of the statutory and mandatory training.

From late 2008, our Trust was required to nominate a Senior Risk Information Officer (SIRO) who ideally should be an executive director or senior manager to be responsible for the ownership of information risk across our Trust and to act as our Trust's SIRO. The nominee should be familiar with information risks and the organisation's response to risk and have the knowledge/skills necessary to support the Board and the Accountable Officer. Dr John Oxtoby accepted the nomination, the role of SIRO complementing his existing roles of Caldicott Guardian and Chair of IGSG.

Our Trust failed to meet the 98% A&E target for 2008/09 with 96.62% of patients seen within four hours. Our Trust has made this a key priority and we are continuing to work with the PCTs to avoid unnecessary admissions and secure timely discharges. This is key to ensuring operations are not cancelled at short notice and patients are receiving the most appropriate care in the most appropriate setting. We have carried out a review to develop a whole systems approach to streamlining the patient pathway. We opened Ward 21 in April 2009; the role of this ward is to assess and treat patients referred to the hospital from GPs and also provide the right environment for frail and elderly patients, therefore providing additional short stay capacity on the Royal Infirmary site.

We have seen a rise in the number of operations cancelled at short notice to 1.41%; this is linked to the emergency pathway and to ensuring we discharge patients in a timely manner. We are currently holding two meetings per week with partners in primary care and social services to focus on patients who are delayed and coupled with this we have daily monitoring of the simple discharges of patients going back home. These measures have meant we achieved these targets during April 2009. Avoiding cancellations remains a high priority for us.

Our Trust is not fully compliant with the core standards for better health; one standard is cause for concern for 2008/09.

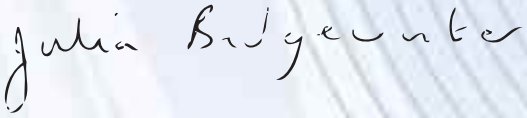
**C13a. Healthcare organisations have systems in place to ensure that staff treat patients, their relatives and carers with dignity and respect.**

Our Trust Board reviewed the evidence in relation to this standard and concluded that it could not be assured that there was evidence to demonstrate compliance in one department, the Emergency Portal, for the period June 2008 to the end of January 2009; as such our Trust is declaring non compliance for 2008/09.

Our Trust has taken a number of measures to address this gap and in January 2009 a policy for caring for patients waiting to be seen in A&E was adopted and our Trust is confident that it now meets this standard. In addition to this our Trust has reviewed the flow of patients through its emergency portals and made a number of operational changes to improve the patient journey and achieve the 98% four hour target. As a result of these changes our Trust achieved the target in April 2009.

As Accountable Officer and on behalf of our Trust Board I confirm that the Statement of Internal Control (SIC) is a balanced reflection of the actual control position at the University Hospitals of North Staffordshire NHS Trust. Our Trust has a sound system of internal control in place, which is designed to manage the key organisational objectives and minimise our Trust's exposure to risk. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by our Trust Board, Audit Committee, Governance and Risk Committee and the organisational structure that contributes to internal control. A plan to address weaknesses and ensure continuous improvement of the system is in place.

Our Trust Board has taken a strategic view of risks within the organisation and this has been ongoing throughout the year and shared with our Internal Auditors. The Head of Internal Audit Opinion Statement supports this statement.



Julia Bridgewater
Chief Executive
June 9, 2009
(on behalf of the Board)

# Independent auditor's statement to the Board of Directors of University Hospital of North Staffordshire NHS Trust

I have examined the summary financial statement which comprises the income and expenditure statement, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the public sector payment policy – measure of compliance, cumulative year on year Trust financial position, management costs.

This report is made solely to the Board of Directors of University Hospital of North Staffordshire NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### *Respective responsibilities of directors and auditor*

The directors are responsible for preparing the annual report. My responsibility is to report to you my opinion on the consistency of the summary financial statement within the annual report with the statutory financial statements.

I also read the other information contained in the annual report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement.

### *Basis of opinion*

I conducted my work in accordance with Bulletin 1999/6 The Auditors' Statement on the Summary Financial Statement issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

### *Opinion*

In my opinion the summary financial statement is consistent with the statutory financial statements of our Trust for the year ended March 31, 2009. I have not considered the effects of any events between the date on which I signed my report on the statutory financial statements (June 11, 2009) and the date of this statement.

**Mark Stocks**
**District Auditor**
Audit Commission
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June 12, 2009

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