NHS
University Hospitals of North Midlands
NHS Trust

ANNUAL REPORT 2018/19

PROUD TO CARE

Chair's Foreword

It is often said that time waits for no one and, in the case of our Trust especially, the pace of change over the last twelve months has been nothing short of dramatic.

It is no exaggeration to say that the growth in demand for hospital services exceeded everyone's expectations and placed unprecedented strain on every clinical area. Although we have previously predicted a substantial increase in demand for NHS services I suspect that nobody really understood neither the scale of it nor the level of investment required to deal with it.

Locally, in Stoke and Staffordshire the increased pressures were most keenly felt in A&E, Outpatients and Theatres and we can be rightly proud and grateful to all our staff for the way they coped with these ever increasing and more complex demands. Their absolute focus on ensuring that all our patients were kept safe and received great care can only be admired and praised. We owe them our thanks.

In terms of our clinical outcomes we saw year on year improvements in most areas, including A&E, waiting lists, cancer screening and treatment. However, whilst we were delighted with these improvements we recognise that we are still falling short of our own expectations and those of our patients. Our priority over the next twelve months therefore will be to build upon the improvements achieved to date and to deliver a patient experience unrivalled elsewhere in our health economy.

Throughout the year we also heard directly from patients as they attended our Board meetings and told us the stories of their journeys and experiences in the hospital. It was tremendous to hear the very positive feedback on the care and compassion they received here but, equally, the Board were keen to acknowledge the opportunities for improvement. The feedback we received is proving really valuable as we address the issues flagged to us by our patients.

Throughout the year we made further progress on our capital programme, spending almost £30m in critical schemes including the introduction of state of the art medical equipment, a linear accelerator, e-prescribing and medicines administration and the introduction of two new modular wards which added additional bed capacity to meet the growing demand. These investments all helped to ensure that we were well placed to handle the increased pressures over winter and set the foundation for an ambitious programme over the next few years.

On finances, we have suffered significant challenges in each of the last few years, reflecting the difficult environment across Stoke and Staffordshire, and during 2018/19 we remained in financial special measures with the health regulator. Despite making financial improvements of over £20m in our underlying run-rate of expenditure, we outturned the year with a £63.6m deficit. We are all aware that this level of loss is unsustainable and, crucially, we are now working hard with our partners across the region on the Strategic Transformation Plan which, alongside the additional revenue available to us following the allocation of new cash to the NHS, will deliver a sustainable position over the next year or so.

The next twelve months will be very busy indeed and we were delighted to appoint Tracy Bullock as our new Chief Executive following the retirement of Paula Clark. Tracy brings a rich history of success and her clinical background will ensure that we remain completely patient focused as we continue the process of change and transformation. In addition, we received tremendous feedback on our participation in the Critical Condition programme on Channel 5. It highlighted the level of expertise, care and professionalism in our Trust and our reputation soared as a result of it. Everyone involved in the making of the programme, including the very many who didn't actually appear on screen, should feel immensely proud.

On behalf of the whole Board I would like to acknowledge the contribution of every member of staff during the last twelve months. I'm confident that, notwithstanding the difficulties we face in 2019/20, their commitment and engagement will ensure we deliver the service and standards expected of us.

David Wakefield
Chairman

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Part A: Overview

In this overview, we provide you with:

- a **statement from the Chief Executive**, providing a summary of how we have performed during 2018/2019
- an **introduction to our organisation**, covering what we do, the services we provide and our organisational structure
- an overview of our **2025 Vision**, our key objectives and our values
- a summary of **key risks** that we have identified and managed during 2018/2019
- an explanation of what is meant by **'going concern'** and what its adoption meant for us during the year
- a **summary of performance** highlighting what has gone well for us and where we need to focus our efforts to improve

Statement from the Chief Executive

Welcome to our Annual Report for the year 2018/2019, and what a year it has been!

We started the year at a difficult time, with a deficit of £69.7m, a cost improvement target of £52.3m and having just been placed into Financial Special Measures (FSM) by our regulators at NHS Improvement (NHSI). This has meant that we have been subject to enormous scrutiny, with limited freedom to act as far as our finances are concerned. We have worked extremely hard to strengthen our financial controls and to improve productivity in the delivery of our services and this meant that we ended the year having identified £42.8m savings, which has been a real achievement.

We also came into the year having experienced the toughest winter that we have ever seen, with flu overwhelming our Critical Care departments, wards having to take additional patients and immense pressure being placed upon our Emergency Department. Therefore we began to plan for winter 2018/19 back in April, working closely with our system partners in health and social care to ensure that we have the right systems, processes and capacity.

In September, we were delighted to have the Department of Health and Social Care confirm £9m capital funds to enable us to build 2 more wards, delivering an additional 64 beds. This was a huge challenge for us to have the additional beds available on time but a fantastic achievement that we were able to open the wards in January 2019. This scheme was in addition to the 47 additional beds delivered in our PFI building in 2017/18 and gave us a total of 111 additional beds in 2 years. Whilst winter 2018/19 has not been without its challenges, the improvements in performance that we have seen when compared to the previous year speak for themselves – and this is alongside increased levels of demand.

A key area of focus has been to improve patient flow throughout the organisation and to ensure that we did not have a repeat of 2017/18 where we saw 273 patients breach the '12 hour trolley wait' standard. This is not the standard of care that we expect for our patients and so it was extremely important that we did not see a repeat of this during 2018/2019. We reported just one single breach during the year – which is one too many but a significant improvement in comparison.

Whilst we still have more to do in order to improve our performance against the 4 hour target, we've achieved an overall performance for the year of 81.5% against a national target of 95% - this is the best we've achieved in a long time and has meant that we've achieved much better than many of our peers.

Cancer performance has been another key area of achievement for us, with all 8 standards being achieved in December 2018. Our regulators have recognised the real improvements that we have delivered during the year against our key constitutional targets and our drive is to make further improvements, so that we can deliver the best care possible to our patients.

Our Children's Emergency Department has been under a great deal of pressure due to an outbreak of bronchiolitis which began in September. Our paediatricians and their teams have worked incredibly hard to maintain services during this challenging time and I am extremely proud of the compassionate care that the Children's team offer and grateful for the great reputation that they have built up year on year as a high performing team offering an efficient and effective service delivered with compassion.

Patient safety remains our number one priority and so it's been great to see that we have continued to improve the quality of care provided to our patients. We have continued to exceed the national target for Harm Free Care and we have not seen a single Grade 4 pressure ulcer during the year. We have continued to protect patients from infection through our prevention and control practice and have not reported a single MRSA infection this year.

Our longest staying patients are often here for very good reasons given we are a major trauma, stroke and tertiary centre. However, nationally there has been a big focus on reducing the length of stay for patients over 21 days because when they are in hospital for non-clinical reasons this is not good for them, or the NHS. During winter, a target to get that number down was introduced and just 25 out of 131 acute trusts hit the 'super stranded' reduction target. I'm delighted that we were one of those which achieved it and very proud of the nursing, therapy and medical teams who worked so hard to get the longest stay patients moved appropriately home or to other care settings as quickly as possible.

It's been another fantastic year of achievement for us, with our staff and teams winning many national, regional and professional awards and accolades for their talent, delivery and service. We celebrate some of these achievements within this report; it's such a boost for our staff to be recognised for their hard work and is a great opportunity for us to showcase some of the world class services we provide.

We haven't been visited by the Care Quality Commission this year but we have continued to assess ourselves against their standards, through our Care Excellence Framework and deliver our improvement plan. We're really proud to have been recognised as being 'outstanding' for caring as this is at the heart of everything we do and really makes a statement about our staff, which I'm proud to call our greatest asset.

The Care Quality Commission did however undertake a wider review of our system, which involved our partners in health and social care. It was great to receive their feedback which recognised significant improvement when compared to the previous year, with clear evidence of empowered front line staff, strong partnership working and good evidence of improved performance.

All in all, it's been another very challenging year for us but one that has made me very proud to be Chief Executive. I hope you enjoy reading this Annual Report.

Paula Clark
Chief Executive

About Us

University Hospitals of North Midlands NHS Trust was formed in November 2014 following the integration of University Hospital of North Staffordshire NHS Trust and Mid Staffordshire NHS Foundation Trust. We have two hospitals, Royal Stoke University Hospital and County Hospital, and we are very proud of both.

We are a large, modern Trust in Staffordshire, providing services in state of the art facilities. We provide a full range of general hospital services for approximately 900,000 people locally in Staffordshire, South Cheshire and Shropshire. We employ around 11,000 members of staff and we provide specialised services for a population of three million, including neighbouring counties and North Wales.

We are one of the largest hospitals in the West Midlands and have one of the busiest Emergency Departments in the country, with an average of nearly 15,000 patients attending each month across both of our sites. Many emergency patients are brought to us from a wide area by both helicopter and land ambulance because of our Major Trauma Centre status; as we are the specialist centre for the North Midlands and North Wales.

As a University Hospital, we work very closely with our partners at Keele and Staffordshire University and we are particularly proud of our medical school, which has an excellent reputation. We also have strong links with local schools and colleges. As a major teaching Trust, we hold a large portfolio of commercial research, which provides us with a source of income. Our research profile also enables us to attract and retain high quality staff.

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

We have a range of formal and informal mechanisms in place to facilitate effective working with key partners across the local economy. These include participation in partnership boards which bring together health, social care, independent and voluntary sector organisations across Staffordshire.

We help drive improvements across the wider health and care economy, through our leadership roles in the Staffordshire and Stoke on Trent Sustainability and Transformation Plan - Together We're Better.

In January 2018, we were rated as 'Requires Improvement' by the Care Quality Commission although we were delighted that we were recognised as being Outstanding for Caring and Good for Well Led and Effective. We were rated as 'Requires Improvement' for the Safe and Responsive domains.

We look to involve our service users in everything we do, from providing feedback about the services we provide, to helping shape our priorities. This work is co-ordinated by our Patient Experience Team.



Our Vision, Values & Strategic Objectives

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

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

Our Strategic Objectives

Our Vision is underpinned by 5 key Strategic Objectives (SO):

SO1	**Provide safe, effective, caring and responsive services**
SO2	**Achieve NHS constitutional patient access standards**
SO3	**Achieve excellence in employment, education, development and research**
SO4	**Lead strategic change within Staffordshire and beyond**
SO5	**Ensure efficient use of resources**

Our Values

We continue to encourage a compassionate culture through our values, which identify the attitude and behavioural expectations of our staff.

Together	• We are a team • We are appreciative • We are inclusive
Compassion	• We are supportive • We are respectful • We are friendly
Safe	• We communicate well • We are organised • We speak up
Improving	• We listen • We learn • We take responsibility

Our full 2025 Vision is available via our website: www.uhnm.nhs.uk .

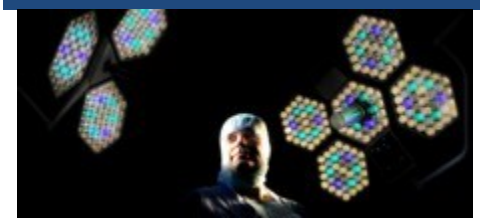
How we provide care

Our organisational structure features 4 clinical Divisions and 2 non-clinical Divisions. Each Clinical Division is led by a Divisional Chair, providing medical leadership, an Associate Chief Nurse, providing clinical leadership and an Associate Director responsible for its management. The non-clinical Divisions are led by Executive Directors. These 6 Divisions are as follows:

- **Medical Division**
- **Specialised Division**
- **Children, Women and Diagnostics Division (CWD)**
- **Surgical Division**
- **Estates, Facilities and Private Finance Initiative (PFI) Division**
- **Central Functions Division**

Below provides an overview of the services provided by each of these Divisions:

Surgical Division



- Emergency Surgery
- General Surgery
- Urology
- Specialised Surgery
- Anaesthetics
- Theatres
- Critical Care
- Sterile Services
- Pain Management

Medical Division

- Gastroenterology
- Endoscopy
- Respiratory
- Infectious Diseases
- Emergency Department
- Acute Medicine
- Elderly Care
- Diabetes
- General Medicine
- Renal

Specialised Division

- Cardiology
- Neurosciences
- Trauma & Orthopaedics
- Neurosurgery
- Cardiothoracic
- Stroke
- Neurology
- Neurophysiology

Children, Women & Diagnostics Division

- Pharmacy
- Pathology
- Clinical Technology
- Imaging
- Outpatients
- Bereavement Services
- Obstetrics & Gynaecology
- Child Health
- Haematology
- Oncology
- Medical Physics
- Immunology

Central Functions Division

- Finance
- Communications
- Information Management & Technology
- Human Resources
- Nursing
- Operations
- Corporate Governance
- Strategy & Planning
- Performance & Information
- Quality, Safety & Compliance
- Transformation
- Research and Development
- Supplies & Procurement

Estates, Facilities and PFI Division

- Estates Operations
- Estates Capital Development
- Facilities Management
- PFI Contract Management
- Estates Governance, Compliance and Administration
- Sustainability and Transformation
- Clinical Technology
- Land and Property

Performance Summary

Key Issues and Risks

Our risk management framework enables us to identify, assess and manage any risks which might threaten the achievement of our objectives.

These 'strategic risks' are monitored by our Board and Committees on a quarterly basis, via the Board Assurance Framework (BAF).

EXTREME RISK SUMMARY				
No.	SO	Summary Risk Title	Score	Change
1		Retention of Royal Infirmary Site	25	→
2		Structural deficit associated with TSA model at County	20	→
3		Capacity / demand – impact on RTT performance	20	↓
4		CQUIN Achievement	16	→
5		Cyber Security	16	→
6		Robust STP Vision and Strategy	16	→
7		Capacity / demand – impact on Cancer 62 Day	15	↑

Throughout 2018/19, we identified a total of 39 risks which might compromise the achievement of our Strategic Objectives. By the end of the year, this had reduced to 24 risks in total, with 7 of these being assessed as 'extreme' (see above summary).

Further details on risk and the Board Assurance Framework can be found later within this report, in our Annual Governance Statement.

Going Concern

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

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

Nevertheless, we have concluded that assessing the Trust as a going concern remains appropriate. We have agreed contracts with local commissioners for 2019/20 and services are being commissioned in the same manner in the future as in prior years and there are no discontinued operations. Similarly, no decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

Subject to the receipt of the revenue funding within the 2019/20 financial plan, we consider that this provides sufficient evidence that we will continue as a going concern for the foreseeable future. On this basis, we have adopted the going concern basis for preparing the accounts and have not included the adjustments that would result if we were unable to continue as a going concern.

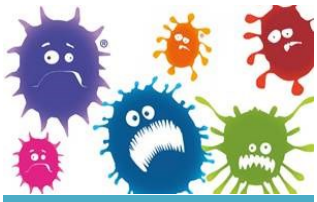
The assessment accords with the statutory guidance contained within the Department of Health and Social Care Group Accounting Manual.

Our Performance in 2018/19 at a Glance

Our journey towards excellence continues. Here are some of the highlights of how we're doing.

2487
patients recruited to clinical research studies

Exceeded the national target rate of 95% for Harm Free Care, averaging at **97%**



8020 flu vaccinations given, our highest ever

Secured **£9m** capital investment for our new Modular Wards, opened in January 2019.

Improved performance for patients with cancer, securing **best in peer against 20 Trusts** for our 62 day improvements

Welcomed the first cohort of nine Project SEARCH students, supporting internship placements within our Estates, Facilities and PFI Division.

3% reduction in patient falls reported

Maintained some of the best survival rates in the Country for our Major Trauma Centre

Secured **£1.2m** NHS funding for digital technologies and treatments; we were one of seven locations nationwide.

154
Apprentices have worked for us in a variety of clinical and non-clinical roles

Improved performance against the 4 hour target in the Emergency, achieving 81.5% overall

0 Hospital Acquired Pressure Sores

Achieved 78.9% against the Referral to Treatment (RTT) target

1110
Staff awarded through our Values Recognition Scheme

We love our values
Together
Compassion
Safe
Improving

CONNECTS

14% reduction in complaints compared to 2017/18

178
Staff participated in our Connects Leadership Programme

Treated **932,925** patients

Keele University

Proud to be called a Keele University Teaching Trust in the top 10 of every league table

Key Highlights of 2018/19

In this section we provide you with some of our key highlights of the year, setting out just some of the work we've been doing to achieve our Strategic Objectives during 2018/19:

Modular Wards

In January 2019, the first of our fantastic new modular wards opened its doors to our patients – the result of a fantastic £9m capital investment, an intense building project which was delivered in record time!

These beds play a very important role in our journey towards excellence; enabling us to deliver much better care to the people we serve. With the support of our charity, we will be continuing to make the environment even more welcoming for our patients and service users through the use of art work.

PLACE Inspection

For a second successive year, we were really proud to have achieved above the national average in all of the categories of the annual Patient Led Assessment of the Care Environment (PLACE) inspection.

The assessments see local patient assessors go into hospitals as part of teams to assess how the environment supports patients' privacy and dignity, food, cleanliness and general building maintenance.

VitalPAC

We introduced a new electronic system, VitalPAC, which has ensured that our patients now have consistently accurate recording of their observations.

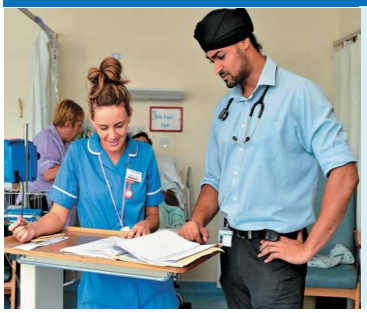
Advancing from a manual system to an innovative technological solution, the system assesses and analyses patient vital signs data to identify deterioration in a patient's health.

The team responsible for implementation worked tirelessly to ensure it was operational in a record time of just four weeks.

Health Literacy Award

Our Outpatients Team at Royal Stoke were awarded 'Excellence' in the Health Literacy Friendly Award, for helping people to understand and use information and services about their health.

Acute Medical Receiving Area



In October 2018, we introduced our Acute Medical Receiving Area (AMRA), initially as a pilot, into the urgent and emergency care pathway at our Royal Stoke site.

The purpose of this model is to facilitate early Consultant Physician input into the pathway for non-elective medical patients to ensure our patients are cared for in the right environment, first time. This has improved patient experience; the quality of care provided, and has improved patient flow by admission avoidance.

Smart Pacemakers

We have been at the forefront of the implementation of new 'smart' pacemakers, having performed the world's first implant of such a device!

These new pacemakers allow patients to monitor the condition of their own pacemaker via an app on their smartphone. This includes battery life, how the leads are working and any rhythm issues and as such enables patients to raise issues as they arise.

It has been very exciting that we were able to be involved from the start and expect this to be the future for all pacemakers.

Minister Praised County Hospital

Prime Minister Theresa May MP praised the 'excellent work being done to provide safety to patients' at County Hospital.

Mr Jeremy Lefroy MP asked if the Prime Minister would join him in congratulating staff at County, who have seen a great improvement over the years, providing more treatment to patients.

Robotic Surgery Accreditation

Consultant Colorectal Surgeons Philip Varghese and Veera Garimella achieved the Robotic Surgery accreditation from the European Academy of Robotic Colorectal Surgery (EARCS), joining only 37 surgeons from 14 European Countries.

Since then, many patients have undergone major resection surgery with *da Vinci Si* robot and expressed and shared their experience and satisfaction with the procedure.

Revolutionary Liver Cancer Treatment

We began offering a revolutionary liver cancer treatment, using the newest technology available in the world. Previously, patients wishing to have this revolutionary method of chemotherapy were required to travel to another regional centre over 50 miles away.

Innovative Training for Medical Assistants

We continued our record of innovative training for medical students, after the introduction of a scheme whereby trainee doctors from Keele University are offered paid posts as Medical Assistants, alongside their studies.

Excellence in Research

As a University Teaching Hospital, we are really proud of our reputation for research.

Professor Murray Brunt, our Professor of Clinical Oncology and Keele University presented findings from a national trial at the 60th Annual Meeting of the American Society for Radiation Oncology (ASTRO).

Frailty Falls Response Service Launched

In January 2019 we launched a new initiative to assess, treat and prescribe for patients in their own home to prevent unnecessary A&E attendances.

The Frailty Falls Response Service involves an Advanced Nurse Practitioner and Occupational Therapist working alongside West Midlands Ambulance Service to attend low level 999/111 calls to determine if the patient has any acute needs.

International Endoscopy Symposium

We played host to the International Endoscopy Symposium in September 2018, organised by our Endoscopy Team.

The symposium was supported by various national and local experts and was the third symposium. Reflecting the importance of Endoscopic Ultrasound (EUS) in Endoscopic Cholangio-Pancreatography (ERCP); this year's symposium focussed on both modalities.

Power to Prevent

In October 2018 we hosted a Quality and Safety Conference on 'The Power to Prevent'. The conference focussed on quality and safety improvements, highlighting to our staff the power they have to make small changes to improve the quality of care that our patients receive.

Each delegate was asked to make a 'power pledge' throughout the day, a pledge to make a small change to improve patient safety.

Raising Awareness in Migraine Treatment

Our Consultant Brendan Davies has played a leading role in raising awareness of a new migraine treatment which could benefit millions of people in the UK. He appeared on national and local news to talk about the potential benefits of drug Erenumab, which has been shown to halve the number of attacks patients suffer.

The drug has been specifically developed to treat migraine and is self-administered via an injection.

Home Grown Talent in Radiotherapy

We have been helping to secure the future of radiotherapy services in the area by nurturing home-grown engineering talent. We launched an innovative and bespoke radiotherapy engineering degree apprenticeship scheme which was awarded 'Best Large Apprenticeship Employer 2018' by Newcastle Under Lyme College, who partnered the programme.

Students embark on a five year journey for a degree and are mentored by our engineering staff as they train in the maintenance and calibration of essential radiotherapy equipment.

Major Trauma Success

We have played a significant part in national Major Trauma success. The NHS in England has saved significant numbers of additional patients with severe injuries since major trauma centres were established in 2012.

We gained Major Trauma Centre status at that time and since then we have had some of the best survival rates in the country. We are one of 27 Major Trauma Centres nationwide and serve a population of 3m, including North Wales.

It's OK to Ask Campaign

Our 'It's OK to Ask' campaign, designed to encourage patients to ask questions about their care and treatment, was held up as good practice on a national level and we were delighted that NHS England adopted our approach, so that organisations across the country could get involved.

The campaign encourages patients to ask healthcare professionals 3 key questions, so that they can be better informed about their care and treatment:

- What is my main problem?
- What are my options?
- What are the pros and cons of each option?

We congratulated our Senior Nursing and Patient Experience Teams for their work around this.

Leadership Conference

In May 2018 we held a Leadership Conference and it was great to see so many of our leaders, both clinical and non-clinical at the event and prepared to get involved in developing solutions to improve the way we work. The big take home message was the need for good leaders at every level of the organisation and that hierarchy shouldn't be a barrier to taking that lead role to make change happen for the better.

The People and Organisational Development team pulled together the outputs from the conference and shared this with the organisation. As a result we've been working on how we can continue to spread more of the good news about what we do well and have encouraged leaders to get involved.

Nursing Associate Role

We began with the introduction of the Nursing Associate role as the lead organisation, in a partnership covering Staffordshire and Shropshire, which saw the first cohort of trained Nursing Associates start in September 2018. In the first year we will be looking at 190 trainees commencing on the programme. The partnership is fully supported by Health Education England and the Nursing & Midwifery Council.

Clinical Trials Success

Breast Cancer patients receiving radiotherapy could now benefit from an 80% reduction in hospital attendances, a new clinical trial has found. Findings were presented by Professor Murray Brunt, our Professor of Clinical Oncology and Keele University at the American Society of Radiation Oncology Annual Meeting.

The study suggests it may be possible for early stage breast cancer patients to visit the Radiotherapy Department only 5 times for treatment, instead of 25, meaning less time, worry and anxiety.

Benefits for Cardiology Patients

Cardiology patients are set to benefit even further from the dedication and development of the echocardiography team. Four members of staff passed key examinations at Master's level, meaning they are now able to perform more complex procedures without supervision.

This increase in independent working means they have helped to free senior clinicians so they can concentrate further on the provision and delivery of patient care.

NHS Test Beds Programme

Digitalisation and the better use of technology helps us to stop wasting our patients time, which is why it was great that Staffordshire and Stoke on Trent received £1.2m of new NHS funding during the year to utilise innovative digital technologies and treatments. We were one of 7 locations nationwide to become part of the NHS Test bed programme and have been exploring how these could improve care for our patients with chronic long term heart failure.

This work is set to play a key role in significantly reducing hospital admissions and keep patients in their own homes. We have been working closely with our system partners to support patients through faster access to treatment before they become unwell and need acute hospital care. Dr Dargoi Satchi, Consultant Cardiologist and Dr Simon Lea, Academic Development Officer have been leading on this, which is a testament to the calibre of our cardiology service and we look forward to seeing more from this project during the remainder of 2019.

Photo Archiving and Communication System

We introduced a single-system for all radiology imaging across both of our hospital sites at Royal Stoke and County, which is now benefitting thousands of patients.

The Photo Archiving and Communication System (PACS) team worked tirelessly to replace all three of our previous systems, including long hours over a three week period in order to ensure a smooth launch.

The transition was seamless and the benefits were felt immediately, with feedback from clinicians confirming that the viewing capabilities are superb.

Critical Care Information System

Our Critical Care Department went paperless in a drive to further enhance patient care. Facing ever growing demands, a digital transformation project was rolled out to improve productivity of patient beds. The Centricity ™ Critical Care Information System, enables automatic digital recording of patient data from medical device and ensures it is all in one place for instant review.

Thanks to this new information management system, nursing staff, who were rated as Outstanding by the Care Quality Commission, now have more time to focus on patients.

Theatres System

Our electronic systems in Theatres were replaced during the year, which involved a considerable amount of process redesign, business change and training ahead of its launch. The first phase of its launch took place in September 2018 which was around patient scheduling and documentation and the second element, focussing on theatres went live during October 2018. This was a great success.

Nursing Conference 2019

As always there was a full house and plenty of enthusiasm at our annual Nursing and Midwifery Conference. The focus of the day was caring for patients with mental health needs, including learning disabilities and also on the appropriate way to care for Transgender patients.

Digitalisation in Outpatients

Digitalisation has been a key workstream for us during the year and we know that clinical engagement is critical to this. In April 2018 we completed our project on digitalisation in outpatients, which meant that over 5000 less case notes per week being needed for clinic appointments, with quality and safety benefits for patients but also giving us a significant efficiency saving.

To support our digitalisation programme, we were delighted that Alan Bethell took on the role of Chief Nursing Information Officer, joining Dr Zia Din, Chief Clinical Information Officer, to support medical and nursing engagement in the implementation of our IM&T Strategy.

Electronic Medical Prescribing

The Department of Health and Social Care announced the first 13 organisations to receive a share of £78m national funding to support the implementation of electronic prescribing and medicines administration (ePMA). The funding is to accelerate the introduction of these systems to provide safer and better quality patient care.

We were delighted to be one of these organisations – with the largest sum of funding in the tranche and look forward to seeing this project progress over the coming year.

MHRA Inspection in Pharmacy

The Medicines and Healthcare Products Regulatory Agency (MHRA) inspected our Pharmacy services on 23rd and 24th May 2018. The inspection focused on assessing compliance with both 'good manufacturing' and 'distribution practice, which supports our licences within Pharmacy and Radiopharmacy. This required a huge amount of effort from our teams as the MHRA had recently introduced a '7 day notice' inspection period and our teams have all worked really hard on a day to day basis to ensure that we have quality systems in place to benefit our patients/customers and address the ever increasing demands.

We had a very positive report with no critical or major deficiencies and only 8 'other' category deficiencies. This was our best result to date and demonstrates that we have sustained and improved across all of our relevant services. This is excellent given the concerns nationally regarding aseptic capacity and the closure of commercial and NHS units due to poor compliance issues.

Improving Experiences in Maternity

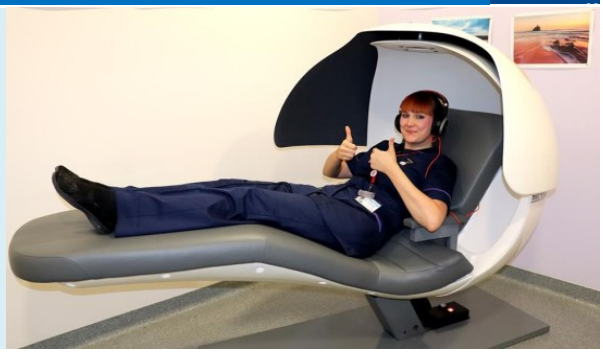
Women undergoing elective Caesarean sections at UHNM began receiving more support and having a better birth experience thanks to our obstetrics theatres team.

Staff worked tirelessly to improve quality and efficiency of care for patients, resulting in physical, emotional and mental health benefits for mother and baby. Waiting times between elective theatre lists have also decreased, with a potential saving of 5 hours per week in theatre.

Staff Wellbeing

In October 2018, our Emergency Department at Royal Stoke hosted a wellbeing event, with highlights including a 'sleep pod', acupuncture and spa freebies.

The team also set up a special committee which aims to ensure that the physical and mental health needs of employees are a key focus of attention within the team. This is vital given the high pressure environment that they work within.



Consultant Conference 2018

We held our second Annual Consultant Conference in 2018, organised by Simon Cunningham, Consultant in Obstetrics and Gynaecology.

It was a really good opportunity to network across the different specialties within the UHNM family as well as to hear from a range of interesting speakers. It was an extremely interesting afternoon and we received some really positive feedback, which will help us shape the next one!

A Centre of Excellence – Our Awards

Key to our 2025Vision is to be a world class centre of clinical and academic achievement and care – where our staff work together to ensure our patients receive the highest standard of care and one where the best people want to work.

During 2018/19 we've been doing just that and it has been fantastic to see how many awards have been received in recognition! Here are just a few of our achievements.

Health Service Journal (HSJ) Awards

We've had a fantastic year and were a regular feature at the Health Service Journal (HSJ) awards ceremonies this year, including a HSJ Partnership Award win with Sodexo, and a HSJ Value Awards win with the Mechanical Thrombectomy team who walked away with the 'Specialist Service' award and the 'Improving the Value of Surgical Services' award.

Dr Amit Arora, our Widening Participation team and Sodexo/UHNM were also finalists and the Widening Participation team were highly commended for their work around Staffordshire Whole Population Health.

Top 50 Healthcare Leaders

Consultant Anaesthetist and Clinical Fellow Vijay Jeganath received the Top 50 Healthcare Leaders Award at the 2018 Smart Health Conference in Dubai.

The conference brought together more than 500 healthcare professionals from across the world with the mission of improving healthcare, by facilitating an open dialogue across the industries.

Inspiring the Biomedical Workforce

Katie Berger, Quality Manager and Training Lead for Pathology won a major UK award for her work to create a programme of support for staff development to delivering a new pathway to train as Biomedical Scientists.

Dedicated Service

Kath Barlow, Nursing Assistant was recognised for 21 years of dedicated service to endoscopy. Kath came runner up for the Ann Barson Award and was awarded a special trophy certificate by the Midland Gastroenterological Nurses Society (MGNS), which recognises commitment and innovation in the field.

Getting it Right First Time

Our Stroke Team received recognition for the world class care they provide. The team were given plaudits from NHS England's 'Getting it Right First Time' lead for Stroke and were awarded our Chief Executive's Award too.

Student of the Year

Lily Aston, who completed her training with us and now works in the Cancer Centre at Royal Stoke was presented with the Society of Radiographers Radiography Student of the Year Award at a ceremony in November 2018.

Sepsis

Our work on Sepsis was judged as the best at the Sepsis Unplugged 2018 conference, presented by Anna Durber, Sepsis Nurse.

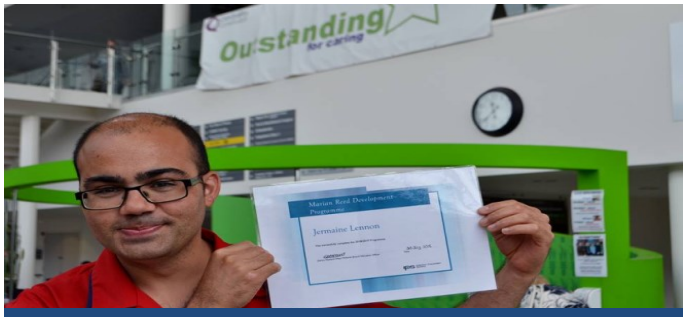
Partnership in Clinical Practice

A partnership between industry and our Stroke Team was awarded for the prestigious Medilink 2019 Acute Care Award for changing clinical practice for the prevention of VTE, also known as deep vein thrombosis, in the acute stroke pathway.

The award recognised our collaborative work with a UK based medical devices company, who, in partnership, explored the use of a trademark device for VTE prophylaxis, in the acute stroke pathway, when other VTE prevention strategies are impractical.

2018 New Year's Honours

Lieutenant Colonel Simon Davies was awarded at the Royal Red Cross as part of the 2018 New Years Honours. Simon, who is a major trauma nurse and an army reservist nursing officer paid a visit to Buckingham Palace in June 2018 to receive an award.



Excellence in Infection Prevention

Infection Prevention Nurse Jay Lennon was given the prestigious Marian Reed award. The award was presented at the end of a 3 month course where professionals from across the region came together to celebrate innovation and development in infection prevention.

His presentation on his work with patients resistant to certain organisms saw him beat 22 other candidates to the accolade.

Lymphoedema Success

Becky Elwell, Lymphoedema Advanced Nurse Practitioner and Team Leader won 'best poster presentation' at the 2018 British Lymphology Society Conference.

70 Years of the NHS

70 YEARS OF THE NHS 1948 - 2018

On 5 July 2018 the NHS celebrated its 70 year anniversary and amongst the many activities planned across our hospitals, the Estates, Facilities and PFI Division sourced a number of time capsules for us to bury both at Royal Stoke and at County. Given how long life expectancy is these days we had to give some real thought about what we could put in these capsules that may be of interest to future generations.

We invited staff to share their ideas on what should go into these that encapsulates the work of the NHS in 2018 and it was nice to take a step back from the pressures and challenges the NHS faces and for just one day remember what a special institution the NHS is.

Many members of staff from across our hospitals had tea parties, dressed up for the occasion or celebrated it in their own special way – and there was lots of cake!

Many of our staff were able to share their experiences of working in the NHS and for UHNM. The Guardian wrote features about Clinical Biochemist Julian Waldron, Play Specialist Emma Biddulph and Consultant Interventional Neuroradiologist Dr Sanjeev Nayak. Signal Radio came in to speak to Nikki Embrey and Margaret Trevor, who together have 70 years of NHS experience. And BBC Radio Stoke spoke to a host of frontline staff as they broadcast live from the hospital on the morning of our Birthday.

Our annual 'Stoke Minster Service' took place in May 2018. This was the fourth service we have hosted at the Minster and this year it coincided with the NHS70 celebrations, which made it even more special.

Over 200 guests attended the event, including the Lord Mayor and Lady Mayoress of Stoke on Trent, the Lord Mayor of Newcastle-Under-Lyme, Chair of Staffordshire Borough Council and Consort and Lord Lieutenant Mr Ian Dudson CBE.

Our Consultant Interventional Neuroradiologist Sanjeev Nayak won the Clinical Excellence award for medics at the #NHS70 Windrush Awards on Tuesday 12 June 2018.

More than 11,000 members of the public, patients and staff nominated NHS staff for the awards which marked the 70th anniversary of the arrival of the Empire Windrush and also the 70th birthday of the NHS.

Working with our Partners

Partnership Working

We work with a wide range of stakeholders and to a great extent our success is reliant on establishing good relationships, recognising areas of potential conflict and negotiating mutually acceptable solutions that benefit our communities. This can be challenging as we all have financial obligations to meet and the local STP has a major role to play in this area.

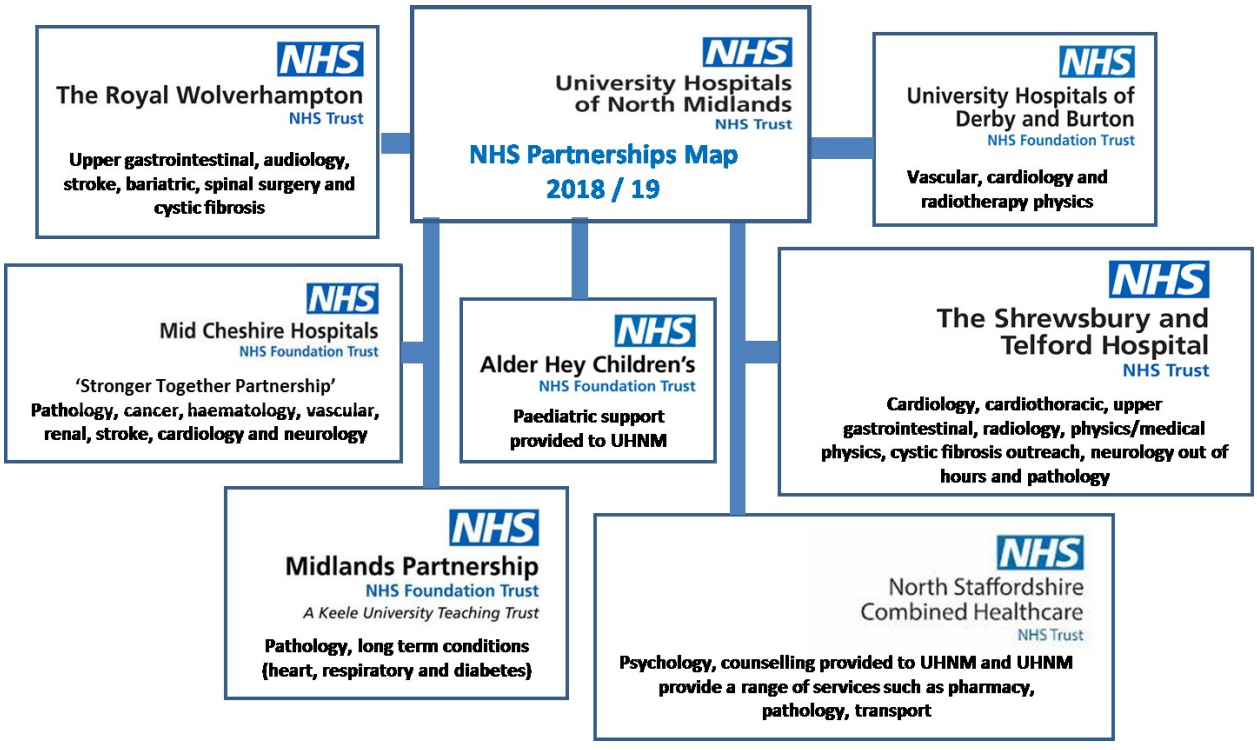
For our Clinical Commissioning Groups, there is a focus on longer term whole system changes. They will develop care nearer to people and improve their own capacity and capability to manage their own chronic disease rehabilitation. Specialised services will be equally engaged to move greater levels of specialist and complex work to us.

Continuing to work with our local authority partners is key if we are to change urgent and primary care systems to avoid hospital admissions by keeping people well. Local authorities play a major role in preventing ill health by impacting on some of its causes. We are working with our partners at Stoke on Trent and Staffordshire County Council to develop a health promotion hospital environment and work with councils on their communication actions through an established forum such as the Health and Wellbeing Board.

We also continue to work with Councils in a more integrated approach to health and social care, monitoring independence of people at home, reducing their dependency on public services and promoting self-management of conditions.

During 2018/19 we have continued to provide integrated models of care with a range of NHS provider Trusts partners; these are illustrated below:

Key NHS Partnerships/Integrated Models of Care in 2018/19



Sustainability and Transformation Partnership

During the year, we've continued to play a key role in our Sustainability and Transformation Partnership (STP).

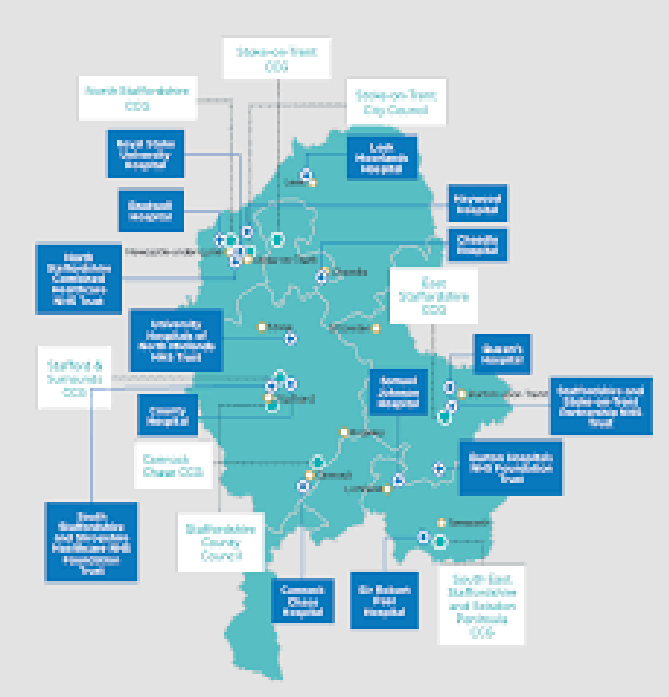
Through a number of programmes, we are developing new models of care to deliver the STP Vision **'to make Staffordshire and Stoke-on-Trent the healthiest places to live and work'.**

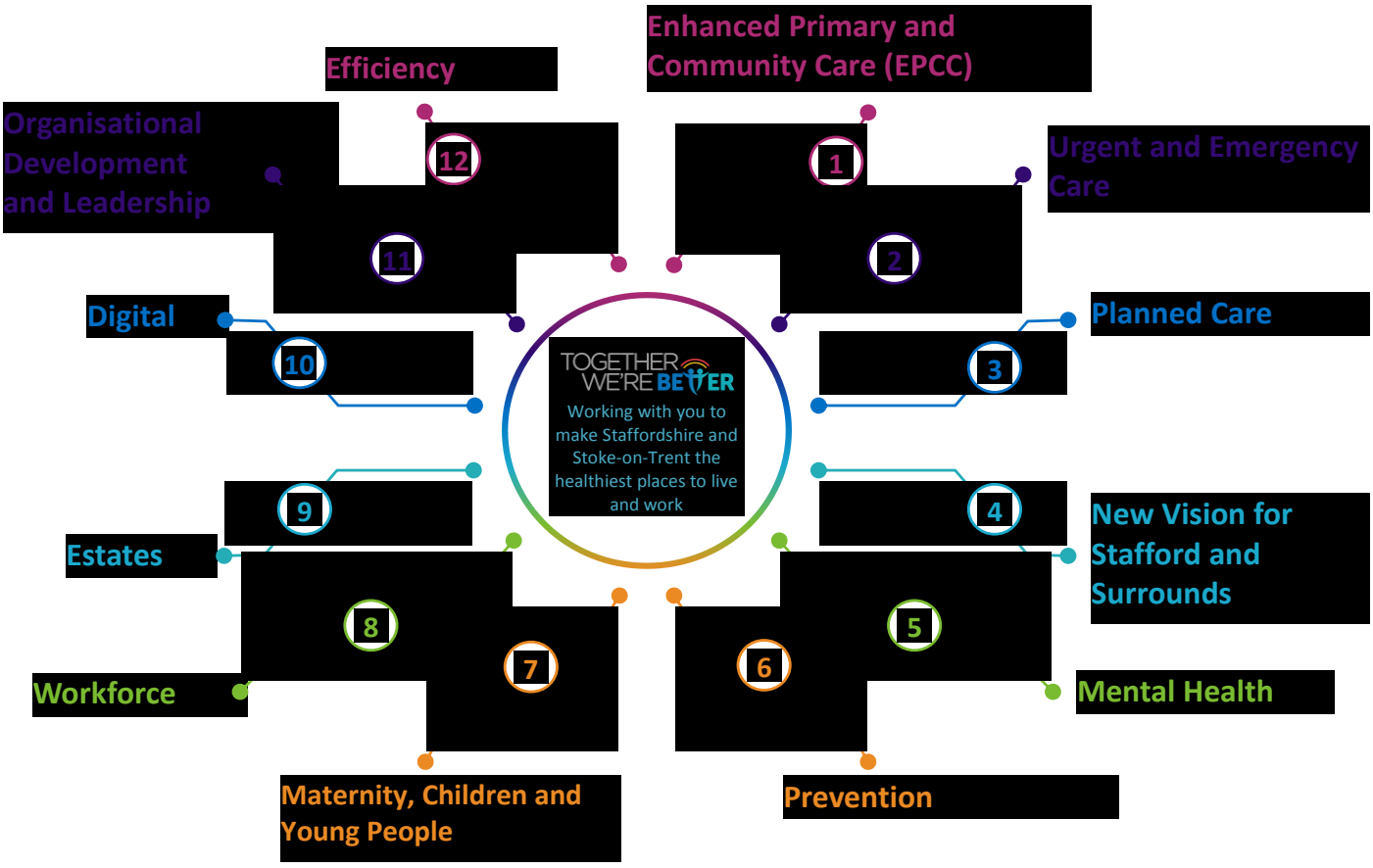
We have leaders on each of the workstreams, which are focussed upon:

- People living well for longer
- Treating people and not a set of conditions
- Supporting and enabling people to stay well and independent so we can be there when they need us
- Care being delivered closer to a person's home
- Ensuring a person's experience of health and care is the best it can be

The illustration below sets out the workstream programme structure:

TOGETHER WE'RE BETTER
Transforming health and care for Staffordshire & Stoke-on-Trent





Keele University

One of the cornerstones of our partnership with Keele University is our ongoing success in providing local and national healthcare systems with highly trained and qualified staff. The four Schools within the Faculty of Medicine and Health Sciences (FMHS) at Keele University are focused on developing excellent clinicians in Medicine, Nursing and Midwifery, Pharmacy, Physiotherapy and Rehabilitation.

In national subject rankings, all 4 schools are in the top 10 of every league table, and employment within 6 months of graduation from FMHS is 100%. This is the result of the highly successful partnership between ourselves and the University, delivering the teaching excellence required in both academic and hands-on clinical environments.

We also have a long-established history of successful research collaboration and our mutual need to grow clinical research capability further still has been recognised by the establishment of a third health-related research institute at the University and the appointment of a number of new clinical professorial positions. We have established a long-term commitment to strengthen this already robust partnership, to expand world-leading research in regenerative medicine and primary and secondary care, enhance the health and wellbeing of the local population and forge strong links with the commercial sector.

Care Quality Commission System Led Review

The Care Quality Commission undertook a System Led Review in November 2018, to review how people are managed by our health and social care system as a whole, and what improvements we could all make. They focused on whether older people are supported to stay well and to continue to live in their home, what happens when someone needs more care, for example, when they need to go to hospital and whether they are supported to return home safely or to move to somewhere new that meets their needs.

The review team included CQC reviewers, senior NHS and local authority leaders and people with experience of using services. They held interviews and focus groups with our staff and within our partner organisations.

Feedback from the CQC indicated that the review was very positive. We were delighted to hear that inspectors had commented on the 'palpable difference' compared to their previous visit, with clear evidence of empowered front line staff, strong partnership working and good evidence of improved performance. They spoke about the dispersed model of leadership empowering staff and allowing/supporting them to make decisions as close to our residents as possible and found it 'fascinating, interesting and encouraging'.

PFI Partnership Working

Our Estates, Facilities and PFI Division has achieved mutually agreed partnership outcomes through joint working and successful collaborations with our PFI partners Project Co, Sodexo, K-Com and Siemens. The partnership has meant that we have been able to realise the full benefits of our PFI contract providing performance that enhances the delivery of the patient care and key operational efficiencies that provide for a better experience for patients at lower costs. This alliance has, in turn, helped support our Trust's financial position whilst delivering operational targets.

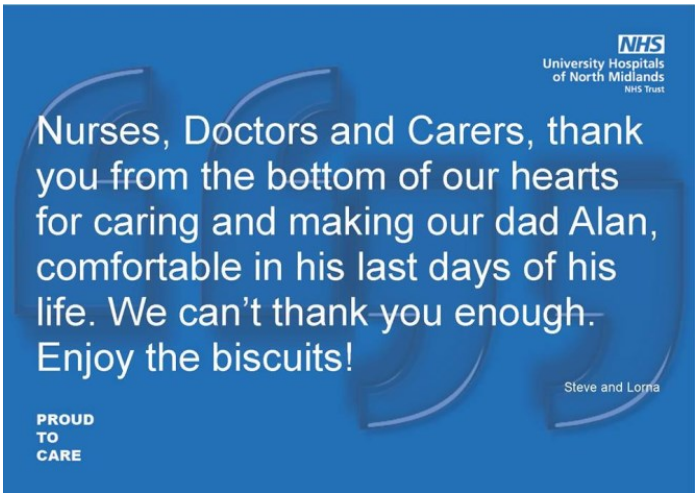
UHNM is referenced as an exemplary site in this area by NHS Improvement, the Cabinet Office and HM Treasury and has been the subject of numerous Case Studies, presentations and webinars, promoting how successful partnership working can be achieved between private and public sector partners. Our Director of Estates, Facilities and PFI is supporting NHSI and the Cabinet Office on activities that will promote what has been achieved at UHNM and look to replicate across central governments departments.

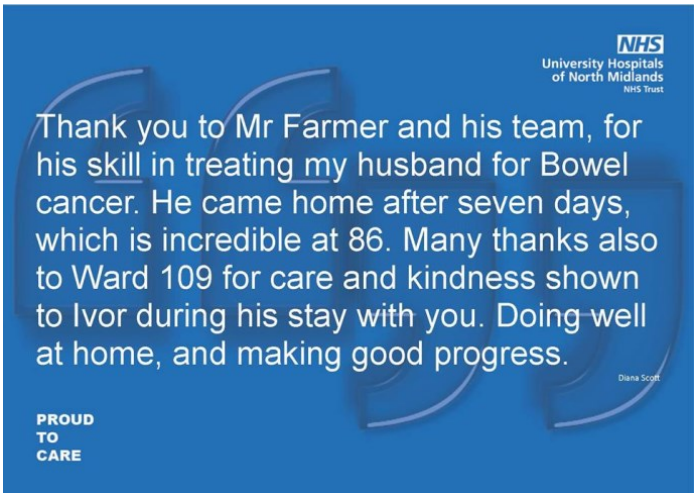
UHNM have attracted many awards in this area, including HSJ, where we were announced winners of two awards during 2018, for what was described by the judges as 'changing the lives of patients through effective and successful partnership working, delivering value for money and improved patient care through innovation and exceptional services.

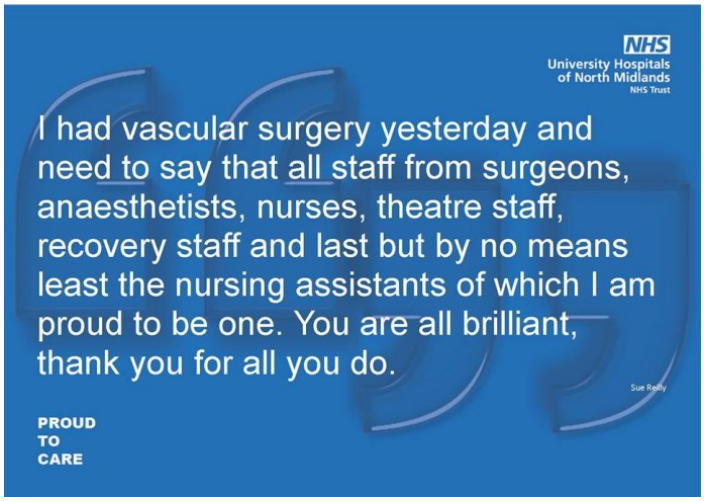
Patient Experience and Feedback

We really value the feedback that we receive from our patients, their carers and families. We hear 'patient stories' at our Trust Board each month, which provide us with an opportunity to understand what it was like being a patient in our care.

We take every opportunity to learn about how we can make the experience better for our patients and so it's great when we receive positive feedback from them – and it provides a real boost for our staff. These pages share just some of the fantastic feedback we've received during 2018/19.







PROUD TO CARE

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

Ward 15 cared for my mums last days. She was cared for with great concern and compassion as well as the family. The ward was clean, bright and comfortable. Thank you too all the staff.

Anonymous—message received via PALS

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

Thank you to Mr McFadyen and Staff on Ward 226 for the excellent care I received over the 10 days I was on the ward. It was a very traumatic time for me but made so much better because of the kindness, compassion and respect shown by all staff. Thank you all to the Fracture clinic and plaster room staff for their after care during my long road to recovery.

Angela Davies

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

A year ago today I was taken out of ICU and onto a ward after having a mechanical aortic valve replacement following endocarditis. I am pleased to report that thanks to the amazing team in Cardiology, I have had an amazing year and am extremely fit and well. I have just celebrated my 40th Birthday. Thank you to everyone who cared for me. You are all amazing, especially Mr Balacumaraswami!

From Claire

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

Sadly my father recently passed away in the kidney unit at Royal Stoke but my sincere gratitude goes to all those involved in his care over the last two months. You all did your best for him and it was a great comfort to know he was getting such good care when I was over 270 miles away in Scotland. You are wonderful dedicated people. Thank you so much

Scott Charles Davies

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

My daughter had her tonsillectomy operation and I wanted to feedback how fabulous the staff were on Ward 217 from the staff nurses, the anaesthetist in theatre to the support workers on the ward, but in particular Helen who is the play support worker on the day care ward.

Nicki Goodwin

PROUD TO CARE

NHS
University Hospitals of North Midlands
NHS Trust

I would like to say a big thank you to ward 217 and the surgical team who operated on my sons finger. The night staff on the ward were amazing. And Julie the play therapist was a delight.

Charlotte - via Facebook

PROUD TO CARE

Staff Development and Wellbeing

We value all of our staff and the important part they play in our hospitals. We know that by investing and supporting our staff, in their wellbeing and their development, we are rewarded with staff who do their very best for our patients.

A key role of our People and Organisational Development Team is to do just that, and here we share some of the fantastic work that they have been doing during 2018/19.

Wellbeing Initiatives

- Established a Wellbeing Group for staff working in our Emergency Department - a high pressured environment
- Included Wellbeing and Leadership skills in the Junior Doctors curriculum
- Delivered Critical Incident Stress Management training and support to staff
- Implemented our Emotional Wellbeing Education Programme
- Supported staff through working in partnership with the Recovery College and the Staff Support and Counselling Team
- Supported the Patient Experience Team to roll out the Patient Leaders Programme, working closely in partnership with Expert Citizens
- Supported the implementation of 'Just Culture' and 'Wellbeing Spaces'
- Provided mental health training to ward staff, helping them feel more confident and to reduce stress
- We have trained more work place mediators

Values Recognition Scheme

In May 2018 we introduced our 'Values Recognition Scheme', which allows staff to nominate a colleague to receive recognition and thanks for demonstrating our Values in their role.

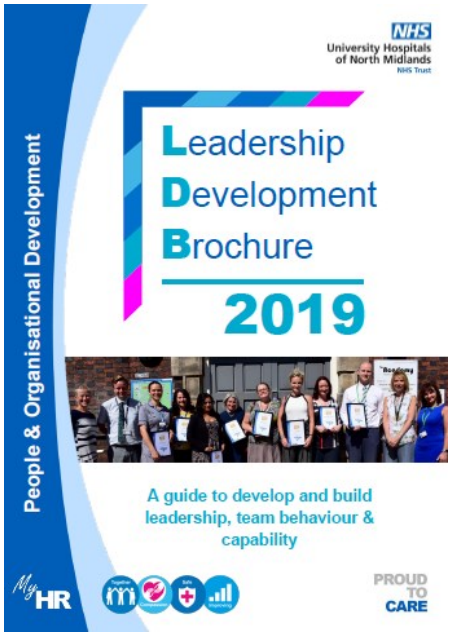
During 2018/19, we were delighted to award **1110** members of staff from across the organisation with recognition through this scheme. The scheme is designed to let our staff know that what they do makes a real difference and that they are appreciated.

Leadership Development

We have continued to provide leadership development to hundreds of staff from across the organisation. Our programmes are designed to develop and build leadership, team behaviour and capability. We offer a variety of training and support to all staff, regardless of their role.

Our Leadership Development Brochure brings together all of the opportunities available, supporting our staff to understand the approach and the core skills and behaviours that we see as critical to our organisational success and delivery of our 2025Vision.

We encourage all of our staff to invest time to consider their development and to utilise the opportunities available to them to uncover their talent and capability.



CONNECTS

Our Connects Programme provides a structured and challenging approach to attaining an award in Leadership and Improvement with Silver, Gold and Platinum courses available. The programmes were designed by our People and Organisational Development Team and Quality Academy to focus on developing our leaders to deliver high quality outcomes.

During 2018/19 178 members of staff have participated in our Connects Programme.

Apprenticeships

Our Apprenticeship Programme provides a route into a variety of careers with us and is an excellent opportunity to earn a salary, gain work experience and gain nationally recognised qualifications.

Our apprentices are given a training agreement with an approved work-based Learning Provider.

The apprenticeship is a combination of theory and practice, with much of the learning being assessed here with us in the workplace.

During 2018/19, **154** Apprentices have worked for us in a variety of clinical and non-clinical roles!

Widening Participation

We have continued to build upon the strong partnerships we have with our education partners in schools, colleges and universities, connecting to communities, inspiring young people and creating opportunities. Here we provide some of our joint achievements during 2018/19:

over **40** Schools engaged with

600 Work Experience Placements

£800k Health Education England funding to support programmes

Supported **Armed Forces** into health careers

Built **better opportunities** for Staffordshire Unemployed Communities

Worked with our college to fill the gaps of **'hard to fill'** roles including the Medical Physics Technician

Influenced Education and Employment **Policies** to ensure that both the young and unemployed can achieve their career goals

Supported the **mentorship** programme encouraging students into NHS careers

Held a successful **Careers Week** including 'Career Walkabouts'

Commissioned a new **Simulation Centre** for our Foundation Doctors

Developed the **F3 doctor** programme and **Overseas Clinical Fellow** Scheme

Provided **education and workforce support** to nursing, healthcare support staff and allied health professionals

Unlocked funding to secure Imaging Educators

Invested in the Therapy Technician Apprenticeship Programme

Supported our Directorates and management teams to **develop** their education, workforce and improvement plans

Provided **patient pathway improvements** in cardiology and respiratory medicine

Developed **projects across the Sustainability and Transformation Partnership (STP)** including the Physician Associate Internship which was shortlisted at the HSJ Awards

Part B: Performance Analysis

How we measure performance

Our performance management framework, including Performance Management Review process, provides us with a means of reporting, monitoring, reviewing and improving organisational performance and quality outcomes from 'ward to board'. The framework includes national metrics as set out within NHS Improvement's Single Oversight Framework (SOF), contractual reporting requirements for commissioners and internal Trust measures that align with our strategy and objectives.

Within the SOF there are 5 constitutional standards, this means they are set out within the NHS Constitution as standards which we pledge to achieve. Whilst pledges are not legally binding, they represent a commitment by the NHS to provide comprehensive high quality services. These standards are:

- 4 hour target
- Diagnostic six week waits
- Referral to Treatment (RTT) – 18 weeks
- All cancer 62 day waits
- 62 day waits from screening service referral

The framework enables reporting of regular reports to clinical teams/Divisions, groups and committees, with an overview maintained by the Trust Board. Individual performance targets are overseen by a nominated Executive Director. Where performance or quality metrics are not on target, divisional/directorate teams and corporate leads provide recovery plans, including trajectories for improvement and action planning.

A series of triggers have been identified by our regulators which range from 'maximum provider autonomy' to 'special measures'. These triggers are used to identify potential concerns and as a consequence of our financial position, we have remained within the category of 'special measures' (segment 4) for financial reasons during 2018/19.

Assurance

An Integrated Performance Report is reported on a monthly basis to the Trust Board, with our Finance and Performance Committee and Quality Assurance Committee taking a lead for oversight and scrutiny on different aspects of performance. These arrangements provide assurance across the Trust and to commissioners and regulators. The report identifies exceptions, including positive exceptions where performance has outperformed usual tolerances, or where a target has been failed.

Care Excellence Framework

Our Care Excellence Framework (CEF) is a unique, integrated framework of measurement, clinical observation, patient and staff interviews and benchmarking. This includes an internal accreditation system that provides assurance from ward to board based on the 5 Care Quality Commission (CQC) domains of caring, safety, effectiveness, responsiveness and well led. The CEF was established in 2016 and is used in all areas of the organisation, providing a comprehensive vehicle to move us from being 'requires improvement' towards 'good/outstanding'.

The CEF is supported by a bespoke IT system, acting as a data warehouse to store a suite of measures, with the ability to triangulate and present high level and granular information at ward/departmental level, therefore ensuring that ward visits are intelligence driven and tailored. Managers are able to interrogate the system and benchmark themselves against others.

Every ward has at least one Excellence visit per year, reviewing all domains and receives ad hoc visits throughout the year to seek assurance on specific domains. The CEF is delivered in a supportive style, fostering a culture of learning, sharing and improving with reward and recognition for improvement.

Benchmarking

Local and national benchmarking information adds intelligence and insight to performance management processes, enabling performance to be analysed and improvements identified in respect of quality, productivity and efficiency.

Risk Management

Our risk management framework provides a mechanism by which uncertainty associated with the delivery of key performance indicators can be identified, overseen and managed. Such risks are identified at an operational level by our Divisional and Directorate Teams and where appropriate, escalated for the attention of the Executive Team via the Performance Management Review Process.

In addition, one of our Strategic Objectives is associated with the achievement of NHS constitutional targets. The Board Assurance Framework is the mechanism by which risks which threaten the achievement of our strategy are identified. Therefore, when developing and reviewing the Board Assurance Framework, members of the Executive Team are required to assess risk of non-delivery of key targets and where identified, these are reported to the Board accordingly.

Key Performance Measures: How we performed during 2018/19

The following provides a summary of our performance during 2018/19, against the key metrics which are included in our Integrated Performance Report. These are broken down into the domains of:

- Financial rating
- Operational performance
- Organisational Health
- Caring
- Safe

	No.	Indicator	Target	2017/18 Performance	2018/19 Performance
Financial Rating	1.	Capital service capacity	4	4	4
	2.	Liquidity (days)	4	4	4
	3.	Income and expenditure margin	4	4	4
	4.	Distance from financial plan	0	2	4
	5.	Agency spend	1	1	1
Operational Performance	No.	Indicator	Target	2017/18 Performance	2018/19 Performance
	1.	A&E 4 hours waiting time	95%	77.7%	81.5%
	2.	Cancer 62 days from urgent GP referral	85%	78.9%	81.8%
	3.	Cancer 62 days from screening programme	90%	86.5%	87.8%
	4.	Diagnostic waits under 6 weeks	99%	99.3%	98.6%
	5.	RTT incomplete	92%	71.7%	78.9%
	6.	Duty of Candour	100%	100%	100%
	7.	Theatre Utilisation	85%	73.5%	81.0%
	8.	Outpatient Utilisation	97%	47.4%	53.1%
	9.	12 hour trolley breaches	0	508	3
Organisational Health	No.	Indicator	Target	2017/18 Performance	2018/19 Performance
	1.	Executive Team Turnover	n/a	12.35%	25.26%
	2.	Turnover rate	<11%	7.23%	7.46%
	3.	Proportion of temporary staff (month 12 snapshot)	n/a	6.88%	6.47%
	4.	Sickness absence rate	<3.39%	4.33%	4.48%
	5.	Appraisal rate	90%	90.44%	91.67%
	6.	Agency costs as a % of total pay costs (month 12 snapshot)	n/a	3.78%	4.52%
	7.	NHS Staff Survey (annual) NB: different scoring criteria used in 2017/18 to 2018/19	n/a	3.73	6.80
	8.	Statutory and Mandatory Training	95%	93.10%	92.02%
	9.	Staff Friends and Family Test (FFT): % recommended as a place to work	>61%	51.37%	44.51%
Caring	No.	Indicator	Target	2017/18 Performance	2018/19 Performance
	1.	Mixed sex accommodation breaches	0	0	0
	2.	Written complaints rate (per 10,000 spells)	n/a	36.18	27.97
	3.	FFT - % inpatient recommendations	95%	97.8%	98.0%
	4.	FFT - % A&E recommendations	95%	68.1%	69.6%
	5.	FFT - % maternity recommendations	95%	99.87%	98.99%
	6.	Staff FFT – % recommended as a place to receive care	>61%	81.39%	81.40%
Safe	No.	Indicator	Target	2017/18 Performance	2018/19 Performance
	1.	Clostridium Difficile – infection number	81	71	56
	2.	Avoidable MRSA cases	0	0	1
	3.	Never Events	0	2	6
	4.	Falls resulting in harm	n/a	1003	863
	5.	Medication errors (rate per 10,000 bed days)	n/a	38.2	41.6
	6.	Pressure ulcers – hospital acquired (category 2)	99	110	96
	7.	Pressure ulcers – hospital acquired (category 3)	39	72	47
	8.	Pressure ulcers – hospital acquired (category 4)	0	2	0
	9.	Emergency C Section Rate as % total births	n/a	13.32%	13.46%
	10.	VTE risk assessments	95%	95.5%	94.4%

Financial Performance Review

In 2018/19 we agreed a financial plan with NHS Improvement to deliver a year end deficit of £44.8m. Within this plan we were required to achieve cost improvement programme (CIP) savings of £62.4m and would receive £24.8m of Deficit Support.

We were unable to agree to the Control Total set by NHSI and therefore did not receive any Provider Sustainability Funding in 2018/19.

At the end of the financial year the Trust has a deficit of £63.6m against the planned deficit of £44.8m. The deterioration in the position was mainly due to the under delivery of the CIP target by £9.5m and along with the net loss of £10.6 m disputed income primarily from 2017/18 related to not receiving a reinvestment of the contractual penalties and fines assumed in the 2017/18 outturn position.

In addition to the full year effect of £10.1m savings from 2017/18 the Trust set itself a challenging in year CIP target for 2018/19 of £52.3m, equal to 6.4% of costs in the plan. Of the £52.3m target the Trust was able to make £42.8m of savings in year. The main areas of savings related to reductions in workforce expenditure, specifically from premium pay reductions and skill mix efficiencies. Improvements were also made in clinical theatre and outpatient utilisation schemes, various income opportunities, and efficiencies from procurement and other non-pay savings.

2018/19 continued to be challenging for our commissioners and the Trust Contract management agenda was challenging for both provider and commissioning organisations across the Local Health Economy. The Trust has been in negotiations with the Commissioners and other providers within the Staffordshire and Stoke on Trent STP to develop a payment mechanism for 2019/20 that reduces the risk of contractual disputes.

The 2019/20 Financial Plan shows a further improvement in the financial position from 2018/19. The Trust is planning a break even financial position with a requirement of a CIP delivery in year of £40m. The Trust plans to achieve the proposed Control Total of a break even position in 2019/20 which includes the receipt of Marginal Rate Emergency Tariff (MRET) central funding and a non-recurrent allocation of Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF). The Trust has submitted a financial plan to achieve the Control Total of a break even position in 2019/20 which includes receipt of £32m funding for MRET, PSF and FRF along with £24.9m deficit support funding.

The Board of UHNM is the Corporate Trustee for the UHNM Charity. Charitable income received for the year from donations, legacies and investments amounted to £1.5m. During the year £0.7m was spent on advanced medical equipment, staff development, high quality research and enhancing the hospital environment.

Jonathan Tringham
Chief Financial Officer

Statement of Comprehensive Income Account: Year Ended 31 March 19

	2018/19		2017/18	
	£'000	%	£'000	%
Revenue from patient care activities	632,512	89%	610,684	88%
Other operating revenue	81,326	11%	85,946	12%
Total revenue	**713,838**	**100%**	**696,630**	**100%**
Operating expenses	(764,617)	97%	(736,512)	97%
Operating surplus / (deficit)	**(50,779)**	**(7%)**	**(39,882)**	**(6%)**
Other gains and losses	77	(0%)	(5)	0%
Surplus / (deficit) before interest	**(50,702)**	**(7%)**	**(39,887)**	**(6%)**
Investment revenue	248	(0%)	64	(0%)
Finance costs	(20,604)	3%	(19,336)	3%
Surplus / (deficit) for the financial year	**(71,058)**	**(10%)**	**(59,159)**	**(8%)**
Public dividend capital dividends payable	(1,380)	0%	(2,119)	0%
Retained surplus / (deficit) for the year	**(72,438)**		**(61,278)**	

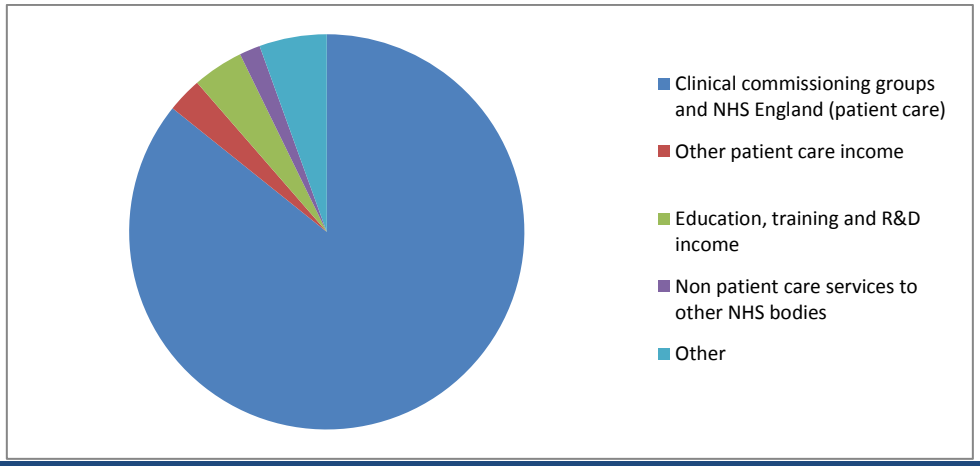
Performance against Breakeven Duty

	2018/19	2017/18
	£'000	£'000
Retained support / (deficit) under IFRS	(72,438)	(61,278)
Impairments	9,585	(8,583)
Adjustments for donated asset/gov't grant reserve elimination	(754)	144
Actual surplus under UK GAAP	**(63,607)**	**(69,717)**

Revenue Income

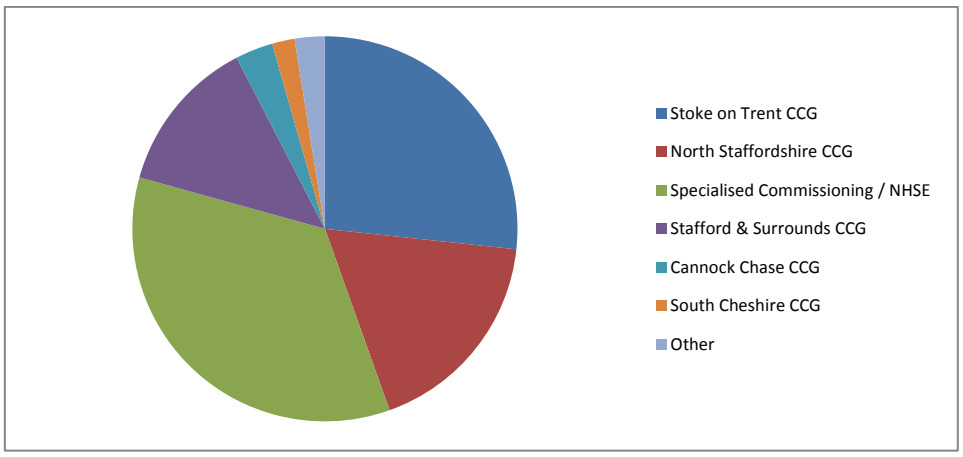
Income in 2018/19 totalled £713.8m. The majority of the Trust's income (£612.1m, 85.7%) was delivered from Clinical Commissioning Groups and NHS England in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other Trusts, training and education and miscellaneous fees and charges.

Summary of Total Income 2018/19



	2018/19	2017/18
	£m	£m
Clinical Commissioning Groups and NHS England (patient care)	612.1	598.1
Other patient care income	20.4	12.5
Education, training and R&D income	29.7	32.4
Non patient care services to other NHS bodies	12.2	11.8
Other	39.4	41.8
Total revenue	**713.8**	**696.6**

Summary of Income from CCG's 2018/19



	2018/19		2017/18	
	£m	%	£m	%
Stoke on Trent CCG	169	27%	157	26%
North Staffordshire CCG	113	18%	106	17%
Specialised Commissioning / NHSE	220	35%	214	35%
Stafford and Surrounds CCG	83	13%	81	13%
Cannock Chase CCG	20	3%	19	3%
South Cheshire CCG	12	2%	11	2%
Other	16	3%	23	4%
Total revenue from patient care	**633**	**100%**	**611**	**100%**

	2018/19	2017/18	% change
	£m	£m	%
Revenue from patient care activities	**632.5**	**610.7**	**4%**
Other revenue:			
Medical school (SIFT)	7.4	8.6	(14%)
Junior doctor training (MADEL)	13.6	14.0	(3%)
WDD funding	3.9	4.4	(11%)
Research and development	4.0	4.7	(15%)
Non patient care services to other NHS bodies	12.2	11.8	3%
Other Income	40.2	42.4	(5%)
Total other revenue	**81.3**	**85.9**	**(5%)**
Total revenue	**713.8**	**696.6**	**2%**

Operating Expenditure

Staff costs at £466.7m represent 61 per cent of the Trusts operating expenditure with clinical supplies and services non pay costs representing a further 19 per cent. A summary of operating expenditure is shown in the table below.

In accordance with the requirement to ensure that the carrying value of land and buildings are not materially misstated the Trust commissioned an independent valuer to carry out an interim valuation exercise in March 2019. This resulted in an reduction in value of £27m from the previous interim valuation and reflects a decrease in the location factor applied relating to the Staffordshire area and a small increase in the building price indices.

Summary of Operating Expenditure	2018/19	2017/18	% change
	£m	£m	%
Staff costs	466.7	461.1	1%
Other costs	71.2	70.5	1%
Clinical supplies and services	147.5	145.4	1%
Depreciation	27.6	27.2	1%
Premises costs	21.4	20.0	7%

Summary of Operating Expenditure	2018/19	2017/18	% change
	£m	£m	%
Clinical negligence	20.6	20.9	(1%)
Total operating expenditure before impairments	**755.0**	**745.1**	**1%**
Impairments	9.6	(8.6)	(212%)
Total operating expenditure	**764.6**	**736.5**	**4%**

Performance Indicators

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

The metrics and scores are:

- Capital Service Cover (score 4)
- Liquidity Ratio (score 4)
- I&E Margin (score 4)
- I&E Margin Distance from Plan (score 4)
- Agency spend (score 1)

Overall use of resources (score 4)

Capital

Of the capital funding in 2018/19, £21.2m was generated internally from the depreciation of assets and this is predominantly allocated to the replacement of medical equipment, ICT systems and the refurbishment of the Trust's buildings and estate. In addition the Trust was awarded central capital funding totalling £16.8m for a number of significant investments including additional beds housed in the modular wards, replacement Linear accelerators and digital system investments. The main areas of capital expenditure are as set out below:

Capital Spend	2018/19
	£'000
Medical Assets:	
Linear Accelerators	4,118
Theatres Stacker System	382
Mobile X-ray Units	352
Minor Divisional Investment	418
Other Medical Asset Replacement	2,727
Total Medical Assets:	**7,997**
ICT Schemes:	
Electronic Prescribing (EPMA)	2,699
Electronic Health Records	767
Order Comms & Results Reporting Replacement	758
Speech Recognition	773
Robotic Process Automation	316
Electronic Patient Letters	400
Cyber Security	600
Windows 10 Upgrade	510
ICT Equipment Replacement	1,193
Total ICT Schemes	**8,016**
Estates and General Works:	
Modular Wards	10,679
Site development	934
General estates refurbishments	2,085
PFI lifecycle	4,270
PFI lifecycle pre-payment	4,060
Total Estates & PFI Schemes	**22,028**
Total	**38,041**

Quality Performance Review

We're extremely proud of the quality of care that our patients receive, as reflected in our Care Quality Commission rating of 'outstanding' for Caring.

We use a number of key quality indicators as measures for evaluating the quality of care and services we provide. These include patient falls, pressure ulcers, medication incidents, complaints and patient experience, infection prevention and mortality rates.

These measures are monitored across all wards and departments, so that we have a comprehensive overview of how we are performing and where we need to focus our attention for ensuring improvement.

Here, we provide an overview of performance against our quality indicators during 2018/19:

Patient Falls

- We have continued to see improvements in the rate of patient falls (per 1000 bed days) and we have seen a significant reduction in falls resulting in harm when compared to 2017/18
- Our compliance with the 'Falls Bundle' has improved and we have continued to exceed the national target

Pressure Ulcers

- We have remained under trajectory for 'avoidable' pressure ulcers and we have continued to implement the national 'Stop the Pressure' campaign aiming to completely eliminate hospital acquired pressure ulcers
- We are also below trajectory for pressure ulcers where 'lapses in care' have been identified, with a 20% reduction when compared to 2017/18 when we experienced unprecedented operational pressures
- All pressure ulcers are investigated using a Root Cause Analysis tool and we have developed Pressure Ulcer Prevention Action Plan to drive continued improvement
- In July 2018, we introduced a Rapid Intervention Support Process (RISP) to ensure that all pressure ulcers are investigated within 72 hours of identification to promote prompt learning and to reduce the likelihood of future skin damage
- We have eliminated all 'grade 4' hospital acquired pressure ulcers

Medication Incidents

- We have seen an increase in the reporting of medication incidents during the year
- However, we have continued to see an increase in the reporting of 'near misses', which has demonstrated an increased awareness of medication incident reporting amongst our staff and an openness to report errors as they occur

Complaints

- We have seen a decreasing rate of complaints being received over the past two years
- All complaints are investigated fully, ensuring ongoing engagement with the complainant and the development of an action plan to address any lessons which can be learned

Mortality

- Our latest available 12 month Hospital Standardised Mortality Rate (HSMR) was reported as 104.4

- Following a rise in mortality rates which we investigated thoroughly, at the end of the year we began to see the rate reducing each month
- Although our HSMR has increased, we have continued to see an ongoing reduction in our 'crude' mortality rates

We will continue to implement our Patient Care Improvement Strategy over the coming year and will be driving forward improvements against our key quality measures.

Commissioning for Quality and Innovation (CQUIN) Indicators for 2018/19

CQUIN is a payment framework which allows commissioners to agree payments to providers based on agreed qualitative improvements. Below is a summary of the CQUIN schemes for 2018/19, the targets for each scheme together with a forecast of the Trust's performance.

1.25% of our income is dependent on the achievement of the CQUINs together with a further 1.25% available associated with STP support and engagement in local initiatives. Below provides the outcome of our performance during 2018/19.

Specialised Contract CQUINs		
CQUIN Indicator	**2018/19 Target**	**Performance**
Haemophilia Haemtrack Patient Home Reporting	1) Faster adoption of prioritised best value Factor VIII products as they become available 2) Improving MDS data quality for Factor VIII products and reconciliation data 3) Improving data quality associated with outcome databases	**Achieved**
Dose Banding for Adult Intravenous Anticancer Therapy	Implementation of nationally standardised doses of SACT using the dose-banding principles and dosage tables published by NHS England	**Achieved**
Shared Decision Making (SDM)	**Renal**: to ensure all relevant treatment options are discussed with patients, to enable choices aligned to a patient's overall needs and values and clinical ability to benefit	**Achieved**
	Respiratory: continuation of SDM scheme from 2017/18 demonstrated through patient feedback	**Achieved**
	Cardiology: continuation of SDM scheme from 2017/18 demonstrated through patient feedback	**Achieved**
Cystic Fibrosis Patient Adherence (Adult)	Improved adherence and self-management by patients, enabling better health outcomes and much less time off work and other life activities.	**Achieved**
Complex Device Optimisation	Enhancement and maintenance of local governance systems to ensure compliance with national policies and specifications; development of sub-regional network policies to encourage best practice when determining device choice; ensure that referral pathways and robust MDT decision making processes are developed for complex and clinically unusual cases, revisions and lead extractions	**Achieved**
Spinal Surgery: Networks, Data, MDT Oversight	Establishment and operation of regional spinal surgery networks, data flows and MDT for surgery patients. The scheme aims to promote the better management of spinal surgery by creating and supporting a regional network of a hub centre and partner providers that will ensure data is collected to enable evaluation of practice effectiveness and that elective surgery only takes place following MDT review.	**Achieved**
Medicines Optimisation	Adoption of best value generic/biologic products of existing and new patients	**Achieved**
	Increased use of cost effective dispensing routes for outpatient medicines	**Achieved**
	Reporting of all NHSE excluded drugs dispensed data to the Trust pharmacy systems	**Achieved**
Paediatric Networked Care	Aligns to the national Paediatric Intensive Care service review and aims to gather information which allows the demand across the whole paediatric critical care pathway to be considered	**Achieved**
Armed Forces	Embedding the Armed Forces Covenant to support improved health outcomes for the Armed Forces Community	**Achieved**
Abdominal Aortic Aneurysm Screening	Identify and reduce local inequalities in abdominal aortic aneurysm screening	**Achieved**
Breast Screening	Identify and reduce local inequalities in breast cancer screening	**Achieved**

Main Contract CQUINs		
CQUIN Indicator	**2018/19 Target**	**Performance**
Supporting local areas: Sustainability and Transformation Partnerships (STP)	Contribute and engage with the STP transformation initiatives. Enter into discussions with the STP on activities that will support the wider aim of integrated care and also consider local payment reform and introduction of local tariffs.	**Achievement subject to STP discussions**
Staff Health and Wellbeing	Achieve an improvement in 2 of 3 of the NHS Annual Staff Survey questions on health and wellbeing, musculoskeletal and stress.	**Not achieved**
Health and Wellbeing – Food	**a) Maintain the changes introduced in 2016/17:** ban price promotions on sugary drinks and foods high in fat, sugar or salt (HFSS), ban advertisements on NHS premises on sugary drinks and foods HFSS, ban sugary drinks and foods HFFS from checkouts; ensure health options are available for staff working night shifts.	**Achieved**
	b) Introduce 3 new changes: • Sign up to the national Sugar Sweetened Beverage (SSB) reduction scheme and SSBs sold account for 10% or less of all drinks sold • 80% of confectionery and sweets do not exceed 250kcal • At least 75% of pre-packed sandwiches and pre-packed meals contain 400kcal or less per serving	**Achieved**
Health and Wellbeing – Flu	Improve the uptake of flu vaccinations for front line clinical staff with a target of 75% by the end of February 2018	**Achieved**
Antimicrobial Stewardship	**a) Timely identification of Sepsis:** To achieve 90% of patients who met the criteria for Sepsis Screening being screened for Sepsis	**Part Achieved**
	b) Timely treatment of sepsis: To achieve 90% of those who were found to have Sepsis and received IV antibiotics within 1 hour of diagnosis	**Part Achieved**
	c) Antibiotic review within 3 days: To achieve 90% of patients with sepsis who are still inpatients at 72 hours following the review criteria have an assessment of a clinical antibiotic review between 24-72 hours of initiations including: • The review was completed by an infection senior doctor, infection pharmacist or senior member of the clinical team • There was a documented outcome of the review • Clear documentation whether an IV to oral decision was made or if the patient remained on IV antibiotics including a rationale for not switching	**Achieved**
	d) Reduction in antibiotic consumption: • reduce the total antibiotic consumption by 2%	**Not achieved**
	• reduce the total Carbapenem use by 2%	**Achieved**
	• increase the proportion of AWaRe antibiotics by 1%`	**Achieved**
Improving services for people with mental health needs who present to A&E	**a)** Maintain a 20% reduction for the 2017/18 cohort against the 2016/17 baseline	**Achieved**
	b) Identify a new patient cohort and achieve a 20% reduction in their attendances to A&E in 2018/19	**Achieved**
	c) Improve the Emergency Care Dataset data quality to 95% completeness for Chief Complaint, Diagnosis, and Injury Intent by the end of Q4	**Achieved**
Advice and Guidance (A&G)	**a)** Develop and operate A&G services for non-urgent GP referrals, allowing GPs to access consultant advice prior to referring patients in to secondary care. Operationalise A&G services for specialties covering at least 75% of GP referrals by Quarter 4 2019	**Achieved**
	b) 80% of A&G requests responded to within 2 days	**Achieved**
	c) 95% of A&G requests responded to within 5 days	**Achieved**
Preventing ill health by risky behaviours	**a)** Tobacco screening: 90% patient screened	**Achieved**
	b) Tobacco brief advice: 90% applicable patients given advice	**Part achieved**
	c) Tobacco referral and medication offer: 30% compliance	**Part achieved**
	d) Alcohol screening: 50% patients screened	**Achieved**
	e) Alcohol brief advice or referral: 80% compliance	**Achieved**

Operational Performance Review

During 2018/19 we have improved our performance against the 4 hour target when compared to previous years. This has been the result of good health economy working across the system which has developed a fully functioning 'track and triage' service at the front door, supported by an Urgent Treatment Centre at Royal Stoke and a new Acute Medical Receiving Area (AMRA) within the Emergency Department.

Emergency Department performance incrementally improved from 80% in April 2018 to 90% in August 2018. During the period November 2018 through to the end of the year this settled at around 85%. Work continues on clinically led hospital wide flow redesign at both Royal Stoke and County Hospitals as part of the emergency floor developments.

Between April 2018 to November 2018 we saw a steady reduction in the number of medically fit for discharge (MFFD) patients across both of our hospitals and UHNM were ranked sixth nationally for delivering our mandated reduction in long stay patients at February 2019. We have continued to see strengthened relationships with our Local Health Economy System Partners, in particular through our Multi-agency Discharge Event (MADE) meetings, which are held 3 times a day, with senior system leaders. We remain committed to reducing variations in seasonal length of stay and we have developed ambitious plans for the coming year within the system wide STP Urgent Care Programme.

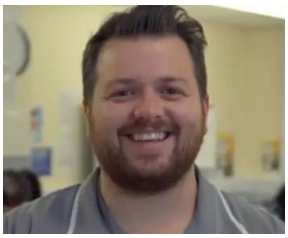
Other Planned Care constitutional standards have shown steady improvements during 2018/19 with Referral to Treatment (RTT) performance achieving an average of 80% delivery from October 2018 and this is set to continue during 2019/20.

Cancer performance has also improved with routine achievement of first new appointments secured within 2 weeks and more consistency in securing best in peer for 62 day performance compared to our 20 benchmarked NHS Trusts.

We commissioned support from the Intensive Support Team (IST) around capacity and demand modelling and have developed efficiency programmes within our Theatres, Outpatients and Diagnostic services to underpin improvements within Planned Care which will comprise the UHNM work plan within the system wide STP Programme.

Jon Scott
Chief Operating Consultant

Workforce Performance Review





Our People Strategy, developed through consultation with our staff, supports all that we do to attract, recruit, develop, retain, support and reward our staff and teams to meet our future goals and aspirations. Towards delivering our People Strategy, the focus in 2018/19 was on:

- **Developing the role and capability of leaders in line with our 'leading with compassion' philosophy**
- **Planning the workforce to support the delivery of strategic change processes, ensure compliance with legislation, improve productivity and reduce the Trust pay bill**
- **Through learning, education and Widening Participation, market the UHNM employer brand and work closely with our education partners on promoting and developing career pathways and widening participation by working with schools and volunteers to promote NHS roles**
- **Improving staff experience by promoting a compassionate culture, improving staff wellbeing, experience and performance, ultimately improving patient experience and outcomes**

Developing our 'Leading with Compassion' Philosophy

- We have continued to develop our leadership capability via the Connects Leadership Programme
- We developed a Consultants Leadership foundation programme in partnership with Mid Cheshire Foundation Trust
- Our leadership event held in May 2018, focused on achievement of our strategic objectives and generating improvement ideas.
- In addition to our staff networks for Lesbian, Gay, Bisexual and Transgender (LGBT) and disabled staff, we have an established a Black and Minority Ethnic (BME) Network Group and have integrated 'equality and diversity in employment' into our recruitment training.
- We promoted the STP's Black, Asian and Minority Ethnic (BAME) Leadership Programme – *Staffordshire Stepping Up.* A number of our staff successfully completed the programme, which is aimed at existing and aspiring BAME leaders across Staffordshire healthcare. It is designed to support participants to develop their leadership skills in current roles as well as to assist with career progression

Planning the Workforce

- We have developed a number of new roles to enable reliance on the temporary workforce to be reduced
- We recruited 70 Nursing Associates to undertake a two year training programme
- Our Physician Associate Internship programme recruited its third cohort with 2 Physician Associates placed in A&E Royal Stoke and we recruited a further 2 F3 Doctors in 2018/19) who have replaced agency use and contributed to a reduction in agency spend
- We have also pursued international recruitment for consultant posts in hard to fill areas.

Working with colleagues to deliver the Trust wide financial recovery plans and enhance productivity and efficiency of the workforce has been a priority throughout 2018/19, by improving workforce supply and recruiting to key posts as well as reducing reliance on the premium cost workforce. To reduce reliance on the premium cost workforce, we have also delivered improvements in rostering and job planning, as well as identifying workforce productivity and/or efficiency opportunities.

Education Partnerships

- We have continued to implement our Apprenticeship Strategy and Widening Participation initiatives in recognition of the need for clear educational pathways from schools and colleges into the NHS for clinical support, healthcare scientists, administration and nursing assistant roles
- We offered 600 work experience placements, and developed a ‘step into UHNM’ programme for under 16’s and college students

We work closely with our Health and Care partners, and have secured funding from Health Education England for a number of projects including the Frailty Project, a system-wide training and care home project, and the Whole Population Health Project where the model is based on the 'secondary school' as the healthcare community hub with partners wrapped around the school to deliver key priorities which support local, STP and Health Education England (HEE) objectives. The long term aim is to improve the health of our next generations in Staffordshire, resulting in less impact on primary and secondary care services, and with the patient accessing the right services, while at the same time, developing our workforce of the future.

Improving Staff Experience and Well-being

We know that achieving positive outcomes for both our staff and patients is linked to effective employee engagement which provides an opportunity to unlock the potential creativity and innovation of employees. Having revised our Trust Values in 2017/18, we have continued employee engagement activities throughout 2018/19 towards ensuring these values remain embedded across the whole organisation. As well as shared values, staff say it is important that senior leadership is visible and approachable throughout the organisation, and that there is regular and effective communication with employees.

- We completed our Engage @ UHNM survey to inform Divisional Staff Experience Action Plans and have engaged staff through initiatives such as Team/Employee of the Month Awards; calls to actions to Senior Leaders on tackling absence, bullying and harassment.
- Staff morale and engagement are also factors in absenteeism and the 2018 Staff Survey showed that at 6.8, our staff engagement score is just below the acute trust average of 7.0. There were improvements in staff saying they look forward to going to work and are enthusiastic about their job, and an improvement in the percentage of staff who would recommend the Trust as a place to work (from 54.7% 57.2%).
- We have commenced our journey on the introduction of a just and learning culture with an increased focus on learning outcomes.

Organisations that prioritise staff health and wellbeing perform better, with improved patient satisfaction, stronger quality scores, better outcomes, higher levels of staff retention and lower rates of sickness absence. Securing a reduction in sickness rates has proved challenging so in 2019/20 we will implement a system to automate the absence management process, improving accountability and making responsibility for absence more visible. The project, partially funded by NHSI, will also support delivery of the Health and Wellbeing Improvement Collaborative and deliver against Lord Carter’s recommendations to improve workforce productivity and efficiency

Looking Ahead

In 2019/20, we will continue to develop the Trust by implementing a Trust-wide approach to Talent Management, Succession Planning and Leadership Development. We will also continue to support the organisation to reduce workforce costs by implementing workforce controls, cost reduction schemes and by addressing workforce supply challenges. To improve efficiency of system and processes, we will continue to deploy and embed new technology. And finally, towards improving staff experience, we will continue to promote the development of a compassionate, inclusive and open culture, with the aim of improving action on health and wellbeing.

Ro Vaughan
Director of Human Resources

Research and Development

A core part of the NHS is creating a culture of innovation and giving patients the opportunity to get involved in all aspects of research.

Our Research and Development Department strives to provide high quality, pioneering research at every stage of patient care.

Thousands of patients per year are recruited into studies led by internationally renowned researchers here at UHNM in a variety of areas including stroke, cancer, neurology, radiography and respiratory medicine. Research nurses and midwives work alongside clinicians, multidisciplinary teams and support services to identify potential research participants, discuss trials with patients and provide care throughout the studies. Ranked in the top 15 per cent of research active Trusts, we work in partnership with Keele University to deliver ground breaking studies that can help patients all over the world.

During 2018/19:

We recruited 2487 patients to clinical research studies, 51.3% of the annual target

UHNM affiliated staff published an average of 24.5 publications per month

There were 434 open research studies

We secured £3.66m income from research activities, compared to £4.26m in 2017/18

We secured £2.8m external funding for successful bids in Heart Failure and Chronic Obstructive Pulmonary Disease

Our focus for 2019/20 will be around the development and implementation of a Research and Innovation Strategy, which will address 4 key themes:

- **Culture**: ensuring the integration of research activity into UHNM core business
- **Capacity**: promoting the growth of researcher numbers, with associated support infrastructure
- **Finance**: ensuring financial sustainability and transparency, including highlighting savings on drug costs and staff time for patients involved in clinical research studies.
- **Risk & Regulation**: ensuring there is a robust assurance framework needed to ensure regulatory compliance

Social Matters

Safeguarding

Our Safeguarding Teams are in place to support staff in the protection of vulnerable adults and children from abuse, with the aim of:

- Ensuring that safeguarding is everyday business across the organisation, evidenced in all areas of the Trust's activities and business
- Ensuring all staff are empowered to speak up and act when they see or suspect safeguarding
- Ensuring all patients are protected by ensuring that organisational policies and processes are streamlined to facilitate staff to do the right thing
- Ensuring that we make safeguarding personal through learning from children, families and adults at risk
- Ensuring we work in partnership with other health colleagues to facilitate co-operation in a transparent and productive way
- Ensuring we have training strategies in place to educate staff appropriately within their roles and responsibilities

Dementia

People living with dementia in general hospitals are known to have worse outcomes in terms of length of stay, mortality and institutionalisation, therefore early diagnosis through assessment is essential. Therefore our Dementia Care Pathway and Framework aims to:

- Recognise the individuality and capabilities of the person with dementia and ensure that they are treated with dignity and respect
- Help the person with dementia to understand and manage their illness and enhance those things that they are still able to do
- Help informal carers to continue caring for as long as possible
- Have a rehabilitative emphasis to help people with dementia to have the best quality of life as possible within the limitations of their illness
- Communicate in a way that is understandable to people with dementia and their family/informal carers

We have introduced a **butterfly symbol** to identify patients with a cognitive impairment or established dementia. This triggers a number of identified actions for staff to ensure that patients receive care tailored to their needs.

Freedom to Speak Up

We are striving for a healthy speaking up culture with effective speaking up arrangements to help protect patients and improve the experience of NHS workers.

During 2018 we have undertaken a self-assessment to identify areas for development and improve the effectiveness of our leadership and governance arrangements around speaking up and our key priorities are:

- Ensure all staff know how to speak up and do so with confidence
- That lessons learnt from speaking up issues are shared widely across the Trust
- To routinely audit the handling of speaking up issues to ensure that the Speaking Up Policy is being implemented
- Ensure managers listen and respond effectively when concerns are raised

Chaplaincy

Our Chaplaincy Team provides pastoral, religious and spiritual care to patients, visitors and staff across both of our sites. The Team seek to support people of all beliefs and can make arrangements for individuals from a belief community to visit if required.

The service is available 24 hours a day, 7 days a week. All matters are dealt with in confidence, with only very limited access to patient information, to maintain confidentiality. The Chaplains work together as an ecumenical team, with assistance from a team of Locum Chaplains.

The work of the Team is further enhanced by a group of volunteers who visit patients and help with services.

End of Life Care

Many patients who are at End of Life are looked after by their normal clinicians. However, some patients need specialist support from the Hospital Palliative Care Team if they have a specialist need for symptom control, emotional support, decisions about their care, help with a complex discharge or possibly discharge to a hospice. The Hospital Palliative Care Team is available 9am to 5pm, 7 days a week.

In May 2018 we participated in the Dying Matters week, an annual event from a coalition of people and organisations who work together to encourage the public to have a conversation about death, grief and bereavement. Our Specialist Palliative Care Team worked together with 39 other individuals/organisations in Staffordshire to provide 23 events and activities which included:

- Palliative Care conference
- Homeward Bound Performance
- Death Café
- Virtual autopsy
- Dead or alive quiz

Over the last year we have been working to amalgamate the last days of life documentation and the **Purple Bow** scheme into a single care bundle. The Purple Bow scheme continues to receive plaudits and is now becoming well embedded into the organisation.

Mental Health

We recognise that many of our patients are or have experienced mental health problems. To try and improve our support of these patients:

- We have developed a strategy listing the organisations aim of improving the support we give to these patients.
- We have mental health liaison nurses on site 24/7 so that we have expert support and advice available.
- We have developed new pathways for patients who attend following self-harm
- We have a development training programme to improve the knowledge and awareness of our staff.

Learning Disabilities

Learning Disability Awareness week took place in June 2018 where we spread the word about the problems people with a learning disability face getting good healthcare. During this week we:

- Launched awareness materials via our website for patients, carers and health professionals
- Interviewed a patient with learning disabilities to understand the challenges he faces coming into hospital and how we can make things easier
- Were visited by the Lord Mayor of Stoke on Trent, Mrs Lilian Dodd and many of our staff provided information stands in our hospital atrium
- Delivered talks and facilitated training and awareness raising sessions via our Acute Liaison Nurse for Learning Disabilities, Kieran Uttley

Anti-Bribery and Corruption

We are committed to maintaining an honest, open and well intentioned atmosphere, in order to fulfil our objectives and those of the wider NHS. We expect high standards of corporate and personal conduct aligned to the three fundamental public services values of accountability, probity and openness.

Our policy sets out clear, personal responsibility for all of our employees to protect the assets of our organisation, including all buildings, equipment and monies, from fraud, theft, corruption or any other irregularity. All staff are required to report any reasonable suspicions to our Local Counter Fraud Specialist (LCFS) and as such, are committed to investigate fully any suspicion of fraud, bribery or corruption, taking appropriate action where required.

The appointment of an LCFS is in accordance with Secretary of State Directions. The Audit Committee is responsible for approval of an annual programme to be undertaken by the LCFS, which is a combination of 'proactive' and 'reactive' work. Progress against this work programme is reviewed by each meeting of the Audit Committee, and is reported under the following themes:

- Inform and involve
- Prevent and deter
- Strategic governance
- Holding to account

In November 2018 we undertook a Fraud Awareness Week which involved a focused onsite campaign engaging with staff and distributing awareness materials across both of our sites.

This was supported by awareness raised through other mechanisms such as staff payslips and internal communications.

Human Rights

We are committed to the principles contained in the Human Rights Act. We aim to ensure that our employment policies protect the rights and interests of our staff and ensure that they are treated in a fair, dignified and equitable way when employed by us.

Code of Conduct and Fit and Proper Persons

All of our Board members understand and are committed to the practice of good governance and to the legal and regulatory frameworks in which they operate. As individuals they must understand both the extent and limitations of their personal responsibilities, such as the differences in role of executive and non-executive Board members. To justify the trust that has been placed in them by patients and the public they must adhere to these standards of personal behaviour, technical competence and business practice.

Our Code of Conduct for Board Members has been developed in line with a range of existing standards relevant to the healthcare sector. The standards set out within our Code are consistent with the Nolan Principles on Public Life and within existing regulatory frameworks applying to professionals and senior managers working in the NHS.

Emergency Preparedness, Resilience and Response (EPRR)

We submitted our annual Core Standards for EPRR 2018/19 (Self-Assessment) which was subject to confirm and challenge on 27th September 2018.

This was subject to evaluation by our commissioners, who concluded our compliance level to be **substantially compliant**. Whilst it was recognised that a number of improvements had been made, further improvements were identified as being required for the next 12 months:

- CS42 - Military Aid to the Civil Authorities (MACA) process to be included in all on call packs.
- CS51 - Divisional Level plans were requested
- CS68 - further assurance of decontamination training required.

Since the assessment we submitted an action in January 2019 which demonstrated that we had taken action to ensure compliance against these areas.

Modern Slavery Act Declaration

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

Anti-Slavery Statement

This statement, made pursuant to section 54(1) of the Modern Slavery Act 2015, sets out the approach taken by University Hospitals of North Midlands NHS Trust to understand all potential modern slavery risks related to its business, and the actions undertaken to mitigate any such risks during the financial year ended 31 March 2019.

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

Recruitment and Selection

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

Safeguarding Arrangements

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

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

Supply Chain

Our Supply Chain is made up of a number of large multi-national companies, Small to Medium Enterprises (SME's) and small local suppliers who make up a total of 3,557 live suppliers to the Trust at this current time. The location of supplier premises and manufacture locations are spread globally but the vast majority are situated in the European Union, where it is estimated that several hundred thousand people work for the aforementioned suppliers although not all these people work on UHNM related goods and services.

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

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

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

Environmental Matters/Sustainability

We are committed to demonstrating leadership in sustainability and developing a world-class healthcare system that is financially, socially and environmentally sustainable. In order to deliver this, Estates, Facilities and PFI continue to implement the Sustainable Development Management Plan (SDMP): 'Our 2020 Vision: Our Sustainable Future'.

These are the key initiatives undertaken during the financial year 2018/19.

Energy and Water Efficiency Schemes - Humidification

Our energy management and Operational Estates teams have worked in partnership with Sodexo to implement a project to reduce steam load in theatres. A pilot has been carried out and has demonstrated that humidification can be reduced with no negative impact on patients and staff. The pilot suggests that this will deliver savings in the 10's of thousands of pounds each year.

We continue to deliver small energy saving schemes through a variety of projects including secondary glazing, heating controls and improved lighting efficiency at both sites.

Saving Lives with Solar - Community Energy Scheme

In 2016, the award winning 'Saving Lives with Solar' Community Energy scheme installed over 1000 roof-mounted Solar Photovoltaic (PV) panels on the Royal Stoke and County hospital roofs. Uniquely, the project value of £335,600 was entirely funded by investment from the public.

The close partnership between; UHNM, Southern Staffordshire Community Energy Limited (SSCEL) and local fuel poverty charity 'Beat the Cold' continues to deliver this scheme. The solar panels are now generating as expected, and the solar energy Feed-in-Tariff revenue is accumulating into a 'Community Fund', used by Beat the Cold to provide referred patients with a home visit upon discharge in order to help facilitate a safe temperature and affordable warmth. Referrals numbers are now increasing and Beat the Cold are working even more closely with clinical staff to ensure as many vulnerable patients are referred as possible.

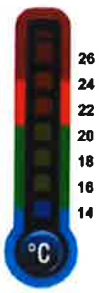
Behaviour change (the SWITCH to a Sustainable UHNM campaign)

The Trust continues to deliver the 'SWITCH *to a Sustainable UHNM*' campaign in order to ensure the effective use of resources, thereby achieving efficiency savings and enabling further investment in patient care and the working environment.

The campaign engages with staff and there are over 200 voluntary 'SWITCH Champions' who are bringing the campaign to life in their areas. The Champions tell us where and how we can make changes and come up with ideas such as travel schemes, reducing use of plastic, reusing furniture and equipment, recycling schemes and the use of recycled paper.

Thermometer Cards

There are free Thermometer cards now available for SWITCH Champions and all staff to use in their area to check the workplace temperature during cold weather.



Everyone feels temperature differently so having a card in the workplace helps to identify the actual temperature in an area rather than how it 'feels'. Use of these helps to ensure that we are hitting the target temperature for an area without overheating and aims to prevent people using electric heaters to ensure further savings are achieved.

Tracy Bullock, Chief Executive
24th May 2019

Part C: Accountability Report

Remuneration Report

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

This Committee monitors and evaluates the annual performance of individual directors, with the advice of the Chief Executive.

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

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

Remuneration Salaries and Allowances

The table below sets out the amounts awarded to all Board members and where relevant, the link between performance and remuneration. There have been no performance pay or bonuses paid to any of the Directors in either financial year. The remuneration information disclosed in the tables below have been subject to audit.

	2018/19				2017/18			
Board Member	**Salary** Bands of £5000	**Expense Payments** (taxable) total to nearest £100	**All pension related benefits** Bands of £2500	**Total:** Bands of £5000	**Salary** Bands of £5000	**Expense Payments** (taxable) total to nearest £100	**All pension related benefits** Bands of £2500	**Total:** Bands of £5000
Current Board Members:								
Liz Rix* **Chief Nurse**	85-90			85-90	150-155		7.5-10.0	160-165
Ro Vaughan **Director of HR**	125-130		15-17.5	140-145	125-130		25.0-27.5	150-155
Helen Ashley **Director of Strategy & Performance / Interim CEO 1/2/19 – 31/3/19**	160-165		45-47.5	205-210	155-160		37.5-40.0	195-200
John Oxtoby **Medical Director**	210-215			210-215	215-220		20.0-22.5	235-240
Robert Cooper **Chief Financial Officer**	80-85	2.6		85-90				
Jonathan Tringham** **Chief Financial Officer**								

Board Member	2018/19 Salary Bands of £5000	2018/19 Expense Payments (taxable) total to nearest £100	2018/19 All pension related benefits Bands of £2500	2018/19 Total: Bands of £5000	2017/18 Salary Bands of £5000	2017/18 Expense Payments (taxable) total to nearest £100	2017/18 All pension related benefits Bands of £2500	2017/18 Total: Bands of £5000
Sonia Belfield **Non-Executive Director**	5-10			5-10	5-10			5-10
Andrew Hassell **Non-Executive Director**	5-10			5-10	5-10	1		5-10
David Wakefield **Chairman**	55-60			55-60				
Gary Crowe **Non-Executive Director**	0-5			0-5				
Peter Akid **Non-Executive Director**	0-5			0-5				
Leigh Griffin **Non-Executive Director**	0-5			0-5				
Previous Board Members:								
Paula Clark **Chief Executive**	180-185			180-185	195-200			195-200
Stephen Burgin **Non-Executive Director**	0-5			0-5	25-30			25-30
Andrew Smith **Non-Executive Director**	0-5			0-5	5-10			5-10
Jean Challiner **Non-Executive Director**	5-10			5-10	5-10			5-10
John Marlor **Non-Executive Director**	0-5			0-5	5-10			5-10
Nicholas Young **Non-Executive Director**	0-5			0-5	5-10			5-10
John MacDonald **Chairman**					10-15			10-15
Richard Beeken*** **Chief Operating Officer**					120-125			120-125

* Liz Rix retired and returned during the year leading to a reduction in her remuneration and pension related benefits

**Jonathan Tringham is on the pay role of another local NHS employer and the cost is transferred to UHNM. The total cost paid for the one month remuneration as a Director is £10-15k however this also includes the employers contribution, overheads and non-taxable expenses

*** There is no opening pension data available for Richard Beeken and so we have been unable to calculate his pension related benefit for 2017-2018 and therefore it has not been included in his figures.

- There has been no performance pay or bonuses paid to any of the Directors in either financial year.
- The total cost paid for the one month remuneration as a Director is £10-15k however this also includes the employers contribution, overheads and non-taxable expenses.

Exit Packages for Staff Leaving in 2018/19

Exit Package Cost Band (including any special payment element)	2018/19 Number of compulsory redundancies	2018/19 Number of other departures agreed	2018/19 Total number of exit packages by cost band	2017/18 Number of compulsory redundancies	2017/18 Number of other departures agreed	2017/18 Total number of exit packages by cost band
Less than £10,000	1	4	5	2	17	19
£10,001-£25,000	5	11	16	4	10	14
£25,001-£50,000	2	5	7	1	9	10
£50,001-£100,000	3	3	6	1	2	3
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	1	0	1	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type	**12**	**23**	**35**	**8**	**38**	**46**

Exit Package Cost Band (including any special payment element)	2018/19 Number of compulsory redundancies	2018/19 Number of other departures agreed	2018/19 Total number of exit packages by cost band	2017/18 Number of compulsory redundancies	2017/18 Number of other departures agreed	2017/18 Total number of exit packages by cost band
Total resource cost (£'000)	**533**	**595**	**1128**	**184**	**732**	**916**

- Redundancy and other departure costs have been paid in accordance with standard NHS terms and conditions
- This disclosure reports the number and value of exit packages agreed with staff during the year.
- The remuneration information disclosed in the tables above have been subject to audit.

Pensions

Board Member	2018/2019 Real increase / (decrease) in pension at age 60	Real increase / (decrease) in pension lump sum at age 60	Total accrued pension at age 60 as at 31 March 2019	Lump sum at age 60 related to accrued pension at 31st March 2019	Cash Equivalent Transfer Value as at 31 March 2018	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value as at 31 March 2019	Employers contribution to stakeholder pension
	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000	£000	£000	£000
Liz Rix* Chief Nurse			45-50	300-305	1,150			
John Oxtoby Medical Director	0-2.5	0-2.5	55-60	175-180	1,269	111	1,438	
Ro Vaughan Director of HR	0-2.5	5-7.5	55-60	170-175	1,116	130	1,303	
Helen Ashley Director of Strategy & Performance / Interim CEO	2.5-5	0-2.5	55-60	140-145	888	141	1,078	

*Liz Rix retired and returned during the year leading to a reduction in her remuneration and pension related benefits.

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

Cash Equivalent Transfer Value (CETV)

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

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

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the Trust in the financial year 2018/19 was £210,000 to £215,000 (2017/18 was £215,000 to £220,000). This is based on a full time equivalent, annualised calculation. This was 8 times (2017/18: 8 times) more than the median remuneration of the workforce, which was £25,163 (2017/18 was £26,848). 13 employees (2017/18 13 employees) received remuneration in excess of the highest paid director. The Range of staff remuneration during 2018/19 was £0 - £5,000 to £320,000 - £325,000 (2017/18 £0 - £5,000 to £295,000- £300,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions or severance payments.

Consultancy

Expenditure on consultancy services for the year 2018/19 was £3.9m, compared to £5.4m in 2017/18.

Off Payroll Engagements

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

For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last longer than six months:

Off Payroll Engagement Longer than 6 Months	Number
Number of existing engagements as of 31 March 2019	0
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

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

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last longer than 6 months:

New Off-payroll Engagements	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	0
Of which, the number that have existed:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR36	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. engagements reassessed for consistency / assurance purposes during the year	0
No. engagements that saw a change to IR35 status following the consistency review	0

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

Staff Report

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

Ro Vaughan
Director of Human Resources

Here we provide an analysis of our 2018/19 staff numbers and costs.

Our Workforce

At 31 March 2019, we had a workforce of 9450.14 WTE (10,757 headcount). This is excluding Bank workers and Honorary contracts. Our staffing is made up of a variety of roles and pay scales and provides an overview of our workforce.

Senior Managers

Analysis of our senior managers is listed below:

	Headcount		WTE	
Pay scale	Female	Male	Female	Male
Band 8a	59	33	56.48	32.71
Band 8b	21	8	21.00	8.00
Band 8c	9	7	8.27	7.00
Band 8d	6	4	6.00	4.00
Band 9	2	0	2.00	0
Senior Manager	24	11	23.45	11.00
Director	5	2	4.90	1.80
Grand total	**126**	**65**	**122.10**	**64.51**

Staff Numbers

Staff Group*	Full Time Equivalents (WTE)		
	Permanent	Other	Total
Professional Scientific and Technical	352.57	5.53	**358.10**
Clinical Services	2096.47	70.27	**2166.73**
Administrative and Clerical	1618.30	72.99	**1691.29**
Allied Health Professionals	460.79	14.00	**474.79**
Estates and Ancillary	455.47	1.07	**456.54**
Healthcare Scientists	283.69	7.41	**291.11**
Medical and Dental	546.06	545.60	**1091.66**
Nursing and Midwifery Registered	2868.24	51.67	**2919.91**
Grand total:	**8681.59**	**768.54**	**9450.13**

*excludes bank, agency and staff out on secondment.

Staff Costs

	Full Time Equivalents (WTE)		2018/19 Total £000	2017/18 Total £000
	Permanent £000	Other £000		
Salaries and wages	347,188	22,888	**370,076**	**364,747**
Social security costs	32,667	2,110	**34,777**	**34,571**
Apprenticeship levy	1,799	-	**1,799**	**1,773**
Employer's contributions to NHS pensions	42,271	1,210	**43,481**	**42,329**
Pension cost - other	50	5	**55**	**25**
Other post-employment benefits	-	-	**-**	**-**
Other employment benefits	-	-	**-**	**-**
Termination benefits	763	-	**763**	**618**
Temporary staff	-	17,338	**17,338**	**18,487**
Total gross staff costs	**424,738**	**43,551**	**468,289**	**462,550**
Recoveries in respect of seconded staff	-	-	**-**	**-**
Total staff costs	**424,738**	**43,551**	**468,289**	**462,550**
Of which				
Costs capitalised as part of assets	1,566	-	**1,566**	**1,500**

Staff Composition

Staff Group	Part Time			Full Time		Total
	Male	Female	Undeclared	Male	Female	
Director	1	1	0	1	4	**7**
Senior Managers (Band 8a – 9)	2	16	0	62	108	**188**
Other employees	433	4221	2	1835	4071	**10562**
Grand total:	**436**	**4238**	**2**	**1898**	**4183**	**10757**

Sickness Absence

The sickness rate at 31 March 2019 (cumulative for the 12 months from 1 April 2018 to 31 March 2019) was 4.48% (4.33% at 31st March 2018).

Staff Policies applied during the Financial Year

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

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

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

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

- HR08 **Recruitment and Selection Policy**: We believe that unlawful discrimination is unacceptable and we are committed to recruiting staff in accordance with our Equality and Diversity Policy. Applicants are selected solely on objective, job related criteria and their ability to do the job applied for with no

discrimination on the grounds of ethnic origin, nationality, disability, gender, gender reassignment, marital status, age, sexual orientation, trade union activity or political or religious beliefs. We provide appropriate assistance to ensure equality for all.

- For Appointments Advisory Committees to recruit to permanent Consultant posts, all members of the panel are required to have received training in Equal Opportunities.
- HS17 **Occupational Health Policy** - The role of occupational health is to help protect and promote the health and wellbeing of staff in the workplace. Workplace Health Assessment checks are also carried out to provide advice to managers, where necessary, on employee needs or any reasonable adjustments required to the work environment or structure in accordance with the Equality Act 2010.
- HR12 **Equality and Diversity Policy**: As a major employer and service provider we are committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling it to deliver the best possible healthcare service to those communities
- Appropriate mandatory training is provided to ensure that staff and managers understand their responsibilities under the Policy. Equality, diversity and inclusion themes are integrated into other Trust learning and development programmes as appropriate
- The principles of the **Equal Opportunities Policy** are incorporated into the Trust's Corporate Induction course and included in all local induction packages for newly appointed employees. This is also included in statutory and mandatory training as outlined in Trust policy HR53 **Statutory, Mandatory and Best Practice and the Training Needs Analysis**. All training should be recorded within staff personal record ideally on our electronic staff record.

Equality and Diversity

As a major employer, we are committed to building a workforce which is valued and whose diversity reflects the community we serve, so that we can deliver the best possible healthcare to those communities. We want everyone who comes into contact with us to be treated fairly, with respect, dignity and compassion. We are proud of our diverse community of staff, patients, their friends and families and the communities we serve and our Equality and Diversity Inclusion Programme aims to ensure we are delivering this commitment.

Our Equality and Diversity Policy takes into account legislation and guidelines issued by the Equality and Human Rights Commission on compliance with the Equality Act 2010. We aim to ensure that all patients, applicants, employees, contractors, agency staff and visitors receive appropriate treatment and are not disadvantaged by conditions or requirements which cannot be shown to be justified. This is particularly on the grounds of a protected characteristic as defined in the Act.

Celebrating Black History Month in October 2018, we were delighted to share our first black and minority ethnic (BME) Staff Role Models interview to raise the profile and contribution of our black and minority ethnic workforce at UHNM. Su Lapper, Project Nurse in the corporate quality team shared her experiences of working in the NHS and what her new role as Workforce Race Equality (WRES) expert will achieve, with a particular focus on staff engagement via the BME Staff Network Group to gain an understanding of areas to target.

Our Equality, Diversity and Inclusion Group take the lead in reviewing, developing, promoting and monitoring the Trusts approach to equality and diversity and we use various processes, such as the NHS Equality Delivery System, Workforce Race Equality Standard (WRES), Gender Pay Gap Reporting, Disability Confident and Stonewall Equality Index to help us to achieve and evidence good outcomes for those groups protected under the Equality Act.

Some key developments during 2018/19 are illustrated below:

Participating in the first cohort of the national WRES experts programme

Our LGBT+ Staff Network signed a pledge to support LGBT equality in the workplace and were awarded a 'rainbow' badge to demonstrate their support

Launched our Transgender Policy, working with our LGBT+ Network, patients and other local NHS services

Signed up to the NHS Learning Disabilities in Employment Pledge and launched Project SEARCH in September 2018

Launch of the Staffordshire Stepping Up Programme, with 40 participants from UHNM engaged in addressing imbalances in BME representation in leadership roles

Shared an Allies role models interview during Equality and Diversity week in May 2018

Took part in our third Stoke-on-Trent Pride Event focussing on inclusive and accessible health services with our Breast, Cervical and Bowel teams promoting health screening

Launched 'disability leave' as part of our commitment to being a Disability Confident organisation

disability confident COMMITTED

Health and Safety

We have a duty under the Health & Safety at Work Act (1974), and other Health and Safety legislation, to ensure, so far as is reasonably practicable, the health, safety and welfare of employees, and those persons who are not employees who might be affected by our activities.

During 2018/19, our Health and Safety Team have been involved in a number of initiatives and projects aimed at improving health and safety across the organisation. Some key highlights include:

- Undertaking a programme of audits to assess compliance with policies and procedures
- Working with ward/department managers to support compliance with audit requirements
- Undertaking Care Excellence visits, to raise the profile of health and safety via our ward dashboards
- Producing targeted advice materials to provide a focus where issues of non-compliance have been identified
- Providing education and training to staff and external partners
- Developing new policies to ensure compliance with regulations

Trade Unions

We have a formal agreement in place with the Trade Unions representing our workforce, which is set out within our Trust Policy for Recognition and Collective Bargaining Arrangements. This outlines our involvement of recognised trade unions and details the consultative framework designed to facilitate harmonious industrial relations. We are committed to working in partnership to achieve these and have agreed systems in place which grants employees with time off for trade union duties.

In order to enable industrial relations to be conducted in an orderly and structured manner, a 'Joint Staff Side' is recognised as the main body through which all industrial matters are considered.

Corporate Governance Report

Directors' Report - Our Board

The Trust Board is responsible for the running of our Trust. As our corporate decision making body it considers key strategic and managerial issues; is responsible for setting our vision and strategy and overseeing the way our organisation operates.

The Board met 12 times during the year and consists of the Chair, 7 Executive Directors including the Chief Executive and 6 Non-Executive Directors. A number of other Directors also sit on the Board but do not have voting rights. David Wakefield is Chair of the Trust.

During 2018/19 and up to the signing of the Annual Report and Accounts, the composition of the Trust Board included all Directors shown below:

Non-Executive Directors

David Wakefield, Chairman

David was appointed as chair for a four year term of office on 3 April 2018. David is a qualified accountant and has held several senior executive posts, including Commercial Finance Director for Royal Mail.

He has also held a number of non-executive directorships, including the Chair at other NHS Trusts.

In addition to being Chair of the Trust Board, David chairs the Nominations and Remuneration Committee and is a regular attendee of the Finance & Performance Committee, due to the organisation being in Financial Special Measures.

Gary Crowe, Non-Executive Director/Vice Chair

Professor Gary Crowe was appointed in September 2018 for an initial two year term. He is a University Professor of Innovation Leadership, attending Keele Management School and Loughborough University. He previously held senior commercial positions in strategy, business transformation and risk and financial management as a director and management consultant in the private services sector.

Gary holds a number of external board appointments and is a qualified Chartered Banker and Fellow of a number of professional organisations and learned societies.

Gary is Chair of the Audit Committee and a member of the Finance and Performance Committee and the Nominations and Remuneration Committee.

Andrew Hassell, Non-Executive Director/Senior Independent Director (SID)

Professor Andrew Hassell was appointed in April 2017. He is Head of the School of Medicine at Keele University and is a Consultant Rheumatologist at the Haywood Hospital. He represents the University as a Non-Executive Director on the Board. As well as his clinical and academic activities, Andrew is chairman of the Haywood Foundation, a local charity committed to improving the lives of people with arthritis and related conditions.

Andrew also holds the role of Senior Independent Director, which includes designated non-executive responsibility for our 'Freedom to Speak Up' process.

Andrew is a member of the Quality Assurance Committee and a member of the Charity Committee.

Leigh Griffin, Non-Executive Director

Dr Leigh Griffin was appointed in September 2018 for an initial two year term. He has spent 12 years as an NHS Chief Executive and has worked in consultancy practice, specialising in the provision of advice to health systems on transformation, integrated care and population health management. Leigh has worked in commissioning and commissioning support units during his career and brings a wealth of NHS experience.

Leigh is Chair of the Charity Committee and a member of the Finance & Performance Committee and Quality Assurance Committee.

Sonia Belfield, Non-Executive Director

Sonia Belfield was appointed in July 2016 for a two year term and reappointed for a second term in July 2018. Sonia is a commercially focussed Human Resources Director who has operated at Board level for over 10 years within a number of different sectors. Sonia is a Chartered Member of the Institute of Personnel and Development and holds a masters degree in Occupational Psychology (Psychology of Work) as well as being a qualified mediator. Sonia also holds a post as a Governor for Reaseheath College in Nantwich.

Sonia is Chair of the Professional Standards and Conduct Committee and a member of the Finance & Performance Committee, Quality Assurance Committee and Nominations and Remuneration Committee.

Peter Akid, Non-Executive Director

Peter Akid was appointed in September 2018 for an initial two year term. He began his NHS career in 2005 as Chief Executive of the Greater Manchester Procurement Hub and over the first five years took the organisation from strength to strength.

Prior to joining the NHS, Peter held a number of key positions in strategic and operational procurement, both in the public and private sectors.

Peter is a member of the Chartered Institute of Purchasing and Supply and the Chartered Institute of Logistics and Transport. He is also a member of the Royal Institute of Chartered Surveyors.

Peter is Chair of the Finance & Performance Committee and a member of the Nominations and Remuneration Committee, Charity Committee and the Audit Committee.

Jean Challiner, Non-Executive Director

Jean Challiner was originally appointed as an Associate Non-Executive Director in May 2016 before being appointed in September 2018 as a Non-Executive Director for a two year term.

Jean is a former GP and A&E doctor who moved into healthcare technology as a Medical Director for NHS Direct in its early days. Jean has since worked as a Chief Medical Officer for Clinical Solutions International Ltd gaining experience in designing, configuring and customising clinical decision support for clients across the world.

Jean left us in March 2019.

Jean was Chair of the Quality Assurance Committee and a member of the Professional Standards and Conduct Committee.

Executive Directors

Paula Clark, Chief Executive

Paula Clark joined us as Chief Executive in October 2016 from the Dudley Group NHS Foundation Trust, where she held the post of Chief Executive for seven years. Prior to that she was Chief Executive of Burton Hospitals NHS Foundation Trust.

Paula has a keen interest in education and leadership development in the NHS. Her career has spanned a wide range of NHS sectors including Chief Executive of Erewash Primary Care Trust and senior roles at Southern Derbyshire Ambulance Service. Before joining the NHS, she began her career in sales and marketing in the pharmaceutical industry and lectured in business studies, public relations and marketing.

Paula left us in February 2019.

Paula was a member of the Finance & Performance Committee.

Helen Ashley, Director of Strategy and Performance/Deputy Chief Executive

Helen Ashley joined us in 2016 following nearly seven years as Chief Executive at neighbouring Burton Hospitals NHS Foundation Trust. Helen studied social policy and administration at the University Hospital of Nottingham before spending six years as Director of Finance/Deputy Chief Executive at Erewash Primary Care Trust. Helen left this role to become Director of Corporate Development at Burton Hospitals before becoming Chief Executive.

Having joined the NHS as a graduate regional finance trainee and qualifying as a Chartered Management Accountant, Helen has a strong finance background.

Helen is a member of the Finance & Performance Committee and Charity Committee and an attendee at the Audit Committee.

Liz Rix, Chief Nurse

Liz Rix joined us as Chief Nurse in August 2009, having held previous director level nursing posts in large, integrated trusts. She is a graduate of the NHS management training scheme and is one of the few nurses to undertake the scheme after being in the health service for a number of years.

Liz is passionate about delivering quality care for patients through clinical leadership at all level and believes that the key to good experience and outcomes for staff and patients has to come from the right numbers of staff with the right skills to deliver.

Liz is a member of the Quality Assurance Committee & Charity Committee.

John Oxtoby, Medical Director

John Oxtoby was appointed as Medical Director in April 2017, having originally began with us as a consultant in radiology and nuclear medicine in 1996. His areas of clinical practice are nuclear medicine diagnosis, general radiology, vascular ultrasound and thyroid imaging. He has significant medical management duties and is also our Caldicott Guardian.

After qualifying in 1984, he undertook broad based medical training in the UK and New Zealand between 1984 and 1990.

John is a member of the Quality Assurance Committee, Professional Standards and Conduct Committee and Charity Committee.

Ro Vaughan, Director of Human Resources

Ro Vaughan was appointed as Director of Human Resources in December 2014, having acted in the role for a period prior to that. She has a masters in Human Resources leadership and extensive experience of human resources gained in roles within the acute hospital setting and the strategic health authority.

Ro is a fellow of the Chartered Institute of Personnel and Development with over 20 years' experience of complex organisational change management, workforce planning and leadership and organisational development.

Ro is a member of the Quality Assurance Committee, Finance & Performance Committee, Professional Standards and Conduct Committee, Charity Committee and an attendee of the Nominations and Remuneration Committee.

Jonathan Tringham, Acting Chief Finance Officer

Jonathan took on the role Acting Chief Finance Officer in March 2019 having previously joined us in July 2018 as Director of Operational Finance.

Jonathan is a qualified CIMA Director of Finance with 14 years' experience at Board level across a range of Commissioner and Provider organisations providing a breadth of experience including Finance and Contracting, Estates Management and Development, Procurement, IT, Information Management and Performance.

Jonathan is a member of the Finance and Performance Committee and an attendee of the Audit Committee.

Other Directors

Mark Bostock, Director of Information Management and Technology (IM&T)

Mark Bostock joined us from Informatics Merseyside in 2013, an NHS shared service providing Information Management and Technology Services. Mark has worked in the IT industry for over 22 years.

Having worked as a Software Developer and IT Manager for the German engineering organisation Continental, Mark joined the NHS in the mid 1990's and has held Director of IM&T roles in Acute and Mental Health Trusts.

Lorraine Whitehead, Director Estates, Facilities & Private Finance Initiative

Lorraine was appointed as Director of Estates, Facilities and PFI in 2017, having worked in the Trust for many years, commencing as an administrative trainee in Trust Headquarters in 1987. Exposure to the executive agenda gave her an appetite to pursue senior management in the NHS as a career path. Lorraine subsequently worked in various managerial roles at all levels before becoming a Deputy Director.

Lorraine has a Masters in Facilities Management and is an expert on PFI contract management, having provided HM Treasury and the Private Finance Unit with a case study on her experience and supporting the Department of Health with a review of national guidance on public/private sector contract management.

Naomi Duggan, Director of Communications

Naomi joined us in November 2015 and has a vast amount of experience from both the public and private sectors. She has held senior roles at British Coal, ASDA and Oldham Metropolitan Borough Council. Her NHS career began at Tameside and Glossop Primary Care Trust in 2008 as Director of Public Affairs with Board responsibility for all aspects of strategic communication and engagement. Naomi was appointed as Director of Communications and Engagement at NHS Greater Manchester in 2012.

Naomi has an MBA and is a member of the Chartered Institute of PR. She has provided consultancy support in offering strategic communications and board advice on a number of complex health economy wide transformational projects.

Andrew Butters, Director of Business Development

Before moving into his post of Director of Business Development in 2015, Andrew worked as Project Director, responsible for the integration of Royal Stoke and County Hospitals. He has over 20 years' experience working at Board level within the NHS with skills in strategy development and implementation, project management, general management and finance.

Prior to joining us, he undertook a range of Chief Executive/director level roles in the NHS and also spent 15 years working in the private sector.

Our Committees

Our governance structure provides the Board with a means of scrutiny and assurance on the key components of our business. These five committees report directly into the Trust Board, each of which is chaired by a Non-Executive Director. Their effectiveness is reviewed on an annual basis, along with their terms of reference and membership. These Committees are:

Audit Committee

The Audit Committee monitors and reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across clinical and non-clinical activities.

Finance & Performance Committee

The Finance & Performance Committee monitors and provides assurance to the Board on the performance and achievement of our financial, operational and workforce plans, including recovery.

Quality Assurance Committee

The Quality Assurance Committee monitors and provides assurance to the Board on the performance and achievement of our quality, research and workforce activities. This includes patient safety, patient experience and effectiveness.

Nomination and Remuneration Committee

This is a non-executive only committee that determines the remuneration and terms of service arrangements for executive directors and very senior managers.

Professional Standards and Conduct Committee

This Committee provides oversight and scrutiny of cases where professional conduct has been called into question.

Charity Committee

The Charity Committee ensures that charitable funds are managed in line with agreed policies on investment, fundraising and disbursement

Declaration of Interests

Our Standards of Business Conduct Policy defines a conflict of interest as 'a set of circumstances by which a reasonable person would consider that an individual's ability to apply judgement or act, in the context of delivering, commissioning, or assuring taxpayer funded health and care services is, or could be, impaired or influenced by another interest they hold'.

A process of registration is in place which requires senior staff to declare any interests and is overseen by the Audit Committee. In accordance with national expectations, this is made available publicly via our website www.uhnm.nhs.uk .

Details of company directorships and other significant interests declared by members of the Board during 2018/19 were as follows:

Director	Interests Declared
Peter Akid Non-Executive Director	• NED for BCAS Medical 1 Dec 18 to date • Owner of Peter Akid Ltd (Business consultancy) – current clients are NHS SBS/ Oxygen Finance - 25th May 18 to date
Helen Ashley Director of Strategy & Performance	*Nothing to declare*
Sonia Belfield Non-Executive Director	Group HR Director Sept 18 to present
Mark Bostock Director of IM&T	*Nothing to declare*
Andrew Butters Director of Business Development	*Nothing to declare*
Jean Challiner Non-Executive Director	• Director of Aspirations Consulting Ltd • Medical Director of Medinet 21/08/18 to date
Paula Clark Chief Executive	*Nothing to declare*
Rob Cooper Chief Finance Officer	Outside employment with Archus Development - work undertaken on a sub-contractor basis from August 2018
Gary Crowe Non-Executive Director/Vice Chair	Outside employment at Stafford Railway Building Society and Keele University.
Naomi Duggan Director of Communications	Director of Duggan Creative Limited 2014 to present
Andy Hassell Non-Executive Director/SID	• Keele University Head of School of Medicine • Rheumatologist at Haywood Hospital (MPFT)
Leigh Griffin Non-Executive Director	Manage Leigh Griffin Ltd, a health and care consultancy business, providing coaching to NHS Directors (not UHNM), supporting GP consortia development (not UHNM), and work as an advisor for IBM Watson Health as a Consultant on Population Health Management, Integrated Care and system transformation.
Liz Rix Chief Nurse	*Nothing to declare*
John Oxtoby Medical Director	• Director Dawn River PLC 2017 onwards • Married to Dr Julie Oxtoby (Vice Chair Northern Stoke GP Federation) from 1991 onwards
Jonathan Tringham Acting Chief Finance Officer	Substantive contract of employment is held by Midlands Partnership NHS Foundation Trust
Ro Vaughan Director of Human Resources	*Nothing to declare*
Lorraine Whitehead Director of Estates, Facilities & PFI	*Nothing to declare*
David Wakefield Chairman	• Crown Commercial Service NED • Ofqual NED

Information Governance

For the period between April 2018 to March 2019 the Information Commissioner's Office (ICO) have been informed of two incidents. Further details can be found within the Annual Governance Statement.

Annual Governance Statement 2018/19

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of the Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the University Hospitals of North Midlands NHS Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk - Leadership of the Risk Management Process

Our Risk Management Policy was rewritten during 2017/18 as part of a risk management improvement programme. The programme focussed on five key objectives:

- Agreeing 'key principles' for risk management
- Revising the Risk Management Policy
- Strengthening the role and function of the Executive Risk Oversight Group
- Provision of education and training to support implementation of the policy
- Improving the quality of risk registers through direct work with divisions

The policy sets out the Chief Executive's overarching responsibility for risk management, and defines key leadership roles in respect of the risk management process, including:

- Chief Nurse as Executive Lead for Risk Management
- Executive Directors, responsible for identification and management of risks which may threaten the achievement of our Strategic Objectives, via the Board Assurance Framework and corporate risk register
- Associate Director of Corporate Governance, responsible for development and review of our policy, provision of education, training and expertise, facilitation of risk reporting at a corporate level including the Board Assurance Framework and monitoring compliance with risk management processes
- Divisional Chairs, Associate Chief Nurses and Risk Management Facilitators for leadership and implementation of risk management at a Divisional level

Training and Equipping of Staff to Manage Risk

An ongoing programme of Risk Management Training, using a 'workshop' based approach is available to all staff. Whilst open to all, this is targeted at those with specific roles in risk assessment and management. The sessions are led by the Associate Director of Corporate Governance.

These 'action based' learning sessions walk candidates through the risk management process, providing clarity on expectations for risk assessment, escalation and oversight. The programme is specifically designed to equip staff with the knowledge needed to implement the Risk Management Policy and provides

opportunity to put their skills into practice through practical exercises. Evaluated feedback has evidenced this to be a successful approach. The training covers:

- Background and introduction, providing context to the establishment of the risk management improvement programme, including Internal Audit findings
- The Risk Management Policy, including definitions of risk, risk management and the purpose of risk registers
- Step by step guide on the risk management process, encompassing identification of risk, describing risk, scoring risk
- Controls, assurances and action planning
- Escalation and oversight of risk

The training materials also share examples of good practice, to facilitate learning.

To monitor compliance with the Risk Management Policy, a programme of quarterly audits are in place. These are reported to the Executive Risk Oversight Group and provide recommendations for improvement. As part of these audits, good practice is identified and shared with Risk Owners as a means of providing ongoing support and advice on risk management.

The Risk and Control Framework - Key Elements of the Risk Management Policy

The Risk Management Policy provides a clear framework for the management of risk, covering a number of key elements, including:

Identification of risk via a 'dual' approach:

- Proactive risk identification focusses on our objectives and involves the consideration of any risks which may threaten their achievement
- Reactive risk identification is undertaken in the event of an adverse incident or ongoing issue which requires consideration of a related future risk (i.e. recurrence of an adverse incident)

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

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

Existing controls are identified as part of the risk assessment process and further controls are identified as part of action planning. Controls are described as any measure designed to reduce likelihood and/or impact of risk; the implementation of which should inform rescoring.

Risk Appetite has been considered by the Board during 2018/19 and has resulted in the development of a Risk Appetite Statement which was introduced via the Board Assurance Framework during quarters 3 and 4. Risk Appetites levels have been determined by the Executive Team, around the following key themes:

- Quality
- Regulation and Compliance
- Reputation
- People and Resource
- Information Communication and Technology
- Finance and Efficiency
- Health and Safety

Levels of risk appetite range from 'no appetite' to 'high appetite' and these are defined as follows:

LEVELS OF RISK APPETITE	
No Appetite	We are not prepared to accept uncertainty of outcomes for this type of risk.
Low Appetite	We accept that a low level of uncertainty exists but expect that risks are managed to a level that may not substantially impede the ability to achieve objectives.
Moderate Appetite	We accept a moderate level of uncertainty but expect that risks are managed to a level that may only delay or disrupt achievement of objectives, but will not stop their progress.
High Appetite	We accept a high level of uncertainty and expect that risks may only be managed to a level that may significantly impede the ability to achieve objectives.

The Risk Appetite Statement will be scrutinised by the Audit Committee and implemented throughout the organisation during 2019/20, as our risk management processes continue to mature.

Board Assurance Framework

The Board Assurance Framework provides a structure and process enabling the Board to focus on the management of key risks which might compromise the achievement of our Strategic Objectives.

During 2018/19, a priority of our risk management improvement programme has been to strengthen the Board Assurance Framework. It has been developed throughout the course of the year, building upon feedback from the Board and its Committees and recommendations made by Internal Audit.

Whilst the Board Assurance Framework is presented on a quarterly basis, a standing agenda item for the Board and its Committees each month to agree additional risks for inclusion. This has strengthened their focus and engagement and has provided a systematic approach to the alignment of agendas with risk, assurance and the Board Assurance Framework.

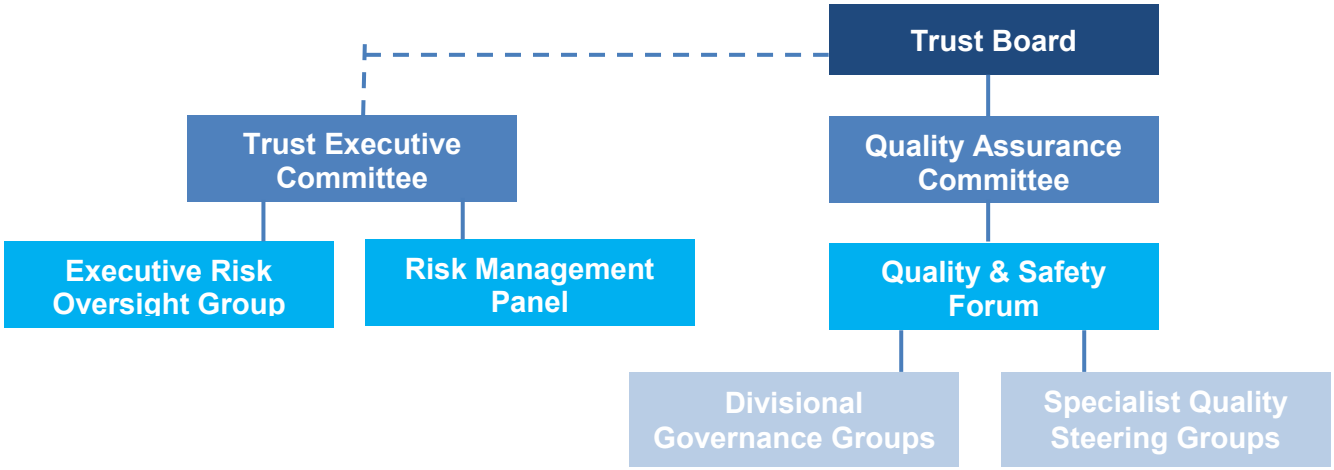
Some of the key developments to the Board Assurance Framework during the year have been:

- Strengthened narrative, including rationale for risk scores, a summary of improvements and feedback from Committees
- Analysis of changes in risk scores over time
- Utilisation of risk appetite through identification of target risk scores
- Enhanced action plans, including progress reporting and 'RAG' status

Risk management and the Board Assurance Framework have again been reviewed by Internal Audit during 2018/19, who concluded their report with a 'significant assurance with minor improvements' rating. The review recognised the improvements made in respect of the Board Assurance Framework and highlighted a number of areas of good practice. Areas for development in our improvement programme will provide further focus on compliance with the Risk Management Policy at a divisional level, through audit, training and support.

Quality Governance

Our Corporate Quality Governance arrangements, led jointly by the Chief Nurse and Medical Director are well established, with multidisciplinary engagement across the organisation. The following provides an illustration of our quality governance structure:



During the year, whilst not part of our Internal Audit Programme, we asked our Internal Auditors to review our quality governance arrangements, including the arrangements within our clinical divisions, specifically focussing on the effectiveness of key meetings and the management and escalation of serious incidents and risks.

The review identified areas of good practice and concluded with sixteen recommendations (of 'medium' and 'low' priority). We have been working on implementation of an improvement plan, overseen by the Quality Assurance Committee and the Audit Committee. Our improvement plan is broadly focussed upon:

- The role of the Quality & Safety Forum, including its outputs and escalation arrangements
- Divisional Governance meetings effectiveness
- Roles and responsibilities of Divisional Clinical Governance leads and Divisional Quality Governance Managers
- National Serious Incident Framework guidance
- Root Cause Analysis investigation
- Risk Management Panel
- Deep dive reviews, undertaken by the Quality Assurance Committee

Assurance Map

In August 2018, the Trust Board approved the 2018/19 Assurance Map. The purpose of the Assurance Map is to identify the framework of key sources of internal and external reports which the Board and its Committees reply upon when seeking assurance against key organisational objectives and performance indicators, including:

- Critical Success Factors set out within the 2025Vision
- Objectives identified within the 2018/19 Financial and Operational Plan
- Recommendations made by the Care Quality Commission (CQC)

The Assurance Map is aligned to the business cycles of the Board and its Committees, ensuring that a broad range of performance information and assurance is assessed on a regular basis.

How the Quality of Performance Information is Assessed

The quality of performance information is assessed through a number of mechanisms. During 2018/19 we have introduced a system of 'assurance rating' the information presented to Committees of the Board. This provides an opportunity for Committee members to consider the quality of each report presented to them and to form a judgement as to the level of assurance it provides, ranging from:

- Significant Assurance
- Moderate Assurance
- Limited Assurance
- Not yet assessed

Where a conclusion of moderate assurance or below is reached, the Committee agree action to be taken. Assurance ratings and actions are then reported to the Trust Board via a Committee Assurance Report.

The quality of performance information is also assessed as part of our Internal Audit Programme. During 2018/19, reviews have included reporting on statutory and mandatory training which concluded with a significant assurance rating with minor improvements required.

We have continued to face difficulties with the accuracy and reliability of our elective waiting list information following the 'go live' of our IT system in 2016/17. This presented data quality concerns around the reporting of our 18 week Referral to Treatment (RTT) performance and has featured as a key risk for us during the year, within the Board Assurance Framework, corporate and divisional risk registers.

Improving the quality and validity of this information has been a key strand of our Planned Care Improvement Programme. Our RTT recovery plan focusses on informatics software support to give clinicians and administrative teams the tools to access timely, accurate and relevant information to ensure operational delivery of key organisational priorities, a review of training and validation support infrastructure together with capacity and demand planning.

During 2018/19 we have seen an improvement in performance against the RTT target, with an average of 80% delivery from October 2018 and this is set to continue during 2019/20.

Assurance against CQC Registration Requirements

We are fully compliant with the registration requirements of the Care Quality Commission. The Care Excellence Framework (CEF), as described within the 'Performance Analysis' section of our Annual Report, is the core means by which we measure compliance with CQC standards on a routine basis. The CEF is used to inform the way we measure progress against our CQC Action Plan and provides the ability to triangulate information and assurance from ward to board. This has demonstrated that significant progress has been made throughout the year against areas identified by the CQC as requiring improvement.

As part of our 2018/19 Internal Audit Programme, our internal auditors undertook a review of compliance with CQC standards, which focussed specifically on areas of high risk and concluded with a 'partial assurance' rating. This conclusion of partial assurance was consistent with our understanding of challenges across organisations nationally. The review identified areas of good practice along with twelve 'medium' and 'low' priority recommendations.

We have an embedded CQC improvement plan which is designed to progress our rating to good or beyond, and focusses on key areas of compliance, including those identified by the Internal Audit review:

- Storage of medicines
- Infection, prevention and control
- Documentation, patient information and communication
- Local Safety Standards for Invasive Procedures (LocSSIPs)

- Asset registration
- Security

In addition, our Clinical Audit Team have also undertaken a number of audits as part of the 2018/19 programme as a means of assessing compliance and providing assurance against a number of specific CQC requirements. These have been shared with the Quality and Safety Forum and the Quality Assurance Committee via quarterly Compliance and Effectiveness Reports and action plans are overseen by the Clinical Audit Department.

Risks to Data Security

Our Trust Policy for Data Protection, Security and Confidentiality sets out at a high level the framework in place to preserve the security of information and information systems, including confidentiality, integrity and availability. The Trust Policy for Data Protection, Security and Confidentiality is just one of a number of policies in place to ensure the governance of information.

With the introduction of the General Data Protection Regulations (GDPR), our Data Protection Officer has led a detailed programme of work during 2018/19 to ensure the management of risk associated with data security, in accordance with our Risk Management Policy. Breaches in data security are classified as an adverse incident and are managed in accordance with our Incident Reporting Policy.

Incidents and risks associated with data security are overseen by the Information Governance Steering Group, which is chaired by the Medical Director/ Caldicott Guardian. This group is also responsible for monitoring compliance with the Data Security and Protection Toolkit.

During 2018/19, our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and have concluded with a partial assurance with improvement required. This focussed on the revised data security standards and found that our systems and processes were consistent with our peers.

Risks Related to the Uncertainty of Brexit

A number of steps have been taken throughout the year, to respond to the national EU Exit Operational Readiness Guidance and more specific guidance relating to medicines, supplies, research and workforce, and reported to Committees and the Trust Board.

The Chief Operating Consultant was identified as Senior Responsible Officer (SRO) for EU Exit preparation and being responsible for providing information returns to NHS England and Improvement, reporting emerging EU Exit related problems and ensuring that the organisation has updated business continuity plans to factor in all potential ‘no deal’ exit impacts.

Returns have been submitted to NHS England as required, to provide assurance on the Trust’s preparedness for a no-deal exit. This included a detailed self-assessment, comprising 65 questions associated with the key themes identified above. Other returns sought confirmation that risk assessments and business continuity plans specifically in relation to services commissioned for public health, i.e. breast cancer screening, bowel cancer screening etc. would be covered in our readiness preparations.

In addition, a series of risk assessments have been undertaken and action plans developed to provide a means of monitoring progress against the specific action points.

Our Brexit Risk and Assurance Group will continue to oversee a co-ordinated and timely response during 2019/20 to any further requirements associated with a ‘no-deal’ exit, as and when necessary, ensuring that Board is sighted on any risks and associated action required.

Major Risks

Major risks are defined as those which could threaten the achievement of our Strategic Objectives (SO) and are managed in accordance with our Risk Management Policy. This includes clinical risk and these are overseen by the Trust Board and its Committees through the Board Assurance Framework. As stated earlier, the Board Assurance Framework is updated on a quarterly basis, capturing both in year and future risks. A summary of all risks included within the Board Assurance Framework during 2018/19 can be found on the following page.

Each risk assessment includes an action plan which identifies how the risk will be managed, through the implementation of additional controls focussed upon reducing likelihood and/or impact of risk. Risk management outcomes are assessed through the identification and review of key sources of assurance, which are aligned to the Assurance Map. Assurance descriptions feature three components; the source of assurance, the time period to which it relates and the outcome of assurance. Outcomes are also assessed through tracking any movement in risk level during the course of the year and this information is presented in the Board Assurance Framework.

Aligned to the Board Assurance Framework, the Board have determined the following to be the organisations major in year and future risks:

2018/19 risks:

Summary of Risk	Key Risk Management / Mitigation	Monitoring
If the gap between capacity and demand is in imbalance, then we will be unable to deliver the contractual activity level / constitutional standards, resulting in compromised patient care and experience.	• Internal and STP led workstreams with improvement plans covering unplanned and planned care, theatre productivity and outpatient productivity. • Capacity Plans in place • Directorate inpatient flow and escalation plans in place • 3x daily system wide meetings • Clinical prioritisation meetings to consider elective work when in extremis • Development and implementation of system wide seasonal plans, including Winter Plan and Easter Plan • Increased critical care capacity • Increased bed capacity via construction of modular wards	Integrated Performance Report is the key source of internal assurance, provided to the Board and Committees as a means of monitoring effectiveness of mitigations.
If the Trust continues to retain the Royal Infirmary Site which consists of unoccupied and deteriorating buildings, then the Trust will be liable for any injuries as a result of authorised or unauthorised access, resulting in death or serious injury; financial loss as a result of claims; breaches of statutory duty, long term health effects to both staff and public; adverse publicity; business and service interruption.	• Additional security measures put in place • Local security management specialist working with local Police • Reactive maintenance ongoing • Discussions with system partners regarding the sale/transfer of land	Regular escalation provided to the Board via the Board Assurance Framework and standalone progress reports.
If a robust STP vision and strategy is not put in place then any impact that this may have on the Trust will not be known and cannot be planned for, resulting in	Senior representation on the majority of STP workstreams, including programme leadership for Urgent and Emergency Care and Planned Care.	Regular monitoring within the Executive Team, Trust Board and via system governance arrangements.

Summary of Risk	Key Risk Management / Mitigation	Monitoring
a failure to deliver a health economy solution and continued structural issues for the Trust; inability to achieve sustainable financial balance.		

2019/20 risks:

Summary of Risk	Key Risk Management / Mitigation	Monitoring
If the Trust is unable to reduce its cost base recurrently within the context of the intelligent fixed payment mechanism, then the Trust may fail to deliver its control total for 2019/20, and future years, resulting an inability to achieve financial sustainability	• Service line reviews being undertaken with Divisions to identify additional saving opportunities • Performance management via monthly Performance Management Reviews • Develop 2019/20 pipeline into deliverable CIP schemes	• 2019/20 Board Assurance Framework • Monthly finance report provided to Committees and the Board • Monthly CIP report provided to Finance and Performance Committee
If there is insufficient workforce supply to ensure the safety and sustainability of clinical services, including 7 day services, then resulting in patient safety may be compromised.	• Targeted recruitment campaigns and open days, to attract new employees, particularly focussing on “hard to fill” posts • Developing the recruitment and selection skills of managers to include values-based assessment techniques and improve recruitment processes • Strategy for Nursing Associates etc Grow our Own • Action plan to achieve 7 day services compliance	• 2019/20 Board Assurance Framework • 7 day services Board Assurance provided to the Quality Assurance Committee • Workforce performance report provided to Finance and Performance Committee
If the system is unable to work in partnership to ensure the delivery of sustainable services (including social care and GPs) then demand may not be appropriately managed resulting in compromised service provision to our patient population.	• STP workstreams with improvement plans including unplanned and planned care. • Senior representation on the majority of STP workstreams, including programme leadership for Urgent and Emergency Care and Planned Care.	• 2019/20 Board Assurance Framework • Regular monitoring within the Executive Team, Trust Board and via system governance arrangements.

The Board Assurance Framework for 2019/20 is being developed to reflect the above risks, along with further strategic risks as determined by the Board.

Summary of Board Assurance Framework at Quarter 4 2018/19

Ref	SO	Summary Risk Title	Q1	Q2	Q3	Q4	Change	Ref	SO	Summary Risk Title	Q1	Q2	Q3	Q4	Change
BAF 1		MCA / DoLs Training and Application	High 9	High 9	High 9	High 9	→	BAF 20		County Clinical Strategy to increase elective income	High 12	High 12	High 12	High 12	→
BAF 2		CQUIN Achievement	Ext 16	High 9	Ext 16	Ext 16	→	n/a		Inability to maximise the use of County	n/a	High 12	Closed	n/a	n/a
BAF 3		Learning from Adverse Incidents	Mod 6	Mod 6	High 8	High 8	→	BAF 21		Inability to increase income from Specialised Commissioning	Mod 6	Mod 6	Mod 6	Mod 6	→
BAF 4		Demand exceeding capacity impacting upon quality	High 9	High 9	High 12	Mod 4	↓	BAF 22		Robust STP Vision and Strategy	Ext 16	Ext 16	Ext 16	Ext 16	→
BAF 5		Access to departments for statutory maintenance	High 12	High 9	High 9	High 9	→	n/a		Receipt of TSA Deficit Support Funding	Mod 8	Low 1	Closed	n/a	n/a
BAF 6		Reduction in estates capital funding	High 9	High 9	High 9	High 9	→	n/a		Health Economy Plan to address joint challenges	High 12	High 12	High 12	Closed	n/a
BAF 7		Cyber Security	Ext 15	High 12	Ext 16	Ext 16	→	n/a		Inability to access external capital funding	High 12	High 12	Closed	n/a	n/a
BAF 8		Fire risks – storage of goods on hospital street / escape routes	Ext 15	Ext 15	Ext 15	High 10	↓	n/a		Gap between Commissioner and Trust Plans - affordability	High 12	High 12	Ext 20	Closed	n/a
BAF 9		Operational pressures impacting negatively on CQC rating	n/a	High 12	High 12	High 9	↓	n/a		Cost of winter exceeding that provided for	Ext 16	Ext 16	Mod 6	Closed	n/a
BAF 10		Sourcing an extended workforce for winter escalation capacity	n/a	High 12	High 12	Closed	n/a	BAF 23		Retention of Royal Infirmary Site	Ext 20	Ext 20	Ext 25	Ext 25	→
BAF 11		Inability to recruit appropriate medical staff (junior / senior rotas)	n/a	n/a	High 12	High 12	→	BAF 24		ED attendances not decreasing in line with IBP/STP	Ext 16	Ext 16	High 12	High 12	→
BAF 12		Capacity / demand – impact on RTT performance	Ext 16	Ext 16	Ext 25	Ext 20	↓	n/a		Capacity / demand – day case, elective, RTT	High 8	High 8	Mod 6	Closed	n/a
BAF 13		Capacity / demand – impact on Cancer 62 Day	Ext 15	High 12	High 12	Ext 15	↑	n/a		Capacity / demand – elective / non-elective activity	Ext 20	Ext 20	High 8	Closed	n/a
BAF 14		Capacity / demand – MFFD numbers	Ext 20	Ext 20	High 9	High 12	↑	n/a		Failure to develop a robust Financial Recovery Plan (FRP)	n/a	Ext 15	High 10	Closed	n/a
BAF 15		Poor staff experience	High 9	High 9	High 9	High 12	↑	BAF 25		Structural deficit associated with TSA model at County	n/a	Ext 20	Ext 20	Ext 20	→
BAF 16		Workforce costs not reducing in line with plan	High 9	High 9	High 9	High 12	↑	n/a		Cost of mitigation of risk – Royal Infirmary Site	n/a	Ext 20	Closed	n/a	n/a
BAF 17		Research and Education opportunities	High 9	High 9	Mod 6	Mod 6	→	n/a		2017/18 Commissioner challenges exceed provisions	n/a	Ext 15	Closed	n/a	n/a
BAF 18		Discrepancies in systems for recording mandatory training	High 9	High 9	High 9	Mod 6	↓	n/a		2018/19 challenges to commissioned income	n/a	Ext 20	Closed	n/a	n/a
BAF 19		Implementation of Agenda for Change	n/a	High 9	Mod 6	Mod 4	↓	n/a		2018/19 CIP not delivered	n/a	Ext 20	Ext 25	Closed	n/a
								n/a		Cash support	n/a	n/a	High 10	Closed	n/a

NHS Improvement's Well Led Framework

During the year we have continued to use our Care Excellence Framework as the mechanism by which we assess whether our services are 'well led'. This involves a self-assessment at ward/department level using a tool which is based upon Care Quality Commission requirements. The outcome of the self-assessment is validated by the visiting team as part of a Care Excellence Visit and this forms part of the overall rating for the ward/department.

During 2018/19, a number of Care Excellence Visits to wards and departments have been undertaken. The following provides a breakdown of outcomes for the 'well-led' element of those visits:

Well Led Outcome	No. Wards/Departments
Platinum	6
Gold	23
Silver	25
Bronze	5

Corporate Governance/NHS Provider Licence

The Board is committed to achieving high standards of integrity, ethics and professionalism across all areas of activity. Fundamental to this is our commitment to support the highest standards of corporate governance within the statutory framework; underpinned by a range of key corporate governance policies which are reviewed and updated as required. These policies include:

- Standards of Business Conduct
- Counter Fraud and Anti-Bribery and Corruption
- Standing Orders, Standing Financial Instructions and Scheme of Delegation

The Board subscribes to the NHS Code of Conduct and Code of Accountability and has adopted the Nolan Principles, as set out within our Rules of Procedure (Corporate Governance Framework).

NHS Trusts are subject to oversight by NHS Improvement, which uses the Single Oversight Framework for this purpose. The Single Oversight Framework bases its oversight on the NHS provider licence. During 2018/19, the Trust has remained in 'segment 4 – Special Measures', therefore receiving 'mandated support for significant concerns', in respect of our financial position; a significant risk for us which has featured within our Board Assurance Framework throughout the course of the year.

We are legally obliged to meet certain licence conditions and NHS Improvement has directed that NHS Trusts must self-certify compliance with licence conditions 'G6 and FT4'. The Board is required to undertake a self-assessment against these conditions on an annual basis, having regard to guidance issued by NHS Improvement and where necessary identify actions to mitigate risks to compliance.

An assessment against these conditions was undertaken by the Board during 2018/19 and it was determined that compliance could be confirmed against requirements relating to:

- The effectiveness of governance structures
- Responsibilities of directors and Committees
- Reporting lines and accountabilities between the Board, Committees and the Executive Team
- Submission of timely and accurate information to assess risks to compliance with the conditions of the licence
- The degree of rigour of oversight the Board has over the Trust's performance

However, compliance could not be confirmed against other aspects of the declaration on the basis of the following key risks:

- Our financial position, having being placed into Financial Special Measures

- Failure to achieve a number of NHS Constitutional targets including Referral to Treatment, A&E 4 hour standard and 62 day cancer standard

Actions have been identified to mitigate these risks and are overseen by the Board via the Board Assurance Framework and the Integrated Performance Report.

Equality and Diversity

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

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

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

Incident Reporting

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

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

During the year, our Internal Auditors have reviewed our processes with regard to the escalation of incidents within divisions, including a view on the role and function of the Risk Management Panel. This formed part of the review referred to earlier in this statement, which identified the following areas for improvement:

- National Serious Incident Framework guidance
- Root Cause Analysis investigation
- Risk Management Panel

Whilst work has been undertaken to make improvements in these areas during 2018/19, this continues to be a key area of focus going into 2019/20.

Developing Workforce Safeguards

NHSI published 'Developing Workforce Safeguards' in October 2018, with recommendations to support Trusts in making informed, safe and sustainable workforce decisions. Through implementation of these recommendations, the aim is to provide assurance to the Board that workforce decisions promote safety and so comply with Care Quality Commission standards.

The Quality Assurance Committee has considered a gap analysis against each of the recommendations; this identified the key strategies and systems in place to provide assurance that staffing processes are safe, sustainable and effective, including:

- Workforce Plan, developed at a corporate level, built up from each directorate/service
- An assessment against the national 'Workforce Planning Toolkit'
- 'Safer Nursing Care Tool' to measure patient dependency
- Regular 'workforce challenge' meetings
- SafeCare module of the HealthRoster system, in use across all adult inpatient clinical areas
- Trust Policy for Duty Rota Administration and Staff Rostering which covers Nursing, Midwifery and Allied Health Professionals
- Staffing Assurance Dashboard, used to generate monthly reports to the Quality Assurance Committee
- MedicOnline system, to record and book consultant and other grade doctors, along with policies and procedures for booking medical locums and reviewing rotas
- Nurse Bank and Locum on Duty systems, to cover unfilled shifts/unplanned challenges
- Quality Impact Assessment
- Care Excellence Framework
- Operational Plan 2018/19
- Incident reporting and escalation

The gap analysis (as at January 2019) included an assessment of compliance against a range of requirements, summarised below:

Requirement	Assessment
Safe Staffing	**Partially Compliant**
Workforce Planning	**Partially Compliant**
Deployment of Staff	**Partially Compliant**
Evidence Based Tools and Data	**Partially Compliant**
Professional Judgement	**Partially Compliant**
Board Reporting / Assurance	**Compliant**

Where the analysis concluded with an assessment of 'partially compliant', it identified where compliance is being strengthened through improvement of key systems and processes. A particular area for focused improvement is in relation to systems and processes for Allied Health Professionals, which whilst they exist, require further development. Further development of the Quality Impact Assessment process, to ensure it is aligned to the NHSI model is also required.

Conflicts of Interest

We have published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

NHS Pensions Scheme

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

Sustainable Development

We have undertaken risk assessments and have a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). We ensure that our obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

We entered the financial year with a deficit of £69.7m and the Board agreed a financial plan for 2018/19, which included a cost improvement programme (CIP) target of £52.3m. The plan was developed in the context that we were placed in Financial Special Measures in March 2017 following a worsening financial position, post integration with Mid Staffordshire NHS Foundation Trust in 2014. Substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls, however we still have a considerable challenge ahead. To provide us with additional capability and capacity, we engaged with Deloitte during 2018/19 to provide us with support across three core areas:

- To refresh our 'Drivers of the Deficit' report and develop a Financial Recovery Plan (FRP) demonstrating how our deficit will be reduced
- To provide support to a series of CIP programmes
- To provide support to the development of a CIP programme for 2019/20 based on years 2 and 3 of the FRP

Throughout the course of the year, delivery of our financial plan has been subject to scrutiny and oversight each month via the Finance & Performance Committee and the Board and externally by our regulators at NHS Improvement, through monthly Progress Review Meetings.

We have a range of key financial policies in place, which are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

Our services are organised into 6 Divisions and are managed through a devolved structure, which is governed by our Scheme of Delegation, defining all key roles and responsibilities. Each Division has dedicated financial and human resources input to support delivery of their plans.

We maintain a strong focus on performance management, as a means by which clinical Divisions are held to account for the delivery of financial and other performance targets. Performance is monitored through our monthly performance management review process, which is chaired by an Executive Director.

Our approach to cost improvement is project based, overseen by our Programme Management Office. In order to ensure delivery of our Financial Recovery Plan, our governance structure includes the Financial Recovery Programme Board at an executive level with board level oversight and scrutiny via the Finance and Performance Committee. Whilst we have enhanced our governance and oversight arrangements in respect of savings delivery during 2018/19, the scale of our financial challenge has meant that a number of non-recurrent savings schemes have been identified, which we recognise creates a further challenge for the next financial year.

During 2018/19, our Internal Auditors have reviewed our key financial systems and controls in relation to expenditure and have concluded with 'significant assurance with minor improvements required' for the design of systems and 'partial assurance' in respect of operating effectiveness. A number of recommendations were made in respect of consistent compliance with policy and procedure, which will remain a focus throughout 2019/20.

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

We had a planned deficit in 2018/19 and breached the requirement under section 30 of the Local Audit and Accountability Act 2014 to achieve break-even taking one year against another over a three year rolling period. As such, our External Auditors made a referral to the Secretary of State for Health in May 2017 which covers 2018/19. This referral was made under Section 30 of the 2014 Act.

We recognise that this position is set within the context of a wider sustainability gap across the local health and social care economy. To address this challenge, work remains on-going with our system partners, via the Sustainability and Transformation Partnership.

Information Governance

Information governance breaches are reported via our incident management system. The Information Governance Team continues to monitor and review incidents to ensure these are investigated and where deemed serious, a root cause analysis is undertaken. For the period between April 2018 to March 2019 the Information Commissioner's Office (ICO) have been informed of two incidents which related to the inappropriate access to medical records and documents being transported via an unsecure method. The relevant information has been submitted to the ICO to provide assurance on actions taken and steps to prevent further re-occurrence. No further action has been taken by the ICO and both cases have been closed. Internally, RCAs have been completed for both incidents and action plans implemented, with assurance provided at the Trust's Information Governance Steering Group.

Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. The Department of Health and Social Care has issued guidance to NHS Trusts on the form and content of annual Quality Accounts.

The Chief Nurse is responsible for the preparation of our Annual Quality Account. This is developed in consultation with internal and external stakeholders and is reviewed in draft form by the Quality and Safety Forum and the Quality Assurance Committee who have a key role in scrutinising whether it represents a balanced view.

All performance data is subject to a series of controls to ensure the quality and accuracy of information, which include pre-validation, data quality review and executive sign off.

The Audit Committee's role is to consider the rigour and processes for identifying and defining the services to be reported and the improvements planned, as well as the processes for compiling and interpreting the data used as indicators of performance. The Quality Account is subject to external audit and the findings are reported to the Audit Committee. The Audit Committee then reports to the Trust Board on the robustness of the processes behind the Quality Accounts.

Due to the particular challenges we have faced with our elective waiting time data, we have continued to deliver a targeted programme of validation of our patient tracking lists (PTL's) to support improvements to the accuracy of our reporting, specifically in relation to the Referral to Treatment target.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

2018/19 Internal Audit Programme

KPMG LLP were appointed as our Internal Auditors, as of 29th July 2016. At the beginning of 2018, they engaged members of the Executive Team in the scoping of areas to be reviewed as part of the 2018/19 Internal Audit Plan. The plan was presented to the Audit Committee in April 2018 and was based upon a risk analysis of our operations, aligned to our Board Assurance Framework. The plan covered an assessment of controls across a range of strategic, clinical, operational and financial areas and was designed to add value and deliver assurance required by the Audit Committee in the production of the Head of Internal Audit opinion.

The plan was delivered throughout 2018/19 and the findings of each review were considered by the Audit Committee. This involved the undertaking of 15 reviews in total, of which two were 'advisory'; a review of Divisional Governance within the Medical Division/Emergency Department and a review of escalation of risk and serious incidents.

There were no reviews which concluded with a rating of 'no assurance'.

Head of Internal Audit Opinion

The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with the Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk based programme of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below.

The basis for forming the opinion is as follows:

- An assessment of the design and operation of the underpinning aspects of the risk and assurance framework and supporting processes;
- An assessment of the range of individual assurances arising from risk based internal audit assignments that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and;
- An assessment of the process by which the organisation has assurance over registration requirements with regulators.

The overall opinion for the period 1 April 2018 to 31 March 2019 is as follows:

'Significant assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.'

Our work has confirmed that there is generally a sound system of internal control driven by the Trust's Assurance Framework which is designed to meet the Trust's objectives. This has continued to evolve during 2018-19 with the development of an enhanced Board Assurance Framework and embedded assurance processes interlinking Board sub-committees.

There were, however, 7 reviews in 2018-19 which have incorporated a partial assurance conclusion, including key financial controls. A partial assurance conclusion reflects both the design of the system and its effective operation need to be addressed by management. We continue to raise exceptions in the operating effectiveness of systems, in particular, compliance with policies and procedures remains inconsistent across our reviews. We have not issued any reports with an assessment of no assurance.

Conclusion

As Accountable Officer, my review concludes that there have been some key achievements during the year 2018/19 and I have been assured by the positive conclusions reached by our Internal Auditors in respect of:

- our Board Assurance Framework and Risk Management process
- the design of our Key Financial Controls and progress made in embedding transactional services within finance that were outsourced
- the design of our Consultant Job Planning arrangements and
- risk based reviews to support our CQC action plan including Statutory and Mandatory Training and our Complaints process

However, we have continued to experience major challenges in respect of our financial position and our ability to achieve constitutional patient access standards, including Referral to Treatment (RTT) and the 4 hour target for our Emergency Department. During 2018/19 we have seen improvement in each of these areas, including:

- Improved performance against the RTT target, with an average of 80% delivery from October 2018 and this is set to continue during 2019/20
- Improved performance against the 4 hour target, where performance incrementally improved from 77.7% in 2017/18 to 81.5% in 2018/19
- CIP achievement of £42.8m against the £52.3m target

Our recovery plans in these challenged areas will remain a major focus over the coming year.

As our Head of Internal Audit Opinion confirms, we have made considerable improvements in the effectiveness of our framework of governance, risk management and control, which is demonstrated through our improved assurance rating when compared to 2017/18 (partial assurance rating). I am therefore assured that there is a generally sound system of internal control and in conclusion, there are no significant internal control issues which have been identified.

Tracy Bullock, Chief Executive
24 May 2019

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

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

These include ensuring that:

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Tracy Bullock, Chief Executive
24 May 2019

Statement of the Directors Responsibilities

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

In preparing those accounts, directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned direction of the Secretary of State.

They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy.

By order of the Board.

Tracy Bullock, Chief Executive
24 May 2019

Jonathan Tringham, Acting Chief Finance Officer
24 May 2019

Certificate on Summarisation Schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for University Hospitals of North Midlands NHS Trust.

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2018/19 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
   - the financial records maintained by the NHS Trust
   - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
   - the template accounting policies for NHS Trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.
2. I certify that the TAC schedules are internally consistent and that there are no validation errors*.
3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust

Jonathan Tringham, Acting Chief Finance Officer
24 May 2019

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.
2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

Tracy Bullock, Chief Executive
24 May 2019

Part D: Financial Statements

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

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

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 9,631 full-time staff (compared with 9,497 last year). The actual number of people working for the Trust is more because a some staff work part-time (therefore, the full-time equivalent is less).

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

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

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

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

Statement of Comprehensive Income for the Year Ended 31 March 2019

	2018/19 £000	2017/18 £000
Operating income from patient care activities	632,512	610,684
Other operating income	81,326	85,946
Operating expenses	(764,617)	(736,512)
Operating surplus/(deficit) from continuing operations	**(50,779)**	**(39,882)**
Finance income	248	64
Finance expenses	(20,604)	(19,336)
Public dividend capital dividends payable	(1,380)	(2,119)
Net finance costs	**(21,736)**	**(21,391)**
Other gains / (losses)	77	(5)
Surplus/(deficit) for the year	**(72,438)**	**(61,278)**
Other Comprehensive Income		
Impairments	0	0
Revaluations	(23,119)	45,549
Total comprehensive income / (expense) for the period	**(95,557)**	**(15,729)**
Financial Performance for the year		
Surplus/(deficit) for the year	**(72,438)**	**(61,278)**
IFRIC 12 adjustments		0
Add back I&E impairments	9,585	(8,583)
Less capital donations	(754)	144
CQUIN adjustment		(1,608)
Reported NHS financial position	**(63,607)**	**(71,325)**

Statement of Financial Position as at 31 March 2019

	2018/19 £000	2017/18 £000
Non-current assets:		
Property, plant and equipment	504,042	532,326
Intangible assets	22,106	18,625
Trade and other receivables	0	0
Total non-current assets	**526,148**	**550,951**
Current assets:		
Inventories	12,793	12,682
Trade and other receivables	40,943	65,940
Other current assets	0	0
Cash and cash equivalents	8,389	12,646
Total current assets	**62,125**	**91,268**
Total assets	**588,273**	**642,219**
Current liabilities		
Trade and other payables	(59,101)	(71,811)
Provisions	(3,254)	(3,601)
Borrowings	(23,429)	(18,820)
Total current liabilities	**(85,784)**	**(94,232)**
Non-current assets less net current liabilities	**502,489**	**547,987**
Non-current liabilities		
Provisions	(885)	(980)
Borrowings	(461,984)	(428,662)
Other liabilities	0	(8)
Total non-current liabilities	**(462,869)**	**(429,650)**
Total Assets Employed:	**39,620**	**118,337**
FINANCED BY:		
Public Dividend Capital	407,142	390,302

Income and expenditure reserve	(466,395)	(393,986)
Revaluation reserve	98,873	122,021
Total Taxpayers' Equity:	**39,620**	**118,337**

Statement of Cash Flows for the Year Ended 31 March 2019

	2018/19 £000	2017/18 £000
Cash Flows from Operating Activities		
Operating surplus/ (deficit)	(50,779)	(39,882)
Non-cash income and expense:		
Depreciation and amortisation	27,627	27,212
Net impairments	9,585	(8,583)
Income recognised in respect of capital donations	(1,582)	(594)
(Increase)/decrease in inventories	(111)	616
(Increase)/decrease in receivables and other assets	29,236	(25,325)
Increase/(decrease) in payables and other liabilities	(13,445)	2,363
Increase/(decrease) in provisions	(442)	(2,115)
Net cash generated from / (used in) operating activities	**89**	**(46,308)**
Cash flows from investing activities		
Interest received	248	64
Purchase of intangible assets	(3,110)	(2,447)
Purchase of property, plant and equipment	(34,422)	(26,554)
Sales of property, plant and equipment	114	59
Receipt of capital donations to purchase capital assets	1,582	594
Net Cash Inflow/(Outflow) from Investing Activities	**(35,588)**	**(28,284)**
Cash flows from financing activities		
Public dividend capital received	16,840	1,077
Movement on loans from the Department of Health and Social Care	43,099	101,760
Movement on other loans	(293)	(293)
Other capital receipts	0	0
Capital element of finance lease rental payments	(456)	(461)
Capital element of PFI, LIFT and other service concession payments	(5,712)	(9,273)
Interest paid on finance lease liabilities	(145)	(126)
Interest paid on PFI, LIFT and other service concession obligations	(14,187)	(14,917)
Other interest paid	(6,387)	(2,967)
PDC dividend (paid) / refunded	(1,517)	(1,128)
Net cash generated from / (used in) financing activities	**31,242**	**73,672**
Increase / (decrease) in cash and cash equivalents	**(4,257)**	**(920)**
Cash and cash equivalents at 1 April - brought forward	**12,646**	**13,566**
Cash and cash equivalents at 31 March	**8,389**	**12,646**

Statement of Changes in Taxpayers Equity for the year ended 31 March 2019

	Pubic Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers equity at 1 April 2018 - brought forward	390,302	122,021	(393,986)	118,337
Surplus/(deficit) for the year			(72,438)	(72,438)
Revaluations		(23,119)		(23,119)
Public dividend capital received cash	16,840			16,840
Other reserve movements		(29)	29	0
Taxpayers equity at 31 March 2019	**407,142**	**98,873**	**(466,395)**	**39,620**

Better Payment Practice Code

Measure of Compliance	2018/19		2017/18	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	131,200	458,888	128,930	383,834
Total non NHS trade invoices paid within target	122,292	431,386	104,319	332,834
Percentage of non NHS trade invoices paid within target	93.2%	94.0%	80.9%	86.7%
Total NHS trade invoices in the year	3,703	31,601	2,766	30,457
Total NHS trade invoices paid within target	2,962	21,086	1,619	22,417
Percentage of NHS trade invoices paid within target	80.0%	66.7%	58.5%	73.6%

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

The Trust has not signed up to the Prompt Payments Code.

Cumulative Breakeven Position

Year	Turnover	Surplus / (Deficit)
1997/98	152,393	(1,199)
1998/99	165,535	(1,246)
1999/00	182,744	1,279
2000/01	193,823	1,225
2001/02	212,576	18
2002/03	235,801	4
2003/04	257,641	3
2004/05	295,327	41
2005/06	299,619	(15,059)
2006/07	333,855	311
2007/08	393,915	3,990
2008/09	371,299	3,008
2009/10	408,938	5,312
2010/11	418,078	4,141
2011/12	426,319	1,050
2012/13	473,558	235
2013/14	475,330	(19,301)
2014/15	623,835	3,782
2015/16	702,917	(26,936)
2016/17	739,279	(27,773)
2017/18	696,630	(69,717)
2018/19	713,838	(63,607)
Cumulative Breakeven Position:		**(200,439)**

Staff Sickness Absence

	2018	2017
Total days lost	95,598	83,399
Total staff years	9,528	9,522
Average working days lost	**10.03**	**9.40**

NB. The above figures are presented as calendar year figures rather than financial year.

Carrying Amount versus Market Value of Land

The Trust's land was valued as at 31 March 2019 at £14.3m. These values are reflected in the Trust's Statement of Financial Position.

Our External Auditor

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

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

Our accounts are externally audited by Grant Thornton to meet the statutory requirements of the Department of Health. They received fees of £74,970 for the financial statements audit (including audit of the Annual Report and Annual Governance Statement).

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

Provider accounts template - single entity accounts

Inputs

MARSID	NORTHMIDLANDS
Name of trust	University Hospitals of North Midlands NHS Trust
Provider status	Trust
Date of year end	31/03/2019
Start of current year	01/04/2018
Comparative year end	31/03/2018
Start of comparative year	01/04/2017
Year for financial reporting	2018/19
Year for comparative year	2017/18
Year for year end	2019
Year for comparative year	2018
Opening Year	2017
Next financial year	2019/20
Date of approval of financial statements	24/05/2019

University Hospitals of North Midlands NHS Trust

Annual accounts for the year ended 31 March 2019

Statement of Comprehensive Income for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	3	632,512	610,684
Other operating income	4	81,326	85,946
Operating expenses	7, 9	(764,617)	(736,512)
Operating surplus/(deficit) from continuing operations		**(50,779)**	**(39,882)**
Finance income	12	248	64
Finance expenses	13	(20,604)	(19,336)
PDC dividends payable		(1,380)	(2,119)
Net finance costs		**(21,736)**	**(21,391)**
Other gains / (losses)	14	77	(5)
Surplus / (deficit) for the year from continuing operations		**(72,438)**	**(61,278)**
Other comprehensive income*			
Will not be reclassified to income and expenditure:			
Revaluations	15.1 & 16.1	(23,119)	45,549
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income / (expense) for the period		**(95,557)**	**(15,729)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(72,438)	(61,278)
Remove net impairments not scoring to the Departmental expenditure limit	15.1 & 16.1	9,585	(8,583)
Remove I&E impact of capital grants and donations		(754)	144
CQUIN risk reserve adjustment (2017/18 only)		-	(1,608)
Adjusted financial performance surplus / (deficit)		**(63,607)**	**(71,325)**

*Other Comprehensive Income shows other non-cash net gains/(losses) that are not included as either operating revenue or expenditure, and as such does not impact on the financial outturn of the Trust.

The notes on pages 8 to 59 form part of this account

Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Intangible assets	15	22,106	18,625
Property, plant and equipment	16	504,042	532,326
Total non-current assets		**526,148**	**550,951**
Current assets			
Inventories	19	12,793	12,682
Receivables	20	40,943	65,940
Cash and cash equivalents	21	8,389	12,646
Total current assets		**62,125**	**91,268**
Current liabilities			
Trade and other payables	22	(54,150)	(65,823)
Borrowings	24	(23,429)	(18,820)
Provisions	26	(3,254)	(3,601)
Other liabilities	23	(4,951)	(5,988)
Total current liabilities		**(85,784)**	**(94,232)**
Total assets less current liabilities		**502,489**	**547,987**
Non-current liabilities			
Borrowings	24	(461,984)	(428,662)
Provisions	26	(885)	(980)
Other liabilities	23	-	(8)
Total non-current liabilities		**(462,869)**	**(429,650)**
Total assets employed		**39,620**	**118,337**
Financed by			
Public dividend capital		407,142	390,302
Revaluation reserve		98,873	122,021
Income and expenditure reserve		(466,395)	(393,986)
Total taxpayers' equity		**39,620**	**118,337**

The notes on pages 8 to 59 form part of these accounts.

The financial statements on pages 3 to 59 were approved by the Board on 24 May 2019 and signed on its behalf by

Position **Chief Executive**
Date **24 May 2019**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	**390,302**	**122,021**	**(393,986)**	**118,337**
Surplus/(deficit) for the year	-	-	(72,438)	**(72,438)**
Revaluations	-	(23,119)	-	**(23,119)**
Public dividend capital received**	16,840	-	-	**16,840**
Other reserve movements	-	(29)	29	**-**
Taxpayers' equity at 31 March 2019	**407,142**	**98,873**	**(466,395)**	**39,620**

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

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

** The increase in Public Dividend Capital of £16.840 million relates to capital funding for a number of projects;

- Modular Wards £8.82 million
- Linear Accelerators £3.46 million
- Electronic Prescribing & Medicines Administration Programme £2.19 million
- Health Service Lead Investment (HSLI) Provider Digitalisation Programme £2.09 million
- other £0.28 million

In 2017/18 £1.077 million relates to funding for cyber security and the Urgent Treatment Centre.

Reconciliation of movement on retained earnings to adjusted deficit

	£000
Net movement in retained earnings for the year	(72,409)
Impairments excluded from financial performance	(9,585)
Adjustments in respect of donated gov't grant asset reserve elimination	754
Transfer from revaluation reserve in respect of assets disposal.	29
Adjusted financial performance (deficit)	(63,607)
Total	**(72,409)**

Information on reserves

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(50,779)	(39,882)
Non-cash income and expense:			
Depreciation and amortisation	7.1	27,627	27,212
Net impairments	8	9,585	(8,583)
Income recognised in respect of capital donations	4	(1,582)	(594)
(Increase) / decrease in receivables and other assets		29,236	(25,325)
(Increase) / decrease in inventories		(111)	616
Increase / (decrease) in payables and other liabilities		(13,445)	2,363
Increase / (decrease) in provisions		(442)	(2,115)
Net cash generated from / (used in) operating activities		**89**	**(46,308)**
Cash flows from investing activities			
Interest received		248	64
Purchase of intangible assets		(3,110)	(2,447)
Purchase of property, plant, equipment and investment property		(34,422)	(26,554)
Sales of property, plant, equipment and investment property		114	59
Receipt of cash donations to purchase capital assets		1,582	594
Net cash generated from / (used in) investing activities		**(35,588)**	**(28,284)**
Cash flows from financing activities			
Public dividend capital received		16,840	1,077
Movement on loans from the Department of Health and Social Care		43,099	101,760
Movement on other loans		(293)	(293)
Capital element of finance lease rental payments		(456)	(461)
Capital element of PFI service concession payments		(5,712)	(9,273)
Interest on loans		(6,387)	(2,967)
Interest paid on finance lease liabilities		(145)	(126)
Interest paid on PFI service concession obligations		(14,187)	(14,917)
PDC dividend (paid) / refunded		(1,517)	(1,128)
Net cash generated from / (used in) financing activities		**31,242**	**73,672**
Increase / (decrease) in cash and cash equivalents		**(4,257)**	**(920)**
Cash and cash equivalents at 1 April - brought forward		**12,646**	**13,566**
Cash and cash equivalents at 31 March	21	**8,389**	**12,646**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

International Accounting Standard 1 requires the Board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. Paragraphs 4.11 and 4.16 of the Department of Health and Social Care Group Accounting Manual identify that the continuation of the service is sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. In preparing the financial statements the Board of Directors has considered the Trust's overall financial position against the requirements of IAS1.

In 2017/18 the Trust reported a deficit of £69.717 million (breakeven duty financial performance net of the £1.608 million CQUIN risk reserve in the Statement of Comprehensive Income).

The Trust's financial performance in 2018/19 is a £63.607 million deficit. This includes an in-year deficit of £53.007 million and an impact of £10.6 million in respect of the final outcome of expert determination on disputes with commissioners relating to income included in the prior year (2017/18) accounts.

As at 31 March 2019, the Trust has received cash support for its revenue position of £186.7 million. Of this £67.9 million was received in 2018/19 for its revenue position and working capital requirements. In year £24.8 million of borrowing was re-paid as the Trust received cash relating to 2017/18 deficit support funding from DHSC and CCGs for which it had previously borrowed cash from DHSC, therefore the overall increase in borrowing was £43.1 million in 2018/19.

The Trust's financial plan for 2019/20 forecasts the delivery of a breakeven position after taking into consideration the impact of £32 million funding through the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and the Marginal Rate Emergency Tariff (MRET), which is available as the Trust has signed up to its control total.

The phasing of this revenue plan will necessitate further revenue cash borrowing of £11.5m in the early months of the financial year using the Department of Health's Uncommitted Single Currency Interim Revenue Support Facility Agreement. However there is no overall increase in the planned cash support in 2019/20 approved by the Trust Board as the planned surplus in the later months of the financial year will be used to repay this borrowing.

In order for the Trust to access this facility, the Department of Health must approve the Trust's daily cash flow forecast for 13 weeks from the date of each drawdown.

The Financial Plan submitted to NHS Improvement on 4 April 2019 includes deficit support funding of £9.9 million from DHSC and £14.9 million from CCGs as in 2017/18 and 2018/19. Confirmation that this funding will be received by the Trust has not yet been received from the other bodies.

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

Nevertheless, the Directors have concluded that assessing the Trust as a going concern remains appropriate. The value of the CCG Contract for 2019/20 has been agreed at £414.95 million in line with the 'Intelligent Fixed Payment System'. Contracts with the Trust's remaining commissioners for 2019/20 have been signed. There are no discontinued operations. Similarly no decision has been made to transfer services or significantly amend the structure of the organisation at this time. The Board of Directors also has a reasonable expectation that the Trust will have access to adequate resources in the form of support from the Department of Health (NHS Act 2006 s42a) to continue to deliver the full range of mandatory services for the foreseeable future.

Subject to the receipt of the revenue funding within the 2019/20 financial plan, the Directors consider that this provides sufficient evidence that the Trust will continue as a going concern for the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts and has not included the adjustments that would result if it were unable to continue as a going concern. The assessment accords with the statutory guidance contained within the Department of Health and Social Care Group Accounting Manual.

Note 1.3 Charitable Funds

The divergence from the Government Financial Reporting Manual (FReM) that NHS Charitable Funds are not consolidated with NHS Trust's own financial statements has been removed for 2018/2019. Under the provisions of IFRS 10 Consolidated Financial Statements, those Charitable Funds that fall under common control with NHS bodies should be consolidated within the entity's financial statements. The Trust has a Charitable Fund, the 'UHNM Charity' that falls under the definition of common control. Common control is defined within IFRS 10 as "the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities". Control is presumed to exist where a parent owns directly or indirectly more than half of the voting power of an entity, including where a body acts as a corporate trustee. The Trustees of the Charitable Fund are all members of the Trust Board. The purpose of an NHS Charity is to assist NHS patients, and HM Treasury view this as the "benefit" link as per the IFRS 10 guidance. The Trust has reviewed the financial statements of the 'UHNM Charity' and it is deemed that the income, expenditure, assets and liabilities of the Charitable Fund are not material. IAS 1 Presentation of Financial Statements states that specific disclosure requirements set out in individual standards or interpretations need not be satisfied if the information is not material. The consolidation of the Charitable Fund would not have a material impact on the financial statements of the Trust and has therefore not been consolidated into the Trust's financial statements.

Note 1.4.1 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.2 Revenue grants and other contributions to expenditure
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.4.3 Other income
Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.5 Expenditure on employee benefits
Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs
NHS Pension Scheme
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 Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.6 Expenditure on other goods and services
Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Note 1.7.2 Measurement

Valuation

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

All land and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. The last full asset valuations were undertaken at the prospective valuation date at 1st April 2016 which included a site visit in early 2016. An interim valuation was carried out at 31 March 2019 which included a review of capital expenditure, market conditions and asset lives.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The property valuations are carried out primarily on the basis of (DRC) for specialised operational property (e.g. NHS patient treatment facilities) and Existing Use Value (EUV) for non-specialised operational property. The value of land for existing use purposes is assessed at EVU. For non-operational land including surplus land, the valuations are carried out at Market Value.

The Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence. In the past, functional obsolescence has not been reflected in asset valuations for the NHS.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Trust is accurately reflecting the depreciated replacement cost as a replacement asset would also be funded by PFI and, by the nature of the contract, have VAT recovered. This valuation is the same methodology as in the prior year.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

The carrying values of PPE are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The Trust's land and building valuation was carried out by the Trust's current valuer DVS, on a MEA "Optimised Alternative Site" method valuation, and applied on 1st April 2016, with an interim valuation at 31 March 2019.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance. The Trust has valued its land and buildings at fair value - non-specialised assets at existing use value and specialised operation assets at depreciated replacement cost.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.7.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1. 7.4 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1. 7.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions
PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

The lifecycle replacement element of the Unitary payment is capitalised where this meets the definition of capital expenditure as set out in 1.7.1.

PFI Asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

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

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

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

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

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

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

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

Assets contributed by the NHS trust to the operator for use in the scheme

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

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

Note 1. 7.6 Useful lives of property, plant and equipment
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	15	80
Dwellings	20	80
Plant & machinery	5	15
Transport equipment	4	7
Information technology	3	10
Furniture & fittings	5	15

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible assets

Note 1.8.1 Recognition
Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.
Internally generated intangible assets
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
• the trust intends to complete the asset and sell or use it
• the trust has the ability to sell or use the asset
• how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
• adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
• the trust can measure reliably the expenses attributable to the asset during development.

Software
Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Note 1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or “fair value less costs to sell”.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic life of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	**Max life Years**
Software licences	2	15

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to the fair value due to the high turnover of stocks.

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Financial assets and financial liabilities

Note 1.11.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Note 1.11.2 Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.
Financial assets are classified as subsequently measured at amortised cost.
Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets and financial liabilities at "fair value through income and expenditure"

Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Trust does not hold Financial assets and financial liabilities at "fair value through income and expenditure"

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.11.3 Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.12 Leases

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

Note 1.12.1 The trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

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

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

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.12.2 The trust as lessor

Finance leases

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

Operating leases

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

Note 1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 26.2 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any “excesses” payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.14 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.15 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.
At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.
A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.16 Value added tax
Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.18 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.19 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

The HM Treasury FReM does not require the following of any other Standards and Interpretations to be applied in 2018-19.

- IFRS 14 Regulatory Deferral Accounts. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.
- IFRS 16 Leases. Financial Reporting Advisory Board decision that IFRS 16 will be applicable for public sector bodies from 2020/21. Early adoption is not therefore permitted.
- IFRS 17 Insurance Contracts. Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRIC 23 Uncertainty over Income Tax Treatments. Application required for accounting periods beginning on or after 1 January 2019.

Note 1.21 Critical judgements in applying accounting policies

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

Income recognition

It is the Trust's accounting policy to recognise income when performance occurs. In some instances the income that the Trust receives is not readily attributable to performance or the achievement of certain targets cannot readily be ascertained. The key judgements in relation to income recognition are detailed below at 1.22.

The Trust's financial performance in 2018/19 is a £63.607 million deficit. This includes an in-year deficit of £53.007 million and the impact of £10.6 million in respect of the final outcome of expert determination on disputes with commissioners relating to income included in the prior year (2017/18) accounts.

The Trust considers that it correctly accounted for £9.3m of fine and penalties being reinvested in the Trust as income in 2017/18. The report from the Expert Determination in May 2019 has placed doubt over this judgement, However, the value is not material. Therefore, it is the Trust's view that this is not a material transaction and will not be accounted for as a prior period adjustment.

Estate Valuation

The Trust's management have elected to have a desk top valuation of the Trust's land and buildings as at 31 March 2019. This option was elected as providing the best assurance that the values are not materially misstated at the balance sheet date. The value of the Trust's Land, buildings and dwellings as at 31 March 2019 is £440,431,000. If the Trust's management had not revalued the estate, at 31 March 2019 the value of Land, Buildings and Dwellings would have been £474,289,000.

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

PFI Assets

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

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Trust is accurately reflecting the depreciated replacement cost as a replacement asset would also be funded by PFI and, by the nature of the contract, have VAT recovered. This valuation is the same methodology and assumptions as in the prior year.

Operating leases/finance leases

The Trust has two buildings which are leased to a third party. The Trust has deemed that this is an operating lease where the risks and rewards of the asset remain with the Trust and as such are recognised on the Trust's Statement of Financial Position as assets. This is deemed to be a critical judgement as if the transaction was deemed to be a finance lease the assets would not be reflected in the Statement of Financial Position and the property, plant and equipment balance would be £16,205,123 lower if these assets were not included.

Note 1.22 Sources of estimation uncertainty

The Trust do not consider that there are any major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following are assumptions about the future and other major sources of estimation uncertainty that have been assessed.

Income recognition

In 2008/09 the requirement to account for patient care spells that were in progress but not complete as at 31 March was introduced. The value put on this activity is estimated using an average tariff, rather than the specific tariff relevant for each patient. The total value of the accrual for patient care is £6,196,049 and therefore a change of 1% between the average tariff applied and the actual tariff due would affect income assumptions by £61,960.

In 2013/14 the Payment by Results (PbR) rules regarding maternity pathways changed. The key element of this change is that the Commissioners make one payment per pregnancy covering the whole of the maternity pathway at the point at which the woman first presents for treatment. As providers of the treatment, the Trust defers the element of income which has been received in advance of the care being provided. The Trust estimates the income to be deferred based on the number of weeks of maternity care remaining for the patients who have attended the Trust. The Trust estimates the average antenatal phase for each patient and calculates the proportion of the antenatal phase which has not been completed by 31 March 2019 based on the average antenatal phase. The Trust then defers this element of income. The value of income deferred relating to maternity pathway is £3,224,645 and therefore a change of 1% to the value deferred would affect the income assumptions by £32,246.

Valuation of liabilities

As at 31 March 2019 the Trust recognised £22,201,000 of accruals and deferred income within trade and payables liability. The Trust's management has made the best estimate of the value of the liability based on information available at the reporting date. The value of these accruals may differ from the values estimated and since the value is high a difference of only 1% between the estimate and actual value would result in a change to the Trust's expenditure of £222,010. However, since none of the accruals are individually material and the Trust has provided at the most likely value (rather than with a bias towards a more or less favourable outturn) it is unlikely that the difference between actual and estimated values would be significant.

The Trust has obtained professional advice where applicable for the value that should be recognised in respect of provisions and contingent liabilities. The value of these liabilities is uncertain and values are likely to differ from those estimated. A difference of 1% between the estimated provision and actual value would result in a change to the Trusts position of £41,390. However, the Trust has provided at what it estimates the likely value would be based on information available.

Valuation of assets

As at 31 March 2019 the Trust recognised contract receivables assets of £32,748,000. The Trust reviews and provides where necessary for income invoices in line with the requirements of IFRS 9. For RTA accruals this is at the prescribed rate of 21.89%. The Trust's management carries out a review for other debtors and applies a forward looking approach to the income the Trust may not receive. The Trust's management considers that this is a reasonable estimate of the value of asset.

PFI

The Trust uses appropriate estimations to allocate the annual unitary payment into the relevant component parts. The Trust obtained professional advice at the beginning of the PFI contract to review and allocate the payments appropriately as set out in note 29.

Note 2 Operating Segments

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

	Healthcare Per SOCI		Healthcare Reported to Trust Board		Healthcare Variance	
	2018/19	2017/18	**2018/19**	2017/18	**2018/19**	2017/18
	£000s	£000s	£000s	£000s	£000s	£000s
Income	714,086	696,694	714,086	696,100	0	594
Pay costs	(466,723)	(461,050)	(466,723)	(461,050)	0	0
Non pay costs	(310,970)	(305,361)	(310,970)	(304,767)	0	(594)
Reported breakeven performance	(63,607)	(69,717)	(63,607)	(69,717)	0	0
Net Assets:						
Segment net assets	39,620	118,337	39,620	118,337	0	0

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

Since all the business of the Trust is deemed to be one 'healthcare' segment there is no difference between the financial performance of this segment and the financial performance of the Trust. The variances above are in relation to income and depreciation in respect of government granted and donated assets which is not included in the figures for income and expenditure.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)	2018/19 £000	2017/18 £000
Acute services		
Elective income	119,108	102,858
Non elective income	203,045	188,598
First outpatient income	37,648	34,991
Follow up outpatient income	28,528	29,185
A & E income	23,460	21,283
High cost drugs income from commissioners (excluding pass-through costs)	53,143	50,870
Other NHS clinical income	160,050	181,122
All services		
Private patient income	1,214	1,349
Agenda for Change pay award central funding (DHSC)	6,316	-
Other clinical income	-	428
Total income from activities	**632,512**	**610,684**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2018/19 £000	2017/18 £000
NHS England	215,308	211,449
Clinical commissioning groups	396,833	386,694
Department of Health and Social Care	6,316	685
Other NHS providers	7	26
NHS other	1,186	275
Non-NHS: private patients	1,214	1,349
Non-NHS: overseas patients (chargeable to patient)	644	428
Injury cost recovery scheme	3,737	3,077
Non NHS: other	7,267	6,701
Total income from activities	**632,512**	**610,684**

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

Income for 2018/19 in note 3.1 (other NHS clinical income) and note 3.2 (Clinical commissioning groups) is reduced by £10.6 million for a provision relating to the outcome of expert determination on income relating to 2017/18.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2018/19	2017/18
	£000	£000
Income recognised this year	644	428
Cash payments received in-year	118	298
Amounts added to provision for impairment of receivables	187	180
Amounts written off in-year	-	28

Note 4 Other operating income

	2018/19	2017/18
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	3,959	4,657
Education and training (excluding notional apprenticeship levy income)	25,694	27,730
Non-patient care services to other bodies	12,169	11,765
Income in respect of employee benefits accounted on a gross basis	-	479
Other contract income**	11,778	12,740
Other non-contract operating income		
Receipt of capital grants and donations	1,582	594
Charitable and other contributions to expenditure	330	205
Support from the Department of Health and Social Care for mergers*	9,900	9,900
Rental revenue from operating leases	1,014	896
Other non-contract income***	14,900	16,980
Total other operating income	**81,326**	**85,946**

* Support from the Department of Health and Social Care for mergers relates to additional income received as transitional support for the Mid Staffordshire NHS Foundation Trust integration. The funding received is £9.9m from the DoHSC.

***Other non-contract operating incomes relates to funding received of £14.9 million from NHS England for deficit funding in 2018/19. The 2017/18 total consists of £14.87 million deficit support and £2.11 million winter funding.

**A breakdown of Other contract income is show in the table below:

	2018/19	2017/18
	£000	£000
Car Parking income	3,520	3,413
Catering	205	75
Pharmacy sales	56	35
Staff accommodation rental	839	830
Contribution to the costs of the modular theatre and wards	2,874	2,800
EU Emissions	-	302
Other income not identified above	4,284	5,285
	11,778	**12,740**

Note 5.1 Additional information on revenue from contracts with customers recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,167

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2019
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	£000
within one year	6,196
after one year, not later than five years	-
after five years	-
Total revenue allocated to remaining performance obligations	**6,196**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 6 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2018/19	2017/18
	£000	£000
Income	3,520	3,573
Full cost	(2,464)	(2,465)
Surplus / (deficit)	**1,056**	**1,108**

Note 7.1 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	9,538	7,787
Purchase of healthcare from non-NHS and non-DHSC bodies	3,047	3,359
Staff and executive directors costs	462,509	456,468
Remuneration of non-executive directors	107	88
Supplies and services - clinical (excluding drugs costs)	73,406	72,011
Supplies and services - general	6,810	8,000
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	74,094	73,373
Inventories written down	410	541
Consultancy costs	3,861	5,431
Establishment	4,585	4,642
Premises	21,414	19,426
Transport (including patient travel)	3,287	3,514
Depreciation on property, plant and equipment	24,581	23,247
Amortisation on intangible assets	3,046	3,965
Net impairments	9,585	(8,583)
Movement in credit loss allowance: contract receivables / contract assets	152	
Movement in credit loss allowance: all other receivables and investments	-	390
Audit fees payable to the external auditor		
audit services- statutory audit	90	90
other auditor remuneration (external auditor only)	7	7
Internal audit costs	171	154
Clinical negligence	20,556	20,891
Legal fees	107	57
Insurance	87	79
Research and development	3,451	3,964
Education and training	1,114	1,537
Rentals under operating leases	3,095	4,236
Redundancy	763	618
Charges to operating expenditure for on-SoFP IFRIC 12 PFI schemes	32,839	31,237
Car parking & security	738	606
Hospitality	31	72
Other	1,136	(695)
Total	**764,617**	**736,512**

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

Note 7.2 Other auditor remuneration

	2018/19	2017/18
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of quality accounts	7	7
2. Other assurance services	-	-
Total	**7**	**7**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2017/18: £2 million).

Note 8 Impairment of assets

	2018/19	2017/18
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	14	48
Changes in market price	8,701	(8,631)
Other	870	-
Total net impairments charged to operating surplus / deficit	**9,585**	**(8,583)**

The impairments relate to the impact of the interim valuation of the Trusts land and building assets at 31 March 2019 and can be categorised as;

- reduction in the value of land at the Royal Infirmary site by £4.975 million to take account of the cost of demolition and to value in current use; and

- reduction in building assets (MEA notional building and PFI Treatment Centre) on revaluation where no revaluation reserve balance exists. The downward revaluation is mainly a result of an decrease in the Staffordshire location factor during 2018/19. The location factor is one of the indicators considered by the external valuer in determining the valuation of the Trust's buildings.

Note 9 Employee benefits

	2018/19 Total £000	2017/18 Total £000
Salaries and wages	370,076	364,747
Social security costs	34,777	34,571
Apprenticeship levy	1,799	1,773
Employer's contributions to NHS pensions	43,481	42,329
Pension cost - other	55	25
Termination benefits	763	618
Temporary staff (including agency)	17,338	18,487
Total gross staff costs	**468,289**	**462,550**
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**468,289**	**462,550**
Of which		
Costs capitalised as part of assets	1,566	1,500

Note 9.1 Retirements due to ill-health

During 2018/19 there were 4 early retirements from the Trust agreed on the grounds of ill-health (6 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £297k (£305k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Note 11 Operating leases

Note 11.1 University Hospitals of North Midlands NHS Trust as a lessor

This note discloses income generated in operating lease agreements where University Hospitals of North Midlands NHS Trust is the lessor.

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

	2018/19	2017/18
	£000	£000
Operating lease revenue		
Minimum lease receipts	1,014	896
Total	**1,014**	**896**

	31 March 2019	31 March 2018
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	448	445
- later than one year and not later than five years;	986	977
- later than five years.	429	426
Total	**1,863**	**1,848**

Note 11.2 University Hospitals of North Midlands NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals of North Midlands NHS Trust is the lessee.

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

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	3,095	4,236
Total	**3,095**	**4,236**

	31 March 2019	31 March 2018
	£000	£000
Future minimum lease payments due:		
- not later than one year;	3,166	4,094
- later than one year and not later than five years;	5,639	6,352
- later than five years.	-	-
Total	**8,805**	**10,446**

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	2018/19	2017/18
	£000	£000
Interest on bank accounts	163	64
Other finance income	85	-
Total finance income	**248**	**64**

Note 13.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	6,272	4,293
Finance leases	145	126
Main finance costs on PFI obligations	7,828	8,068
Contingent finance costs on PFI obligations	6,359	6,849
Total interest expense	**20,604**	**19,336**
Total finance costs	**20,604**	**19,336**

The interest expense has increased in 2018/19 due to the full year impact of the 2017/18 revenue cash borrowing using the Department of Health's Uncommitted Single Currency Interim Revenue Support Facility Agreement. The total borrowing at 31 March 2019 is £186.7 million. The interest rate paid by the Trust in the year is between 1.5% and 6%.

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2018/19	2017/18
	£000	£000
Compensation paid to cover debt recovery costs under this legislation	3	1

Note 14 Other gains / (losses)

	2018/19	2017/18
	£000	£000
Gains on disposal of assets	77	-
Losses on disposal of assets	-	(5)
Total gains / (losses) on disposal of assets	**77**	**(5)**
Total other gains / (losses)	**77**	**(5)**

Note 15.1 Intangible assets - 2018/19

	Software licences	assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**36,628**	**-**	**36,628**
Additions	4,890	102	**4,992**
Impairments	(885)	-	**(885)**
Revaluations	(898)	-	**(898)**
Reclassifications	366	-	**366**
Disposals / derecognition	(275)	-	**(275)**
Valuation / gross cost at 31 March 2019	**39,826**	**102**	**39,928**
Amortisation at 1 April 2018 - brought forward	**18,003**	**-**	**18,003**
Provided during the year	3,046	-	**3,046**
Impairments	(15)	-	**(15)**
Revaluations	(2,937)	-	**(2,937)**
Reclassifications	-	-	**-**
Disposals / derecognition	(275)	-	**(275)**
Amortisation at 31 March 2019	**17,822**	**-**	**17,822**
Net book value at 31 March 2019	**22,004**	**102**	**22,106**
Net book value at 1 April 2018	**18,625**	**-**	**18,625**

Information and technology assets are the only category of intangible asset held by the Trust.

Intangible assets are not subject to a formal revaluation as amortised historic cost is deemed to be a reasonable proxy for fair value. In 2018/19 the Trust has re-assessed the on-going benefit to the Trust of the health records intangible asset and has accounted for this as a revaluation, the entries are shown in the above table.

The useful economic life of the asset is determined by the duration the asset will be used by the Trust.

Note 15.2 Intangible assets - 2017/18

	Software licences	assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**34,181**	**-**	**34,181**
Additions	2,447	-	**2,447**
Valuation / gross cost at 31 March 2018	**36,628**	**-**	**36,628**
Amortisation at 1 April 2017 - as previously stated	**14,038**	**-**	**14,038**
Provided during the year	3,965	-	**3,965**
Amortisation at 31 March 2018	**18,003**	**-**	**18,003**
Net book value at 31 March 2018	**18,625**	**-**	**18,625**
Net book value at 1 April 2017	**20,143**	**-**	**20,143**

Note 16.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**19,235**	**449,252**	**2,030**	**3,307**	**127,132**	**701**	**24,610**	**8,806**	**635,073**
Additions	-	14,912	-	3,777	8,357	-	3,408	117	**30,571**
Revaluation - operating expenses	(4,975)	(4,929)	-	-	(149)	-	-	-	**(10,053)**
Revaluation - revaluation reserve	-	(35,806)	63	-	-	-	-	-	**(35,743)**
Reclassifications	-	649	-	(3,153)	321	-	1,787	30	**(366)**
Disposals / derecognition	-	-	-	-	(2,468)	-	-	-	**(2,468)**
Valuation/gross cost at 31 March 2019	**14,260**	**424,078**	**2,093**	**3,931**	**133,193**	**701**	**29,805**	**8,953**	**617,014**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**-**	**77,041**	**701**	**19,350**	**5,655**	**102,747**
Provided during the year	-	11,755	34	-	9,924	-	2,209	659	**24,581**
Revaluation - operating expenses	-	(1,204)	-	-	(134)	-	-	-	**(1,338)**
Revaluation - revaluation reserve	-	(10,551)	(34)	-	-	-	-	-	**(10,585)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(2,433)	-	-	-	**(2,433)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**84,398**	**701**	**21,559**	**6,314**	**112,972**
Net book value at 31 March 2019	**14,260**	**424,078**	**2,093**	**3,931**	**48,795**	**-**	**8,246**	**2,639**	**504,042**
Net book value at 1 April 2018	**19,235**	**449,252**	**2,030**	**3,307**	**50,091**	**-**	**5,260**	**3,151**	**532,326**

Included within the land value is £100,000 (£5,075,000 2017/18) relating the land at the Royal Infirmary site with has been identified as a surplus asset. There are restrictions on this site which would prevent access to the market at the reporting date and as a result the land has been valued at market value through applying an adaptation of IAS16, rather than being valued at fair value under IFRS13. The land has been revalued at current use and to take in to consideration demolition costs.

Note 16.2 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**19,235**	**398,514**	**1,955**	**908**	**132,840**	**742**	**23,786**	**9,512**	**587,492**
Additions	-	7,311	-	2,399	5,478	-	1,016	283	**16,487**
Impairments	-	-	-	-	(216)	-	-	-	**(216)**
Reversals of impairments	-	7,462	-	-	-	-	-	-	**7,462**
Revaluations - revaluation reserve	-	35,965	75	-	-	-	-	-	**36,040**
Disposals / derecognition	-	-	-	-	(10,970)	(41)	(192)	(989)	**(12,192)**
Valuation/gross cost at 31 March 2018	**19,235**	**449,252**	**2,030**	**3,307**	**127,132**	**701**	**24,610**	**8,806**	**635,073**
Accumulated depreciation at 1 April 2017 - as previously stated	**-**	**-**	**-**	**-**	**78,228**	**742**	**17,510**	**5,994**	**102,474**
Provided during the year	-	10,645	33	-	9,887	-	2,032	650	**23,247**
Impairments	-	-	-	-	(168)	-	-	-	**(168)**
Reversals of impairments	-	(1,169)	-	-	-	-	-	-	**(1,169)**
Revaluations - revaluation reserve	-	(9,476)	(33)	-	-	-	-	-	**(9,509)**
Disposals / derecognition	-	-	-	-	(10,906)	(41)	(192)	(989)	**(12,128)**
Accumulated depreciation at 31 March 2018	**-**	**-**	**-**	**-**	**77,041**	**701**	**19,350**	**5,655**	**102,747**
Net book value at 31 March 2018	**19,235**	**449,252**	**2,030**	**3,307**	**50,091**	**-**	**5,260**	**3,151**	**532,326**
Net book value at 1 April 2017	**19,235**	**398,514**	**1,955**	**908**	**54,612**	**-**	**6,276**	**3,518**	**485,018**

Note 16.3 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	14,260	215,286	-	3,694	36,225	-	6,495	2,628	**278,588**
Finance leased	-	-	2,093	-	834	-	-	-	**2,927**
On-SoFP PFI contracts	-	205,796	-	75	7,843	-	1,683	-	**215,397**
Owned - government granted	-	-	-	-	180	-	51	-	**231**
Owned - donated	-	2,996	-	162	3,713	-	17	11	**6,899**
NBV total at 31 March 2019	**14,260**	**424,078**	**2,093**	**3,931**	**48,795**	**-**	**8,246**	**2,639**	**504,042**

Note 16.4 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018									
Owned - purchased	19,235	224,103	-	1,277	36,414	-	5,224	3,138	**289,391**
Finance leased	-	-	2,030	-	1,129	-	-	-	**3,159**
On-SoFP PFI contracts	-	221,965	-	1,892	8,507	-	5	-	**232,369**
Owned - government granted	-	-	-	4	223	-	6	13	**246**
Owned - donated	-	3,184	-	134	3,818	-	25	-	**7,161**
NBV total at 31 March 2018	**19,235**	**449,252**	**2,030**	**3,307**	**50,091**	**-**	**5,260**	**3,151**	**532,326**

Note 17 Donations of property, plant and equipment

The UHNM Charity donated £1,502,000 (£391,000 in 2017/18) of assets to the Trust in 2018-19 in respect of assets acquired in the financial year. The Trust has also acquired £80,000 (£203,000 in 2017/18) in respect of Government Granted assets.

Note 18 Revaluations of property, plant and equipment

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuation information in 2018/19 was carried out by a qualified independent from the District Valuation Service.

As set out in the accounting policies the Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence. In the past, functional obsolescence has not been reflected in asset valuations for the NHS.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation. The Trust's land and building valuation was carried out by the Trust's current valuer DVS, on a MEA "Optimised Alternative Site" method valuation.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance.

All land and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. The last full asset valuations were undertaken at the prospective valuation date at 1st April 2016 which included a site visit in early 2016. An interim valuation was carried out at 31 March 2019 which included a review of capital expenditure, market conditions and asset lives.

The value of land, buildings and dwelling assets provided by the valuer at 31 March 2019 was £440,430,669 and is reflected in note 16.1. This reflects a decrease of £27m from the previous desk top valuation at 31 March 2018 and reflects a decrease in the location factor applied relating to the Staffordshire area and a small increase in the building price indices.

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

	Min Life Years	Max Life Years
Buildings	15	80
Dwellings	20	80
Plant & Machinery	5	15
Transport Equipment	4	7
Information Technology	3	10
Furniture & Fittings	5	15

The asset lifes relating to buildings and dwellings are provide as part of the independent valuation of the Trusts assets by the external valuer.

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

	2018/19 £000	2017/18 £000
Gross carrying amount	15,795	14,002
Additions	0	0
Depreciation in period	(468)	(415)
Revaluation/(impairment)	878	2,208
Net Book Value	**16,205**	**15,795**

Note 19 Inventories

	31 March 2019 £000	31 March 2018 £000
Drugs	4,127	4,514
Consumables	8,527	8,047
Energy	139	121
Total inventories	**12,793**	**12,682**
of which:		

Inventories recognised in expenses for the year were £151,943k (2017/18: £157,111k). Write-down of inventories recognised as expenses for the year were £410k (2017/18: £541k).

Note 20.1 Trade receivables and other receivables

	31 March 2019 £000	31 March 2018 £000
Current		
Contract receivables*	32,748	
Trade receivables*		36,143
Accrued income*		26,169
Allowance for impaired contract receivables / assets*	(2,742)	
Allowance for other impaired receivables	-	(3,003)
Prepayments (non-PFI)	4,719	2,992
PFI lifecycle prepayments	4,060	-
PDC dividend receivable	589	452
VAT receivable	1,569	3,187
Other receivables	-	-
Total current trade and other receivables	**40,943**	**65,940**
Of which receivables from NHS and DHSC group bodies:		
Current	18,458	48,225
Non-current	-	-

*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

Note 20.2 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward		**3,003**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	3,003	(3,003)
Changes in existing allowances	152	-
Reclassification of balance	(413)	-
Allowances as at 31 Mar 2019	**2,742**	**-**

Note 20.3 Allowances for credit losses - 2017/18

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	All receivables
	£000
Allowances as at 1 Apr 2017 - as previously stated	**2,706**
Increase in provision	647
Amounts utilised	(93)
Unused amounts reversed	(257)
Allowances as at 31 Mar 2018	**3,003**

The implementation of IFRS 9 remove the use of this delayed recognition (credit losses) and requires the adoption of a forward looking expected loss model. The Trust has reviewed the likelihood non receipt of income for, overseas patients, private patients, payroll reclaims and other commercial income and agree the probability to use for the recognition of doubtful debts. For RTA accruals the Trust has used the prescribed rate of 21.89% (22.84% in 2017/18). The Trust's management considers that this is a reasonable estimate of the value of asset.

The increase or decrease for allowance for credit losses is reviewed on a monthly basis and increased or decreased dependent upon the Trusts view receivables deemed to be potentially at risk of being collected in full.

Note 21 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2018/19	2017/18
	£000	£000
At 1 April	**12,646**	**13,566**
Net change in year	(4,257)	(920)
At 31 March	**8,389**	**12,646**
Broken down into:		
Cash at commercial banks and in hand	6	6
Cash with the Government Banking Service	8,383	12,640
Total cash and cash equivalents as in SoFP	**8,389**	**12,646**
Total cash and cash equivalents as in SoCF	**8,389**	**12,646**

Note 21.1 Third party assets held by the Trust

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

	31 March 2019	31 March 2018
	£000	£000
Bank balances	5	5
Total third party assets	**5**	**5**

Note 22 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
Current		
Trade payables	15,580	21,284
Capital payables	5,537	3,446
Accruals	17,250	32,757
Social security costs	9,846	-
Other taxes payable	-	222
Accrued interest on loans*	-	1,364
Other payables	5,937	6,750
Total current trade and other payables	**54,150**	**65,823**

Included within other payables is £5,937,000 (£5,826,000 in 2017/18) in relation to outstanding pension contributions at the year end.

Of which payables from NHS and DHSC group bodies:		
Current	6,745	17,797
Non-current	-	-

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 23 Other liabilities

	31 March 2019 £000	31 March 2018 £000
Current		
Deferred income: contract liabilities	4,951	5,988
Total other current liabilities	**4,951**	**5,988**
Non-current		
Deferred income: contract liabilities	-	8
Total other non-current liabilities	**-**	**8**

Note 24 Borrowings

	31 March 2019 £000	31 March 2018 £000
Current		
Loans from the Department of Health and Social Care	13,680	12,450
Other loans (SALIX)	293	258
Obligations under finance leases	376	456
Obligations under PFI or other service concession contracts (excl. lifecycle)	9,080	5,656
Total current borrowings	**23,429**	**18,820**
Non-current		
Loans from the Department of Health and Scoial Care	174,221	131,122
Other loans (SALIX)	17	345
Obligations under finance leases	1,895	2,188
Obligations under PFI, LIFT or other service concession contracts	285,851	295,007
Total non-current borrowings	**461,984**	**428,662**

Note 24.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2018	**143,572**	**603**	**2,644**	**300,663**	**447,482**
Cash movements:					
Financing cash flows - payments and receipts of principal	43,099	(293)	(456)	(5,712)	**36,638**
Financing cash flows - payments of interest	(6,387)	-	(145)	(7,828)	**(14,360)**
Non-cash movements:					
Impact of implementing IFRS 9 on 1 April 2018	1,364	-	-	-	**1,364**
Additions	-	-	83	-	**83**
Application of effective interest rate	6,272	-	145	7,828	**14,245**
Other changes	(19)	-	-	(20)	**(39)**
Carrying value at 31 March 2019	**187,901**	**310**	**2,271**	**294,931**	**485,413**

Note 25 Finance leases

Note 25.1 University Hospitals of North Midlands NHS Trust as a lessor

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

Note 25.2 University Hospitals of North Midlands NHS Trust as a lessee

Obligations under finance leases where University Hospitals of North Midlands NHS Trust is the lessee.

	31 March 2019 £000	31 March 2018 £000
Gross lease liabilities	**2,727**	**3,254**
of which liabilities are due:		
- not later than one year;	638	601
- later than one year and not later than five years;	1,765	2,151
- later than five years.	324	502
Finance charges allocated to future periods	(456)	(610)
Net lease liabilities	**2,271**	**2,644**
of which payable:		
- not later than one year;	376	456
- later than one year and not later than five years;	1,582	1,710
- later than five years.	313	478

The Trust has a finance lease for one building. The final repayment will be made in 2025.

The lease liability in the Trust's Statement of Financial Position is £2,271,000 split between £376,000 due in less than one year and £1,895,000 due in more than one year.

In relation to property the liability represents the sum of the rental payments due in respect of the property (£1,164,000) less the element deemed to be interest (£128,000) which is recognised as an expense in the year that the payment is made.

The Trust has finance leases for pathology equipment and printers. The final repayments will be made in 2022.

In relation to these leases the liability represents the sum of the rental payments due in respect of the equipment (£1,563,000) less the element deemed to be interest (£328,000) which is recognised as an expense in the year that the payment is made.

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**1,089**	**394**	**835**	**1,357**	**906**	**4,581**
Arising during the year	-	-	-	668	-	**668**
Utilised during the year	(113)	(45)	-	(363)	-	**(521)**
Reversed unused	-	(60)	-	(450)	(79)	**(589)**
At 31 March 2019	**976**	**289**	**835**	**1,212**	**827**	**4,139**
Expected timing of cash flows:						
- not later than one year;	91	289	835	1,212	827	**3,254**
- later than one year and not later than five years;	343	-	-	-	-	**343**
- later than five years.	542	-	-	-	-	**542**
Total	**976**	**289**	**835**	**1,212**	**827**	**4,139**

The Trust has provided £976,000 (2017-18: £1,089,000) in respect of post employment pension obligations for twenty three former employees. The value of the liability is an estimate which has been recalculated during the year based on actuarial assumptions regarding life expectancy.

The Trust has provided £289,000 (2017-18: £394,000) in respect of legal cases. Of this £118,000 relates to current employment legal cases and £171,000 relates to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority. In all cases the timing and the value of the payments are uncertain and the Trust has provided based on the advice provided by legal advisors and the NHS Litigation Authority.

The Trust has provided £1,662,000 (2017-18: £1,741,000) in respect of additional costs in relation to income, pay and operating costs where the Trust has deemed there to be a risk and a qualifying providing event which is likely to result in the Trust incurring future cash outflows as a result of past events. These are classified under Equal pay and Other.

The Trust has provided £1,212,000 (2017-18: £1,357,000) in respect of redundancy costs.

Note 26.2 Clinical negligence liabilities

At 31 March 2019, £253,220k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of North Midlands NHS Trust (31 March 2018: £206,167k).

Note 27 Contingent assets and liabilities

	31 March 2019 £000	31 March 2018 £000
Value of contingent liabilities		
Other	(118)	(131)
Gross value of contingent liabilities	**(118)**	**(131)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(118)**	**(131)**

The above relates to the member contingent liability relating to the excess due on clinical negligence cases covered by the NHS Litigation Authority.

Note 28 Contractual capital commitments

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	52	480
Intangible assets	4,846	1,831
Total	**4,898**	**2,311**

The intangible assets capital commitments relate mainly to schemes funded through PDC capital in 2018/19 for:
- Electronic Prescribing & Medicines Administration Programme and;
- Health Service Lead Investment (HSLI) Provider Digitalisation Programme

Note 29 On-SoFP PFI service concession arrangements

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

- The main scheme covering the redevelopment of the City General site, facilities management services, PACS equipment, a managed equipment service and network and communications equipment

- A second scheme covering radiotherapy equipment

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

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

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

Note 29.1 Imputed finance lease obligations

University Hospitals of North Midlands NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	31 March 2019 £000	31 March 2018 £000
Gross PFI service concession liabilities	**405,601**	**419,120**
Of which liabilities are due		
- not later than one year;	16,742	13,474
- later than one year and not later than five years;	68,074	67,813
- later than five years.	320,785	337,833
Finance charges allocated to future periods	(110,670)	(118,457)
Net PFI service concession arrangement obligation	**294,931**	**300,663**
- not later than one year;	9,080	5,656
- later than one year and not later than five years;	40,100	38,837
- later than five years.	245,751	256,170

Note 29.2 Total on-SoFP PFI service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	31 March 2019 £000	31 March 2018 £000
Total future payments committed in respect of the PFI service concession arrangements	**2,163,995**	**2,085,866**
Of which liabilities are due:		
- not later than one year;	61,767	58,207
- later than one year and not later than five years;	262,901	242,497
- later than five years.	1,839,327	1,785,162

Of the total future commitments £134,524,000 (2017/18 £142,804,000) are in relation to the lifecycle and equipment elements of PFI schemes.

The future obligations discloses the total payments the Trust is committed to paying in respect of the on SOFP PFI, the future payments are inflated at the inflation rate included within the operators model. The actual payments may change based on actual inflation.

The future obligations disclosed have increased at 31st March 2019 as the Trust has made the judgement that a number of change orders where the operator provides additional equipment are likely to be required for the duration of the contract, however the Trust is only contractually committed for the next 4 years. The prior year comparative figures only inculded the committment for this period and have not been amended.

Note 29.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2018/19 £000	2017/18 £000
Unitary payment payable to service concession operator	**61,018**	**58,331**
Consisting of:		
- Interest charge	7,828	8,068
- Repayment of finance lease liability	5,712	9,254
- Service element and other charges to operating expenditure	32,839	31,237
- Capital lifecycle maintenance	4,220	2,923
- Contingent rent	6,359	6,849
- Addition to lifecycle prepayment	4,060	-
Total amount paid to service concession operator	**61,018**	**58,331**

Note 30 Financial instruments

Note 30.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust may borrow from government for revenue financing subject to approval by NHS Improvement at rates set by the Department of Health (the lender).

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2019 are in receivables from customers, as disclosed in the trade and other receivables note

Liquidity risk

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

Note 30.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
Carrying values of financial assets as at 31 March 2019 under IFRS 9	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	30,006	-	-	**30,006**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents at bank and in hand	8,389	-	-	**8,389**
Total at 31 March 2019	**38,395**	**-**	**-**	**38,395**

	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total book value
Carrying values of financial assets as at 31 March 2018 under IAS 39	**£000**	**£000**	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	44,650	-	-	-	**44,650**
Other investments / financial assets	-	-	-	-	**-**
Cash and cash equivalents at bank and in hand	12,646	-	-	-	**12,646**
Total at 31 March 2018	**57,296**	**-**	**-**	**-**	**57,296**

Note 30.3 Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Held at fair value through the I&E	Total book value
	£000	**£000**	**£000**
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	187,901	-	**187,901**
Obligations under finance leases	2,271	-	**2,271**
Obligations under PFI service concession contracts	294,931	-	**294,931**
Other borrowings	310	-	**310**
Trade and other payables excluding non financial liabilities	38,367	-	**38,367**
Total at 31 March 2019	**523,780**	**-**	**523,780**

	Other financial liabilities	Held at fair value through the I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	143,572	-	**143,572**
Obligations under finance leases	2,644	-	**2,644**
Obligations under PFI service concession contracts	300,663	-	**300,663**
Other borrowings	603	-	**603**
Trade and other payables excluding non financial liabilities	65,601	-	**65,601**
Total at 31 March 2018	**513,083**	**-**	**513,083**

Note 30.4 Fair values of financial assets and liabilities

IFRS 7 requires the Trust to disclose the fair value of financial liabilities. The PFI scheme is a non-current Financial Liability where the fair value is likely to differ from the carrying value. The Trust have reviewed the current interest rates available for borrowing and if these were used as the implicit interest rate for the scheme the fair value of the liability would be £293,347,000 (£299,389,000 in 2017/18).

The Trust has used an interest rate of 3.5% in this calculation as this represents the interest rate currently paid on loans from the Department of Health and Social Care. Given the nature of this disclosure the Trust does not consider it appropriate to use the discount rate provided within the GAM, if this was used it would reduce the fair value by £567,000.

Note 30.5 Maturity of financial liabilities

	31 March 2019	31 March 2018
	£000	£000
In one year or less	61,503	84,421
In more than one year but not more than two years	87,721	10,469
In more than two years but not more than five years	128,492	161,545
In more than five years	246,064	256,648
Total	**523,780**	**513,083**

Note 31 Losses and special payments

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	115	63
Bad debts and claims abandoned	-	-	129	43
Stores losses and damage to property	3	412	2	318
Total losses	**3**	**412**	**246**	**424**
Special payments				
Ex-gratia payments	25	10	46	24
Total special payments	**25**	**10**	**46**	**24**
Total losses and special payments	**28**	**422**	**292**	**448**

Note 32.1 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £1,364k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model did not result in a significant movement in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £5,434k.

Note 32.2 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

The application of IFRS 15, has had a trivial impact on the Trust's financial statements.

Note 33 Related parties

The Trust's Register of Interests shows that a number of individuals employed or contracted by the Trust in roles of significant influence are also employed or contracted in roles of significant influence by other organisations. The income received relates mainly to the purchase by the UHNM Charity of equipment that enhances the service provided by the Trust. For practical purposes these purchases are administered via the Trust's established ordering and payment procedures with the UHNM Charity reimbursing the cost to the Trust. The charitable and other contributions to revenue expenditure income disclosed in Note 4 relates to services provided by the Trust to the UHNM charity, i.e. the running of the Appeals Dept. Details of related party transactions with such parties are detailed below:

	2018/19			
Related party	Payments to Related Party	Receipts from Related Party	Payables	Receivables
	£'000	£'000	£'000	£'000
Keele University	3,132	1,905	86	148

	2017/18			
Related party	Payments to Related Party	Receipts from Related Party	Payables	Receivables
	£'000	£'000	£'000	£'000
NHS Providers	19	-	-	-
Keele University	3,432	1,683	338	415
Stoke on Trent College	48	-	-	-
Bolton Foundation NHS Trust	58	-	-	-

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

2018/19	2017/18
Betsi Cadwaladr Uhb	Betsi Cadwaladr Uhb
Cheshire, Warrington And Wirral Area Team Dental Services	Cheshire, Warrington And Wirral Area Team Dental Services
Cheshire, Warrington And Wirral Area Team Screening Services	Cheshire, Warrington And Wirral Area Team Screening Services
Department of Health and Social Care	Department of Health
Health Commission Wales	Health Commission Wales
NHS Birmingham Cross City CCG	NHS Birmingham Cross City CCG
NHS Business Services Authority	NHS Business Services Authority
NHS Cannock Chase CCG	NHS Cannock Chase CCG
NHS Dudley CCG	NHS Dudley CCG
NHS East Staffordshire CCG	NHS East Staffordshire CCG
NHS Eastern Cheshire CCG	NHS Eastern Cheshire CCG
NHS England Specialised	NHS England Specialised
NHS Litigation Authority	NHS Litigation Authority
NHS North Derbyshire CCG	NHS North Derbyshire CCG
NHS North Staffordshire CCG	NHS North Staffordshire CCG
NHS Redditch And Bromsgrove CCG	NHS Redditch And Bromsgrove CCG
NHS Sandwell And West Birmingham CCG	NHS Sandwell And West Birmingham CCG
NHS Shropshire CCG	NHS Shropshire CCG
NHS Solihull CCG	NHS Solihull CCG
NHS South Cheshire CCG	NHS South Cheshire CCG

NHS South East Staffs And Seisdon Peninsular CCG	NHS South East Staffs & Seisdon Peninsular CCG
NHS South Worcestershire CCG	NHS South Worcestershire CCG
NHS Southern Derbyshire CCG	NHS Southern Derbyshire CCG
NHS Stafford And Surrounds CCG	NHS Stafford And Surrounds CCG
NHS Stoke On Trent CCG	NHS Stoke On Trent CCG
NHS Telford And Wrekin CCG	NHS Telford And Wrekin CCG
NHS Vale Royal CCG	NHS Vale Royal CCG
NHS Walsall CCG	NHS Walsall CCG
NHS West Cheshire CCG	NHS West Cheshire CCG
NHS Wolverhampton CCG	NHS Wolverhampton CCG
NHS Wyre Forest CCG	NHS Wyre Forest CCG
North Staffordshire Combined Healthcare NHS Trust	North Staffordshire Combined Healthcare NHS Trust
Shrewsbury and Telford Hospital NHS Trust	Shrewsbury and Telford Hospital NHS Trust
Shropshire And Staffordshire Area Team Dental Services	Shropshire And Staffordshire Area Team Dental Services
Shropshire And Staffordshire Area Team Screening Services	Shropshire And Staffordshire Area Team Screening Services
Staffordshire and Stoke on Trent Partnership NHS Trust & Midlands Partnership NHS Trust	Staffordshire and Stoke on Trent Partnership NHS Trust
The Mid Cheshire NHS Foundation Trust	The Mid Cheshire NHS Foundation Trust
Virgin Care - East Staffs	Virgin Care - East Staffs

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

The Trust has also received revenue and capital payments from the UHNM Charity and all of the Trustees are also members of the Trust board. In 2018-19 the total amount received from the UHNM Charity was £2,016,355 (2017-18: £1,936,970). At the end of the year £786,387 (2017-18: £1,165,922) was outstanding and is included within trade and other receivables.

Note 34 Events after the reporting date

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

Note 35 Better Payment Practice code

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	131,200	458,888	128,930	383,834
Total non-NHS trade invoices paid within target	122,292	431,386	104,319	332,834
Percentage of non-NHS trade invoices paid within target	93.2%	94.0%	80.9%	86.7%
NHS Payables				
Total NHS trade invoices paid in the year	3,703	31,601	2,766	30,457
Total NHS trade invoices paid within target	2,962	21,086	1,619	22,417
Percentage of NHS trade invoices paid within target	80.0%	66.7%	58.5%	73.6%

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

Note 36 External financing

The trust is given an external financing limit against which it is permitted to underspend:

	2018/19 £000	2017/18 £000
Cash flow financing	57,735	93,730
Finance leases taken out in year	100	-
Other capital receipts	(114)	-
External financing requirement	**57,721**	**93,730**
External financing limit (EFL)	60,487	103,245
Under / (over) spend against EFL	**2,766**	**9,515**

Note 37 Capital Resource Limit

	2018/19 £000	2017/18 £000
Gross capital expenditure	35,563	18,934
Less: Disposals	(35)	(64)
Less: Donated and granted capital additions	(1,582)	(594)
Charge against Capital Resource Limit	**33,946**	**18,276**
Capital Resource Limit	35,031	20,132
Under / (over) spend against CRL	**1,085**	**1,856**

Note 38 Breakeven duty financial performance

	2018/19 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(63,607)
Remove impairments scoring to Departmental Expenditure Limit	-
Breakeven duty financial performance surplus / (deficit)	**(63,607)**

Note 39 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		5,312	4,141	1,050	235	(19,301)	3,782	(26,936)	(27,773)	(69,717)	(63,607)
Breakeven duty cumulative position	(7,625)	(2,313)	1,828	2,878	3,113	(16,188)	(12,406)	(39,342)	(67,115)	(136,832)	(200,439)
Operating income		408,938	418,078	426,319	473,558	475,330	623,835	702,917	739,279	696,630	713,838
Cumulative breakeven position as a percentage of operating income		(0.6%)	0.4%	0.7%	0.7%	(3.4%)	(2.0%)	(5.6%)	(9.1%)	(19.6%)	(28.1%)

The Trust has a statutory duty to break even on a cumulative basis. The Trust had previously developed a 5 year Financial Recovery Plan (FRP) in 2006 which was agreed with the Strategic Health Authority and the Department of Health to achieve cumulative break even by the end of 2010/11. During the 5 years to March 2011 the Trust generated a surplus and was able to repay the cumulative deficit. In 2011/12 and 2012/13 the Trust achieved surplus positions which gave a cumulative surplus as at March 2013 of £3,113,000. The Trust submitted a deficit plan of £31,673,000 for 2013/14 and achieved a deficit of £19,301,000 against this plan, following receipt of £17,000,000 non-recurrent funding. In 2014/15 the Trust approved a financial plan with a planned deficit of £16,944,000 and achieved an in year breakeven position of a surplus £3,782,000 giving a cumulative deficit position at March 2015 of £12,406,000.

In 2015/16 the Trust submitted a deficit plan of £16,823,000 and achieved a deficit of £26,936,000. Due to the cumulative deficit forecast the Trust's external auditors were required to refer the Trust in accordance with section 30 of the Local Audit and Accountability Act 2014 to the Secretary of State for Health informing him that the Trust was not expected to meet its statutory duty to break-even over a 3 year period. This referral was made on 12 May 2015.

In 2017/18 the Trust prepared a budget with a deficit position of £68,933,000, the control total was not agreed with NHS Improvement. In 2017/18 the Trust has reported a deficit of £69,717,000. As at 31 March 2018, the Trust has received cash support for its revenue position of £101,760,000 in 2017/18 and £41,812,000 over the preceding two years. The Trust's financial plan for 2018/19 forecast a deficit of £44,802,000 necessitating further revenue cash borrowing. As a result of the Trust delivering a significant negative variance against the planned control total in 2016/17 and planning a deficit for 2017/18 the Trust was placed in Financial Special Measures which required the Trust to develop a robust high-level recovery plan which is service quality assured. The recovery was agreed by the Trust Board and NHS Improvement. Financial Special Measures for the Trust became effective on 24 March 2017 and remains in place until NHS Improvement determines that the trust has met agreed criteria to exit Financial Special Measures.

The Trust has reported a deficit of £63,607,000 in 2018/19 against the planned deficit of £44,802,000, of which £10,600,000 relates to the result of an expert determination on disputes with Commissioners relating to 2017/18. In 2018/19 the Trust received further cash support of £43,099,000 for it's revenue position.

The Trust has approved and submitted to NHSI a balanced financial plan for 2019/20 that includes £32,000,000 funding relating to MRET, PSF and FRF. This plan also includes £24,800,000 deficit support from DHSC and Staffordshire and Surrounds CCG.

Due to the significant deterioration in the Trust’s financial performance and forecast position, the Trust’s auditors issued a further section 30 referral to the Secretary of State for Health on 22 May 2017 reporting that the Trust's expenditure is likely to continue to exceed income for the foreseeable future.

Independent auditor's report to the Directors of University Hospitals of North Midlands NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of University Hospitals of North Midlands NHS Trust (the 'Trust') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Trust's financial performance in 2018/19 was a £63.6 million deficit and has received cumulative cash support for its revenue position up to 31 March 2019 of £186.7 million. £67.9 million of cash support was received in 2018/19 for its revenue position and working capital requirements.

As stated in note 1.2, the Trust anticipates that it may take some time before it can achieve financial balance on a sustainable basis. The Trust's financial plan for 2019/20 forecasts the delivery of a breakeven position after taking into consideration the impact of £32 million funding through the Provider Sustainability Fund, Financial Recovery Fund and Marginal Rate Emergency Tariff. The phasing of this revenue plan will necessitate further revenue cash borrowing of £11.5 million in the early months of the financial year using the Department of Health's Uncommitted Single Currency Interim Revenue Support Facility Agreement. In order for the Trust to access this facility, the Department of Health must approve the Trust's daily cash flow forecast for 13 weeks from the date of each drawdown.

These events or conditions, along with the other matters explained in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our

opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 22 May 2017 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust's breach of its three year break-even duty for the three year period ending 31 March 2016 and its ongoing breach for subsequent years including the year ended 31 March 2019.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

The Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such

internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, University Hospitals of North Midlands NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for adverse conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The Trust's outturn position for 2018/19 was a £63.6 million deficit, against a £44.8 million deficit budget. This difference was primarily due to non-delivery of Cost Improvement Plan (CIP) savings plans and resolution of contractual disputes from previous years.
- After adjustments for impairments and capital grants and donations the Trust's adjusted financial performance in 2018/19 was a £63.6 million deficit.
- The Trust delivered a higher level of CIP savings in 2018/19 than in 2017/18, but only delivered £42.8 million of its planned £52.3 million savings target.
- The Trust's adjusted retained cumulative deficit is £200.4 million at 31 March 2019. The Trust anticipates that it may take some time before it can achieve financial balance on a sustainable basis.
- The Trust has set a breakeven budget for 2019/20, which includes planned delivery of a £40.0 million savings programme and anticipated receipt of £32 million of income from the Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF). The Trust will only receive this income if it meets its financial target agreed with NHS Improvement and specified operational targets.
- The Trust remains in Financial Special Measures, reporting monthly to NHS Improvement.

These matters identify weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the current configuration of services and identification and delivery of savings plans.

They are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Responsibilities of the Accountable Officer

The Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(1)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of University Hospitals of North Midlands NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Percival

Richard Percival, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham

28 May 2019