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Mid Staffordshire NHS Foundation Trust

Annual Report and Accounts
April 2013 – March 2014

Mid Staffordshire NHS
NHS Foundation Trust

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Becausewecare

Care for People · Work Together · Listen and Improve · Do the Right Thing

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SECTION 1 - ANNUAL REPORT

Trust Special Administrators' Foreword

The Trust has now been in Trust Special Administration for just over a year. In that time, the Trust has faced and continues to face significant challenges and uncertainty with regards to the future. However, despite this uncertainty, Trust staff have shown true dedication and commitment to providing safe and compassionate patient care for which I thank them.

It would be remiss of me to not recognise the dedication and hard work of Maggie Oldham who, following the retirement of Lynn Hill-Tout early last year, picked up the reins as Chief Executive Officer of the Trust. Maggie has led the Trust's Executive Team and staff through all of the challenges of the past year. This has been particularly difficult due to the significant recruitment and retention issues faced by the Trust, not only on the wards and in the departments but also within the Executive team itself.

The support of local providers and commissioners has been critical during the past twelve months. In December, the Senior Management Team announced that the Trust did not have sufficient staff to cover the number of beds required to meet the expected demand of the winter period. The local health economy provided such significant support that the vast majority of services were maintained for patients.

It is easy to forget that during Trust Special Administration, the Trust is still facing the same financial and performance pressures as other NHS organisations. To this end, I have been impressed by the Trust's achievement of £7.7m of cost efficiencies during the financial year 2013/14, building on the significant efficiencies that were achieved in the previous year.

The trust's ability to continue to find improvements in productivity and ways of working in order to enhance patient care at the same time as facing so many other challenges must be commended.

Furthermore, in 2013, the Trust continued to invest almost £16m in Information Technology, medical and surgical equipment and building work. This includes the start of building work on the much awaited endoscopy suite. These additional facilities are due to be completed later this year. They will enhance the existing gastroenterology facilities and as a result the service that we are able to provide to patients.

The last year has brought huge challenges and significant uncertainty to the Trust, but we hope that the Secretary of State's decision to approve the TSAs' principal recommendation to dissolve the Trust and transfer the management of Trust services to University Hospital of North Staffordshire (UHNS) and Royal Wolverhampton Trust (RWT) will allow the Trust to move forward into a new phase of increased certainty and stability. This will not only benefit Trust staff and the Executive Team but will help to secure the future provision of services for patients.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Date: 27 May 2014

A Remarkable Year: Reflections from Our Chief Executive

The period covered by this annual report has been such an eventful, challenging and often emotional period that it's difficult for me to know where to begin.

I believe that in many ways we find ourselves in a much better place at the end of the year than where we were back in April 2013.

It hasn't all been good, and I will continue to be open and honest when talking about the things that really shouldn't have happened. However, I have also seen so much that is excellent and uplifting and worthy of praise that I want to focus as much of this piece as possible on that.

If there is a theme running through the things that I want to talk about, then that theme is TRUST, and how so many people have worked so hard to restore the trust that had been damaged by past tragedies.

I stepped up to the role of Interim Chief Executive in May 2013, to support the Trust Special Administrators (TSA). We were the first NHS Foundation Trust to go into the TSA process. There was no instruction manual, no past experiences anywhere else to learn from and for all of us it was an extremely daunting step into the unknown.

Trust has been a key factor in the progress that we have made. I am grateful for the trust that the TSA have shown in me to manage the day to day running of our hospitals. In turn, I have had to trust the TSA Alan Bloom, Alan Hudson and Hugo Mascie-Taylor to find a solution to the enormous financial and structural challenges that ultimately couldn't be safely solved inside our organisation, no matter how hard we tried.

There was obviously a lot of public concern about what the outcome of the TSA process might be – but I think the trust we placed in the people leading it has been justified by the plans which we now see for the future of Cannock and Stafford Hospitals.

At the same time, we had to remain absolutely focussed on the job of delivering the safest, highest quality care to patients, and that meant placing a lot of trust in our staff, as teams and individuals – giving back to them the power to take decisions and act on those decision in the best interests of their patients.

To give our staff a clear framework for taking these decisions, we focussed continuously and clearly on four simple, universal values:

- Care for People
- Work Together
- Listen and Improve
- Do the Right Thing

We stressed that this applied as much to their relationships with their colleagues as it did to how they looked after patients and relatives – because if we can't trust each other to do the right thing, how can we expect the people who depend us for their care to trust us?

Has it worked? Well, the latest results from our staff survey strongly suggest that the people who work here have more faith in what they are hearing from me and the rest of the senior management team, that they are working well in their teams and that they are more aware, and confident, of what their colleagues in other teams are doing.

Despite our efforts, the continuing uncertainty over the future of our hospitals has undoubtedly contributed to our difficulties in recruiting and retaining staff, especially senior nurses. This has in turn made it difficult to keep all services running as we would wish.

Despite the fact that they are still in some senses our competitors, and despite facing operational pressures of their own, our colleagues in neighbouring trusts, in particular University Hospitals North Staffordshire and Royal Wolverhampton

Hospitals, have provided invaluable support in terms of both staff and bed capacity.

This reflects the mutual trust between our organisations, and I would like to thank them for their support.

During the year, I took a first step into the world of social media and started writing a blog aimed at our staff. I wasn't sure how well it would be received, and I was trusting the staff who read it to understand that it was a genuine attempt by me to share my feelings about some of the challenges we are facing together.

I have used the blog to give praise where praise is due, to teams and individuals, but I have also spoken openly in the blog about the things that worry me. They have ranged from concern about the low numbers of staff having the flu jab to my disappointment and frustration that we still have colleagues who feel unable to raise issues with me directly and choose instead to write to ministers, MPs or the press.

I've also spoken in the blog about parts of my life outside work, which was also something new for me, as someone who is a fairly private person. My reward has been some fantastic feedback from staff, who have said some wonderful things.

The blog is just one example of the efforts we have made to improve communication with staff. We have also made changes to team brief (the face to face events and the written documents) and all the members of the executive team keep their doors open to any member of staff who wants to discuss anything of concern.

We have also encouraged staff to celebrate their successes, in internal events with each other and also through the Mid Staffs Stars awards ceremony, which took place in October and was an unashamedly joyous celebration of staff achievement, initiative, dedication, compassion and determination to do their very best for patients. You can get a taste of that evening from the pictures elsewhere in this report.

Making sure that we show our staff that we can trust them, and they can trust us, as our staff are so important – not just because it helps them to do their jobs better, but because so many of them are part of the communities we provide care for. We are a major employer in the area, providing livelihoods for thousands of families, and the wages we pay to local people in turn contribute to the success of many other local businesses.

Our place at the heart of the community is one of the reasons why we feel it so deeply when we make mistakes, or let local people down.

We have learnt from the mistakes and failures of the past and we are getting it right more often. But some of the issues from previous years still have to be resolved, and rightly so, because however long it takes, patients and families are entitled to closure.

Even now we are capable of letting our standards slip. A visit during the year from the Health and Safety highlighted some concerns about how well we were protecting patients against the risk of suffering a fall while in our care.

It obviously wasn't what we wanted to hear, but we had to trust that the HSE were doing their job in the best interests of patients, and we again had to trust that the solution was not a knee-jerk 'put another procedure in place' but to work with the staff involved to understand how we had got to where we were and what the best solution would be.

As an example, we were told we had to improve the quality of the documents which are used to chart a patient's handover from one care team to another. The solution was to simplify and reduce the rather complex bureaucracy which had grown up over the years, easing the form filling burden on nursing staff – on the understanding that we could trust them to fill in the simplified paperwork properly, and using the extra time that freed up to spend with patients.

We also talked openly, across the hospitals and in public, about what had happened as part of our commitment to transparency and our effort to keep the trust of the community.

I would like to end this piece with some thoughts on an event which for me was the most powerful and moving reflection of our place in the community – and possibly one of my most memorable experiences in more than 30 years in the NHS.

When more than 50,000 people took to the streets of Stafford in what might well be the biggest single issue march in the British history, we saw an outpouring of pride and passion – and love – from local people for their hospitals.

Having agonised about whether staff should be allowed to take part in the march wearing their uniforms – and wondering whether it would be safe for them to do so – I witnessed the unforgettable spectacle of 50,000 marchers give our staff a 10 minute standing ovation.

The buzz we got from that show of community trust, solidarity and support lasted for months, and even now it's not unusual to hear someone in our hospital reminiscing fondly about that day.

At some stage during the next year, I expect to move on as the new management arrangements for our hospitals are put in place. In my time here I hope I have made a difference for the better, and wherever I go, I will take with me for the rest of my life the memory of that day as well as many other happy memories of the wonderful people that I have met and worked with.

We have been through some dark and difficult times, and there are more challenges to overcome, but I believe that with a lot of hard work, determination and a spirit of trust we can secure for the people of our communities the hospital services they need and so richly deserve.

Thank You All

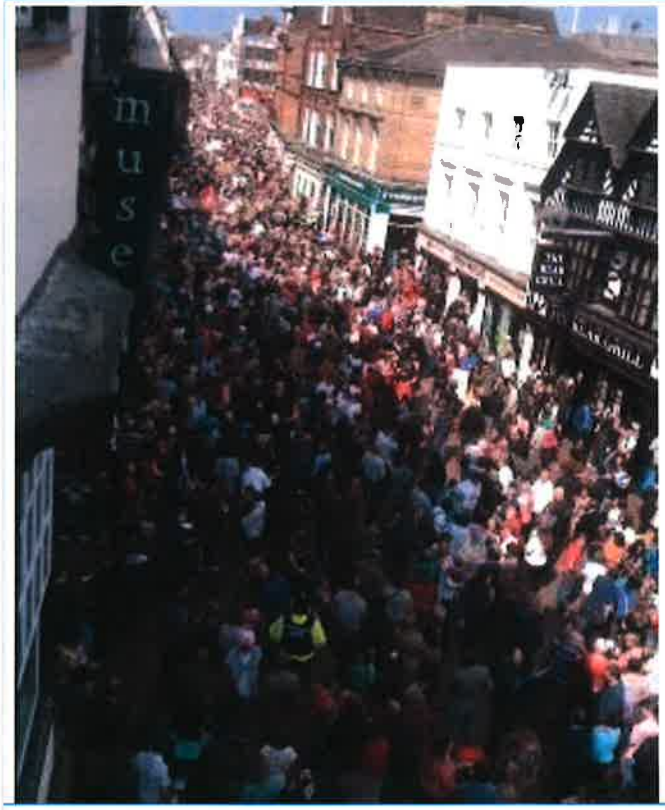
Mrs Maggie Oldham
Chief Executive

A Year in the Life of Cannock and Stafford Hospitals: April 2013 – March 2014

These stories and pictures give a taste of another busy year in the lives of our hospitals, and celebrate the continuing support and involvement of our staff, volunteers, patients, carers and the public.

We can't feature everyone, but to all who have played their part this year – Thank You!

April 2013



As the Trust enters administration, more than 50,000 local people take to the streets in what could be the biggest ever single issue march in British history, to call for services to be retained at Cannock and Stafford Hospitals.

The **Support Stafford Hospital Group** march ends with a 10 minute mass round of applause for hospital staff, many of whom have turned out in uniform to take part.

A Stafford Hospital patients' room gets a facelift thanks to a donation of three new oil paintings from former Stafford soldier and talented artist Stephen Garner.
The paintings, which feature mountain and water scenes, are displayed in Stafford Hospital's Ward 10 activity room.
Pictured (from left): Ward 10 manager Rachel Cowley, occupational therapist Vicci Archer, and dementia liaison nurse Victoria Tole receiving the paintings from Stephen Garner

Three Stafford sisters prove that fundraising runs in their family after donating more than £500 to Stafford Hospital's chemotherapy unit. Lesley Turner, Susie Giles and Carolyn Gilligan sign up to run the Stafford half marathon to raise money for the unit as a way of saying thanks for the treatment received by their mum, Margaret Turner.

Pictured from left: Lesley Turner, Margaret Turner, Senior Haematology Support Nurse Sarah Leah, Susie Giles, Sister Lorraine Smallman, Carolyn Gilligan, and Sister Kerry Pearson.

May 2013

To mark International Nurses Day, the Trust holds a Best Practice event to celebrate achievements, successes and innovative work at both Cannock and Stafford Hospitals.

Pictured is Pam Bailey,
Clinical Nurse Specialist in Tissue Viability

The Trust's lead Consultant Orthodontist John Scholey celebrates his fifth award in as many years at the Aesthetic Dentistry Awards with colleague Tim Malins, lead consultant oral and maxillo-facial surgeon, for the interdisciplinary treatment of a highly complex case.

Mr Scholey and Mr Malins are pictured with the Aesthetic Dentistry Award.

June 2013

Falls Awareness Week provides an opportunity to provide staff, patients and visitors at Cannock and Stafford with top tips for falls prevention.

Pictured with some of the information are Quality & Safety Improvement Nurses Lindsey Boughey and Carol Headley

Our clinical expertise gets international recognition when Andrew Pritchard, a Specialist Respiratory Physiologist, is selected as part of a European team of just six respiratory physiologists to perform breathing tests (spirometry) on members of staff at the European Parliament in Brussels.
The aim of the event is to raise awareness of the respiratory disease known as Chronic Obstructive Pulmonary Disease (COPD) and the associated diagnostic breathing tests.
Andrew is pictured with EU Commissioner for Health Mr Tonio Borg

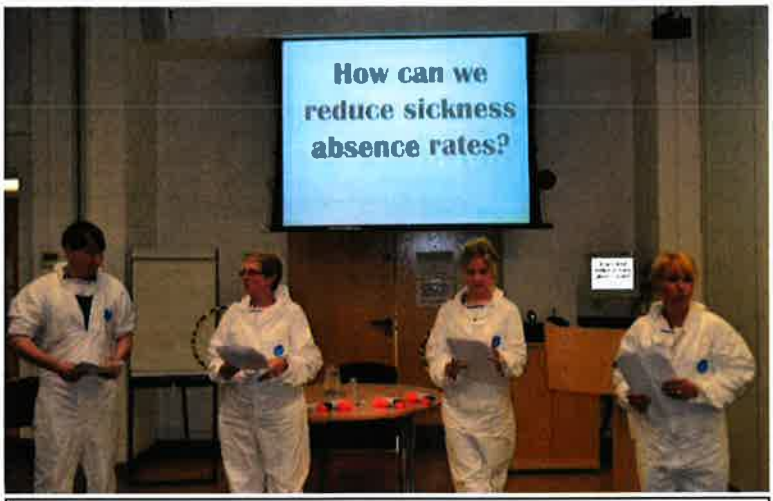
July 2013

It's bangers and cash courtesy of a devoted Cannock fundraiser who takes part in the Benidorm or Bust banger rally, driving 1,500 miles and raising £2,650 for the Stafford Hospital Chemotherapy Unit that treated his late wife.
Ian Pitt raised the money in memory of his wife Susan, by navigating from Blackpool to Benidorm in a £300 Volvo, aided by his mechanic brother Steve Smith and friend Mark Mosey.
Photo caption: From left, Sister Stephanie Morton, Steve Smith, Ian Pitt, Mark Mosey, Sister Kerry Pearson

The third intake of our Improvement Academy took place giving 20 more staff members the opportunity to improve patient care by identifying areas for improvement, while learning the project skills needed to implement them.

The third group was made up of four project teams:

Carry on Clinics - reducing clinic cancellations
SickBusters – reducing sickness absence
Noise Police – reducing night time noise on wards
The Zimmers – ensuring effective and efficient assessment for our patients with dementia



Who You Gonna Call? - Sickbusters!

August 2013

The newest doctors to join our team make a more confident start in their new jobs thanks to a work shadowing scheme designed to prepare them for life on the wards.
It's the second year of our junior doctor shadowing scheme, which offers the new intake of junior doctors an opportunity to spend some time with the previous year's starters to get a feel for what the transition from student to clinician is really like.
Pictured are four of the new doctors (from left): Dr Sarah Gardiner, Dr Namrata Agarwal, Dr Tim Molliton and Dr Maung Myo.

September 2013

Young patients at Stafford Hospital's Shugborough Children's Ward receive some cheery visitors when Wendy & Wesley from the Wacky Warehouse at the Catch Corner Fayre & Square pub in Acton Gate pay them a visit to hand out gifts.

Wendy & Wesley are pictured with patient Tabatha Morrissey, aged 6, from Cannock.

October 2013

The winners of the Mid Staffordshire NHS Foundation Trust staff awards scheme 'Mid Staffs Stars' are announced at a celebration evening which brings together staff from both our hospitals.
Now in their second year, the awards attract a score of nominations from colleagues, patients and the public for individuals or teams who have gone above and beyond their day to day job and offered outstanding service.

Winners on the night are:

- **Improving patient care and experience:** Clair Glendining, Medical Illustrator
- **Improving patient and staff safety:** Julie Pugh, Ward Sister
- **Listening & acting on patient and staff views**: Patricia Weatherley, Receptionist, Rehab Day Unit
- **Supporting and valuing staff**: Helen-Sian Tisdale, Acting Manager of the Surgical Assessment Unit
- **Improving the way we work:** Outpatients Team
- **Unseen Star:** Lisa James, Volunteer Co-ordinator
- **Star Student:** Toni Quesnel, Student Midwife
- **Star Apprentice:** Stacey Freeman, Training Administrator
- **Public Star (Cannock):** Jacky McPeake, Community Rheumatology Sister
- **Public Star (Stafford):** Adrian Lowe, A&E Staff Nurse
- **Public Stars (Team):** Breast Care Staff: Philippa Kirk, Heather Clark & Dr Eisa Nael
- **Chief Executive's Award –** Rosemary Cage.

Some of the many winners on the night are pictured here, from left Rosemary Cage (Chief Executive's Award), Outpatients Team (Improving the Way We Work) and Jacky McPeake (Public Star, Cannock)

Long-serving members of staff at Cannock Hospital are honoured by Trust Chief Executive Maggie Oldham at a special award ceremony.

Between them, the 31 staff have notched up a remarkable 420 years' service between them.

The ceremony follows a similar event at Stafford.

Pictured at the Cannock event are (from left): Dr Thomas Sheeran (20 years' service), John Howden, Associate Director of HR, Emma Malpass (20 years' service), Maggie Oldham, Chief Executive and Sharon Murphy (20 years' service).

November 2013

Five theatre nurses went to 'Mo' – rather than get left out of the annual Movember facial hair fundraiser, Theatre Staff Nurse Melanie Easton knits her female colleagues some fake moustaches in a show of solidarity with male staff who take a more traditional approach to the event.

Pictured sporting their nifty nasal knitwear are (from left): Kelly Rhodes, Elaine Twigge, Melanie Easton, Julie Lehman, and Gaynor Hancock.

A pair of 12ft-high inflatable lungs visit Stafford Hospital, to promote Lung Cancer Awareness Month.

Members of the public are invited to come along and check them out as a reminder to look out for the early signs of lung cancer and give themselves a better chance of survival, as part of the campaign to raise awareness of the common signs and symptoms of the UK's biggest cancer killer and improve early diagnosis of the disease.

December 2013

Major Handwash, Soapy Sugden, Accident-Prone Pete, Boy Band, Wendy WAG, Sergeant Clean Hands, plus medical characters Nurse, Surgeon and Doctor are all recruited to help spearhead a new Trustwide Clean Hands Campaign.

The colourful cartoon characters provide a highly visible 'handy' reminder for staff and the public about the importance of washing and gelling hands.
The message of the month for December **Clean hands are safer hands.... Are yours clean?** is backed up by a poster campaign at both our hospitals as well as information stands offering information and free hand gels.

January 2014

Unsung heroes who support patients by volunteering at Stafford and Cannock Chase Hospitals are recognised with special New Year's Honours.

Each organisation that provides volunteers to carry out a wide range of roles to enhance patients' time in hospital, has the chance to nominate an individual or team to receive an award and a total of 30 winners are presented with their awards by Trust Chief Executive Maggie Oldham.

Organisations nominating award-winners include: Stafford & Cannock League of Hospital Friends; Age UK South Staffs; the Healthy Heart Support Group and the Trust's own volunteers in departments such as the Breast Care Unit and Chemotherapy Unit.

Chief Executive Maggie Oldham left) with award winner Denise Ray, who volunteers in the Outpatients Department at Cannock Chase Hospital and Trust Director of Finance Sarah Preston.

Volunteer Focus Group – (from left) Carole Parfitt, Maggie Oldham, Ray Woolley, Sylvia Keris, Pam Talbot, Sarah Preston

February 2014

A £500,000 refurbishment of the Cardiac Catheterisation Lab at Stafford Hospital is complete, expanding the range of imaging services on offer. The lab has been fully upgraded and is now able to provide diagnostic imaging for a wider range of patients.

Pictured with the unit's new scanner (from left) are: Sister Lesley Sprason, Cath Lab Manager, Jacqueline Thorley, Staff Nurse, Robyn Vickers, Cardiac Physiologist, Kelley Ochiltree, Radiographer; Emma Painter, Cardiac Physiologist and Sarah Brierley, Staff Nurse

With recruitment of staff proving difficult, we received a welcome offer of support from our neighbours at University Hospital North Staffordshire NHS Trust (UHNS) in the form of 22 trained nurses who join us to provide extra staffing in a number of vital areas, meaning we can keep services open and running safely for local people.

Chief Executive Maggie Oldham is pictured welcoming the UHNS nurses to our trust.

March 2014

Enterprising staff from Cannock and Stafford Hospitals show off their entrepreneurial spirit as they bag investment of more than £35,000 for a range of projects to improve patient care in the trust's own 'Dragons' Den' competition.

Shortlisted teams have to prove the value of their projects to a judging panel made up of senior managers and patient representatives to secure the investment from charitable funds.

One of the 'Dragons' – Chief Executive Maggie Oldham explains: 'The Trust receives generous donations from grateful patients and their families and as we wanted to make sure that this money was being spent in the best way possible – who better to ask than our staff?'

Projects making it through to the Den range from using games consoles to help with rehabilitate stroke patients to a package of improvements to the education and support provided for parents-to-be.

Pictured is one of the winners, Deborah Crutchley, whose suggested innovation for the out patients department was the introduction of new urine testing machines, offering more accurate results for patients than traditional testing methods.

1. Strategic Report

The Strategic Report has been prepared under direction issued by Monitor, the independent regulator for Foundation Trusts, in accordance with sections 414A, 414C and 414D of the Companies Act 2006.

The powers of the Board of Directors and the Council of Governors were suspended on 16 April 2013 and Trust Special Administrators (TSAs) were appointed by Monitor under the National Health Service Act 2006 (as amended in 2012) which gives Monitor powers to intervene in Foundation Trusts that it considers are unsustainable. This step was taken by Monitor because despite the Trust's success in improving clinical performance, its small scale means it is both clinically and financially unsustainable in its current form. The TSAs are Alan Bloom and Alan Hudson of Ernst & Young LLP and Professor Hugo Mascie-Taylor. Alan Bloom was designated as the Accounting Officer with effect from 16 April 2013.

1.1 Trust Overview and Review of Business

Trust Special Administrators (TSAs) were appointed on 16 April 2013 by Monitor, the sector regulator for health services in England, with a remit to administer Mid Staffordshire NHS Foundation Trust ("the Trust") and determine how safe and high quality services could be sustainably provided both clinically and financially.

The Trust had previously been found to be financially and clinically unsustainable.

The TSAs during 2013/14 have produced a draft report and proposals for the future of the Trust's patient services. A robust and extensive public consultation was held during the summer 2013.

After careful consideration of the consultation responses, the TSAs compiled a final report. The service model proposed in that report enables nine out of ten current patient visits to continue at Stafford and Cannock Chase hospitals.

The report was sent by the TSAs to Monitor on 17 December 2013 for its consideration and was published on 18 December 2013. Monitor formally confirmed its approval on 16 January 2014 of the proposed dissolution of the Trust and passed the TSAs' recommendations to the Secretary of State.

The Secretary of State formally announced on 26 February 2014 his decision to accept the principal recommendation to dissolve the Trust.

Mid Staffordshire NHS Foundation Trust, was authorised to become a foundation trust by Monitor on 1 February 2008. Prior to this the Trust was known as Mid Staffordshire General Hospitals NHS Trust since 1993. Before 1993 it was known as Mid Staffordshire Health Authority. The Trust is a not-for-profit, public benefit corporation.

- 1983 – Stafford District General Hospital opened
- 1991 – Cannock Community Hospital opened
- 1993 – Two hospitals managed under Mid Staffordshire General Hospitals NHS Trust
- 2008 – Authorised as Mid Staffordshire NHS Foundation Trust on 1 February

As a Foundation Trust, the Trust remains firmly within the NHS and continues to have a responsibility to the local people it serves. The public are represented through membership of the Trust.

The Trust operates two hospital sites, Stafford Hospital and Cannock Chase Hospital, providing healthcare services to the local population, and in some specialities (e.g. Rheumatology) to people outside the areas it serves. It employs around 3,000 members of staff across the two hospitals sites.

The Trust serves the registered population of the two Clinical Commissioning Groups (CCGs) Stafford and Surrounds CCG, and Cannock Chase CCG, with a combined

population of 276,500. The services at the hospitals are commissioned by the two local Clinical Commissioning Groups, whose boards work very closely together to ensure effective use of the service for the best outcomes for the population.

The Trust has developed strategic alliances with University Hospital of North Staffordshire (UHNS) through a Memorandum of Understanding to develop partnerships to support services under pressure, across both organisations.

Key stakeholders for the Trust are: Stafford and Surrounds CCG, Cannock Chase CCG, University Hospital of North Staffordshire, Staffordshire and Stoke on Trent Partnership Trust, Health Watch, Trust Members, Patient Groups, Monitor, the Commissioning Board and the Health and Wellbeing Board. The Commissioning Boards also have representation on the local Health and Wellbeing Board.

The Trust Vision has remained to 'Be Recognised as the Safest & Most Caring Trust in the NHS'. This vision sums up everything we want to achieve and supports the Trust's 5 Strategic Themes which continue to be the focus of our effort and measurement of improvement.

1. Deliver the highest quality care through a culture of caring
2. Zero harm is always our target to keep patients safe
3. Improve patient experience by listening, responding and acting on what our patients and community are telling us
4. Support our staff to become excellent: giving responsibility but holding to account as well
5. Achieve financial stability and satisfy our regulators

The Trust communicates with, and seeks the view of the population it serves through a variety of means, including formal public consultation, the local council overview and scrutiny committee, patient questionnaires and complaints.

If you have a compliment, complaint, comment or suggestion there are a number of ways you can tell us about it:

- The Trust Advice Centre
- The Trust Complaints Department
- 'Have Your Say' on the public website
- Patient Opinion
- NHS Choices

Mid Staffs Hospitals Charity receives donations from patients, their families and the local community. These funds are used to purchase specialist equipment and training, nursing aids and general amenities that make a big difference to our patients.

1.2 Principal risks and uncertainties facing the Trust

The Trust monitors and reviews the risks that have an impact on the Trust's ability to achieve the corporate objectives described within the Annual Business Plan 2013/14. This process is completed in accordance with the Trust Risk Management Strategy and Policy, alongside the supporting processes described within the Annual Governance Statement on page 67 of this report. The risks are assessed by the relevant Executive Director and Associate Director of Corporate Governance / Company Secretary before review at both the relevant committees and Senior Management Team on a quarterly basis.

The number of principle risks identified was reduced from nine during 2012/13 to three in 2013/14, with a fourth principle risk being raised in quarter three. This allowed for focus on the principle risks for the Trust in the delivery of the corporate objectives of the Annual Business Plan for 2013/14. The following seven strategic risks identified in 2012/13 were not applicable during 2013/14 due to the reasons stated below:

- Poor public reputation – was superseded as a result of the appointment of the Trust Special Administrators and the public's anticipation of the publication of the Trust Special Administrators proposals. There was also significantly

increased public support during the reporting period.

- Failure to enable our workforce to perform – had been controlled and remaining concerns had been far less of an issue at a strategic organisational level, with incidents of this nature managed within divisions.
- Inability to effectively manage demand – remained a risk but had been effectively incorporated within the principle risk regarding the delivery of operational objectives and targets for 2013/14.
- Compliance with Care Quality Commission (CQC) –no longer considered a principle risk as evidenced not least through the CQC reports.
- Improving quality care – no longer considered a strategic risk as evidenced not least through the CQC reports.
- Compliance with Monitor's Compliance Framework – remains a strategic risk but was captured through two of the principle risks for 2013/14, delivery of the financial plan 2013/14 and delivery of operational objectives and targets 2013/14.
- Lack of overall strategy – superseded as a result of the appointment of the Trust Special Administrators and their responsibility to propose a future strategy for the provision of healthcare within the local health economy.

The other two principle risks for 2012/13 below remained appropriate and have been included within the four principle risks for 2013/14.

- Financial viability
- Ability to recruit and retain registered professional staff

The four principal risks identified for 2013/14 were as follows:

1. **Delivery of Safe Quality Clinical Services to Patients**
2. **Delivery of Operational Objectives and Targets 2013/14**
3. **Delivery of Business Plan 2013/14 due to workforce recruitment and retention issues**
4. **Delivery of Agreed Financial Plan 2013/14**

Principle Risk One – Delivery of Safe Quality Clinical Services to Patients

The Trust has been committed to ensuring there is a continued high calibre workforce, but the reputation of the Trust and uncertainty about its future has impacted on the ability to recruitment and retain both nursing and medical staff. Demand on operational services, especially A&E and emergency services had also been a considerable issue. The Trust agreed this as a principle risk during quarter three to raise the profile of elements of risk within the risk to the 'Delivery of Business Plan 2013/14 due to workforce recruitment and retention issues' that would directly affect the safe quality clinical services to Patients. The Trust had put in place a number of controls, including a pause on elective inpatient activity at Stafford Hospital and Cannock Chase Hospital for one month in January 2014, the transfer of Littleton Ward patients at Cannock Chase Hospital to other services, repatriating the nurses to Stafford Hospital, CCG demand absorption schemes, and delayed transfer of care or block booking community beds. Additionally UHNS has supported the Trust by transferring nurses to Stafford Hospital and The Royal Wolverhampton Trust have supported through additional capacity at New Cross Hospital.

Principle Risk Two – Delivery of Operational Objectives and Targets 2013/14

The Trust priority is to put patients first; however demands on operational services, especially A&E and Emergency Services, the ambitious targets with respect to C.Difficile, and the issues surrounding recruitment and retention of staff due to the uncertainty within the Trust led to a risk to the successful delivery of operational objectives and the Trust's targets for 2013/14. The Trust had put a number of controls in place to reduce the risk, including the implementation of the Annual Business Plan, an updated corporate governance structure developed by the Trust Special Administrators, with an enhanced focus at Divisional Performance Meetings

and Divisional Governance Meetings, and significant operational focus on targets within an Integrated Performance Dashboard. The Trust had also aimed to achieve all targets laid out in Monitor's Governance Framework and address all CQC concerns. The Trust also implemented a number of plans, including an Emergency Services Integrated Plan agreed with the University Hospital of North Staffs (UHNS), a Winter Plan with involvement from the Commissioners and Sustaining Services Board (SSB). The Trusts failure to manage this risk would have resulted in a negative impact on patient and staff experience and loss of commissioner support and confidence. As with the risk to 'Delivery of Safe Quality Clinical Services to Patients', the Trust was required to take action to ensure no serious harm came to patients, and to avoid significant breach of Monitor's licence and confirm compliance with Monitor's Governance Board Statements, and maintain CQC registration and portfolio of services.

Principle Risk Three – Delivery of Business Plan 2013/14 due to workforce recruitment and retention issues

The Trust recognises that uncertainties for existing staff and potential staff regarding the TSA proposals and the subsequent dissolution, along with the ongoing reputational issues, and competition from local teaching hospitals or larger trusts, has had an effect on the number of suitable candidates for key clinical posts. Ensuring a continued high calibre workforce throughout uncertain times for the Trust and Staff has been a priority. The Trust has a number of controls in place to for the delivery of high quality care and to avoid closure of services through unsafe delivery, ensuring the Trust's continued capability to deliver activity to contract, targets and quality.

Trust measures to reduce the risk of non delivery of the business plan due to workforce recruitment and retention have involved gaining authorisation as an accredited body for work permits by the UKBA, a close liaison with the Deanery for junior medical posts, the medical staffing team evaluating and updating all medical rotas ensuring compliance.

Recruitment drives and initiatives have been undertaken for clinical staffing vacancies, with a premium payable for the recruitment and retention of highly skilled clinical staff. There has been development of a compact with partner trusts to maximise job opportunities and minimise job losses through joint recruitment and other initiatives.

To ensure capacity, additional nurses from the University Hospital of North Staffordshire (UHNS) had been secured, alongside an additional 15 bed capacity at The Royal Wolverhampton Hospitals Trust (RWT).

Principle Risk Four – Delivery of Agreed Financial Plan 2013/14

The Trust acknowledges the scale of continued financial issues and realises the impact that further financial issues may have on the proposals set out by the TSA and on the local economy. The Trust has put a number of controls in place to ensure financial control and to prevent any increased regulatory intervention or loss of organisational control.

The Trust has continued to ensure clear ownership and accountability for managing resources, alongside improvements in delivering required cost improvement plans (CIPs). There has been commercial ambition in generating income and good contract management, and changing GP referral patterns where this had previously been lacking. The Trust has also been determined to reducing exposure to fines and loss of income through poor delivery of activity and quality targets. The Trust has also had additional costs in supporting the disaggregation process, in dissolving the Trust and transferring the management to other Trusts, a key part of the TSAs' recommendations in ensuring the Trust is able to function as usual.

The Trust has in place robust performance monitoring and management underpinned through a revised governance structure enabling the Investment Committee to review benefits, investment, scrutiny and approval of business cases over £25,000, and improved

forecasting occurring at divisional levels. The Trust has been able to secure cash support from the Department of Health to ensure liquidity in the Medium term, while continuing a programme management approach to the ownership, monitoring and management of CIPs, with other CIP mitigations expanded to ensure total CIP saving are delivered.

The Trust has been faced with a number of external influences and uncertainties over the course of 2013/14. Whilst a number of improvements have been made to mitigate against each strategic risk, the risk still remains, and this is reflected within the overall current risk scores.

The external influences and uncertainties over the year include:

- Trust Special Administration
- Health and Safety Executive (HSE) Improvement Notices
- Negative Media Attention

1.3 Balanced and Comprehensive Analysis of the Development and Performance of the Trust's Business during the Financial Year, and of the position of the business at the end of that financial year

Financial Performance

During 2013/14 the Trust reported an income and expenditure deficit of £24.830m. The deficit included £3.597m of exceptional unplanned transitional cost relating to the TSA process. The underlying 'business as usual' deficit was therefore £21.232m which was less than the planned £22.161m deficit due to the delivery of additional clinical income and the achievement of its required savings target of £7.769m.

As a result of the financial deficit and capital investment the Trust has received cash support of £30.397m during 2013/14. This has been given by the Department of Health who continue to support our requirement for additional cash but require the Trust to meet all of its financial targets through to 2015.

In the next year the Trust must maintain financial control and meet our financial targets whilst working with the Trust Special Administrator (TSA), University Hospital of North Staffordshire NHS Trust and The Royal Wolverhampton NHS Trust to implement the plans for Healthcare in the area.

The Trust will continue with the replacement programme for capital equipment to maintain a safe clinical environment.

The Trust's full accounts can be found from page 87 of this report. The main headlines can be found in the analysis below:

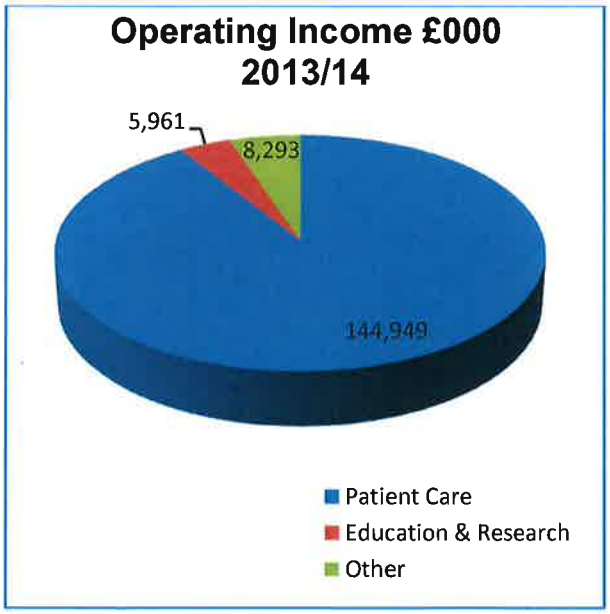
Income

The total income received by the Trust in 2013/14 was £159.203m

This represents an increase on the £159.083m earned in 2012/13 mainly a result of additional clinical activity.

The split of the major income streams can be seen in the chart in Figure 1.

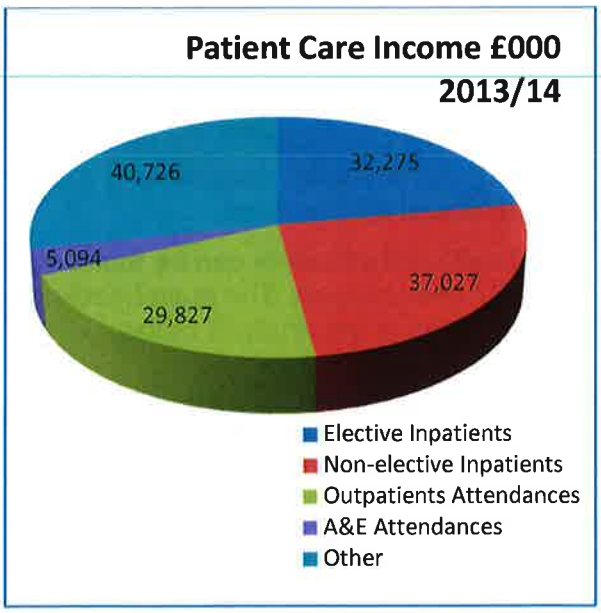
Figure 1 – Operating Income



Further detail relating to income is shown on page 102 in the Annual Accounts.

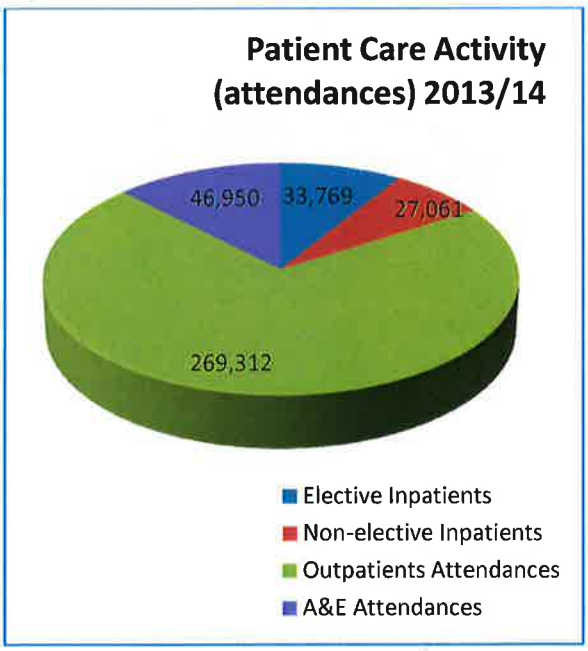
The majority of the Trust's income (91%) is generated from patient care. A breakdown of the amount of income earned by each type of care is shown in Figure 2.

Figure 2 – Patient Care Income



This patient care income is mainly generated from the clinical activity attendance numbers shown in Figure 3.

Figure 3 – Patient Care Activity



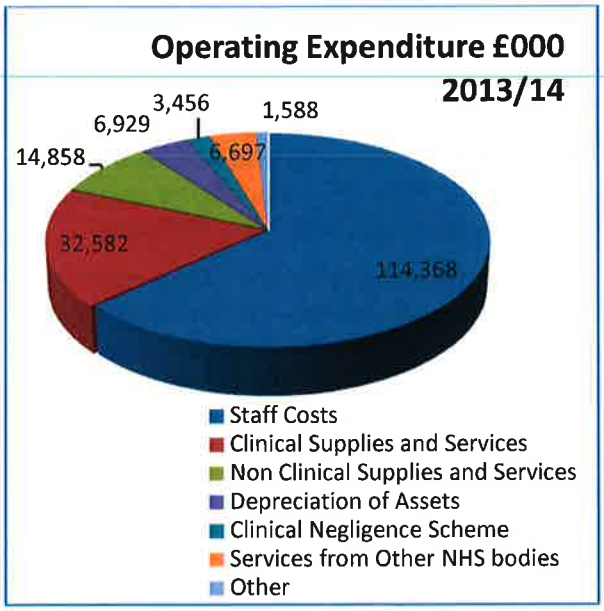
Expenditure

The total operating expenditure incurred in 2013/14 was £180.478m. This was an increase on the expenditure of £170.300m in 2012/13.

A more detailed breakdown of operating expenditure is shown at note 4 on page 104 of the Annual Accounts.

A breakdown of expenditure can be seen in Figure 4.

Figure 4 – Operating Expenditure



During the year the Trust employed an average of 2,685 full time equivalent staff, compared to the previous year 2,665. The average staff cost rose from £41,475 in 2012/13 to £42,595 in 2013/14.

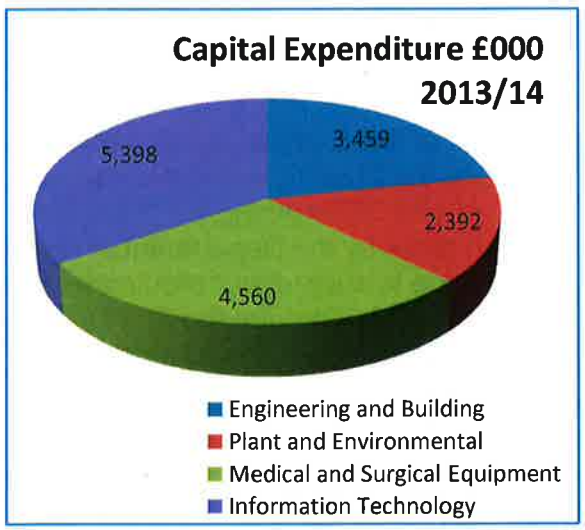
Savings and Efficiency

In 2013/14 the Trust had a Cost Improvement Programme (CIP) target of £7.221m which is equal to 4% of the cost base. The Trust has achieved total savings of £7.769m.

Capital Investment

During the year the Trust made £15.809m of capital investment to improve services for patients. The key areas of investment are shown in Figure 5.

Figure 5 – Capital Expenditure



1.4 Monitor Regulatory Ratings

In accordance with Monitor's Compliance Framework 2013/14 and the subsequent Risk Assessment Framework (effective from 1 October 2013) the Trust made an Annual Plan submission to Monitor that detailed a forward plan and board statements. The Annual Plan included a description of our vision, the main strategic priorities, forecast financial and service performance and major risks to compliance with the Authorisation and how these would be addressed.

On a quarterly basis the Trust has submitted progress returns covering a number of areas including quality governance, service performance, risk and performance management, provision of mandatory services and financial risk together with information on forward financial indicators.

A summary of the rating performance throughout the year with a comparison to the previous year is shown in Table 1.

Table 1 – Monitor Regulatory Ratings

	Annual Plan 2013/14	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14
Under the Compliance Framework					
Financial risk rating	1	1	1	-	-
Governance risk rating	Red	Red	Red	-	-
Under the Risk Assessment Framework					
Continuity of service rating	-	-	-	1	1
Governance rating	-	-	-	Red	Red

	Annual Plan 2012/13	Q1 2012/13	Q2 2012/13	Q3 2012/13	Q4 2012/13
Under the Compliance Framework					
Financial risk rating	1	1	1	1	1
Governance risk rating	Amber/Red	Red	Red	Red	Red

Financial Risk Rating

When assessing financial risk, under the previous Compliance Framework, Monitor assigned a risk rating using a scorecard which compared key financial metrics on a consistent basis across all NHS foundation trusts. The risk rating was intended to reflect the likelihood of a financial breach of the Authorisation. The financial indicators used to derive the financial risk rating in the annual planning process and in-year monitoring incorporated four key criteria:

- Achievement of plan
- Underlying performance
- Financial efficiency
- Liquidity

Each financial criterion was rated 1 (high risk) to 5 (low risk) and compared to a grid of standard values.

The Trust remained in significant breach of its terms of Authorisation throughout the first six months of 2013/14 with a financial risk rating of 1 (high risk) relating to the failure to achieve against each of the financial criteria, details of which are described within the Annual Accounts.

Since the Risk Assessment Framework came in to effect from 1 October 2013, the financial risk rating has been replaced by the continuity of services risk rating. This new rating is determined using two common measures of financial robustness:

- liquidity (days of operating costs held in cash or cash-equivalent forms; including wholly committed lines of credit available for drawdown); and
- capital servicing capacity (the degree to which the organisation's generated income covers its financing obligations).

Due to the previously determined and agreed long term financial position of the Trust that it is financially unsustainable coupled with the actual financial position during 2013/14, the Trust has a risk rating of 1 and details of this are described within the Annual Accounts.

Governance Risk Rating

When assessing governance risk, under the previous Compliance Framework, Monitor assigned a risk rating by considering five key elements:

- Performance against national measures – performance against targets derived from the Department of Health Operating Framework for the NHS in England
- Third parties – the views of Care Quality Commission in terms of maintaining full and ongoing registration and any concerns and NHS Litigation Authority in terms of maintaining a minimum of a level one against the Clinical Negligence Scheme for Trusts (CNST)
- Mandatory services – certification to confirm the ability of the Trust to provide the mandatory services required by the Authorisation
- Other certification failures – the option for Monitor to override the rating due to a combination of risk factors
- Other factors – used at Monitor's discretion

The Governance Risk Rating was calculated using a service performance score system as follows:

- Under 1.0 Green
- 1.0 to under 2.0 Amber-green
- 2.0 to under 4.0 Amber-red
- 4.0 and over Red

The Trust remained in significant breach of its Authorisation throughout the first six months of 2013/14 with a governance risk rating of red for both quarters one and two in accordance with "National Service Act 2006: section 52 failing NHS foundation trusts" due to the Trust being in administration since 16 April 2013.

Since the Risk Assessment Framework came in to effect from 1 October 2013, the governance rating assigned to an NHS foundation trust reflects Monitor's views of its governance based on the following indicators:

- CQC information
- Access and outcomes metrics
- Third party reports
- Quality governance indicators
- Financial risk

Monitor publishes either a green (no issues identified) or red (enforcement action) rating or identifies a description status and action being taken where issues are identified. Due to the Trust being in administration from 16 April 2013 the Trust has been assigned a red rating for quarters three and four.

As a result of the Annual Plan submitted to Monitor and the on-going financial and governance performance outcomes, the Trust has met regularly with Monitor throughout the year on an approximately monthly basis through formal progress review meetings. These meetings have included representatives of the Trust Special Administrators in addition to the Executive Directors.

1.5 Analysis using other key performance indicators, including information relating to environmental matters and employee matters

This was addressed within other sections of the report, including section 1.10 on page 15 and section 2.2 on page 30.

1.6 The main trends and factors likely to affect the future development, performance and position of the Trust

Following the announcement by the Secretary of State on 26 February 2014 that the Trust is to be dissolved with assets and liabilities of the Trust transferred to neighbouring NHS organisations and for this to occur as soon as possible during 2014 then the trends and factors that will affect many acute foundation trusts are similar, including for instance increase emergency activity, an increasing elderly population, and reduced beds but compounded by the intricacies of the Trust.

During the period of transition leading to dissolution clearly the Trust, as an entity, must continue to meet its financial and governance obligations. The main factor hindering the Trust's ability to meet these aims is in relation to the uncertainty for staff that the dissolution of the Trust, resulting in difficulties in recruitment and retention especially of nursing and medical staff. It is therefore of great importance for the dissolution to be managed as swiftly but appropriately as possible in order to help create certainty for our staff and to therefore lessen the risk of the Trust being able to provide safe patient care by providing some stability to our workforce through retention and recruitment issues being addressed.

1.7 Financing implications of any significant changes in the foundation trust's objectives and activities, its investment strategy or its long-term liabilities

This was addressed within section 1.6 – The main trends and factors likely to affect the future development, performance and position of the Trust.

1.8 Environmental Matters

Sustainability

The Trust has developed a sustainability strategy for the purpose of providing a framework to ensure the continuing development of a Carbon Management Programme. It will enable the Trust to take action in the following areas:

- Understand its contribution to climate change
- Demonstrate clear commitment and leadership on carbon reduction
- Establish practical carbon reduction measures
- Engage staff, visitors, patients and suppliers

Its main focus is in response to the NHS Carbon Reduction Strategy (2009) by reducing its emissions by a minimum of 10% by 2015 and also reductions towards the target of 34% by 2020 from a 1990 baseline in respect to the Carbon Change Act (2008).

The Carbon Management Programme provides a dynamic action plan to achieve these goals.

Carbon and Energy

The Trust aims to minimise its impact on the environment and the wider community. This includes energy consumption (gas and electricity), procurement, waste production and transport and travel. Within the Trust's capital plan there are various projects established to reduce the organisation's carbon footprint. Joint procurement with University Hospital of North Staffordshire has generated energy price reductions and further procurement initiatives are being explored.

The Trust will only reduce its carbon reduction if carbon and waste are both reduced in line with capital investment and organisational commitment. The Carbon Management Programme will work in parallel with other areas in particular around Procurement and the feasibility of developing collaborative plans for the use of sustainable energy. Schemes implemented in 2010/11 produced Carbon Emission savings of 7800 tonnes or 14% up to 2012/13, (based on 2007/8 consumptions and 20 year average degree day adjusted). A further 3.8% saving was achieved in 2013/14 based on 2007/8 although there was a slight increase in overall energy consumption compared to 2012/13 due to the increase of the Electrical Base load at the Stafford site and performance related issues with the CHP plant at the Cannock site.

It is anticipated that the Capital energy reduction schemes carried out in 2013/14/15 will show further savings.

Water

Water efficiencies are embedded into the design of any new Trust projects or facilities. Initiatives around the impact on the environment include:

Water harvesting to reuse collected rain water across the Stafford site together with other recycling water efficiencies has contributed to the Trust gaining a non-return to sewage allowance from the water supplier.

All new schemes include low flush WCs and capital targeted asset replacement has included on the Stafford site main external cold water raw and treated water storage tanks and central chilling plant.

Waste

Initiatives include Trust wide Waste Environmental Champions who are involved with various work streams around reduction of waste. Initiatives around the impact on the environment include:

- The reclassification of clinical waste and land fill reductions. This has been productive within the surgical disciplines including radioactive and domestic waste differential which has led to cost reductions and emissions around incineration.
- Recycling initiatives have been introduced across the Trust to further drive efficiencies around domestic class waste which include battery disposal points.
- Annual audit with Tradebe (Trust Waste collection provider) has been completed, the internal Annual Waste Audit has also been carried out as part of compliance assurance

Sustainability Management

The Multi-disciplinary Environmental Strategy Group will monitor sustainability initiatives through the monitoring of the Carbon Management Plan and Capital investment. Each of the individual capital projects and other sustainability work streams will have nominated leads and if considered beneficial assigned champions.

The Trust has a Transport and Travel group in place which looks at the impact of travel both to and from Trust sites and car parking initiatives and is an active member of the Mid Staffordshire Business travel network group.

1.9 Employees and Annual Staff Surveys

Over the last year the Trust has slightly reduced the number of staff employed, from around 2900 to 2800, with a similar reduction in the whole time equivalent staff, which has reduced from 2500 to 2400.

On 16 April 2013, the Trust was placed in the control of Special Administrators by the Trust's regulatory body Monitor.

As the extensive consultation process has moved forward, the uncertainties concerning the future of the Trust have had an impact on our ability to recruit qualified staff in key areas.

The recruitment and retention of nursing staff in particular has been problematic, and difficult resourcing decisions have had to be made.

In order to maintain safe care for patients during the winter months, the Trust had to suspend elective surgery services at Cannock allowing for those nursing staff to be deployed at our Stafford site.

The Trust has also worked collaboratively with colleagues at UHNS, who have supported us with a cohort of 22 nurses who joined us on secondment in February 2014.

Appraisal rates have broadly been maintained, with around 90% of staff receiving their annual appraisal, with a similar position in statutory and mandatory training. This has happened because of our continued organisational focus in these areas; it is important that our staff are safe to practise and are being developed appropriately.

The Trust undertook a major engagement exercise in the Spring and Summer of 2013, with over 1200 staff attending one of 60 events designed to gather their views on key issues.

Staff engagement as measured via the annual Staff Survey has seen a significant increase for the second consecutive year.

Investment in staff – programmes available and outcomes

In addition to the statutory and mandatory training requirements mentioned above, the Trust has invested in front line managers and particularly in ward sisters, who are responsible for the day to day organisation of ward activities.

The Trust has also invested in a further cohort of its Improvement Leadership Academy, offering the opportunity to staff from all areas to gain skills to help them analyse and solve organisational problems.

We have encouraged staff to take part in the range of programmes offered by the NHS Leadership Academy, and have been pleased that several colleagues have been accepted to participate in these important development opportunities.

The Trust ran its second recognition award ceremony in October 2013 to recognise the contribution that staff have made to improve services and demonstrate excellence in caring service to patients and colleagues.

We also recognised the excellent improvements in service and care through a 'Celebrating our Successes' event, with more than a dozen teams across the Trust creating presentation stands in the hospital corridors.

Relationship with trade unions

The Trust has continued to work with its trade union colleagues over the course of the last 12 months and we are grateful for the ongoing contribution from the Joint Negotiating Committee, which has continued to provide constructive challenge on a range of matters within the Trust, as well as ratify our usual industrial relations policies as these have arisen during the course of the year.

There have been regular constructive conversations between trade union representatives and the TSA team, to ensure that staff representatives are advised of developments in the administration process.

We continue to value the positive working relationships with our trade unions and the important role they play in industrial relations in the Trust.

Annual Staff Surveys

The response rate for the 2013 staff attitude survey saw a response rate of 52%, following the record high response rate in 2012 of 61%. We are grateful that a majority of our staff have again come forward to tell us how they feel about their experience of working life within the Trust.

The individual Key Finding outcomes from the Survey were virtually unchanged from 2012, with one notable exception. For the second consecutive year, the Trust had a significant improvement in our staff recommending the Trust as a place to work or receive treatment.

Key themes from this year are highlighted in Tables 3, 4, and 5.

1.10 Social, community and human rights issues

The Trust continues to monitor the profile of the workforce on the basis of the protected characteristics of the Equality Act 2010, to ensure that it is representative of the community we serve. An analysis of protected characteristics is shown in Table 5. A Workforce Report is produced on a monthly basis and presented to our Equality & Diversity Committee and the Senior Management Team. There are no concerns relating to under-representation of any particular group as compared to our local community on the basis of census data.

An Equality Impact Assessment is undertaken on Trust-wide documentation to ensure a practical way of examining new and existing policies and practices to identify and address any potential or actual disadvantage or discrimination against group or individual who has a protected characteristic.

In response to the issues highlighted by the 2012 Staff Survey, a role of 'Employee Support Advisors' was created. These advisors are drawn from a wide range of jobs across the Trust, they have specialist training to enable them to provide an independent and confidential service to colleagues who feel they are being harassed or bullied, and to help them review their options and assist them in coming to a decision on how best to resolve the matter in line with the Trust's Dignity at Work Policy.

Table 2 – Annual Staff Survey Response Rate

	2012/13		2013/14		
	Trust	National Average	Trust	National Average	Trust Improvement / Deterioration / Note
Trust response rate	61%	50%	52%	49%	Lower than record in previous year, now average for Acute/Specialist Trust

Table 3 – Annual Staff Survey Top 4 ranking scores

	2012/13		2013/14		
Top 4 ranking scores	Trust	National average	Trust	National average	Trust Improvement / Deterioration / Note
% staff appraised in last 12 months	93%	86%	92%	84%	Continued focus within the Trust
% staff experiencing harassment bullying or abuse from patients, relatives or the public in last 12 months (lower is better)	28%	30%	25%	29%	May reflect community concern about future of Trust.
% staff witnessing potentially harmful errors near misses or incidents in last 12 months (lower is better)	27%	31%	29%	33%	Slightly higher witnessing of incidents, reporting of incidents shown at 90%
% staff saying hand washing materials are always available	61%	69%	67%	60%	Reversed a surprising decline in 2012, recognises infection prevention work.

Table 4 – Annual Staff Survey Bottom 4 ranking scores

	2012/13		2013/14		
Bottom 4 ranking scores	**Trust**	**National average**	**Trust**	**National average**	**Trust Improvement / Deterioration / Note**
Effective team working	3.70	3.72	3.67	3.74	Identified in 'Listening and Improving' engagement exercise earlier in 2013, managers in key areas tasked to address this concern.
% staff feeling under pressure in last three months to attend work when feeling unwell	30%	29%	31%	28%	Reflects greater focus on reducing sickness absence. Evidence shows staff more often put pressure on themselves than feel it from managers and colleagues.
% staff experiencing bullying harassment or abuse from staff in last 12 months	27%	24%	27%	24%	Support measures put in place in 2013 indicate performance management conversations may be perceived as bullying. Continued focus in 2014 to encourage staff to come forward, to ensure they feel supported.
% staff experiencing discrimination at work in last 12 months	11%	11%	13%	11%	Surprising increase, no indication in patterns of grievances/concerns raised, further analysis and action will be taken to address this.

Table 5 – Workforce & Membership Analysis by Protected Characteristics

Protected Characteristic	2012-2013		2013-2014		2012-2013		2013-2014		2011 Census %
	Staff	%	Staff	%	Members	%	Members	%	
Age									
16 - 20	46	1.27%	19	0.68%	65	1.65%	32	0.82%	5.9%
21 - 25	183	6.67%	191	6.81%	185	4.68%	197	5.06%	6.1%
26 - 30	286	10.54%	292	10.41%	125	3.17%	131	3.36%	5.4%
31 - 35	324		285		96		89	2.28%	
36 - 40	349	37.40%	333	35.54%	131	10.43%	126	3.23%	19.4%
41 - 45	425		366		185		169	4.34%	
46 - 50	440		419		261		241	6.19%	
51 - 55	429	40.35%	428	41.61%	264	22.24%	258	6.62%	20.9%
56 - 60	298		320		353		338	8.68%	
61 - 65	113	3.19%	125	4.46%	478	12.10%	436	11.19%	7.0%
Over 66	26	0.58%	26	0.9%	1642	41.58%	1715	44.03%	19.3%
Undisclosed	-	-	-	-	164	4.15%	163	4.18%	-
Disability									
Yes	38	1.30%	51	1.82%					
No	190	6.51%	426	15.19%					
Not declared	2691	92.18%	2327	82.99%					
Gender									
Female	2310	79.14%	2234	79.7%	2202	55.76%	2175	55.84%	49.9%
Male	609	20.86%	570	20.3%	1747	44.24%	1720	44.16%	50.1%

Protected Characteristic	2012-2013 Staff	%	2013-2014 Staff	%	2012-2013 Members	%	2013-2014 Members	%	2011 Census %
Marriage / Civil Partnership									
Married	1757	60.20%	1668	59.49%					51.9%
Single	883	30.25%	859	30.63%					29.2%
Civil Partnership	5	0.18%	6	0.21%					0.2%
Divorced	191	6.54%	194	6.92%					9.1%
Legally Separated	45	1.54%	44	1.57%					2.3%
Widowed	17	0.58%	17	0.61%					7.2%
Not declared	21	0.71%	16	0.57%					n/a
Ethnicity									
White	2483	85.06%	2366	84.38%	3713	94.02%	3662	94.02%	95.0%
Mixed	42	1.44%	40	1.43%	22	0.56%	21	0.54%	1.3%
Asian	230	7.88%	219	7.81%	78	1.98%	79	2.03%	2.5%
Black	54	1.85%	51	1.82%	34	0.86%	32	0.82%	0.8%
Chinese	10	0.34%	15	0.5%	7	0.18%	7	0.18%	0.4%
Other ethnic background	25	0.86%	24	0.86%	25	0.63%	25	0.64%	
Not Stated	101	3.46%	89	3.2%	70	1.77%	69	1.77%	
Religious Belief									
Atheism	30	1.03%	62	2.21%					22.8%
Buddhism	6	0.21%	9	0.32%					0.3%
Christianity	1099	37.65%	1169	41.69%					67.9%
Hinduism	35	1.20%	33	1.18%					0.6%
Islam	41	1.40%	48	1.71%					0.9%
Jainism	1	0.03%	1	0.04%					0.0%
Sikhism	18	0.62%	27	0.96%					0.4%
Other	80	2.74%	123	4.39%					0.4%
Does not wish to disclose	406	13.91%	1330	47.43%					6.6%
Undefined	1203	41.21%	2	0.07%					
Sexual Orientation									
Bisexual	18	0.62%	12	0.43%					
Gay	7	0.24%	7	0.25%					
Heterosexual	1351	46.28%	1467	52.32%					
Does not wish to disclose	334	11.44%	1311	46.75%					
Lesbian	6	0.21%	5	0.18%					
Undefined	1203	41.21%	2	0.07%					
Total	2919		2804		3949		3895		

Table 5 above shows the composition of Staff and Members of the Trust by protected characteristics as compared to 2011 Census Data for Stafford.

The Equality Act 2010 requires equal treatment with regards to employment of staff as well as the provision of services, prohibiting discrimination on the grounds of age, disability, gender re-assignment, marital status, pregnancy/maternity, race, religion or belief, sex and/or sexual orientation.

The Equality Act 2010 places upon the Trust certain equality focussed duties:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a

protected characteristic and those who do not

- Foster good relations between people who share a protected characteristic and those who do not

1.11 The Trusts Strategy and Business Model

The Trust continues to produce an Annual Business Plan with a focus on five key corporate objectives to support the overall delivery of the vision to be recognised as the safest and most caring Trust in the NHS. The long term strategy and the future business model of the Trust is part of the work undertaken by the TSAs. Following their recommendations the Secretary of State formally announced on 26 February 2014 his decision to accept the principal recommendation to dissolve the Trust. The services being delivered on the individual hospital sites at Cannock and Stafford will continue to be delivered under the governance of two other organisations, being University Hospital of North Staffordshire NHS Trust and Royal Wolverhampton NHS Trust.

1.12 Breakdown of Director, Senior Managers and Employees Profile

The gender composition of the Senior Management Team is fairly balanced, with three female and four male directors. A further breakdown of the employees, including their protected characteristics is shown in Table 5 – Workforce & Membership Analysis by Protected Characteristics.

1.13 Statement on accounts preparation

The accounts have been prepared under direction issued by Monitor, the independent regulator for foundation trusts, as required by paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14 (FT ARM).

After making enquiries, the Executive Directors / Senior Management Team have a reasonable expectation that the Trust has adequate resources to continue in operational existence until such time the Trust is dissolved. For this reason, the Trust continues to adopt the going concern basis in preparing the accounts.

The TSA Board has carefully considered the principle of 'Going Concern'. The Secretary of State has announced the decision to dissolve the Trust, with services being transferred predominantly to two other entities. This transfer of services is a key consideration supporting the preparation of the accounts on a going concern basis. In the absence of such a decision, there would have continued to be material uncertainty casting significant doubt upon the Trust's ability to continue as a going concern and therefore, the Trust would have been unable to continue realising its assets and discharging its liabilities in the normal course of business without additional financial support.

1.13.1 References to, and additional explanation of amounts included in the Trust's financial statements

This is addressed in section 1.3 Balanced and Comprehensive Analysis of the Development and Performance of the Trust's Business during the Financial Year, and of the position of the business at the end of that financial year on page 19.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Date: 27 May 2014

Mrs Maggie Oldham
Chief Executive

M. Oldham

2. Directors' Report

The Directors' Report has been prepared under direction issued by Monitor, the independent regulator for foundation trusts, in accordance with:

- Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts);
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations"); and
- The NHS Foundation Trust Annual Reporting Manual 2013/14 (FT ARM)

The powers of the Board of Directors and the Council of Governors were suspended on 16 April 2013 and Trust Special Administrators (TSA) were appointed by Monitor under the National Health Service Act 2006 (as amended in 2012) which gives Monitor powers to intervene in Foundation Trusts that it considers are unsustainable.

Patient Care

2.1 Descriptions of how the Trust is using its Foundation Trust status to develop its services and improve patient care

Following the Secretary of State's decision to dissolve the Trust, continued joint working with other NHS organisations, especially other acute provider trusts and our commissioners will continue.

During the past six months, the Trust has hosted a monthly Sustaining Services Board, chaired by a representative of the TSA, to address clinical service issues across the local health economy. These meetings have been underpinned by Memoranda of Understanding between the Trust and four other local provider organisations.

As the Trust works towards dissolution a monthly Local Transition Board has established to meet to oversee progress towards dissolution. This Board includes membership of both University Hospital of North Staffordshire NHS Trust and The Royal Wolverhampton NHS Trust, being those organisations that will be taking over the management of Stafford Hospital and Cannock Chase Hospital respectively.

2.2 Performance against key patient targets

The Trust has improved performance against several key targets over the last year:

- All 18 week access targets have been achieved for the year, however due to a agreed Elective pause over the winter period the Admitted pathways have breached over the past couple of month, but will be back on track within the latter part of Q1, thus the Trust will fail the Admitted pathway for Q1, the Trust is well placed to continue to deliver all the other targets.
- Accident and Emergency 4 hour target. The Trust has failed to achieve this target for many months over the past year, with the exception of June & July 2013. The Trust has found the winter period challenging when delivering the accident and emergency service. It is not alone in this as many Trusts across the Local Health Economy (LHE) and nationally have failed consistently to achieve through the winter.
- The governance regarding the achievement of quality is the highest priority for the Trust. This is to ensure that changes to services and financial pressure are not delivered at the expense of quality service to patients. This has been managed through a series of board committees: - Quality Committee, Monthly Performance Review Meetings and Management Board. This process gives the Board the assurance regarding the delivery of service to the population.

2.3 Arrangments for monitoring improvements in the quality of healthcare and progress towards meeting any national and local targets, incorporating CQC assessments and reviews and the Trust's response to any recommendations made

The 18 week target for patients to be treated from the time of referral to receiving their first treatment was achieved for all our Admitted, Non-Admitted and Incomplete patients on a Trust wide level. This is a marked improvement from with the Trust delivering the Non-Admitted and Incomplete targets throughout the year and sustaining this until year end. This was mainly down to gaining a better understanding of our demand and capacity and targeted waiting lists to clear any long waiting patients. This is an important target for patients to be seen, diagnosed and either discharged or treated within an 18 week period from GP referral, patients also have a legal right to this treatment within eighteen weeks so, working with our primary care trusts, we have taken a number of actions to ensure that the waiting time for our patients for treatment is low as possible. The current average waits are;

Admitted	12.31 weeks
Non Admitted	5.63 weeks
Incomplete	6.74 weeks

Year end performance was;

Referral to Treatment – Admitted 90% In 18 Weeks	93.07%
Referral to Treatment – Non Admitted 95% In 18 Weeks	97.63%
Referral to Treatment – Incomplete Pathways 92% below 18 weeks	94.95%

Cancelled Operations

There were 312 operations cancelled on the day of procedure which is a slight increase in comparison to the previous year (292). There were 6 patients who were not readmitted within the 28 day standard, which is a reduction from 15 last year.

Cancer Waiting Times

The Trust has made great progress in relation to cancer targets for 2013/14 which reflects in the levels of care on offer to patients. Achievement of some cancer targets is particularly complex due to the requirement for timely patient referrals from other healthcare providers. In any case, the Trust achieved all of the cancer standards for the year.

Cancer - 2 Week Group Referral to 1st Outpatient Appointment (93%)	95.82%
Cancer- 31 Day Diagnosis to Treatment (96%)	99.68%
Cancer - 62 Day Referral to Treatment from Hospital Specialist (95%)	98.76%
Cancer- 62 Days Urgent Referral to Treatment (85%)	90.65%

Accident and Emergency Target

The Trust has found this year very difficult in delivering this target with the exception of June and July. As a Trust we ensured that there was a continued executive focus on improving patient flow indicators. Due to difficulties securing enough trained nursing staff the Trust had 22 fewer Acute beds open than planned resulting in reduced capacity for emergency admissions. The Trust opened a new Ambulatory Assessment Unit (AAU) for medical patients resulting in a better patient journey through the Emergency Department. This was possible due to the provision of 22 trained nurses being seconded from University Hospital of North Staffordshire to strengthen existing wards staffing, and enable the Trust to open extra beds. There was high Consultant Locum usage throughout the year due to changing workforce, which added to the pressures. Over the winter period the Trust successfully enacted our winter escalation plans, however due to staffing issues were unable to open the planned Flex capacity beds.

A&E 4 Hour Waits	(95%) **90.08%**
A&E Service Quality Indicator - Unplanned A&E Re-Attendance Rate	(5%) **4.80%**
A&E 95th Percentile Wait Above 4 Hrs (Admitted + Non-Admitted)	(239 min) **347 min**
A&E Service Quality Indicator - Left Without Being Seen	(5%) **0.90%**
A&E Service Quality Indicator - Time To Initial Assessment	(15 min) **14 min**

Healthcare Associated Infections

The Trust continues to achieve the MRSA screening target for both emergency and elective admissions, with the performance monitored though monthly Performance Review Meetings, however the Trust had two MRSA infections during 2013/14 compared to no MRSA cases during 2012/13.

The Trust had a Clostridium Difficile (C.Difficile) target set for 2013/14 of no more than 12 cases. This target was breached in September 2013. All C.Difficile cases continue to have a Root Cause Analysis undertaken. There were a total of 30 cases of C.Difficile for 2013/14 compared to 25 cases reported during 2012/13.

Although there are no nationally set targets for E.Coli or MSSA the Trust remains below its internally set targets for these infections. There were a total of 11 E.Coli cases and two MSSA cases during 2013/14.

We carry out a deep cleaning programme over the year which includes minor maintenance as part of our effort to ensure that the environment is kept clean and adheres to national standards. If a patient contracts C.Difficile we undertake a deep clean of the ward environment and additionally use hydrogen peroxide vapour to reduce the likelihood of any spread.

Mortality

The mortality rate has, and continues to be lower than would be expected based on the information provided by Dr Foster, a nationally recognised information source. The current HSMR for the time period (February 2013 to January 2014) was 85.09, this compares to the current SMR for all Diagnosis groups that was 82.25 Throughout the year, the trust has been able to report a better than expected position across a number of indictors used by Dr Foster.

National Health Service Litigation Authority (NHSLA)

The NHSLA have not undertaken any further assessments of the Trust during 2013/14.

Quality Governance Framework

As a Foundation Trust, we are required to be compliant with the Quality Governance Framework, a system of working used by Monitor – *the independent regulator of Foundation Trusts.* This sets out a number of standards within four domains, the domains being a) Strategy b) Capabilities c) Structure & Process d) Measurement.

During 2013/14 the Trust undertook a self-assessment against the standards contained within each of the domains described above. Whilst there was not a requirement for the Trust to award itself a score, the Trust did provide a narrative description of evidence to demonstrate compliance. The self-assessment was shared and reported to Quality Committee and Management Board on 24 and 29 October respectively. This document along with other documentary evidence provided the basis for the Trust annual submission to Monitor that it remained compliant with the Quality Governance Framework.

As reported in last year's Quality Accounts, the main issue arising from the independent audits commissioned by the Trust was the need to embed governance structures and processes consistently throughout divisions and down to clinical departments. Through working with Clinical Directors and General Managers the Trust believes that good progress has been made in achieving this; this view being supported by internal auditor's reports into divisional governance arrangements and the operational compliance with the Trust's risk management policy.

Review of Compliance to Care Quality Commission Standards

The CQC undertook a routine responsive review of the Trust during February and March 2014; the CQC inspection team visited the Stafford Hospital site on 26 and 27 February 2014 and the Cannock Hospital site on 4 March 2014. This was a routine inspection to check that essential standards of quality and safety referred to below are being met. The CQC inspection was unannounced with inspectors consisting of CQC staff and experts by experience. Further information regarding these inspections can be found within the Annual Governance Statement on page 67.

2.4 Progress towards targets as agreed with local commissioners, together with details of other key quality improvements

The Trust agrees local CQUINS (Commissioning for Quality and Innovation) goals with the CCGs. These align with national targets and best practise agreed with Royal Colleges. The CQUINS are reported within the Trust at Quality Committee, and Monthly Performance Review Meetings. This ensures compliance with the CQUIN to assure achievement of the quality and financial aspects.

2.5 Any new or significantly revised services

During 2013/14, Urology services for complex surgical procedures, and urology emergencies where inpatient treatment is required were transferred from the Trust to the University Hospital of North Staffordshire, this was as part of a Urology Alliance.

2.6 Service improvements following staff or patient surveys or comments

Staff Survey

The Trust participates in the annual NHS Staff Survey on a census basis, giving the widest possible opportunity for staff to have their say about their work and the environment.

Every member of staff has an opportunity to give their views on a wide range of questions, and all responses are collated by an independent organisation to ensure that they are anonymous and confidential.

The results are grouped into a number of Key Findings, which are then ranked alongside other NHS Acute Hospital Trusts.

The Trust analyses the Staff Survey results in detail, and to show commitment to improved communications have held a series of meetings with staff to share the Survey outcomes, highlighting any changes compared to previous surveys.

Staff were asked for their views on what the Trusts priorities for action should be, and what steps should be taken to make their experience of work better, so that they are more able to deliver caring services to patients. Key themes from this year's survey are highlighted in Tables 3, 4, and 5 on page 26.

Patient Surveys

Patients are able to give feedback on their own experiences in real-time through a number of ways. The PALs (Patient Advice and Liaison) team regularly visit the wards to ask patients if they have questions or concerns. Patients and families may also feedback via 360 bedside televisions with a survey based on 17 quality indicators selected as key elements to ensuring patient satisfaction and experience such as satisfaction with pain relief, involvement in decisions about care and enough help from staff to eat meals.

The Trust also uses the 'Friends and Family Test' question to all inpatients on the day of discharge or within 48 hours of discharge. "How likely are you to recommend the hospital to your family and friends" maybe answered "extremely likely", "likely, "unsure", "unlikely", "extremely unlikely" or "don't know".

Each year the CQC requires all Trust to undertake an Inpatient Survey. As with most Trusts, the Picker Institute Europe undertakes the survey on the Trust's behalf. This year the Trust had a 48% response rate against a national average of 46%, demonstrating our patients feel they can give feedback on their experience. Surveys are

anonymous. The Trust has significantly improved on its 2012 performance in 6 of 85 questions asked of all patients.

When compared to other Trusts, the Trust performed significantly better than other hospitals for 26 questions including patients having confidence and trust, treated with dignity and respect, getting enough help from staff to eat meals, finding staff to discuss concerns with and always having enough emotional support from hospital staff. The Trust performed significantly worse than the national average on one question: patients did not receive a copy of letters sent to their GP. Work continues to improve further on all aspects of patient experience, including this area.

2.7 Improvements in patient / carer information

The Trust has a Patient Information Group which is attended by patients and their representatives to improve the quality of patient and carer leaflets and other written information. A database of voluntary and other support organisations is kept by the PALs Team and leaflets and flyers are readily available to support patients and carers by informing them where they can get help.

The Head of Patient Experience is working with learning disability colleagues to develop easy read patient experience questionnaires with the aim of providing equal opportunity for feedback from minority patient groups. Posters have been redesigned to provide clearer directions for patients, relatives and carers who may wish to complain, compliment or make suggestions for improvement.

2.8 Information on complaints handling

268 complaints were received by the Trust in 2013/2014 which is 63 fewer complaints than 2012/2013 equating to a 19% reduction. This demonstrates a 56% reduction in the number of complaints over a three year period. The Trust is not complacent about this reduction as every complaint represents a poor experience for patients or their families.

Complaints	268
Concerns via the Advice Centre	1805
Interpreter Requests	168
Compliments	4648
GP Help Line Requests	179

The Trust has seen a significant improvement in complaint response times over the last 12 months, with an improvement of 51% of complainants receiving their response within the original agreed response time compared to 2012/2013. We are keen to continue to improve on this, however recognise the need to ensure that swifter response times do not impact on the quality of the investigations and responses to complainants. To ensure the standard and quality of our investigations continues to improve, the Trust has maintained two of the work-steams initiated by the Health Foundation Project:-

- Survey questionnaires are sent to complainants, after they had received their response to see if they were satisfied with the handling of their complaint and the outcome
- Peer Review Panels involving members of the Trust, the CCG and lay members from the Complaints Focus Group are held to look at closed complaint files. These are retrospectively analysed against eight quality standards which look at complaints handling, the quality of investigation and outcome for complaints.

During 2013/2014, the Parliamentary Health Service Ombudsman upheld two complaints against the Trust.

During 2013/2014 the Trust's Complaints Focus Group, attended by members of our local community including those who have had reason to complain in the past, has continued to meet and has been contributing to the continuous quality improvement work streams within the Patient Experience Department.

For 2013/2014 the top 5 themes by quarter may be seen below. Each complaint is analysed for all themes so one complaint may contain a number of themes.

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Communications **(34)**	Communications **(32)**	Communications **(32)**	Communications **(29)**
Medical Care **(30)**	Medical Care **(23)**	Attitude of Staff **(21)**	Nursing Care and Medical Care **(20)**
Staff Attitude **(20)**	Outpatient Appointments **(14)**	Medical Care **(20)**	Attitude of Staff **(16)**
Diagnosis missed/ delayed /wrong **(19)**	Diagnosis missed/ delayed /wrong **(13)**	Nursing Care **(16)**	Outpatient Appointments **(13)**
Nursing Care **(19)**	Nursing Care **(12)**	Discharge, Admission arrangements **(14)**	Diagnosis - missed/ delayed /wrong/ Not investigated and Medication – Delayed/ Wrong / Route/ Not Given **(11)**

Stakeholder relations

2.9 Descriptions of significant partnerships and alliances entered into by the Trust to facilitate the delivery of improved healthcare. These should be described together with the benefits to patients and the methods used to fund these activities

During 2013/14 the Trust strengthened the Memorandum of Understanding (MoU) with the University Hospital of North Staffordshire (UHNS) in order to formalise the existing partnership working regarding the networking of appropriate clinical services in order to support the objective of safe and high quality service delivery to patients.

In addition, the Trust entered into a Urology Alliance creating a patient centred model of care that is clinically safe and financially viable. Outpatient clinics, assessments and day case treatment continues to be provided at the Trust, with urological emergencies or where inpatient treatment is required, the care will be provided at University Hospital of North Staffordshire.

2.10 Development of services involving other local services / agencies and involvement in local initiatives

During 2013/14 the Trust has engaged with other service providers in order to support the delivery of safe and high quality service delivery to patients. The Trust has engaged with the public and members through public meetings and forums.

2.11 Statement as to disclosure to auditors

Each individual who is a Director at the time of approval of this Annual Report and Accounts:

- so far as the Directors are aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Each Director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above, and:

- made such enquiries of his/her fellow Directors and of the Company's Auditors for that purpose; and
- taken such other steps (if any) for that purpose, as are required by his/her duty as a Director of the Company to exercise reasonable care, skill and diligence.

The Trust has made good progress during 2013/14 in meeting the objectives agreed within the Annual Business Plan, making

further improvements in quality of clinical services to patients and in achieving most of the operational targets set by our regulators and commissioners.

The Directors/Senior Management Team at the time of the approval of this annual report and accounts are as follows and are detailed further in 4 – Disclosures set out in the NHS Foundation Trust Code of Governance from page 44.

Mrs Maggie Oldham *Chief Executive*
Mrs Sarah Preston *Director of Finance and IM&T*
Mrs Suzanne Banks *Director of Nursing, Midwifery, and AHPs*
Mr Chris Holt *Chief Operating Officer*
Dr Paul Woodmansey *Medical Director*
Mr Jeff Crawshaw *Deputy Chief Executive*
Mr Mark Partington *Director of Transition*

2.12 Additional disclosures

2.12.1 Pensions Disclosure

The accounting policies for pensions and other retirement benefits are set out in note 1.3 to the accounts and details of senior employees' remuneration can be found on page 38 of the remuneration report.

2.12.2 Statement on register of interests information

Company directorship and other significant interests held by directors or governors which may conflict with their management responsibilities are detailed in a Register of Interest maintained by the Trust's Company Secretary. Declarations of Interest for the Executive Directors/Senior Management Team can be found on page 49.

2.13 Going Concern

International Accounting Standard 1 (IAS 1) requires management to assess, as part of the accounts preparation process, the entity's ability to continue as a going concern. Under the statutory accounting framework for NHS Foundation Trusts the financial statements should be prepared on a going concern basis unless management intends or has no alternative but, to apply to the Secretary of State for the Trust's dissolution without the transfer of its services to another public sector entity.

Trust Special Administrators (TSAs) were appointed in April 2013 to establish future plans for healthcare in the area. The TSAs released the 'Trust Special Administrators' Draft Report' in July 2013 which was followed by a period of consultation. The final report (Trust Special Administrators' Final Report') concluded that Mid Staffordshire NHS Foundation Trust should be dissolved to enable the recommended clinical models to be established. These recommendations were approved by the Secretary of State on 26 February 2014 and a plan is being formulated to dissolve the Trust in 2014. Under the legislation required to dissolve the Trust, the order made must provide for the transfer of all liabilities, with the result that creditors of the Trust are protected and all liabilities are safeguarded. During 2013/14, financial support has been provided by the DoH amounting to £28.150m, an increase of approximately £6.8m from the cash support secured in 2012/13. This has enabled the Trust to continue in operation whilst the Trust Special Administrators have considered service delivery options. Estimated funding requirements for the full financial year 2014/15 had the Trust continued in operation would amount to £35.6m. This requirement could vary in a range from £33.2m to £48.4m dependent upon the impact of clinical capacity issues on the level of income, additional costs of provision and the delivery of cost improvement programme (CIP) savings. The extent to which this is required will depend on the timing of dissolution.

Up to the point of dissolution, the Trust Special Administrators will continue to be responsible for the governance of the Trust and the cash support required to ensure that continuity of clinical services can be provided has been included in the Annual Plan submitted to Monitor. The requirement for ongoing financial support will continue to the point of dissolution and to support the

dissolution process. This is also set out in the Annual Governance Statement on page 67. Once the Trust has been dissolved, the services being delivered on the individual hospital sites at Cannock and Stafford will continue to be delivered under the governance of two other organisations, being University Hospital of North Staffordshire NHS Trust and Royal Wolverhampton NHS Trust. A transition period of 3-5 years will be taken to fully implement the recommendations included in the TSA's plan, with funding being provided by DoH to support this transition.

As the Trust will cease to exist as a separate legal entity from the effective date of the transfer the TSAs have concluded that it is not appropriate to prepare these accounts on a going concern basis. However, no adjustments are required to the amounts at which the assets or liabilities are included in these accounts, as these assets and liabilities relate to the services which, for the reasons set out above, the TSA believe, will continue as a going concern through the transfer process. This is also consistent with the statutory accounting framework for NHS Foundation Trusts.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Date: 27 May 2014

Mrs Maggie Oldham
Chief Executive

M. Oldham

3. Remuneration Report

The Trust has prepared this report in compliance with:

- Sections 440 to 422 of the Companies Act 2006
- Regulation 11 and Parts 3 and 5 of schedule 8 of the Large & Medium-sized Companies & Groups (Accounts and Reports) Regulation 2008, and
- Elements of the NHS Foundation Trust Code of Governance.

3.1 Remuneration Details

Remuneration and Performance Conditions

NHS Foundation Trusts must disclose the remuneration paid to senior managers. These people are defined as those who have authority or responsibility for directing or controlling major activities of the Trust.

The Nominations and Remuneration Committee

Following the appointment of Trust Special Administrators (TSA) to the Trust on 16 April 2013, the responsibilities previously held by the Nominations and Remunerations Committee rest with the TSA Board.

The TSA Board is responsible for the appointment and removal of Executive Directors including the Chief Executive. The TSAs also decide the terms and conditions of office including remuneration and allowances of the Executive Directors.

All Non Executive Directors of the Trust were suspended at the appointment of the TSA on 16 April 2013, however the Non Executive Directors agreed with the TSA to continue as Independent Members to provide support to TSA.

The TSA Board is chaired by the suspended Chair of the Trust, as an Independent Member of the TSA. A table detailing the members and their attendance is on page 55 of this report.

Remuneration Policy

Prior to the TSA appointment on 16 April 2013, it was Trust policy that the remuneration of the Chief Executive and the Executive Directors was determined by the Nominations and Remuneration Committee, this function has since been undertaken by the TSA Board.

The Chief Executive and the Executive Directors are all paid a basic salary within the rate determined by the previous Nomination and Remuneration and Terms of Service Committee, with nomination and remuneration undertaken by the TSA Board as of 16 April 2013. In accordance with national policy and in line with other staff within the Trust, no cost of living increase was awarded during 2013/14. In reviewing remuneration, the TSA Board has regard to the Trust's overall performance, the delivery of agreed corporate objectives for the year, the pattern of Executive remuneration among Foundation Trust and the wider NHS, and the individual Director's level of experience and development in the role.

There is no performance related pay element, but the performance of the Executive Directors is assessed at regular intervals and unsatisfactory performance may provide grounds for termination of their contract of employment.

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 Mid Staffordshire NHS Foundation Trust in the financial year 2013/14 was £175k - £180k (2012/13, £180k - £185k). This was 6.80 times (2012/13, 6.89) the median remuneration of the workforce, which was £25,783 (2012/13, £26,115).

In 2013/14, 5 (2012/13, 2) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £175k to £190k (2012/13 £180k -

£190k). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Table 6 - Executive Director/Senior Management Team Remuneration for year ended 31 March 2014

Name and Title	Salary (Bands of £5,000) £000	Annual performance related bonuses (Bands of £5,000) £000	Long term performance related bonuses (Bands of £5,000) £000	Taxable benefits (Nearest £100) £00	Pension related benefits (Bands of £2,500) £000	Total (Bands of £5,000) £000
Mrs Suzanne Banks, Director of Nursing, Midwifery and Allied Health Professionals (from 01/12/2013)	35-40	-	-	-	52.5-55	85-90
Professor John Caldwell, Chairman to 15/04/2013, then independent member)	40-45	-	-	-	-	40-45
Mrs Eleanor Chumley-Roberts, Non-Executive Director to 15/04/13, independent member until 31/05/2013	0-5	-	-	-	-	0-5
Mr Robert Courteney-Harris, Medical Director (until 31/05/13)	30-35	-	-	-	10-12.5	40-45
Mr Jeff Crawshaw, Director of Human Resources (from 28/05/13 until 31/12/2013), Deputy Chief Executive (from 01/01/14)	170-175*	-	-	-	-	170-175*
Mr Aaron Cummins, Director of Finance and Performance (until 31/12/2013)	100-105	-	-	148	22.5-25	140-145
Ms Julie Hendry, Director of Quality and Patient Experience (until 02/01/2014)	80-85	-	-	2	(0-2.5)	80-85
Mr Dennis Heywood, Non-Executive Director to 15/04/13, then independent member	15-20	-	-	-	-	15-20
Mrs Lyn Hill-Tout, Chief Executive (until 31/05/2013)	30-35	-	-	71	(2.5-.5)	30-45
Mr Christopher Holt, Chief Operating Officer (from 01/05/13)	100-105	-	-	-	35-37.5	135-140
Dr Lynne Hulme, Non-Executive Director to 15/04/2013, independent member until 31/05/2013	0-5	-	-	-	-	0-5
Mrs Margot Johnson, Interim Director of Human Resources (until 30/04/2013)	0-5	-	-	-	12.5-15	15-20
Mrs Jayne Jones, Non-Executive Director to 15/14/2013, then independent member	15-20	-	-	-	-	15-20
Mrs Jane King, Non-Executive Director to 15/04/2013, then independent member	10-15	-	-	-	-	10-15
Mrs Maggie Oldham, Chief Operating Officer (until 30/04/13) Chief Executive (from 01/05/2013)	175-180	-	-	-	160-162.5	335-340
Mr Colin Ovington, Director of Nursing and Midwifery (until 08/12/2013)	70-75	-	-	1	25-27.5	95-100
Mr Mark Partington, Director of Transformation (from 17/03/2014)	0-5	-	-	-	0-2.5	5-10
Mrs Sarah Preston, Director of Finance and Information Management and Technology (from 01/01/2014)	25-30	-	-	1	15-17.5	40-45
Dr Paul Woodmansey Medical Director (from 01/05/2013)	170-175	-	-	-	7.5-10	180-185
Band of Highest Paid Director Total Remuneration	**175-180**					
Median Total Remuneration	**£25,783**					
Remuneration Ratio	**6.80**					

* For Executives Employed through a Limited Company, the above shows the total amount paid to the company, not the net salary

Table 7 - Executive Director Remuneration for year ended 31 March 2013

Name and Title	Salary 2012/13 (Bands of £5,000) £000	Annual performance related bonuses (Bands of £5,000) £000	Long term performance related bonuses (Bands of £5,000) £000	Taxable benefits (Nearest £100) £00	Pension related benefits (Bands of £2,500) £000	Total (Bands of £5,000) £000
Professor John Caldwell, Chairman (from 01/02/2012)	40-45	-	-	-	-	40-45
Mr Darren Cattell, Interim Director of Finance and Performance * (until 31/05/2012)	55-60*	-	-	-	-	55-60*
Mrs Eleanor Chumley-Roberts, Non-Executive Director	10-15	-	-	-	-	10-15
Mr Robert Courteney-Harris, Medical Director (from 18/06/2012)	150-155	-	-	-	(30-32.5)	120-125
Mr Aaron Cummins, Director of Finance and Performance (from 01/06/2012)	115-120	-	-	-	105-107.5	220-125
Ms Julie Hendry, Director of Quality and Patient Experience	110-115	-	-	1	25-27.5	135-140
Mr Dennis Heywood, Non-Executive Director	15-20	-	-	1	-	15-20
Mrs Lyn Hill-Tout, Chief Executive (from 13/06/2011)	180-185	-	-	20	285-287.5	465-470
Dr Lynne Hulme, Non-Executive Director (from 01/12/2012)	5-10	-	-	-	-	5-10
Mrs Margot Johnson, Interim Director of Human Resources (from 24/04/2012)	45-50	-	-	-	27.5-30	75-80
Mrs Jayne Jones, Non-Executive Director (from 01/07/2011)	15-20	-	-	2	-	15-20
Mrs Jane King, Non-Executive Director (from 01/08/2011)	10-15	-	-	-	-	10-15
Mr Manjit Obhrai, Medical Director (until 31/08/2012)	95-100	-	-	-	-	95-100
Mrs Maggie Oldham, Chief Operating Officer	125-130	-	-	-	52.5-55	175-180
Mr Colin Ovington, Director of Nursing and Midwifery	105-110	-	-	-	27.5-30	130-135
Mr Graham Shaw, Interim Director of Human Resources * (from 01/07/2011 until 03/06/2012)	10-15*	-	-	-	-	10-15*
Band of Highest Paid Director Total Remuneration	**180-185**					
Median Total Remuneration	**£26,115**					
Remuneration Ratio	**6.89**					

* For Executives Employed through a Limited Company, the above shows the total amount paid to the company, not the net salary

The other pension related benefits disclosed arise from membership of the NHS Pensions defined benefit scheme. They are not remuneration paid, but the increase in pension benefit net of inflation for the current year and applying the HMRC methodology multiplier of 20. Further details of the board's pension benefits are disclosed in the Pension Benefits in Table 14.

Expenses

Table 8 - Executive Director/Senior Management Team Expenses

Name	Mileage (£)	Misc (£)	Parking (£)	Total (£)
Mrs Suzanne Bank, Director of Nursing and Midwifery (from 01/12/2013)	0	97	0	97
Mr Robert Courteney-Harris, Medical Director (until 31/05/2013)	0	0	0	0
Mr Aaron Cummins, Director of Finance and Performance (until 31/12/2013)	0	2,435	0	2,435
Ms Julie Hendry, Director of Quality and Patient Experience (until 02/01/2014)	545	178	0	723
Mrs Lyn Hill-Tout, Chief Executive (until 31/05/2013)	69	340	6	415
Mr Christopher Holt, Chief Operating Officer (from 01/05/2013)	0	1,035	32	1,067
Mrs Margot Johnson, Interim Director of Human Resources (from 24/04/2012) (until 30/04/2013)	0	0	0	0
Mrs Maggie Oldham, Chief Operating Officer (until 30/04/2013), Chief Executive (from 01/05/2013)	47	1,801	52	1,900
Mr Colin Ovington, Director of Nursing and Midwifery (until 08/12/2013)	517	609	64	1,190
Mr Mark Partington, Director of Transformation (from 17/03/2014)	0	0	0	0
Mrs Sarah Preston, Director of Finance and Information Management and Technology (from 01/01/2014)	125	267	8	400
Dr Paul Woodmansey Medical Director (from 01/05/2013)	0	1,837	12	1,849
Total (£)	**1,303**	**8,599**	**174**	**10,076**

Note: The expenses detailed in the table above only includes those expenses claimed directly from the Trust

Table 9 - Non-Executive Director/Independent Members Expenses

Name	Mileage (£)	Misc (£)	Parking (£)	Total (£)
Professor John Caldwell, Chairman	1,169	402	0	1,571
Mr Dennis Heywood, Non-Executive Director	68	0	0	68
Dr Lynne Hulme, Non-Executive Director (from 01/10/12)	32	1	3	35
Mrs Jayne Jones, Non-Executive Director	164	0	0	164
Total (£)	**1,433**	**403**	**3**	**1,838**

Table 10 – Governor/Public Representatives Expenses

Name	Mileage (£)	Misc (£)	Parking (£)	Phone (£)	Total (£)
Josephine Chapman	39	0	0	0	39
Pauline Deakin	120	0	0	0	120
Joyce Farnham	113	0	0	0	113
Michael Fowkes	271	0	0	0	271
Susan Gay	84	0	0	0	84
Carole Howard	97	29	4	0	130
Janis Lomas	106	0	0	0	106
Total (£)	**830**	**29**	**4**	**0**	**863**

Off-Payroll Engagements

The information relating to staff engaged by the trust but not on the payroll is shown in the following tables below:

Table 11 – For all off-payroll engagements at of 31 March 2014, for more than £220 per day and that last for longer than six months

Number of existing engagements as of 31 March 2014 in place on 31 January 2012	5
Of which:	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at the time of reporting	4
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	5

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax and, where necessary, that assurance has been sought."

Table 12 - For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 march 2014	1
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national Insurance obligations	1
Number for whom assurance has been requested	
Of which:	
Number for whom assurance has been requested and received	1
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

Table 13 - For any off-payroll engagement of board members, and/or senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014

Number of off-payroll engagement of board members, and/or senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This should include both off-payroll and on-payroll engagements.	13

Staff Exit Packages

There are no exit packages to disclose in relation to Senior Managers at the Trust. Senior Managers are defined as those who influence the decisions of the NHS foundation trust as a whole rather than the decisions of individual directorates or sections within the NHS foundation trust, this would include advisory and non-executive board members.

Duration of Contracts, Notice Periods and Termination Payments

Where a vacancy is permanent, a permanent contract is usually offered. Fixed term appointments are only used where the future of a post / service / budget to a department is less clear. Notice periods are dependent on the person's pay band, in cases where they need to give us notice of their leaving - and are contractual dependent on length of service if the Trust is giving them notice.

Occasionally, termination settlements are in the Trust's interests, as they bring to an end employment difficulties where the Trust could otherwise have additional liability. If such settlements are agreed, Monitor advice is sought in cases where any payment over and above contractual entitlement is contemplated, to ensure any payments represent value for money and are in the public interest. In turn, Monitor may need to seek approval from the Treasury.

Pension Disclosures

Table 14 - Senior Managers' Pension Benefits

Name and Title	Real increase in pension at age 60 (bands of £2,500) £'000's	Real increase in pension lump sum at aged 60 (bands of £2,500) £'000's	Total accrued pension at age 60 at 31 March 2014 (bands of £5,000) £'000's	Lump sum at age 60 related to accrued pension at 31 March 2014 (bands of £5,000) £'000's	Cash Equivalent Transfer Value at 31 March 2014 (band of £1,000) £'000's	Cash Equivalent Transfer Value at 31 March 2013 (band of £1,000) £'000's	Real increase in Cash Equivalent Transfer Value (band of £1,000) £'000's
Mrs Suzanne Banks, Director of Nursing, Midwifery and Allied Health Professionals (from 01/12/2013)	0.0-2.5	5.0-7.5	25-30	80-85	487	346	44
Mr Robert Courteney-Harris, Medical Director (until 31/05/2013)	0.0-2.5	0.0-2.5	45-50	140-145	953	851	14
Mr Aaron Cummins, Director of Finance and Performance (until 31/12/2013)	0.0-2.5	2.5-5.0	15-20	50-55	233	203	18
Ms Julie Hendry, Director of Quality and Patient Experience (until 02/01/2014)	(0.0-2.5)	(0.0-2.5)	50-55	150-155		978	0
Mrs Lyn Hill-Tout, Chief Executive (until 31/05/2013)	(0.0-2.5)	(0.0-2.5)	65-70	200-205	0	1,417	0
Mr Christopher Holt, Chief Operating Officer (from 01/05/2013)	0.0-2.5	0	0-5	0	38	18	18
Mrs Margot Johnson, Interim Director of Human Resources (until 30/04/2013)	0.0-2.5	0.0-2.5	50-55	150-155	920	761	11
Mrs Maggie Oldham, Chief Operating Officer (until 30/04/2013) Chief Executive (from 01/05/2013)	5.0-7.5	20.0-22.5	30-35	95-100	557	417	131
Mr Colin Ovington, Director of Nursing and Midwifery (until 08/12/2013)	0.0-2.5	2.5-5.0	45-50	140-145	927	849	41
Mr Mark Partington, Director of Transformation (from 17/03/2014)	0.0-2.5	0.0-2.5	35-40	110-115	781	719	2
Mrs Sarah Preston, Director of Finance and Information Management and Technology (from 01/01/2014)	0.0-2.5	0.0-2.5	25-30	85-90	502	429	15
Dr Paul Woodmansey Medical Director (from 01/05/2013)	0.0-2.5	0.0-2.5	45-50	145-150	938	886	30

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Mrs Maggie Oldham
Chief Executive

M. Oldham

Date: 27 May 2014

4. Disclosures set out in the NHS Foundation Trust Code of Governance

4.1 Statement of Compliance with Provisions of the Code of Governance

The NHS Foundation Trust Code of Governance was developed by Monitor in 2006 and recently updated in December 2013, with the new version having taken effect from 1 January 2014 and applicable during 2013/14 for the purpose of assisting NHS Foundation Trust boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance. The code sets out a common overarching framework for the corporate governance of NHS Foundation Trusts and complements the statutory and regulatory obligations on them.

The Code of Governance covers matters relating to directors, governors, appointments and terms of office, information, development and evaluation, director remuneration, accountability and audit and relationships with stakeholders. It also identifies the specific requirements for disclosure either within this Annual Report or by making information available on request.

The Trust is in a unique situation as the powers of the Board of Directors and the Council of Governors were suspended at the appointment of the Trust Special Administrators (TSA) on 16 April 2013. The Board of Directors/Senior Management Team is committed to high standards of corporate governance and has continued to adopt the recommendations within the NHS Foundation Trust Code of Governance where applicable under the TSA.

This has been achieved, in part, through review of corporate governance arrangements within the Trust in order to comply with Monitor's Quality Governance Framework. The Trust will continue to monitor and review compliance of corporate governance arrangements against all recommended good practices relevant to NHS Foundation Trusts until such time that the Trust is dissolved.

4.2 The Board of Directors / Senior Management Team

Following the appointment of Trust Special Administrators (TSAs) to the Trust on 16 April 2013, the responsibilities previously held by the Board of Directors have rested with the TSA.

Hugo Mascie-Taylor, a respected clinician and experienced NHS leader, and Alan Bloom and Alan Hudson of Ernst & Young LLP were appointed by Monitor as Trust Special Administrators ("TSAs").

Since the appointment of the TSAs, the Executive Directors have continued to work at the Trust as the Senior Management Team, managing the Trust on a business-as-usual basis. A TSA governance structure was put in place effective 1 June 2013 for the Senior Management Team to report into the TSAs.

The TSAs and Senior Management Team consider 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 Trust's performance, business model and strategy.

4.2.1 Trust Special Administrators

The TSAs, who report to Monitor, the health care regulator, have two roles:

- to take overall responsibility for the running of the Trust; and
- to develop and consult locally on a draft report about how local patients should continue to receive high quality and safe services over the long term, making final recommendations to Monitor and ultimately to the Secretary of State for Health.

The TSAs have been tasked by Monitor to assess and develop recommendations on how clinically and financially sustainable health services can be provided for local people in the future.

Professor Hugo Mascie-Taylor	Alan Bloom (Accounting Officer)	Alan Hudson
		
Experienced clinician and medical leader	Senior partner at Ernst & Young LLP, a major consultancy firm	Senior partner at Ernst & Young LLP, a major consultancy firm

4.2.2 Executive Directors / Senior Management Team

The main responsibilities of the Senior Management Team are to:

- Consider the key managerial issues and risks facing the Trust in carrying out its statutory and other functions,
- Agree the corporate objectives and operational targets of the Trust as part of the Annual Business Plan,
- Monitor progress against the corporate objectives and operational targets throughout the year and seek assurance supported through the effective use of Committees of the Senior Management Team,
- Ensure effective overall stewardship of the Trust through monitoring and overseeing all activities undertaken including ensuring competent and prudent management, sound planning, proper policies and procedures for the maintenance of adequate accounting and other records and systems of internal control, and for compliance with statutory and regulatory obligations,
- Ensure the terms of Authorisation of the Foundation Trust are met and any breaches reported to the TSAs,

Figure 6 - Executive Directors Responsibilities

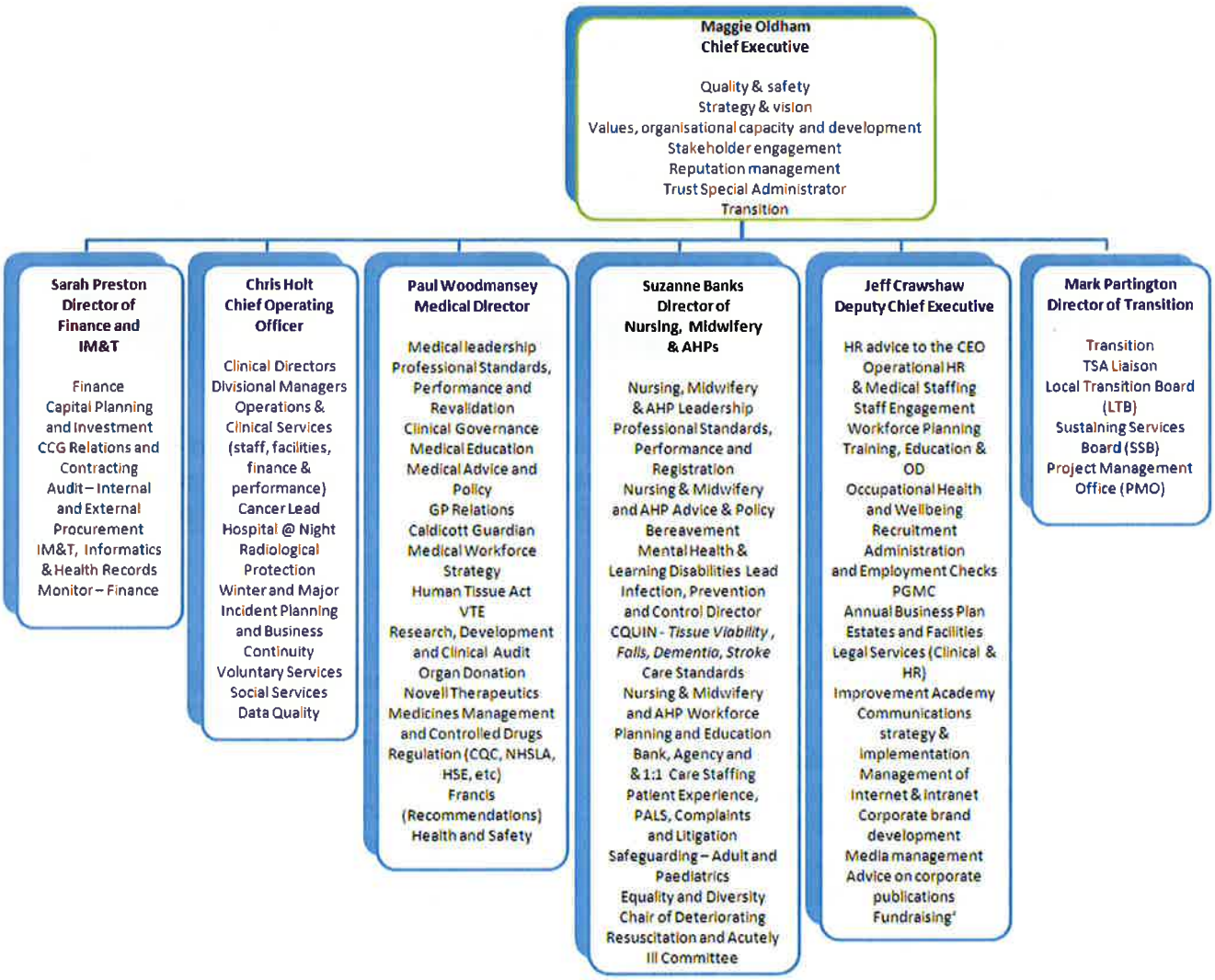


Table 15 - Details of the Executive Directors / Senior Management Team as at 31 March 2014

Chief Executive
Mrs Maggie Oldham

Mrs Oldham joined Mid Staffordshire NHS Foundation Trust in October 2010 as Chief Operating Officer. She took over as Chief Executive in May 2013 to support the Trust Special Administrator in ensuring that the Trust continues to operate safely during the administration process.

Mrs Oldham began her NHS Career in 1982, training initially as an Enrolled Nurse. Mrs Oldham has a particular interest in developing and redesigning services provided by District General Hospitals, such as MSFT as she recognises their valuable role in the local community.

Deputy Chief Executive
Mr Jeff Crawshaw

Mr Crawshaw joined Mid Staffordshire NHS Foundation Trust on an Interim basis in May 2013. As a director in HR and Operations for the last 25 years Jeff has worked across all health sectors in Yorkshire, London and Worcestershire and also had spells at the Department of Health and Strategic Health Authority.

Chief Operating Officer
Mr Chris Holt

Mr Holt joined the Trust in January 2012 following 10 years as a management consultant, working within health across both primary and secondary care in England and Scotland on operational performance improvement. Prior to that he spent a number of years working across both public and private organisations across Europe. He has an MBA from Cardiff University.

Director of Transition
Mr Mark Partington

Mr Partington was previously Director of Operations at Calderdale and Huddersfield Foundation Trust for over 10 years. During this time he supported the Trust in delivering the Monitor compliance framework every year and was responsible for overseeing the successful reconfiguration of key clinical services across two District General Hospital sites.

Mr Partington is a law graduate and holds a Masters Degree in Leadership, Innovation and Change Management.

Director of Nursing, Midwifery and Allied Health Professionals (AHPs)
Mrs Suzanne Banks

Mrs Banks joined the Trust on 2 December 2013 on a secondment from Central Midlands Commissioning Support Unit where she held the position of Nursing and Quality Lead. She is committed to driving forward and continuously improving the quality and safety of patient care.

Mrs Banks worked at Mid Staff previously as Deputy Director of Nursing from June 2009 (following the Healthcare Commission report) until February 2012.

Before that, Mrs Banks worked in senior nursing positions within both community providers and commissioning organisations, working with health, social care, voluntary sector and regulatory bodies.

Mrs Banks began her career as a Registered General Nurse and then specialised in Paediatrics and Health Visiting. She holds a Masters in Business Administration (MBA) from Keele University.

Medical Director
Dr Paul Woodmansey

Dr Woodmansey qualified with MB CHB in 1986 from Sheffield University Medical school (having received an intercalated honours BMedSCi science degree in 1984). Training years alternated between the teaching hospitals of Sheffield and Leeds, lastly as registrar in cardiology at the Leeds General Infirmary.

MD awarded in 1995 for work on the effect of calcium channel blockade in pulmonary hypertension. Appointed consultant cardiologist in Stafford in 1995. Fellowship of the Royal College of Physicians awarded in 2000

Director of Finance and IM&T
Mrs Sarah Preston

Mrs Preston joined the Trust in June 2007 and became Deputy Finance Director in May 2008 and Director of Finance and IM&T in January 2014.

Mrs Preston started her career in the NHS as a National Graduate Trainee in 1988 and has held a number of senior management positions in Royal Wolverhampton Hospitals prior to joining the Trust.

Table 16 - Past Executive Directors / Senior Management Team members in post during 2013/14 but not in post as at 31 March 2014

Chief Executive – Lyn Hill-Tout
Appointed as Chief Executive on 13 June 2011
Resigned as Chief Executive on 31 May 2013
Interim Director of Human Resources – Ms Margot Johnson
Appointed as Interim Director of Human Resources on 24 April 2012
Resigned as Interim Director of Human Resources of the Trust on 30 April 2013
Director of Quality and Patient Experience – Ms Julie Hendry
Appointed as Interim Director of Nursing and Director of Infection Prevention & Control on 17 November 2009
Appointed as Director of Quality and Patient Experience on 1 September 2010
Resigned as Director of Quality and Patient Experience of the Trust on 2 January 2013
Director of Finance and Performance – Mr Aaron Cummins
Appointed as Finance Director on 1 June 2012
Resigned as Finance Director of the Trust on 31 December 2013
Director of Nursing and Midwifery – Mr Colin Ovington
Appointed as Director of Nursing and Midwifery on 01 June 2010
Resigned as Director of Nursing and Midwifery of the Trust on 8 December 2013
Medical Director – Robert Courteney-Harris
Appointed as Medical Director on 18 June 2012
Resigned as Medical Director on 31 May 2013

4.2.3 Non Executive Directors / Independent Members

The suspended Non Executive Directors (NEDs) provide support to TSA as Independent Members and the structure incorporated a role for the NEDs in acting as Independent Members on Quality Committee, Integrated Audit and Assurance Committee and Charitable Funds Committee. Two of the suspended NEDs resigned as at 31 May 2013, where the four remaining suspended NEDs have acted as Independent Members sharing the responsibility of requiring at least two Independent Members at each of the three committees between them on an agreed basis.

The suspended Chair provides support to the TSA, as an Independent Member in particular in order to chair the Senior Management Team and TSA Board meetings and provide independent challenge.

Table 17 - Details of Non Executive Directors as Board Members as at 31 March 2013

Chair / Independent Member

Professor John Caldwell

Professor Caldwell was appointed as Chair of the Trust on 1 February 2012, for a three year tenure ending on 31 January 2015.

As an Independent Member Professor Caldwell is Chair of the Senior Management Team and TSA Board.

Professor Caldwell has held a significant number of Chair and Non Executive Director appointments during his career.

Deputy Chair / Independent Member

Mr Dennis Heywood

Mr Heywood was appointed as a Non Executive Director on 1 February 2009 and re-appointed for a second term on 1 February 2012 for a three year tenure ending on 31 January 2015.

During his career, Mr Heywood has held the positions of Chairman, Chief Executive and Managing Director. Mr Heywood also has extensive experience of strategic and business planning in the private sector. He has held a number of Non Executive Directorships.

Independent Member

Mrs Jayne Jones

Mrs Jones was appointed as a Non Executive Director on 1 July 2011 for a three year tenure ending on 30 June 2014.

Mrs Jones was born and educated in Stafford and worked for the local Council for many years. Mrs Jones is a qualified management accountant and also has a Masters degree from Staffs University. Mrs Jones considers the hospitals to be very much a part of the community.

Independent Member

Mrs Jane King

Mrs King was appointed as a Non Executive Director on 1 August 2011 for a three year tenure ending on 31 July 2014.

Mrs King's career has included a range of senior executive and non-executive roles in the public and voluntary sectors. She has chaired an NHS Community and Mental Health Trust and for five years was Regional Commissioner with NHS Appointments Commission, recruiting, supporting and appraising Chairs and NEDs across many NHS Boards. Mrs King has particular interests in governance and patient and public involvement.

Table 18 - Past Non-Executive Directors / Independent Members in post during 2013/14 but not in post as at 31 March 2014

Mrs E Chumley-Roberts
Appointed as Non Executive Director on 1 July 2010
Resigned prior to the designated terms of office on 31 May 2013

Dr Lynne Hulme
Appointed as Non Executive Director on 1 October 2012
Resigned prior to the designated terms of office on 31 May 2013

There have been no changes to the Senior Management Team since the end of the 2013/14 financial year.

Table 19 – Declaration of interest for Executive Directors / Senior Management Team and Independent Members as at 31 March 2014

NAME / POSITION	INTEREST
EXECUTIVE DIRECTORS / SENIOR MANAGEMENT TEAM:	
Mrs Maggie Oldham *Chief Executive*	NHS Elect – Board Member
Mrs Sarah Preston *Director of Finance and IM&T*	Mid Staffordshire Medical Education Centre – Director Mid Staffordshire Postgraduate Medical Centre (Education Centre) - Director
Mrs Suzanne Banks *Director of Nursing, Midwifery, and AHPs*	None
Mr Chris Holt *Chief Operating Officer*	None
Dr Paul Woodmansey *Medical Director*	Mid Staffordshire Postgraduate Medical Centre (Education Centre) – Director Private Medical Practice
Mr Jeff Crawshaw *Deputy Chief Executive*	Crawshaw Haynes Associates Limited – Director Barrelwood Limited - Director
Mr Mark Partington *Director of Transition*	Governor – Greenhead Sixth Form College, Huddersfield, West Yorkshire
INDEPENDENT MEMBERS: (Suspended as Non Executive Directors from 16 April 2013 following appointment of the TSA)	
Professor John Caldwell	MorEx Development Partners LLP – Chairman
Mr Dennis Heywood	Royal Institution of Chartered Surveyors – Non Executive Director Flame Homeware Ltd – Chairman
Mrs Jayne Jones	Staffordshire Crimestoppers Charity Committee – Chair Gateway Assure Limited – Associate Barony Consulting Limited - Associate
Mrs Jane King	Jane King (writing, training and consultancy services) – Sole proprietor Hygeian Consulting – Associate Consultant Health and Social Care Leadership Centre (Belfast) Associate Consultant Open University School of Business and Law – Associate Lecturer

There are no Executive Directors who serve as Non Executive Directors elsewhere.

Table 20 - Declaration of interest for Executive Directors / Senior Management Team and Independent Members no longer in post as at 31 March 2014

NAME / POSITION	INTEREST
EXECUTIVE DIRECTORS / SENIOR MANAGEMENT TEAM	
Mrs Lyn Hill-Tout *Chief Executive*	NHS Elect – Chair Katharine House Hospice – Member of Trustee Board
Mr Aaron Cummins *Director of Finance*	None
Mr Robert Courteney-Harris *Medical Director*	Undertakes private practice at Nuffield Hospital, Newcastle-under-Lyme
Mr Colin Ovington *Director of Nursing and Midwifery*	None
Ms Julie Hendry *Director of Quality and Patient Experience*	Plymouth Intensive Care Charity – Trustee
Mrs Margot Johnson *Interim Director of Human Resources*	University Hospital of North Staffordshire – Executive Director
INDEPENDENT MEMBERS: (Suspended as Non Executive Directors from 16 April 2013 following appointment of the TSA)	
Mrs E Chumley-Roberts	Chumley-Roberts Partnership – Director Age UK South Staffordshire – Director
Dr Lynne Hulme	B&H Healthcare Ltd – Director B&H Properties Chair of Governing Council Moreton Hall School

The Declaration of Interests for the Directors of the Board/Senior Management Team are held by the Associate Director of Corporate Governance / Company Secretary and can be accessed by telephoning: 01785 887534 or emailing: david.haycox@midstaffs.nhs.uk or by writing to Associate Director of Corporate Governance / Company Secretary, Mid Staffordshire NHS Foundation Trust, Weston Road, Stafford, ST16 3SA.

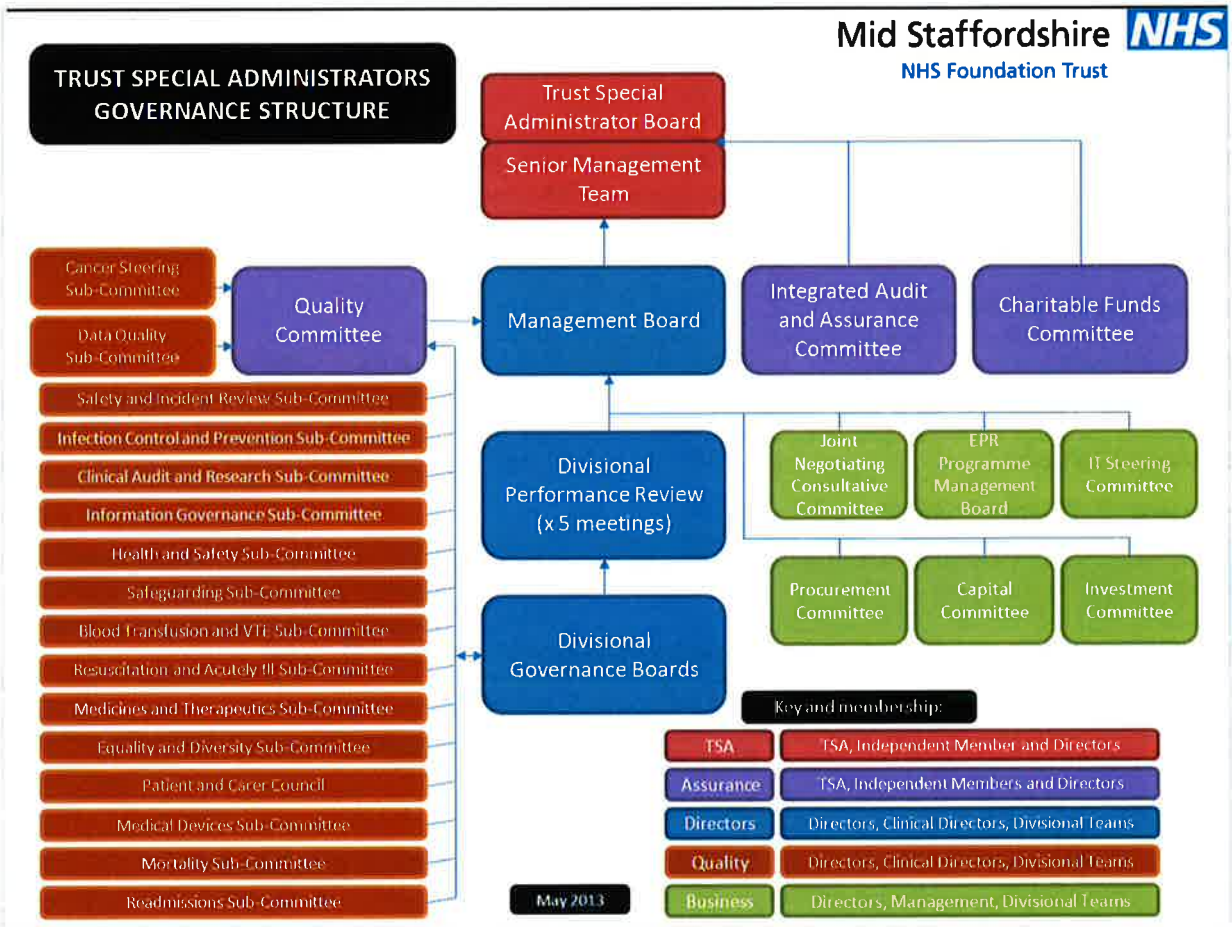
Significant Commitments of the Trust Chair

The Trust Chair, Professor John Caldwell, is Chairman of MorEx Development Partners LLP and has no other significant commitments.

4.2.4 Governance Structure

Following the appointment of Trust Special Administrators (TSA) to the Trust on 16 April 2013, the responsibilities previously held by the Council of Governors and the Trust Board rested with the TSA. A review of Corporate Governance arrangements to reflect the TSA appointment was undertaken and the following structure became effective as of 1 June 2013.

Figure 7 - Trust Special Administration Governance Structure



TSA Board

The TSA Board and Senior Management Team effectively replaced the Trust Board from 1 June 2013.

The TSAs can decide at their discretion to exercise any of their functions within their statutory powers and those contained in the Reservation of Powers and Standing Financial Instructions through the Board. However, this structure provides governance to support these decisions.

Membership includes TSA, two TSA representatives, Independent Members, Chief Executive, plus three Executive Directors.

The TSA Board responsibilities are:

- Receive for consideration and approval business cases from the Chief Executive where the required budget to support such business cases is over and above that already delegated to the Chief Executive.
- Receive for consideration and approval requisitions for orders to be placed, contracts to be agreed, signed and sealed where the commitment exceeds the financial value of £250,000.
- Receive reports regarding the use of charitable funds.
- Approve submissions to Monitor including Annual Report and Accounts, Annual

Statements, and Annual Plan, Quarterly Progress Reports.

- Approve, by exception, policies and other Trust documents, including Constitution, Standing Financial Instructions, Scheme of Delegation and any other policies that Management Board determines approval is required by TSA.
- Approve remuneration and terms and conditions of Executive Directors.

Senior Management Team

The Senior Management Team meeting replaced the public part of the Trust Board from 1 June 2013. The meeting is still held in public. The suspended Chair provides support to the TSA, as an Independent Member in particular in order to chair the Senior Management Team and TSA Board meetings and provide independent challenge.

Membership includes one of the TSAs, two representatives of the TSA, Independent Members, Chief Executive and all six Executive Directors.

The Senior Management Team responsibilities are:

- Receive and consider reports about the Trusts ongoing quality, operational, workforce and financial performance.
- Receive the Assurance Framework.
- Receive assurance on the Trust's Statutory and Regulatory compliance.
- Receive assurance regarding the effective governance of the Trust.
- Approve submissions to Monitor on behalf of TSA Board.

Integrated Audit and Assurance Committee

Membership includes two Independent Members (one of whom will chair the Committee), Chief Executive, four Executive Directors, External Auditors, Internal Auditors, and Representative of the TSAs

The Integrated Audit and Assurance Committee had previously been called the Audit, Risk and Assurance Committee. Following the appointment of Trust Special Administrators (TSA) to the Trust on 16 April 2013 and subsequent review of Corporate Governance arrangements the Audit, Risk and Assurance Committee had been adopted but enhanced to include the expanding role in providing the TSA with overall independent assurance on systems of control, operational effectiveness, risk and performance including quality.

The Integrated Audit and Assurance Committee responsibilities are:

- Receive reports from the external auditors, the internal auditors, the Company Secretary and Deputy Director of Finance regarding systems of control, operational effectiveness and risk
- Receive reports from the Executive Directors regarding actions to address weaknesses in systems of control, operational effectiveness and risk
- Receive reports from the Executive Directors regarding assurance on performance matters including quality

The number of meetings and Senior Management Team attendance are disclosed on page 55.

Management Board

Membership includes Chief Executive (Chair), all Executive Directors, and all Clinical Directors.

The core functions of this Board have taken on the role of the previous Executive Committee but with a broader remit to ensure that it is the conduit for the Chief Executive, supported by Executive Directors, to subsequently report to the TSA in providing information and assurance with reports to Senior Management Team.

All matters of performance and governance report through to Board through receipt of performance reports from each of the Divisions.

Additionally, the Management Board are the key decision making forum for all matters that do not require the approval of the TSA but do require approval of Chief Executive and Executive Directors. Any matters that require approval by TSA will first be

considered by this Board (except when urgency and timing does not permit) prior to being presented to TSA Board.

Management Board was strengthened compared to the previous Executive Committee it replaced, with greater focus on performance management of the 5 divisions (4 Clinical Divisions plus Corporate Division). Specifically, Management Board responsibilities are:

- Provide information and assurances to the Chief Executive and Executive Directors that the Trust is safely managing all issues relating to quality and risk.
- Monitor the strategic and operational systems and processes which ensure the safe management of the organisation.
- Consider matters of a quality governance nature that have been escalated by the chair of one of the quality governance committees via Quality Committee.
- Instigate any required action and approving sign off of completed action plans.
- Receiving regular reports on issues and challenges faced by the Clinical Divisions and the Corporate Division and the mitigating action taken.
- Determine significant matters requiring escalation and decisions requiring approval to the TSA Board by Chief Executive.
- Receive reports from each of the Clinical Divisions and Corporate Departments.
- Receive reports from Quality Committee.

Quality Committee

Membership includes two Independent Members (one of whom will chair the Committee), Chief Executive, three Executive Directors, a representative of the TSA, and two representatives from Clinical Commissioning Groups.

The Quality Committee had previously been known as the Healthcare Quality Assurance Committee. The Committee was adopted by the TSA governance structure and amended to reflect that this Committee would provide an opportunity for constructive challenge and scrutiny regarding quality and advise Management Board.

The Quality Committee responsibilities are:

- Provide specialist challenge, advice and support to the Management Board on all matters relating to quality governance and risk and incident management.
- Consider all matters of quality governance including patient care, patient experience and patient safety.
- Receive details of the outcomes of unannounced and announced visits that may be undertaken by Public Representatives and any actions arising from those visits.
- Monitor the detailed implementation of the Clinical Audit Plan and provide assurance to the Integrated Audit and Assurance Committee.
- Review Cost Improvement Plans (CIPs) and raise any concerns about the quality of patient care and patient safety.

The Quality Committee receives assurances from 16 sub-committees in relation to matters of a quality governance nature. These are shown in Figure 7.

Charitable Funds Committee

This Committee replaced the previous Donated Funds Committee of Trust Board and includes the same functions in terms of assurance but any matters for decision are presented to TSA Board for approval.

The membership includes two Independent Members (one of whom will Chair), two Executive Directors and representatives of the TSA.

The Non Executive Directors continue to serve on the Charitable Funds Committee as Independent Members. Their purpose at Charitable Funds Committee has been similar to that under the previous Trust Board structure but not in a decision making capacity, with reporting to Senior Management Team and for decision at Trust Special Administrator Board.

4.2.5 Other Committees of Board prior to Appointment of TSAs

The following Committees were in existence during 2013/14 up until the appointment of the TSAs 16 April 2013. Following their appointment the Committees became known as 'Working Groups' as a review of the governance structures was undertaken. As at the 1 June 2013 the following committees' functions were absorbed into the current Committees within the TSA governance structure mentioned above and shown in Figure 7.

Nominations and Remunerations Committee

Nominations and remunerations are undertaken by the TSA Board.

Any matters arisen in relation to the core purposes of this Nominations and Remunerations Committee, are considered by the TSA, of which the primary responsibility was to determine the remuneration, allowances, and other terms and conditions of office for the Chief Executive and other Executive Directors.

The number of meetings and individuals' attendance at TSA Board are disclosed on page 55.

Finance, Investment and Operational Performance Committee

The Finance, Investment and Operational Performance Committee became a working group at the appointment of the TSA on 16 April 2014. As at 1 June 2013 the functions were allocated to other committees within the TSA Governance Structure. All matters of financial and operational performance report through Management Board with triangulated assurance through Integrated Audit and Assurance Committee. Matters of a strategic financial nature are being considered as part of the core remit of the appointment of the TSA and therefore are not required to be considered within this structure.

Workforce Strategy Committee

The Workforce Strategy Committee became a working group at the appointment of the TSA on 16 April 2014. As at 1 June 2013 the functions were allocated to other committees within the TSA Governance Structure. All matters of workforce performance report through Management Board with triangulated assurance through Integrated Audit Assurance Committee. Matters of a strategic workforce nature considered as part of the core remit of the appointment of the TSA.

Shaping the Future Programme Committee

The Shaping the Future Programme Committee was disbanded at the appointment of the TSA on 16 April 2014. As at 1 June 2013 the functions were allocated to other committees within the TSA Governance Structure. All matters of programme management report through Management Board with triangulated assurance through Integrated Audit Assurance Committee. Matters of a strategic nature considered as part of the core remit of the appointment of the TSA.

Table 21 - Attendance by Independent member and Executive Director/Senior Management Team

Name	Term of Appointment (Commencement in current position)	TSA Board	Senior Management Team	Integrated Audit and Assurance Committee
		Attendance/Occurrence of meetings during term of office		
Trust Special Administrators				
TSA / Representative of the TSA	Commenced 16/04/2013	12/12	11/11	5/6
Independent Member				
Professor John Caldwell	01/02/2012 – 31/01/2015	10/12	11/11	-
Dennis Heywood	01/02/2009 – 31/01/2015	-	-	6/6
Jane King	01/08/2011 – 31/07/2014	-	-	-
Jayne Jones	01/07/2011 – 30/06/2014	-	-	5/6
Eleanor Chumley-Roberts	01/07/2010 – 31/05/2013	-	-	-
Lynne Hulme	01/10/2012 – 31/05/2013	-	-	-
Executive Director / Senior Management Team				
Maggie Oldham	Commenced 01/05/2013	11/12	11/11	4/6
Jeff Crawshaw	Commenced 28/05/2013	3/3	10/10	-
Chris Holt	Commenced 01/05/2013	-	10/10	5/6
Sarah Preston	Commenced 01/01/2014	3/3	2/2	2/2
Suzanne Banks	Commenced 01/12/2013	-	3/3	-
Paul Woodmansey	Commenced 01/05/2013	10/11	9/10	-
Mr Mark Partington	Commenced 13/03/2014	-	-	-
Lyn Hill-Tout	13/06/2011 – 31/05/2013	-	-	-
Aaron Cummins	01/06/2012 – 31/12/2013	9/9	9/9	4/4
Julie Hendry	17/11/2009 – 02/01/2014	-	7/8	-
Colin Ovington	01/06/2010 – 08/12/2013	-	6/8	-
Robert Courteney-Harris	18/06/2012 – 31/05/2013	1/1	2/2	-
Margot Johnson	24/04/2012 – 30/04/2013	-	-	-

During 2013/14 the TSA Board held two extraordinary meetings held in public.

4.2.6 Summary of performance evaluation of the Board of Directors and its Committees

An independent review of the TSA governance structure was undertaken in November and December 2013, and reported in January 2014 that the governance structure fulfilled the functions required and would remain fit for purpose unit dissolution of the Trust.

4.2.7 Internal Audit

The Trust's internal audit has been provided throughout 2013/14 by RSM Tenon who since September 2013 became Baker Tilley. The internal auditors are invited to attend the Integrated Audit and Assurance Committee.

4.2.8 External Audit

The Trust's external audit function is carried out by KPMG. The external auditors are invited to attend the Audit, Risk and Assurance Committee.

The Integrated Audit and Assurance Committee received reports from the External Auditors at each meeting and considered the process of external audit. The re-appointment of the External Auditors was considered by the Committee early in the year and it was agreed that they would be commissioned to undertake external audit for 2013/14. In a subsequent Committee meeting it was agreed inappropriate for the service to be retendered for the auditing of 2014/15 accounts due to the impending dissolution of the Trust. An agreement was therefore made for the current External Auditors to continue to provide the service to the Trust up to the point of dissolution and to provide a service regarding the auditing of any Annual Report and Accounts for the year of dissolution, as necessary, expected to be during 2014. This was considered and agreed by the Committee in private without either the External Auditors or Internal Auditors present. The value of external audit services for 2013/14 was £90,000 compared to £88,000 during 2012/13.

4.2.9 Significant issues of the Integrated Audit and Assurance Committee

The Integrated Audit and Assurance Committee has had an important role during 2013/14 in considering significant financial and governance matters. This has been exacerbated due to the Trust being in administration from 16 April 2013. In particular, following the revised governance structure being agreed the remit of the Committee was widened to include the necessity to receive reports regarding the integrated performance of the Trust. This enabled the Committee to particularly focus and be assured regarding the added risks that the year has brought in meeting the operational, financial, workforce and governance compliance objectives of the Trust and how they were managed. The challenges of meeting the cost improvement programme (CIP) savings targets and achieving the deficit agreed with Monitor was considered by the Committee at each meeting through receipt of the finance performance report which focused on the forecasts and plans to achieve the agreed deficit through effective financial management and achieving CIP saving plans. Operational and compliance targets were compounded during the year with the significant difficulty in recruitment and retention of clinical staffing, especially nurses and doctors, impacting on operational effectiveness. The Committee received integrated performance reports at each meeting regarding operational and workforce performance and appropriate challenge and scrutiny provided.

4.2.10 Counter Fraud

Local Counter Fraud Services were provided by Baker Tilley during 2013/14, with the role to assist in creating an anti-fraud culture within the Trust by deterring, preventing, and detecting fraud, while also investigating suspicions that arise and applying appropriate sanctions.

The Integrated Audit and Assurance Committee received regular reports from the Local Counter Fraud Service throughout the year.

4.3 Council of Governors

The Council of Governors were suspended from office following the appointed of Trust Special Administrators to the Trust with effect from 16 April 2013.

Governors were engaged by the Trust Special Administrators in the capacity of Public Representatives.

The Council of Governors consisted of 25 Governors made up of elected members of the public, staff and those appointed by partner organisations for the performance of the Trust. The distribution of governor constituencies is demonstrated below.

Membership of the Council of Governors as of 31 March 2014 is shown in Table 22, including the nature of the appointment, constituency, and term of office.

As the Council of Governors were suspended from office as of 16 April 2013, there were no meetings of the Council of Governors during 2013/14.

- During the reporting period there were no elections to the Council of Governors.
- The role and responsibilities of the Council of Governors were taken up by the TSA as at 16 April 2013.
- Ten Governors' terms of office ended in September 2013.
- The Trust Special Administrators decided not to hold elections as there would be no benefit in doing so whilst Governors were suspended during the period of Trust Special Administration. These positions therefore are now vacant, but the remaining Governors continue in their capacity of Public Representatives.

The suspended Governors have been able to continue to undertake announced and unannounced visits across the Trust as Public Representatives, providing valued feedback on patient care.

Register of Interests of Governors

The Declaration of Interests for the Council of Governors/Public Representatives is held by the Associate Director of Corporate Governance / Company Secretary and can be accessed by telephoning: 01785 887534 or emailing:david.haycox@midstaffs.nhs.uk or by writing to Associate Director of Corporate Governance /Company Secretary, Mid Staffordshire NHS Foundation Trust, Weston Road, Stafford, ST16 3SA.

Figure 8 - Governor Constituency Distribution

Table 22 – Governor / Public Representatives Details

Name	Term of Office	Term
Cannock Chase		
Michael Fowkes	2009-2015	2nd
Janis Lomas	2007-2013	ENDED
Carole Howard	2010-2013	ENDED
John Raybould	2012-2015	1st
Jean Waller	2012-2015	1st

Name	Term of Office	Term
Stafford		
Stephen Hind	2010-2013	ENDED
Pauline Deakin	2007-2013	ENDED
Peter Williams	2010-2013	ENDED
Edwin Harper	2012-2015	1st
Ken Walker	2012-2015	1st

Name	Term of Office	Term
Staff		
Atef Markos *	2007-2013	ENDED
Kim Ferneyhough	2010-2013	ENDED
Anne Jones	2010-2013	ENDED
Melvyn Ray	2012-2015	1st
Mel Riley	2012-2015	1st

Name	Term of Office	Term
Surrounds		
Christine Bowers	2007-2013	ENDED
Josephine Chapman	2009-2015	2nd
Sue Gay	2010-2013	ENDED

**Initially elected for a 2 year term of office*

Name	Partner Organisation	Term of Office	Term
Appointed			
Muriel Davis	(Cannock Chase District Council)	2011-2014	1st
Joyce Farnham	(Stafford Borough Council)	2008-2014	2nd
Janet Johnson	(South Staffordshire District Council)	2011-2014	1st
Philip Jones	(Staffordshire County Council)	2010-2013	2nd
Heather Johnstone	(South Staffordshire PCT)	2009-2015	2nd
Lindsay Bashford	(Keele University)	2008-2014	2nd
Ken Sproston	(Staffordshire University)	2008-2014	2nd

4.4 Membership

4.4.1 Eligibility requirements

At 31 March 2014 the Trust had 3895 Public Members and 2792 Staff Members. Eligibility for Membership is described in the tables below.

Anyone aged 16 or over, who lives in the wards specified below for the public constituency can register for Membership, provided they are not eligible to become a Member of the staff constituency or otherwise disqualified for Membership as described in the Constitution. Any Member aged 18 or over is entitled to stand for election as a Governor, when elections take place.

All members of staff automatically become Staff Members of the Trust, unless they decide to opt out.

Public Constituency

The Trust's Public Constituency comprises the local government wards specified in each of the 3 areas as set out in Table 23.

Table 23 - Public Constituency

Areas	Wards	Minimum Number of Members	Number of Governors
Cannock	All Wards within the boundary of Cannock Chase District Council	50	5
Stafford	All Wards within the boundary of Stafford Borough Council	50	5
Surrounding Area	All Wards within the boundary of South Staffordshire District Council All Wards within the boundaries of: ■ Birmingham City Council ■ Crewe & Nantwich Borough Council (Area of Cheshire East Council) ■ Derbyshire County Council ■ Dudley Metropolitan Borough Council ■ East Staffordshire Borough Council ■ Lichfield District Council ■ Newcastle-under-Lyme Borough Council ■ Sandwell Metropolitan Borough Council ■ Shropshire Council ■ Staffordshire Moorlands Borough Council ■ Stoke on Trent City Council ■ Tamworth Borough Council ■ Telford and Wrekin Council ■ Walsall Metropolitan Borough Council ■ Wolverhampton City Council	30	3

Staff Constituency

The minimum number of members of the Staff Constituency shall be 50.

Table 24 - Staff Constituency

Constituency	Minimum Number of Members	Number of Governors
All eligible under paragraph 8 of the Constitution	50	5

4.4.2 Number of Members

The Trust created Member constituencies to reflect the communities it serves.

Table 25 - Membership Constituency

Membership Constituency	Number of Members at 31 March 2014
Public: Cannock	**1195**
Public: Stafford	**2056**
Public: Surrounding Area	**644**
Staff *	**2792**

**This figure differs from the staff workforce number given elsewhere in this report. This is because the staff membership group is the actual numbers of people employed by the Trust rather than whole time equivalents and takes account of any staff who have decided to opt out of membership.*

4.4.3 Membership Strategy

The Membership Strategy and the priorities agreed in 2012/13 remained in 2013/14, however following the appointment of the TSA on 16 April 2014, the emphasis shifted from the aims of the strategy to ensuring that members along with members of the public were fully engaged in the TSA consultation on the future services for local people using Stafford and Cannock Chase Hospitals, Maintaining high quality, safe services for the future.

Communication with members has been focused on informing them of progress through the process of Trust Special Administration, including the mechanisms to express their views on the TSA draft proposals and encouraging their feedback on the proposals through the series of public consultation events held in August and September 2013 and in writing to help shape the TSA's final recommendations. A number of members still sit on the Patient Experience Group and the Patient and Carer Council, which gives members who wish a chance to become more involved.

The most effective method of recruiting members is through direct contact. However the Trust has continued to encourage members to join at any time. It continues to promote membership through meetings of the Senior Management Team, posters displayed throughout Trust premises and information on the Trust's website.

4.4.4 Contact procedures for members

The Trust is as committed to retaining members as to recruiting new ones. It is therefore important that membership is kept informed and involved and that communications are relevant and timely. The Trust's website gives details for members who wish to communicate with a Governor/Public Representative and/or someone on the Board/Senior Management Team. This can be done through the Trust's website contact page or by telephoning the Trust's Membership Office on telephone 01785 887504.

5. Other disclosures in the public interest

5.1 Actions taken by the Trust to maintain or develop the provision of information and consultation with, employees

In response to feedback via previous Staff Surveys, we have sought to dramatically improve communication between senior managers and staff in the last year.

Three subjects have dominated the communications agenda:

- The publication of the Francis Report
- The views of our staff as captured through the Staff Survey
- The work of the Trust Special Administrators.

Through the Spring and Summer of 2013 we organised 60 'Listening and Improving' sessions which were attended by more than 1200 staff, in which the three topics above were discussed and updates provided.

Structured feedback was gathered from staff and common themes identified.

Staff views were incorporated into the Trust formal response to the Francis Report.

The contribution of staff through the 'Listening and Improving' sessions, and the common themes arising, were acknowledged within a video message recorded by our Chief Executive, which was widely circulated as part of the promotion of the annual Staff Survey.

The monthly team brief has been simplified and augmented by weekly updates.

Face to face briefing sessions, which are open to all staff, are now held every week on both hospital sites, with frequent reminders to staff that executives are available at these sessions to provide updates and answer questions.

On a daily basis, operational issues are communicated to staff via email.

The Trust Special Administrators (TSA) have provided frequent structured updates to staff via email and internet publication, augmented by face to face briefing sessions at both Stafford and Cannock, which have been publicised widely to ensure that staff have opportunities to listen and respond directly to TSA officers.

Staff were again invited this year to bid for non-recurrent money to improve their services to patients or staff via a "Dragons' Den" format. As a result, over £35,000 of charitable funds was invested in 12 projects which may not have come forward via other means.

5.2 The Trust's policies in relation to disabled employees and equal opportunities

The Trust is committed to employing those with disabilities and to retaining staff within the workforce when they become disabled during the course of their employment. All job applicants are asked to declare whether they have a disability and reasonable adjustments are made in line with legislation. Our commitment to the employment of staff with disabilities is recognised by the continuing award of the Jobcentre+ "Positive about Disability" Two Ticks Accreditation.

5.3 Information on Health and Safety Performance and Occupational Health

The Trust has continued with its confidential staff counselling service in the last 12 months. In the calendar year of 2013 there were 105 staff who used the service, a reduction on past years. The service includes specialist support in Cognitive Behavioural Therapy, where this is seen as appropriate. Feedback indicates that staff who use these services value them highly.

The Occupational Health Department has continued to support Trust staff over the course of the year.

52% of our workforce had a flu jab in the most recent campaign. This was a significantly higher take up than in 2012, reflecting a focused and diligent approach to provide of opportunities for staff to be vaccinated. Maggie Oldham, Chief Executive

has openly shared her concern that the take up for the flu jab wasn't higher.

The Trust has continued to put the quality of care and the safety of its services first. The Trust has an open reporting culture and has a high, and healthy, reporting rate from its staff. The median for reporting adverse incidents for small acute hospitals is 6.5 incidents reported per 100 admissions (NHS Commissioning Board). The Trust reporting rate is 8.1 incidents reported per 100 admissions. The Trust, based on the latest available information, is in the 75th percentile for small acute hospitals for incident reporting.

The Trust is establishing a 'Learning from Experience Group' expanding on the current Incident Review Group, which scrutinizes all investigations resulting from serious incidents. The aim of the group is to provide a quick initial review of incidents to identify any rapid changes that need to be implemented resulting from incidents, and provides a monitoring role for investigators and any subsequent action plans.

The Trust takes its Health & Safety responsibilities seriously, and has recently implemented a programme of culture change at ward level, on the back of the Service Improvement Notices that were served against it. This is closely tied to the common themes resulting from the Trust's incident reporting system and lessons learned processes. This will support the Trust's overall quality and safety strategy for 2014/15.

5.4 Information on policies and procedures with respect to countering fraud and corruption

In 1998, the government set up the NHS Counter Fraud Service through the Secretary of State Directions. The service (now re-named as NHS Protect) has the central co-ordinating and directing role, revising policy and processes to prevent fraud arising, providing information to target counter fraud action, continuously identifying the nature and scale of the problem of fraud and corruption and setting and monitoring the standards of counter fraud work.

Under the new NHS Standard Contract for 2013/14, Mid Staffordshire NHS Foundation Trust was required to put in place, appropriate counter fraud and security management arrangements. The arrangements were based on the outcome of the NHS Protect Crime Risk Assessment. Completion of the assessment reflected the Trust as a level 1 organisation and the rating awarded has determined which of the NHS Protect's Standards for Providers; the Trust is expected to comply with. A self-assessment against the Standards has been undertaken and the Trust is reflected as 'green' across all areas of compliance.

The activities undertaken by the LCFS during the year have been delivered to ensure that they are risk-based and in-line with the latest thought-leadership and emerging methodologies, including NHS Protects Standards for Providers, the Government's National Fraud Strategy and CIPFA's 'Managing the Risk of Fraud' document which are considered best practice when countering fraud.

The Trust has a nominated Local Counter Fraud Specialist, employed by Baker Tilly, carrying out a range of activities to counter fraud at a local level. Counter fraud specialists are trained and accredited to ensure that their work is carried out professionally and in compliance with all relevant legislation.

The work carried out by the LCFS covers awareness activities as well as work to deter, prevent and detect fraud. In addition, the LCFS is also responsible for investigating any allegations of fraud and ensuring the appropriate sanction and redress is sought.

During the year, the LCFS received referrals of alleged fraudulent activity taking place and abuse of NHS funds which resulted in 12 new investigations being undertaken.

5.5 Statement describing the better payment practice code, or any other policy adopted on payment of suppliers, and performance achieved together with disclosure on any interest paid under Late Payment of commercial debts (interest) Act 1998

The better payment practice code requires the Trust to aim to pay all undisputed non NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice whichever is later.

Performance this financial year is shown in the table below.

	Number	Value
Invoices paid April 2013 to March 2014	51,626	83,666
Invoices paid within 30 day target	39,227	61,726
Percentage paid within 30 day target	75.98%	73.78%

Legislation is in force which requires Trusts to pay interest to small companies if payment is not made within 30 days (Late payment of Commercial Debts (Interest) Act 1998). The Trust has not been charged interest for any late payment of commercial debts in 2013/14 (2012/13 £nil).

5.6 Details of consultations completed in the previous year, consultations in progress at the date of the report, or consultations planned for the coming year

There were no formal consultations held by the Trust during 2013/14.

The TSAs held formal public consultations between 6 August and 1 October 2013 on their draft recommendations published on 31 July 2013.

During the consultation, the TSAs:

- Spoke to more than 2,600 people at eight public consultation meetings across the county, listened to their concerns and answered their questions
- Attended 3 additional non-consultation public meetings hosted by Jeremy Lefroy MP, Healthwatch Stoke-on-Trent and the Health Overview Scrutiny Committee in Stoke
- Held more than 20 staff meetings, many of which were open to all staff including a number with staff from specific clinical areas of expertise, including Paediatrics, Maternity, Critical Care and the Surgical Assessment Unit as well as holding meetings with those staff working in support functions
- Held more than 80 meetings with key stakeholder groups, including MPs, the Ministry of Defence, local authorities, local clinical commissioning groups and patient advocacy groups
- Sent out in excess of 50,000 copies of the consultation document and response forms
- The TSAs' website received more than 5,800 hits during the consultation period and the TSAs also issued a significant number of press releases and placed adverts in the local papers to keep the general public informed of the consultation process.
- The TSAs received in total over 2,800 responses to the public consultation.

5.7 Consultation with local groups and organisations, including the Overview and Scrutiny committees of local authorities covering the membership areas

The Trust has reported to and attended Joint Health Scrutiny Accountability sessions, organised by Staffordshire County Council's Healthy Staffordshire Select Committee, at which there was representation from Health Scrutiny Committees from across Staffordshire, and held in public. These sessions took place in December 2013 and February 2014. Chris Holt, MSFT's Chief Operating Officer, participated in a Working Group on Delayed Hospital Discharge, organised the Healthy Staffordshire Committee in March 2014.

5.8 Any other patient and public involvement

The Trust considers the involvement of our local community essential in planning and evaluating the care of our patients.

During the year, the Trust held a number of focus groups where our local community assessed the Trust's performance against the Equality Delivery Scheme's nine protected characteristics, ensuring the Trust provides accessible and equitable services for all patient groups.

The Trust has a Patient and Carer Council chaired and attended by members of the public, a Paediatric User Group, Complaints Focus Group, and Patient Information Group. Local community groups were instrumental in developing our interpreter services and Patient Passport. Our monthly Senior Management Team meeting begins with a patient story told by patients and/or their families.

5.9 The number of, and average additional pension liabilities for individuals who retired early on ill-heath grounds during the year

During 2013/14 there were 5 early retirements from the Trust agreed on the grounds of ill health.

The estimated additional pension liabilities of these ill-health retirements will be £173k. The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

The accounting policies for pensions and other retirement benefits are set out in note 6.5 to the accounts and the arrangements for senior employees' remuneration can be found in the remuneration report.

5.10 Detailed disclosures in relation to "other income" where "other income" in the notes to the accounts is significant

The Trust does not consider its "other income" figure in the annual accounts significant enough to disclose further detail.

5.11 Income disclosures required by Section 43 of the NHS Act 2006

In accordance with the requirements of the Health and Social Care Act 2012, income from the provision of goods and services for the purposes of the health service in England significantly outweighs income from the provision of goods and services for any other purposes.

The receipt of other income has had no detrimental impact on the ability to deliver goods and services for the purposes of the health service in England.

5.12 Sickness absence data

The Trust's average monthly sickness absence for the calendar year 2013 as at the end of December was 4.17%. This represented a decrease for the third consecutive year, from 4.95% in 2010, 4.91% in 2011 and 4.84% in 2012.

There is support for staff via the Occupational Health Department in addition to the counselling services referred to in section 5.3 - Information on Health and Safety Performance and Occupational Health. Stress related illnesses and musculo-skeletal problems remain the two largest identifiable causes of absence and support is in place to help staff deal with these.

Table 26 - NHS Sickness Data

Staff Sickness Absence	10/11	11/12	12/13	13/14
Days Lost (Long Term) * (FTE Days Lost)	20,595	27,855	26,945	22,890
Days Lost (Short Term) (FTE Days Lost)	12,243	16,208	14,882	12,976
Total Days Lost **(FTE Days Lost)**	**32,838**	**44,063**	**41,827**	**35,866**
Total Staff **(FTE Staff in Post)**	**2,469**	**2,473**	**2,494**	**2,388**
Average working Days Lost	13	18	17	15
Total Staff Employed In Period (Headcount)	2,946	2,896	2,933	2,790
Total Staff Employed In Period with No Absence (Headcount)	755	773	789	817
Percentage Staff With No Sick Leave	**25.60%**	**26.70%**	**26.9%**	**29.3%**

* Long Term Sickness is regarded as over 20 days in accordance with Department of Health Guidance

5.13 A statement that the NHS foundation trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance

The Trust can confirm that it has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information.

5.14 Details of serious incidents involving data loss or confidentiality breach (required as part of NHS Information Governance rules)

There had been no serious incidents (SIs) concerning breaches of data confidentiality reported between for 1 April 2013 – 31 March 2014.

5.15 Other Financial Disclosures

External Audit Services

The Trust's external auditors for 2013/14 were:
KPMG LLP,
One Snowhill,
Snow Hill Queensway,
Birmingham,
B4 6GH

The Trust expects its external audit provider to act independently. Under the terms of engagement they are required to have control processes in place to ensure that this status is preserved and to notify the Trust's Audit Committee of any matter that could compromise the independence or objectivity of the Audit Team.

Significant Events since Balance Sheet

Other than reported in this Annual Report and Accounts with regard to the long term future of the Trust there have been no significant events since the balance sheet date that are likely to have a material impact on both the Trust and financial statements for the year ending 31 March 2014.

Land Interests

In accordance with the Trust's accounting policies, land and buildings were re-valued as at 31 March 2014 with a full valuation review.

Accounting Policies

Monitor, the Independent Regulator of NHS foundation Trusts, has directed that the financial statements of NHS Foundation Trusts must meet the accounting requirements of the NHS Foundation Trusts Annual Reporting Manual, as agreed with HM Treasury.

The accounting policies set out in the Annual Reporting Manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Annual Reporting Manual, to the extent that they are meaningful and appropriate to the NHS.

The Trust's Annual Accounts and associated financial statements have been prepared in accordance with the 2013/14 Annual Reporting Manual issued by Monitor.

6. Statement of Accounting Officer's Responsibilities

Statement of the Trust Special Administrator's responsibilities as the accounting officer of Mid Staffordshire NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by Monitor.

Under the NHS Act 2006, Monitor has directed Mid Staffordshire NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Mid Staffordshire NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's *NHS Foundation Trust Accounting Officer Memorandum*.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Date: 27 May 2014

Mrs Maggie Oldham
Chief Executive

M. Oldham

7. Annual Governance Statement

7.1 Scope of Responsibility

As Trust Special Administrator and the Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Mid Staffordshire NHS Foundation 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 Mid Staffordshire NHS Foundation 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 Foundation Trust Accounting Officer Memorandum.*

7.2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Mid Staffordshire NHS Foundation 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 Mid Staffordshire NHS Foundation Trust for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts.

7.3 Capacity to handle risk

Following the approval of the updated Trust's Risk Management Strategy and Policy in 2012 the Trust has continued to invest in risk management training during 2013/14 to ensure that at all levels throughout the organisation including directors, managers, clinicians and relevant staff understand their respective responsibilities in the management of risk.

Governance systems, processes and structures have become further embedded across divisions, specialties and clinical departments during the year following changes to the governance and management structures approved in May 2013 to reflect the appointment of the Trust Special Administrators to the Trust. These structures were independently reviewed and reported in January 2014 that they remained fit for purpose. Subsequently the Risk Management Strategy and Policy was reviewed and further updated in March 2014 to ensure full alignment with the governance and management structures and responsibilities.

7.4 The risk and control framework

7.4.1 Risk Management and Assurance Framework

7.4.1.1 Risk Management Strategy and Policy

The Trust has a statutory responsibility to patients, public, staff and commissioners to ensure it has effective processes, policies and people in place to deliver the objectives and control any risks it may face in achieving these objectives. The Risk Management Strategy and Policy establishes a framework to secure effective risk management within the Trust. Continual and consistent adherence to it supports improvement in organisational control, processes and cultures, enhancing the quality of care to our patients and the wellbeing of our staff.

The Risk Management Strategy and Policy describes in full the responsibilities of each Executive Director, Clinical Director and Senior Manager and respective management support staff in addition to those corporate staff with respect to risk management.

The Trust's Risk Management Strategy and Policy was reviewed in March 2014 and considered to be fit for purpose and appropriate to meet the risk management requirements of the Trust, other than

changes to align to the current corporate governance and management structures and responsibilities.

The Risk Management Strategy and Policy is supported by a range of systems and processes established to provide clarity on how key risks are identified and managed. It aims to deliver the following objectives:

- To support delivery of the objectives and outcomes of the Trust.
- To assist the Trust in meeting statutory and regulatory compliance.
- To provide a framework for the Trust Special Administrator (TSA) Board and Senior Management Team (SMT) to assess and agree the risk appetite when considering the strategic risks of the Trust in meeting the corporate objectives described within the Annual Business Plan.
- To introduce a consistent risk management process for the identification of risk and implementation of risk control measures.
- To assist in the effective targeting of resources to address key risk issues.
- To identify where assurance can be sought and where there are gaps in controls and/or assurance.
- To realise the benefits of closer integration and co-operation between risk management systems.
- To enhance the reputation of the Trust by increasing confidence in the quality of services it provides.
- To provide assurance to the TSA Board, SMT and their committees that risk control arrangements are effective.

The Risk Management Strategy and Policy is designed to support the delivery of a range of specific key aims and principles including:

- Embedding a culture of risk management and mitigation and a common approach to assessing risk appetite to ensure that:
  - Risk management is recognised to be an essential and positive element in the way that normal Trust business is undertaken.
  - Risk reduction and quality improvement are seen as important activities whose processes and systems need to be understood at every level.
  - There is clarity about how risks are managed at every level.
  - A common approach is adopted to agreeing risk appetite from TSA Board and SMT through the Executive Directors to Clinical Directors and divisional teams
- Ensuring clarity about responsibilities and accountabilities so that:
  - Risk management is seen to be both a collective and individual responsibility and, where appropriate, is managed in partnership with patients, carers and other stakeholders.
  - A risk management system exists which is embedded and implemented by all staff.
  - There is a robust accountability framework with clear lines of responsibility and visibility "from ward to board", supported by an up-to-date register used to manage risks across clinical and corporate areas.
- Clear processes and frameworks to manage risk to ensure that:
  - Risks are escalated and monitored as appropriate through the organisational structure of the Trust – to provide assurance that effective and timely risk mitigation can be achieved.
  - The Assurance Framework is updated in line with national guidance and best practice, to support effective management of strategic objectives and risks and appropriate preparation and sign off of the Trust's Annual Governance Statement.
  - Robust processes are in place to enable identification of all risks and

to assure a safe and secure environment for patients, staff and all others working in or visiting the Trust's facilities.

- An Annual Report is produced for the TSA by Internal Audit via the Integrated Audit and Assurance Committee to demonstrate the sustainability and effectiveness of the risk management system.

- Ensuring lessons are learned so that:
  - A supportive, fair and accountable structure is provided to encourage staff to report incidents, share learning and best practice, in a way that helps create a culture of open supportive learning with accountability, even when mistakes have been made.
  - A greater understanding of the causes of risk is gained through encouraging the use of root cause analysis, which is mandatory in some cases – as further described in the Trust's Investigations Policy.
  - Individual and organisational learning takes place and recurrence is prevented where possible and learning can be evidenced.

- Effective risk management education and training:
  - All Trust staff (including Executive Directors and senior managers) receive appropriate risk management training at induction and appropriate intervals in line with the Trust's Training Needs Analysis.
  - The Trust ensures that all staff with particular responsibility for co-ordination and advice on aspects of risk management are adequately trained and developed to fulfil their role.

- Effective risk management systems to support compliance:
  - The effective implementation of the Risk Management Strategy and Policy facilitate compliance with risk management standards including those of NHS Litigation Authority.
  - The TSA ensures assurance on risk management systems is received through assurance provided by Internal Audit through a series of periodic audits reported to Integrated Audit and Assurance Committee.
  - The Trust ensures that all risk management related reviews carried out by external agencies are effectively co-ordinated and that any recommendations are implemented, with clear responsibilities and performance management arrangements agreed for implementation.

The Risk Management Strategy and Policy identifies risks as being low, medium and high with regards to the impact of the risk and likelihood of the risk occurring. Using this type of assessment matrix allows the Trust to score the risks between 0 (Low) to 25 (High).

The Trust prioritises those risks scoring 15 or above (key operational risks and strategic risks) for any additional investment in order to mitigate against the risk.

7.4.1.2 Assurance Framework

The Assurance Framework provides the details of the strategic risks of the Trust in meeting the objectives within the Annual Business Plan. For each strategic risk it details:

- Initial and current risk scores against target risk scores;
- Impact on corporate objectives
- Potential consequences of the risk
- Impact on CQC core outcomes
- Which key operational risks impact on the risk
- Origins that have led to the risk
- How the risks are being controlled
- Reporting mechanisms that provide assurance

- Positive assurances received
- Gaps in controls or negatives assurances
- Agreed actions to reduce gaps in controls and negative assurances

The Chief Executive provides overall assurance to the TSA via quarterly reports to Senior Management Team (SMT). The Associate Director of Corporate Governance / Company Secretary, who reports to the Chief Executive, is responsible for ensuring the Assurance Framework is developed and maintained in accordance with the Risk Management Strategy and Policy.

The Assurance Framework is presented quarterly to Management Board and Quality Committee to consider and receive appropriate assurance that the respective strategic risks are being mitigated against and that actions have been taken to close the identified gaps in controls and assurances. Each strategic risk is owned by an Executive Director who supports the Chief Executive reporting to SMT. Additionally, assurance is provided to Integrated Audit and Assurance Committee that due processes have been followed and appropriate challenge and scrutiny has been undertaken in relation to respective strategic risks to ensure triangulated assurance is received that risks are being managed in respect of the achievements of the Trust's Annual Business Plan objectives.

Each clinical and corporate division are responsible for ensuring the management of risks for their respective functions and for reporting monthly the key operational risks through performance meetings to Management Board where consideration is given as to the impact upon the strategic risks of the Trust. Divisions use the Trust's risk register to record and manage risks and this is maintained by the Governance Department who provide support to each Division. During 2013/14 the Internal Auditors reviewed the Assurance Framework process and reporting and in their last audit, reported in March 2014, found no areas for further improvement.

In developing the Annual Business Plan for 2014/15, the strategic risks of 2013/14 have been considered and an expanded set of risks identified for 2014/15 as being appropriate for ensuring the achievement of the five corporate objectives set out within the Annual Business Plan. These risks and their correlation to each of the five corporate objectives will be managed, controlled and mitigated against by the Chief Executive and Executive Directors and reported to the Trust Special Administrator through the Assurance Framework at Senior Management Team on a quarterly basis during 2014/15.

7.4.1.3 Risk Management: Health and Safety, Security and Information Governance

The Health and Safety Advisor, who reports to the Medical Director via Associate Director of Quality oversees the management of health and safety risks. The Associate Director of Quality and Health and Safety Advisor are the liaison between the Trust, the Health and Safety Executive and NHS Security Management Service and reports to the Health and Safety Sub-committee.

The Security Manager is responsible for ensuring risks across the Trust regarding local security arrangements are managed and coordinated and also liaises with the NHS Security Management Service.

Risks regarding data security are overseen by the Information Governance Manager, within the Corporate Governance Department who reports to the Associate Director of Corporate Governance / Company Secretary and works with each of the Clinical Divisions and corporate areas in ensuring that any data security risks are flagged and dealt with through the governance process with reporting of such incidents to the Information Governance Sub-committee which is chaired by Associate Director of Corporate Governance / Company Secretary in the capacity of Senior Information Risk Owner (SIRO).

In terms of compliance with the Information Governance Toolkit for 2013/14, the Trust achieved 79% which is an increase on 2012/13 by 1% and achieved level two on 27

and level three on 17 of the 44 applicable requirements. As a result of achieving level two against all requirements the Trust is classed as satisfactory and compliant.

7.4.1.4 Supporting Systems

The Risk Management Strategy and Policy is supported by a number of major systems and processes that are separately documented including:

- Adverse incident reporting policy
- Serious incident reporting policy
- Maternity risk management strategy
- Risk management procedure
- Procedure for the management of the Safeguard risk register module
- Policy for a systematic and aggregated approach to complaints, litigation, incident in practice
- Complaints policy
- Claims handling policy
- Risk management training policy
- Training needs analysis

7.4.1.5 Internal Audit

The Trust's Internal Auditors have undertaken audits during the year on all aspects of risk management at each level within the Trust including Assurance Framework reporting to Senior Management Team and the committees in addition to the reporting of key operational risks and risk management at an operational level. Overall the findings of the audits were very positive and identified only minor areas for further improvement.

7.4.2 Quality Governance Framework

7.4.2.1 Progress to Compliance

The Trust has continued to assess its' compliance with Monitor's Quality Governance Framework including a review against Monitor's template "Detailed questions supporting quality governance assurance for boards to consider" taken from appendix A of "Quality governance – Guidance for boards of NHS provider organisations."

The TSA gained assurance of relevant compliance through both internal reporting and an independent review of the TSA Corporate Governance Structure which did not identify any issues and concluded that the structure remained appropriate for the Trust whilst under administration.

7.4.2.2 Quality of Clinical Services Improvement

The focus on the quality of clinical services provided through the Trust has resulted in continued improvements in the quality of the Trust's services and this has been evidenced internally through the reporting to Quality Committee, through to Management Board and up to SMT (see below in section 9.4.2.3) and externally especially by the recent Care Quality Commission (CQC) inspections and Health and Safety Executive inspections (see below in 9.4.2.5 and 9.4.2.6).

7.4.2.3 Capability and Culture

With regards to capabilities and culture, the TSA Board and SMT has developed its knowledge to support effective delivery of the quality agenda. This has been achieved initially through ensuring that the new Corporate Governance structure necessary following the appointment of the TSA provided appropriate capability to ensure effective quality assurance and risk mechanisms. Additionally, the new structure helped to identify cultural issues in order that they could be addressed.

To support the TSA, two representative of the TSA were appointed to provide the TSA with expertise in overseeing the delivery of business as usual by the Chief Executive and the Executive Directors. These two representatives have formed an essential part of the overall TSA governance and management structure and have represented the TSA on each of the committees of the TSA Board and SMT in order to support effective triangulation of assurance in all matters of quality, operations, workforce and finance.

Additionally, the remaining four Non Executive Directors who were suspended from their duties on the appointment of the TSA agreed to continue to support the Trust

as Independent Members to fulfil roles in chairing and being members of the TSA Board, SMT and their committees. Similarly to TSA Representatives, this function has provided the TSA with independent assurance.

The Chief Executive and Executive Directors, although suspended from their roles as Board members, have aimed to deliver the objectives of the Annual Business Plan and reported to TSA Board and SMT in giving assurance and highlighting risks.

The Governors were also suspended in their roles with the TSA taking on the responsibilities and duties of the Council of Governors. However, the Governors have continued to support the Trust by acting as Patient Representatives and especially in undertaking visits to wards and clinical departments and providing valuable feedback within the Trust.

7.4.2.4 Processes and Structures

Clinical leadership is provided by the Medical Director and Director of Nursing, Midwifery and AHPs, and through the Clinical Directors, Clinical Leads, deputies and matrons the responsibilities of quality governance are delivered. During the year the Trust has experienced vacancies at Clinical Director level and cover has been provided through a combination of support by Medical Director and Deputy Medical Director and the management of the respective Clinical Divisions.

7.4.2.5 Measurement of Quality

The Trust's quality metrics are incorporated within the developed quality dashboard and are presented to the Quality Committee and Management Board. Additionally they are considered at the Divisional Performance Review meetings and at Divisional Board meetings. The SMT receives assurance of the robustness of the quality metrics through the data quality processes in place which have been reviewed by the internal auditors during the year to ensure appropriate of coverage across all quality associated areas including complaints.

7.4.2.6 Care Quality Commission

The CQC undertook a routine responsive review of the Trust during February and March 2014; the CQC inspection team visited Stafford Hospital on 26 and 27 February 2014 and Cannock Chase Hospital on 4 March 2014. These were routine inspections to check that essential standards of quality and safety referred to below were being met. The CQC sometimes describe these as a scheduled inspection – these were unannounced inspections. The inspectors consisted CQC staff and experts by experience.

As part of this inspection the CQC looked at the care provided to people who were elderly and may have dementia. They looked at care and treatment people received whilst in the accident and emergency department and then their care on several wards in the hospital. The CQC also looked at how the hospital reviewed the quality of care and treatment provided to people. This included investigations into patients' poor experiences of care and treatment within the hospital.

During their inspection of the Stafford site the CQC spoke with 41 patients, 12 relatives and 48 staff. The majority of people the CQC spoke with (38 of the 41 people) were positive about the care and treatment they received at the hospital. Three people highlighted improvements that they thought were needed.

During the inspection of the Cannock site the CQC inspectors visited Fairoak and Hilton Main wards, Littleton ward was closed at the time of the inspection. During the site visit the inspectors spoke with 17 people who were inpatients, 4 relatives and 14 staff. People the CQC spoke with were all positive about the care they or their relative had received.

The CQC reviewed the standards listed in Figure 9 making judgements in respect of Trust compliance with these national standards.

Figure 9 - Trust Compliance with National Standards

Standard	Stafford Hospital	Cannock Hospital
Care and welfare of people who use services	✓	✓
Safeguarding people who use services from abuse	✓	✓
Staffing	✓	✓
Assessing and monitoring the quality of service provision	✓	✓
Records	×	✓

Key: ✓ Met standard × Action Needed

The CQC concluded that the care delivered by the Trust met the required compliance level in four out of five standards at Stafford Hospital and five out of five standards on the Cannock Hospital. The CQC concluded that the Trust was not meeting the required standard for records on the Stafford site – the CQC judged that this has a minor impact on people who use the service and have told the Trust to take action.

Whilst it did not affect the CQC judgement on compliance with the assessing and monitoring the quality of service provision standard the CQC had concerns about the way in which complaints about serious incidents were managed. The CQC said they looked for but could not find an auditable process which showed how a complaint would be reviewed and regarded as a serious incident. In response to the concerns raised by the CQC the Trust agreed to change the role and function of the Incident Review Group meeting. The meeting is now known as the Learning from Experience Group and incorporates going forward trends, actions and lessons learned from serious incidents, complaints and claims. The terms of reference have been changed to reflect this new approach. Approved changes will be implemented with effect from June 2014. The Trust has also established a weekly meeting involving the heads of services for clinical governance, patient experience and complaints, legal services and representatives from the corporate nursing team to discuss common themes, trends and joint responses to lessons learned. The Trust has reviewed its policies and procedures on records management and has developed an on-going action plan supported by external management support.

7.4.2.7 Health and Safety Executive

Following an original inspection by Health and Safety Executive (HSE) in November 2013 at which time three improvement notices had been issued by HSE, the Trust had an HSE review visit on 14 April and an HSE Officer returned on 15 April to advise that all three improvement notices had been lifted. This was positive news for our patients, as we have been able to demonstrate that we have made improvements in patient care, in relation to falls documentation and procedures, record keeping and handovers. It is also a significant step for staff, as by working together we have been able to improve how we document and record what we do when we do it and how we handover patients from shift to shift and area to area.

7.4.2.8 Other Matters

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.

The Trust also has in place control measures to ensure all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

7.5 Review of economy, efficiency and effectiveness of the use of resources

7.5.1 Introduction

As the Accounting Officer I have responsibility for reviewing the effectiveness of controls in place throughout the Trust to ensure that resources are used economically, efficiently and effectively. I have undertaken this responsibility through using a variety of mechanisms and describe each of these in turn.

7.5.2 Assurance Framework

The Assurance Framework is a prime source of evidence of effectiveness of controls. The Assurance Framework for 2013/14 has been developed using standard good practices and the guidance and advice of the Trust's Internal Auditors. As part of the approval of the Trust's Annual Business Plan for 2013/14, the strategic risks for the Trust in meeting the corporate objectives were agreed.

Since then regular quarterly reports have been provided to both Quality Committee and Management Board. The Assurance Framework has demonstrated the extent to which assurances have been provided and controls put in place in mitigating these strategic risks. It also has shown where further actions were required in order to increase the levels of assurance to reduce the strategic risk scores towards an acceptable level and sought to provide assurance that the risks were being effectively managed.

The Integrated Audit and Assurance Committee at each meeting has received a report providing confirmation through the Assurance Framework that appropriate process, scrutiny and challenge has been made regarding actions in order to mitigate each strategic risk and close the gaps in controls and assurance.

SMT received and considered a report on a quarterly basis that provided details for each strategic risk and was supported with confirmation that appropriate governance and assurance arrangements existed.

Two internal audit reviews were undertaken during 2013/14 with the first of them providing minor recommendations that were implemented and incorporated within the Assurance Framework for quarter 3 and the second confirming appropriate mechanisms in place with no further recommendations for further improvement.

The final Assurance Framework report for 2013/14 set out the strategic risks against the achievement of the Corporate Objectives of the Trust's Annual Business Plan for 2013/14 and was reported to SMT in early April 2014. The overall risk rating for each of the 4 strategic risks was as shown at the bottom of the page.

The final Assurance Framework for 2013/14 also included additional factors that impact upon each risk:

- Impending dissolution of the Trust and uncertainty for staff;
- Secretary of State statement regarding a review required of Maternity Services creates a potential delays for dissolution; and
- Work associated with supporting TSA with disaggregation process impacts on business as usual, delivery of services to patients, delivery of targets, staff and costs.

1. **Delivery of Safe Quality Clinical Services to Patients**
Current risk score: 5 impact x 4 likelihood = 20 total

2. **Delivery of Operational Objectives and Targets 2013/14**
Current risk score: 5 impact x 4 likelihood = 20 total

3. **Delivery of Business Plan 2013/14 due to workforce recruitment and retention issues**
Current risk score: 5 impact x 4 likelihood = 20 total

4. **Delivery of Agreed Financial Plan 2013/14**
Current risk score: 4 impact x 3 likelihood = 12 total

For each of these four strategic risks the main origins have been identified and reviewed throughout the year with the status in quarter 4 of 2013/14 being as follows:

Delivery of Safe Quality Clinical Services to Patients	
ORIGIN *(The most significant origins which could or have led to the risk)*	**RAG**
Demands on operational services, especially A&E and emergency services	Red
Recruitment and retention of nursing staff	Red
Recruitment and retention of medical staff	Red
Impending dissolution of the Trust and uncertainty for staff	Red
Secretary of State statement regarding a review required of Maternity Services creates potential delays for dissolution	Red
Work associated with supporting TSA with disaggregation process impacts on BAU and delivery of services to patients	Red

Delivery of Operational Objectives and Targets	
ORIGIN *(The most significant origins which could or have led to the risk)*	**RAG**
Demands on operational services, especially A&E and Emergency Services	Red
Ambitious targets with respect to C.Difficile	Red
Recruitment and retention of staff issues (major impact experienced with nursing staff) due to the uncertainty within the Trust	Red
Impending dissolution of the Trust and uncertainty for staff (major impact experienced with nursing staff)	Red
Secretary of State statement regarding a review required of Maternity Services creates potential delays for dissolution	Red
Work associated with supporting TSA with disaggregation process impacts on BAU and ability to deliver targets	Red

Delivery of the Business Plan for 2013/14 due to Workforce Recruitment and Retention Issues	
ORIGIN *(The most significant origins which could or have led to the risk)*	**RAG**
Uncertainty for existing staff and potential staff regarding TSA proposals	Red
Lack of suitable candidates for key clinical posts	Red
Reputation of the Trust	Amber
Competition from within the NHS	Amber
Impending dissolution of the Trust and uncertainty for staff (major impact experienced with nursing staff)	Red
Secretary of State statement regarding a review required of Maternity Services creates potential delays for dissolution & uncertainty	Red
Work associated with supporting TSA with disaggregation process impacts on staff	Red

Delivery of agreed financial plan for 2013/14	
ORIGIN *(The most significant origins which could or have led to the risk)*	**RAG**
Previous poor economy-wide planning of utilisation of capacity led to under utilisation and not all fixed costs being covered	Red
Previous lack of financial control - poor ownership and accountability for managing resources	Green
Lack of commercial opportunities in generating income	Amber
Exposure to fines and loss of income through poor historic delivery of activity and quality targets	Amber
Change in GP referral patterns	Green
Premium cost of recruiting staff above plan due to uncertainty of Trust's future	Red
Impending dissolution of the Trust and uncertainty for staff (major impact experienced with nursing staff) results in increasing costs	Red
Secretary of State statement regarding a review required of Maternity Services creates potential delays for dissolution with cost	Red
Work associated with supporting TSA with disaggregation process impacts on delivery of BAU and costs	Red

The Operational Plan for 2014/15, approved at SMT in early April 2014, included the following strategic risks for the Trust for 2014/15 and their impact on each of the five corporate objectives as shown by an 'X':

		Corporate Objectives 2014/15				
Principle Risks 2014/15	**Exec Lead**	**Quality**	**Operational Targets**	**Workforce**	**Finance**	**Transition**
1. Nursing Staff	DN&M	X	X	X	X	X
2. Medical Staff	MD	X	X	X	X	X
3. Documentation / Record Keeping	DN&M / MD	X				
4. Handover	DN&M / MD	X				
5. Clinical Systems 'Deficiencies'	DoF	X	X	X		X
6. Financial Plan	DoF				X	
7. CIP Targets	DCEO / DoF				X	
8. Management & Leadership Capacity & Capability	DCEO	X	X	X	X	X

7.5.3 Additional Assurance: Internal Audit Plan

My review of the effectiveness of controls requires additional sources of confirmation of which the main source has been through the reporting by the Trust's Internal Auditors against the Trust's Internal Audit Plan agreed and approved through Integrated Audit and Assurance Committee at the start of the financial year.

The Internal Auditors, Baker Tilly, provided audit reviews of traditional audit areas of financial systems of control but also regarding clinical, operational and governance systems and processes with the outcome being a number of significant recommendations made during the course of the year. Whilst some of the audits reported "Red and "Amber / Red" opinions at the time that those audits were undertaken, assurance has been subsequently presented to Integrated Audit and Assurance Committee that these are being addressed in order to ensure that no significant or major concerns remain by the Internal Auditors at the end of the year in relation to the Trust's overall system of internal control.

A summary of the audits that impact upon the corporate strategic objectives and the audit opinion are shown in Table 27.

Table 27 - Internal Audit Opinions and Recommendations 2013/2014

Audit	Opinion		Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Data Quality, KPI Process – Part 1	Ambulance Handover	Amber / Green	0	0	1
	Dementia (CQUIN)	Amber / Red	0	1	0
Data Quality, Ambulance Turnaround: KPI Accuracy – Part 2	Amber / Red		3	1	0
Data Quality, Dementia (CQUIN): KPI Accuracy – Part 2	Amber / Red		0	2	0
Use of Bank & Agency Staff	Bank & Agency Nursing Staff	Red	3	1	0
	Locum Medical Staff	Amber / Green	0	5	0
Divisional Governance	Amber / Green		0	2	6
Incidents & Complaints Management	Amber / Green		0	3	2
Doctor Revalidation and Appraisal Processes	Amber / Red		1	4	1
Electronic Patient Records: Management of the Post Implementation Process	Amber / Green		0	3	0
Clinical Audit Effectiveness	Amber / Red		2	4	0
Budget and Cost Improvement Plan Setting and Approval - Part 1)	Budget Setting and Approval Process	Green	0	0	2
	CIP Setting and Approval Process	Green	0	0	0
Budget and Cost Improvement Plan Monitoring - Part 2	Budget Monitoring	Green	0	0	0
	CIP Monitoring	Green	0	1	0
Core Assurance					
Board Assurance Framework (BAF) – Part 1	Green		0	1	0
Assurance Framework: Part 2	Advisory		0	0	0
Data Quality: Monitor Reporting	Green		0	0	0
Information Governance Toolkit (v11) – October 2013 Submission	Advisory		0	1	5
Information Governance Toolkit (v11) – March 2014 Submission	Advisory		1	1	1
Implementation of the Francis Report Recommendations	Advisory		0	0	1
Information Governance: Non-Clinical Corporate Records	Red		3	7	2
Operational Compliance with Risk Management Policy	Amber / Green		0	2	2
e-Procurement: Authorisation Compliance	Green		0	1	0

Financial Controls				
Patient's Property	Red	1	3	1
General Ledger	Green	0	0	1
Cedar eFinancial - IT Key Financial Systems Review	Green	0	1	0
Payroll and Expenses (including E-Rostering)	Amber / Green	0	2	2
Treasury Management	Green	0	1	0
Creditors	Green	1	0	0
Debtors	Green	0	0	0
Asset Management	Green	0	0	0
Capital Programme	Green	0	0	0
Charitable Funds	Amber / Green	0	1	5

The Trust's Internal Auditors use the following levels of opinion classification within their internal audit reports:

Green	Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.
Amber / Green	Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
Amber / Red	Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
Red	Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

The progress of implementing the actions arising from the recommendations of the above Internal Audit reports have been monitored and reported by the Associate Director of Corporate Governance / Company Secretary to the Integrated Audit and Assurance Committee at each meeting through the Audit Tracker Report. Progress in responding to audit reports with proposed management responses and subsequently carrying out those management actions has not consistently been in accordance with originally agreed timescales. In considering this with Executive Directors it is apparent that some timescales were challenging due to competing pressures. However, the Executive Directors have in the later part of the year given particular focus to the actions required in order that all actions that may impact on the audit opinion have been completed by March 2014. The setting of realistic and achievable timescales will be continually reviewed in 2014/15.

7.5.4 Compliance with Monitor's Quality Governance Framework

My review has also been informed by the review against compliance with Monitor's Quality Governance Framework. As described earlier within this Annual Governance Statement at section 9.4.2 the Trust has made continued progress in being compliant against the standards defined within the Framework and the Trust believes that it is compliant based on both a self-assessment and an externally based assessment.

7.5.5 Compliance with Care Quality Commission Standards

My review is further informed by the progress that the Trust has made regarding compliance with CQC standards. As described in section 9.4.2.6 of the Annual Governance Statement, during the year the Trust has made further improvements in the quality of care to patients resulting in CQC confirming compliance against all standards

reviewed in recent inspections, with the exception of one minor area for improvement that does not impact on the level of quality service received by patients.

7.5.6 Compliance with NHS Litigation Authority (NHSLA) Levels

My review is further informed through the compliance by the Trust against NHSLA level one standards that the Trust has maintained through 2013/14 for both acute and maternity services.

7.5.7 Corporate Governance Structure of TSA

My review has been further informed by each of the Executive Directors within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account included within this Annual Report and other performance information available to me. The TSA has been responsible for setting the strategic direction of the Trust and made recommendations to Monitor and Secretary of State which were accepted regarding the future of the provision of services at Stafford Hospital and Cannock Chase Hospital and of the Trust itself.

The TSA is responsible for monitoring the progress of the Trust against targets and objectives identified within the Trust's Annual Business Plan. Following the appointment of the TSA on 16 April 2013 a revised Governance Structure was introduced and approved with effect from 1 June 2014. This structure shown in Figure 7 on page 52 has fulfilled the function of maintaining and reviewing the effectiveness of the systems of internal control and monitoring respective activities of the Trust and providing assurance to TSA of the adequacy of the structures and processes for delivering risk management, internal audit, external audit and financial reporting.

The TSA Board and SMT have terms of reference and is subject to such conditions as the TSA decides and acts in accordance with any legislation and regulation or direction issued by the regulator.

The TSA Board is chaired by an Independent Member and includes membership of TSA, Representatives of TSA, Chief Executive and some Executive Directors and:

- Receives for consideration and approval business cases from Chief Executive where the required budget to support such business cases is over and above that already delegated to the Chief Executive.
- Receives for consideration and approval requisitions for orders to be placed, contracts to be agreed, signed and sealed where the commitment exceeds the financial value of £250,000.
- Receives reports regarding the use of charitable funds.
- Approves submissions to Monitor including Annual Report and Accounts, Annual Statements and Annual Business Plan.
- Approves, by exception, policies and other Trust documents, including Constitution, Standing Financial Instructions, Scheme of Delegation and any other policies that Management Board determines approval is required by TSA.
- Approves remuneration and terms and conditions of Executive Directors.

The SMT is chaired by an Independent Member and includes membership of TSA, Representatives of TSA, Chief Executive and the six Executive Directors and :

- Receives and consider reports about the Trusts ongoing quality, operational, workforce and financial performance.
- Receives the Assurance Framework.
- Receives assurance on the Trust's Statutory and Regulatory compliance.
- Receives assurance regarding the effective governance of the Trust.
- Approves submissions to Monitor on behalf of TSA Board.

Management Board is chaired by the Chief Executive and includes membership of the six Executive Directors and the Clinical

Directors. TSA representatives, Associate Directors and Deputy Directors are invited to attend. Management Board provides the Chief Executive with an assurance and performance management governance mechanism for the delivery of all matters of quality, operations, workforce and finance.

Quality Committee is chaired by an Independent Member and includes membership of another Independent Member, a TSA representative, two CCG representatives and Executive Directors plus supporting senior staff. This Committee reviews all aspects of clinical services to patients to be assured of all matters of quality and to consider any risks in relation to the delivery of quality services. The Committee reports to Management Board to provide assurance on the performance of the Trust against all aspects of quality.

The Integrated Audit and Assurance Committee is chaired by an Independent Member and includes membership of another Independent Member, a TSA representative and Executive Directors plus supporting senior staff. The Committee fulfils the statutory requirements of an Audit Committee plus receives performance information regarding operations, workforce and finance, in order to support the triangulation of assurance to the TSA.

The Charitable Funds Committee is chaired by an Independent Member and includes membership of another Independent Member, a TSA representative and Executive Directors plus supporting senior staff in order to fulfil the usual functions required of this Committee.

The Code of Governance that all Foundation Trust Boards are expected to comply with has been considered in the development and continued functioning of the Corporate Governance structure outlined above. Whilst not all parts of the code are relevant to foundation trusts under administration, the principles of the code have been adopted and adhered to as appropriate.

7.5.8 Clinical Audit

The Trust's Clinical Audit Department has completed a cycle of audits during the year and the results of these have been presented to the Trust's Quality Committee providing assurance of the level of quality and improvement through learning.

7.5.9 External Auditors

My review is further informed by the comments made by the External Auditors in their Management Letter and other reports.

7.6 Annual Quality Report

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. Monitor has issued guidance to NHS Foundation Trust Boards on the form and content of the annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Director of Nursing, Midwifery and AHPs and the Medical Director are the Executive Directors with lead responsibility for the Quality Report and all matters relating to quality and for providing assurance that there are appropriate controls in place to ensure the accuracy of the data within the Quality Report and that it provides a balanced view. Compliance with quality standards are considered by Management Board, Integrated Audit and Assurance Committee and Quality Committee. These committees monitor the activities of the Trust and provide assurance to SMT of the adequacy of the structures and processes for delivering quality governance. Specifically, Quality Committee considers the delivery of the clinical quality strategy for the Trust and receives reports from the sub-committees of Quality Committee on all matters relating to patient safety, patient experience and patient care.

The TSA Board and SMT actively engages with patients, staff and our key stakeholders on a regular basis including listening to patient (or staff) stories at each SMT meeting to ward and clinical department visits by

TSAs, their representatives, Independent Members and Executive Directors. The TSA has also held a significant number of public meetings in key locations for members of the public providing the opportunity to comment on the proposals regarding the future of the Trust and services provided at both Stafford Hospital and Cannock Chase Hospital.

The Trust has in place an effective Data Quality Policy and during the past year data quality has been subject to further internal audit review with management plans to action the recommendations. Data quality of all management information supporting both performance and operational management is reviewed and an indicator of the level of data quality for each type of information is included within the Trust's Integrated Performance Dashboard which is used to report to SMT, Management Board, Quality Committee, Integrated Audit and Assurance Committee, Divisional Performance Review meetings and at Divisional Board meetings.

7.7 Review of Effectiveness

As Accounting 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, the Chief Executive and the Executive Directors and Clinical Directors and Leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account included within the Annual Report and other performance 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 TSA Board, SMT, Management Board, the Integrated Audit and Assurance Committee and Quality Committee and a plan to ensure continuous improvement of the system is in place.

I have included a full reflection of all measures of my review of effectiveness of the system of internal control in the Review of Economy, Efficiency and Effectiveness of the Use of Resources section above where I have described the process applied in maintaining and reviewing the effectiveness of the system of internal control.

7.8 Going Concern

After making enquiries, the Executive Directors / Senior Management Team have a reasonable expectation that the Trust has adequate resources to continue in operational existence until such time the Trust is dissolved. For this reason, the Trust continues to adopt the going concern basis in preparing the accounts.

The TSA Board has carefully considered the principle of 'Going Concern'. The Secretary of State has announced the decision to dissolve the Trust, with services being transferred predominantly to two other entities. This transfer of services is a key consideration supporting the preparation of the accounts on a going concern basis. In the absence of such a decision, there would have continued to be material uncertainty casting significant doubt upon the Trust's ability to continue as a going concern and therefore, the Trust would have been unable to continue realising its assets and discharging its liabilities in the normal course of business without additional financial support.

7.9 Conclusion

In reviewing the Trust's system of internal control I am satisfied that the Trust has systems in place that support the achievement of the Trust's policies, aims and objectives whilst safeguarding the public funds and departmental assets for which I am personally responsible. I am pleased that the Trust's Internal Auditors have provided the Trust with positive assurance in respect of the Trust's overall level of internal control.

There are remaining areas for continued improvement within these systems of control which I have identified within the Annual Governance Statement and I am confident that the Trust will continue to improve and maintain sound systems of internal control until it is dissolved during 2014/15 when the ownership of Stafford Hospital will transfer to University Hospital of North Staffordshire NHS Trust and the ownership of Cannock Chase Hospital will transfer to the Royal Wolverhampton NHS Trust.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Mrs Maggie Oldham
Chief Executive

M. Oldham

Date: 27 May 2014

SECTION 2 - ANNUAL ACCOUNTS

FOREWORD TO THE ACCOUNTS

MID STAFFORDSHIRE NHS FOUNDATION TRUST
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Mid Staffordshire NHS Foundation Trust (the Trust) is required to "keep accounts in such form as Monitor (the Independent Regulator for NHS Foundation Trusts) may with the approval of Treasury direct" (Paragraph 24 (1) Schedule 7 of the National Health Service Act 2006 (" the 2006 Act"). The Trust is required to "prepare in respect of each financial year annual accounts in such form as Monitor may with the approval of the Treasury direct" (Paragraph 25 (1) Schedule 7 of the 2006 Act). In preparing their annual accounts, the Trust must comply with any directions given by Monitor, with the approval of the Treasury, as to the methods and principles according to which the accounts are to be prepared and the information to be given in the accounts (Paragraph 25 (2) Schedule 7 of the 2006 Act).

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Mrs Maggie Oldham
Chief Executive

M. oldham

Date: 27 May 2014

Statement of Comprehensive Income for the Year Ended 31 March 2014

	NOTES	Year Ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Operating income	3	**159,203**	159,083
Operating expenses	4	**(180,478)**	(170,300)
Operating deficit		**(21,275)**	(11,217)
Finance costs			
Finance income	8	**14**	31
Finance expense	9	**(8)**	(71)
PDC dividends payable		**(3,561)**	(3,482)
Net finance costs		**(3,555)**	(3,522)
Deficit for the year		**(24,830)**	(14,739)
Other comprehensive income (expense)			
Revaluation losses on property, plant & equipment		**(1,691)**	(1,884)
Assets disposed of		**0**	(119)
Total comprehensive expense for the year		**(26,521)**	(16,742)

The notes on pages 92 to 117 form part of these accounts.

All income and expenditure is derived from continuing operations.

Statement of Financial Position as at 31 March 2014

	NOTES	Year Ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Non-current assets			
Intangible assets	10	**8,085**	3,293
Property, plant and equipment	11	**112,774**	110,618
Trade and other receivables	14	**314**	329
Total non-current assets		**121,173**	114,240
Current assets			
Inventories	13	**2,393**	2,214
Trade and other receivables	14	**10,731**	7,171
Cash and cash equivalents	15	**1,020**	501
Total current assets		**14,144**	9,886
Current liabilities			
Trade and other payables	16	**(24,103)**	(17,465)
Borrowings	18	**(15)**	(108)
Provisions	19	**(920)**	(1,307)
Other liabilities	17	**(2,889)**	(1,565)
Total current liabilities		**(27,927)**	(20,445)
Total assets less current liabilities		**107,390**	103,681
Non-current liabilities			
Borrowings	18	**(44)**	(63)
Provisions	19	**(538)**	(686)
Total non-current liabilities		**(582)**	(749)
Total assets employed		**106,808**	102,932
Financed by taxpayers' equity			
Public dividend capital		**141,274**	110,877
Revaluation reserve		**37,821**	40,081
Income and expenditure reserve		**(72,287)**	(48,026)
Taxpayers' equity as at 31 March 2014		**106,808**	102,932

These accounts were approved on 27 May 2014 and signed by Alan Bloom, Trust Special Administrator.

Signed:

Date: 27 May 2014

Alan Bloom
Trust Special Administrator

Statement of Changes in Taxpayers' Equity

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2012/13	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers' equity at 1 April 2012	89,492	42,084	(33,287)	98,289
Deficit for the year to 31 March 2013	0	0	(14,739)	(14,739)
Revaluation losses on property	0	(1,884)	0	(1,884)
Assets disposed of	0	(119)	0	(119)
Public dividend capital received	21,385	0	0	21,385
Other transfers between reserves	0	0	0	0
Taxpayers' equity at 31 March 2013	110,877	40,081	(48,026)	102,932

2013/14				
Taxpayers' equity at 1 April 2013	**110,877**	**40,081**	**(48,026)**	**102,932**
Deficit for the year to 31 March 2014	0	0	(24,830)	**(24,830)**
Revaluation losses on property	0	(1,691)	0	**(1,691)**
Assets disposed of	0	(52)	52	**0**
Public Dividend Capital received	30,397	0	0	**30,397**
Other transfers between reserves	0	(517)	517	**0**
Taxpayers' equity at 31 March 2014	**141,274**	**37,821**	**(72,287)**	**106,808**

- The Revaluation Reserve is used to record revaluation gains, losses and impairment reversals on property, plant and equipment that are recognised in Other Comprehensive Income. When an asset is sold or otherwise disposed of any remaining revaluation reserve balance for the asset is transferred to Retained Earnings. The balance in the reserve is wholly in respect of property, plant and equipment.
- The surplus or deficit for the year is recognised in income and expenditure, together with any other gain or loss for the financial year that is not recognised in any other reserve.

Statement of Cash Flows for the Year Ended 31 March 2014

	Year Ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Cash flows from operating activities		
Operating deficit for the year	**(21,275)**	(11,217)
Non-cash income and expense		
Depreciation and amortisation	**6,929**	6,330
Loss on disposal	**174**	201
Non cash donations/ grants credited to income	**(53)**	(106)
(Increase)/ decrease in inventories	**(179)**	74
Increase in trade and other receivables	**(3,486)**	(1,044)
Increase / (decrease) in trade and other payables	**6,149**	(1,604)
increase/ (decrease) in other liabilities	**1,324**	(324)
(Decrease) in provisions	**(535)**	(161)
Net cash generated from / (used in) operations	**(10,952)**	(7,851)
Cash flows from investing activities		
Interest received	**14**	31
Payments to acquire property, plant and equipment	**(11,945)**	(9,071)
Sale of property, plant and equipment	**2**	140
Payments to acquire intangible assets	**(3,255)**	(357)
Net cash used in investing activities	**(15,184)**	(9,257)
Cash flows from financing activities		
Public dividend capital received	**30,397**	21,385
Capital element of finance lease rental payments	**(113)**	(448)
Interest element of finance leases	**(8)**	(71)
PDC dividends paid	**(3,621)**	(3,712)
Net cash used in financing activities	**26,655**	17,154
Increase in cash and cash equivalents	**519**	46
Cash and cash equivalents at 1 April 2013	**501**	455
Cash and cash equivalents at 31 March 2014	**1,020**	501

NOTES TO THE ACCOUNTS

1. Accounting Policies and Other Information

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2013/14 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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.

1.1.1 Consolidation - subsidiaries

Prior to 2013/14, the ARM permitted the Trust not to consolidate the charitable fund. This exemption no longer applies where the charity is considered to be under common control and where failure to consolidate would affect the user's understanding of the accounts due to the materiality of the amounts involved.

The definition of a subsidiary and control are set out in paragraph 4 of IAS27 (revised), together with paragraphs 13 - 15.

The Trust is the corporate trustee to Mid Staffordshire Hospitals Charity. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff. However, the results of the charitable fund would not materially impact on the accounts of the Trust should these be consolidated. The accounts of the Trust have therefore been prepared excluding the results of the charitable fund. This will be reviewed on an annual basis to take account of any material changes in fund balances.

The Trust has no other subsidiary entities.

1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is from contracts with commissioners in respect of healthcare services.

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

Income relating to spells which are partially completed at the year end is apportioned across the financial years based on expected income over the length of the treatment adjusted for the proportion completed by the year end.

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.

1.3 Expenditure on employee benefits

Short term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of 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 the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer 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 retirement is due to ill health. The full amount of the liability for the additional costs is charged to operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.4 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.

1.5 Property, Plant and Equipment

1.5.1 Recognition

Property, Plant and Equipment are capitalised where:

- they are 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;
- they are expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Property, plant and equipment are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

1.5.2 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 fair value.

For property, fair value is determined based upon a periodic, but at least five yearly, full valuation performed by external independent valuers, less subsequent depreciation and impairment losses. A full valuation has been completed as at 31 March 2014, by the external valuers (Jones Lang LaSalle). The valuation is also subject to an annual review to ensure that the carrying value does not differ significantly from fair value at the

reporting date. Plant & equipment are carried at depreciated historic cost as this is not considered to be materially different to the fair value of the assets.

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 costs 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.

1.5.3 Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic 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' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their fair value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Depreciation rates are calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Freehold Buildings	6 - 24 years
Plant and other equipment	5 - 15 years
Computer equipment	3 - 7 years
IT software	5 - 10 years
Fixtures and Fittings	5 - 15 years

1.5.4 Revaluation and impairment

Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously 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 NHS Foundation Trust Annual Reporting Manual, impairments that are due to a loss of economic benefits or 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 impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised in operating income 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.
When, 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.

The valuations are carried out primarily on the basis of depreciated replacement cost (DRC) for specialised operational property and existing use value for non-specialised operational property. The value of land for existing purposes is assessed at existing use value. As required under financial accounting standards, land and buildings split for each asset have been provided. As a result the buildings have been calculated on a DRC basis, and the land assessed on an existing use value (EUV) basis. All of the assets have been assessed on a Modern Equivalent Approach (MEA). This method adopts build costs based upon providing a modern building of similar type to the facility that already exists. It is the recognised method for assessing the Net Replacement Cost (NRC) of the remaining service potential of an asset.

Building assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when brought into use. Other assets in the course of construction are valued at cost.

1.5.5 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 i.e.:
  - 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 dropped 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1.6 Donated, government grant and other 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.

1.7 Intangible assets

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.

Software

Software which is integral to the operation of hardware e.g. 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 e.g. application software, is capitalised as an intangible asset.

Measurement

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

Subsequently intangible assets are measured at fair value. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

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

Amortisation

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

1.8 Inventories

Inventories are valued at the lower of cost or net realisable value for all significant balances. The cost of these inventories is measured using the First In, First Out (FIFO) method. In some cases it is not feasible to apply this methodology, in which case inventories are valued at the latest purchase price. However, given that the majority of items are purchased against long-term fixed price contracts, specific valuation differences are unlikely to be material. The value of Ward and Departmental inventories have also been reassessed and included as inventories at the year end.

1.9 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
  - its technical feasibility;
  - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

The Trust has not incurred any development expenditure which meets this criteria.

1.10 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 HM Treasury's discount rates of -1.9% for short term provisions, -0.65% for medium term provisions and 2.2% for long term provisions in real terms, except for early retirement provisions and injury benefit provisions which both use HM Treasury's pension discount rate of 1.8% in real terms. (2012/13: 2.35%)

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical

negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 19 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 the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.11 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 22 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 21, 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.

1.12 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 purchased cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.13 Foreign exchange

The functional and presentational currencies of the trust are sterling.

The Trust has no transactions that are denominated in a foreign currency.

1.14 Corporation tax

Section 148 of the Finance Act 2004 amended S519 of the Income and Corporation Taxes Act and provides the power to the Treasury to make certain non-core activities of NHS FTs subject to corporation tax. This legislation became effective in the 2005/06 financial year. In determining whether or not an activity is likely to be taxable a three stage test may be employed:

1) is the activity and authorised activity relating to the provision of core healthcare? The provision of goods and services for the purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 is not treated as commercial activity and is therefore tax exempt.

2) is the activity actually or potentially in competition with the private sector? Trading activities undertaken in-house which are ancillary to core healthcare activities are not entrepreneurial in nature and are not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax.

3) Are the annual profits significant? Only significant trading activity is subject to tax, where significant is defined as annual taxable profits of £50k per trading activity.

The majority of the Trust's activities relate to core healthcare and are not subject to tax.

Where trading activities are undertaken that are commercial in nature they are not generating significant profit. The Trust therefore has no corporation tax obligation for 2013/14.

1.15 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 Financial Reporting Manual.

1.16 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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as Public Dividend Capital dividend. The charge is calculated at the real 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, (ii) average daily cash balances held with the Government Banking Services and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short term working capital facility, (iii) for 2013/14 only, net assets and liabilities transferred from bodies which ceased to exist on 1 April 2013, and (iv) any PDC dividend balance receivable or payable. The Trust does not have any National Loans Fund deposits or assets/ liabilities transferred from bodies which ceased to exist on 1 April 2013. In accordance with the requirements laid down by the Department of Health (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 of the audit of the annual accounts.

1.17 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial liabilities in respect of assets acquired through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as loans and receivables. Financial liabilities are classified as other financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS and trade debtors, accrued income and other debtors.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. Interest is recognised using the effective interest method and is credited to 'finance income'. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the

financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Impairment of financial assets

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

Other financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. Interest is recognised using the effective interest method and is charged to 'finance costs'. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period to the end carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the reporting date, which are classified as non-current liabilities.

The Trusts other financial liabilities comprise: finance lease obligations, NHS and trade creditors, accrued expenditure and other creditors.

1.18 Leases

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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

1.19 Losses and special payments

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

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.

1.20 Critical Accounting Estimates and Judgments

The preparation of financial statements under IFRS requires the Trust to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Trust has not consolidated the charitable funds for 2013/14 based on an assessment of materiality (see accounting policy 1.1.1). This decision will be reviewed in future years based on the financial position of the Trust and the Charity at that time.

Key sources of estimation uncertainty

The key assumptions concerning the future sources of estimation uncertainty at the end of the reporting period relate to the areas of accounting for fixed assets and provisions:

Property, Plant and Equipment

The Trust has undertaken a full revaluation of buildings using Modern Equivalent Asset Valuation Techniques as at 31st March 2014. Property, plant and equipment is depreciated over its estimated useful life and may vary depending on a number of factors such as technology, innovation and maintenance programmes. The net book value at 31 March 2014 was £112,774k (31 March 2013: £110,618k).

Asset lives are allocated to individual assets in accordance with the accounting policy outlined in 1.5.3. These identify a range of possible asset lives. The asset life applied will be based on factors such as the planned maintenance period, advice from the supplier and the use of similar assets elsewhere in the Trust.

Provisions balances

The Trust has accounted for various provisions within note 19, amounting to £1,458k (31 March 2013: £1,993k). The outcome of the current pending claims cannot be predicted with certainty, therefore any decision regarding outcomes for both legal or other claims above the amounts that are included within the 2013/14 financial accounts could result in Mid Staffordshire NHS FT incurring additional charges to its operational activities and cash flow.

1.21 Carbon Reduction Commitment Scheme (CRC)

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

1.22 Accounting standards that have been issued but have not yet been adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted:

Effective for the next financial year ending 31 March 2015:

IFRS 13 Fair value measurement. Effective date of 2013/14 but not yet adopted by HM Treasury.

Effective for future financial years:

IFRS 9 Financial Instruments - financial assets and financial liabilities. The timescale for implementation is uncertain as this standard is unlikely to be adopted by the EU until the IASB has finished the rest of its financial instruments project.

Effective date 2014/15 as adopted by the EU.:

- IFRS 10 Consolidated Financial Statements.
- IFRS 11 Joint Arrangements.
- IFRS 12 Disclosure of Interests in Other Entities.

- IAS 27 Separate Financial Statements.
- IAS 28 Associates and joint ventures.
- IAS 32 Financial instruments (presentation amendment), referring to offsetting financial assets and liabilities.

The Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Trust or that they would not have a significant impact on the Trust's financial statements, apart from some additional disclosures.

1.23 Accounting standards, amendments and interpretations issued that have been adopted early

The Trust has not early adopted any new accounting standards, amendments or interpretations.

1.24 Going concern

International Accounting Standard 1 (IAS 1) requires management to assess, as part of the accounts preparation process, the entity's ability to continue as a going concern. Under the statutory accounting framework for NHS Foundation Trusts the financial statements should be prepared on a going concern basis unless management intends or has no alternative but, to apply to the Secretary of State for the Trust's dissolution without the transfer of its services to another public sector entity.

Trust Special Administrators (TSAs) were appointed in April 2013 to establish future plans for healthcare in the area. The TSAs released the 'Trust Special Administrators' Draft Report' in July 2013 which was followed by a period of consultation. The final report (Trust Special Administrators' Final Report') concluded that Mid Staffordshire NHS Foundation Trust should be dissolved to enable the recommended clinical models to be established. These recommendations were approved by the Secretary of State on 26 February 2014 and a plan is being formulated to dissolve the Trust in 2014.

Under the legislation required to dissolve the Trust, the order made must provide for the transfer of all liabilities, with the result that creditors of the Trust are protected and all liabilities are safeguarded. During 2013/14, financial support has been provided by the DoH amounting to £28.150m, an increase of approximately £6.8m from the cash support secured in 2012/13. This has enabled the Trust to continue in operation whilst the Trust Special Administrators have considered service delivery options. Estimated funding requirements for the full financial year 2014/15 had the Trust continued in operation would amount to £35.6m. This requirement could vary in a range from £33.2m to £48.4m dependent upon the impact of clinical capacity issues on the level of income, additional costs of provision and the delivery of cost improvement programme (CIP) savings. The extent to which this is required will depend on the timing of dissolution.

Up to the point of dissolution, the Trust Special Administrators will continue to be responsible for the governance of the Trust and the cash support required to ensure that continuity of clinical services can be provided has been included in the Annual Plan submitted to Monitor. The requirement for ongoing financial support will continue to the point of dissolution and to support the dissolution process. This is also set out in the Annual Governance Statement on page 68. Once the Trust has been dissolved, the services being delivered on the individual hospital sites at Cannock and Stafford will continue to be delivered under the governance of two other organisations, being University Hospital of North Staffordshire NHS Trust and Royal Wolverhampton NHS Trust. A transition period of 3-5 years will be taken to fully implement the recommendations included in the TSA's plan, with funding being provided by DoH to support this transition.

As the Trust will cease to exist as a separate legal entity from the effective date of the transfer the TSAs have concluded that it is not appropriate to prepare these accounts on a going concern basis. However, no adjustments are required to the amounts at

which the assets or liabilities are included in these accounts, as these assets and liabilities relate to the services which, for the reasons set out above, the TSA believe, will continue as a going concern through the transfer process. This is also consistent with the statutory accounting framework for NHS Foundation Trusts.

2. Segmental Analysis

The board as 'Chief Operating Decision Maker' has determined that the Trust operates in one material segment, which is the provision of healthcare services. The segmental reporting format reflects the Trust's management and internal reporting structure.

The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from departments of HM Government in England.

3. Operating Income

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
NHS Commissioning SLA income	**144,034**	140,656
Private patients	**421**	504
NHS injury cost recovery scheme *	**494**	361
Income from activities	**144,949**	141,521

* NHS injury cost recovery scheme income is subject to a provision for impairment of receivables of 15.8% (2012/13: 12.5%) to reflect expected rates of collection.

Following the Government's reforms to the health and social care system, on 1 April 13 clinical commissioning groups replaced primary care trusts as the commissioner of most services funded by the NHS in England. Income received from primary care trusts in the prior year for contracted services has therefore been replaced with income from clinical commissioning groups, NHS England and Local Authorities with responsibility for public health.

3.1 Operating income

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Elective income	**32,275**	33,329
Non elective income	**37,027**	38,698
Outpatient income	**29,827**	29,554
A & E income	**5,094**	5,005
Other NHS clinical income	**40,305**	34,431
Private patients	**421**	504
Income from activities	**144,949**	141,521

The Trust's Provider License agreed by Monitor sets out basis for determining the goods and services that the Trust is required to provide as location specific services. This includes those specified by Monitor in the terms of authorisation for the Trust, those provided under an NHS contract or contracted directly with a commissioner. All of the Income from activities set out in note 3.1, with the exception of Private Patient Income and NHS Injury scheme, is derived from the provision of location specific services.

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3.2 Other operating income

Other operating income

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Research and development	**1,052**	1,084
Education and training	**4,909**	4,440
Non patient care services to other bodies	**4,015**	2,697
Other income	**4,278**	9,341
	14,254	17,562

Other income includes £0m non recurrent support (2012/13: £4.5m) and £1.0m property rental income (2012/13 £1.0m).

4. Operating Expenses

	Year ended 31 March 2014	Year Ended 31 March 2013
	£000	£000
Services from NHS foundation trusts	**1,657**	1,412
Services from NHS trusts	**5,040**	1,613
Purchase of healthcare from non NHS bodies	**803**	1,010
Employee expenses - executive directors	**1,200**	1,257
Employee expenses - non-executive directors	**93**	108
Employee expenses - staff	**113,075**	109,274
Drug costs	**18,592**	16,858
Supplies and services - clinical (excluding drug costs)	**13,187**	12,795
Supplies and services - general	**3,539**	3,358
Establishment	**2,077**	1,697
Research and development	**43**	77
Transport	**208**	151
Premises	**8,991**	9,053
Adjustment to provision of impairment of receivables	**342**	469
Depreciation and amortisation on non current assets	**6,929**	6,330
Audit fees		
audit services - statutory audit	**90**	88
Clinical negligence	**3,456**	3,250
Loss on disposal of other property, plant and equipment	**174**	201
Legal and professional fees	**91**	203
Consultancy costs	**382**	549
Training, courses and conferences	**396**	390
Patient travel	**12**	17
Insurance	**63**	40
Other	**38**	100
	180,478	170,300

Services from NHS Trusts includes £3,597k relating to costs incurred to undertake due diligence work in support of the transition of the Trust's services to Royal Wolverhampton NHS Trust and University Hospital of North Staffordshire NHS Trust, once Mid Staffordshire NHS Foundation Trust is dissolved later in 2014. The accounts do not include any other costs relating to the appointment of the TSA and the TSA process, other than incidental expenses amounting to £0.2m.

Following the appointment of the TSAs the powers of non-executive directors were suspended. However, the individuals continued to support the Trust as independent members. The costs included within 'Employee expenses - non-executive directors' above relate to the full year costs of both.

The Trust's contract with its external auditors KPMG LLP provides for a limitation of the auditors' liability of £500,000 (2012/13: £500,000).

5. Operating Leases

5.1 As lessee

Payments recognised as an expense	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Minimum lease payments	**988**	977
	988	977

Total future minimum lease payments	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Payable:		
Not later than one year	**996**	941
Between one and five years	**3,256**	3,441
After five years	**4,268**	4,919
	8,520	9,301

5.2 As lessor

Rental revenue	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Other rent	**984**	858
	984	858

Total future minimum lease payments	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Receivable:		
Not later than one year	**234**	941
Between one and five years	**165**	663
After five years	**104**	139
	503	1,743

6. Employee costs and numbers

6.1 Employee costs

	Year Ended 31 March 2014			Year Ended 31 March 2013		
	Total	**Permanently employed**	**Other**	Total	Permanently employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	**88,645**	**81,587**	**7,058**	88,047	82,237	5,810
Social security costs	**6,486**	**6,152**	**334**	6,506	6,094	412
Employers pension costs	**10,085**	**9,559**	**526**	9,952	9,321	631
Termination benefits	**77**	**77**	**0**	736	736	0
Agency/contract staff	**8,982**	**0**	**8,982**	5,290	0	5,290
	114,275	**97,375**	**16,900**	110,531	98,388	12,143

6.2 Average number of persons employed (whole time equivalents)

	Year Ended 31 March 2014			Year Ended 31 March 2013		
	Total	**Permanently employed**	**Other**	Total	Permanently employed	Other
	number	**number**	**number**	number	number	number
Medical and dental	**291**	**279**	**12**	296	287	9
Administration and estates	**747**	**745**	**2**	753	752	1
Healthcare assistants and other support staff	**432**	**432**	**0**	433	433	0
Nursing, midwifery and health visiting staff	**686**	**686**	**0**	709	709	0
Scientific, therapeutic and technical staff	**299**	**297**	**2**	297	295	2
Bank staff	**138**	**0**	**138**	117	0	117
Agency staff	**92**	**0**	**92**	60	0	60
	2,685	**2,439**	**246**	2,665	2,476	189

6.3 Key management compensation (including on-costs)

	Year ended 31 March 2014	Year Ended 31 March 2013
	£000	£000
Short term employee benefits (including on - costs)	**1,200**	1,257
Termination benefits	**0**	0
	1,200	1,257

The Trust Special Administrators (TSAs) were appointed on 16 April 2013. Members who were directors up to this point have continued to operate in the capacity of Senior Managers. Key management compensation consists entirely of the emoluments of the Senior Management Team Board for the period following Trust Special Administrators (TSAs) appointment and of the board of directors prior to this date. This excludes those members who would have held non-executive director status prior to this date.

Full details of senior managers' remuneration and interests are set out in the Senior Managers' Remuneration Report which is a part of the annual report and accounts. Any termination benefits are contractual requirements i.e. notice period and annual leave owed.

6.4 Staff exit packages

Year Ended 31 March 2014	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
Exit package cost band (including any special payment element)	Number	£000s	Number	£000s	Number	£000s
<£10,000	0	0	11	26	**11**	**26**
£10,001 - £25,000	1	18	1	16	**2**	**34**
£25,001 - 50,000	0	0	1	35	**1**	**35**
£50,001 - £100,000	0	0	0	0	**0**	**0**
Total	**1**	**18**	**13**	**77**	**14**	**95**

Year Ended 31 March 2013	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
Exit package cost band (including any special payment element)	Number	£000s	Number	£000s	Number	£000s
<£10,000	7	34	10	29	**17**	**63**
£10,001 - £25,000	8	143	0	0	**8**	**143**
£25,001 - 50,000	4	133	1	28	**5**	**161**
£50,001 - £100,000	1	66	1	81	**2**	**147**
Total	**20**	**376**	**12**	**138**	**32**	**514**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS scheme. Exit costs in this note are accounted for in full in the year of departure or the year in which these costs have been agreed. This disclosure reports the number and value of exit packages taken by staff leaving in the year where these have not been agreed and recognised in a previous year. This also includes exit costs which have been agreed but for which staff have not yet left.

6.5 Pension costs

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

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

A) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as at 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

B) Full actuarial (funding) valuation

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

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

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

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

C) Scheme provisions

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

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

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

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

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

and five times their annual pension for death after retirement is payable.

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

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

7. Retirements due to ill-health

During 2013/14 there were 5 (2012/13: 2) early retirements from the Trust on the grounds of ill-health. The estimated additional pension liability of this ill-health retirement will be £173k (2012/13: £119k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

8. Finance Income

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Interest receivable	14	31
	14	31

9. Finance Expense

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Interest on obligations under finance leases	8	71
	8	71

10. Intangible assets

10.1 Year ended 31 March 2014

	Computer software £000	Assets under construction £000	Total £000
Gross cost at 1 April 2013	6,078	529	**6,607**
Additions purchased	558	3,472	**4,030**
Reclassification	5,311	(3,929)	**1,382**
Gross cost at 31 March 2014	11,947	72	**12,019**
Amortisation at 1 April 2013	3,314	0	**3,314**
Provided during the year	620	0	**620**
Amortisation at 31 March 2014	3,934	0	**3,934**
Net book value	8,013	72	**8,085**
Total at 31 March 2014	8,013	72	**8,085**

10.2 Year ended 31 March 2013

	Computer software £000	Assets under construction £000	Total £000
Gross cost at 1 April 2012	5,743	454	**6,197**
Additions purchased	334	76	**410**
Reclassification	1	(1)	**0**
Gross cost at 31 March 2013	6,078	529	**6,607**
Amortisation at 1 April 2012	2,472	0	**2,472**
Provided during the year	842	0	**842**
Amortisation at 31 March 2013	3,314	0	**3,314**
Net Book Value	2,764	529	**3,293**
Total at 31 March 2013	2,764	529	**3,293**

11. Property, Plant and Equipment

11.1 Year ended 31 March 2014

	Land	Buildings	Assets under construction	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2013	**16,210**	**85,805**	**3,534**	**28,006**	**6,533**	**186**	**140,274**
Additions purchased	0	289	5,520	4,941	911	(2)	**11,659**
Additions donated	0	1	7	45	0	0	**53**
Impairments	0	0	0	0	0	0	**0**
Revaluation	0	(1,691)	0	0	0	0	**(1,691)**
Reclassification	0	1,061	(3,629)	708	465	13	**(1,382)**
Disposals	0	(39)	0	(986)	0	0	**(1,025)**
Gross cost at 31 March 2014	**16,210**	**85,426**	**5,432**	**32,714**	**7,909**	**197**	**147,888**
Depreciation at 1 April 2013	0	9,948	0	15,093	4,493	122	29,656
Provided during the year	0	3,268	0	2,438	584	19	6,309
Revaluation	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0
Disposals	0	0	0	(851)	0	0	(851)
Depreciation at 31 March 2014	**0**	**13,216**	**0**	**16,680**	**5,077**	**141**	**35,114**
Net book value							
- Purchased at 31 March 2014	16,210	72,210	5,432	15,623	2,832	56	**112,363**
- Finance Lease at 31 March 2014	0	0	0	68	0	0	**68**
- Donated at 31 March 2014	0	0	0	343	0	0	**343**
Total at 31 March 2014	**16,210**	**72,210**	**5,432**	**16,034**	**2,832**	**56**	**112,774**

IT software costs of £1,382k have been transferred from Property, Plant and Equipment to intangible assets on completion of the Electronic Patient Recognition System.

11.2 Year ended 31 March 2013

	Land	Buildings	Assets under construction	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2012	**16,564**	**85,631**	**706**	**23,281**	**5,570**	**116**	**131,868**
Additions purchased	0	1,953	3,021	5,438	960	54	**11,426**
Additions donated	0	0	0	106	0	0	**106**
Impairments	0	0	0	0	0	0	**0**
Revaluation	4	(1,888)	0	0	0	0	**(1,884)**
Reclassification	0	109	(193)	65	3	16	**0**
Disposals	(358)	0	0	(884)	0	0	**(1,242)**
Gross cost At 31 March 2013	**16,210**	**85,805**	**3,534**	**28,006**	**6,533**	**186**	**140,274**
Depreciation at 1 April 2012	0	6,637	0	14,220	3,982	110	24,949
Provided during the year	0	3,311	0	1,654	511	12	5,488
Revaluation	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0
Disposals	0	0	0	(781)	0	0	(781)
Depreciation at 31 March 2013	**0**	**9,948**	**0**	**15,093**	**4,493**	**122**	**29,656**
Net book value							
- Purchased at 31 March 2013	16,210	75,857	3,534	12,266	2,040	64	**109,971**
- Finance Lease at 31 March 2013	0	0	0	104	0	0	**104**
- Donated at 31 March 2013	0	0	0	543	(1)	1	**543**
Total at 31 March 2013	**16,210**	**75,857**	**3,534**	**12,913**	**2,040**	**64**	**110,618**

11.3 Revaluation

The valuation basis is described in note 1.5.2 to the accounts. This valuation was updated with a full revaluation performed by the independent valuer as at 31 March 2014 in order to verify the value at those dates.

11.4 Disposals

Property, Plant and Equipment disposed of amounted to a loss of £174k (2012/13: £201k) in the year. These did not relate to land or buildings used for location specific services.

12. Capital commitments

Commitments under capital expenditure contracts at 31 March 2014 were £4,424k (31 March 2013: £5,443K).

13. Inventories

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Raw materials and consumables	**2,393**	2,214
	2,393	2,214

13.1 Inventories recognised in expenses

	Year ended 31 March 2014 £000	Year Ended 31 March 2013 £000
Inventories recognised in expenses	**27,937**	24,134
Write-down of inventories recognised as an expense	**0**	196
	27,937	**24,330**

14. Trade and other receivables

14.1 Trade and other receivables

	Current		Non Current	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
NHS receivables	**6,767**	3,400	**0**	0
Other receivables	**3,149**	3,414	**450**	433
Provision for impaired receivables	**(381)**	(616)	**(136)**	(104)
Prepayments	**1,128**	964	**0**	0
PDC dividend receivable	**68**	9	**0**	0
	10,731	7,171	**314**	329

14.2 Analysis of impaired receivables

	Current		Non Current	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Ageing of impaired receivables				
Up to three months	**58**	62	**0**	0
In three to six months	**300**	61	**0**	0
Over six months	**158**	612	**0**	0
Total	**516**	735	**0**	0
Ageing of non-impaired receivables past their due date				
Up to three months	**266**	1,065	**0**	0
In three to six months	**497**	967	**0**	0
Over six months	**815**	49	**0**	0
Total	**1,578**	2,081	**0**	0

14.3 Provision for impairment of receivables

	31 March 2014 £000	31 March 2013 £000
Balance at 1 April	**720**	626
Increase in provision	**342**	469
Amounts utilised	**(546)**	(375)
Unused amounts reversed	**0**	0
	516	720

15. Cash and cash equivalents

	31 March 2014 £000	31 March 2013 £000
Cash and cash equivalents	**1,020**	501
Made up of		
Cash with Government Banking Service	**280**	71
Commercial banks and cash in hand	**740**	430
Cash and cash equivalents as in statement of financial position and statement of cash flows	**1,020**	501

16. Trade and other payables

	Current 31 March 2014 £000	31 March 2013 £000
NHS Payables	**3,509**	1,111
Trade payables - capital	**4,336**	3,782
Other payables	**9,699**	6,719
Accruals	**4,589**	3,677
Tax payable	**1,970**	2,176
	24,103	17,465

Tax payable consists of employment taxation only (pay as you earn and national insurance contributions), owed to Her Majesty's Revenue and Customs at the period end.

17. Other liabilities - current

	Current 31 March 2014 £000	31 March 2013 £000
Deferred income	**2,889**	1,565

18. Borrowings

18.1 Prudential borrowing limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been repealed with effect from 1 April 2013 by the Health and Social Care Act 2012. The financial statement disclosures provided previously are therefore no longer required.

18.2 Finance lease obligations

Amounts payable under finance leases:

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Within one year	**17**	120	**15**	108
Between one and five years	**45**	63	**44**	63
After five years	**0**	0	**0**	0
Less future finance charges	**(3)**	(12)	**0**	0
	59	171	**59**	171
Included In:				
Current borrowings	**15**	108		
Non-current borrowings	**44**	63		
	59	171		

19. Provisions

	Current		Non Current	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Legal claims	**198**	209	**68**	144
Redundancy	**0**	491	**0**	0
Other*	**722**	607	**470**	542
	920	1,307	**538**	686

* Other provisions include industrial tribunal costs £243k (2012/13: £249k), other employment related matters £193k (2012/13:£318k), dilapidations £40k (2012/13: £40k) and likely costs to arise from the Health and Safety Executive investigations of £246k (£2012/13 £nil). The non-current element relates to employment related matters.

	Legal Claims £000	Redundancy £000	Other £000	Total £000
At 1 April 2013	354	491	1,148	1,993
Arising during the year	111	60	486	657
Used during the year	(137)	(64)	(155)	(356)
Reversed unused	(61)	(487)	(288)	(836)
	267	0	1,191	1,458
Expected timings of cash flows:				
Within one year	199	0	721	920
Between one and five years	68	0	209	277
After five years	0	0	261	261
	267	0	1,191	1,458

Provisions within the annual accounts of the NHS Litigation Authority at 31 March 2014 include £15,479,368 in respect of clinical negligence liabilities of the Trust (31 March 2013 - £15,834,330).

20. Events after the Reporting Period

The Trust does not have any post reporting period events.

21. Contingencies

The Trust has no contingent assets or liabilities as at 31 March 2014.

22. Related Party Transactions

Mid Staffordshire NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year the following transactions have occurred between Senior Managers from 16 April 13 (and Executive and Non-Executive Board Members to 16 April 13), or parties related to them, and Mid Staffordshire NHS Foundation Trust.

Director	Related Party	Receivables £000	Payables £000	Revenue £000	Expenditure £000
Mrs L Hill-Tout (CEO to 31 May 13)	Katharine House Hospice	43	0	106	0
Ms S Banks Director of Nursing, Midwifery and AHPs from Dec 13)	NHS Central Midlands CSU	0	12	0	46
Ms M Johnson (Director of HR to 31 May 13)	University Hospital of North Staffordshire NHS Trust	718	2,334	848	5,254
Mr R Courtney-Harris (Medical Director to 31 May 13)	University Hospital of North Staffordshire NHS Trust	as above	as above	as above	as above
Mr J Crawshaw (Deputy CEO from May 13)	Crawshaw Haynes Associates Ltd	0	42	0	181
Mr P Woodmansey (Medical Director from 1 June 13)	Mid Staffordshire Post Graduate Medical Centre (Education)	9	36	74	153
Ms S Preston (DoF from 1 Jan 14)	Mid Staffordshire Post Graduate Medical Centre (Education)	as above	as above	as above	as above
Mrs E Chumley-Roberts (NED/ Independent member to May 13)	Age UK South Staffordshire	0	7	0	72

The Department of Health is regarded as a related party. During the year Mid Staffordshire NHS Foundation 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. Entities where revenue or expenditure transactions were greater than £250k or year end receivables or payables were greater than £100k are listed below:

	Receivables	Payables	Revenue	Expenditure
	£000	£000	£000	£000
South Staffordshire Healthcare NHS Foundation Trust	83	226	330	1,309
Royal Wolverhampton NHS Trust	72	240	458	1,695
Stafford and Stoke on Trent Partnership NHS Foundation Trust	301	77	1,063	237
University Hospital of North Staffordshire NHS Trust	718	2,322	848	5,254
Cannock Chase CCG	1,729	0	54,458	0
Birmingham Cross City CCG	0	103	1,161	0
North Staffordshire CCG	0	181	437	0
SE Staffordshire and Seisdon Peninsular CCG	201	0	6,449	0
Stafford and Surrounds CCG	2,148	0	61,370	0
Stoke on Trent CCG	0	107	742	0
Telford and Wrekin CCG	447	0	1,242	0
NHS England	659	13	15,391	48
Burton Hospitals NHS Foundation Trust	62	23	365	215
West Midlands Ambulance Service Foundation Trust	5	16	19	446
East Staffordshire CCG	0	15	1,102	0
Walsall CCG	0	54	1,622	0
Wolverhampton CCG	36	0	360	0
Health Education England	8	0	4,963	0
NHS Litigation Authority	0	1	0	3,482
	6,469	3,378	152,380	12,686

The balances above include costs for due diligence work undertaken to support the transition of services to University Hospital of North Staffordshire NHS Trust and Royal Wolverhampton NHS Trust once the Trust dissolves. The amount included in expenditure is £3,597k and in payables is £1,426k.

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with the Department for Work and Pensions.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board. These transactions will be disclosed in the Trustees report and accounts for the Charitable Funds Held on Trust which will be published during the current financial year.

23. Financial instruments

IFRS 7 (Financial Instruments: Disclosures) requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the continuing service provider relationship that the Trust has with local Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the 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 the listed companies to which the standards mainly apply. The Trust financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust receives on-going financial support in the form of public dividend capital which is used to finance revenue deficits and to support the capital investment plan. Mid Staffordshire NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

Interest-rate risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Mid Staffordshire NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

The Trust has no foreign currency income or expenditure.

Credit risk

Mid Staffordshire NHS Foundation Trust is not believed to be subject to any form of credit risk where one party to a financial instrument will cause financial loss for another party by failing to discharge an obligation.

23.1 Financial assets

Financial assets by category:	**31 March 2014 £000**	31 March 2013 £000
NHS Debtors (net of provision for irrecoverable debts)	**6,405**	3,052
Other debtors	**3,115**	3,081
Cash at bank and in hand	**1,020**	501
	10,540	6,634

23.2 Financial liabilities

Financial liabilities by category:	**31 March 2014 £000**	31 March 2013 £000
NHS creditors	**3,509**	1,111
Capital creditors	**4,336**	3,782
Other creditors	**9,699**	6,719
Accruals	**4,589**	3,677
Deferred income	**2,889**	1,565
Finance lease obligations	**59**	171
Provision under contract	**1,458**	1,993
	26,539	19,018

23.3 Fair values

Set out below is a comparison, by category, of book values and fair values of the Trust's financial assets and liabilities as at 31 March 2014.

	Book Value	Fair Value
	£000	£000
Financial Assets		
As note 23.1 above	9,520	9,520
Cash and cash equivalents	1,020	1,020
	10,540	10,540
Financial Liabilities		
As note 23.2 above	26,539	26,539
	26,539	26,539

24. Third Party Assets

The Trust held £55 (31 March 2013: £1,117) cash at bank and in hand at the Balance Sheet date which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

25. Losses and Special Payments

There were 20 cases of losses and special payments paid during 2013/14 totalling £3,901 (2012/13: 29 cases totalling £16,236). These amounts are stated on an accruals basis but exclude provision for future losses.

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	£	Number	£
Losses				
Cash losses	**0**	**0**	1	110
Special payments:				
Reimbursement for the loss of personal effects	**10**	**1,578**	17	6,748
Compensation payments	**10**	**2,323**	11	9,378
Total losses and special payments	**20**	**3,901**	29	16,236

26. Independent Auditor's Report on the Annual Accounts

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE TRUST SPECIAL ADMINISRATORS OF MID STAFFORDSHIRE NHS FOUNDATION TRUST

We have audited the financial statements of Mid Staffordshire NHS Foundation Trust for the year ended 31 March 2014 on pages 85 to 119. These financial statements have been prepared under applicable law and the NHS Foundation Trust Annual Reporting Manual 2013/14.

This report is made solely to the Trust Special Administrators of Mid Staffordshire NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, 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 Special Administrators of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the accounting officer and the auditor

As described more fully in the Statement of Accounting Officer's Responsibilities on page 67 the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the accounting officer and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

Emphasis of matter paragraph

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1.24 to the financial statements concerning the basis of preparation of the accounts. The Trust Special Administrators have acknowledged in note 1.24 that the Trust does not meet the accounting definition of a going concern as a consequence of its proposed dissolution as a corporate entity within the 2014/15 financial year. However, as directed by the NHS Foundation Trust Annual Reporting Manual 2013/14, the Trust Special Administrators have prepared the

financial statements on a going concern basis as the services currently provided by the Trust will continue to be provided by alternative NHS providers after the Trust's dissolution.

Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion the information given in the Strategic Report and the Directors' 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

We have nothing to report where under the Audit Code for NHS Foundation Trusts we are required to report to you if, in our opinion, the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We are not required to assess, nor have we assessed, whether all risks and controls have been addressed by the Annual Governance Statement or that risks are satisfactorily addressed by internal controls.

Certificate

Under Section 62(1) of the National Health Service Act 2006 and Monitor's Audit Code for NHS Foundation Trusts, we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Trust Special Administrators were appointed on 16 April 2013 by Monitor, following the conclusion of the Contingency Planning Team that the Trust was financially and clinically unsustainable. The conclusion of the Trust Special Administrators work to determine how safe and high quality services could be sustainably provided both clinically and financially resulted in the Secretary of State formally announcing on 26 February 2014 that the Trust would be dissolved. As a result of this, the majority of the Trust's services will be transferred to two other public sector entities.

As a result of these matters, we are not able to conclude that the Trust made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Neil Thomas for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London, E14 5GL

29 May 2014

SECTION 3 - QUALITY REPORT

1. Statement on Quality from the Chief Executive

This Quality Account is a record of our position and achievements for 2013/2014. We have been through a very challenging year with considerable uncertainty about our futures, and the decision by the Secretary of State that the Trust should be dissolved and services at Stafford and Cannock Chase Hospitals transferred to University Hospital North Staffordshire NHS Trust and The Royal Wolverhampton NHS Trust respectively

Despite the many challenges the Trust has faced this year, we are proud of the improvements we have made. We know that what is important for patients is that they can trust their local hospital and the services it provides. The Trust has worked very hard over the last four years to improve the quality of care provided to all our patients, and to reassure our local population, commissioners and regulators that the services provided now at the Trust are safe, high quality and effective.

Achievements in 2013/2014 include an improvement in our national inpatient survey. Our latest staff survey shows that 73% of staff would now recommend the Trust as a provider of care to their family and friends. We have seen a reduction in the overall number of hospital acquired pressure ulcers and made real progress in protecting patients from the risk of suffering a fall while in our care.

We are not complacent; we recognise that whilst we have made significant improvements in many aspects of safety and quality we still have scope for improvement as outlined in our priorities for 2014/2015. We need to continue to work on protecting patients from the risk of suffering a fall while in hospital and work in partnership with primary care colleagues to reduce the number of people developing Clostridium Difficile (Cdiff). We also need to ensure that we use patient feedback on the care they have received to improve the delivery of services in a timely manner.

We are pleased to be able to present this Quality Account to you and believe it to be a fair and balanced report on the quality of care within the Trust. We also confirm that to the best of our knowledge, the information contained within this report is accurate.

Mr Alan Bloom
Trust Special Administrator
(Accounting Officer)

Mrs Maggie Oldham
Chief Executive

M. Oldham

Date: 27 May 2014

Achievements in Quality and Safety

We have undertaken targeted work to reduce harm to our patients.

In 2013/14 we have achieved:

- ✓ 16.9% reduction in Falls
- ✓ 23% reduction in Grade 2 pressure ulcers across the Trust
- ✓ 35% reduction in Grade 3 pressure ulcers across the Trust
- ✓ No Grade 4 pressure ulcers across the Trust
- ✓ 97% of patients have VTE assessment completed
- ✓ 95% compliance with standards of care for patients with dementia
- ✓ Mortality rates remain statistically significantly low
- ✓ 96% of patients receive harm free care
- ✓ 95% of patients are likely or extremely likely to recommend our hospital
- ✓ 98% of patients are likely or extremely likely to recommend our maternity services

1.1 Purpose of the Quality Account

Mid Staffordshire NHS Foundation Trust Quality Account forms part of the Trust's annual report to the public. It describes our key achievements with regards to the quality and safety of patient care, clinical effectiveness and patient experience for 2013/2014 and the progress that has been made delivering improvements throughout the year. The Account also describes how we have performed against the national quality targets and locally agreed CQUIN (Commissioning for Quality and Innovation) throughout 2013/2014. Our assurance statements are made in light of the activities across the whole year. It outlines areas where we need to focus our improvement work and sets out the key quality priorities for the year ahead.

1.2 Quality Vision for Mid Staffordshire NHS Foundation Trust

The overall objectives of Mid Staffordshire NHS Foundation Trust are delivered around the four values of the Trust. These four values are:

- Care for People
- Work Together
- Listen and Improve
- Do the Right Thing

Our CQUINs and priorities for 2014/2015 will be delivered against these four values. We will also push forward with the priorities identified in the 2013/14 Quality Account, where some have been achieved, but now need to be sustained and in others where we have achieved some improvement but still require more work.

2. Priorities for Improvement and Statement of Assurance from the Board

2.1 Priorities from 2013-2014 and Achievements

This section sets out the actions taken during the year on the quality improvement initiatives which were set for 2013/2014 and the progress made against them. The priorities identified for 2013/2014 were:

- Delivery of the eight CQUIN Initiatives on page 139
- Reduction in medication omissions without a medically justifiable reason

The reduction in omission of medication without a medically justified reason remained a key safety and quality priority for the Trust in 2013/2014 and an evidence based target was agreed as part of the Quality aspects of the contract for 2013/2014. The target was set based on the best comparative data available which suggested medication omission rates without a medically justified reason of between 12-20% (it should be noted that this is with an electronic prescribing system which MSFT will not be implementing until after dissolution).

A new process for the recording of medication omissions on the medication charts was implemented in Q4 of 2012/2013. It was hoped that there would be an improvement in performance against this measure as the new process became embedded. In 2013/2014 the Trust exceeded the target with a cumulative performance of 9.45% omissions without a medically justified reason being documented.

- Reduce the incidence of discharging patients with a retained intravenous cannula

Reducing the number of patients discharged from hospital with a retained cannula has remained a key quality initiative for the last 3 years. Whilst the numbers have reduced slightly each year we still have cases of patients being sent home with the cannula still in situ, with 9 cases reported in 2013/2014.

Year	Number of patients discharged with a retained cannula
2011-2012	12
2012-2013	10
2013-2014	9

Four patients were discharged from the Accident and Emergency Department with a cannula in situ, and 5 patients from wards. In order to continue to reduce the number of patients discharged from hospital with a retained cannula in 2014/2015 we will:

Ensure that all staff, including temporary staff, continue to use the Discharge Checklist in full. Bi-annual audits of the Discharge Checklist to evaluate compliance with the 2-nurse checking for cannula prior to discharge of the patient.

Bi-annual audits of compliance with the 2-nurse checking for the removal of cannula prior to discharge in the Accident and Emergency Department.

Continue to ensure that the learning from the Root Cause Analysis Investigations carried out following any patient discharged with a retained cannula is embedded into clinical practice.

Ensure that Visual Infusion Phlebitis (VIP) scores are completed every shift (i.e. every 6-8 hours) for patients with a cannula insitu to ensure that cannulas that are not required are removed promptly. This is audited monthly for each clinical area as part of the Nursing Quality Audit Programme undertaken across the Trust.

Reducing the incidence of patients discharged with a retained intravenous cannula will continue to be monitored throughout 2014/2015.

Reduce the number of adult inpatient falls

The Trust set a target agreed locally with their commissioners to reduce falls by 14% in 2013/2014. The Trust achieved this target with a 16.9% reduction in the number of falls."

In 2013/2014 there were 619 adult inpatient falls, meaning there were 126 fewer falls than in the previous year. Nationally, falls are reported as the number of falls per 1,000 bed days. There is variation in the number of falls per 1,000 bed days but the NPSA recommendation for Acute Trusts is a ratio of 5.6 Falls per 1,000 Bed Days. The Trust set a locally agreed target for falls reduction from 6.5 falls per 1,000 bed days to the national target of 5.6 falls per 1,000 bed days at the end of the year; this equated to a 14% reduction in inpatient falls and would bring the Trust in line with the NPSA recommendations. The target set for 2013/2014 was exceeded with a 16.9% reduction in falls which equates to a falls per 1,000 bed day ratio of 5.49.

Key Actions taken in 2013/2014:

The Falls Policy has been reviewed and re-launched with clear responsibilities identified for each clinical group identified

- The Falls Care Plan has been updated to include falls safe initiatives
- A Post Falls Checklist has been implemented
- Bedrails and Falls Risk Assessment revised so it is completed within 6 hours of admission
- Falls Assessment added to Emergency Department Information System (EDIS) for use in Accident and Emergency Department. If patient is assessed as high risk there is a 'drop down' list of falls initiatives to be carried out
- New Consultant Lead for Falls identified who will chair the Trust Falls Group
- Trial of non-slip graduated compression stockings currently underway
- Patient Falls Leaflet updated
- Patient/Staff education

As well as considering the overall number of falls it is important to also consider the impact of these falls on the patient in relation to the harm caused. In 2013/2014 the number of incidents of falls resulting in significant harm increased slightly to 11 from 9 the previous year based on RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reported incidents and Serious Incidents reported for this period. The Trust aims to further reduce the number of inpatient

falls in 2014/2015 and equally as important to reduce those falls resulting in harm.

Initiatives which will be implemented in 2014/2015 include:

- Re-launch of the Fallsafe Initiatives
- Continue to provide falls training to all clinical staff working with patient who are at risk of falls
- Explore the options for the use of assisted technology to help in the management of patients who are at high risk of falls

Falls are monitored and reported monthly via the Quality Report to the Quality Committee. The Trust has a Falls Group chaired by the Falls Lead who is an Elderly Care Consultant. A bi-annual detailed Falls themed review is also presented at the Quality Committee.

Implement a new model of nursing leadership on all adult wards

"Ward nurse managers should operate in a supervisory capacity, and not be office-bound or expected to double up, except in emergencies as part of the nursing provision on the ward".

In January 2013 the Trust made the decision to implement a new model of nursing leadership on all adult wards in the organisation which would facilitate the ward managers operating in a supervisory capacity. This decision was further endorsed by the Francis Inquiry Report publication in February 2013 which recommended that ward nurse managers should work in a supervisory capacity

From April 2013 the ward managers on the adult wards across the Trust were given supervisory status. This supervisory capacity enabled them to work alongside staff as a role model and mentor, developing clinical competencies and leadership skills amongst their teams. Alongside this initiative Ward Nursing Quality Dashboards were developed; Ward Manager Key Performance Indicators were agreed which included targets for pressure ulcer reductions, falls, and other quality measures included in the dashboards. The performance against these indicators were monitored and discussed with the individual ward manager at the monthly Ward Charter meetings.

A 'Ward Managers' Development Programme' was launched. This programme was developed following externally facilitated assessment centre feedback for these managers and was tailored to improve their leadership skills across a variety of domains.

Unfortunately due to the nurse staffing issues within the Trust in January 2014 particularly around the lack of experienced nurses to take charge of the wards the decision was made that, in the interests of patient safety, the ward managers would have to work clinically three days a week for the winter period. This led to the ward managers having less of an overview of the day to day performance in relation to the quality of care delivered by the staff on their ward at a time when there was an increase in temporary staff usage. In April, in recognition of this the Trust made the decision that the ward managers should return to their supervisory status to enable a greater overview and monitoring of the delivery of care and quality within the clinical areas which actually led to greater assurance around the quality and safety of care in those clinical areas.

Review of the Quality dimensions of the Francis Report and implementation of measures to achieve local compliance where applicable

The Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (Francis Report) was presented to Parliament in February 2013 and contained 3 volumes plus an Executive Summary. The Executive Summary included a summary of the 290 recommendations with each of them being categorised into a main area and theme and referencing back to the section within the core report.

Following on from the publication of the report the Associate Director of Corporate Governance / Company Secretary completed a review of the 290 recommendations to identify those that could be implemented locally and those that would be directed nationally. Of the 290 recommendations there

were 83 relevant for direct implementation by the Trust, of which the Trust was found to have addressed 56 of the recommendations, but identified further action was required for 27; a course of action was identified by the lead Executive Director together with an implementation date.

Excellent progress has been made with each of the actions and there are no areas of concern. Of the 27 actions the status in summary is:

1. Completed – 14
2. Require national direction – 4
3. On hold – 3
4. In progress and planned for completion during 2014/15 – 6

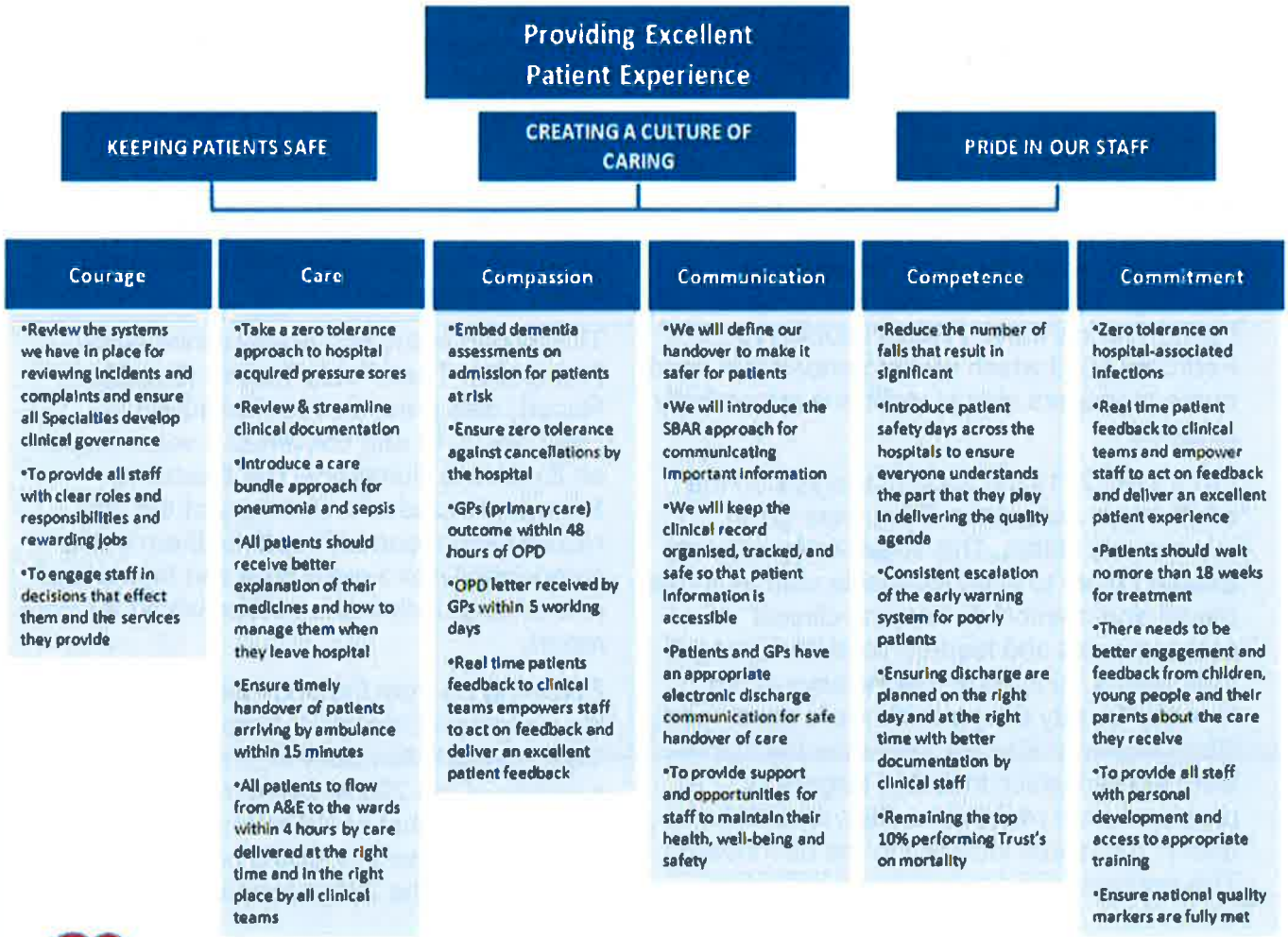
Due to the impending dissolution of the Trust and alignment of systems with UHNS and RWT some aspects of clinical systems implementation will be progressed by working alongside our colleagues in the two neighbouring Trusts.

Review of the Quality & Safety Strategy 2011-2015 and the Governance arrangements within the Trust

The original Quality and Safety Strategy was launched in January 2012, its core purpose was to improve the quality and safety of patient care. In line with the national definition we defined quality as care that is safe, effective and experienced by our patients in a positive way.

The Trust Special Administrator (TSA) and the Directors are responsible for ensuring that the standards of care being delivered across all services within the organisation are achieved. This is monitored through the Quality Committee.

Key quality & safety priorities for 2014/2015, which underpin our three year Quality and Safety Strategy have been developed and are currently out for consultation across the staff disciplines within the Trust. These have been developed to align them with the "Compassion in Practice" (Department of Health 2012).



Compassion in Practice is the model for nursing, midwifery and care staff drawn up by Jane Cummings, the Chief Nursing Officer for England. It encompasses six fundamental values - care, compassion, competence, communication, courage and commitment (the "6Cs"), values which resonate strongly with both staff and people who use our services, across the whole range of health and care settings. The draft quality and safety priorities for 2014/15 based on the 2011-15 Quality and Safety Strategy are outlined below:

In order to deliver the quality and safety priorities, a programme that is effective at delivering clinical change is being developed to enable clinical leaders to lead and design improvement. This programme will be led by the Medical Director and Chief Executive, through a new clinical policy forum. It will be the role of this forum to ensure that the quality and safety priorities are identifed, agreed and delivered sustainably within a clinical leadership model.

2.2 Priorities for 2014 - 2015

The priorities for 2014/2015 are outlined below. Some of these priorities continue from those set and agreed by the Trust Board in 2013/2014. These are reflected in our revised Safety and Quality Priorities for 2014/2015. These priorities have been agreed by the Directors, TSA and in negotiation with our commissioners. They were chosen because they represent areas of concern identified by external regulators Care Quality Commission (CQC), Health and Safety Executive (HSE) or they related to incidents identified, because of the strategic direction identified within the Quality and Safety Strategy and Annual Business Plan. Others were chosen because they demonstrate evidence based best practice.

The priorities identified and agreed for 2014/2015 are:

1. Deliver a reduction in Hospital Acquired Infections

Aim: *To improve on our C Diff rates for 2013/14 and not to breach the 2014/15 target*

The Trust reported an increase in 2013/2014 of hospital acquired infections compared to 2012/2013 which breached our targets agreed for the year. In 2014/2015 the Trust aims to achieve the CDiff target set at no more than 24 hospital acquired cases and have no MRSA Bacteraemia.

The Trust already has a CDiff action plan which is monitored and reviewed weekly at the CDiff meeting chaired by the Chief Executive. Performance against these targets will continue to be monitored via the Trust Infection Prevention and Control Committee chaired by the Chief Executive, and monthly via Quality Committee, Senior Management Team meeting (previously Trust Board) and the Clinical Quality Review Meeting (CQRM).

2. Take a zero tolerance approach to hospital acquired avoidable pressure ulcers (see page 150)

Aim: *To further reduce our Grade 2 and 3 pressure ulcers and to have a zero tolerance for Grade 4*

3. Further reduce the number of inpatient falls and the incidents of falls resulting in significant harm (see page 128)

Aim: *To further reduce inpatient falls and reduce levels of harm associated with them*

4. Define our handover process to make it safer for patients

Aim: *To reduce our number of incidents relating to handover and roll out the Standard Operating Procedure across all inpatient areas*

The Trust has reviewed the process of handover across all disciplines and clinical settings in 2013/2014. Following the issuing of an HSE improvement notice in November 2013 work has been undertaken to improve the process and quality of handovers to ensure patient safety across all services provided within the Trust. The Handover Policy has been reviewed and re-launched and clinical areas have developed Standard Operational Policies for the handover procedure in their department. The SBAR Tool (Situation, Background, Assessment and Recommendations) has been implemented as the standard for handovers

across all areas. Further work will continue in 2014/2015 to ensure these new handover processes are embedded. This work will be monitored via our internal audit programme and adverse incidents and progress will be reported to the Trust Quality Committee.

5. Remain in the top 10% performing Trusts on mortality (See Page 158)

Aim: *To maintain our position in the top 10 % of performing Trusts*

6. Ensure real time patient feedback to clinical teams

Aim: *Improve on "what matters most" to our patients*

The Trust will continue to ensure that it provides real time feedback to clinical teams and empower staff to act on feedback. Individual Patient Experience Dashboards that each clinical area has developed are discussed monthly at the Nursing Quality Dashboard meeting attended by the ward managers, corporate nursing team and patient experience lead. These dashboards are monitored at the Divisional Performance Review meetings and included in the Patient Experience Report to the Quality Committee. Further initiatives will be implemented in 2014/2015 to ensure that we respond in a timely manner to patient feedback to ensure that we take lessons learned through our internal governance structures.

7. Triangulate data from incident and complaints to ensure lessons learned are shared across the Trust

Aim: *To improve on our learning from experience across the Trust*

The Trust is establishing a "Learning from Experience Group" which will replace the current Trust Incident Review Group. This Group will incorporate governance, complaints and claims and will identify the lessons learnt for communication and dissemination throughout the organisation.

8. Delivery of the 2014-2015 CQUIN Schemes (See page 141).

The details of the national and local CQUIN schemes which have been negotiated and agreed with our commissioners for 2014/2015 are outlined on page 141.

Reducing the prevalence and incidence of hospital acquired pressure ulcers remains a key priority for the Trust in 2014/2015 and is included within these CQUIN schemes.

CQUIN performance will be monitored monthly as part of the Quality Report submitted to the Quality Committee and Senior Management Team meeting (previously Trust Board). It will also be monitored at Divisional Performance Review meetings and Divisional Governance meetings. Performance will also be monitored by submission of quarterly reports to the Clinical Quality Review Meeting chaired by the CCG.

2.3 Statements of Assurance from the Board

During 2013/2014 Mid Staffordshire NHS Foundation Trust continued to provide and/or subcontract 68 Clinical NHS services from both Cannock Chase Hospital and Stafford Hospital. (These are detailed on our web site www.midstaffs.nhs.uk).

The Trust supported a number of reviews of its services during 2013 and 2014. These were undertaken by external organisations and include:

- The Care Quality Commission
- Cancer Peer Review- Upper Gastro Intestinal (GI)
- Health & Safety Executive
- NHS Litigation Authority- maternity
- Clinical Pathology Accreditation
- Unannounced visits by the CCG
- Unannounced visits by the Local Area Team
- Local Supervising Authority – midwifery
- HealthWatch enter and view visits to the Trust.
- Quality Assurance (QA) Medical West Midlands (whole Hospital)

Mid Staffordshire NHS Foundation Trust has reviewed all the data available on the quality of care in 25 of the relevant health services. The income generated by those services reviewed in 2013/2014 represents 62% of

the total income generated from the total provision of NHS services by the Mid Staffordshire NHS Foundation Trust for 2013/2014.

2.4 Measuring Participation, Coverage and Review of Clinical Audits

Clinical audit is considered a central component of our continual drive to improve the quality and standards of care delivered. The audit programme undertaken in 2013/14 covered three distinct but intertwined areas:

1) National Audits 2) Local Audits and 3) NCEPOD (National Confidential Audit Patient Outcome Programme)

During 2013/2014, 32 national clinical audits and 5 national confidential enquiries were performed covering relevant services that the Trust provides.

During 2013/2014 the Trust participated in 100% of national clinical audits and 100% of national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that the Trust was eligible to participate in and for which data collection was completed during 2013/2014 are outlined in the table below. The number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of audit or enquiry is also included:

Title	MSFT Eligible	MSFT Participated	Percentage of required number of cases submitted
Part of the National Clinical Audit Patients Outcomes Programme			
Maternal, Newborn and Infant Clinical Review Programme (MBRRACE-UK)	Yes	Yes	100%
Neonatal intensive and special care (NNAP)	Yes	Yes	100%
Epilepsy 12 (Childhood Epilepsy)	Yes	Yes	100%
Paediatric intensive care (PICANet)*	No	-	-
Paediatric cardiac surgery (NICOR Congenital Heart Disease Audit)	No	-	-
Diabetes (RCPH National Paediatric Diabetes Audit)*	Yes	Yes	100%
Diabetes (National Adult Diabetes Audit)*	Yes	Yes	100%
Inflammatory Bowel Disease (UK IBD Audit)*	Yes	Yes	100%
Hip, knee and ankle replacements (National Joint Registry)*	Yes	Yes	100%
Coronary angioplasty (NICOR Adult cardiac interventions audit)*	No	-	-
Carotid interventions (Carotid Intervention Audit)*	No	-	-
CABG and valvular surgery (Adult cardiac surgery audit)*	No	-	-
Acute Myocardial Infarction & other ACS (MINAP)*	Yes	Yes	100%
Heart failure (Heart Failure Audit)*	Yes	Yes	100%
Sentinel Stroke National Audit Programme (SSNAP)	Yes	Yes	100%
Cardiac arrhythmia (Cardiac Rhythm Management Audit)*	Yes	Yes	100%
Renal replacement therapy (Renal Registry)	No	-	-

Bowel cancer (National Bowel Cancer Audit Programme)	Yes	Yes	100%
Head & neck cancer (DAHNO)*	Yes	Yes	100%
Oesophago-gastric cancer (National O-G Cancer Audit)*	Yes	Yes	100%
National Lung Cancer Audit	Yes	Yes	100%
National Confidential Inquiry into Suicide and Homicide for people with Mental Illness (NCISH)	No	-	-
National Emergency Laparotomy Audit (NELA)	Yes	Yes	Study ongoing
Congenital heart disease (Paediatric cardiac surgery) (CHD)	No	-	-
National adult cardiac surgery	No	-	-
National Vascular Registry	No	-	-
National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	Yes	Yes	
Rheumatoid and Inflammatory arthritis	Yes	Yes	Study ongoing
National Audit of Schizophrenia (NAS)	No	-	-
Falls and fragility fractures audit (FFFAP)	Yes	Yes	100%
Child health clinical outcome review programme (CHR-UK)	Yes	Yes	100%
National Hip Fracture Database	Yes	Yes	100%

In addition, the reports of 18 national clinical audits were received and the results reviewed by the Trust in 2013/2014. The Trust also participated in one other non-mandated national audit listed below:

- National Care of the Dying Audit

National Audit reports received 2013/2014

These are listed in the table below, together with the level of compliance identified against the standards audited and the key actions identified to address the areas of non-compliance. National audits are discussed at the Speciality Audit and Directorate Governance meetings and where required remedial action plans agreed. The Trust Clinical Audit meeting, which meets on a bi-monthly basis monitors progress from a whole Trust viewpoint.

Audit Title	Compliance Level	Actions planned/taken
BTS Emergency Use of Oxygen 2012	Partial	To help maintain good practice with oxygen prescribing remind/educate all physicians and nurses who look after in-patients and A&E regarding oxygen prescribing, administration and monitoring. In addition standards to be developed for training junior medical and nursing staff for submission to Quality and Standards committee for implementation.
BTS Emergency Use of Oxygen 2013	Partial	Actions focussed on improving the appropriate prescription of oxygen by doctors and included education at teaching sessions and grand round.
Adult Critical Care (Case Mix Programme – ICNARC CMP)	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.

Potential Donor Audit	Partial	Improvement in some areas has been shown since previous report however very small sample size (4 patients) impacts greatly on comparison to standard. Potential Donors will continue to be monitored at quarterly meetings to address concerns as they occur.
National Bowel Cancer Audit 2013	Good	The report has been considered by the Speciality and at the August 2013 business meeting. There is excellent compliance throughout and the main focus is on maintaining the standards.
Lung Cancer (NLCA) 2013	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.
Oesophago-gastric Cancer (NOGCA) 2011 (patients diagnosed between 01/04/2011 and 31/03/2012)	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.
Acute coronary syndrome or Acute myocardial infarction (MINAP)	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.
Heart Failure 2012	Good	The overall results compared to national were very good. Actions centred on improving the referral processes to the heart failure liaison nurses. A detailed action plan is being developed.
National Diabetes Inpatient Audit (NADIA) 2012	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.
Hip Fracture Database (NHFD) 2011	Good	The Trust demonstrates a good level of compliance and has implemented processes to ensure that all medically fit patients with a fractured hip are operated upon within 48 hours of admission.
Hip Fracture Database (NHFD) 2013	Good	Compliance remains good. The Trust is now implementing actions (including the introduction of daily ward rounds to increase the rate of perioperative assessment) to move towards operation within 36 hours of admission.
National intensive and special care (NNAP)	Partial	The overall results were good. The main focus for improvement is on increasing retinopathy of prematurity (ROP) screening and actions include facilitating more frequent access to ophthalmology screening
Adult Asthma BTS 2012	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.
Adult Community acquired pneumonia 2012 (BTS)	Partial	The actions relate to educating clinicians into increasing the Confusion Urea Respiratory Blood Pressure (CURB) scoring and reducing the risk of antibiotic induced C difficile.
Heart Rhythm Management (NICOR) 2012	Partial	The report details an analysis of the Staffordshire and Shropshire Local area team and it is not possible to identify Stafford Hospital results specifically. However the results indicate that the local area team is operating broadly in line with the national benchmark data.
Audit of Seizure Management (NASH) 2013	Partial	The report has been considered by the Speciality. An action plan is currently being developed to address the areas where improvement is required.

Local Audit Programme

During 2013/2014 a further 37 local clinical audits were completed across different departments in the Trust. Actions have been identified for each of these audits to improve the quality of healthcare provided to patients.

EXAMPLE: Audit of Oxygen Prescribing. The aim of the audit was to measure adherence to the British Thoracic Society (BTS) Guidelines on the prescribing of oxygen. The BTS guidelines stipulate that only patients who are hypoxic are prescribed oxygen. Compliance with the guidelines was generally good however in order to further improve compliance with the guidelines oxygen prescribing will be included in the regular teaching sessions.

EXAMPLE: Audit of the appropriateness of GP Referrals for Diabetes Patients. The aim of the audit was to check compliance of referral letters with the criteria specified in the NHS Diabetes Guidelines. Whilst there was good compliance with the following referral criteria (type and duration of diabetes and comorbidities) there was poor compliance with the following criteria (blood pressure, BMI and HbA1c). The audit concluded that GP referrals for diabetic patients, who are undergoing surgery and elective procedures in hospital, need to be improved in order to meet the criteria. The main action arising from the audit was the production of a template which includes the guidelines and sending it to all local GPs in an attempt to improve GP referrals

EXAMPLE: Audit on the Appropriate Prescribing of Laxatives for Patients on Opiate Analgesia. This audit focussed on measuring whether practice met the standards set within local hospital guidelines on the management of constipation. The results indicated that 21% of patients who were at risk of developing constipation due to opiate analgesia were NOT prescribed any form of laxative. Actions included the following, prescribing laxatives at the same time as prescription of opiate analgesia, regular checks of patients bowel habits to prevent patients from having long periods where their bowels are not open and standardising the document which records bowel movements and ensuring their regular completion.

EXAMPLE: Audit on the completion of the World Health Organisation (WHO) surgical checklist. The surgical checklist forms part of the WHO guidelines for safe surgery 2009. This audit focused on patients undergoing breast surgery. Excellent compliance i.e. 100% was demonstrated across all of the criteria including: full completion of the checklist in the breast case notes. The audit concluded that WHO guidelines were being fully adhered to and the ongoing action is to continue to provide this excellent level of practice.

EXAMPLE: Re-audit of annual screening in type 1 diabetic children. The national guidelines stipulate the screening that children should receive on an annual basis. Results indicated that most children were receiving screening for thyroid disease but lower proportions were being screened for coeliac disease microalbuminuria and blood pressure. Actions agreed to improve these areas included reminding patients to submit a urine sample for the microalbuminuria screen.

Audits completed in 2013/2014 are included in the following table:

Specialty	Audit topic
All Specialties	Audit of About Me Forms (Dementia)
Anaesthetics/Theatres	Stop Before You Block Audit
Anaesthetics/Theatres	Enhanced recovery/level 1
Breast Care	Completion of WHO site of surgery checklist
Breast Care	Oxygen use and prescribing
Cardiology	Time from admission to angiogram
Cardiology	Are patients with AF on appropriate anticoagulation according to CHA2DS2-VASc score?
Cardiology	Permanent Pacemaker Implant Audit
Cardiology	Complete audit cycle of resuscitation trolleys at Stafford Hospital
Clinical Haematology	Audit on Fludarabine Cyclophospahmide Rituximab (FCR) therapy
Colorectal	Adherence of Antibiotic Prophylaxis in Bowel Surgery
Critical Care Unit	Adherence to the Ventilator-Associated Pneumonia (VAP) Care Bundle
Critical Care Unit	Evidence-based transfusion practice in intensive care patients
Dermatology	NICE BAD National Audit: The Assessment and Management of Psoriasis (CG153)
Dermatology	Audit of Dermatology Department regarding two week wait referrals for suspected squamous cell carcinoma and malignant melanoma
Dermatology	Quality Improvement project: Introduction of Health Care Support Worker -led Isotretinoin Clinics
Dermatology	NICE CG153: The assessment and management of Psoriasis
ENT	Accuracy in Coding of ENT surgery procedures
Gastro/Endoscopy	Management of patients with IBD on Infliximab
Gastro/Endoscopy	Audit of the transfer of patients from medical outliers to ward 7
General Surgery	Endovascular Aneurysm Repair Follow up
General Surgery	Benefit of CXR as part of investigation in early breast cancer
General Surgery	Peripheral Cannulation - Adherence To Documentation Guidelines
Gynaecology	Identification of whether we respect the guidelines of the Trust, regarding admission of pregnant women
Gynaecology	Outpatient Hysteroscopy Audit
Obstetrics	Management of Breech Presentation in Pregnancy (ECV)
Obstetrics	Intrapartum Fetal Monitoring
Paediatrics	Re-audit 'Facing the Future' guidelines
Paediatrics	Audit of the Management of Gastroenteritis in Children
Pathology	Audit of haematology patients flagged to receive cytomegalovirus negative blood components
Pathology	Re-audit of lymph node retrieval from colorectal resection specimens
Pathology	Breast biopsy interpretation by different consultants
Radiology	Audit of GP referrals for xray and follow up
Respiratory	Audit of the appropriateness of antibiotic prescriptions
Respiratory	Oxygen prescribing on medical wards
T&O	Appropriate Prescribing Laxatives in Patients Using Opioid Analgesia
Urology	An Audit to determine whether patients admitted for ureteroscopy with stone extraction were discharged

We have also participated in a number of National Confidential Enquiry into Patient Outcome and Death (NCEPOD) audits and have considered a number of NCEPOD reports and reviewed our care pathways in line with the recommendations. This work has been led by the hospitals NCEPOD ambassador, Chris Secker.

NCEPOD Reports 2013/14		
Report Title	**Considered by Trust**	**Comments**
Measuring the Units – A review of patients who died with alcohol-related liver disease	Yes	The Trust has completed a detailed NCEPOD self-assessment checklist which identifies actions required in order to improve the care provided to patients with alcohol liver disease.

NCEPOD Studies in Progress 2013/14			
Report Title	**MSFT Participation**	**Percentage of required number of cases submitted**	**Comments**
Subarachnoid Haemorrhage	Yes	No applicable patients	The Trust has submitted an organisational questionnaire
Tracheostomy	Yes	100%	The Trust has also submitted an organisational questionnaire and all of the case note extracts required.
Lower Limb Amputation	Yes	Study on-going	The Trust has also submitted organisational questionnaires and all of the case note extracts required to date
Gastrointestinal Haemorrhage	Yes	Study on-going	The Trust has provided a sample of patients for this study.
Sepsis	Yes	Study on-going	The Trust is currently preparing to participate in the study which is due to start in May 2014.

2.5 Participation in Clinical Research

The number of patients receiving NHS services provided or sub-contracted by Mid Staffordshire NHS Foundation Trust in 2013/14 that were recruited during that period to participate in research approved by a research ethics committee was 532.

Participation in clinical research demonstrates the Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement. Our clinical staff remain abreast of the latest possible treatment possibilities and active participation in research leads to successful patient outcomes.

Mid Staffordshire NHS Foundation Trust was involved in conducting 119 clinical research studies during 2013/2014.

The improvement in patient health outcomes in Mid Staffordshire NHS Foundation Trust demonstrates that a commitment to clinical research leads to better treatments for patients. There were 54 clinical staff participating in research approved by a research ethics committee during 2013/14. These staff participated in research covering 12 medical specialties listed below:

- Oncology
- Haematology
- Respiratory medicine
- Cardio-vascular medicine
- Acute Medicine
- Gastroenterology
- Medicines for Children
- Reproductive Health
- Musculo-skeletal

- Dermatology
- Diabetes and Endocrinology
- Orthopaedics

No publications have directly resulted from our involvement in NIHR research. Our engagement with clinical research also demonstrates the Trust's commitment to testing and offering the latest medical treatments and techniques.

2.6 Quality Indicators

Commissioning for Quality and Innovation (CQUIN)

a) CQUIN for 2013 - 2014 and achievements against these

A proportion of the Trust's income for 2013/2014 was conditional on achieving the quality and innovation goals agreed through the Commissioning for Quality and Innovation payment framework (CQUIN), with the same value equivalent to 2.5% of the contract.

The Trust agreed 8 goals with the Commissioners with a monetary value of £3,165,595 if all aspects of these quality improvement and innovation goals were achieved in 2013/2014. We achieved £2,710,541 which 85.63% of the income.

The CQUIN for 2013/2014 and the achievements against these are outlined below:

CQUIN	Description	Potential Income	Income Achieved	%
Goal 1 Friends and Family Test	Continue to improve the patient experience through: 1a. Friends and Family Test phased expansion to inc. maternity and the Accident and Emergency Department 1b. Increased response rate (15%) for Friends and Family Test 1c. Friends and Family Test: improved performance on staff test from the baseline of 58%	£316,560	£316,560	100
Goal 2 NHS Safety Thermometer	2a. Monthly data collection of the NHS Safety Thermometer for the following elements of care: pressure ulcers, falls, urinary tract infections for patients with a catheter 2b. Reduction in the prevalence of pressure ulcers 2c. A reduction in the incidence of pressure ulcers (hospital acquired)	£474,839	£415,484	88
Goal 3 Dementia	To incentivise the identification of patients with Dementia and other causes of cognitive impairment alongside their other medical conditions. 3a. • Percentage of all patients aged 75 and over that have been screened following emergency admission to hospital using the dementia case finding question. • Percentage of all patients aged 75 and over who have scored positive on the case finding question, who have had a dementia assessment using the 6 CIT assessment tool • Percentage of all patients aged 75 and over who	£791,399	£791,399	100

	have had a diagnostic assessment (in whom the outcome was either positive or inconclusive) who have been referred to the Dementia Team. 3b. Clinical Leadership and Planned Training Programme. 3c. Supporting carers of people with Dementia			
Goal 4 Venous thrombo-embolism (VTE)	4a. Percentage of all adult inpatients who have had a VTE risk assessment undertaken within 12 hours of admission to hospital using the clinical criteria of the national tool 4b.The number of Root Cause Analysis (RCA) Investigation carried out on hospital associated VTE	£316,560	£316,560	100
Goal 5 COPD care bundle	5a. Patients admitted with a COPD exacerbation, who have a length of stay of over 72 hours, should be discharged with a completed COPD care bundle to improve their understanding of the disease, improve self management and reduce the likelihood of further admission. 5b. This admission care bundle describes high impact actions to ensure the best clinical outcome for patients admitted with an acute exacerbation of COPD.	£316,560	£316, 560	100
Goal 6 Enhanced Recovery Programme	To reduce the length of stay for patients receiving hip and knee replacements through the implementation of the enhanced recovery scheme. The adoption of enhanced recovery is proven to reduce length of stay, enhance the patient experience and improve clinical outcomes.	£474,839	*£395,699	83
Goal 7 Implementation of the Amber Care Bundle	Amber Care Bundle (AMBER) – makes it easier for nurses and consultants to have future planning conversations with patients whose recovery is uncertain thereby enhancing the patient experience and care of patients with palliative care needs. It allows the patient to be involved in decisions about their care and supports the work already in progress with the hospital related to improving the care of patients at the end of life, and better discharge planning. 7a. Implementation of the AMBER Care Bundle for patients in whom recovery is uncertain 7b. Roll out of the Sage and Thyme training programme	£158,280	£79,140	50
Goal 8 Nursing Metrics.	Urinary incontinence (UI) is a common condition that may affect women and men of all ages, with a wide range of severity and nature. Although rarely life-threatening, it may seriously influence the physical, psychological and social wellbeing of affected individuals. The impact on the families and carers of women and men with UI may be profound, and the resource implications for the health service considerable. 8a. Implementation of a Continence	£316,560	£79,140	25

	assessment for all adult patients 8b.Implementation of a continence care plan for those patients assessed as having continence needs 8c. The number of patients assessed as having Continence issues are then referred to Specialist Continence Services. 8d. Improvement in continence audit results on adult wards			
Total		**£3,165,595**	***£2,710,541**	**86**

*(£79,140 potential additional pending PROMs results)

Explanation of variance in Performance against 2013-2014 CQUINs

Goal 2 - Safety Thermometer

The Trust achieved the targets for the reduction in hospital acquired Grade 2, 3 and 4 pressure ulcers throughout Q1-Q3 in 2013/2014. However, the Trust did not achieve the 7.7 pressure ulcer per 10,000 bed days target in Q4. This was affected by significant staffing issues throughout this time period, with an increased reliance on temporary staff. Whilst it is disappointing not to have achieved the Q4 target, there has been a significant reduction in the ratio of pressure ulcers per 10,000 bed days from the April performance of 9.21 to the year-end position of 7.636 hospital acquired pressure ulcers per 10,000 bed days (see page 44).

Goal 7 - Implementation of the AMBER Care Bundle

It had been agreed as part of the CQUIN that the AMBER Care Bundle would be implemented on two wards each quarter during 2013/2014. Unfortunately in Q1 and again in Q4 due to staffing issues within the Palliative Care Team which meant the team had to focus on clinical commitments, it was not possible to train all the medical staff on those wards within the allocated timescale. However, the Sage and Thyme Training was delivered as planned throughout 2013/2014, enabling staff to talk to patients and empower them to make decisions for themselves.

Goal 8 - Nursing Metric-Continence

The Trust implemented a new continence assessment, care plan and referral to specialist services in 2013/2014. The Trust achieved the target of 95% of patients having had a continence assessment undertaken as part of their admission and although performance in the latter part of the year improved the Trust failed to achieve the agreed targets of 97% by Q4 for the continence care plan and referral. This will continue as a key performance indicator in 2014/2015 to ensure continued improvement is achieved in relation to the care and management of patients with continence issues.

b) The CQUIN Agreed for 2014-2015

A proportion of the Trust's income for 2014/2015 has again been agreed through the Commissioning for Quality and Innovation payment framework (CQUIN), with the same value equivalent to 2.5% of the contract.

The Trust agreed 8 goals with the Commissioners with a monetary value of if all £2,981,000 if all aspects of these quality improvement and innovation goals are achieved in 2014/2015. There are 3 nationally mandated and 5 locally agreed CQUIN schemes for 2014- 2015 which are outlined below:

CQUIN Goal	CQUIN Indicator	National / Local Goals	Potential Income
Goal 1 Friends and Family Test	Continue to improve the patient experience through: 1a. Implementation of staff Friends and Family Test 1b. Early implementation of patient Friends and Family Test in Outpatients and Daycase 2. Increased Response rates in A&E 3. Increased Response rates in inpatient	**National**	£298,100
Goal 2 Safety Thermometer	2 Safety Thermometer	**National & Local**	£149,050
Goal 3 Dementia and Delirium	Continue to improve the identification of patients with Dementia and other causes of cognitive impairment alongside their other medical conditions and ensure timely referral to Specialist services 3.1 Dementia – Find, Assess, Investigate and Refer 3.2 Dementia – Clinical Leadership 3.3 Dementia – Supporting Carers of People with Dementia	**National**	£149,050
Goal 4 Patient Experience	Monthly Inpatient Survey results have shown that the experience of our patients in relation to their involvement in the process of their discharge is rated as poor. This CQUIN will concentrate on: Improving patient experience - involvement in discharge planning	**Local**	£357,720
Goal 5 Time to see consultant	5. Emergency Patients (Medicine) to be assessed by consultant in timely way.	**Local**	£357,720
Goal 6 Handover on Discharge	6. Safe and Seamless handover to Nursing Homes	**Local**	£357,720
Goal 7 Expected Discharge Date	7.1 Timely setting of Expected Discharge Date 7.2 Revision of Expected Discharge Date 7.3 Achieving Expected Discharge Date 7.4 Achieving Expected Discharge Date +/- 1 day 7.5 Reasons why Expected Discharge Date was missed	**Local**	£715,440
Goal 8 COPD (Chronic Obstructive Pulmonary Disease)	8.1 COPD admission and Discharge Bundles 8.2 Early Supported Discharge of COPD acute exacerbation	**Local**	£596,200

2.7 What Others Say About Mid Staffordshire NHS Foundation Trust

Ensuring that the care provided to our patients meets national standards and that, when this care is externally inspected, it is assessed as being compliant with these standards is a fundamental core priority for care delivery across the Trust and provides reassurance to our patients that the care they will receive will be amongst the best.

Care Quality Commission (CQC) Registration

The Care Quality Commission is an independent regulator of all health & social care services in England. The Commission checks all hospitals in England to ensure they are meeting national standards and they share their findings with the public.

What are the national standards?

The national standards cover all aspects of care including:

- Treating people with dignity and respect
- Making sure food and drink meets people's needs
- Making sure that the environment is clean and safe
- Managing and staffing services

Mid Staffordshire Foundation Trust (MSFT) is required to register with the Care Quality Commission (CQC) and to ensure it meets the minimum standards required. The trust during 2013/14 was compliant with these standards.

The Care Quality Commission has not taken enforcement action against the Trust during 2013/2014.

All scheduled inspections are unannounced and focus on a minimum of five national standards.

The Trust underwent two unannounced Care Quality Commission inspections during 2013 – 2014: in February 2014 at Stafford Hospital and March 2014 at Cannock Chase Hospital. These inspections related to the highlighted areas in Table 28.

The Care Quality Commission judged that the Trust was fully compliant with four of the five standards inspected at Stafford Hospital. The Trust was judges to be non-compliant with the records standards and requested the Trust take actions in respect of Outcome 21 - Records as part of their inspection.

The Care Quality Commission judged that the Trust was fully compliant with all standards assessed at Cannock Chase Hospital with no actions required in relation to the outcome measures assessed.

Table 28 - CQC Unannounced Inspections and Outcome

Date	Trust Site	Type of Inspection	Outcome
March 2014	Cannock Chase Hospital	Unannounced inspection of Core Essential Standards: **Outcome 4** – Care and Welfare of people who use services **Outcome 7** – Safeguarding people who use services from abuse **Outcome 13-** Staffing **Outcome 16-** Assessing and monitoring the quality of service provision. **Outcome 21-** Records	**Standard met** **Standard met** **Standard met** **Standard met** **Standard met**
February 2014	Stafford Hospital	Unannounced inspection of Core Essential Standards: **Outcome 4** – Care and Welfare of people who use services **Outcome 7** – Safeguarding people who use services from abuse **Outcome 13-** Staffing **Outcome 16-** Assessing and monitoring the quality of service provision. **Outcome 21-** Records	**Standard met** **Standard met** **Standard met** **Standard met** **Action required**

A selection of the comments made in those reports is given below:

At Stafford Hospital, people we spoke with during the inspection spoke favourably about the staff. One person told us: "I feel I have been well treated since I came into hospital. Staff have been very kind and considerate. The nurses are really busy but stop and talk to me if I have any concerns". Another patient said, "I have heard so many bad things about this hospital and did not know what to expect, but I have not been able to fault the staff or the care I have received.

At Cannock Chase Hospital one person, who was a patient told us: "Whilst no one likes being in hospital, it's a nice, caring place to be". A visitor we spoke with told us: "This hospital is absolutely marvellous. Our relative has been treated really well and the staff are so devoted".

As part of this inspection we looked at the treatment and care provided for people who were elderly and may have dementia. Staff we spoke with told us that they had received dementia awareness training. We observed that staff provided reassurance and when needed reminded people to eat or that they had a hot drink. We saw a health care assistant reminding a person with dementia about their drink and helping them to hold the cup to enable them to drink.

We found that the hospital had systems in place to check the quality of care and treatment that was provided. The staff we spoke to were knowledgeable about people in their care. They told us that they assessed patients' medical and support needs and their risk of falls, pressure ulcers and nutrition.

We saw that records of the nursing care provided were kept at the bottom of the person's bed. These records included an assessment of the care the person needed and confirmation of the care provide. We saw that these records were not consistently completed throughout the hospital and sometimes information was missing from the records we looked at.

With regards to ***Outcome 21- Records***, the Health and Safety Executive visited the Trust in November 2013 and required improvements were made to the completion and review of people's records. There is a programme of work being undertaken across the Trust to improve the standards of documentation and record keeping.

Care Quality Commission Intelligent Monitoring Report

In October 2013 the CQC launched their Intelligent Monitoring Report. This new model was developed by the CQC as a means of monitoring range of key indicators about NHS acute and specialist hospitals. These indicators relate to five key questions that CQC ask of all services- are they safe, effective, caring, responsive and well-led? The indicators are used to raise questions about the quality of care but are not used on their own to make judgements. The CQC judgements of hospital services will always be based on the results of inspections which take account of the Intelligent Monitoring analysis.

The Care Quality Commission has categorised trusts into one of six summary bands, with band 1 representing highest risk and band 6 with the lowest. These bands have been assigned based on the proportion of indicators that have been identified as 'risk' or 'elevated risk' or if there are known serious concerns (e.g. trusts in special measures) trusts are categorised as band 1.

For the trusts assigned a category based on the proportion of indicators, the following thresholds are used:

- Band 1 ≥ 7.0%
- Band 2 ≥ 5.5%
- Band 3 ≥ 4.5%
- Band 4 ≥ 3.5 %
- Band 5 ≥ 2.5 %
- Band 6 < 2.5%

CQC Intelligent Monitoring for MSFT has been published by CQC on 2 occasions in October 2013 and March 2014.

CQC Intelligent Monitoring	Oct-13	Mar-14
Priority Banding for Inspection	4	3
Number of Risks	4	3
Number of Elevated Risks	1	3
Overall Risk Score	6	9
Number of Applicable Indicators	84	92
Proportional Score	4%	4.89%
Maximum Possible Risk Score	168	184

The different types of risk are identified as follows:

Description October 2013	Risk Score (RAG)
Elevated Risk- Whistleblowing alert	RED
Risk- Monitor-Governance risk rating	AMBER
Risk- Proportion of reported patient safety incidents that are harmful	AMBER
Risk- Never event incidence	AMBER
Risk - Composite risk rating of ESR items relating to staff registration	AMBER

Description March 2014	Risk Score (RAG)
Elevated Risk- Whistleblowing alerts	RED
Risk- Monitor Governance risk rating	RED
Risk- Composite indicator: A&E waiting times more than 4 hours	RED
Risk- Proportion of reported patient safety incidents that are harmful	AMBER
Composite risk rating of ESR items relating to staff registration	AMBER
GMC- Enhanced monitoring	AMBER

2.8 Clinical Data

We consider that central to our intention to improve the quality of care we give to patients is the need to have robust and accurate clinical data. Clinicians need to have confidence in the information they may require to make decisions on future care of patients and service configuration. The Trust seeks assurances from a number of sources that the quality of data being submitted by the hospital is accurate and robust.

NHS Number and General Medical Practice Code

We submitted records during 2013/14 to Secondary Uses Service for inclusion in the Hospital Episode Statistics.

The percentage of records in the published data which include the patient's valid NHS number and the percentage of records in the published data which included the patients valid general medical practice code are shown below with comparison with 2012/2013.

The figures as they stand at the moment (month 10) are;

		2013-2014	2012-2013
NHS Number	For Admitted Patient Care	96.4%	99.54%
	For Outpatient Care	97.2%	99.75%
	For Accident and Emergency	96.6%	96.51%
GP Practice	For Admitted Patient Care	99.9%	99.46%
	For Outpatient Care	99.9%	99.16%
	For Accident and Emergency	99.4%	96.89%

The table above shows improvements in GP Practice validity between 2012/2013 and 2013/2014. For NHS Number, there was a decline in validity between 2012/2013 and 2013/2014. This was due to the implementation of the Trust's new PAS (Medway); unverified NHS numbers were not carried over between systems with the result being a reduction in completeness. Work is ongoing to improve data quality in this area.

Payment by Results (PBR)

PbR Assurance Framework 2013/2014

The Trust was subject to the Payment by Results (PbR) clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding (clinical coding) were

12.9% and the results should not be extrapolated further than the actual sample audited.

This audit is commissioned by the Audit Commission through CAPITA and with the local agreements of the CCG's to ascertain the quality of the Trust's coding and the effect this has financially during the period of 2012/2013.

The Audit Commission advises CAPITA of the national area to be audited and the local CCG's agree on the local area of interest. 2 appointed clinical coding auditors come on site for 4 days to review the case notes and code the episodes of care and compare the code assignment which has been used by the trust. During this process there are regular check and challenge meetings between the appointed CAPITA auditors and the Trust.

This year, the episodes reviewed were digestive system procedures and disorders including co-morbidities and complications, along with the Trusts activity through the assessment units. Therefore the services reviewed within the audit sample were General Surgery, Colorectal, Gastroenterology, Gynaecology and General Medicine. The financial net impact of errors shows that the trust overcharged the commissioners by £726.

It should be noted that the overall financial impact was minimal, however there were some cases where the HRG changed significantly. The current coding team is a relatively junior team due to some retirements and career progression. Therefore training and benchmarking is on-going to improve the coding accuracy.

The Trust will be taking the following actions to improve data quality:

To continue with the comprehensive training and development plan to underpin the accuracy and completeness of coded data.

To develop the ACC (Accredited Clinical Coder) practitioner role in conjunction with the auditor role to give the department and Trust assurance that all of the areas are being addressed and monitored through the internal audit programme, individual training and development plans, along with increasing clinician validation to ensure coding accuracy.

Internal Audit findings and recommendations for each specialty will continue to be raised and actioned within the clinical governance meeting held for each CD area.

Note: These figures contain all error types. For those error types relating to the coder in 2013/2014 are Primary Diagnosis 10.1% Secondary Diagnosis 12.7% Primary Procedure 6.1% and Secondary Procedure 10.3 %

Hospital Readmissions Rate Data

We use information available to review the numbers of patients readmitted to hospitals within 28 days of being discharged and compare our performance nationally. The hospital has a readmissions group, led by a senior clinician which works to ensure we deliver the best possible care pathways. The group undertakes regular checks.

Paediatric patients with a planned follow up post discharge and Paediatric patients with open access post discharge have both previously been counted as a readmission. This issue was reviewed by the commissioners, and since 1 April 2014, both the above sets of patients have been coded as outpatients. We anticipate this will reduce our readmission rates, and this will be reflected within Dr Foster data in the coming months. We have also conducted a case note review of this that was presented at the Trust readmission group.

Our performance for the last available 12 month period is as follows:

Age	Discharges	28 Day Readmissions	Readmissions %
0-14	5060	714	14.11%
15+	13843	1379	9.96%
Total	**18903**	**2093**	**11.07%**

This compared to the performance in 2012/13 shown below, is a reduction in readmission in 2013/14.

Age	Discharges	28 Day Readmissions	Readmissions %
0-14	5108	688	13.47%
15+	14336	1429	9.97%
Total	**19444**	**2117**	**10.89%**

(Please note that it is based on guidance used for the Monitor indicator and is not comparable with Dr Foster's figures)

IG Toolkit Submission

The Information Governance Toolkit is a self-assessment that gives assurance to our regulators and commissioners that the Trust complies with standards and legislation that includes data protection and confidentiality; information security; information quality; health/care records management; corporate information. It is well known that good quality information underpins the effective delivery of improvements to quality of care. High quality information is:

- Accurate
- Up to date
- Free from duplication (for example where two or more different records exist for the same patient)

"We said we would aim to be compliant at Level 2 across all 45 requirements by the end of 2013/2014".

The Trust achieved the following rating:

- Not relevant = 1
- Level 1 = 0
- Level 2 = 27
- Level 3 = 17

MSFT Information Governance Assessment Report overall score for 2013/2014 was 79% and was graded satisfactory from the IGT Grading Scheme, and therefore indicated the Trust as compliant. The Trust is required to achieve at least level 2 against all relevant requirements to be satisfactory. The assessment highlights areas for improvement in our processes and procedures for ensuring that the personal identifiable information we hold is kept safe and only used for the purpose of which it was intended.

Information Commissioners Office Complaint

A complaint was made in August 2013 regarding information the Trust withheld from a member of staff following a subject access request under the Data Protection Act 1998.

In the particular circumstances of this case the Commissioner agreed with the Trust that it would be inappropriate to include original statements that referenced the complainant (a member of staff) because it would disclose the identity of third parties. Members of staff who gave those statements to the Trust gave them on the understanding that they remained confidential and were for a different purpose. The Commissioner agreed that the Trust owned a duty of confidence to those third parties and that the Trust had done what it could to disclose the information without identifying a third party in disclosing under the subject access request an email which summarised the issues raised in those statements.

Information Asset Owners/Administrators

A number of senior managers have been designated as Information Asset Owners supported by administrators within their departments, which will provide a structure to progress the management of corporate information.

One Staffordshire Data Sharing Protocol

The Trust is signed up the 'One Staffordshire Information Sharing Protocol'. The protocol has been produced by a working group made up of representatives from various public bodies across Staffordshire and reflects the current information sharing climate, legislative requirements and best practice. It outlines the purposes for sharing information, the powers that organisations have to share information, the role of partners and what can be expected from them and the process for sharing.

Training

All new staff are required to attend an induction which includes a session on Information Governance covering the topics of confidentiality, data protection, Freedom of Information, information security and records management.

2.9 Quality Governance Framework

As a Foundation Trust, we are required to be compliant with the Quality Governance Framework, a system of working used by Monitor – *the independent regulator of Foundation Trusts.* This sets out a number of standards within four domains, the domains being a) Strategy b) Capabilities c) Structure & Process d) Measurement.

During 2013/14 the Trust undertook a self-assessment against the standards contained within each of the domains described above. Whilst there was not a requirement for the Trust to award itself a score, the Trust did provide a narrative description of evidence to demonstrate compliance. The self-assessment was shared and reported to Quality Committee and Management Board on 24 and 29 October respectively. This document along with other documentary evidence provided the basis for the Trust annual submission to Monitor that it remained compliant with the Quality Governance Framework.

As reported in last year's Quality Accounts, the main issue arising from the independent audits commissioned by the Trust was the need to embed governance structures and processes consistently throughout divisions and down to clinical departments. Through working with Clinical Directors and General Managers the Trust believes that good progress has been made in achieving this; this view being supported by internal auditor's reports into divisional governance arrangements and the operational compliance with the Trust's risk management policy.

2.10 Safeguarding – Adults and Children

We continue to contribute and take an active participation in the ***Multi-Agency Safeguarding Hub (MASH).*** The MASH receives all safeguarding and children protection enquiries and referrals. The MASH is staffed with trained professionals from a range of agencies including police, probation, fire, ambulance, health, education and social care. These professionals triage the referrals and share information to ensure early identification of potential significant harm, and trigger interventions by the relevant professionals to prevent further harm.

The Senior Management Team is aware of all Serious Incidents which have been declared where staff have raised concerns about the performance of colleagues. The Director of Nursing, Midwifery and Allied Health Professionals represents the Trust on both the Stoke-on-Trent and Staffordshire Adult Safeguarding Partnership Board and the Staffordshire Safeguarding Children Board. Operational Sub committees of both boards are also well represented by staff from the Trust. Trust referral rates remain stable for both children and adult referrals.

Safeguarding Training

To improve compliance with training attendance the current system of delivery was process mapped. This has resulted in changes to streamline the booking process, improve accessibility to training with additional dates and varying start times and provision of more user friendly compliance reports to enable managers to easily identify those staff who require training.

All Divisions now address adult safeguarding compliance at their monthly governance meetings as a performance issue to raise this on the Trust agenda. An E-learning Adult Level 1 Safeguarding package continues to provide an alternative method for medical staff to address the current low attendance rate.

Staff throughout the Trust have been allocated to the appropriate levels for children's safeguarding training. Year-end figures for basic awareness training are 63.19% and 71% for advanced training.

Safeguarding Children Advanced Training Compliance by Staff Group at end of March 2014 is as follows.

Staff Group	Non Registered	Registered	Total	%
Add. Prof. Scientific and Technical	18	21	39	53.85%
Additional Clinical Services	40	69	109	63.30%
Administrative and Clerical	14	30	44	68.18%
Allied Health Professionals	40	69	109	63.30%
Estates and Ancillary		4	4	100%
Health Scientists	6	5	11	45.45%
Medical and Dental	63	32	95	33.68%
Nursing and Midwifery Registered	86	211	297	71%
Total	**267**	**441**	**708**	**62.29%**

2.11 Equality and Diversity Update

The original Equality & Diversity Strategy was published in 2011 to help organisations to deliver their public sector equality duty. This has now been simplified and re-launched although there are still 4 goals and 18 outcomes, which NHS England propose organisations will concentrate on in 2014/15, however this will be optional.

The Trust Equality and Diversity Advocates, supported by the Head of Patient Experience and Deputy Head of Organisational Development and Training, believe it is important that we engage with our stakeholders to identify how well we treat people from protected groups compared to people overall. It was therefore agreed that work would commence looking at "Improved patient access and experience" particularly looking at outcome:

2.2 People are informed and supported to be as involved as they wish to be in decisions about their care.

To support this work strong links are being developed with local learning disability contacts, the deaf community and Engaging Communities Staffordshire. Filming has commenced for the training video aimed at promoting awareness of the importance of communication interpreters, particularly for the deaf community. This film will be shown on induction for new starters and trainee doctors. Guide dogs for the blind training has also been provided for the meet and greet volunteers and the E&D Advocates to provide a better understanding of the difficulties encountered by people who have little or no eye sight.

An Age Awareness day on the 19 November was a resounding success with 15 stands at Stafford hospital from a variety of local groups who had the opportunity to display their services to staff, patients and visitors. This also provided a network opportunity for the individual services which was greatly appreciated. A further day is arranged for 2014.

The group also determined that, on the basis of last year's staff survey which indicated a significant number of staff feel bullied and harassed in the work place, we should concentrate on "A representative and supportive workforce" outcomes:

3.4 When at work, staff are free from abuse, harassment, bullying and violence of any source ***and***
3.6 Staff report positive experiences of their membership of the workforce

Initial work to support this includes the introduction of Employee Advisors, a small group of E&D Advocates from a variety of grade and speciality, who have received additional training to provide a listening ear for staff who wish to talk to an independent person in confidence if they are experiencing bullying and harassment in the work place.

The Harassment and Bullying Policy has been revised to make it more specific and user friendly for all staff.

2.12 Performance against the Nationally Mandated set of Quality Indicators

For 2013/2014 all Trusts are required to report against a core set of indicators for at least the last two reporting periods. The data source for all these indicators is the Health and Social Care Information Centre (HSCIC) which has only published data for part of the reporting period reporting period. The Trust's performance for the applicable quality indicators is shown in Appendix A.

3. Other Information

This section provides an overview of the quality of care provided in 2013/2014 for a selection of indicators relating to patient safety, clinical effectiveness and patient experience.

The Senior Management Team chose to include several of the quality of care indicators which were included in the 2012/2013 Quality Account, this enables our patients and public to understand the Trust performance over time and the improvements that have been achieved. National performance data, where applicable, is included. These indicators are:

- Reducing Hospital Acquired Infections Serious Incidents
- Falls
- Nursing Assurance
- Reducing our Hospital Standardised Mortality Ratio (HMSR)
- National Inpatient Survey
- Complaints

Other indicators relating to patient experience and clinical effectiveness have also been included as they have been key quality indicators for the Trust in 2013/2014.

3.1 Patient Safety

a. Reducing Hospital Associated Infections – Clostridium Difficile (C.Diff) and MRSA

Clostridium *Difficile (C.Diff)* is a common cause of hospital acquired diarrhoea. It is a common bacterium that is harmlessly present in the bowel of 3% of healthy adults, and up to 30% of elderly patients. Antibiotics disturb the balance of bacteria in the bowel and *C.Diff* can then multiply rapidly and produce toxins which cause diarrhoea and illness.

The Trust reported two MRSA blood stream infections 2013/14, both blood samples were taken from the same patient but over 14 days apart therefore reported as two cases as per Public Health England reporting requirements. A post infection review was undertaken and actions are in place. Prior to this the Trust had not reported a MRSA bacteraemia infection for 663 days.

Acute NHS Trusts in England are required to report cases of *C.Diff* infection that are considered to have been acquired in that Trust, defined as "on or after the 4th day of admission". The target set by NHS England for hospital acquired cases in 2013/14 was 12, a 50% reduction on the target of 24 in 2012/13 and equates to a ratio of approximately 10.3 cases per 100,000 bed days.

Year on year figures are depicted below:

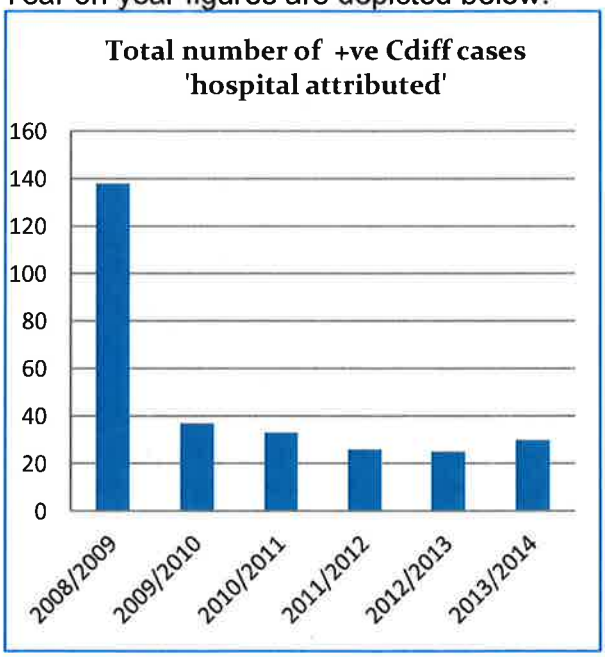
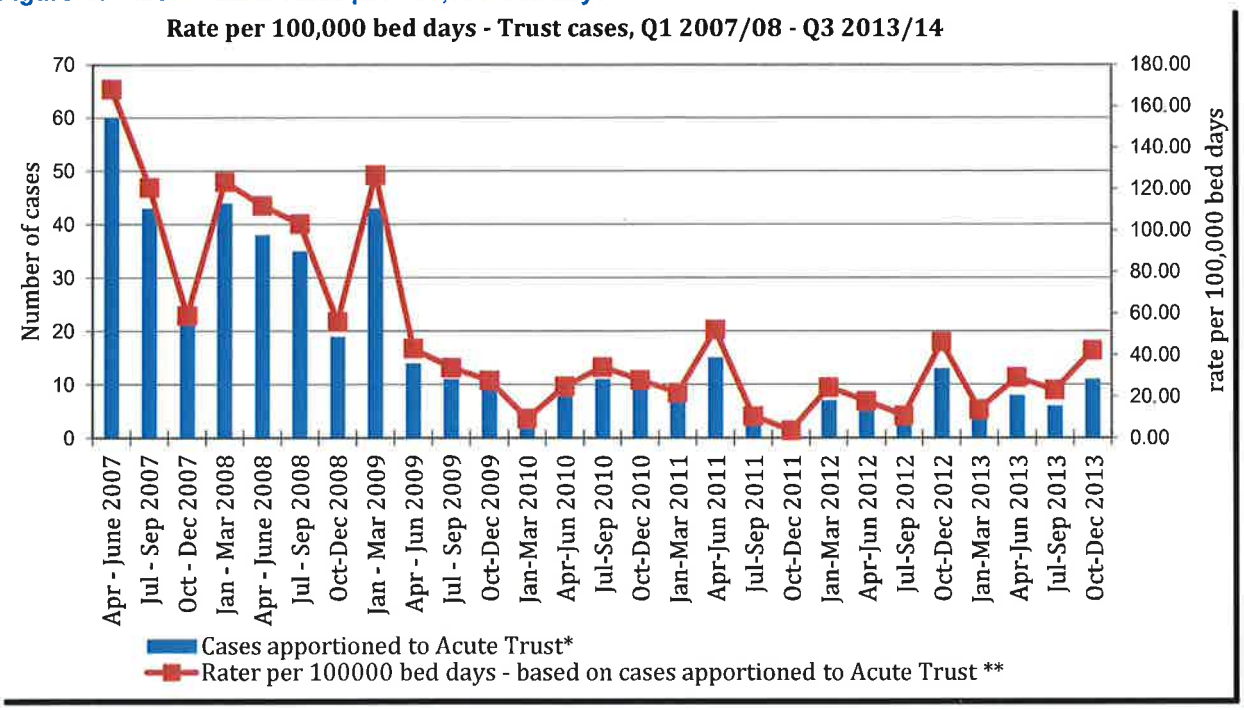


Figure 10 - MSFT C.Diff rates per 100,000 bed days



In response to the increase a *C.Diff* plan has been developed which has five work streams. The plan is reviewed at a weekly *C.Diff* meetings chaired by the Chief Executive and monitored through the Infection Prevention and Control Committee

1. Antimicrobial Stewardship
2. Prescribing and reviewing proton pump inhibitors
3. Environmental Decontamination
4. Hand Hygiene
5. Management of *C.Diff* toxin and PCR positive patients

We have invited peer reviews to take place in the Trust last year and are working to address the recommendations made.

Quarterly Health Economy meetings have been introduced to address *C.Diff* as a Health Economy with a work programme and work streams including GP prescribing, patient expectation around antibiotics and infection prevention and control in care home.

b. Serious & Adverse Incidents (SIs)

We see that an important step to improve the quality of care for our patients is to learn from past clinical incidents. One way to achieve this is to have a culture in place where staff are comfortable to report incidents and are eager to implement any required changes.

Serious Incidents (SI)

To ensure that the Trust had a robust and effective serious incident investigation process in place changes were implemented during 2011/12. The SI process now includes clear guidance on staff responsibilities and lines of accountability for each step within the process. Education and training programmes directed towards Investigation Officers have been provided using the NPSA Root Cause Analysis framework. This will ensure that robust investigations are completed and comprehensive reports are provided for presentation at Directorate and Corporate level meetings. Template reports with guidance, action plans and application to close SI's have also been implemented with emphasis on the lessons learned from the SI which has occurred.

The aim will be that all lessons learned are implemented within six months of the publication of the investigation report. The Incident Review Group, which is due to become 'Learning from Experience Group', will monitor the implementation of lessons learned on a monthly basis, reporting to the Quality and Safety Committee.

During 2013 - 2014 there were a total of 72 Serious Incidents (a reduction of 16 incidents

reported in 2012–2013) and these are classified as follows: -

Category	2010 - 2011	2011- 2012	2012 - 2013	2013 - 2014
Infection Control	30	22	17	13
Clinical Care	25	54	38	38
Pressure Ulcer	22	26	33	21
Total	77	102	88	72

An important aspect which comes out of any serious incident investigation is the lessons learned. The Trust has made some cultural changes whereby staff feel comfortable to report adverse incidents and to implement changes required to bring about a safer hospital. This change has come about by staff appreciating the benefits which come out of reporting incidents; that immediate action can be taken in the more serious cases to prevent a repeat or by looking at patterns and trends of minor incidents to make improvements.

The following is an example of some changes the Trust had made as a result of serious incident investigation.

Following an incident staff in charge of shifts ensure robust handovers are in place and the Trust is implementing the SBAR (Situation, Background, Assessment, Recommendation) tool which is a mechanism to support structured communication to escalate and handover critical information.

Trust wide improvements have been made to the training of bank staff for slips, trips and falls, which also include the purchase of scoop stretchers, charting of frequent falls by location which is included in the falls prevention programme.

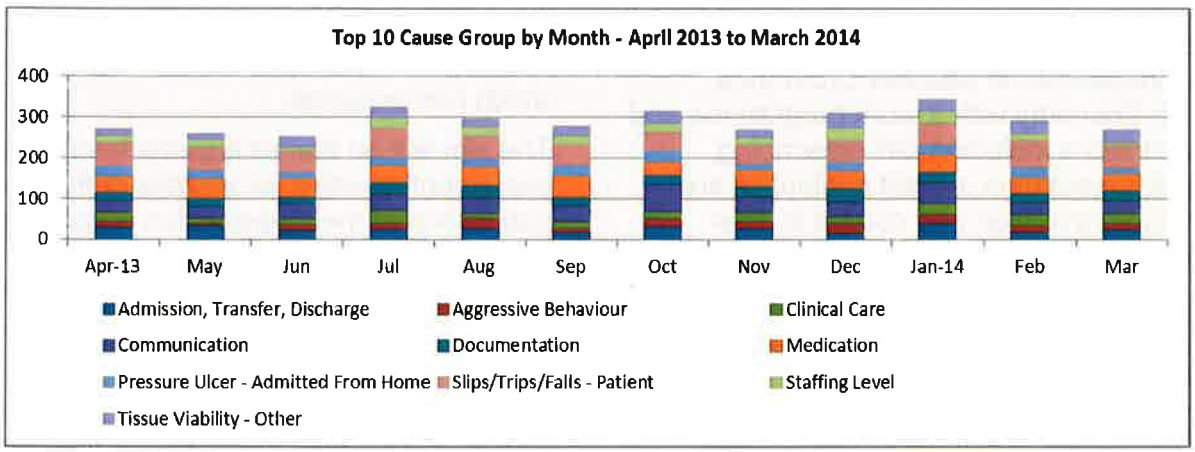
The Directorates have supported an increase in the numbers and training of specialist link nurses to assist in pressure area care, which has led to improvements in documentation and improvements in the availability of pressure relieving devices via an equipment library to ensure that all types of equipment are readily available 24 hours a day.

Support Services have also strengthened the review of radiology images so that the complete image is reviewed rather than focus on the clinical indication on the request form. The Trust has also invested in supporting and training a member of staff to cascade out Human Factors training from May 2014 as well as continuing to support the training in Root Cause Analysis and statement writing which also stresses the importance of good record keeping as a part of good care.

Adverse Incidents

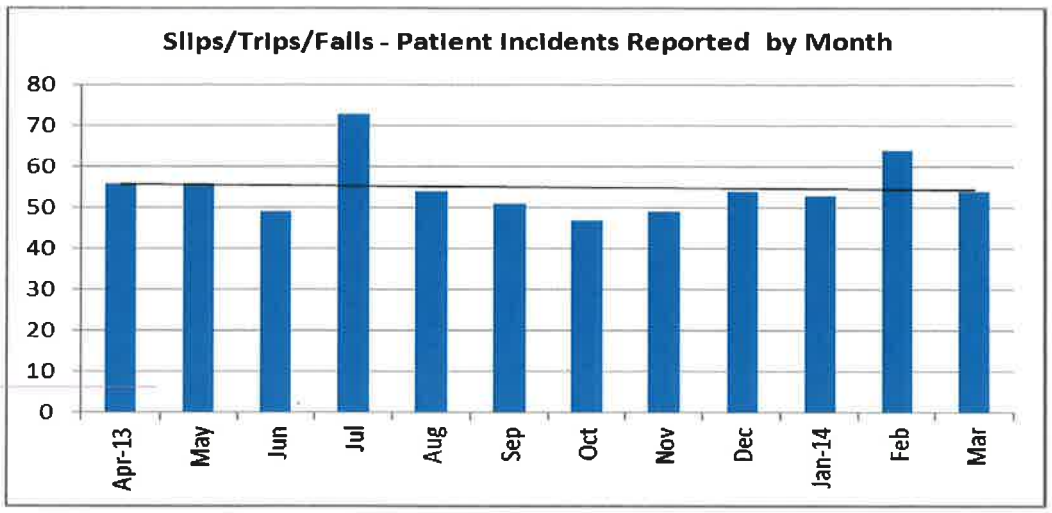
There were a total number of 5844 adverse incidents reported during April 2013 to March 2014 (inclusive). Figure 11 demonstrates the top 10 Cause Groups that incidents reported in the 12 month comparison by cause group and by month.

Figure 11 - Top 10 Cause Groups By Month – April 2012 to March 2013

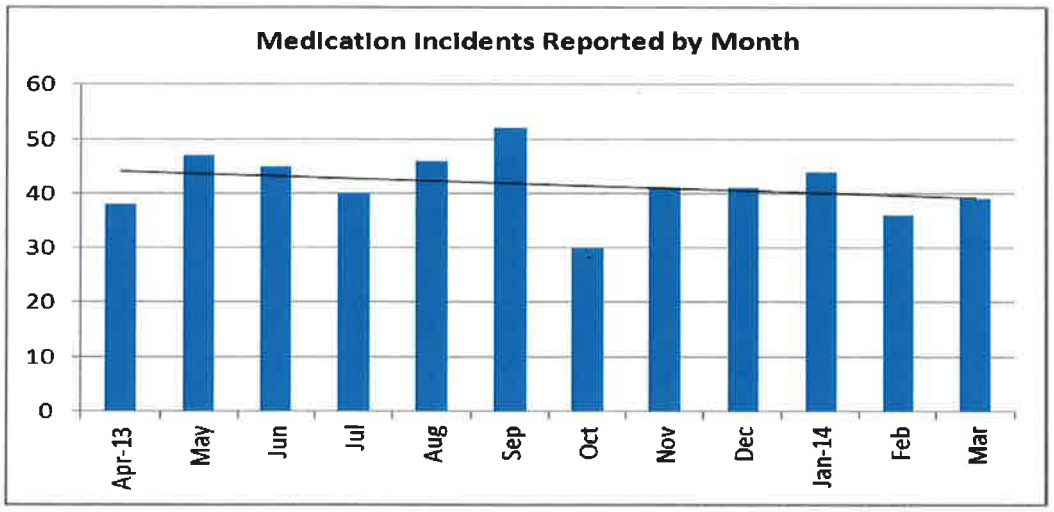


The following 5 Graphs provide the top 5 Cause Groups of SIs reported within the Trust by month

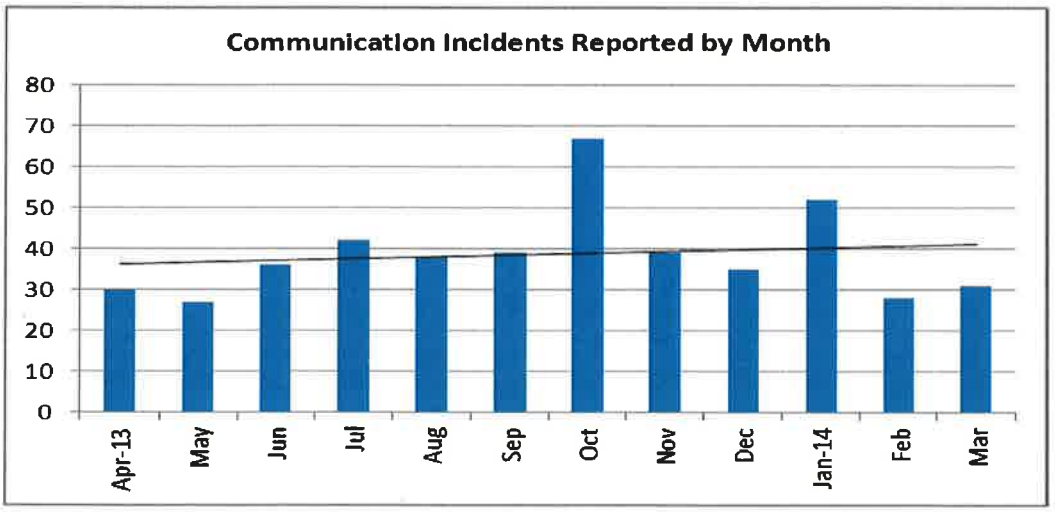
Slips/Trips/Falls – Patient Incidents 1 April 2013 to 31 March 2014



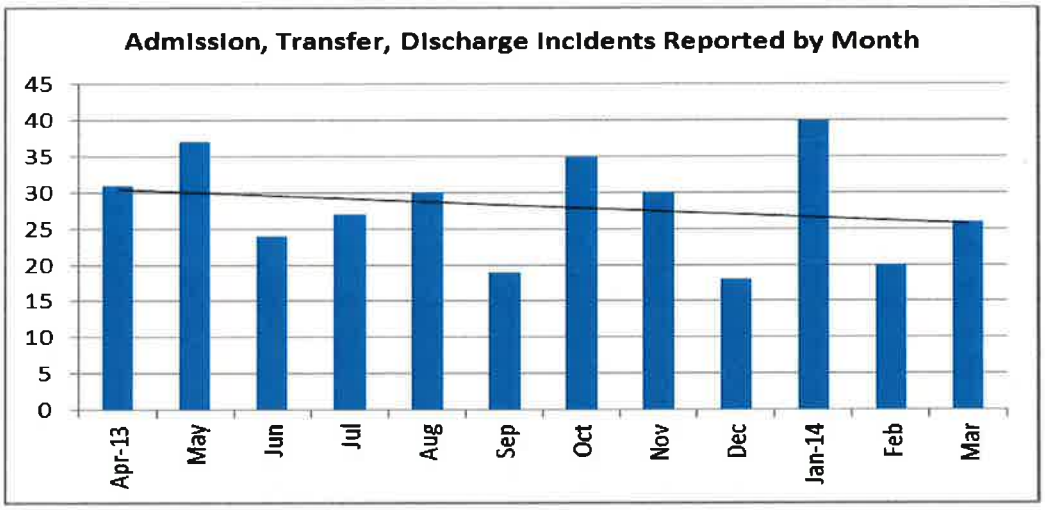
Medication Incidents – 1 April 2013 to 31 March 2014



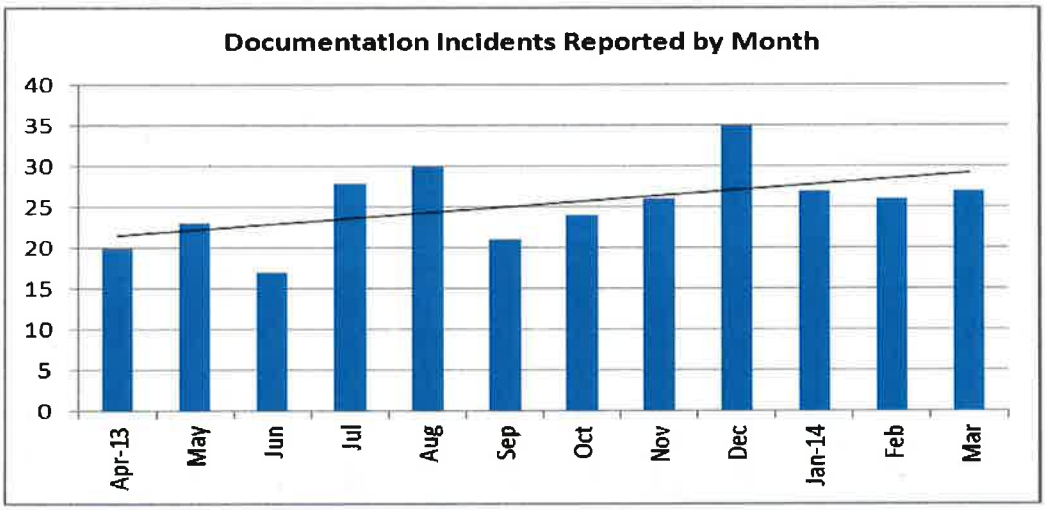
Communication Incidents - 1 April 2013 to 31 March 2014



Admission, Transfer, Discharge Incidents – 1 April 2013 to 31 March 2014



Documentation Incidents – 1 April 2013 to 31 March 2014



Adverse Incidents Levels 4 and 5

All level 4 and 5 adverse incidents are reviewed at the Divisional Governance meetings. At these meetings, the grading is reviewed and may be amended following peer discussion. The main purpose of these discussions is to identify if there are any lessons learned and identify actions required to reduce the likelihood of a repeat incident occurring.

During the reporting period, April 2013 to March 2014 the Trust reported 14 Level 4 and seven Level 5 adverse incidents (the most serious). The Trust made changes to its reporting system in 2013 to ensure consistency of definitions with those used by the National Patient Safety Agency (NPSA), followed by validating the information provided through the internal Governance arrangements. Examples of Level 5 incidents included reported still-births, patient falls resulting in a bone fracture requiring surgical intervention due to clinical assessments.

A number of Level 4 / 5 adverse incidents, but not exclusively, will be investigated by the Trust as a Serious Incident. The Trust has a separate policy to follow in such circumstances. The Trust provides a summary of all Serious Incidents and Adverse Incidents in reports presented to the Senior Management Team on a monthly basis.

c. Hospital Acquired Pressure Ulcers

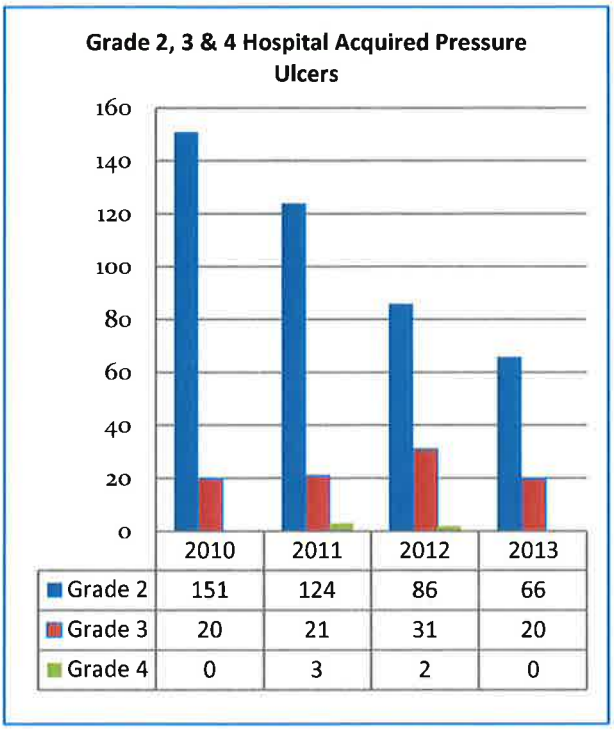
"We agreed with our commissioners that we would reduce our hospital acquired pressure ulcers (both avoidable and unavoidable) by 20% in 2013/2014, we achieved a 28% reduction".

Reducing the number of hospital acquired pressure ulcers remained a key quality priority for the Trust in 2013/2014. Pressure ulcers represent a major burden in relation to quality of life for patients and their carers and are costly to the NHS. New pressure ulcers are estimated to occur in 4-10% of patients admitted to acute hospitals in the United Kingdom.

In total the Trust had 86 Grade 2 and 3 hospital acquired pressure ulcers in 2013/2014 (this includes both avoidable and unavoidable cases). There were 33 fewer pressure ulcers than 2012/2013 which equates to a 28% reduction overall. There was a 23% reduction in hospital acquired Grade 2 pressure ulcers and 35% reduction in Grade 3 hospital acquired pressure ulcers when compared to 2012/2013, and no Grade 4 pressure ulcers. Of the pressure ulcers reported, 30% were deemed unavoidable on investigation, meaning that all appropriate assessments, care and intervention had been given in these cases.

Figure 12 shows the number of hospital acquired pressure ulcers for the last four years.

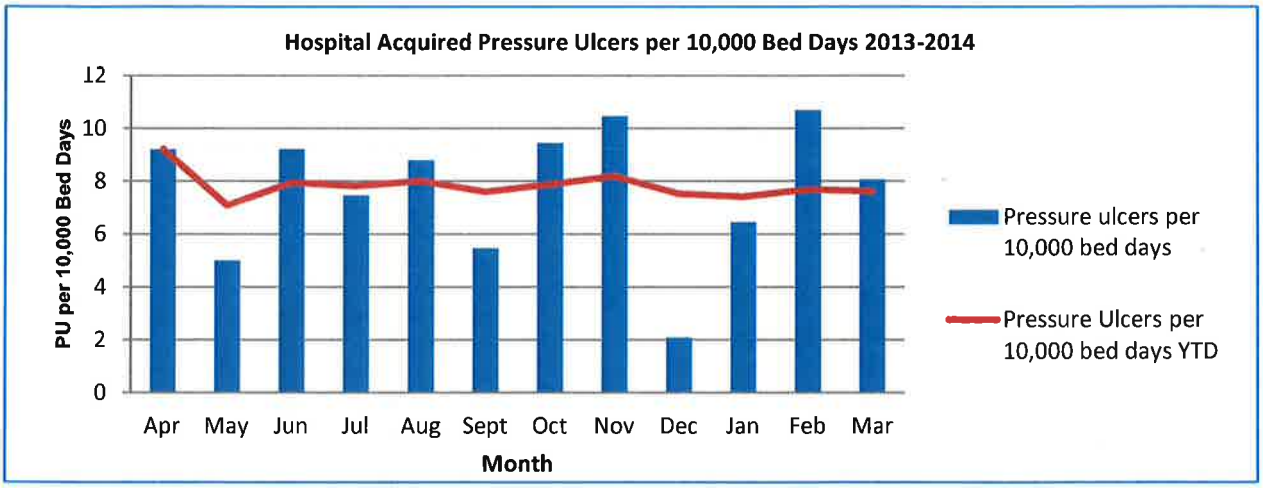
Figure 12 - Grade 2, 3 & 4 Hospital Acquired Pressure Ulcers



	2010	2011	2012	2013
Grade 2	151	124	86	66
Grade 3	20	21	31	20
Grade 4	0	3	2	0

Hospital acquired pressure ulcers are reported for comparison by 10,000 bed days (see Figure 13). The Trust agreed local targets for reduction in relation to pressure ulcers per 10,000 bed days for 2013/2014 with its commissioners. In Q1 the locally agreed target of no more than 9.1 hospital acquired pressure ulcers per 10,000 bed days was achieved with a ratio of 7.95 hospital acquired pressure ulcers per 10,000 bed days reported. Performance in Q2 (July to September) was also achieved with a Q2 performance of 7.25 pressure ulcers per 10,000 bed days against a target of 8.6. Performance in Q3 has been achieved with 7.36 pressure ulcers per 10,000 bed days against a target of 8.1. However, in Q4 the target of 7.7 hospital acquired pressure ulcers per 10,000 bed days was not achieved with a performance of 8.34 pressure ulcers per 10,000 bed days. Whilst it is disappointing not to have achieved the Q4 target, there has been a significant reduction in the ratio of pressure ulcers per 10,000 bed days from the April performance of 9.21 to the year end position of 7.636 hospital acquired pressure ulcers per 10,000 bed days.

Figure 13 - Hospital Acquired Pressure Ulcers



In 2013 the Trust implemented a pressure relieving mattress equipment library. This has facilitated the prompt delivery of pressure relieving equipment to the wards as the previous process of ordering directly from the supplier caused delays in the mattresses being delivered.

All hospital acquired Grade 3 pressure ulcers continue to have a Root Cause Analysis (RCA) investigation undertaken. These are presented at a Pressure Ulcer RCA meeting when the author of the RCA is challenged around their investigation process, definition of avoidable and unavoidable pressure ulcer and the action plan is reviewed prior to these investigation reports going to the Trust Incident Review Group for agreement and sign off. This process has helped to embed the learning from these RCAs. Learning from these RCAs is also shared across the organisation at the ward managers and matrons meeting.

The elimination of avoidable hospital acquired pressure ulcers remains a priority for the Trust in 2014/2015, further work will continue to reduce the number of hospital acquired avoidable pressure ulcers which includes:

- On-going delivery of training around assessment, management and documentation of pressure ulcer care to all key staff.
- Continue to ensure that the learning from the RCA undertaken on Grade 3 & 4 pressure ulcers continues to be shared across the nursing workforce via presentations of RCAs and the learning at the Ward managers and matrons meetings.

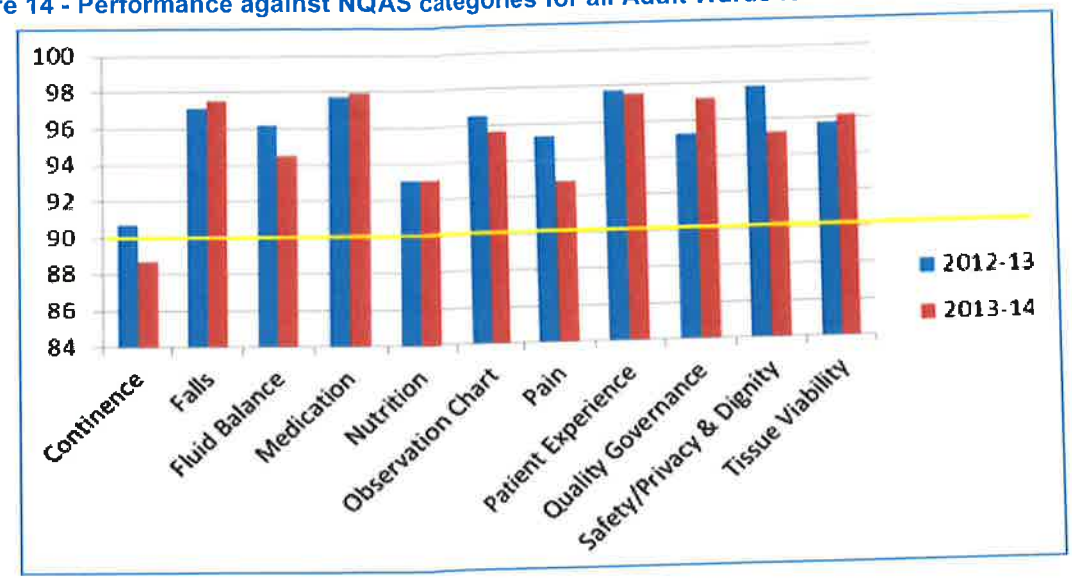
3.2 Clinical Effectiveness

a) Nursing Quality Assurance System (NQAS)

The Trust has been undertaking nursing quality assurance audits using an electronic system (NQAS) for the collection of this data since April 2012. Prior to this, audits were undertaken using a paper based system. NQAS audits are peer reviewed audits undertaken monthly by the clinical nursing teams, i.e. matrons, ward managers and corporate nursing team. These audit results provide a baseline for the quality of care within the clinical area and identifies categories which require actions to improve the quality of that care.

Figure 12 shows the performance against the NQAS categories for all adult inpatient wards for 2013/2014 and a comparison of these with 2012/2013. This shows that overall for 2013/2014 the 90% compliance target was achieved for all these categories with the exception of continence. The continence audit was changed in 2013 to reflect the new continence assessment, care planning and referral which were being implemented Trust-wide as part of the Nursing Metrics CQUIN. The wards failed to achieve the agreed trajectory in the earlier part of 2013/2014 but performance has improved over the year as the new assessment and processes became embedded across the organisation.

Figure 14 - Performance against NQAS categories for all Adult Wards for 2013/14



The NQAS has now been incorporated into the development of Ward Nursing Quality Indicator Dashboards. These dashboards triangulate all aspects of Patient Safety, Quality and patient experience and provide a holistic picture of all aspects of quality for each ward. These are used at the monthly ward manager charter meetings to evaluate the quality and safety of care on each ward. The dashboards regarding for quality of nursing care across the Trust are reported monthly as part of the Quality Report to Quality Committee and the Senior Management Team meeting (previously Trust Board).

Venous Thromboembolism (VTE) (blood clots)

"97.09% of patients have had a risk assessment completed within 12 hours of admission to hospital in 2013/2014. I".

The national monthly target is that 95% of patients will have a completed risk assessment within 12 hours of admission; this is applicable across all adult inpatient areas including day cases, maternity, elective and non-elective admissions. The Trust has achieved this target each consecutive month in 2013/2014, with 97.09% of patients having had a risk assessment completed as part of their admission. The previous target for 2012/2013 of 90% of patients being risk assessed within 24 hours was also achieved consistently.

The validated Trust performance for VTE risk assessment within 24 hours is shown in Appendix A

Throughout 2013/2014 audits of VTE prophylaxis for patients assessed as being at risk have been undertaken each month. The target is that 100% of patients assessed as at risk will receive prophylaxis. VTE prophylaxis is included as a Key Performance Indicator for 2013/2014, and is reported monthly at both Trust and CCG level.

Patients assessed as at risk of VTE who received appropriate prophylaxis (target 100%)	
2013-2014	99.96%
2012-2013	99.3%

Throughout 2013/2014 all patients who develop a hospital associated VTE (HAT) had a root cause investigation undertaken. If the investigation identified that the VTE could have been prevented the findings are then shared at the appropriate forum. ie. Lead Consultant that cared for the patient to share with his team, the ward manager of the ward the patient was on and the matron of the area to ensure that actions and learning from these investigations is taken forward.

However, following feedback from the Trust's external auditors we recognise the need to ensure clarity over our definitions of VTE assessments and when exemptions apply.

a) Reducing our Hospital Standardised Mortality Ratio (HSMR)

We said that "we would reduce our mortality rate and maintain this position". We use the Dr Foster data which shows that the hospital has one of the lowest mortality rates of any comparable hospital. The HSMR/SMR (Standardised Mortality Ratio) is one indicator of healthcare quality that measures whether the death rate at a hospital is higher or lower than expected.

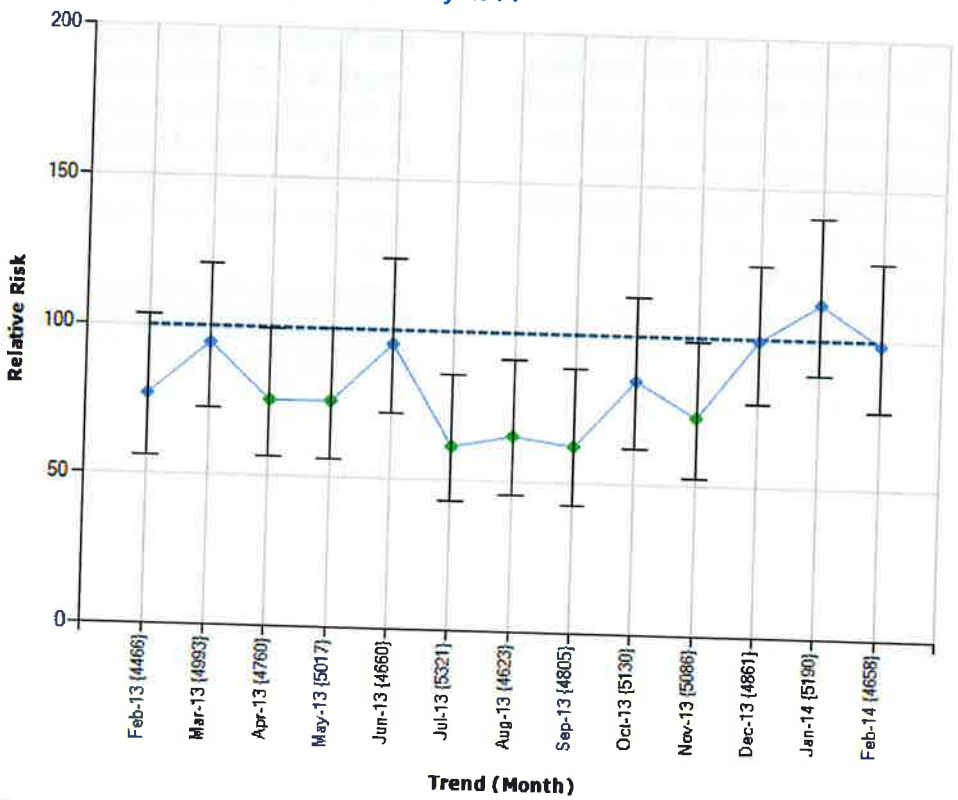
Generally speaking an HSMR below 100 means that the trust had fewer deaths than would be expected, given the types of cases treated by the organisation. Trusts with a rate above 100 will have had more deaths than would be expected.

HSMRs are only a starting point when considering the quality of care provided by a trust, and should be considered in conjunction with other indicators. Other indicators are needed to fully understand the quality and safety of the care provided, particularly when it relates to a specific operation or medical condition.

The chart below shows that during the last thirteen months the mortality rate for the Trust, as measured using the HSMR, was at least as expected (indicated by a blue dot).

For April 2013, May 2013, July 2013, August 2013, September 2013 and November 2013, the Trust HSMR is rated by Dr Foster to be lower than expected (indicated by green dots). At no time during the last thirteen months has the trust HSMR been rated higher than expected (would be shown by a red dot).

Mortality from all activity February 2013 to February 2014



	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Actual	45	64	52	51	56	36	35	32	47	43	76	73	64
Expected	58.3	67.7	68.7	67.3	58.8	58.5	53.4	51.1	55.4	58.9	76.6	65.2	65
HSMR	77.1	94.5	75.6	75.8	95.3	61.6	65.5	62.6	84.9	73	99.3	112	98.5

How is this measured?

The Senior Management Team is committed to thoroughly investigating every death which occurs in our hospitals. Clinicians review each death which occurs and ensures that learning is shared across the organisation. These reviews are scrutinised by the Clinical Directorates and at the Mortality Review Group which reports to the Quality Committee. The Mortality Review Group also reviews any mortality red bells alerts which may be published by Dr Foster. This gives assurance to the Trust Board and supports clinicians and managers to implement any required changes in clinical practice.

The Trust uses the Dr Foster alerts system and unusual statistical results are scrutinised and investigated. All clinicians are encouraged to review their own patient outcomes through the use of the Dr Foster system and benchmark their performance to national standards.

3.3 Patient Experience

Improving patient experience is central to our Trust values and involving the local community in planning and assessing our care is a priority. To facilitate this we use a wide range of feedback methods including compliments, electronic and paper surveys, on-line postings, announced and unannounced visits by lay members, Staffordshire Healthwatch and our Commissioners, post discharge telephone calls, peer and national reviews and complaints. Our local community expert groups continue to be very helpful in providing feedback from their members.

Our patient experience priorities for improvement in 2013/14 were:

- To increase the number of responses to the patient experience questionnaire from 15% to 20% in all in-patient areas.
- To gain a response to the Net Promoter question from at least 20% of all A&E attendees.
- To roll out the Net Promoter question to all maternity patients from September 2013
- To improve feedback from relatives and carers.
- To continue to develop specialty specific focus groups.

Progress against these is outlined below:

A member of the local community chairs both our Patient and Carer Council and Complaints Focus Group, as we believe both hospitals belong to the community and their involvement is crucial. The Hospedia system offers patients the opportunity to provide real time patient feedback via the 360 bedside television units throughout the hospital on both sites. The seventeen questions were agreed for the commencement of the Patient Experience CQUIN, which commenced on 1 April 2012. From 1 April 2013 to 31 March 2014, a total of 826 patients have provided feedback via Hospedia, The results are RAG rated (Red, Amber, Green) to measure effectiveness and improvements.

a) Patient Experience Feedback

Friends and Family Test:

The Friends and Family Test is a survey which gives patients an opportunity to give feedback on the quality of the care they receive. This gives the Trust a better understanding of their patients' needs, enabling them to make improvements. The score is calculated using 'net promoter score' methodology. The Trust was one of the pilot sites for the implementation of the Friends and Family test. A single question was asked to identify if our inpatients would recommend our service to their family and friends providing a Net Promoter Score to measure response. The wording of the question and the responses were set to standardise the data collection. The Net Promoter Score also provides clear information for patients and the public, which can influence choice in line with the NHS Outcomes Framework. Our Average Net Promoter score for 2013/14 was 95.69% compared to 91.90% in 2012/2013.

The Friends and Family test was rolled out to A&E in April 2013 and Maternity Services in September 2013. To ensure a response rate of at least the required 15% an initiative involving a post discharge telephone call to

all discharged A&E patients has been commenced. This has had a positive affect resulting in a response rate of at least 30%.

Friends and Family Net Promoter Question: Inpatient

Date	Net Promoter Score (to nearest decimal point)	Promoter Responses	Passive Responses	Detractor Responses	Patients Likely or Extremely Likely to Recommend Our Hospital
Apr 2013	66	70.41%	24.78%	4.81%	95.19%
May 2013	64	68.59%	27.29%	4.1%	95.38%
Jun 2013	77	78.19%	20.55%	1.25%	98.74%
Jul 2013	72	75.99%	19.80%	4.20%	95.79%
Aug 2013	69	75.24%	18.31%	6.43%	93.55%
Sep 2013	73	75.15%	22.67%	2.17%	97.82%
Oct 2013	67	71.18%	24.38%	4.43%	95.56%
Nov 2013	66	72.60%	20.54%	6.85%	93.15%
Dec 2013	69	72.90%	22.90%	4.19%	95.80%
Jan 2014	62	66.67%	28.94%	4.39%	95.61%
Feb 2014	72	77.62%	17.62%	4.74%	95.24%
Mar 2014	69	73.97%	22.00%	4.93%	95.97%

Family and Friends Net Promoter Question: Accident and Emergency

Date	Net Promoter Score	Promoter Responses	Passive Responses	Detractor Responses	Patients Likely or Extremely Likely to Recommend Our Hospital
Apr 2013	81	82.70%	15.13%	2.17%	97.83%
May 2013	81	83.80%	13.33%	2.85%	97.13%
Jun 2013	82	84.25%	13.38%	2.36%	98.00%
Jul 2013	82	84.96%	12.03%	3.00%	96.99%%
Aug 2013	68	78.38%	11.71%	9.91%	90.09%
Sep 2013	31	55.77%	19.05%	25.00%	75.00%
Oct 2013	58	71.54%	14.63%	13.82%	86.18%
Nov 2013	53	64.60%	23.51%	11.90%	88.10%
Dec 2013	54	64.96%	24.12%	10.92%	89.08%
Jan 2014	57	66.46%	23.67%	9.86%	90.13%
Feb 2014	52	65.62%	20.37%	13.99%	85.99%
Mar 2014	54	64.74%	24.02%	11.23%	88.76%

Family and Friends Net Promoter Question: Maternity Services

Date	Net Promoter Score	Promoter Responses	Passive Responses	Detractor Responses	Patients Likely or Extremely Likely to Recommend Our Hospital
Sep 2013	80	81%	18%	1%	99%
Oct 2013	83	84.00%	14.75%	1.25%	98.75%
Nov 2013	86	87.35%	11.63%	1.02%	98.98%
Dec 2013	81	81.98%	16.86%	1.16%	98.84%
Jan 2014	81	81.05%	18.42%	0.53%	99.47%
Feb 2014	80	85.36%	8.79%	5.85%	94.15%
Mar 2014	82	83.68%	14.54%	1.35%	98.22%

National Inpatient Survey by the CQC

The Care Quality Commission Survey of Adult Inpatients 2013 was carried out by the Picker Institute with a total of 400 patients from Mid Staffs returning a completed questionnaire, providing a response rate of 48% against an average National response rate of 46%.

26 responses scored significantly better than the national average and one response scored significantly below the national average. This was related to patients receiving a copy of their discharge letter. However, although this score continues to cause concern, the Trust also significantly improved in this area since the 2012 survey.

Our patient experience priorities for improvement 2014/15

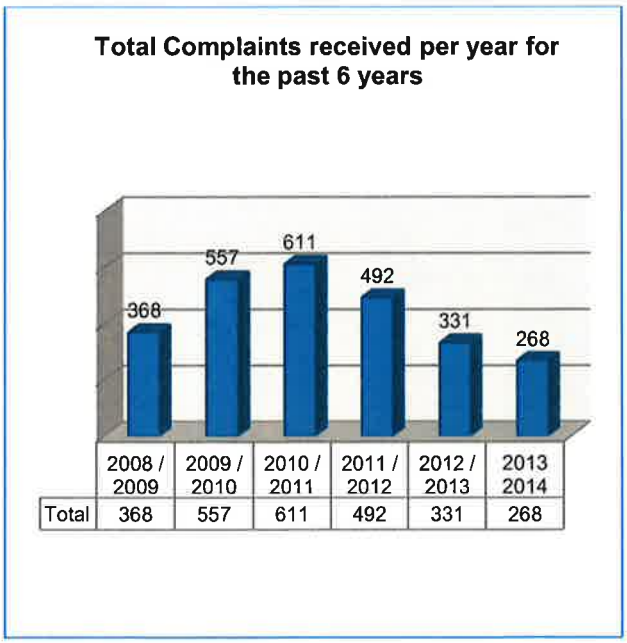
- To increase the number of responses to the patient experience questionnaire from 20% to 30% in all in-patient areas.
- To rollout the Net Promoter question to all out patients before October 2014
- To improve opportunity for qualitative feedback from relatives and carers
- To continue to develop specialty specific focus groups.
- To ensure clinical teams are provided with real time feedback and empower staff to act on feedback.

b) Complaints

Complaint numbers and response times

A total of 268 complaints were received in 2013/14, which is 63 fewer complaints than those received in 2012/13 giving a 19% reduction from 2012/13 to 2013/14. There has been a continued reduction of complaints year on year since the 611 complaints received in 2010/11. The reductions year on year have been:- 33% from 2011/12 to 2012/13 and 19.5% from 2010/11 to 2011/12. This equates to a total reduction of 56% over the past 3 years as of the end of March 2014 (Figure 15).

Figure 15 - Complaints received over the past 6 years



We are not complacent about the reduction in the number as we understand that every complaint reflects a poor experience for someone, however when in the context of increasing numbers of compliments and improvement feedback around patient experiences, our pro-active approach of giving patients and families the opportunity to tell us what they feel about our services in real time, appears to be helpful for them.

Key themes identified in the complaints are shown below in Figure 16.

Our "Speaking up" project ended in May 2013 however we have continued with our commitment to improving the complaints process utilising the assessment tool developed and tested by the project. This is achieved by a local peer review panel which has been held to monitor and review the quality of our complaints investigations, outcomes and learning, and give feedback as to improvements that can be made.

The response times for the complaint investigations have significantly improved and over 80% of complainants receive their response by the original agreed response date. To ensure the quality of the investigations are not compromised, as a result of meeting deadlines, we monitor the volume of reopened cases and ensure satisfaction surveys are sent to complainants once their complaints have been closed.

To ensure that we involve service users and the community, we hold monthly Complaints Focus Group Meetings with members of the community who have previously had cause to complain about our service and also invite them to form part of the Peer Review Panels. During the Complaints Focus Group meeting, our complaint reports are shared and discussed, trends of issues are highlighted and specific complaint issues can be raised; and ways in which they might be addressed are explored. These meetings have been a valuable resource for the complaints procedure and ensure that we do not lose sight of what is important to the complainant themselves.

Figure 16 - Top 5 themes by quarter for 2012/13 and 2013/14 respectively

		1	2	3	4	5
2012/ 2013	Quarter 1	Communication (60)	Medical Care (43)	Staff Attitude (31)	Outpatient appointments delays/ Cancellations (18)	Diagnosis missed/ delayed /wrong (18)
	Quarter 2	Communication (73)	Medical Care (52)	Diagnosis missed/ delayed /wrong (33)	Staff Attitude (25)	Nursing Care (23)
	Quarter 3	Communication (29)	Medical Care (22)	Staff Attitude (11)	Discharge, Admission arrangements (11)	Nursing Care (10)
	Quarter 4	Communication (50)	Nursing Care (43)	Medical Care (37)	Discharge, Admission arrangements (25)	Attitude of Staff (20)
2013/ 2014	Quarter 1	Communication (34)	Medical Care (30)	Staff Attitude (20)	Diagnosis missed/ delayed /wrong (19)	Nursing Care (19)
	Quarter 2	Communication (32)	Medical Care (23)	Outpatient Appointments (14)	Diagnosis missed/ delayed /wrong (13)	Nursing Care (12)
	Quarter 3	Communication (32)	Attitude of Staff (21)	Medical Care (20)	Nursing Care (16)	Discharge, Admission arrangements (14)
	Quarter 4	Communication (29)	Nursing Care and Medical Care (20)	Attitude of Staff (16)	Outpatient Appointments (13)	Diagnosis - missed/ delayed /wrong/ Not investigated and Medication – Delayed/ Wrong / Route/ Not Given (11)

c) Staff Survey

We want to be known as a good employer and to be able to demonstrate this by a year on year improvement in the results of the staff surveys.

Our staff survey response rate for the 2013 survey was 52%. This was lower than the record of 61% in 2012, however at a time of uncertainty for the Trust it was heartening to see that more than half of our staff took part.

The most notable change in the results of the most recent survey was that for the second consecutive year there was a statistically significant increase in staff recommendation of the Trust as a place to work or be treated – we are now above the national average in this respect.

Analysis of this key finding shows that 73% of staff would recommend the Trust as a provider of care to their family and friends.

This feeds into a significant increase in overall staff engagement, where we are now in the mid-range of acute & specialist hospitals, having improved from being in the worst 20% in 2011.

Other changes relating to this year's survey include minor improvements in:

- Percentage of staff able to contribute towards improvements at work – for the second consecutive year
- Staff job satisfaction – for the second consecutive year
- Staff receiving job-relevant training
- Staff suffering work-related stress – reversing last years deterioration
- Percentage of staff saying hand washing materials are always available – again reversing last years deterioration
- Staff reporting good communication between senior management and staff

The survey also showed slight deterioration in a limited number of areas, including:

- Effective team working
- Staff feeling pressure to attend work when unwell
- Staff experiencing discrimination at work

We also have work to do to address concerns around bullying and harassment of staff, and an action plan is in place to provide more opportunities for staff to raise their concerns on these matters.

There is still work to do to continue the improvements of recent years and we remain committed to building a compassionate and caring environment for our staff as well as our patients.

National Targets

Performance against the national targets in 2013/2014 is shown below:

National Targets and Regulatory Requirements	2013/14 Target	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual
Patient Experience					
Maximum time of 18 weeks from point of referral to treatment in aggregate – Admitted	90%	96.34%	87.09%	85.38%	93.07%
Maximum time of 18 weeks from point of referral to treatment in aggregate -Non-Admitted	95%	99.32%	93.20%	93.82%	97.63%
Maximum time of 18 weeks from point of referral to treatment in aggregate - patients on an incomplete pathway	92%	97.16%	90.23%	94.71%	94.95%
Quality					
Cancer - 2 Week GP Referral to 1st Outpatient Appointment	93%	94.60%	92.90%	95.00%	95.82%
Cancer - 31 day wait from diagnosis to treatment	96%	99.50%	99.70%	100%	99.68%
Cancer - 62 Day Referral to Treatment From Hospital Specialist	97%	93.90%	86.70%	97.50%	98.76%
Cancer - 62 Days Urgent Referral to Treatment	85%	88.40%	85.70%	87.79%	90.65%
A&E 4 Hour Waits (Combined SGH and CCH)	95%	90%	92.08%	93.52%	90.08%
A&E Service Quality Indicator - Unplanned A&E Re-Attendance Rate	5%	6%	6.08%	4.99%	4.80%
A&E Service Quality Indicator - Left Without Being Seen	5%	3%	2.92%	0.90%	0.90%
Safety					
C.Diff Positive Samples (MSGH Patient Samples Only Incl RE Samples) On Or After 4th Day of Admission	12	35	26	25	30
Incidence of MRSA Bacteraemia (MSGH Patient Samples Only Incl RE Samples) On Or After 3rd Day of Admission	0	2	2	0	2
Quality - All cancers: 31-day wait for second or subsequent treatment, comprising:					
Surgery	94%	100%	98.9%	100%	100%
Anti-cancer drug treatments	98%	100%	100%	100%	100%
Radiotherapy	N/A	N/A	N/A	N/A	N/A
Quality - All cancers: 62-day wait for first treatment from:					
Urgent GP referral for suspected cancer	85%	88.40%	85.70%	87.79%	90.65%
NHS Cancer Screening Service referral	90%	99.40%	90%	99.39%	100%
Cancer: two week wait from referral to date first seen, comprising:					
All urgent referrals (cancer suspected)	93%	94.60%	92.90%	95%	95.82%
for symptomatic breast patients (cancer not initially suspected)	93%	93.60%	93.90%	92.71%	94.92%

`Explanation of variance in Performance against National Targets 2013- 2014

Accident and Emergency Target

Emergency Access has faced significant challenges in 2013/2014 due to difficulties securing enough trained and experienced nursing staff. This resulted in the Trust operating with 22 fewer acute beds open than planned and reduced capacity for emergency admissions. Furthermore the ability to staff additional beds has been significantly reduced resulting in highly limited flexibility to manage surges in demand.

These staffing issues have resulted in the most challenging year for emergency access, with 12 hour trolley wait breaches in addition to significant pressure on the 4 hour target. High Locum usage has continued and has been a factor in the Trust not achieving this target.

Accident and Emergency - Actions being taken to address performance

The Ambulatory Assessment Unit for medical patients was introduction in February 2014. February 2014 also saw 22 registered nursing staff from our neighbouring Trust at University Hospital North Staffordshire seconded to work at the Trust for 3 months, enabling additional beds to open, and ensuring timely access to beds for our patients who need admitting.

Two locum Geriatricians commenced which enabled designated Consultant cover for the Winter Pressure Ward and daily Ortho-geriatric Consultant review on the Trauma ward.

The Trust has got additional Consultant support for the Emergency Department provided by University Hospital North Staffordshire.

Work continues with Emergency Care Intensive Support Team looking at several areas where they believe that the patients and the Trust could benefit. These include;

- Ambulatory Assessment Unit, Admissions- too many patients are being admitted to the trust that don't necessarily need too, the Trust is working to reduce these admissions
- Bed Modelling- The Trust will review our short stay bed model and reassess how many beds are needed to manage this stream
- GP Patients- Ensuring that all GP referred patients are assessed in the assessment units and not A&E
- Implementing the SAFER patient flow bundle-Late daily discharge time remains a problem within the Trust. A 'left shift' improvement of two – three hours is needed. The Acute Medical Unit still has to 'push' patients into inpatient beds late in the day, which results in patients queuing and crowding in the Emergency Department. A number of trust's have introduced a patient flow bundle to address these issues. Many of these organisations have used the acronym 'SAFER' and adapted it to their local hospital site. The Trust aims to introduce this to help patient flow.

4. Statement of Directors' Responsibilities In Respect of the Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the Quality Report.

In preparing the Quality Report, Directors are required to take steps to satisfy themselves that:

- The content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual;
- The content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period April 2013 to March 2014
  - Papers relating to Quality reported to the Board over the period April 2013 to March 2014
  - Feedback from the commissioners dated 29 May 2014
  - Feedback from local Staffordshire Healthwatch organisations not received as at 29 May 2014
  - Feedback from Staffordshire Health Scrutiny Committee dated 27 May 2014
  - The Trusts complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009,
  - The 2013 national patient survey;
  - The 2013 national staff survey;
  - The Head of Internal Audits annual opinion over the Trust's control environment date 27 May 2014;
  - Care Quality Commission quality and risk profiles
  - The Quality Report presents a balanced picture of the Trusts performance over the period covered;
- The performance information reported in the Quality Report is reliable and accurate;
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, and is subject to appropriate scrutiny and review;
- The Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) published at www.monitor-nhsft.gov.uk/annualreportingmanual as well as the standards to support data quality for the preparation of the Quality Report.
- The powers of the Governors were transferred to the TSAs upon their appointment and it is not considered appropriate for the TSAs to provide the Governors' commentary, therefore this requirement has been removed from the above.

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

Mr Alan Bloom

Trust Special Administrator

Mrs Maggie Oldham

Chief Executive

M. Oldham

Date: 27 May 2014

5. Appendices

Appendix A - MSFT Performance against the Nationally Mandated set of Quality Indicators

The Trust's performance against the eight nationally mandated set of quality indicators applicable to acute trusts are outlined below:

1. Mortality

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve the indicators and percentages:

- Continue mortality reviews undertaken on a monthly basis
- Attendance at mortality review meetings by the chair of the Clinical Commission Group
- Targeted mortality reviews.
- Expansion of review of deaths at Directorate and Speciality level

	MSFT period April 2010-March 2011	MSFT period April 2011-2012	MSFT period April 2012-March 2013	National period April 2012-2013	National Best Performance	National Worst Performance
1. Summary of Hospital Level Mortality Indicators(SHMI) value	0.9852	0.9087	0.9223	1	0.6253	1.1697
SHMI banding	2	2	2	N/A	-	-
2. Percentage of patients deaths with a palliative care coded at diagnosis or speciality level	23.8%	25.7%	26.9%	19.93%	0.10%	44%

2. (PROMs) - Average Health Gain

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve the indicators and percentages

The PROMs for Hip Replacement and Knee replacement surgery were included as a CQUIN for 2013/2014, the full year data is still pending. This has placed a greater emphasis on these PROMs and they will continue to be reported quarterly to the Quality Committee and CQRM.

	MSFT April 2010-March 2011	MSFT April 2011-March 2012	MSFT April 2012 - March 2013	MSFT April 2013 - December 2013	National (England) April 2013 - December 2013	National Best Provider April 2013 - December 2013	National Worst Provider April 2013 - December 2013
Groin hernia surgery	0.087	0.111	0.078	0.089	0.086	0.157	0.013
Varicose veins surgery	N/A	N/A	N/A	N/A	0.101	0.158	0.020
Hip replacement	0.373	0.374	0.416	0.370	0.439	0.527	0.301
Knee replacement surgery	0.295	0.325	0.321	0.348	0.330	0.416	0.193

(The HSCIC web site does not do the banding 0-14 and 15+ that the quality accounts guidance states).

3. Readmissions to hospital within 28 days

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve the indicators and percentages:

- The Trust has a readmissions group which meets monthly and is chaired by the Clinical Director for Medicine, this group reviews high level data on readmissions from our own sources and Dr Foster's.
- Departments with a higher than expected rate of unplanned readmissions are identified and a senior clinician asked to conduct an audit, share learning and put in place actions to reduce readmissions. We are also using Dr Foster's data to identify conditions with a higher than expected readmissions rate and follow a similar process

	MSFT April 2009-March 2010	MSFT April 2010-March 2011	MSFT April 2011-March 2012	National (England – Small Acute) April 2011-March 2012	National Best Performance (Small Acute)	National Worst Performance (Small Acute)
Patients 0-15 years of age readmitted to hospital which forms part of the Trust within 28 days of discharge from a hospital which forms part of the Trust	12.39%	12.31%	12.18%	9.87%	0.00%	14.87%
Patients 16+ years of age readmitted to hospital which forms part of the Trust within 28 days of discharge from a hospital which forms part of the Trust	9.93%	10.38%	11.57%	11.07%	0.00%	12.69%

4. Responsiveness to personal needs – average weighted score of 5 questions from the National Patient Survey (score out of 100)

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve the indicators:

- Continue to provide monthly patient survey feedback in the Ward Quality Dashboards.
- Patient experience feedback to be displayed for all clinical areas and Ward managers to take actions based on this feedback
- Ward managers to develop action plans for key aspects of patient experience in their areas which need addressing, these will monitored at the monthly ward quality meetings with the ward managers and matrons
-

MSFT April 2009-March 2010	MSFT April 2010-March 2011	MSFT April 2011-March 2012	MSFT April 2012-March 2013	MSFT April 2013-March 2014	National (England) April 2013-March 2014	National Best Performance April 2012-March 2013	National Worst Performance April 2012-March 2013
62.3	66.4	67.9	71.5	72.6	68.7	84.4	57.4

5. Staff who would recommend the Trust as a provider of care to their family & friends

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website.

We intend to take the following actions to improve the percentages:

- Ward Managers to raise the profile of the good work done in their wards
- Continue wide publication of performance reports showing improvements in patient care
- Wards to promote successes monthly, through internal communication channels
- Staff surveys to be undertaken as part of the contract and CQUIN scheme for 2014/2015

MSFT 2011	MSFT 2012	MSFT 2013	National (England) 2012	National Best Performance 2012	National Worst Performance 2012
52%	59%	73%	65%	94%	40%

6. Venous Thrombo-embolism (VTE) risk assessment

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve this percentages:

- Continue to ensure that all patients have a VTE risk assessment undertaken within 12 hours of admission
- Continue to ensure that all patients assessed as at risk have prophylaxis
- Continue to undertake RCAs on all hospital acquired VTE and ensure the learning from these RCAs is feedback and Divisional and clinical team level

MSFT Q1 2012-2013	MSFT Q2 2012-2013	MSFT Q3 2012-2013	MSFT Q1 2013-2014	MSFT Q2 2013-2014	MSFT Q3 2013-2014	National Q3 2013-2014	National Best Performance Q3 2013-2014	National Worst Performance Q3 2013-2014
96.1%	95.7%	94.2%	97.28%	96.32%	97.31%	95.84%	100%	77.70%

7. C.Difficile Infection (per 100,000 bed days)

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve this rate by continuing to reduce C.Diff infections through implementation of the C.Diff Recover Plan (See Reducing Hospital Acquired Infections in Part 3 of the Quality Account 2014/2015)

MSFT 2010/11	MSFT 2011/12	MSFT 2012/13	National 2011/12	National Best Performance 2011/12	National Worst 2011/12
27.1	22.6	22.1	17.3	0.0	30.8

8. Incidents

The Trust considers that this data is as described for the following reason:

It is the latest data available on the HSCIC website

We intend to take the following actions to improve the indicators and percentages

- Deliver the key priorities within the Quality and safety strategy as outlined on page 10 of this Quality Account
- Continued implementation of targeted patient safety programme – medication errors, inpatient falls, pressure ulcers

	MSFT Apr 2011-Sep 2011	MSFT Oct 2011-Mar 2012	MSFT Apr 2012-Sep 2012	MSFT Oct 2012-Mar 2013	National (Small Acute) Oct 2012-Mar 2013	National Best Performance (Small Acute)	National Worst (Small Acute)
Incident reporting rate per 100 admissions	7.18	6.93	8.11	6.70	7.74	4.13	17.53
Number of Safety Incidents that result in severe harm or death	93	70	58	51	435	1	56
Rate of patient safety incidents that result in severe harm or death (per 100 admissions	0.3	0.2	0.2	0.2	0.06	0	0.4

Appendix B – Care Quality Commission Core Standards

a) Serious Incidents

A serious incident requiring investigation is defined as an incident that occurred in relation to NHS-funded services and care resulting in one of the following:

- Unexpected or avoidable death of one or more patients, staff, visitors or members of the public;
- Serious harm to one or more patients, staff, visitors or members of the public or where the outcome requires life-saving intervention, major surgical/medical intervention, permanent harm or will shorten life expectancy or result in prolonged pain or psychological harm;
- A scenario that prevents or threatens to prevent the Trust's ability to continue to deliver healthcare services, for example, actual or potential loss of personal/organisational information, damage to property, reputation or the environment, or IT failure;
- Allegations of abuse;
- Adverse media coverage or public concern about the Trust or the wider NHS

b) Never Events

"Never events" are defined as 'serious, largely preventable patient safety incidents that should not occur if the available preventative measures have been implemented by healthcare providers'.

To be a "never event", an incident must fulfil the following criteria;

- The incident has clear potential for or has caused severe harm/death.
- There is evidence of occurrence in the past (i.e. it is a known source of risk).
- There is existing national guidance and/or national safety recommendations
- on how the event can be prevented and support for implementation.
- The event is largely preventable if the guidance is implemented.
- Occurrence can be easily defined, identified and continually measured.

There are currently 25 "never events". This includes the original eight events and those which have been added over the years since the list was first published. The list is as follows:

1. Wrong site surgery
2. Wrong implant/prosthesis
3. Retained foreign object post-operation
4. Wrongly prepared high-risk injectable medication
5. Maladministration of potassium-containing solutions
6. Wrong route administration of chemotherapy
7. Wrong route administration of oral/enteral treatment
8. Intravenous administration of epidural medication
9. Maladministration of Insulin
10. Overdose of midazolam during conscious sedation
11. Opioid overdose of an opioid-naïve patient
12. Inappropriate administration of daily oral methotrexate
13. Suicide using non-collapsible rails
14. Escape of a transferred prisoner
15. Falls from unrestricted windows
16. Entrapment in bedrails
17. Transfusion of ABO-incompatible blood components
18. Transplantation of ABO or HLA-incompatible Organs
19. Misplaced naso- or oro-gastric tubes
20. Wrong gas administered
21. Failure to monitor and respond to oxygen saturation
22. Air embolism
23. Misidentification of patients
24. Severe scalding of patients
25. Maternal death due to post-partum haemorrhage after elective Caesarean section

6. Independent Auditor's Report on the Annual Quality Report

KPMG

Independent Auditor's Report to the Trust Special Administrators of Mid Staffordshire NHS Foundation Trust on the Quality Report

We have been engaged by the Trust Special Administrators of Mid Staffordshire NHS Foundation Trust to perform an independent assurance engagement in respect of Mid Staffordshire NHS Foundation Trust's Quality Report for the year ended 31 March 2014 (the "Quality Report") and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2014 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- Clostridium Difficile – all cases of Clostridium Difficile positive diarrhoea in patients aged two years or over that are attributed to the Trust; and
- Emergency readmissions within 28 days of discharge from hospital.

We refer to these national priority indicators collectively as the "indicators".

Respective responsibilities of the Trust Special Administrators and auditors

The Trust Special Administrators are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by Monitor.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual;*
- the Quality Report is not consistent in all material respects with the sources - specified in the *Detailed Guidance for External Assurance on Quality Reports; and.*
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual* and the six dimensions of data quality set out in the *Detailed Guidance for External Assurance on Quality Reports.*

We read the Quality Report and consider whether it addresses the content requirements of the *NHS Foundation Trust Annual Reporting Manual,* and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period April 2013 to May 2014;
- Papers relating to Quality reported to the Board over the period April 2013 to May 2014;
- Feedback from the Commissioners dated May 2014;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, 2013/14;
- The 2013/14 national patient survey;

- The 2013/14 national staff survey;
- Care Quality Commission quality and risk profiles/intelligent monitoring reports 2013/14; and
- The 2013/14 Head of Internal Audit's annual opinion over the Trust's control environment.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Trust Special Administrators of Mid Staffordshire NHS Foundation Trust as a body, to assist the Trust Special Administrators in reporting Mid Staffordshire NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2014, to enable the Trust Special Administrators to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust Special Administrators as a body and Mid Staffordshire NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators.
- Making enquiries of management.
- Testing key management controls.
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation.
- Comparing the content requirements of the *NHS Foundation Trust Annual Reporting Manual* to the categories reported in the Quality Report.
- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual.*

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Mid Staffordshire NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2014:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual;*
- the Quality Report is not consistent in all material respects with the sources specified above; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual.*

KPMG LLP

KPMG LLP, Statutory Auditor

15 Canada Square,

Canary Wharf

London, E14 5GL

29 May 2014

7. Stakeholders Commentary on the Annual Quality Report

Statement from Healthwatch Staffordshire

Commentary from Staffordshire Health Scrutiny

We are directed to consider whether a Trust's Quality Account is representative and gives comprehensive coverage of their services and whether we believe that there are significant omissions of issues of concern.

There are some sections of information that the Trust must include and some sections where they can choose what to include, which is expected to be locally determined and produced through engagement with stakeholders.

We focused on what we might expect to see in the Quality Account, based on the guidance that trusts are given and what we have learned about the Trust's services through health scrutiny activity in the last year.

We also considered how clearly the Trust's draft Account explains for a public audience (with evidence and examples) what they are doing well, where improvement is needed and what will be the priorities for the coming year.

Our approach has been to review the Trust's draft Account and make comments for them to consider in finalising the publication. Our comments are as follows.

We note the inclusion of the Trusts Achievements in Quality and Safety at the commencement of the Account highlighting progress during 2013/14.

More detail on the Trust's Vision and Values would have been appreciated in the introduction. However we do note the Quality and Safety Strategy as detailed on page 11. Also a list of services provided by the Trust has not been included. We feel the Trust's priorities/aims are very clearly detailed however would have liked to see more detail on how these will be delivered and measured.

We are pleased to see the very comprehensive detail in relation to Commissioning for Quality and Innovation (CQUIN) both 2013/14 and 2014/15 in particular the achievements and income.

In relation to Clinical Audits whilst noting the comprehensive details included we would have appreciated detail on the reasons for non- participation (i.e. services the Trust doesn't provide etc.) why participation in these has supported the Trust and where the audit has been a compliance level of partial why?

Concerning Clinical Research we note the numbers of patients involved however we would have like further detail on the outcomes and how this has led to quality improvement.

We appreciate the inclusion of the Care Quality Commission registration and inspection detail. We are concerned about the increase in risk as identified on the Risk Score (RAG) and Description March 2014.

We note the Payment by Results Framework, although we also wish to highlight concern over the increase in percentage of 'Secondary Procedures recorded incorrectly' and 'Secondary Diagnosis recorded incorrectly'.

We would like to comment that the review of quality of care within the Account is very comprehensive and the detail supplied appreciated, in particular the very detailed mortality statistics. However more benchmarking detail and details of stakeholder involvement would have added benefit.

Pleased to see the Complaints received by the Trust broken down into themes. Staff Survey. It is noted that the Trust conducted their Staff Survey although more detail about the outcomes and how the improvements have been achieved would be helpful.

The inclusion of a Glossary would benefit the Account and details of how the readers can provide feedback. For example, the Payment by Results Framework, although feel this should be written in full not PbR to be more understandable

Finally we note the signing of the Account by the TSA and Chief Executive.

Commentary from Stafford and Surrounds CCG

Introduction

This has been a very challenging Year for the Trust, during which time they have been subject to a unique process resulting in a decision to dissolve the Trust due to financial and clinical sustainability. The level of uncertainty this created for the organisation under unprecedented National and Local scrutiny has inevitably impacted on workforce stability and resilience.

Commissioners recognise that this will have made it more difficult for the Trust to achieve progress in quality improvements. However, they have made notable improvements in specific areas within this challenging context. This compares well with other Providers who have not been subject to operating within those pressures. However commissioners would have liked to have seen greater emphasis placed on fully embedding lessons learnt from incidents throughout the organisation. It is noted that Trust has this as a key priority for 14/15 and the renaming of the Internal Review Group for serious incidents to Learning From Experience Group will facilitate this. Commissioners will be seeking evidence of this during 14/15.

Quality Improvements

Commissioners acknowledge the work undertaken by the Trust to deliver quality improvements in safe patient care such as the reduction in numbers of patient falls to a level below the national benchmark and for hospital acquired pressure ulcers the achievement of a reduction quarter by quarter against a challenging trajectory.

Infection Prevention and Control

Commissioners were disappointed that MSFT far exceeded its maximum of 12 C Diff cases, with a total of 30 cases for the whole year. Commissioners acknowledge that some of the causative factors lay outside of the control of MSFT although there were also some internal factors which are now being resolved this has taken longer than Commissioners anticipated.

Hospital Mortality

MSFT has a robust system in place for reviewing hospital deaths and considering whether there are any common factors, trends or lessons to be learned. CCG are represented at mortality review meetings. The commissioners recognise that the Trust has had mortality rates consistently well below national average and acknowledge the substantial work undertaken to clear the backlog of reviews at end of 2013 that had accumulated over the previous year. However it was disappointing to find that a new backlog had accrued due to medical workforce capacity issues and the commissioners will be monitoring the action plan to prevent further backlogs reoccurring.

Patient Experience

The national benchmark for measuring patient experience is the Net Promoter Score (NPS) which measures the number of patients who state that they are extremely likely to recommend a hospital. The MSFT NPS scores place the Trust in the middle category in comparison with other local providers which constitutes an achievement within the particular circumstances of the Trust. Commissioners feel that given that NPS is the nationally recognised measure, the NPS scores achieved by MSFT should have been highlighted more prominently within the quality accounts.

13/14 CQUIN performance and 14/15 CQUIN Scheme

Commissioners acknowledge the achievement in delivering the vast majority of the improvements specified within the 13/14 CQUIN scheme. Commissioners were however disappointed that MSFT were unable to fully achieve the planned implementation of the Amber Care Bundles and failed to fully achieve the improvements with respect to continence care plans and referral to specialist services for some patients with continence problems. Commissioner will be monitoring these areas in 14/15 and seeking assurance that further improvements are being made.

Commissioners have agreed with MSFT a challenging set of CQUIN targets for 14/15. The core theme of the 14/15 CQUINs is ensuring patients have effective, safe and timely discharges. This is a CCG and Trust priority as a result of the Trust not fully achieving challenging targets for discharge for 13/14.

Commentary from Staffordshire Health Scrutiny

We are directed to consider whether a Trust's Quality Account is representative and gives comprehensive coverage of their services and whether we believe that there are significant omissions of issues of concern.

There are some sections of information that the Trust must include and some sections where they can choose what to include, which is expected to be locally determined and produced through engagement with stakeholders.

We focused on what we might expect to see in the Quality Account, based on the guidance that trusts are given and what we have learned about the Trust's services through health scrutiny activity in the last year.

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Finally we note the signing of the Account by the TSA and Chief Executive.

KPMG

INDEPENDENT AUDITORS' REPORT TO THE TRUST SPECIAL ADMINISTRATORS OF MID STAFFORDSHIRE NHS FOUNDATION TRUST ON THE NHS FOUNDATION TRUST CONSOLIDATION SCHEDULES

We have examined the NHS foundation trust consolidation schedules (FTCs) numbered FTC01 to FTC40 of Mid Staffordshire NHS Foundation Trust for the year ended 31 March 2014, which have been prepared by the Director of Finance and acknowledged by the Chief Executive and Trust Special Administrator.

This report is made solely to the Trust Special Administrators of Mid Staffordshire NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and for no other purpose.

In our opinion the consolidation schedules are consistent with the statutory financial statements. Our opinion on the statutory financial statements included an explanatory paragraph because of the fundamental uncertainty relating to the Trust's going concern in 2014/15 as a consequence of its proposed dissolution as a corporate entity within the 2014/15 financial year. However, as directed by the NHS Foundation Trust Annual Reporting Manual 2013/14, the Trust Special Administrators have prepared the financial statements on a going concern basis as the services currently provided by the Trust will continue to be provided by alternative NHS providers after the Trust's dissolution.

Neil Thomas for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
14 Canada Square
Canary Wharf
London, E14 5GL.

29 May 2014

FTC Summarisation Schedules for Mid Staffordshire NHS Foundation Trust

Summarisation schedules numbers FTC01 to FTC41 and accompanying WGA sheets for 2013/14 are attached.

Finance Director Certificate

1. I certify that the attached FTC schedules have been compiled and are in accordance with:

- The financial records maintained by the NHS foundation trust; and
- Accounting standards and policies which comply with the *NHS Foundation Trust Annual Reporting Manual 2013/14* issued by Monitor.

2. I certify that the FTC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the FTC schedules is consistent with the financial statements of the NHS Foundation Trust.

Sarah Preston, Finance Director

27th May 2014

Chief Executive Certificate

1. I acknowledge the attached FTC schedules, which have been prepared and certified by the Finance Director, as the FTC schedules which the Foundation Trust is required to submit to Monitor.

2. I have reviewed the schedules and agree the statements made by the Finance Director above.

Alan Bloom, Trust Special Administrator

May 2014

Acronyms and Definitions

A&E	Accident and Emergency
AMM	Annual Members Meeting
AMU	Acute Medical Unit
ARAC	Audit, Risk & Assurance Committee
BME	Black and Minority Ethnic
CCG	Clinical Commissioning Group
CCU	Critical Care Unit
CIDS	Community Information Data Sets
CIP / CIPs	Cost Improvement Plan(s)
CIPFA	Chartered Institute of Public Finance and Accountancy
CNST	Clinical Negligence Scheme for Trusts
CoG	Council of Governors
COPD	Chronic Obstructive Pulmonary Disease
CPT	Contingency Planning Team
CQC	Care Quality Commission
CQUIN	Commissioning for Quality and Innovation
CRES	Cost Releasing Efficiency Savings
CSIP	Clinical Service Implementation Plan
CT	Computer Tomography
DH / DoH	Department of Health
EBITDA	Earning before interest, tax, depreciation and amortisation
ENT	Ear, Nose and Throat
EPR	Electronic Patient Record
eTTO	Electronic To Take Out – Discharge Summaries
FIOP	Finance Investment and Operational Performance Committee
FT ARM	Foundation Trust Annual Reporting Manual
FTE / WTE	Full Time Equivalent / Whole Time Equivalent
FTGA	Foundation Trust Governors Association
GP	General Practitioner
HQAC	Healthcare Quality Assurance Committee
HR	Human Resources
HSMR	Hospital Standardised Mortality Ratio
IFRS	International Financial Reporting Standards
IM&T	Information Management & Technology
KF	Key Factors

LCFS	Local Counter Fraud Specialist
LHE	Local Health Economy
LLP	Limited Liability Partnerships
MRI	Magnetic Resonance Imaging
MRSA	Methicillin-Resistant Staphylococcus Aureus
MSFT	Mid Staffordshire NHS Foundation Trust
NCAPOP	National Confidential Audit Patient Outcome Programme
NCEPOD	National Confidential Enquiries of Patient Outcomes and Death
NHS	National Health Service
NHSLA	National Health Service Litigation Authority
NICE	National Institute of Clinical Excellence
NIV	Unit Non-Invasive Ventilation Unit
NPSA	National Patient Safety Agency
NVQ	National Vocational Qualification
PbR	Payment by Results
PCT	Primary Care Trust
PDT	Practice Development Team
PEAT	Patient Environmental Action Team
PFI	Private Finance Initiative
PROMs	Patient Reported Outcome Measures
QIPP	Quality, Innovation, Productivity and Prevention
QRP	Quality Risk Profile
R&D	Research and Development
RAG	Red, Amber, Green
REACT	Rapid Emergency Assessment and Care Team
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
SAU	Surgical Assessment Unit
SHA	Strategic Health Authority
SLA	Service Level Agreement
TSA	Trust Special Administrator
UHNS	University Hospital of North Staffordshire
VTE	Venous Thromboembolism
WTE	Whole Time Equivalent

Accounting Officer	Senior person appointed by the Treasury or designated by a Government department to be accountable for the operations of an organisation and the preparation of its accounts
Acute Trust	An NHS body that provides secondary care or hospital based healthcare services from one or more hospitals
Annual Governance Statement	An annual statement of how the Trust has assured itself that it has taken all reasonable steps to recognise the risk to its operational and strategic goals and put in place mechanisms to mitigate, to an acceptable level, the probability or impact of those risks.
Benchmarking	Process that helps practitioners to take a structured approach to share, compare, identify and develop the best practice
Care pathway	A pre-determined plan of care for patients with a specific condition.
Care Quality Commission (CQC)	The independent regulator of health and social care
Carer	Person who provides a substantial amount of care on a regular basis, and is not employed to do so by an agency of organisation. Carers are usually friends or relatives looking after someone at home who is elderly, ill, or disabled
Commissioning	In the process local authorities and Clinical Commissioning Groups (CCGs) (previously Primary Care Trusts or PCTs) undertake to make sure that services are funded by them meet the needs of the patient
Community Health Services	Local services provided outside a hospital. Many community staff are attached to GP practices and to health centres.
Council of Governors	Those responsible for representing the interests of the NHS Foundation Trust members, and partner organisations. They hold the Trust Board to account.
Foundation Trusts	NHS organisations that are run as independent, public benefit corporations, which are both controlled and run locally
HM Treasury	United Kingdom's economics and finance ministry
KPMG LLP	The Trust's External Auditors
Local Health Economy	
Monitor	Monitor is the regulator of NHS Foundation Trusts
National Quality Board	National Quality Board has been set up under the current reforms to ensure that quality is at the heart of NHS activity
Quality Accounts	A self-assessment undertaken by providers of the quality of their care services.
RSM Tenon	The Trust's Internal Auditors
Staffordshire LINk	Local Involvement Network
Strategic Health Authority	The SHA is responsible for strategic supervision of these services, however the Health and Social Care Act provides for the abolition of SHAs, to be replaced by Clinical Commissioning Groups.
Tariff	The fixed payment that covers roughly half of all hospital treatments
UNISON	Public services and essential industries trade union. It represents employees in local government, healthcare, the voluntary sector and elsewhere. The largest trade union in the NHS.

Mid Staffordshire NHS
NHS Foundation Trust

Becausewecare