

ANNUAL REPORT AND ACCOUNTS 2013-14

**University Hospital of South Manchester NHS Foundation Trust
Annual Report and Accounts 2013-14**

**Presented to Parliament pursuant to Schedule 7, paragraph 25 (4)
(a) of the National Health Service Act 2006**

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01 About the Foundation Trust and summary of 2013-14

The Board of Directors of the University Hospital of South Manchester NHS Foundation Trust (UHSM) presents this, its eighth formal Annual Report, to its Members, Governors and other stakeholders. The Report describes the organisation – and the Board’s stewardship of it – from 1 April 2013 until 31 March 2014.

UHSM is a major acute teaching hospital trust providing services for adults and children at Wythenshawe Hospital and Withington Community Hospital, and community services. We are recognised as a centre of clinical excellence and provide district general hospital services and specialist tertiary services to our local community.

Our fields of specialist expertise - including cardiology and cardiothoracic surgery, heart and lung transplantation, respiratory conditions, burns and plastics, cancer and breast care services – not only service the people of South Manchester, but help patients from across the North West and beyond. We are also recognised in the region and nationally for the quality of our teaching, research and development. Our major research programmes focus on cancer, lung disease, wound management and medical education.

UHSM has 5920 members of staff, including those employed by our Private Finance Initiative partner South Manchester Healthcare Limited. We also have more than 500 valued volunteers, who give up their free time to help our patients and visitors.

UHSM’s priority is to be a centre of health and wellbeing for patients and the local population, delivering safe, high quality care. We have a good reputation, and this is reflected in the way that more people are choosing its services than ever before.

In 2013/14 there were 94,244 attendances to our A&E department, 88,744 inpatient and day-case spells, and 471,372 attendances to our outpatient clinics.

UHSM wants every patient to experience the best quality of care it can offer, and so continues to value and seek out feedback from patients on their experiences.

As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of UHSM but is accountable for its stewardship to the Council of Governors and Members. UHSM performance is also scrutinised by the Foundation Trust regulator, Monitor, and the Care Quality Commission (CQC).

UHSM was able to report compliance with almost all key regulatory targets throughout 2013-14 and has maintained a strong performance. The Trust did not meet the emergency four hour waiting time in quarters three and four of the year due to a significant increase in A&E attendances and a significant increase in the volume of emergency admissions. In December 2013, the regulator ‘Monitor’ launched an investigation into the financial position and the short-term finances of the Trust. We have maintained a clear registration with the Care Quality Commission (CQC). During 2013-14, UHSM participated in an inspection by the CQC on dementia, which demonstrated that whilst patients with dementia are being well cared for in the hospital, we have improvements to make, and the Board is committed to this.

The relentless fight against infection continues. We have had four cases of hospital acquired MRSA during the year and we reduced the incidence of *C. difficile* infection from 46 to 36.

UHSM continues its commitment to being open and honest with patients and their families / carers, and our staff in line with Duty of Candour requirements. We provide transparent information on our performance and we share this with the public and our key stakeholders. UHSM became the first hospital in the country to publish the results of individual consultants, measured against national standards, and what patients say about them. Beginning with cardiologists and cardiothoracic surgeons, the aim is to publish treatment outcomes and patient feedback about the practice of all 250 consultants.

98.5% of our inpatients were assessed as harm-free during 2013/14, placing UHSM in the top 20% of acute hospital trusts for hospital-acquired harms. If an incident of patient harm takes place, our staff are encouraged to report it, an investigation is launched and upon completion all findings are shared with patients and/or their families.

As a teaching hospital with strong affiliations to the University of Manchester we are proud to report that this year we recruited large numbers of patients into research studies and clinical trials again. UHSM is recognised as a centre of excellence for multidisciplinary research and development, and is proud to be a founding member of MAHSC (Manchester Academic Health Science Centre).

More than 80 per cent of the staff who work at UHSM live in the immediate community we serve, and so building ever stronger links with the community continues to be a priority. The annual Open Day, held in September again attracted more than 300 visitors to the Wythenshawe Hospital site and was followed by the Annual Members' Meeting, which attracted positive feedback and lively debate. Governors and volunteers continue to work with the Trust's engagement team to strengthen communications with local schools and organisations to share best practice on infection prevention and sustainability.

In the rest of this Report the Board of Directors will explain how UHSM has performed during 2013-14 and its wider plans for the next 12 months.



02 Chairman's Statement 2013-14

UHSM has continued to deliver high quality services and treatment to its patients despite a challenging financial situation. The belief that efficient, safe quality care requires an NHS which operates to the same high standards every day of the week, night as well as day, remains at the core of the way we operate. To that end, changes in working practice by medical teams, the recruitment of more full time consultants and nursing staff and the progressive move of managerial responsibility from professional managers to clinicians have continued apace. Infection prevention has improved still further with the virtual elimination of MRSA and a significant reduction in *C. difficile*. However, the two major challenges referred to in our last annual report, the significant rise in the numbers of very sick people presenting at UHSM's Accident and Emergency (A&E) department and the worsening financial situation have not improved.

By the beginning of the year the Trust had already appointed its new Chief Executive Dr Attila Vegh. Commitments given to his previous trust prevented him taking up post until September 2013 and UHSM is grateful to its Chief Operating Officer, Karen James, for continuing to lead and develop the hospital in the interim. Dr Vegh is a medically qualified doctor who strongly supports UHSM's desire to see more management responsibility being given to clinicians. One of his first actions has been to re-organise the hospital into three key divisions, each led by a clinically active Consultant.

Dr Vegh was also chosen because of his significant commercial experience. Although UHSM ended the year with a small financial surplus, the hospital has for several years been facing a mounting financial challenge, significantly worsened by the sudden spike in repayment of a PFI (Private Finance Initiative) development contracted many years ago. An independent external review of finances confirmed the need for a radical recovery plan designed to bridge a gap of £50 million over the next two years. The hospital will be working closely with the regulator Monitor to address these challenges.

A&E remains a challenge. Numbers of attendances due to a variety of factors, including the downgrading of a neighbouring A&E department, have led to unprecedented pressure not only during winter months but throughout the year. The physical capacity of the department is overwhelmed and we were grateful to the Secretary of State for announcing capital funding of £12 million to build a much needed extension.

The aspiration of the Trust is to be recognised as one of the top ten providers in the country. All colleagues continue to search for continuous improvement in quality of care and treatment while helping to address tough financial challenges. Pioneering work by cardiac consultant Professor Ben Bridgewater is enabling us to begin publishing outcome data, eventually for all our specialist consultants, as well as what their patients say about them. We want the public to be able to choose UHSM based on evidence of the quality of our expertise. Multi-million deals with Medtronic and Alliance Medical have enabled us dramatically to improve the quality of some of our key technical operating and imaging facilities.

The rebuilt and expanded maternity unit is attracting record numbers of Mums and scoring 95% - 99% on the Friends and Family feedback test. The heart and lung transplant centre has celebrated its 1000th transplant, an unparalleled record of transforming and saving lives. The head of our award winning Cystic Fibrosis unit, Professor Kevin Webb, was awarded the European

Cystic Fibrosis award, an acknowledgement of his remarkable contribution to this field of treatment and research over the past 30 years. Such is the success of Professor Webb and his team that sufferers are now living far longer, more fulfilling lives and demand for treatment has caused the hospital to double its capacity.

UHSM has long recognised that if we are to improve services to patients we need to work far more closely with other health providers. We formed a partnership called the Southern Sector, a collaborative model of hospital services across East Cheshire, Stockport, Tameside and South Manchester, with the aim of improving services for all 1.2 million people living in the south of Manchester. When one of our partners, Tameside, asked for help following a serious decline in the quality of their patient services, the UHSM team had no hesitation in offering support under the leadership of our Chief Operating Officer, Karen James. Feedback from local patient groups, MPs and local political and health representatives has been loud in its praise for the turn around which is underway.

Overall, UHSM continues to be highly regarded by patients and staff. In the national Friends and Family Test UHSM is rated 12th out of 142 acute trusts across the country; 91% of staff say they would recommend it as a place to work and 95% would be happy to have their friends and families treated by us. There remains much to be done, but with the scrutiny as well as the support of our Governors, our local communities, charities and volunteers, the Board and staff of UHSM are confident of continuing to deliver high quality services to increasing numbers of satisfied patients, their families and friends.



Felicity Goodey, CBE, DL
Chairman



03 Strategic Report

UHSM is a part of the National Health Service and was established on 1 November 2006 as a Foundation Trust. UHSM's principal activity is to provide goods and services for the purposes of healthcare in England.

UHSM is a complex healthcare organisation offering a wide range of specialist, district general hospital and local community based services. UHSM has major undertakings in research and education, alongside a variety of service specialisms, which attract patients from across the region and nationally. Three quarters of UHSM's patients come from areas in the vicinity of South Manchester and Trafford, whilst the other quarter come from further afield, from right across England and Wales, to access UHSM's highly specialised services.

This Strategic Report provides a review of the Trust's business, and will cover the following areas:

- 3.1 Trust Strategy
- 3.2 Business review and management commentary
- 3.3 Operational performance and service developments
- 3.4 Financial standing and outlook
- 3.5 UHSM Academy
- 3.6 Our People
- 3.7 Sustainability report

Dr Attila Vegh
Chief Executive

3.1 Trust strategy

The NHS is facing unprecedented challenges in both the short and longer term. With an ageing population and increased life expectancy, a shift in disease away from life-threatening conditions to long-term conditions and reduced future funding levels, the NHS will be expected to provide more for less. The landscape of the NHS is changing and similar to other providers, the Trust faces challenges that will require new ways of working and the development of new service delivery models within the Local Health Economy (LHE).

The Trust's continues to implement its vision to become one of the leading healthcare providers in the NHS. As part of the Trust's planning, a two year Operational Plan has been developed covering the period 2014-15 to 2015-16. This focuses primarily on UHSM's recovery programme to achieve financial stability which will lay the foundations for our longer term sustainability. The Trust's five year strategic plan is currently being developed in conjunction with our partners across the LHE focusing on the delivery of high quality patient services on a sustainable basis. The Trust's short term operational plans and long term strategy cover the following key themes:

Safety and Quality

The Trust's quality plan is based on ensuring that the Trust maintains high quality, safe staffing levels. The Trust recognises the risk that the financial challenge poses to this. The Board of Directors remains fully assured that this risk is being managed well. All planned efficiencies continue to be defined, developed and implemented by our clinicians. In addition, all aspects of our financial recovery programme have been quality impact assessed by a multi professional Clinical Advisory Panel. One key measure of safety is mortality; this had previously been identified as a risk as a result of elevated mortality rates in 2012-13, which the Trust has now addressed.

Delivery of the four hour emergency access target has been a significant challenge for the Trust and the wider NHS in the past year. The delivery of this target is a key work stream for improvement for the Trust. UHSM has an Emergency Pathway Improvement Plan in place, which focuses on making improvements to patient flow. The plan is drawn from recommendations from the Emergency Intensive Support Team (ECIST) who have been helping the Trust. The plan has three key elements: Front Door – focusing on our Emergency Department and Acute Assessment Unit, Back Door – covering timely discharges and Out of Hospital focused on working better with available Community and Social Care services. £12m funding for an expanded Emergency Department has been secured from the Department of Health and this planned expansion in 2015-16 will align with new models of care being developed and will provide additional capacity over the next 2 years.

Other developments will include the construction of new hybrid theatres to meet the anticipated demand for vascular surgery and the expansion of our cardiac imaging facility in 2015-16. The Trust has committed to these investments, despite financial constraints, to ensure patients continue to receive the best, safest and highest level of quality.

The Trust's financial recovery programme

The Trust's financial recovery programme will deliver efficiencies to off-set the projected tariff efficiency requirements over the next two years. This is critical to ensure the Trust maintains its financial strength to reinvest and develop our services. The financial recovery programme is being supported through investment in information technology and business intelligence systems, the appointment of three senior practicing clinicians as Divisional Directors and a dedicated Programme Management Office. The Trust has also taken the opportunity to refresh its governance structure and risk management processes to ensure the continued alignment with best practice.

Partnership working

The Trust recognises the importance of developing its strategic partnerships and will further build on the progress made in previous years with both public and private partners. The key plans are described below.

The Better Care Fund creates a significant financial challenge for commissioners and providers due to the shift of resources from health to social care. From 2015-16, it is planned that £3.8 billion of national NHS resource will be pooled with social services. The Local Health Economy has responded to this challenge through the Living Longer Living Better programme and the Trust continues to be an active participant through the development of new service delivery models aimed at embedding out of hospital care and reducing emergency admissions to hospital.

The Healthier Together programme aims to address the dual challenges of improvements in clinical standards and the delivery of consistent high quality care, whilst doing so on a long term financially sustainable basis. The Southern Sector partnership has been developed as a direct response to Healthier Together to provide a collaborative model of hospital services across East Cheshire, Stockport, Tameside and south Manchester.

In relation to specialist services, commissioners have set out their strategy to reduce the number of specialist providers to create centres of excellence in order to drive up standards and outcomes. This will create risk and opportunities for the Trust. The Trust will respond positively building on its strengths and capability, which includes services such as cardiac, vascular and respiratory, for which the Trust is the largest provider in Greater Manchester. The Trust is investing in these services to ensure we achieve our aim of becoming one of the Centres of Excellence.

Specifically in relation to our Cardiac services, the Trust has signed a concordat to develop a joint venture for cardiac service with Central Manchester University Hospitals NHS Foundation Trust. This Concordat sets out a proposal to establish a single Cardiac service, embracing the strong tripartite collaboration of UHSM, the University of Manchester and Central Manchester University Hospitals NHS Foundation Trust. This is built on a shared aspiration for world-class excellence that meets the health needs of the local population through a culture of multidisciplinary collaboration between scientists and clinicians across the respective hospital sites.

As future levels of NHS funding are expected to reduce, diversification of income streams from non-traditional sources will help protect from such reductions and ensure the continued investment in NHS services. In recognition of this, progress continues on the Medipark initiative. The concept presents a significant and unique opportunity to develop a world class biosciences and healthcare enterprise linked to UHSM. 2015-16 should see the first developments taking shape immediately adjacent to the Education and Research Centre.

In August 2013, UHSM entered an "exclusivity period" with a private hospital provider. This is expected to result in a formal agreement to develop a new private hospital linked to and working in collaboration with UHSM. This will bring a number of benefits including a share of the financial turnover of the venture. It is anticipated that construction of the new facility will commence in 2015-16.

In 2013, the Board approved the contract for a managed service with Medtronic for the provision of Catheter Laboratory services in support of Cardiac Services. The Trust is now working with Medtronic and the refurbishment of the catheter labs is underway. Other innovative health care and education model partnerships are being discussed. The Trust's partnership with Alliance Medical will continue and an agreement has been reached to develop an expanded cardiac imaging centre which is expected to be operational in 2015-16.

After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

3.2 Business review and management commentary

UHSM contracts with local commissioners of healthcare services in the North West region. Since 1 April 2013 these commissioners have been known as Clinical Commissioning Groups or 'CCGs', and they establish legally binding contracts jointly with UHSM for specified quantities and quality of service. From 1 April 2013, specialised services have been commissioned by NHS England.

In recent years there has been a particular pressure on providers of acute NHS services, like UHSM, to become more efficient to offset the redistribution by commissioners of income which previously came to acute trusts, but is now being invested in other parts of the NHS. Demand for NHS services continues to increase as innovations make more treatments possible and life expectancy increases. UHSM continues to experience increasing demand for acute and specialist services, and there cannot be certainty that commissioners will be able to fund the demand without impacting upon waiting lists.

As described in other sections of this Annual Report, the achievement of UHSM's performance targets has been a challenge for the organisation during 2013-14. The Board's significant focus during the year has been on planning for and implementing changes which will enable the Trust to serve its patients and carers even better.

The Board reviews the major risks to the achievement of UHSM's objectives every month, using a scoring system based on best practice techniques. Scores are calculated using a combination of weightings for the likelihood of a risk materialising and the impact should it do so. The risks relating to the achievement of 2014-15 indicators and targets as set down by Monitor and other bodies with an interest in acute sector regulation are recognised by the Board. The significant risks which concerned the Trust during 2013-14 are explained in greater detail within the Annual Governance Statement (see Chapter 7).

During 2013-14 UHSM's clinical leadership structure has been consolidated with the appointment of Divisional Medical Directors (DMDs), who are responsible for the directorates of Scheduled Care, Unscheduled Care and Clinical Support Services. The DMDs attend Board meetings and this management structure strengthens clinical leadership and is a new dimension to the shaping and planning of services. The Board recognises the importance of working with stakeholders and partners in the healthcare economy to redesign services to improve efficiency, and is a key focus of activity for the coming year. In the acute sector of the NHS there is an increasing need and an increasing will to collaborate with neighbouring providers as well as to compete. UHSM is developing plans to collaborate with local acute providers across a range of services.

Whilst the outlook remains challenging, the Board is making appropriate plans to secure the future for UHSM and to further improve the way UHSM cares for its patients and their carers. The Board reports elsewhere that in its view UHSM is considered a going concern.

Private Finance Initiative (PFI) contract relationship

In August 1998 the Trust entered into a Concession Agreement under a Private Finance Initiative (PFI) to construct a new 400-bed acute and mental health development on the Wythenshawe Hospital site. In addition to the provision and servicing of the new PFI development, the Concession Agreement was structured to also include the delivery of all estates and facilities services to the existing residual hospital estate.

UHSM has a contract with the PFI Special Purpose Vehicle (SPV), South Manchester Healthcare Limited (SMHL), which ensures the delivery of all hard and soft estates and facilities services to the Trust's 'operational estate' through the management of two contracts with subsidiaries of Sodexo UK and Ireland Ltd.

The Trust's PFI contract was one of the earliest in the NHS and has a different structure compared to more recent PFI agreements. Most notably, the profile of the unitary charge payments across the life of the contract has been sculpted, whereas modern PFI projects have a smooth unitary charge which simply indexes every year with inflation. The profile for the Trust's PFI unitary payments is therefore unusual and is not smooth, with major spikes in the 10 years from 2013/14 to 2022/23, followed by reduced payments in the last 10 years of the agreement.

Health and Safety

UHSM has in place a clear structure in respect of all matters relating to health and safety management, which discharges the requirement to have in place competent health and safety support, as defined and required in Regulation 7 of the Management of Health and Safety at Work Regulations 1999. The Trust's health and safety strategy clearly sets out roles, responsibilities and actions to ensure delivery of the Trust's priorities regarding health and safety management.

During the year, the Board of Directors reviewed health and safety performance every month. Based on this data, we have been able to target work to increase our safety culture amongst staff and the public. The priorities that we have focused on in 2013-14 have been (i) reducing needle stick/sharps injuries (ii) minimising injury from moving and handling patients and loads (iii) preventing physical assaults against colleagues; and (iv) preventing falls on wet, slippery or icy surfaces.

The Trust set itself ambitious targets in 2013-14 regarding reducing (i) the number of accidents resulting in lost time from work; (ii) the number of days lost; and (iii) the staff accident rate per 1000 employees, which in some cases has showed improvement from the previous year's data. Going forward the Trust will be focusing on further embedding health and safety culture in the workforce with the recruitment of safety champions within the Trust.

UHSM's system of health and safety management has included throughout the year the utilisation of unannounced safety inspections, including where necessary the use of protocols to issue local improvement notices where safety concerns or breaches are identified. This will be extended in 2014-15 to ensure that there are more safety inspections.

Consultation with local groups and organisations, including the overview and scrutiny committees of local authorities covering the membership areas and Healthwatch.

UHSM is committed to working in partnership with stakeholders within the community it serves. The Board acknowledges the need to work at creating and sustaining these good relationships, and recognises the importance of engagement. Primary stakeholders pivotal to UHSM are defined as (in alphabetical order):

Colleagues

The Board believes that the involvement and engagement of staff will be instrumental in making changes at UHSM that will transform the organisation.

Clinical Commissioning Groups (CCGs)

UHSM works with local CCGs as well as other community partners to develop an integrated health service which meets the needs of individual patients as well as the needs of the community as a whole.

Fundraisers

UHSM has a number of charities that consistently raise funds for specific areas of the hospital. It is Board policy to actively promote their causes and success within UHSM.

Governors

UHSM is constituted for 32 Governors, which are elected or appointed by the constituents of whom they are representative (public, staff, stakeholders). The Board works closely with Governors to inform the decision-making process on issues which affect UHSM's safety, quality and patient experience agenda. More information about the role and activities of Governors is provided within Chapter 6.

Healthwatch

UHSM engages regularly with both Trafford and Manchester Healthwatch and provides the opportunity, as required by Monitor, for Healthwatch to comment on the annual Quality Account in order that their comments shall be incorporated within this document.

Local authorities and their elected representatives

UHSM has forged strong relationships with Manchester City Council and Trafford MBC at senior levels. UHSM's strategy sets out a programme for ensuring that UHSM plays a significant role in helping the social and economic development of its local communities as well as promoting better health and reducing health inequalities. UHSM regularly briefs the elected representatives of local communities.

Media

The Board recognises the importance of local and regional newspapers, radio and TV as a wide-ranging channel to inform all stakeholders of the work undertaken at UHSM. It is Board policy to proactively engage with the media with candour.

Members

UHSM has almost 7,000 public members, as well as over 6,000 staff members. It is Board policy to ensure its membership is representative of the community it serves, to regularly communicate with them on successes around new treatments and care, and to provide them with information and updates on services.

MPs

UHSM keeps MPs representing all of its main catchment areas regularly briefed and consults them on any major changes to services which are planned and which may affect their constituents.

Overview and Scrutiny Committees (O&SC) of Manchester and Trafford Councils

UHSM engages regularly with both Trafford and Manchester O&SCs and provides the opportunity, as required by Monitor, for each O&SC to comment on the annual Quality Account in order that their comments shall be incorporated within this document.

Patients

It is Board policy to seek the views and canvass the opinions of UHSM patients, their families and carers to shape present and future services.

Volunteers

The Board is extremely grateful to our volunteers, who give up their time to support services and the staff at UHSM.

NHS Constitution

The UHSM Board endorses the principles and values of the NHS Constitution. Annually the Board formally considers UHSM's own position against the principles of the NHS Constitution. UHSM's South Manchester Way ethos has been developed whilst being mindful of the responsibilities of colleagues and patients as set out within the NHS Constitution.

Untoward incidents resulting in loss of personal data

The Trust has put in place information governance arrangements to protect patient and staff interests which meet with the requirements for a Public Authority. One serious untoward incident involving data loss has occurred during the year 2013-14; this was reported to the Information Commissioner's Office (ICO) and they decided that no further action was necessary. See table 3.1 for details.

The ICO does not require UHSM to inform it about personal data incidents that are not designated as serious untoward incidents. There were 67 such instances during 2013-14, as detailed in table 3.2.

Further work is continuing to protect patient data from theft and unauthorised disclosure and to reinforce the information governance processes and procedures within the Trust. As part of this initiative, UHSM has continued to update mandatory staff training content and information governance policies. UHSM staff are aware of the need to report incidents, so that learning can then be shared and included in mandatory training and staff communications.

Table 3.1: Summary of Serious Untoward Incident involving personal data as reported to the Information Commissioner's Office in 2013-14

| Date of Incident Month | Nature of Incident | Nature of data involved | Number of People affected | Notification Steps |
|---------------------------|---|--|------------------------------------|--|
| June 2013 | Insecure disposal of inadequately protected electronic devices or paper documents | A batch of paper prescriptions disposed of in the general waste and sent to a recycling plant. | 80-100 | ICO informed (Decision: no further action required). |

Table 3.2: Summary of other personal data related incidents during 2013-14 (non reportable to ICO)

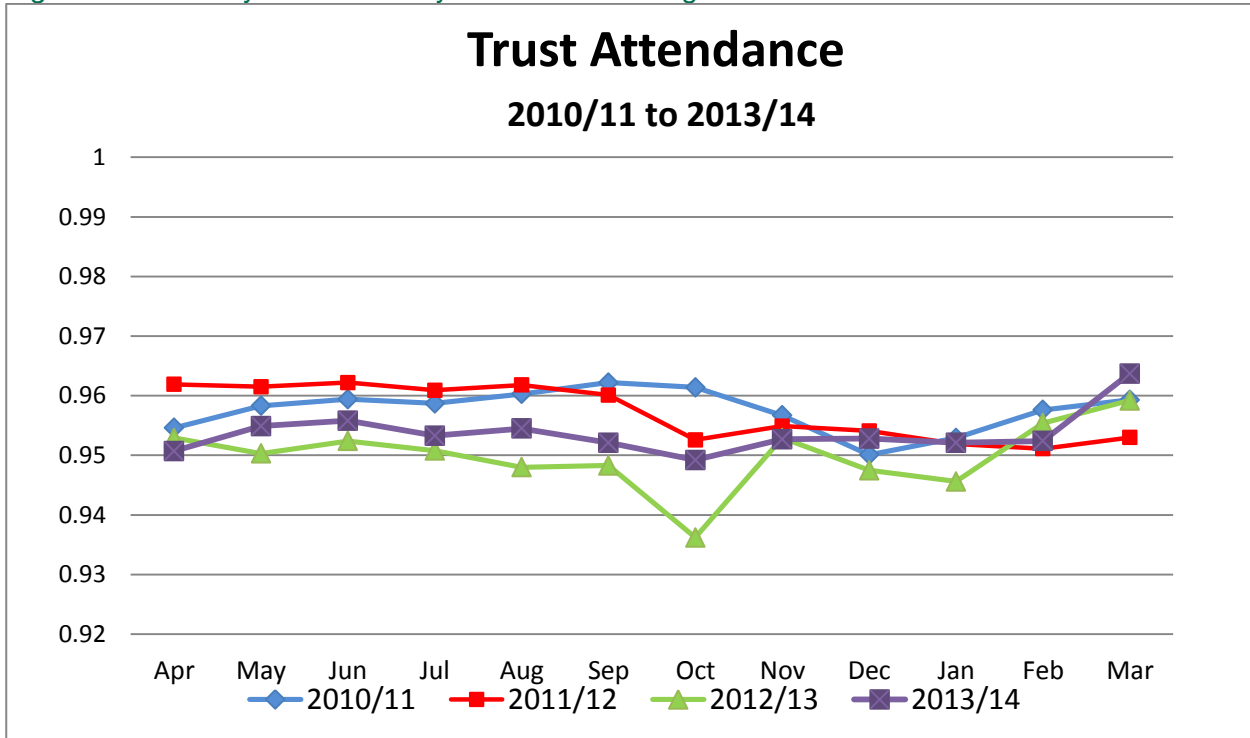
| Category | Nature of Incident | Total |
|----------|--|-------|
| 1 | Loss/theft of inadequately protected electronic devices or paper documents from NHS secured premises | 11 |
| 2 | Loss/theft of inadequately protected electronic devices or paper documents from outside NHS secured premises | 0 |
| 3 | Insecure disposal of inadequately protected electronic devices or paper documents | 1 |
| 4 | Unauthorised disclosure | 30 |
| 5 | Other | 25 |

Staff attendance

Performance for the year was 95.31%, which is a slight improvement in performance compared to 2012-13, which was 95.2%.

A Strategic Attendance Management group was established to help focus on making improvements to the attendance rates together with a number of objectives linked to improving the health and wellbeing of our people. Attendance management continues to be an important corporate objective and performance is regularly reviewed at Operational Board and Board of Directors meetings.

Figure 3.1: Monthly attendance by UHSM staff during 2013-14



During 2013-14, the average number of working days lost to sickness was 38.56 days; and average value of the days lost to sickness per employee was £2,303.

Regulatory ratings

Table 3.3: UHSM's risk ratings based on annual plans and quarterly assessments during 2012-2014

| | Annual Plan 2013-14 | Q1 2013-14 | Q2 2013-14 | Q3 2013-14 | Q4 2013-14 |
|--|------------------------|---------------|---------------|---|---|
| <i>Under the Compliance Framework</i> | | | | | |
| Financial Risk Rating | 3 | 3 | 3 | | |
| Governance Risk Rating | Green | Amber/green | Green | | |
| <i>Under the Risk assessment framework</i> | | | | | |
| Continuity of service rating | | | | 3 | 2 |
| Governance rating | | | | Monitor is investigating financial stability and sustainability concerns following the findings of a third party report | Monitor is investigating financial stability and sustainability concerns following the findings of a third party report |

| | Annual Plan 2012-13 | Q1 2012-13 | Q2 2012-13 | Q3 2012-13 | Q4 2012-13 |
|---------------------------------------|------------------------|---------------|---------------|---------------|---------------|
| <i>Under the Compliance Framework</i> | | | | | |
| Financial risk rating | 3 | 3 | 3 | 3 | 3 |
| Governance risk rating | Green | Green | Green | Amber/Green | Amber/Green |

Principal risks and uncertainties facing UHSM

UHSM has a statutory obligation to describe the principal risks and uncertainties facing the organisation. These are described within the Annual Governance Statement, appearing in Chapter 7.

Organ donation performance

During April 2013 to the end of March 2014 UHSM has seen five patients become organ donors after brain death and one patient following circulatory death which has given the gift of a life saving organ transplant to 19 people. UHSM medical and nursing staff continue to ensure a collaborative approach to family members with a specialist nurse in organ donation ensuring end of life care choices are given to families and patients wishes are followed.

A review of UHSM's potential audit data from April 2013 to end of March 2014 shows an excellent referral rate of potential organ donors after brain stem death and good family approach and consent rates. The UHSM referral rate for potential donors after circulatory death has risen slightly by 6% while the approach rates have increased by 30%. This data reflects the significant national rise in donors and in particular progress made throughout the North West. UHSM's primary target for the forthcoming year is to continue to improve upon our rising referral rate for potential donors after circulatory death from all critical care areas and improve consent rates. Educational strategies will prioritise the importance of sensitive, timely referral of all patients meeting the minimum identification criteria. UHSM will work to ensure that every family is given the opportunity to consider donation as part of equitable high quality end of life care.

Nationally, there is a recognised need to continue raising awareness and promote increased numbers on the Organ Donor Register. There is additional focus on encouraging a supplementary dialogue between families and friends, to make their wishes around donation known. A revolution in public behaviour is needed to increase consent rates. UHSM will also continue to support local and national projects to target all staff and public demographic groups, with particular attention to highlighted ethnic and minority groups.

Research and development

UHSM is recognised nationally and globally for the quality of its research and development. Our major research programmes focus on breast cancer prevention, respiratory and cardiovascular disease. With our Southern Sector partners we have established a joint research office to enable swift initiation of studies. The development of one large research team to cover the whole sector has ensured staff development and retention. This has increased the resilience of the team allowing for over 10,000 patients to be recruited into research studies and clinical trials, making UHSM one of the highest recruiting NHS organisations nationally.

We continue to be recognised as a centre of excellence for multidisciplinary research, and were instrumental in the reaccreditation of MAHSC (Manchester Academic Health Science Centre). The Trust has made a major investment in state of the art cardiac imaging facilities with a £4.2 million joint development with Alliance Medical that will provide a focus for research across the conurbation. Our strategy for the next three years includes further development of our respiratory

and allergy research facilities and joint appointment with the University of Manchester of a number of senior academic posts.

Biochemistry

The Biochemistry department applied for Clinical Pathology Accreditation (CPA) in April 2013. Clinical Pathology Accreditation is a governing body within the UK who regularly inspect laboratory services against a set of standards to ensure the quality standards of the service are met. These laboratory standards are firmly established; however it is only recently that CPA issued specific standards for Point of Care Testing (POCT), which is defined as any diagnostic test performed on a person outside the traditional laboratory setting where a result is provided, interpreted and acted upon at the patient's side. The Biochemistry department maintain the POCT service for the Trust, where the aim is to provide clear guidelines for the implementation of new or replacement POCT devices ensuring that they meet safety and quality standards.

The Biochemistry department successfully achieved CPA POCT accreditation status in September 2014. This is a huge accolade for the department as it is one of only six departments in the country to achieve CPA POCT Accreditation status.

3.3 Operational performance and service developments

During the last twelve months the Trust has again consistently delivered the national elective access targets (Referral-to-Treatment and Cancer) despite the increases in demand highlighted in Table 3.4. In addition, the Trust has also focused significant effort on further reducing the incidence of hospital-acquired infection.

Table 3.4: Trust activity for the period 2010-11 to 2013-14

| Activity | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|----------------------------------|----------------|----------------|----------------|----------------|
| Emergency Department attendances | 86,344 | 88,062 | 91,245 | 94,244 |
| Inpatients and day cases | 83,059 | 82,818 | 84,320 | 88,744 |
| Outpatients | 395,574 | 399,260 | 416,438 | 471,372 |
| Total | 564,977 | 570,140 | 592,003 | 654,360 |

The Trust experienced a 13.2% increase in outpatient activity in 2013-14 when compared to 2012-13, with some of this growth relating to changes in activity recording, and a 3.3% increase in Emergency Department attendances. Overall activity (calculated using the categories shown in Table 3.4) increased by 10.5% in 2013-14 from the 2012-13 position.

Summary of service performance 2013-14

UHSM achieved a 22% reduction in cases of *Clostridium difficile* (36 cases compared with 46 in 2012-13) in 2013-14. Unfortunately, the Trust reported four MRSA bacteraemia in 2013-14, having reported one in each of the previous two years. Two of the four MRSA bacteraemia were classified as 'avoidable'; and the Trust is developing an action plan designed to improve performance in 2014-15. The thresholds for next year (2014-15) are challenging, with a threshold of zero MRSA bacteraemia and of 39 cases of *Clostridium difficile*.

During the same period, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients, and met all the national cancer targets.

The Trust did not meet the emergency four hour waiting time in 2013-14, as a consequence of under-performance in quarters three and four of the year. During 2013-14, the Trust experienced a growth in A&E attendances and a significant increase in the volume of emergency admissions (particularly during the last five months of the financial year). This change led to a significant increase in demand for inpatient beds, particularly in quarters three and four. UHSM, in collaboration with its local health-economy partners, has developed an Emergency Pathway Improvement Plan to address performance, which is designed to return the Trust to compliance by June 2014.

Table 3.5: UHSM performance against key national priorities in 2013-14, and specifically, governance indicators published in Monitor's Risk Assessment Framework 2013-14

| Indicator | 2013-14 | 2012-13 | 2011-12 | Threshold ^(a) |
|--|---------|---------|---------|---|
| <i>Clostridium difficile</i> year-on-year reduction | 36 | 46 | 54 | 36 in 2013-14 49 in 2012-13 64 in 2011-12 |
| MRSA - meeting the MRSA objective ^(b) | 4 | 1 | 1 | 0 in 2013-14 3 in 2012-13 3 in 2011-12 |
| Maximum one month wait for subsequent treatment of all cancers: | | | | |
| surgery | 98.6% | 97.6% | 98.5% | 94.0% |
| anti-cancer drug treatment | 100.0% | 100.0% | 99.4% | 98.0% |
| Maximum two month wait from referral to treatment for all cancers ^(c) : | | | | |
| from urgent GP referral to treatment | 87.3% | 87.8% | 88.4% | 85.0% |
| from consultant screening service referral | 98.4% | 97.5% | 98.0% | 90.0% |
| 18-week referral-to-treatment maximum wait: ^(d) | | | | |
| Non-admitted patients | 97.7% | 97.3% | 97.3% | 95.0% |
| Admitted patients | 91.8% | 93.0% | 91.4% | 90.0% |
| Patients on an incomplete pathway | 95.1% | 94.9% | N/A | 92.0% |
| Maximum one month wait from diagnosis to treatment for all cancers | 97.7% | 97.6% | 98.3% | 96.0% |
| Two week wait from referral to date first seen: | | | | |
| all cancers | 97.3% | 96.9% | 95.6% | 93.0% |
| for symptomatic breast patients (cancer not initially suspected) | 98.5% | 96.7% | 93.2% | 93.0% |
| Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge | 94.3% | 92.3% | 95.8% | 95.0% since June 2010 |
| Access to healthcare for people with a learning disability | 83.3% | 95.8% | 94.7% | no threshold published |

Notes to Table 3.5:

- (a) Threshold for achievement of the national standard.
- (b) The Department of Health target is zero; this target is no longer part of Monitor's *Risk Assessment Framework*.
- (c) Reporting of the national 62-day cancer standards is according to the Greater Manchester and Cheshire Cancer Network's (GMCCN) breach re-allocation rules from October 2011. Prior to October 2011, the 62-day cancer standards were reported using the national Cancer Waiting Times (CWT) database.
- (d) The 18-week referral-to-treatment maximum wait for patients on an incomplete pathway was introduced in 2012-13.

Service developments

Emergency access

The Emergency Pathway Improvement Plan was launched at the end of January 2014. This work is led by the Interim Chief Operating Officer and supported by the Service Transformation Team. In addition, support and guidance is also being provided by the national Emergency Care Intensive Support Team (ECIST), as well as a number of third party emergency care experts commissioned by the Trust. The Emergency Pathway Improvement Plan includes a number of work streams aimed at improving performance against the four hour emergency access standard. It provides a platform for monitoring progress against these inter-related initiatives.

A&E expansion

Following the downgrading of Trafford A&E to an urgent care centre between midnight and 8am, increased non elective referrals and emergency attendances have been experienced at the Trust. In anticipation of the further downgrading of Trafford A&E to a Minor Injuries Unit in 2015-16 a business case to enhance capacity of the emergency department was submitted to the Department of Health in 2013. The case was approved with £12m of Public Dividend Capital funding earmarked and the scheme is due to be completed by September 2015.

Elective access

Enhanced Recovery Programme

Enhanced recovery is an evidenced based approach to elective surgery. Enhanced recovery starts at the point of referral and progresses through a personalised pathway ensuring that individual needs are assessed whilst enabling patients to recover from surgery, leave hospital sooner and get back to normal everyday activities. The programme focuses on making sure that patients are active participants in their own recovery process. There are four elements to the enhanced recovery programme:

- Pre-operative assessment, planning and preparation before admission.
- Reducing the physical stress during the operation.
- A structured approach to immediate post-operative and during (peri-operative) management, including pain relief.
- Early mobilisation.

To date the enhanced recovery pathway has been successfully implemented in nine specialties at UHSM:

- Breast
- Musculoskeletal (hip and knee surgery)
- Urology
- Gynaecology oncology
- Gynaecology benign conditions
- Colorectal
- Thoracic Surgery
- Upper GI Surgery
- Fractured neck of femur pathway.

The project team are also working colleagues from the following specialties to implement the enhanced recovery pathway throughout 2014:

- Cardiac Surgery
- Vascular Surgery.

A Patient Experience Event was held on 22 March 2014. The event was attended by 50 patients, carers and relatives, who have been involved in an enhanced recovery pathway. Patients were invited to attend the event and asked to feedback their experiences following their recent surgery at UHSM. The event was a huge success.

Respiratory/Cardiac

In 2013-14, the Trust approved a number of business cases to strengthen the Trust's position and to establish itself as a Centre of Excellence in respect of cardiac and respiratory specialist clinical services. This included the expansion of the bronchoscopy unit in partnership with the Medical Evaluation Unit, a severe asthma service and the Adult Long Term Ventilator Service (non invasive and invasive tracheostomy). The Trust's partnership with Alliance Medical continues through an agreement to develop an expanded cardiac imaging centre which is expected to be operational in 2015-16.

Cardiothoracic Surgical and Inter-hospital Transfer Pathway Improvement Programme

In recent years at UHSM there have been major developments in the cardio-pulmonary transplantation, VAD (Ventricular Assist Device) and ECMO (Extracorporeal Membrane Oxygenation) programmes, as well as in thoracic surgery, which are important strategic developments for the Trust.

A review of surgical pathways identified a number of areas for improvement across the surgical and inter-hospital cardiothoracic pathways. The key areas are:

- Inter-departmental communication flows.
- Inter-hospital communication flows.
- Co-ordination, ownership and responsibility of processes to support inter-hospital transfer pathways.
- Standardisation and unification, where appropriate, of operational processes to support the thoracic and cardiac surgical teams such as pre-operative assessment and waiting list management.
- Clear clinical protocols to support patient management and improve flow in all areas of the patient pathway.

A number of improvement work streams that interface with the cardiothoracic service are already in existence within the organisation. In order to ensure a consolidated approach to improvement these work streams are now part of the Cardiothoracic Improvement Programme, led by Mr Rajesh Shah. The objectives of the programme are:

- To implement process improvements throughout each stage of the pathway.
- To promote effective joint working between all relevant departments and external trusts.
- To provide a rapid and high quality service to patients.
- To improve the patient experience by creating fluid processes and reducing delays.
- To work towards the vision of becoming one of the leading Cardiothoracic centres in the country.

A New Model of Care for Medicine – Implementing 7-day Services

A new model of care for medicine was implemented at UHSM in August 2013 in order to address how UHSM will respond to service needs and patient demand, providing benefits for patients, carers and staff.

The model is still in the early stages of implementation; however the improvement programme aims to ensure:

- *Clinical safety and sustainability* - to make sure that the changes made provide high quality and clinically safe services with the appropriate staffing, in the appropriate environment.
- *Value for money* - to make sure that the resources invested are affordable. Service provision should be efficient, effective and economical by working in accordance with best practice.
- *Future proof* - that the service model is fit for purpose to achieve national standards aimed at improving the quality and timeliness of patient care.
- *Acceptable and deliverable* - that the changes made are acceptable to most of the staff we employ, the other organisations we work with and the patients and public we care for.

Phase one of the 'New Model of Care for Medicine' provides a team of 10 acute physicians working from 8.00 am until 10.00 pm, seven days per week. The acute physicians operate an in-reach service into the emergency department and clinical decision unit to provide medical cover to the patients referred to / admitted under medicine.

The general medical unit will comprise six wards (one Diabetes and Endocrinology ward, three Care of the Elderly wards, a Stroke ward and a Rehabilitation ward). At present, care for patients on these wards is provided through week day ward rounds with no routine consultant-led ward

rounds during weekends. Weekend work will become part of the scheduled work, and will require physicians to come into the hospital. This commitment will be incorporated within job plans on an annualised basis.

- Patients with specific needs are admitted to the appropriate specialty ward e.g. patients with DKA (diabetic ketoacidosis) are admitted to Diabetes and Endocrinology.
- New admissions to the ward are reviewed and their management plan implemented or modified as needed.
- Patients whose clinical condition has deteriorated are reviewed in a timely fashion and their care escalated if appropriate.
- Patients who have become clinically stable and no longer require hospital treatment are discharged in a timely fashion.
- Leadership is provided for the appropriate involvement of the multi-disciplinary team if needed and for the completion of necessary investigations.

Medtronic

In 2013, the Board approved the contract for a managed service with a commercial partner, Medtronic – the world’s largest medical device company – for the provision of Catheter Laboratory equipment and consumables in support of cardiology services. During 2013-14 two of the catheter labs were fully refurbished by the Medtronic Hospital Solutions (MHS) with the remaining two planned for completion early in 2015-16. MHS are also supporting the cardiology team in a number of service improvement initiatives designed to find better ways of doing things that frees up time in the catheter labs to treat more patients, and spend more time with patients and less time on processes and administration.

CICU expansion

During 2013-14, UHSM approved the opening of additional critical care beds across CTCCU (Cardiothoracic Critical Care Unit) and TICU (Transplant Intensive Care Unit). Overseas and local recruitment enabled the additional beds to be opened as planned and cancellations due to a lack of CTCCU beds were significantly reduced.

Southern Sector

The Southern Sector partnership has already achieved productivity gains through its joint approach in pathology and has been strengthened with the appointment of a Project Management Office to drive collaboration and integration, and a Director of Communications. Two clinical congress meetings have been held in 2013-14 with good engagement and positive feedback received. This progress will be built upon in 2014-15 and beyond.

Integrated Care

UHSM has developed a range of integrated working pilots and new models of care in the south Manchester health economy, testing new integrated delivery models that join up primary, community, social and secondary care services around patients with the highest need. These includes respiratory services, stroke services, long-term conditions, diabetes services, community nursing, and palliative care. Across Manchester, UHSM is one of eight organisations taking a strong collaborative approach to developing new delivery models with local residents, local voluntary and community providers, acute trust providers, GPs and patient representative groups via the Living Longer Living Better (LLLBB) programme. This long term programme seeks to shift care out of the hospital, improve local health and wellbeing outcomes and lead to the following benefits:

- Reduce admissions into residential care.
- Improve patient and carer experience.
- Reduce attendances to A&E and hospital admissions.

In South Manchester, the Trust and its partners have agreed that the priority focus will be upon frail older people, adults with dementia and end of life care. Further details of the programme are provided in section 4.3.2.

Estates and Facilities

Facilities Services

2013-14 saw the further consolidation of work undertaken the previous year regarding both hard and soft facilities management (FM) services.

Estates Strategy

2013 saw the creation of a Joint Venture to deliver the first phase of the proposed Medipark project. This is an opportunity to develop a world class biosciences and healthcare initiative. The Medipark forms part of a wider cluster of businesses and institutions. Work also continues to develop new facilities and refurbish existing facilities. Plans are being formulated for additional theatres, enhanced A&E facilities and third party providers for CT/MRI facilities.

Britain's Greenest Hospital

The Trust has been able to bolster our green credentials by completing a number of schemes to improve energy efficiency. Funding from the Department of Health enabled the Trust to introduce a number of technologies that reduce energy consumption while improving the physical environment for patients, staff and visitors. This includes items such as High Voltage Transformers that incorporate voltage optimisation, variable speed drives which give an improved control over heating and cooling, along with energy efficient lighting and lighting controls that make use of daylight. The Trust has also extended the deployment of Solar Photovoltaic panels to produce our own zero carbon electricity. When combined, the above schemes have enabled the Trust to save in excess of 1m kWh.

Along with being recognised as Britain's Greenest Hospital, the Trust has now also been recognised for its efforts internationally. A publication supported by the United States Green Building Council recently placed the Trust as the 18th most Environmentally Friendly Hospital in the world. Despite these achievements the Trust believes that there remains opportunities to improve further and work is underway to develop further schemes to reduce the impact of healthcare on the environment.

Estates Developments

Energy Improvements

As part of the on-going investment in energy saving and renewable energy the Trust has spent c£4m over the last twelve months to maintain and improve our estate. These improvements include:

- Installation of super low loss high voltage transformers to replace old inefficient units. These new transformers provide up to 5% saving on electric energy bills.
- A large array of photo voltaic cells installed on the clinical sciences roof, the cells provide a peak power output of 72KW.
- Installation of LED lights that use up to 50% less energy.

Improvements to the Ear, Nose and Throat (ENT) theatre

Work has been completed to improve the layout and ventilation to the preparation rooms and disposal room serving the ENT theatres. This complicated project was carried out with minimal disruption to the theatre services in the area.

Re-roofing and windows

Works have been undertaken to replace roofing and windows across the site. When replacing roofs the Trust incorporates a high level of insulation and, together with the high performance

double glazed units of the new windows, this will further reduce energy bills. The work to the corridor windows has allowed the windows to be moved outwards to the external frame of the building, reducing maintenance issues and providing a more spacious and lighter corridor.

Flooring replacement

Hospital corridor floors serving the paediatric outpatient department and the main link corridor to the acute block have been replaced providing an improved environment for staff, visitors and patients.

Concrete repairs

As part of on-going maintenance of the concrete frame of the older part of the hospital, further repairs were carried out consisting of the specialised replacement of damaged concrete and re-coating.

Fire precautions

The Trust regularly invests in improvement to fire precautions. Major investment has been carried out to improve fire stopping to fire barriers in the structure and replacement of fire panels.

Dementia Improvements

The Trust was successful in its bid for £1m to become a pilot site to improve the environment for dementia patients. The works, approved in September 2013, were spread over 31 ward areas in the hospital. Items of work included:

- Landscaping works to the courtyards between F4, F3, F2 and F1
- Artwork in selected wards
- Redecoration of feature walls
- New staff bases in selected wards
- New signage within the wards including new bed head boards
- Feature flooring and lighting to specific areas
- New furniture
- Provision of dementia friendly cutlery and crockery.

Visitor Car Park barriers

Installation of a replacement visitor car park barrier system with improved payment facilities. The system is also linked to a centralised computer that can be used to manage the system in real time and provide data to help manage car parking going forward.

Minor schemes

A variety of other schemes were completed ranging from internal alterations to schemes aimed at improving efficiency and aiding activity. Engineering works were undertaken in addition to the energy schemes, ranging from replace nurse call equipment to replacement works in the Boilerhouse.

3.4 Financial standing and outlook

UHSM reported a satisfactory financial performance in 2013-14. UHSM generated a surplus of £0.6m in 2013-14 after adjusting for exceptional items of £2.2m, albeit behind planned levels (planned surplus of £1.9m). The reason for this underperformance is mainly due to a shortfall on the delivery of Cost Improvement Plans (CIPs).

In the financial year 2013-14 Monitor revised its Compliance Framework replacing the Financial Risk Rating (FRR) with the Continuity of Service Risk Rating (CoSRR). This framework is used to assess financial risk and more specifically to assess the likelihood of a financial breach of UHSM's provider licence. The Trust has achieved a CoSRR of two for the financial year. The risk rating is on a scale of one to four, with four being the strongest rating and one being the weakest. UHSM's rating is at the lower end due to a relatively high level of debt servicing due to the Trust's PFI scheme, and historically low levels of liquidity.

The following section summarises UHSM's key financial performance and how this has supported the development of the organisation.

Accounting Policies

In previous years HM Treasury granted dispensation to the application of IAS 27 by NHS foundation trusts solely in relation to the consolidation of NHS charitable funds. However, from 2013-14, this Treasury dispensation is no longer available and NHS foundation trusts are therefore required to consolidate any material NHS charitable funds which they determine to be subsidiaries. As UHSM Foundation Trust is Corporate Trustee of University Hospital of South Manchester NHS FT Charitable Fund it is deemed to have control and therefore consolidated accounts are required. This represents a change in accounting policy and should be accounted for as such, in accordance with IAS 8 with prior year comparatives and opening balance sheet restated.

On 1st April 2013 the national funding guidance for NHS maternity services was amended to a system whereby, for future maternity care pathways, funds to cover the whole cost up to and including the birth would be provided at the start of care. Therefore, under this guidance, trust's would receive funding for care to be provided to women in 2014-15 where they had already received the initial elements of care before 1 April 2014 but they were yet to give birth at this point. The recommended accounting treatment for this would be to defer the income for care not yet received to be recognised in 2014-15 when the care occurs. The implementation of this guidance would have caused resource issues for local commissioners in Greater Manchester who would also have been required to provide funding in 2013-14 for care to women whose maternity care had commenced under the previous funding system in 2012-13. Therefore, the Trust agreed with its local commissioners an alternative funding system which meant that no income under the new funding process was deferred into 2014-15.

Income and Expenditure performance (Statement of Comprehensive Income)

In 2013-14, UHSM achieved a net surplus of £0.6m after adjusting for exceptional items of £2.2m. The achieved surplus equates to 0.1% of UHSM's turnover.

The Trust's financial performance reflects the following key issues:

- The Trust has an overall strategic objective to provide safe and high quality clinical services for its patients and fit for purpose work environment for staff, with capital investment in 2013-14 aligned to this objective:
 - Upgraded facilities to meet future quality standards.
 - Developed a simulation suite to enable clinicians to train in a theatre environment.
 - Upgraded technology through investment in the resilience of the Trust's Network and PC refresh.

- The delivery of £16.6 of cost improvement schemes (3.2% of operating expenses).
- Delivering strong performance in respect of the Commissioning for Quality and Innovation (CQUIN) quality targets which is a significant and important income stream for the Trust related to the quality of our patient services. The Trust achieved 95% of the target for the financial year.

UHSM's income grew by £59.9m (14%) in 2013-14 largely resulting from an increase in the funding for the National Leadership Academy (NLA) which the Trust hosts. The NLA provides non-clinical training and development across the NHS. The income it received on behalf of the NLA (and the costs that are expended) is included in the Trust's accounts.

In 2013-14, operational performance with regard to earnings before interest, taxation, depreciation and amortisation (EBITDA) was £21.2m (4.3% of turnover). This was marginally below the previous year (2012-13 when EBITDA was 4.6% of turnover). EBITDA was behind plan for 2013-14 reflecting the shortfall on the delivery of CIPs.

Table 3.6 summarises the 2013-14 Statement of Comprehensive Income performance:

Table 3.6: 2013-14 Summarised Operational Financial Performance

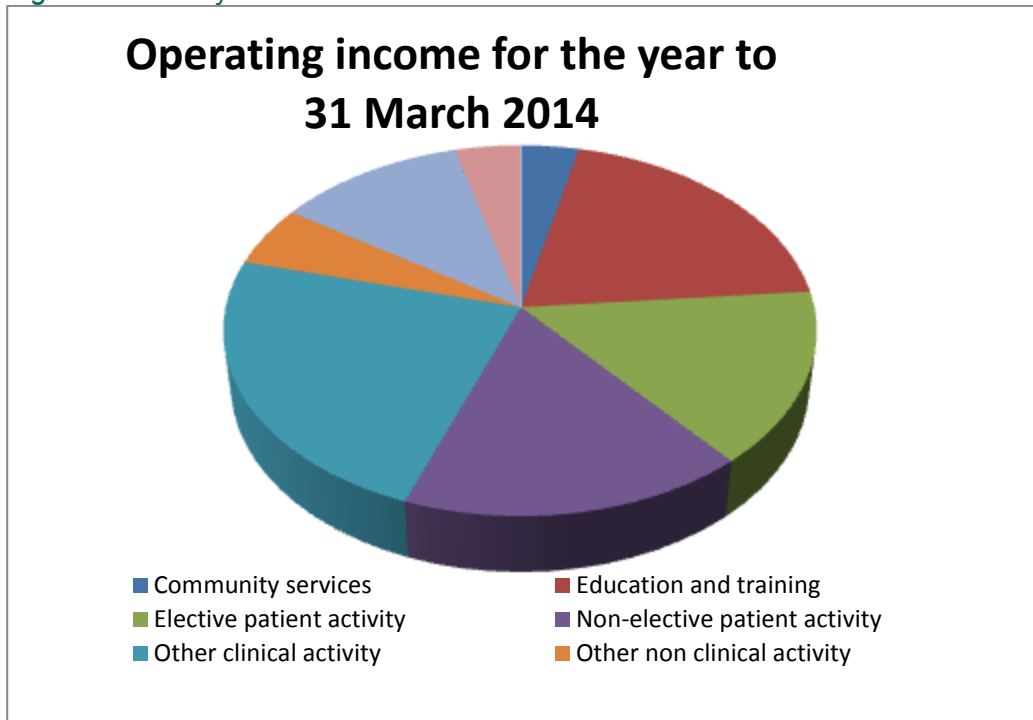
| | Trust 2013-14 £m | Group 2013-14 £m |
|--|---------------------|---------------------|
| Income | 490.3 | 491.1 |
| Operating expenses | <u>(469.1)</u> | <u>(470.5)</u> |
| EBITDA | 21.2 | 20.6 |
| Depreciation | (9.7) | (9.7) |
| Net interest | (9.9) | (9.7) |
| Surplus before Dividend | 1.6 | 1.2 |
| Public Dividend Payment | (1.0) | (1.0) |
| Exceptional items* | <u>(2.2)</u> | <u>(2.2)</u> |
| Net Surplus/(Deficit) after exceptional items | (1.6) | (2.0) |
| Adjust for exceptional items | 2.2 | 2.2 |
| Normalised Net Surplus/(Loss) before exceptional items | 0.6 | 0.2 |

*Exceptional items include write down of assets at the former Withington Hospital Site £1.9m.

In 2013-14 pay costs increased by just over 5%, reflecting the full year effect of hosting the NHS Leadership Academy, the impact of a 1% pay award and incremental increases for staff on Agenda for Change terms and conditions, modest increases in staff associated with service developments, and higher than planned usage of bank and agency to cover vacancies. Non-pay costs excluding depreciation have increased by 27%. These increases reflect the full year effect of hosted services such as the National Leadership Academy, the cost of drugs associated with patient care and increased charges associated with the PFI contract along with modest service developments.

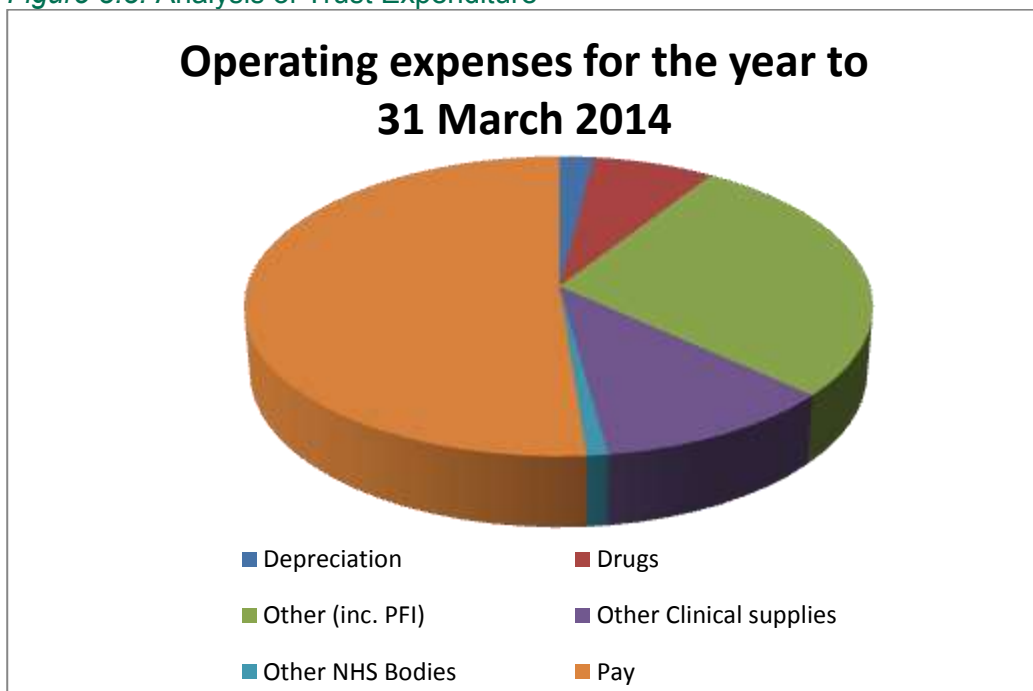
The Trust's efficiency programme has generated savings of £16.6m (3.2% of operating expenses excluding PFI) whilst maintaining the delivery of high quality care. The key areas that were focused on were savings from a continued focus on workforce across clinical and non clinical staffing groups, efficient management of non pay through the drug and procurement savings and the extension of materials management. New schemes focused on maximising our productivity through quality initiatives and income generation. The following pie charts give a breakdown of the sources of income UHSM has generated and where the money has been spent.

Figure 3.2: Analysis of Trust income



As can be seen the largest proportion of UHSM’s income is generated from patient related activities. The majority of this is derived from contracts with the Trust’s clinical commissioners, which has increased 7% in 2013-14 reflecting increased activity throughout the Trust. Clinical income accounts for 71% of the Trust’s annual income. Education and training accounted for 20% of Trust income in 2013-14. In the region of one third of this income is received from Health Education England in respect of medical training, with almost two thirds relating to the hosting of the National Leadership Academy.

Figure 3.3: Analysis of Trust Expenditure



The largest proportion of UHSM's costs are spent on staff, accounting for 51% of operating expenses (56% in 2012-13) with clinical supplies and services the other material proportion accounting for 11% (11% in 2012-13). Pay, clinical supplies and services costs in 2013-14 have remained broadly in line with 2012-13 levels reflecting the fact that cost pressures and inflationary increases have been offset by the delivery of the CIP programme.

Management of the Trust's assets

In delivering excellent healthcare the Trust recognises that it must manage its assets effectively, including the buildings and equipment required to provide patient care.

Capital investments

The Trust has a rolling capital programme to maintain and develop its capital infrastructure. In 2013-14 the Trust invested £9.6m of capital expenditure to enhance and expand the asset base.

This included the following significant schemes:

- Developed a simulation suite to enable clinicians to train in a theatre environment.
- Upgraded technology through investment in the resilience of the Trust's Network and PC refresh.
- Upgraded dementia facilities to meet future standards of care.

In addition the Trust spent over £3.6m in maintaining and refreshing its building infrastructure to ensure compliance with modern standards and £2.2m on medical equipment to ensure the highest quality of patient care.

The following table summarises the expenditure in 2013-14:

Table 3.7: Analysis of capital expenditure

| | 2013-14 |
|--|----------------|
| | £m |
| Estates Maintenance | 3.6 |
| Medical Equipment | 2.2 |
| Information Technology | 1.6 |
| Dementia Development | 0.8 |
| Energy Efficiency | 0.3 |
| Simulation Suite Development | 0.3 |
| Clinical (theatre and pharmacy developments) | 0.5 |
| Other | <u>0.3</u> |
| Total | 9.6 |

This programme of capital investment was mainly funded by depreciation and retained surpluses.

UHSM plans to continue to invest in new assets through 2014-15 including:

- The expansion of the A&E facility (due for completion in 2015-16) to accommodate increased patient flow following the announcement of the downgrade of the facility at Trafford General Hospital.
- The investment in a hybrid theatre intended to enhance vascular and respiratory services.
- The Trust is investing in electronic patient records to generate efficiency and effectiveness through transformational change. In 2014-15 procurement and detailed design will take place.

Liquid Assets

At the end of March 2014, the Trust held £58.7m in cash balances. This is a decrease on last year's cash and cash equivalents primarily, reflecting the reduction in cash balances held for the NHS Leadership Academy.

Key Financial Risks

In delivering this financial position UHSM has managed the following key financial risks:

- Delivery of a challenging efficiency programme totalling £16.6m.
- Effective management of the cash flow pressure arising from the payment profile on the PFI.
- Pressure on income from commissioners due to demand management initiatives and the potential application of contract penalties which were managed effectively in the delivery of CQUIN targets and associated income.

The financial climate in the NHS is becoming ever more difficult and the Trust recognises sound financial management will be critical to meet these challenges through the next financial year and beyond. The key financial risks as the Trust embarks on the 2014-15 financial year include:

- Delivering a £50m efficiency programme over the next two financial years.
- Working with CCGs to balance demand for services against flat funding.
- Supporting the development of integrated care plans to affect patient flows from the acute into community setting, and the associated pump prime funding challenge this represents.
- The potential application of contract penalties for non compliance with key performance targets such as readmissions within 30 days of discharge and referral to treatment standards.
- Managing the liquidity pressure arising from the cash flow phasing of the Trust's PFI contract.

These risks are all being actively managed by the Board of Directors.

Forward Look

Following concerns about the Trust's short-term financial stability during the annual planning process for 2013-14, Monitor, the regulator of foundation trusts, felt that it had reasonable grounds to suspect the Trust had breached its licence and, in September 2013, commissioned an external review of the Trust's 2013-14 plans. As a result of the Monitor review the Trust undertook a number of actions including the development of a recovery plan which was submitted to Monitor in January 2014. This recovery plan set out arrangements to ensure the Trust can meet its cost improvement programme for the next two years (2014-15 and 2015-16) whilst achieving a Continuity of Service Rating (CoSRR) of level two over each year. The recovery plan also took into account wider health economy priorities and formed the basis of the annual plans for 2014-15 and 2015-16 submitted to Monitor in April 2014.

UHSM's financial plans submitted to Monitor show that the Trust will make efficiencies to generate surpluses in the next two years with sufficient cash balances to meet the repayment of its loans and PFI. The Trust acknowledges the difficult financial climate that faces the NHS and, as a contingency the Independent Trust Financing Facility has agreed to put together a loan package to address the challenges presented by the Trust's PFI payment profile.

UHSM and the Board of Directors are engaged with the pressures facing the Trust in the current economic climate. Through prudent financial management and by building on the business improvement processes delivered in 2013-14, the Trust is in a good position to meet the considerable financial and performance challenges ahead of it. The Trust's continued financial priority will be providing the very best quality of patient care whilst at the same time doing all that it can to improve productivity and efficiency.

3.5 UHSM Academy

In 2013-14 UHSM Academy has continued to expand, develop and enhance its reputation for delivering innovative and high quality education and training in healthcare.

Key achievements delivered against its Business Development Plan are:

Develop the Academy as a unique entity

UHSM Academy is now well established as a unique and novel market leader in education and training for health. This can be demonstrated by the expansion of its activities, not only within UHSM but nationally and internationally. In 2013, UHSM took on the responsibility of hosting the North West Placement Development Network for Health Education North West. In 2013-14, UHSM Academy was approached by a hospital in China to deliver two separate education programmes, in the UK, for groups of senior managers and clinicians. Towards the end of 2013, UHSM Academy was approached by the Gulf Medical University, Ajman, UAE to provide a summer school for 40 Medical Students in summer 2014.

Education Governance

The UHSM Education Governance Committee continued to meet in 2013 providing a forum for UHSM Directorates, departments and professions to discuss Trust-wide education and training issues. The further development of EduQate has allowed a platform for the objectives of the Global Health Volunteering project. Towards the end of 2013-14, changes to the People and Organisational Development department, and the arrival of a new Director of UHSM Academy and a new Chief Executive Officer, have led to a review of existing education governance arrangements.

During 2013-14, the department of Undergraduate Medical Education underwent its annual inspection from Health Education North West and the University of Manchester Medical School. This went very well. UHSM Academy has been visited / inspected by the North West Deanery, OFSTED, City and Guilds and Skills for Health (North West). All of these have produced very positive evaluations. The NW Deanery was particularly complementary on progress made for postgraduate medicine issues.

In August 2013, UHSM accepted an Apprenticeship Promise Plaque from the Skills for Health Academy (North West) in recognition of its commitment to the development of apprenticeships.

The NHS Library Quality Assurance Framework self-assessment was submitted in August 2013, and following verification by the NW Health Care Libraries Unit, confirmed the service as being 94% compliant with national standards. This was an increase of 1% over 2012-13 and was much higher than the 2013 average for NHS trusts in the North West (89.4%).

Both the North West Placement Development (NWPD) and Work Based Education Facilitators (WBEF) networks have streamlined their monitoring and reporting processes to ensure robust quality reporting mechanisms in accordance with the Educational Outcome Framework and the NHS Constitution.

The annual audit of Key Performance Indicators for North West Practice Education Facilitators (PEFs) by NHS North West was also very positive, showing that UHSM PEFs scored 90% (an increase of 3% from 2012-13) compared to an average northwest score of 87%.

Multi-Professional Education

Access to Library services, for all UHSM staff, has been significantly improved in 2013-14 due to new technologies and the installation of upgraded systems, which now enable users to carry out basic functions for themselves and improve their library experience.

Following a successful bid, UHSM Academy Library received funding from the NW Library Development Fund to support Nursing and Allied Health Professionals. The Practice Education Facilitator (PEF) team are now well established as a supporting resource for all non-medical healthcare profession students, not just nursing and midwifery students.

Via the PEF Team, UHSM Academy manages the non-medical, post qualification, learning funding allocated by Health Education North West (HENW). Continuing Professional Development (CPD) allocation is provided annually and is for the clinical development of clinical professionally registered staff (except dentists and medical staff). The majority of this funding can be used on pre-paid (SLA) modules at NW Higher Education Institutions. The remainder is the 'cash' allocation and is intended to be used flexibly to access any relevant learning opportunities not available via modules at NW Higher Education Institutes (HEIs). In 2013, UHSM Academy revised the Trust CPD processes and systems, which included the implementation of a new internal application process to ensure that learning is agreed with managers and to promote the link between applications and service / Trust priorities. In 2013-14, UHSM staff submitted 352 applications for SLA CPD funding and 110 for 'cash' CPD funding.

In September 2013, to further improve the cost-effective use of the available 'cash' allocation and improve access to training, UHSM used a proportion of the 'cash' allocation to fund a three year contract with the University of Bolton (UoB), to enable UHSM Academy PEFs to deliver an accredited, in-house non-credit bearing mentorship (multi-professional support for learning and assessment in practice) module. The UoB acts as the quality assurance consultant and provides external examination. This is highly cost effective and convenient as it allows UHSM nurses, midwives, AHPs and healthcare scientists to receive training at UHSM therefore cutting down travel time and expense. The course takes place over a 15 week time span with five taught sessions and assessment via submission of a portfolio. The estimated cost per individual student on the new in-house course in 2013-14 was £87. The first cohort has completed with a pass rate of 79% for expected submissions.

The development of a new UHSM Nursing / UHSM Academy Education meeting in 2013 is enabling better integration of the UHSM Academy with Nursing and Allied Health Professionals, resulting in more collaborative working and new training and education solutions for these groups.

The new multi-professional simulation suite became operational in 2013. This has enabled many multi-professional simulation sessions including both students and qualified staff across UHSM. UHSM Academy continues to host two multi-professional North West networks on behalf of HENW. These are:-

1. The Work Based Education Facilitators (WBEF) network. This network supports Trainee Assistant Practitioners (TAPs) across the region.
2. The North West Placement Development (NRPD) network. This network develops and secures sufficient high quality clinical placements for undergraduate healthcare students.

To ensure an equitable allocation system, two large developments have been instigated and coordinated by the NRPD network with physiotherapy and occupational therapy professions. Working across agencies, inter-professional placement opportunities for healthcare students have been opened in Children's Centres across the Lancashire region. Exposure to inter-professional learning environments for paramedic students in a mental health setting has also been introduced.

Local, national and global influence

UHSM Academy is increasing its educational "offer" to local GP practices. The UHSM Academy GP, Primary Care Education Programme is now well established with increasing attendance and frequency of events. In 2012-13 there were 16 such events. In 2013-14 this had increased to 20. The Academy continues to run monthly basic life support updates for GPs and practice staff. Again, the number of attendees signing up for the updates is rising steadily.

The NWPD network has undertaken a large development throughout the North West which will increase community healthcare student capacity and breadth of experience within GP practices, specifically with practice nurses. This will help to address the care closer to home agenda.

A continuing success for the Academy in 2013-14 has been the further development and delivery of apprenticeship courses through its accredited Apprenticeship Centre. These are quality assured/inspected by City and Guilds, OFSTED, Invest in Health and Skills Solutions. More than 100 existing UHSM colleagues, in bands 1-4 were recruited onto apprenticeship programmes in:-

- Administration or Healthcare Support
- Apprenticeships L2 and L3 in Health
- Apprenticeships L2 and L3 in Business and Administration
- Apprenticeships L2 and L3 in Customer Service
- Functional Skills L2 and L3 in English
- Functional Skills L2 and L3 in Maths
- Functional Skills L2 and L3 in ICT.

These apprenticeships were delivered entirely in-house by the Academy Vocational Qualifications team. A second cohort of “Junior Apprentices” has been recruited from the local community.

The Gulu-Man Link has delivered a number of educational and clinical programmes at Gulu University and Gulu Regional Referral Hospital in Uganda. The link continues to offer continued professional development to staff across UHSM who participate in the short and long term programmes in Uganda, and works closely with the University of Manchester in providing elective placements for medical students and research opportunities for UHSM and University staff. Within UHSM Academy, the MAHSC Centre for global health continues to work closely with the Academy in hosting the Uganda-UK Health Alliance (UUHA) and the MAHSC Centre for Global Health volunteering. The Ugandan launch of the Uganda UK Health Alliance took place in Kampala in October 2013. Senior Ugandan Government ministers, the Director General and Permanent Secretary - Ministry of Health, were present. The UK delegation was led by Lord Nigel Crisp, who is co-chair of the UUHA.

The Academy’s Head of Global Health was involved in the planning and delivery of the Federation of African Medical Students Association conference in Arusha, Tanzania in March 2014. UHSM Academy staff delivered the opening keynote speech and in collaboration with the University of Manchester UK officially opened the three day conference.

Estates and Facilities

In 2013, the UHSM library has undergone some redesign and refurbishment resulting in a more welcoming environment with the development of an open central area with soft furnishings. The Medical Illustration department implemented a new dermoscopic photography service for the dermatologists in 2013. During 2013-14 there was a review of the IT and AV equipment in the lecture theatres and seminar rooms in the Education Research Centre (ERC). As a result, some replacement equipment was purchased and system changes carried out that improved functionality and allow users to access both the NHS and University networks at all times.

Teacher accreditation and recognition

The Postgraduate and Undergraduate departments have worked together to develop a Train the Trainers course that covers the GMC domains for consultant trainers. This course has been accredited for the purposes of CPD by the Royal College of Surgeons. Current figures show that 74% of UHSM consultant trainers have attended a Train the Trainers course or equivalent and completed Equality and Diversity (E&D).

In addition to this training, the postgraduate medical education department has developed a support network of consultant trainers. Trainers involved in this network have attended some additional training either in-house or externally. This network offers additional support to peer consultant trainers and enables discussion around difficult or complex scenarios.

For the second year running a UHSM Consultant has received Teacher of the Year Award at Manchester Medical School. The Academy Newsletter regularly features educators and highlights the work they do.

Business development

In addition to established income sources, new income streams have been developed such as developing and delivering education programmes for other countries such as China and Ajman (UAE). In late 2013-14 UHSM Academy has been commissioned to deliver an education programme for practice nurses in south Clinical Commissioning Group (CCG) during 2014-15. It has also attracted significant additional income from Health Education North West for the development and delivery of leadership courses for the Southern Sector.

UHSM Academy continues to provide a significant, positive financial contribution to UHSM. 60 licenses for the delivery of Sage and Thyme courses are now in place. Income generation has increased in the Medical Illustration department, due to new service developments, reviewing charging structures and as a result of advertising services to the Southern Sector partners and other hospitals in the area, as well as local solicitors.

The Undergraduate Medical Education department has continued to generate external income from facilitating the UK Foundation Programme Office (FPO) and other professional examinations at UHSM Academy.

Compliance with stakeholder requirements

On 1 April 2013, major changes took place in the NHS including the establishment of Health Education England (HEE). The northwest regional subcommittee of HEE (Local Education and Training Board) is known as Health Education North West (HENW).

In December 2013, the founder and Director of UHSM Academy, Prof. Ged Byrne, left UHSM to take up a new post as Director of Education and Quality at HENW. We wish him well in his new role.

In 2013-14 UHSM has complied with the requirements of the Learning and Development Agreement. Also, all Undergraduate Medical Education tutors have to complete appropriate training in E&D and Manchester Medical School (MMS) mandatory training in order to be an accredited teacher for MMS and to meet GMC requirements. The continuing success of the Primary Care Education programme, the request for UHSM Academy to host an additional NW network, the request from south CCG for UHSM Academy to develop a practice nurse education programme, and the continued well evaluated education and training programmes are evidence that the requirements of external stakeholders are being met.

The NWPD network strategically manages and maximise the multi-professional utilisation of undergraduate placement capacity across the North West. It works in partnership with HEI's, PEF's, NHS and non-NHS organisations to ensure a consistent, equitable and high quality approach to commissioned student placement provision that offers breadth of experience. The network has developed a Multi Professional Placement Catalogue, which is an evidence based intelligence tool to inform students of the opportunities available to them. This will ultimately support the delivery of a future workforce equipped for 21st century health care.

UHSM Academy has been working closely with Health Education NW, Department of Health and our south sector hospitals on Multi Professional Education and Training (MPET) costing exercises and MPET tariff review.

Social Responsibility

The Challenge Network is a National Charity that works in local communities with the aim of bringing communities together. In August 2013, UHSM Academy welcomed a group of 12 young people from our local Wythenshawe community. Within the simulation suite, they took part in a simulated scenario which took them through the lead up to an “emergency” event, what happens during and after the emergency. They also took part in a “Dragon’s Den” pitch. This was a very successful event.

UHSM Academy also provided 32 basic life support updates for community staff (GP nurses, reception staff), two parents first aid courses (members of the public), one emergency first aid course (business attendees), one schools career day and one open day.

3.6 Our People

In order to deliver high quality care and an excellent patient experience, the Trust must recruit and retain the right numbers of staff, with the requisite skills, and uphold the values the Trust believes will make UHSM a leading healthcare provider. To this effect, an overarching people strategy was developed and commenced implementation together with a number of complementary corporate objectives and KPIs (key performance indicators).

The Trust employs approximately 6,000 valued staff on a range of contracts; full, part-time, annualised hours who strive to deliver high quality services to its patients. Over 60% of the Trust's expenditure relates to the costs of the workforce - it is therefore imperative the Trust maximises the talents and flexibility of its workforce to ensure high quality and innovative care is given in the most efficient way and at the appropriate location for the patient.

| | Female | Male | Total |
|-----------------------|-------------|-------------|-------------|
| Directors | 8 | 9 | 17 |
| Other Senior Managers | 244 | 66 | 310 |
| Other Staff | 4546 | 952 | 5498 |
| Grand Total | 4798 | 1027 | 5825 |

Employee engagement and involvement

It is well recognised at UHSM that the organisation's goals can only be achieved through the contribution of its people, both individually and collectively. It is this contribution that is fundamental to UHSM's success and, therefore, creating a positive environment within the Trust that maximises individual and collective discretionary effort is vitally important. The way we behave, the way we lead and way we communicate and engage with our colleagues plays a significant role in creating the right climate. This is why UHSM has invested in working with our colleagues to develop the South Manchester Way and why we place it at the centre of everything we do.

During the year we launched the UHSM Working Together discussion groups, which ran from July to September 2013 and enabled our staff to share what improvements would be important to them. We also launched 'Realising our Potential', the name that we have given to our programme of improvements that will be taking place over the next two years. This includes the Change Champions initiative, which was launched in October 2013, whereby staff both suggest and implement improvements. During the year this initiative delivered a total of 29 projects out of the suggested 47. The idea behind the Change Champions is to deliver quick fixes and to challenge those historical DO's and DON'Ts. The Change Champions work with the Chief Executive's delegated authority to ensure that suggestions made by colleagues become a reality. Other important initiatives are the 'Ask Attila' (the CEO) – questions and answers, monthly CEO cascade team briefs and a regular weekly communication bulletin.

UHSM meets with its Joint Trade Unions and Local Negotiating Committee for Medical Staff on a regular basis to formally consult on staffing matters and is committed to the principles of partnership working and staff involvement. UHSM recognises the importance of building effective communication and consultation with its Trade Union colleagues and staff representatives. These forums allow colleagues to be informed of issues which are of concern to them or other staff groups within the Trust and to enable them to become involved and informed of Trust performance throughout the year.

Staff survey

UHSM has again participated in the annual NHS Staff Survey. We surveyed a random selection of 850 staff members with 309 questionnaires being completed and returned. This gave us a

response rate of 36.7% compared with a response rate of 30.7% in 2012. Our response rate remains behind the national average for acute trusts at 46.9% in 2013.

We used the 'Picker Institute' as our external company to run the survey (in line with NHS England guidelines) and they also ran the survey for 44 other acute trusts in 2013. UHSM's results are shown alongside the national average for all 'Picker' acute trusts.

In summary, the Trust's ratings are as follows:

Table 3.8: UHSM top five ranking scores

| | Trust score 2012 | Trust score 2013* | National average for acute trusts 2013 |
|---|-----------------------------|------------------------------|---|
| No appraisal/KSF review in last 12 months | 10 % | 9% | 17% |
| Would not recommend organisation as place to work | 12% | 9 % | 16 % |
| If friend/relative needed treatment would not be happy with standard of care provided by organisation | 5% | 5 % | 12 % |
| Felt unwell due to work related stress in last 12 months | 37% | 30 % | 39 % |
| Felt pressure from manager to come to work despite not feeling well enough | 35% | 25 % | 33 % |

**Lower scores are better*

Table 3.9: UHSM bottom five ranking scores

| | Trust score 2012 | Trust score 2013 | National average for acute trusts 2013* |
|---|-----------------------------|-----------------------------|--|
| Appraisal/review not helpful in improving how do job | 50% | 52 % | 43 % |
| No equality and diversity training | 18% | 22 % | 9 % |
| In last 3 months, have come to work despite not feeling well enough to perform duties | 67% | 71 % | 65 % |
| Staff not informed about errors in organisation | 26% | 31 % | 23 % |
| Staff not given feedback about changes made in response to reported errors | 25% | 28 % | 23 % |

**Lower scores are better*

Key Findings

Appraisals and Performance Management

The appraisal process forms part of an overall people performance framework. The Trust has seen a rise in the percentage of completed appraisals each year which is borne out in the staff survey with a figure of 9% of people stating they had “no appraisal” against an acute average of 17% (lower scores are better). Feedback from staff on the ground shows that improvements to the appraisal form and supporting documentation, the development of an online recording process and monthly monitoring has improved the overall appraisal process.

On the reverse, the survey also shows that the quality of the appraisal conversation, the added value of appraisals on people's performance or on improving how they do their jobs has fallen to 52% from 50% (lower scores are better). During the next 12 months the Trust will be revising the current Leadership and Management training offer to help support managers.

Employee Health and Wellbeing

In terms of the health and wellbeing of our staff, fewer staff have felt unwell due to work related stress in the last 12 months (30%, which is 7% reduction since 2012).

The Trust has seen a decrease in the percentage of 'felt pressure from manager to come to work despite not feeling well enough' to 25% (from a figure of 35% during 2012). In comparison with other acute trusts whose average score is 33% (lower scores are better).

Despite the positive messages above, individuals also stated that within the last 3 months they have come to work despite not feeling well enough to perform duties. The score for this question was 71% against an acute average figure of 65%.

As an organisation, we have invested in the Employee Health and Wellbeing (EHW) services which have delivered improved processes and procedures (for example a management referral process). Issues for our staff around the area of training in handling violence to staff and patients were picked up in the survey results. Limited training has taken place in this area, so a wider programme will be developed during 2014-15.

In addition an Employee Assistance Programme (EAP) is to be launched together with a more pro-active approach from managers supported by the training associated with the implementation of the new Absence Management process.

Errors and Incidents

In comparison with other trusts, our staff have responded that they are not informed about errors in the organisation nor given timely feedback about changes made in response to reported errors. The Trust has seen a rise in the percentage of 'not informed about errors in organisation' to 31% (from a figure of 26% during 2012). In comparison with other acute trusts whose average score is 23% (lower scores are better).

Plans to address the situation include embedding the revised incident reporting & investigation policy & procedures through the new divisional governance structures to help ensure that learning and feedback from incidents and investigations is disseminated to staff & teams across the organisation.

Governance and risk team are developing the 'learning for experience' report with aggregated data from incidents, complaints, mortality reviews & inquests and producing a quarterly learning newsletter to accompany this.

Audit of new and old Serious Untoward Incident recommendations to ensure that changes and learning are embedded.

Stop the line: - establishing a new safety initiative to encourage and give permission to staff to alert the organisation when they identify situations where safety is or could be compromised. This will include appointing 'stop the line champions' and promoting the initiative across the organisations. Mortality review – this will now include sharing reflective practice and lessons learned from the mortality reviews. The intention is to eventually link this to appraisals for medical staff.

Equality and Diversity (E&D)

The Trust has seen a rise in the percentage of 'no equality and diversity training' to 22% (from a figure of 18% during 2012). In comparison with other acute trusts whose average score is 9% (lower scores are better).

As agreed by the Board, from June 2014 it will be a mandatory requirement for all Trust employees to complete equality & diversity training every 3 years.

The first monitoring compliance data will be published from September 2014.

Equality & diversity training & monitoring will support the development of a Trust Equality Action Plan under the guidance of an E&D Steering Group which will review the E&D developments needs including in relation to patient care.

Next steps

During 2014 the Trust is going to drill down on the staff survey's key findings with the specific directorates / departments. This will be done via a quarterly 'pulse report', which will give a detailed divisional scorecard that can test key elements of NHS Staff Survey scores, plus areas of direct relevance to the Trust at the time.

The introduction of this quarterly 'pulse survey' is intended to bring the following benefits:

- Support consistency of management approaches with a focus on optimising people management practices / productivity.
- Provide an evidence-based comparison of pockets of 'good practice' within directorates and staff roles.
- Provide supplemental data in support (or otherwise) of particular NHS Staff Survey key findings.
- Prioritise where and how relevant people management interventions can be targeted for best effect.
- Provide an opportunity to incorporate the Friends and Family Test within a broader people management context.

Equality, diversity and human rights

As a public authority the Trust has a legal duty to ensure it complies with the Equality Act 2010 and the Public Sector Equality Duty (PSED), which imposes a duty on the Trust to have due regard to the three key aims of the legislation:

- To work to eliminate discrimination, harassment and victimisation.
- Advance equality of opportunity.
- Foster good relations between people when carrying out their activities.

In year the Trust recognised that it needed to strengthen control measures to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has an improvement plan in place which it is implementing and monitoring.

Below is a summary of some of the annual monitoring data to help inform improvement planning.

Table 3.10: Annual monitoring of BME statistics

| | Staff 31/03/11 | | Staff 31/03/12 | | Staff 31/03/13 | | Staff 31/03/14 | | |
|------------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|------|
| | | % | | % | | % | | % | |
| Age | | | | | | | | | |
| | 16-20 | 16 | 0.3 | 11 | 0.2 | 18 | 0.3 | 21 | 0.4 |
| | 21-30 | 944 | 18.8 | 959 | 17.6 | 1025 | 18.1 | 1093 | 18.7 |
| | 31-40 | 1264 | 25.23 | 1371 | 25.2 | 1399 | 24.8 | 1418 | 24.3 |

| | | | | | | | | | |
|------------------------|--------|------|------|------|------|------|------|------|------|
| | 41-50 | 1435 | 28.6 | 1578 | 28.9 | 1602 | 28.4 | 1595 | 27.3 |
| | 51-60 | 1074 | 21.4 | 1226 | 22.5 | 1275 | 22.6 | 1365 | 23.4 |
| | 61-70 | 268 | 5.4 | 298 | 5.5 | 324 | 5.7 | 324 | 5.6 |
| | 70+ | 8 | 0.2 | 6 | 0.1 | 7 | 0.1 | 19 | 0.3 |
| Ethnicity | | | | | | | | | |
| | White | 4168 | 83.2 | 4509 | 82.7 | 4528 | 80.1 | 4358 | 74.7 |
| | Mixed | 45 | 0.9 | 48 | 0.9 | 54 | 1.0 | 58 | 1.0 |
| Asian or Asian British | | 380 | 7.6 | 364 | 6.7 | 360 | 6.4 | 341 | 5.8 |
| Black or Black British | | 125 | 2.5 | 141 | 2.6 | 140 | 2.5 | 129 | 2.2 |
| Other / non stated | | 291 | 5.8 | 388 | 7.1 | 569 | 10.1 | 950 | 16.3 |
| Gender | | | | | | | | | |
| | Female | 4093 | 81.7 | 4476 | 82.1 | 4639 | 82.1 | 4808 | 82.4 |
| | Male | 916 | 18.3 | 974 | 17.9 | 1012 | 17.9 | 1028 | 17.6 |

Disability

2.0% of staff declare themselves to have a disability. It is thought that there is some under reporting. UHSM does not collect or maintain data on sexual orientation or religion.

Recruitment

Table 3.11: Staff recruitment from April 2011 to March 2014

| | Total number | | | % BME | | | % Female | | | % Disabled | | |
|-------------|--------------|-------|-------|-------|-------|-------|----------|-------|-------|------------|-------|-------|
| | 11-12 | 12-13 | 13-14 | 11-12 | 12-13 | 13-14 | 11-12 | 12-13 | 13-14 | 11-12 | 12-13 | 13-14 |
| Applicants | 25970 | 27466 | 13927 | 34 | 34 | 28 | 72 | 71 | 76 | 3.7 | 3.9 | 3.1 |
| Shortlisted | 5157 | 5777 | 3191 | 25 | 24 | 24 | 77 | 77 | 80 | 4.6 | 4.1 | 4.1 |
| Appointed | 868 | 775 | 568 | 18 | 15 | 11 | 80 | 79 | 82 | 3.3 | 2.8 | 2.6 |

Sickness

Data is shown regarding staff that received a final warning or dismissed under the Trust's Attendance Management Policy

Table 3.12: Sickness incidents dealt with under UHSM Attendance Management Policy

| Stage | 2011 | | 2012 | | 2013 | |
|----------------------------------|-----------|----------|-----------|----------|----------|----------|
| | Number | %BME | Number | % BME | Number | % BME |
| Short term sick: - final warning | 29 | 0 | 24 | 0 | 4 | 0 |
| Short term sick: dismissal | 0 | 0 | 4 | 0 | 3 | 0 |
| Total | 29 | 0 | 28 | 0 | 7 | 0 |
| Long term sick: redeployed | 0 | 0 | 1 | 0 | 11 | 9 |
| Long term sick: dismissed | 7 | 0 | 11 | 0 | 13 | 0 |

Discipline

Data has been collected on all cases that proceeded to a formal investigation under the Disciplinary Policy.

Table 3.13: Formal investigations under the Disciplinary Policy

| Stage | 2011 | | 2012 | | 2013 | |
|-------------------------------|--------|-------|--------|-------|--------|-------|
| | Number | % BME | Number | % BME | Number | % BME |
| Investigated: informal action | 5 | 80 | 6 | 50 | 6 | 17 |
| No case to answer | 9 | 22 | 3 | 0 | 2 | 0 |
| Verbal warning | 4 | 0 | 1 | 0 | 1 | 0 |
| Written warning | 10 | 10 | 6 | 17 | 14 | 31 |

| | | | | | | |
|-------------------------|----|----|----|----|----|---|
| Final written warning | 4 | 25 | 7 | 14 | 4 | 0 |
| Dismissed | 2 | 50 | 1 | 0 | 10 | 0 |
| Resigned during process | 3 | 33 | 1 | 0 | 1 | 0 |
| Total | 37 | | 25 | | 38 | |

Capability

Data is shown of all employees subject to Stage 2 and above of the Capability Procedure.

Table 3.14: Stage 2 and above of the Capability Procedure

| Stage | Number | 2012 | | 2013 | |
|-----------|--------|--------|-------|--------|-------|
| | | Number | % BME | Number | % BME |
| Stage 2 | 0 | 0 | 0 | 0 | 0 |
| Dismissal | 1 | 1 | 0 | 1 | 0 |

Note: in 2011 there were no cases taken to Stage 2 of the Capability Procedure.

Grievances

Table 3.15: Grievances

| Stage | Number | 2011 | | 2012 | | 2013 | |
|------------|--------|--------|-------|--------|-------|--------|-------|
| | | Number | % BME | Number | % BME | Number | % BME |
| Not upheld | 3 | 3 | 0 | 0 | 0 | 3 | 0 |
| Resolved | 2 | 2 | 100 | 2 | 0 | 6 | 0 |

3.7 Sustainability report

In accordance with the Climate Change Act 2008, as amended 2009, carbon emissions for the budgetary period including the year 2020 must be such that the annual equivalent of the carbon budget for the period is at least 34% lower than the 1990 baseline.

In addition, carbon emissions for the budgetary period including the year 2050, must be such that the annual equivalent of the carbon budget for the period is lower than the 1990 baseline by at least 80%. As part of this commitment and climate change strategy, the NHS in England has further set a target of reducing its 2007-08 carbon footprint by 10% by 2015. Consequently energy consumption reduction and energy performance improvement remain extremely important within the NHS.

The Lancet claims that climate change is the biggest global health threat of the 21st century and it is recognised by the NHS that, as our business is health, there is a duty to act on health threats and manage future demand on the health service. The recently published Intergovernmental Panel on Climate Change (IPCC) report (WGII AR5) corroborates this, stating that throughout the 21st century, climate change is expected to lead to increases in ill-health with greater likelihood of injury, disease and death due to more intense weather events, increased likelihood of under-nutrition and increased risks from food- and water-borne diseases.

The overall sustainability strategy

UHSM has long since accepted the need to reduce its own carbon emissions. In March 2008, the then Board of Directors approved an ambitious Carbon Management Implementation Plan (CMIP) which put in place a robust strategy, developed in collaboration with the Carbon Trust, to significantly reduce carbon emissions associated with UHSM's consumption of energy.

The delivery of the CMIP was broadly successful and, since March 2008, independently compiled figures indicate the associated carbon reduction is in excess of 30%.

As the original CMIP has been completed, the Board has acknowledged the need to implement and drive forward a wider Sustainability Strategy to enable the Trust to continue to improve. As such the Trust has been working to produce the next CMIP with the aim of improving sustainability throughout the Trust, particularly taking into account the following areas of UHSM's activities:

- Energy and carbon management
- Low carbon travel, transport and access
- Water use and waste
- Waste minimisation and recycling
- Designing and maintaining the build environment
- Organisational and workforce awareness and development
- Procurement and food
- The role of partners, stakeholders and networks
- Governance and assurance.

Carbon and Energy Reduction

UHSM is proud to be one of the first NHS trusts to be awarded the Carbon Trust Standard by the Carbon Trust. We are equally proud to have won the Sustainability category of the Guardian Public Sector Awards, as well as securing and being declared the outright Overall Winner of the awards. UHSM also ranked 79th out of 2097 organisations on the Government's final Carbon Reduction Commitment (CRC) performance league table. This was the 3rd highest position occupied by an NHS foundation trust and the highest place occupied by an NHS acute teaching hospital.

Recent improvements in building fabric are contributing to a reduction in the heat base load requirement of the estate while the relatively recent introduction of Biomass technology within UHSM's main energy centre is producing further significant reductions in UHSM's natural gas consumption and associated carbon emissions. Work is underway to maximise the benefits of this plant further.

Further to this, UHSM has been successful in securing funding from the Department of Health Energy Efficiency fund to make further investment in the infrastructure. This included replacement of a number of high voltage transformers, inverter variable speed drives and energy efficient lighting. Together these schemes offer a significant improvement in energy efficiency across the site.

Future priorities and targets

Sustainability is central to the Trust's operations. The Trust is officially recognised as "Britain's Greenest Hospital" and has won many national awards in recognition of this over recent years. The Trust has a continued responsibility to:

- Ensure that all aspects of the Trust operations are managed sustainably, and that environmental considerations are at the heart of the way the Trust is run.
- Continue to reduce the Trust's carbon footprint and make our performance the best in the NHS.

The work completed over recent years to improve sustainability provides visible evidence of the Trust's commitment to tackle its own environmental impacts and adapt to the broader effects of climate change. However, good management information on sustainability issues remains crucial.

A major technical and resource challenge is how to measure the Trust's total carbon emissions associated with indirect supply chain inputs and goods and services consumed by the Trust. The Trust does not have a full picture of its extended carbon footprint and this requires addressing. To secure such a picture will enable the Trust to draw up carbon reduction plans for all carbon generating activities and not just our own direct energy consumption.

The Trust will improve sustainability by:

- Ensuring that all business cases include a sustainability assessment.
- Concentrating efforts to reduce carbon emissions in those areas with the largest carbon footprints.
- Demonstrating visible leadership on reducing carbon.
- Mainstreaming sustainability into all Trust policy and operational decisions;
- Ensuring all new buildings meet BREEAM (Building Research Establishment Environmental Assessment Methodology) 'Excellent' or 'Very Good' standards so far as is practicable ('BREEAM' – a leading design assessment method for sustainable buildings).
- Including climate change resilience as an explicit factor in decision making for new affordable capital investments.
- Asking all services to highlight, within their operational risk management systems, any major vulnerabilities to extreme weather impacts.
- Publishing climate impact summaries internally throughout the Trust.
- Working in partnership with other organisations to embed sustainability throughout the local area.

A key priority for UHSM is to deliver its wider Sustainability Strategy. Despite the considerable progress made to date, the Trust now needs to build upon recent successes and consider in a more structured way the additional steps that now need to be taken to deliver an organisation-wide programme of sustainability and improvement.

Future Direction – Effectiveness of schemes, targets and benchmarks

Board approval of the next CMIP will establish a programme to reduce consumption and carbon emissions over the coming years. In respect of energy consumption, and in accordance with the Health Technical Memorandum (HTM) 07-02 enCO2de 'Making Energy Work in Healthcare', UHSM will benchmark using GJ/100m³ targets detailed within the HTM.

Adaptation Reporting

UHSM has undertaken risk assessments and developed an adaptation plan to support its emergency preparedness and civil contingency requirements, as based on the UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Assurance Process

UHSM have recently undertaken a review of systems and processes used to collect and manage data used to calculate energy consumption and associated carbon emissions.

Summary of consumption performance

See table 3.16 for consumption details.

Table 3.16: Summary of Sustainability Performance 2011-14

| Area | Non Financial data (applicable metric) | Unit | Non Financial data (applicable metric) | | Non Financial data (applicable metric) | | Type | Tonne CO2 (k) | Tonne CO2 (K) | Financial data (£K) | Financial data (£K) | Financial data (£K) | |
|-----------------------------------|---|------------|--|------------|--|------------|--------|---------------|---------------|---------------------|---------------------|---------------------|---------|
| | | | 2011-12 | 2012-13 | 2013-14 | 2012-13 | | | | | | | 2013-14 |
| Greenhouse Gas Emissions | Electricity | 20,248,109 | kWh | 21,949,222 | kWh | 22,694,483 | kWh | Scope 2 | 9.8 | 10.1 | 1990 | 2,221 | |
| | Gas | 31,185,508 | kWh | 30,946,687 | kWh | 31,249,838 | kWh | Scope 1 | 5.7 | 5.8 | 859 | 1,036 | |
| | Oil | 175,672 | kWh | - | kWh | - | kWh | Scope 1 | - | - | 14 | - | - |
| | Diesel | 421,975 | Litres | - | Litres | - | kWh | Scope 1 | - | - | 46 | - | - |
| | Biomass | 10,266,901 | kWh | 12,812,010 | kWh | 12,358,623 | kWh | Scope 1 | 0.3 | 0.3 | 208 | 231 | 440 |
| | Business Mileage | 347,044 | Miles | 808,733 | Miles | 954,255 | Miles | Scope 3 | 0.2 | 0.3 | - | 373 | 556 |
| | Absolute value for total amount of waste produced | 1,859 | Tonnes | 1,859 | Tonnes | 1881.45 | Tonnes | | | | 502 | 529 | |
| Waste Minimisation and Management | Methods of Disposal | | | | | | | | | | | | |
| | High Temp | 983 | Tonnes | 1053 | Tonnes | 1057.25 | Tonnes | (a) | | | 404 | 424 | 430 |
| | Non Burn Treatment | 0 | Tonnes | 626 | Tonnes | 741.78 | Tonnes | (d) | | | 0 | 93 | 117 |
| | Landfill | 876 | Tonnes | 180 | Tonnes | 82.42 | Tonnes | (b) | | | 98 | 26 | 13 |
| | WEEE | No data | Tonnes | No data | Tonnes | No Data | Tonnes | (b) | | | - | - | |
| Finite Resources | Water | 174,027 | M3 | 189,240 | M3 | 198,502 | M3 | | 0.065 | 0.068 | 500 | 570 | 635 |



04 UHSM's Quality Account 2013-14

Overview

The Quality Account 2013-14 is an annual review of the quality of NHS healthcare services provided by the University Hospital of South Manchester NHS Foundation Trust (UHSM) during 2013-14. It also outlines the key priorities for quality improvement in 2014-15.

The Quality Account comprises four distinct sections. *Section 4.1* includes a brief overview of the Trust, a statement about what quality means to UHSM, signed by the Chief Executive, and highlights some of the Trust's key quality achievements in 2013-14. *Section 4.2* constitutes a review of the Trust's performance against the objectives set in the 2012-13 Quality Account and in relation to key national standards. *Section 4.3* includes the priorities for improving the quality of services in 2014-15 that were agreed by the Board of Directors in consultation with stakeholders. Each priority is sub-divided into specific indicators and initiatives, which have been chosen to address local and national quality challenges. *Section 4.4* includes legislated statements of assurance from the Board of Directors.

A draft version of the Quality Account 2013-14 was shared with our stakeholders in April 2014 as part of the assurance process. The stakeholders are: *South Manchester Clinical Commissioning Group; Healthwatch Manchester; and Manchester City Council's Health and Scrutiny Committee.* Each organisation was asked to review the draft report and provide a written statement for publication (unedited) in *Appendix One* of this Quality Account. In the case of South Manchester Clinical Commissioning Group this is a statutory requirement. In addition, the Quality Account was shared with the Council of Governors and Governors' Patient Experience Committee.

The Statement of Directors' Responsibilities in respect of the Quality Account is published as *Appendix Two* of this report.

The external auditor has provided a Limited Scope Assurance Report on the content of the Quality Account, as required by Monitor, the sector regulator for health services in England. The auditor also gives a limited assurance opinion on two chosen mandated indicators (*Clostridium difficile*; and *maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers*). The external auditor's report is included in *Appendix Three*.

Every effort has been made to use clear language wherever possible during the production of this Quality Account. Given the nature of quality improvement in healthcare, the inclusion of some medical and healthcare terms is unavoidable. Further information about health conditions and treatments is available on the NHS Choices website, at www.nhs.uk

About University Hospital of South Manchester NHS Foundation Trust (UHSM)

UHSM is a major acute teaching hospital trust providing services for adults and children at Wythenshawe Hospital and Withington Community Hospital. We provide district general hospital services, specialist tertiary and community services to our local community. Our fields of specialist expertise - including cardiology and cardiothoracic surgery, heart and lung transplantation, respiratory conditions, burns and plastics, cancer and breast care services - not only serve the people of South Manchester and Trafford, but help patients across the North West and, in some cases, nationally. We are also recognised in the region and nationally for the quality

of our teaching, research and development. Our major research programmes focus on cancer, lung disease, wound management and medical education.

UHSM has approximately 6,500 valued staff, including those employed by our Private Finance Initiative partner South Manchester Healthcare Limited. In 2012-13, UHSM had an income of £490.3m and, through sound financial management, generated a revenue surplus on our income that will be re-invested in our services. More people are choosing UHSM than ever before and, in 2013-14, there were 471,372 outpatient attendances, 88,744 day-case and inpatient admissions, and 94,244 A&E attendances. The Trust experienced a 13.2% increase in outpatient activity in 2013-14 when compared to 2012-13, with some of this growth relating to changes in activity recording. Day-case and inpatient admissions increased by 5.2% in 2013-14, compared to the previous year and Emergency Department attendances were up by 3.3%.

4.1 Chief Executive's Statement

On behalf of myself, the Board of Directors, the Council of Governors, and colleagues of the University Hospital of South Manchester NHS Foundation Trust (UHSM), I am delighted to welcome you to our Quality Account for the year just ended, 2013-14. This report is an opportunity to share information with you about the quality of services we provide, and to describe our plans for delivering further improvements to these services over the next twelve months.

In response to the Mid-Staffordshire Inquiry, and subsequent reports (including the Francis Report¹, 'Hard Truths' - the Government's response to Francis², the Keogh Report³ and the Berwick Report⁴), the Trust commissioned a mock Keogh-type review conducted by a multi-professional team, including external and patient representatives. The review identified areas for development, which are supported by detailed action plans.

Our vision is to be one of the best healthcare organisations in the NHS, with an objective to provide safe and high-quality clinical services for our patients. The following Quality Account describes many achievements in delivering this high-quality care; some of the key achievements are:

- achieved a 22% reduction in cases of *Clostridium difficile* compared to 2012-13. Unfortunately the Trust reported four MRSA bacteraemia in 2013-14 having reported one in each of the previous two years; a targeted action plan is being developed to improve performance in 2014-15;
- 98.5% of our inpatients were assessed as harm-free during 2013-14, placing UHSM in the top 20% of acute hospital trusts for hospital-acquired harms.
- we achieved all the national cancer standards and aggregate Referral-to-Treatment waiting times during the year;
- UHSM became the first hospital in the country to publish the results of individual consultants, measured against national standards, and what patients say about them. Beginning with cardiologists and cardiothoracic surgeons, the aim is to publish treatment outcomes and patient feedback about the practice of all 250 consultants;
- the Trust was ranked thirteenth out of one hundred and forty-two acute hospital trusts for its Net Promoter Score (NPS) of 80 in the inpatient Friends and Family Test (measured between April 2013 and March 2014);
- UHSM was the fourth-highest recruiter nationally to National Institute for Health Research (NIHR) portfolio studies with 311 publications helping to improve patient outcomes and experience across the NHS; and
- established in 2012, the Enhanced Recovery Programme is an evidence-based approach to elective surgery, which ensures that patients are in the optimal condition for surgery and have the best possible clinical management. Significant improvements in the number

¹ Francis, R. (2013). Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry. London: The Stationery Office. Report available at: www.midstaffspublicinquiry.com

² Department of Health. (2013). Hard Truths, The Journey to Putting Patients First. The Government Response to the Mid Staffordshire NHS Foundation Trust Public Inquiry: Response to the Inquiry's Recommendations. London: The Stationery Office. Report available at: www.francisresponse.dh.gov.uk

³ Keogh, B. (2013). Review into the Quality of Care and Treatment Provided by 14 Hospital Trusts in England: Overview Report. London: National Health Service. Available at: www.nhs.uk

⁴ National Advisory Group on the Safety of Patients in England. (2013). A Promise to Learn - A Commitment to Act: Improving the Safety of Patients in England. London: Department of Health. Report available at: www.gov.uk

of patients being admitted on the same day as surgery have been achieved, for example, a 63% increase in same-day admissions for thoracic resection patients.

NHS organisations must ensure that they are as efficient as possible in order to ensure they can meet an ever-changing demand, whilst demonstrating value for money, as well as excellent patient care. The Trust has outlined a number of priorities to ensure that it can meet the efficiency challenges, whilst ensuring that patient care is optimal at all times.

The Trust also maintains the commitment to ensure that patient access targets are met; for example, that patients attending the A&E department are seen and treated, discharged or transferred in under four hours. This particular target has been a challenge in the latter half of the year of 2013-14 and we have developed a robust improvement plan to ensure that we can meet growing demand and ensure that our patients spend the shortest amount of time in the department.

The following Quality Account reflects our ambition to deliver continuous quality improvement in all of our services, whilst meeting the operational and efficiency challenges ahead. In recognising this, I would like to thank our staff, and other partners who work with us, for their continued dedication and professionalism in working together to ensure that the Trust continues to improve the quality of services it provides. I hope you enjoy reading about the progress on quality we are continuing to make here at UHSM, *'Your Hospital'*.

The Board of Directors has reviewed the 2013-14 Quality Account and confirms that it is a true and fair reflection of UHSM's performance. We hope that the Quality Account provides you with evidence of the Trust's commitment to quality and safety.

29 May 2014

A handwritten signature in black ink that reads "Dr Attila Vegh". The signature is written in a cursive, flowing style.

Dr Attila Vegh, Chief Executive, UHSM NHS Foundation Trust
Signed for, and on behalf, of the Board of Directors

4.2 Performance against the Quality Improvement Priorities in 2013-14

In the Quality Account 2012-13, UHSM presented its quality improvement priorities for 2013-14, which were agreed following consultation with key stakeholders. Governors, managers and clinical colleagues were consulted in the development of the priorities for quality improvement in 2013-14. Feedback was received from Governors via the Trust's Patient Experience Committee and Council meetings. Information from patients was gathered from complaints, concerns, and other forms of feedback. UHSM's risk system provided an indication of the issues reported by staff. This consultation facilitated the development of the Trust's Patient Safety, Quality and Patient Experience programmes.

In this section the Trust's performance in 2013-14 is reviewed and compared to the priorities that were published in UHSM's 2012-13 Quality Account. In addition, performance against key national priorities is detailed.

During 2013-14 UHSM has been delivering this programme of work and progress against the priorities has been shared on a monthly-basis with the Board of Directors and published monthly on the Trust's Website. Progress has also been discussed at every Council of Governors meeting and, via UHSM's Patient Experience Report, with the Governors' Patient Experience Committee, and Healthwatch Manchester.

A summary of the Trust's performance for each of the quality indicators is presented in [Table 4.1](#). The time period of the results is April 2013 to March 2014 (referred to as 2013-14), unless otherwise stated in the text. Progress against the initiatives, during the year, is assessed in this Quality Account according to four classifications, as set out below.

Assessment of progress against quality goals in 2013-14





| | |
|-----------------------|--|
| target achieved |  |
| close to target |  |
| initiative is ongoing |  |
| target not achieved |  |

Table 4.1: Summary of performance against the quality improvement priorities in 2013-14

| PATIENT SAFETY | 2013-14 Quality goals | 2013-14 Results | 2012-13 Results | Progress |
|---|---|---|---|----------|
| Reducing mortality ^(a) | <ul style="list-style-type: none"> achieve a 12-month Risk-adjusted Mortality Index (RAMI) of 87 | RAMI reduced from a re-based index of 103 to an index of 95 during the year, i.e. an 8-point reduction in inpatient mortality | RAMI reduced from a re-based index of 99 to an index of 92 during the year, i.e. a 7-point reduction in inpatient mortality | A |
| Reducing rates of infection | <ul style="list-style-type: none"> zero cases of MRSA bacteraemia; no more than 36 cases of <i>C. difficile</i>; achieve 'excellent' PLACE scores for the environment. | 4 cases | 1 case | R |
| | | 36 cases - a 22% reduction on 2012-13 | 46 cases | G |
| | | above national average PLACE scores for cleanliness at all sites, except Buccleuch Lodge (just below national average) | excellent PEAT scores across all areas, except 'good' for environment at Dermot Murphy | G |
| Recognising and responding to the signs of critical illness | <ul style="list-style-type: none"> achieve 95% of cardiac arrests where patient care prior to cardiac arrest was optimal; review, monitor and embed a process to recognise and treat patients who develop sepsis; achieve 75% compliance in the audit of new DNACPR forms. | patient care prior to cardiac arrest was optimal in 89% of cases | not applicable | A |
| | | Sepsis Action Group established and teaching programme introduced for clinicians | not applicable | B |
| | | 50% of DNACPR forms satisfactorily completed | not applicable | R |
| Preventing medication errors | <ul style="list-style-type: none"> meet the CQUIN target to pilot the Medication-Safety Thermometer within the Trust and provide data on patient harms in quarters 3 and 4; 95% of patients should have their medicines reconciled by a pharmacist within 48 hours of admission. | Medication-Safety Thermometer successfully piloted | not applicable | G |
| | | 97% of patients had their medicines reconciled | not applicable | G |
| Nutrition | <ul style="list-style-type: none"> 95% of patients to receive a nutrition risk assessment within 24 hours. | 83% average score across the Trust | 66% average score across the Trust (July 2012 to March 2013) | A |

G target achieved
 A close to target
 B initiative is ongoing
 R target not achieved

| PATIENT SAFETY | 2013-14 Quality goals | 2013-14 Results | 2012-13 Results | Progress |
|--|---|---|--|----------|
| National Safety-Thermometer incorporating VTE, pressure ulcers, falls and catheter-associated urinary-tract infections | <ul style="list-style-type: none"> 95% of patients to be harm-free (hospital-acquired harms); | 98.5% harm-free care (hospital-acquired harms) | 97.7% harm-free care (July 2012 to March 2013) | G |
| | <ul style="list-style-type: none"> achieve the national CQUIN target for reduction in pressure ulcers; | achieved in quarters 1, 3 and 4 | not applicable | G |
| | <ul style="list-style-type: none"> to be in the top 20% of acute trusts for the percentage of hospital-acquired harms. | UHSM is within the top 20% of acute hospital trusts | not applicable | G |
| The World Health Organization's (WHO) Surgical Safety Checklist | <ul style="list-style-type: none"> no surgical Never Events; | two surgical Never Events reported (2 Never Events in total) | no Never Events | R |
| | <ul style="list-style-type: none"> introduce a de-briefing session across 100% of all operating theatre lists. | quality goal superseded by an internal review, however this will be part of the 2014-15 work plan | not applicable | B |

| CLINICAL EFFECTIVENESS | 2013-14 Quality goals | 2013-14 Results | 2012-13 Results | Progress |
|---|--|--|--------------------------|----------|
| Nursing indicators, Clinical Rounds and Essence of Care | <ul style="list-style-type: none"> review the clinical rounds documentation to include the 6 Cs strategy for UHSM; incorporate clinical rounds for community services and community practitioners; audit the impact of care and communication rounds. | superseded by the development of a Ward Accreditation Programme, which assesses a series of healthcare standards on each ward to help drive improvements in quality and patient experience | Not applicable | |
| Productive Theatre Programme and Outpatients | <ul style="list-style-type: none"> deliver the scheduling improvement work stream of the Productive Theatre Programme; | the scheduling work stream has been implemented | not applicable | G |
| | <ul style="list-style-type: none"> increase theatre utilisation to 90% by quarter 4; | 89% (quarter 4 2013-14) | 87% (quarter 4 2012-13) | A |
| | <ul style="list-style-type: none"> achieve an overall Did-Not-Attend (DNA) rate of 7.5% by quarter 4; | 7.7% (quarter 4 2013-14) | 9.2% (quarter 4 2012-13) | A |
| <ul style="list-style-type: none"> increase the outpatient-utilisation rate to 90% by quarter 4. | 87% (quarter 4 2013-14) | 80% (quarter 4 2012-13) | A | |

G target achieved
 A close to target
 B initiative is ongoing
 R target not achieved

| Improving the PATIENT EXPERIENCE | 2013-14 Quality goals | 2013-14 Results | 2012-13 Results | Progress |
|---|---|--|--|----------|
| Gaining feedback from patients and responding to patient feedback | <ul style="list-style-type: none"> at least 90% of complaints responded to within the agreed timescale; | 87%, which is a 7% reduction in performance on 2012-13 | 94% of complaints responded to within the timescale | A |
| | <ul style="list-style-type: none"> implement the third year of the 'Patient Care at our Heart, it's Everyone's Responsibility' strategy; | the third year of the strategy has been fully implemented | second year of strategy was successfully implemented | G |
| | <ul style="list-style-type: none"> achieve the national CQUIN relating to the Friends and Family Test. | Friends and Family Test introduced to maternity services. A combined response rate of over 20% achieved in Q4 | the national Friends and Family Test was launched in 2013-14 | G |
| Treating patients with dignity and respect | <ul style="list-style-type: none"> zero Mixed-sex Accommodation breaches | 14 breaches, which is a 58% reduction on 2012-13 | 33 breaches | A |
| Dementia | <ul style="list-style-type: none"> further develop the three-year health-economy strategy for dementia care; | guidelines for dementia care have been completed | not applicable | B |
| | <ul style="list-style-type: none"> implement a dementia training strategy; | introduced training and the Dementia Friends Initiative | not applicable | B |
| | <ul style="list-style-type: none"> improve the hospital environment to support dementia-friendly wards. | ward environment changes have focused on <i>orientation; way-finding and meaningful activity</i> | not applicable | B |
| Staff feedback and engagement | <ul style="list-style-type: none"> facilitate focus and listening groups and continue to develop approaches to engage colleagues; | focus groups and listening events held with staff to share ideas and receive feedback | not applicable | G |
| | <ul style="list-style-type: none"> conduct and analyse the annual staff survey; | 2013 NHS Staff Survey results have been shared with the Board | 2012 NHS Staff Survey carried out and analysed | G |
| | <ul style="list-style-type: none"> ensure that colleagues understand the vision and direction of the organisation and their contribution to it; | a series of staff engagement events and staff communications were held by our new Chief Executive to set out the vision and future direction of UHSM | not applicable | B |
| | <ul style="list-style-type: none"> continue to embed the South Manchester Way to maintain a positive work environment for all and to drive a high-performance culture. | The South Manchester Way values are under review and a steering group is being set up | not applicable | B |

G target achieved
 A close to target
 B initiative is ongoing
 R target not achieved

Note to [Table 4.1](#):

(a) In 2012-13, the Trust's twelve-month rolling, Risk-adjusted Mortality Index (RAMI) reduced from an index of 99 at the beginning of the financial year to an index of 92 at the end of the year. At this point, the Trust set an improvement target for a (twelve-month rolling) RAMI of 87 to be achieved by the end of 2013-14. The Risk-adjusted Mortality Index is recalibrated every year in order to bring the national average RAMI back to 100. Following this re-basing exercise in 2013, the Trust's RAMI increased to 103. At the end of 2013-14, the Trust's (twelve-month rolling) RAMI had reduced to 95 from the initial index of 103. The table below summarises the RAMI at the beginning and end of 2012-13 and 2013-14 using the two different RAMI models.

| Financial year | 12-month period measured | Risk-adjusted Mortality Index (RAMI) | Reduction during the year | RAMI model used |
|----------------|-------------------------------|--------------------------------------|---------------------------|-----------------|
| 2012-13 | March 2011 to February 2012 | 99 | - | RAMI 2012 |
| 2012-13 | February 2012 to January 2013 | 92 | 7 index points | RAMI 2012 |
| 2013-14 | March 2012 to February 2013 | 103 | - | RAMI 2013* |
| 2013-14 | February 2013 to January 2014 | 95 | 8 index points | RAMI 2013* |

Data source: CHKS Risk-adjusted Mortality Tool. This data is not governed by standard national definitions

*RAMI 2013 is a re-based model compared to RAMI 2012 and therefore is not directly comparable

4.2.1 Review of the Quality Improvement Projects 2013-14

The section that follows details the work undertaken to deliver the results outlined in [Table 4.1](#). For each of the thirteen focus areas listed in [Table 4.1](#), performance against headline measures is assessed alongside the main achievements and further actions identified.

■ Safe ■ Effective ■ Patient Experience

Reducing mortality

Inpatient mortality monitors how many patients die while they are in hospital. Simply counting the numbers of deaths is not a useful way of assessing hospital care. Instead NHS hospitals use a calculation, which takes into account the patient's age, type of illness as well as other factors. This mortality indicator (referred to as the Risk-adjusted Mortality Index, or RAMI) is measured against an index, with a value of 100 suggesting that mortality is 'as expected', a value greater than 100 that mortality is 'higher than expected' and a value less than 100 suggesting that mortality is 'lower than expected'. RAMI is recalibrated every year in order to bring the national average RAMI back to 100.

Goal: Achieve a Risk-adjusted Mortality Index (RAMI) of 87.

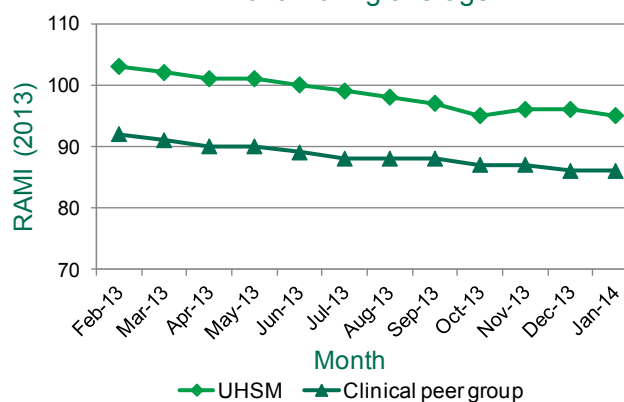
By when: March 2014

Actual outcome: **CLOSE TO TARGET** - following the annual recalibration of RAMI, the Trust's value increased to 103 (for the period March 2012 to February 2013). At the end of 2013-14, the Trust's RAMI had reduced to 95 (for the period February 2013 to January 2014), which is an eight-point reduction from the initial index of 103. This improvement is also seen in the Summary Hospital-level Mortality Indicator (SHMI). UHSM's latest-reported SHMI value is benchmarked against other NHS acute hospital trusts in England on page 71.

Improvements made

- A Mortality Monitoring Framework and methodology have been redesigned and implemented, with an independent multi-disciplinary Mortality Review Team reporting to the Mortality Review Group, reviewing all cases of inpatient mortalities since July 2013. Learning from the reviews is used to improve patient care.
- Initial data of the mortality review indicates that while there are areas where improvements in care can be made, the potential for avoidable mortality is low, at 1.3%, which compares well with other studies (i.e. a rate of 2.2% reported by similar reviews) and provides the Board with assurance that potentially-avoidable mortality is identified and investigated.

Figure 4.1: Risk-Adjusted Mortality Index (RAMI), 12-month rolling average



Further planned improvements

- the Trust intends to undertake a detailed analysis of the mortality data and publish the lessons learned from cases between July and December 2014;
- the Mortality Review Team is examining an inclusion criteria, which is designed to increase the focus on groups of patients where expected mortality is low;
- we will develop reporting mechanisms to identify areas where the Trust's mortality rate may be different to other hospitals and then review the cases to ensure that patients received the best care; and
- the Mortality Review Team will share lessons from the reviews with the clinical teams to assist them in understanding how they can improve the care and treatment for their patients.

■ Safe ■ Effective ■ Patient Experience

Reducing rates of infection

Providing safe care in a clean environment continued to be a high priority for UHSM in 2013-14, a year in which the Trust has once again achieved a year-on-year reduction in its rate of *Clostridium difficile* infection. Continued collaborative working with our Private Finance Initiative (PFI) partners has contributed to a well-maintained and clean environment promoting not only the safety of our patients and staff but also visitors.

- Goals:
- A. Zero cases MRSA bacteraemia.
 - B. No more than 36 cases of *Clostridium difficile*.
 - C. Achieve 'excellent' PLACE scores for the environment.

By when: March 2014

- Actual outcome:
- A. **TARGET NOT ACHIEVED** - four hospital-acquired MRSA bacteraemia reported in 2013-14 compared to one case in each of the last two years. Two of the four MRSA bacteraemia were classified as 'avoidable'; the Trust is developing an action plan to improve performance in 2014-15.
 - B. **TARGET ACHIEVED** - 36 incidences of hospital-acquired *Clostridium difficile* in 2013-14, which is a 21.7% reduction on 2012-13.
 - C. **TARGET ACHIEVED** - above the national average for cleanliness for all areas, with just below national average for the remaining three domains for Buccleuch Lodge.

Table 4.2: Annual infection-prevention performance

| Cases | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---------------------|---------|---------|---------|---------|
| MRSA bacteraemia | 4 | 1 | 1 | 5 |
| <i>C. difficile</i> | 36 | 46 | 54 | 81 |

Data source: Department of Health
Manchester Medical Microbiology Partnership at UHSM.
This data is governed by standard national definitions.

Improvements made

- development of an antimicrobial action plan;
- ongoing completion and development of the *Clostridium difficile* Incidence (CDI) Action Plan;
- review of infection prevention policies in line with national guidance; and
- Patient Environment Audit Tool (PEAT) revised to incorporate the new Patient-led Assessments of the Care Environment (PLACE) standards.

Further planned improvements

- development of an action plan for Carbapenemase-Producing Enterobacteriaceae (CPE) following the publication of the new CPE Toolkit for acute hospital trusts;
- further collaboration with our PFI partners, including the recruitment of a PFI Matron; and
- review and revise all policies and initiatives relating to the management and care of vascular access devices, including central and peripheral lines in response to the increased rate of MRSA bacteraemia.

■ Safe ■ Effective ■ Patient Experience

Recognising and responding to the signs of critical illness

Preventing patients' health from deteriorating and ensuring critically-ill patients are cared for as safely as possible remains a very important feature of UHSM's Safety Programme. The Trust has established systems and procedures for preventing and treating critically-ill patients, which have been audited throughout the year.

- Goal:
- A. Achieve 95% of cardiac arrests where patient care prior to cardiac arrest was optimal.
 - B. Review, monitor and embed a process to recognise and treat patients who develop sepsis.
 - C. Achieve 75% compliance in the audit of new Do Not Attempt Cardiopulmonary Resuscitation (DNACPR) forms.

By when: March 2014

Actual outcome:

- A. **CLOSE TO TARGET** - patient care prior to cardiac arrest was optimal in 89% of cases during the year. Fourteen cases, out of one hundred and twenty-seven cardiac arrests, were identified as having elements of care that could have been improved prior to cardiac arrest.
- B. **INITIATIVE IS ONGOING** - the Trust has created a Sepsis Action Group - a multi-disciplinary team - to take this topic forward. Specialties represented include: emergency medicine; acute medicine; surgery; microbiology; gynaecology and intensive care. A baseline audit has been undertaken and presented to the Clinical Standards Sub-Committee. The Group has reviewed the sepsis pathway in the Emergency Department and, using the current evidence base, work is underway to replace it with a hospital-wide pathway. A teaching programme for clinicians has commenced.
- C. **TARGET NOT ACHIEVED** - a new Do Not Attempt Cardiopulmonary Resuscitation (DNACPR) policy and form was introduced into the Trust in 2013. A DNACPR form audit was undertaken in December 2013 and highlighted limited compliance in relation to full and accurate completion of the form. A recent audit found 50% of DNACPR forms (sample size of 57) were satisfactorily completed, which is a significant improvement from the earlier audit. Further training on the correct completion of the forms and regular ward visits to check completion of the forms has resulted in a marked improvement over a period of a few weeks.

Improvements made

- adapted root-cause analysis tool has been developed and will be used by clinicians and nurses to help in the investigation of incidents where elements of care could have been improved prior to a cardiac arrest. It is envisaged that by using this tool lessons can be learned and improvements made in the way that patients are cared for at UHSM; and
- UHSM has carried out a full review of the DNACPR Policy and form; a new simplified version of the form is being developed.

Further planned improvements

Results from the use of the Root-Cause Analysis Tool will be fed back to clinical teams via the divisional governance structure:

- a podcast is currently being produced to improve understanding about completion of the DNACPR form;
- a new patient information leaflet about DNACPR is being developed; and
- the new DNACPR form will be launched in 2014.

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Preventing medication errors

The use of medicines in hospital can result in serious patient harm. The Trust's goal is to learn as much as possible from medication errors to help develop solutions and change practices to prevent repetitive harms. The aim of *medicines reconciliation* by a Pharmacist at the point of admission is to ensure that all medicines are prescribed correctly and that all intentional changes to medicines are documented ready for discharge. The Medication Safety-Thermometer is a natural progression of the classic Safety Thermometer and is intended to proactively identify: (1) error potential with medicines (e.g. omitted and delayed doses); and (2) patient harms due to high-risk medicines (insulin, opioids, anti-coagulation, injectable sedatives).

- Goal:
- A. Meet the CQUIN target to pilot the Medication Safety-Thermometer within the Trust and provide data on patient harms in quarters three and four.
 - B. 95% of patients should have their medicines reconciled by a pharmacist within 48 hours of admission.

By when: March 2014

- Actual outcome:
- A. **TARGET ACHIEVED** - the Medication Safety-Thermometer was successfully piloted in quarters three and four.
 - B. **TARGET ACHIEVED** - 97% of patients had their medicines reconciled within 48 hours of admission (sample size of 330 patients).

Improvements made

- UHSM has been one of the leading trusts piloting the national Medication Safety Thermometer initiative. Together, nursing and pharmacy staff have collected data on ten wards every month since October 2013;
- very early results have shown harms due to high-risk medicines in approximately two percent of patients surveyed and around ten percent of patients have had a delayed or omitted dose of medicines (excluding '*patient refused*' and '*medicine not given for medical reasons*'); and
- the medicines-reconciliation goal was achieved for a monthly sample of patients admitted to the Acute Medical Admissions Unit, which is visited by a pharmacist every day, including bank holidays.

Further planned improvements

Medication Safety-Thermometer

- multi-disciplinary ward teams of pharmacists, nurses and doctors to start investigating the avoidable causes of any harm identified; and
- individual wards to try to reduce the proportion of patients having a delayed or omitted medicine.

Medicines reconciliation

- measure the proportion of patients admitted to any ward (not just the Acute Medical Admissions Unit) having their medicines reconciled within 24 hours and 48 hours.

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Nutrition

Malnutrition is a potentially serious complication of illness, which can contribute to patient deterioration, increased risk of mortality and delayed discharge from hospital. Here at UHSM, we have implemented a number of measures to ensure all patients receive adequate nutrition to meet their diverse needs. In order to promote health and prevent harm, all inpatients (adults) are screened for the presence of malnutrition on admission using the Malnutrition Universal Screening Tool (MUST). The risk of becoming malnourished during their stay is then reviewed weekly through re-screening. All patients whose MUST Assessment generates a score of one or more at any point in their stay will have a nutrition care plan put in place. Children in the hospital are nutritionally screened using the paediatric Yorkhill Malnutrition Score.

Goal: 95% of adult patients to receive a nutrition risk assessment within 24 hours of admission to all wards.

By when: March 2014

Actual outcome: **CLOSE TO TARGET** - full and proper completion of the MUST assessment was documented in the patient notes in 83% of the cases audited between April 2013 and March 2014 (sample size of 382 patients). Whilst this does not meet the target, use of the completed tool has improved from last year when 66% of notes audited had a completed MUST assessment documented.

Improvements made

- timely completion of the nutritional assessment documentation in a greater proportion of patients. In 91% of cases audited, patients were weighed and had their weight documented;
- the commencement of 'drop in' training sessions has enabled multi-disciplinary provision of a wide range of sessions regarding what good nutritional care looks like;
- nurse training continues to be mandatory on induction and again at further training and a Food Issues Group (FIG) webpage has provided resources relating to nutrition;
- further expansion of the Dining Companion Programme has enabled us to recruit more volunteers who help support and encourage patients who have difficulty eating; and
- the audit programme has been adapted to include more wards each month; this allows us to visit each ward a number of times within the year.

Further planned improvements

- the provision of bespoke Malnutrition Universal Screening Tool (MUST) training on targeted wards;
- revision of the Safety Beverage Sheet in direct response to highlighted risks will reinforce the importance of correct fluid texture modifications for our 'at-risk' patients;
- the Nutrition Nurse Specialist and the practice-based educators will work in partnership to deliver a coordinated approach to the use of MUST;
- to use the Food Issues Group (FIG) webpage as a way to directly involve staff with nutrition-related topics and continued education of MUST in response to user feedback at ward level;
- Ward Accreditation of aspects of nutrition and purchasing dementia-friendly crockery; and
- re-emphasis on the role of the nutrition nurse or nutrition healthcare assistant link worker to help implement screening and other nutrition initiatives on the ward.

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National Safety-Thermometer incorporating VTE, pressure ulcers, falls and catheter-associated urinary-tract infections

The National Safety Thermometer is an acknowledged improvement tool for measuring and analysing patient harms and harm-free care; the Trust first started using it during 2012-13. The Tool focuses on the measurement of four harms: pressure ulcers; falls; catheter-associated urinary-tract infections; and venous thromboembolism (VTE). The measurement includes an assessment at the point-of-care for each patient of the four harms on a given day each month.

Goal:

- A. 95% of patients to be harm-free (hospital-acquired harms).
- B. Achieve the national CQUIN target for reduction in pressure ulcers.
- C. To be in the top 20% of acute trusts for the percentage of hospital-acquired harms.

By when: March 2014

Actual outcome:

- A. **TARGET ACHIEVED** - 98.5% of patients assessed as harm-free (hospital-acquired harms).
- B. **TARGET ACHIEVED** - the national CQUIN target for reducing pressure ulcers was achieved in quarters one, three and four. In quarter two, the Trust reported 2.0% hospital-acquired harms relating to pressure ulcers compared to the CQUIN target of 1.2%.
- C. **TARGET ACHIEVED** - UHSM is within the top 20% of acute hospital trusts for in terms of the lowest percentage of hospital-acquired harms.

Improvements made

- excellent staff awareness of the Safety Thermometer across the organisation recognised by visiting assessor;
- robust validation of data completed each month to enable the submission of accurate numbers of harms and provide learning by working in partnership with specialist nurses and matrons across the organisation giving immediate feedback to areas;
- investigation tools developed and regularly used to review any harm caused, putting actions in place to address and learn from any omissions in care; and
- increased reporting of harms via the incident-reporting system due to increased awareness of harms and staff education.

Further planned improvements

- a Maternity Safety-Thermometer is being developed nationally to measure outcomes in maternity care from the perspective of the woman and her baby. UHSM is participating in its development and will be a pilot site;
- the Trust will also continue with the Medication Safety-Thermometer as part of the 2014-15 CQUIN programme; information will be collected from medical and surgical wards as well as in the community;
- learning from all harms - old and new - and giving feedback to care facilities in the community if patients are admitted to UHSM with a pressure sore;
- collecting Safety Thermometer information within all of the community settings; and
- increasing the education of staff about prevention of harms and incorporating the principles into the Ward Accreditation assessments.

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The World Health Organization's (WHO) Surgical Safety Checklist

The World Health Organization (WHO) launched the Surgical Safety Checklist in 2008 to improve patients' safety with a systematic process of checks to prevent harm before, during and after surgery. The process was re-launched in 2012 and now includes a 'Team Brief' at the start of every patient list and follows a three-part, patient-specific checklist, which confirms: *patient identity; correct site and side; patient consent; patient allergies and medical conditions; VTE prevention; surgical team 'time-out' and instrument counts*. The ultimate goal is to improve surgical and procedural outcomes and minimise the risk of incidents occurring in the theatre environment.

Goal:

- A. No surgical Never Events.
- B. Introduce a de-briefing session across 100% of all operating theatre lists.

By when: March 2014

Actual outcome:

- A. **TARGET NOT ACHIEVED** - two surgical Never Events were reported in the twelve months to March 2014. In 2013-14, two Never Events were reported compared to zero Never Events in the previous year.
- B. **INITIATIVE IS ONGOING** - following an internal review by the internal auditors KPMG, in June 2013, a number of recommendations were implemented, which superseded the planned implementation of a theatre list de-brief, however this will be considered as part of the 2014-15 work plan around safer surgery.

Improvements made

- revision of WHO Safer Surgery Checklist - following engagement with consultant surgeons and anaesthetists, a revision was made to streamline the Checklist, which has been distributed across all theatre suites;
- introduction of Theatre User Group - established in Acute-Block, F-Block/ ENT, the Treatment and Diagnostic Centre (TDC) and Cardiac theatres. The purpose of this group is to provide feedback on significant hospital incidents and discuss any compliance issues;
- escalation process - following a revision of the escalation process, this was disseminated to all theatre staff/ users and a laminated copy is displayed within all theatres;
- monthly audit - monthly audit of compliance continues within all theatre suites, which now incorporates theatres at Withington Community Hospital, the Radiology Interventional Suite and the Catheter Laboratories; and
- Team Brief board - in consultation with the consultant surgeons and anaesthetists a Team Brief board has been developed to achieve a standardised approach to brief theatre teams prior to commencement of a theatre list so that all members of the team are fully informed about the patients and procedures. The board is currently being piloted in Acute Theatre 3 and maternity theatres and following an evaluation at the end of April 2014, Team Brief boards will be installed in all theatres.

Further planned improvements

- full implementation of Team Brief boards across all theatre areas by September 2014;
- achieve an audit standards completion target of above 90% for the Surgical Safety Checklist in all theatre and interventional areas;
- monthly audits to continue to assure of compliance across all theatre and interventional areas; and
- introduction of a de-brief session across all theatre areas.

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Nursing Indicators, Clinical Rounds and Essence of Care

Chief Nursing Officer, Jane Cummings, launched the national Nursing Strategy '*Compassion in Practice: Nursing, Midwifery and Care staff: Our vision and strategy*' in 2012. The UHSM Nursing and Midwifery Strategy 2013-14 is aligned to the National Nursing and Midwifery Strategy and incorporates the value and behaviour work widely known as the 6 Cs: *Care, Compassion, Competence, Communication, Courage and Commitment*. Work programmes were developed to deliver the fundamental values of the UHSM Nursing and Midwifery Strategy and the 6 Cs; a selection of which are included in the improvements section below.

Goal:

- A.** Review the clinical rounds documentation to include the 6 Cs strategy for UHSM.
- B.** Incorporate clinical rounds for community services and community practitioners.
- C.** Audit the impact of care and communication rounds.

By when: March 2014

Actual outcome: **Goals A, B and C** have all been superseded by the Trust's Ward Accreditation Scheme.

Improvements made

- mock Keogh-type review conducted with twenty-two external assessors leading to identification of areas for development (staffing and attention to detail) and action plans developed to support improvements;
- as a member of the 'Open and Honest Care: Driving Improvement' Programme, we continue to work with patients and staff to provide open and honest care, and through implementing quality improvements, further reduce the harm that patients sometimes experience when they are in our care. We have made a commitment to publish safety and patient experience performance data on our webpage, on a monthly basis;
- competency-based interviewing based on the 6 Cs and development of Agenda for Change Band 2 to 7 nurse competencies have been incorporated into all nursing, midwifery and healthcare-assistant interviews; and
- the Band 6 Leadership Development Programme has been successfully introduced.

Further planned improvements

- develop and implement a Ward Accreditation Scheme across the acute wards in the hospital to improve the patient experience and patient safety, and provide a level of assurance about the quality of care and standards on our wards;
- implement the ten national recommendations from the Francis Report to support safer staffing;
- develop a customer-care plan for the Trust;
- set up a monthly review of the quality of complaints, including a Complaint Review Panel chaired by a Non-executive Director;
- implement the actions of the 2014-15 Nursing and Midwifery Strategy; and
- review the clinical-round process for acute and community services; clinical rounds involve the senior nursing team visiting the wards to speak to patients and staff to ensure that patient care and safety is at the heart of everything we do.

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Productive Theatre Programme and Outpatients

The aim of the Productive Operating Theatre Programme is to enhance the patient experience and outcomes with improved safety and reliability of care, improved team performance as well as value and efficiency. The aim of the Outpatient Improvement Programme is to improve clinic productivity and improve communication to patients and this will be achieved by ensuring available appointments are offered to patients within agreed timeframes.

Goal:

- A.** Deliver the scheduling improvement work stream of the Productive Theatre Programme.
- B.** Increase theatre utilisation to 90%.
- C.** Achieve an overall Did-Not-Attend (DNA) rate of 7.5%.
- D.** Increase the outpatient-utilisation rate to 90%.

By when: March 2014

Actual outcome:

- A. TARGET ACHIEVED** - the scheduling work stream of the Productive Theatre Programme has been implemented.
- B. CLOSE TO TARGET** - 89% in quarter four (2013-14).
- C. CLOSE TO TARGET** - 7.7% in quarter four (2013-14).
- D. CLOSE TO TARGET** - 87% in quarter four (2013-14).

Improvements made (Productive Operating Theatre Programme)

- enhanced patient environment resulting in positive patient feedback in theatre recovery;
- the introduction of safety-awareness calendars, which capture risks and issues in real-time, has ensured that risks are identified, recorded and addressed;
- improved organisation of stock rooms, clinical areas and designated areas for all clinical equipment and consumables leading to a reduction in avoidable cancelled operations; and
- multi-disciplinary handover documents aligned with the Enhanced Recovery Pathway, which has improved internal communication between theatres and wards.

Further planned improvements (Productive Operating Theatre Programme)

- embed a culture of continuous improvement; and
- further increase theatre productivity through the development of a suite of information reports and partnership working with surgeons, anaesthetists, specialty leads and managers.

Improvements made (Outpatients)

- increased coverage of the Call Reminder Service, resulting in patients being contacted seven days prior to their appointment;
- reviewed resources in the Outpatient Contact Centre to ensure improved accessibility for patients and improved processes on scheduling appointments; and
- increased partial booking of follow-ups to ensure slots are utilised and patients are offered a choice of appointment date and time, which is convenient to them.

Further planned improvements (Outpatients)

- develop a communication/ marketing strategy, both internally and externally, for the organisation, with assistance from clinical commissioning groups;
- review the Internet page in order to allow patients to amend their appointments online;
- review the Call Reminder Service for patients with the highest non-attendance rate; and
- develop an outpatient dashboard of performance indicators as part of the Outpatient Department Productivity Scheme to identify clinics which remain under-utilised.

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Gaining feedback from patients and responding to patient feedback

During the past year we have continued to actively listen to our patients and strive to improve our services. The Friends and Family Test has been introduced for our inpatients, patients attending the A&E department as well as patients accessing our maternity services. We have received a great deal of positive feedback. Work is now underway with teams looking at how we can improve further. Intensive training has started in three pilot clinical areas looking at all of the patient and family feedback including complaints; action plans have been devised with the staff. The Patient Video Stories Project has continued to collect meaningful patient stories.

- Goal:
- A. At least 90% of complaints responded to within the agreed timescale.
 - B. Implement the third year of the 'Patient Care at Our Heart, it's 'Everyone's Responsibility' strategy.
 - C. Achieve the national CQUIN relating to the Friends and Family Test.

By when: March 2014

- Actual outcome:
- A. **CLOSE TO TARGET** - 87% of formal complaints were responded to within the time-frame agreed with the complainant in 2013-14, although performance of over 90% has been achieved in the past five months to March 2014.
 - B. **TARGET ACHIEVED** - the third year of the 'Patient Care at Our Heart, it's 'Everyone's Responsibility' Strategy was achieved; key elements of the strategy have been incorporated into the Nursing and Midwifery Strategy.
 - C. **TARGET ACHIEVED** - the CQUIN for the Friends and Family Test has a number of elements. The first element is for the phased expansion across maternity services, which has been achieved. The second element is a improved combined response rate for quarter 4 of over 20%, which was also achieved.

Improvements made

- complaints-investigation training is now offered throughout the hospital, providing staff with practical skills for dealing with complaints effectively;
- chaired by a Non Executive Director, a monthly Complaint Review Panel has been established to review complaints and critically-analyse issues raised by complainants;
- the Patient Video Stories Project continued to listen to and learn from patients and their families' experience of healthcare during 2013-14. These video stories are shown from Board-level to ward-level. Video stories have been shown to the Board of Directors on a monthly basis since March 2013. The films have also been used in a number of training sessions, including the complaint-investigation training;
- the Care Companions Project, which offers a befriending service to our patients who do not have visitors at visiting times, was launched on two pilot wards; and
- bedside information folders have been introduced across the hospital, next to every bed, giving patients and their families access to essential information.

Further Planned Improvements

- the Patient Advice and Liaison Service (PALS) will move location to the front of the hospital, to improve access for patients and their families;
- a 24-hour, seven-days-a-week emergency helpline is to be launched for all inpatients; and
- all staff will receive training to help them to deal with informal complaints; this training will include customer-care skills.

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Treating patients with dignity and respect

UHSM remains committed to ensuring that men and women do not share sleeping accommodation except when it is in the patient's overall best interest or reflects their personal choice. Maintaining privacy and dignity for patients is a fundamental part of care and treatment and is a key priority for UHSM. The Trust monitors patients on a daily basis to make sure that there are no mixed-sex accommodation breaches.

Goal: A. Zero mixed-sex accommodation breaches.

By when: March 2014

Actual outcome: A. **CLOSE TO TARGET** - we reported fourteen mixed-sex accommodation breaches in 2013-14, which represents a 58% improvement on 2013-14.

Mixed-sex accommodation breaches were reported in the Acute Intensive Care Unit and the Cardiothoracic Critical Care Unit during 2013-14. The breaches occurred when patients were deemed medically fit to be nursed and managed on the ward, but could not be transferred out of critical care in a timely fashion due to the unavailability of ward beds. High levels of urgent-care demand were a contributory factor in the fourteen mixed-sex accommodation breaches.

Improvements made - Patient Feedback

- monthly patient feedback is received from the patient surveys, which are carried out every month, about sharing sleeping areas or bathroom facilities with patients of the opposite sex. In 2013-14 one hundred per cent of patients responded 'no' to the question "*When you were admitted to a bed on a ward did you ever share a sleeping (e.g. bay or room) with patients of the opposite sex?*";
- no formal complaints were received about mixed-sex accommodation during 2013-14; and
- the National Inpatient Survey results continue to be positive in relation to maintaining patients' privacy and dignity with a score of 90% over the last five years.

Improvements made - Patient-led Assessments of Care

UHSM scored well above the national average of 88.9% for privacy and dignity, and wellbeing in the Patient-led Assessments of Care (PLACE) during 2013-14; the acute hospital site scored 95.6%, and Dermot Murphy scored 97.6%. Buccleuch Lodge, however, scored just below the national average at 87.3%. Action plans have been put in place to improve compliance in preparation for the 2014-15 assessment.

Further planned improvements

- SmartBoard technology is now in place on the critical-care units and work is underway to enhance and support the current mixed-sex accommodation escalation process; and
- changes made to the bed-management processes, in relation to the escalation of mixed-sex accommodation breaches, will be reflected in the SmartBoard technology.

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Dementia

UHSM's guiding principle is to deliver high-quality person-centred care to people with known or suspected dementia. 'Living well with dementia: The National Dementia Strategy' (2009) outlined key actions to improve the quality of life for people with dementia and their carers. From this national lead, UHSM identified three aims: deliver patient-centred care that supports people with known or suspected dementia and their carers; develop a highly-skilled dementia-aware workforce; and become a dementia-friendly organisation.

- Goal:
- A. Further develop the three-year health-economy strategy for dementia care.
 - B. Implement a dementia training strategy.
 - C. Improve the hospital environment to support dementia-friendly wards.

By when: March 2014

Actual outcome

- A. **INITIATIVE IS ONGOING** - guidelines for dementia care have been completed, as has the local dementia strategy.
- B. **INITIATIVE IS ONGOING** - a multi-faceted training programme has been implemented, offering several levels of training, from basic awareness to degree modules. The nationally-recognised Dementia Friends Initiative was successfully introduced to the Trust with more than 300 Dementia Friends recruited so far.
- C. **INITIATIVE IS ONGOING** - in August 2013 the Trust was successful in a £1m bid for Department of Health and King's Fund monies to improve the care environment for patients with dementia. Ward environment changes have focused on:
 - *Orientation*: replacing notice boards with artwork to create a calmer environment.
 - *Way-finding*: improved signage.
 - *Meaningful activity*: reminiscence therapy and care-companion pilot.

Improvements made

We continue to identify all patients over the age of 75 years who are admitted as an emergency and ask them if they are concerned about their memory. Anyone who is concerned is briefly assessed with a view to referral for more specialist investigation. This case-finding programme continues to surpass its nationally-set targets. We are actively sending out surveys after discharge to patients with dementia and their carers.

Further planned improvements

- implement the UHSM Dementia Strategy;
- explore ways of improving the response rates from the patient care carer survey;
- develop the Psychiatric Liaison Service following the Rapid Assessment Interface and Discharge (RAID) model to reduce admissions, improve care for people in hospital and assist safe discharge; and
- collaborate with GPs and community groups on an integrated-care pathway to ensure seamless care between the community and hospital for people with dementia.

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Staff feedback and engagement

UHSM recognises that the organisation's goals can only be achieved through the contribution of colleagues, both individually and collectively. It is fundamental to UHSM's success to create a positive environment that maximises the individual and collective discretionary effort. The way we behave, the way we lead and the way we communicate and engage with our colleagues plays significant role in creating the right climate.

- Goal:
- A. Facilitate focus and listening groups and continue to develop approaches to engage colleagues.
 - B. Conduct and analyse the annual staff survey.
 - C. Ensure that colleagues understand the vision and direction of the organisation and their contribution to it.
 - D. Continue to embed the South Manchester Way to maintain a positive work environment for all and to drive a high-performance culture.

By when: March 2014

Actual outcome:

- A. **TARGET ACHIEVED** - the UHSM Working Together discussion groups ran from July to September 2013 and allowed our staff to share what improvements would be important to them. The feedback has helped inform a number of changes that were identified as important to staff.
- B. **TARGET ACHIEVED** - the NHS Staff Survey results were shared with the Board of Directors in March 2014. Action plans will be developed with individual departments around key areas such as equality and diversity, the staff appraisal process and health and wellbeing.
- C. **INITIATIVE IS ONGOING** - several communications have been issued on the future vision of the organisation via monthly Team Brief communications, podcasts and a weekly bulletin.
- D. **INITIATIVE IS ONGOING** - the South Manchester Way values are currently being reviewed and revised and a UHSM Steering Group is being set up and led by the Chief Nurse.

Improvements made

- the appraisals process was reviewed and now includes online recording, a suite of supporting documentation and revised paper work;
- this year saw a rise in appraisal compliance to 84%, exceeding the Trust's target of 82%;
- Staff Survey results showed improvements in several areas: appraisal compliance; a reduction in work-related stress; and an increase in staff recommending the Trust; and
- there is an open invitation for staff to become UHSM Change Champions, which involves leading changes, small or large, which have been raised as issues by colleagues.

Further planned improvements

- leadership and management development programmes are currently being scoped in order to continue to build the skill base of our employees;
- a Quality Pulse Survey will ask our staff whether they would recommend the hospital as a place to work and as somewhere for friends and family to receive care; and
- the South Manchester Way values will be refreshed.

Commissioning for Quality and Innovation (CQUIN)

The Commissioning for Quality and Innovation (CQUIN) payment framework was introduced in 2009 to enable commissioners to reward excellence, by making a proportion of providers' income conditional on achieving local quality-improvement goals. The UHSM scheme for 2013-14 comprised national, regional and local topics with specialist commissioning elements also included.

National topics: the Friends and Family Programme, reducing newly-acquired pressure ulcers, improvement of venous thromboembolism risk assessment, and care of patients with dementia.

Regional topics: Advancing Quality Programme, chest pain admissions, participating in the Academic Health Sciences Network, implementation of the Medication Safety-Thermometer, alcohol abuse presenting to the Emergency Department and adoption of a Greater Manchester-wide policy for homeless patients.

Local topics: continence care, end-of-life care, the Enhanced Recovery Programme, stroke care and safety improvement projects on abnormal results and the Trust's mortality review process.

Specialist commissioning: national clinical data, national clinical governance network activity, cardiac surgery within seven days of referral, neonate retinopathy targets, patient experience for patients with rare cancer and in meeting surgical guidelines for trauma leg-fracture management.

To date, the Trust estimates that it will receive approximately 95% of the total value of the CQUIN payment in 2013-14. UHSM has worked closely with commissioners during the last year to develop and influence, at an early stage, the 2014-15 CQUIN schemes. As in previous years, some topics will be carried forward.

Nationally mandated topics include:

- deliver the Friends and Family Test Programme (both patient and staff);
- national Safety Thermometer goal to reduce the number of pressure ulcers; and
- caring for patients with dementia and understanding and improving the carer experience.

Greater-Manchester commissioner topics include:

- design and introduce ambulatory-care pathways;
- develop Greater Manchester guidelines and demonstrate improvements in the quality of care for patients with learning difficulties;
- review and improve care for patients at risk of dehydration and malnutrition;
- early recognition and intervention for deteriorating patients; and
- review advancing quality topics and adopt new ones, including chronic obstructive pulmonary disease.

Local topics include:

- continue use of the Medication Safety-Thermometer across medical and surgery specialties, plus community services;
- implement improvements for the care of patients with sepsis;
- audit the Enhanced Recovery Programme (thoracic and benign-gynaecology pathways);
- deliver the Ward Accreditation Programme.

Specialist commissioning topics include:

- develop and implement a specialist burns-injury clinical dashboard;
- continue progress in 'seven day referral to surgery' target for cardiac surgery;
- successfully participate in national clinical governance network activity;
- demonstrate improvements in multi-disciplinary teamwork for new limb amputees;
- assess and act on patient reported outcomes for new lower limb prosthesis;
- evidence improved rates of participation in clinical trials; and
- submit routine data for data books / clinical dashboards.

4.2.2 Performance against key National Priorities in 2013-14

UHSM achieved a further significant reduction in cases of *Clostridium difficile* (36 cases compared with 46 in 2012-13). Unfortunately, the Trust reported four MRSA bacteraemia in 2013-14, having reported one in each of the previous two years. Two of the four MRSA bacteraemia were classified as 'avoidable'; the Trust is developing an action plan designed to improve performance in 2014-15. The thresholds for next year (2014-15) are challenging, with a threshold of zero MRSA bacteraemia and of 39 cases of *Clostridium difficile*.

During the same period, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients and met all the national cancer targets.

The Trust did not meet the emergency four-hour waiting time in 2013-14, as a consequence of under-performance in quarters three and four of the year. During 2013-14, the Trust experienced a growth in A&E attendances and a significant increase in the volume of emergency admissions (particularly during the last five months of the financial year). This change led to a significant increase in demand for inpatient beds, particularly in quarters three and four. UHSM, in collaboration with its local health-economy partners, is developing an action plan to address performance, which is designed to return the Trust to compliance by June 2014.

Table 4.3: UHSM performance against key national priorities in 2013-14, and specifically, governance indicators published in Monitor's *Risk Assessment Framework 2013-14*

| Indicator | 2013-14 | 2012-13 | 2011-12 | Threshold ^(a) |
|--|---------|---------|---------|---|
| <i>Clostridium difficile</i> year-on-year reduction | 36 | 46 | 54 | 36 in 2013-14 49 in 2012-13 64 in 2011-12 |
| MRSA - meeting the MRSA objective ^(b) | 4 | 1 | 1 | 0 in 2013-14 3 in 2012-13 3 in 2011-12 |
| Maximum one month wait for subsequent treatment of all cancers: | | | | |
| surgery | 98.6% | 97.6% | 98.5% | 94.0% |
| anti-cancer drug treatment | 100.0% | 100.0% | 99.4% | 98.0% |
| Maximum two month wait from referral to treatment for all cancers ^(c) : | | | | |
| from urgent GP referral to treatment | 87.3% | 87.8% | 88.4% | 85.0% |
| from consultant screening service referral | 98.4% | 97.5% | 98.0% | 90.0% |
| 18-week referral-to-treatment maximum wait: ^(d) | | | | |
| Non-admitted patients | 97.7% | 97.3% | 97.3% | 95.0% |
| Admitted patients | 91.8% | 93.0% | 91.4% | 90.0% |
| Patients on an incomplete pathway | 95.1% | 94.9% | N/A | 92.0% |
| Maximum one month wait from diagnosis to treatment for all cancers | 97.7% | 97.6% | 98.3% | 96.0% |
| Two week wait from referral to date first seen: | | | | |
| all cancers | 97.3% | 96.9% | 95.6% | 93.0% |
| for symptomatic breast patients (cancer not initially suspected) | 98.5% | 96.7% | 93.2% | 93.0% |
| Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge | 94.3% | 92.3% | 95.8% | 95.0% since June 2010 |
| Access to healthcare for people with a learning disability | 83.3% | 95.8% | 94.7% | no threshold published |

Notes to Table 4.3:

- (a) threshold for achievement of the national standard;
- (b) the Department of Health target is zero; this target is no longer part of Monitor's *Risk Assessment Framework*;
- (c) reporting of the national 62-day cancer standards is according to the Greater Manchester and Cheshire Cancer Network's (GMCCN) breach re-allocation rules from October 2011. Prior to

- October 2011, the 62-day cancer standards were reported using the national Cancer Waiting Times (CWT) database; and
- (d) the 18-week referral-to-treatment maximum wait for patients on an incomplete pathway was introduced in 2012-13.

4.2.3 National Benchmarking of specific Quality Indicators

The *NHS Outcomes Framework 2013-14* sets out the high-level national outcomes which the NHS should be aiming to improve. UHSM has benchmarked the following quality indicators against the national average for NHS acute trusts in England, where the data is available, for the last three reporting periods (see *Table 4.4*):

- Summary Hospital-level Mortality Indicator (SHMI);
- Patient Reported Outcome Measures (proms);
- emergency re-admissions within 28 days of being discharged;
- responsiveness to the personal needs of inpatients;
- staff recommending the Trust as a provider of care (to their friends or family);
- Friends and Family Test for inpatients and patients attending A&E;
- risk assessment of venous thromboembolism (VTE);
- *C. difficile* infection rate per 100,000 bed days; and
- patient safety incidents that result in severe harm or death.

It is important to note that whilst these indicators must be included in the Quality Account, the most recent national data available for the reporting period is not always the most recent for the financial year. Where this is the case the time period used is noted underneath the indicator description.

DOMAIN: PREVENTING PEOPLE FROM DYING PREMATURELY

Summary Hospital-level Mortality Indicator (SHMI)

The Summary Hospital-level Mortality Indicator (SHMI) is a measure of mortality developed by the Department of Health, which compares our actual number of deaths with our predicted deaths; each hospital is placed into a band based upon their SHMI.

UHSM NHS Foundation Trust considers that this data is as described and reflects the focus that the organisation gives to reducing mortality and also the fact that improvements can be made. The Trust has taken the following actions to improve this rate, and so the quality of its services, by undertaking a number of actions in 2013-14 that focused on reducing harm (and many of these are detailed in this Quality Account). The data provided in *Table 4.4* shows a gradual improvement in the Trust's SHMI and UHSM expects this trend to be observed in 2014-15 as the organisation continues to focus on mortality and to improve patient care, through the further development of the mortality-review process.

Palliative care coding

UHSM NHS Foundation Trust considers that this data accurately reflects the level of palliative care provided by the Trust. The Trust continues to take the following actions to improve this percentage, and so the quality of services, by carrying out audit and training for palliative-care coding, so that all stakeholders are assured that mortality indicators (such as SHMI) are as valid as possible.

DOMAIN: HELPING PEOPLE TO RECOVER FROM EPISODES OF ILL HEALTH OR FOLLOWING INJURY

Patient Reported Outcome Measures (PROMs)

Patient Reported Outcome Measures (PROMs) assess the quality of care delivered to NHS patients from the patient's perspective. Currently covering four clinical procedures, PROMs measure a patient's health-related quality of life after surgical treatment using pre-operative and post-operative surveys. Although pre-operative questionnaires are generally completed at the time of the operation, post-operative questionnaires are not sent out to patients until a significant period after the operation occurs to ensure that there is a period of time where the patient can see a change in their condition.

UHSM NHS Foundation Trust considers that this data is as described. The Trust continues to take the following actions to improve this outcome, and so the quality of its services, by working closely with a third-party supplier to review the processes for issuing and collecting pre-operative and post-operative PROMs questionnaires to ensure the highest possible participation rate for each procedure.

Emergency re-admissions within 28-days of being discharged

UHSM NHS Foundation Trust considers that this data is as described. The Trust intends to take the following actions to improve this percentage, and so the quality of its services, by conducting a clinically-led audit, in collaboration with its various commissioners, during 2014-15, in order to understand the reasons for re-admissions. A health-economy action plan, designed to reduce the volume of patients requiring re-admission to hospital, will then be developed. The Trust will be making significant improvements to its community services in 2014-15 and will also be working with its partners to integrate care across the health economy. The Manchester Health and Well-being Board have approved a blueprint for the 'Living Longer, Living Better' Programme, which sets out the ambition to build out-of-hospital services and to shift care from acute hospitals. Reduced re-admissions is one anticipated benefit of such programmes of work.

DOMAIN: ENSURING THAT PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE

Responsiveness to inpatients' personal needs

UHSM NHS Foundation Trust considers that this data is as described. The results for the National Inpatient Survey for 2013 are similar to previous years' results. UHSM is aligned to the national average scores. The Trust continues to take the following actions to improve this score, and so the quality of its services, by developing a number of work streams in the area of patient, family and carer experience. Ward Accreditation will set standards and drive quality, also ensuring UHSM is open and honest regarding the safety and quality of the care that can be expected. UHSM will listen and continue to learn from its patients, families and carers.

Staff who would recommend the Trust to friends or family

UHSM NHS Foundation Trust considers that this data is as described because it is derived from a confidential questionnaire that was issued via an external agency to eight hundred randomly-selected staff members. UHSM has taken the latest score to be a positive reflection that our staff would choose to recommend the organisation as a trusted place to receive treatment for their friends and family.

Friends and Family Test for inpatients and A&E

UHSM NHS Foundation Trust considers that this data is as described because other patient-experience methodology highlights equivalent results and qualitative comments. The Friends and Family Test Net Promoter Score is significantly higher than the national average for both inpatients and patients attending the A&E department. UHSM continues to take the following actions to improve this score, and so the quality of its services, by increasing the focus on patient experience and using the feedback to identify learning and opportunities for improving services for our patients.

DOMAIN: TREATING AND CARING FOR PEOPLE IN A SAFE ENVIRONMENT AND PROTECTING THEM FROM AVOIDABLE HARM

Risk assessment of Venous Thromboembolism

UHSM NHS Foundation Trust considers that this data is as described. The Trust continues to take the following actions to improve this percentage, and so the quality of its services, by developing and monitoring systems for ensuring that patients receive risk assessment to prevent Venous Thromboembolism (VTE). Monitoring compliance with Venous Thromboembolism risk assessment remains a key element of the monthly Safety-Thermometer Programme.

Clostridium difficile incidence

UHSM NHS Foundation Trust considers that this data is as described because data from the pathology reporting system is validated on a monthly basis against the record of positive samples that are reported on the Public Health England data-capture system. The validated data is signed off by the Chief Nurse, on behalf of the Chief Executive, before the fifteenth day of each month when the data-capture system is locked down.

The Trust continues to take the following actions to improve this rate, and so the quality of its services, by reviewing and revising our extensive *Clostridium difficile* Infection (CDI) action plan and newly-developed antimicrobial action plan, as well as delivering a robust audit programme for 2014-15 to support achievement of the objective of thirty-nine CDIs in the coming year.

Patient safety incidents

UHSM NHS Foundation Trust considers that this data is as described because a systematic approach to reviewing and categorising harm incidents has been developed within the Risk and Governance Team, at UHSM. When comparing the local Trust data with that of the National Reporting and Learning System (NRLS), UHSM has identified a discrepancy of four incidents between the two data sets, i.e. 17 incidents categorised as severe permanent harm/ death locally by UHSM compared to 13 incidents reported nationally in the NRLS data. NHS England has advised that the discrepancy of four incidents is because four of the incidents occurred prior to April 2013 and, therefore, would not be included in the NRLS data for this time period.

UHSM continues to take the following action to improve the percentage and incident numbers, and so the quality of its services, by developing, monitoring and promoting the systems for reporting and learning from incidents.

Table 4.4: national benchmarking of UHSM's performance for selected indicators from the *NHS Outcomes Framework*

| Domain | Indicator | 2013-14 | National average | Best performer | Worst performer | 2012-13 | 2011-12 |
|--|---|---|---|--|--|---------|---------|
| Preventing People from dying prematurely | SHMI value and banding (October 2012 to September 2013)* <i>see note (a)</i> | 0.947 Band 2 (<i>as expected</i>) | 1.0 Band 2 (<i>as expected</i>) | The Whittington Hospital (SHMI value: 0.630) Band 3 (<i>better than expected</i>) | Wye Valley NHS Trust (SHMI value: 1.186) Band 1 (<i>worse than expected</i>) | | |
| | (July 2012 - June 2013)* | 0.978 Band 2 (<i>as expected</i>) | 1.0 Band 2 (<i>as expected</i>) | The Whittington Hospital (SHMI value: 0.626) Band 3 (<i>better than expected</i>) | Blackpool Teaching Hospitals (SHMI value 1.156) Band 1 (<i>worse than expected</i>) | | |
| | (April 2012 - March 2013)* | 0.975 Band 2 (<i>as expected</i>) | 1.0 Band 2 (<i>as expected</i>) | The Whittington Hospital (SHMI value: 0.652) Band 3 (<i>better than expected</i>) | Blackpool Teaching Hospitals (SHMI value 1.170) Band 1 (<i>worse than expected</i>) | | |
| | (January 2012 - December 2012)* | 0.991 Band 2 (<i>as expected</i>) | 1.0 Band 2 (<i>as expected</i>) | The Whittington Hospital (SHMI value: 0.703) Band 3 (<i>better than expected</i>) | Blackpool Teaching Hospitals (SHMI value: 1.192) Band 1 (<i>worse than expected</i>) | | |
| Enhancing quality of life for people with long-term conditions | (October 2011 - September 2012)* | 0.998 Band 2 (<i>as expected</i>) | 1.0 Band 2 (<i>as expected</i>) | University College London Hospitals (SHMI value: 0.685) Band 3 (<i>better than expected</i>) | Blackpool Teaching Hospitals (SHMI value: 1.211) Band 1 (<i>worse than expected</i>) | | |
| | % of admitted patients whose treatment included palliative Care (October 2012 to September 2013)* | 11.4% | 20.9% | N/A | N/A | | |
| | (July 2012 - June 2013)* | 12.2% | 20.3% | N/A | N/A | | |
| | (April 2012 - March 2013)* | 13.7% | 19.9% | N/A | N/A | | |
| | (January 2012 - December 2012)* | 13.6% | 19.1% | N/A | N/A | | |
| | (October 2011 - September 2012)* | 16.6% | 18.9% | N/A | N/A | | |
| | | | | | | | |
| | | | | | | | |

| Domain | Indicator | 2013-14 | National average | Best performer | Worst performer | 2012-13 | 2011-12 |
|---|---|--|------------------|---|--|---|--|
| Helping people to recover from episodes of ill health or following injury | Patient reported outcome scores for groin hernia surgery: Case-mix adjusted average health gain (2012-13)* <i>see notes (b) and (c)</i> | 0.083 Count of modelled records = 44 | 0.085 | Ashford and St Peter's Hospitals (0.119) Count of modelled records = 45 | Mid Yorkshire Hospitals (0.021) Count of modelled records = 33 | 0.101 Count of modelled records = 51 (2011-12) | 0.049 Count of modelled records = 45 (2010-11) |
| | Patient reported outcome scores for varicose vein surgery: Case-mix adjusted average health gain (2012-13)* <i>see notes (b) and (c)</i> | 0.132 Count of modelled records = 69 | 0.093 | Doncaster and Bassetlaw Hospitals (0.175) Count of modelled records = 45 | King's College Hospital (0.023) Count of modelled records = 38 | 0.081 Count of modelled records = 34 (2011-12) | Data unavailable (2010-11) <i>see note (c)</i> |
| Helping people to recover from episodes of ill health or following injury | Patient reported outcome scores for hip replacement surgery: Case-mix adjusted average health gain (April - September 2013)* <i>see note (b)</i> | 0.380 Count of modelled records = 72 | 0.438 | Lewisham and Greenwich (0.538) Count of modelled records = 47 | The Whittington Hospital (0.319) Count of modelled records = 34 | 0.400 Count of modelled records = 109 (2011-12) | 0.402 Count of modelled records = 76 (2010-11) |
| | Patient reported outcome scores for knee replacement surgery: Case-mix adjusted average health gain (April - September 2013)* <i>see note (b)</i> | 0.274 Count of modelled records = 82 | 0.319 | Isle of Wight (0.376) Count of modelled records = 137 | West Middlesex University Hospital (0.195) Count of modelled records = 33 | 0.305 Count of modelled records = 135 (2011-12) | 0.270 Count of modelled records = 73 (2010-11) |
| | 28-day readmission rate for patients aged 0-15 (most recent data available for this reporting period is 2011-12)* | 10.50% | 8.65% | The Princess Alexandra Hospital (5.10%) | The Royal Wolverhampton Hospitals (14.94%) | 8.74% (2010-11) | 7.74% (2009-10) |
| | 28-day readmission rate for patients aged 16 or over (most recent data available for this reporting period is 2011-12)* | 11.04% | 10.32% | Weston Area Health (8.73%) | Epsom and St Helier University Hospitals (13.80%) | 11.48% (2010-11) | 11.11% (2009-10) |
| Ensuring that people have a positive experience of care | Responsiveness to inpatients' personal needs: National Inpatient Survey score (2012-13)** | 68.0% | 68.1% | The Newcastle Upon Tyne Hospitals (74.2%) | Croydon Health Services NHS Trust (57.4%) | 68.2% (2011-12) | 70.1% (2010-11) |
| | Percentage of staff who would recommend the provider to friends or family needing care (2013)*** | 80.8% | 64.5% | Salford Royal (88.5%) | Mid Yorkshire Hospitals (39.6%) | 78.7% (2012) | 83.0% (2011) |

| Domain | Indicator | 2013-14 | National average | Best performer | Worst performer | 2012-13 | 2011-12 |
|--|---|--|---|---|---|---|---|
| | Percentage of inpatients who would be likely to recommend the ward to friends and family (April 2013 - March 2014)**** | 80 NPS 28.6% response rate | 71 NPS 28.9% response rate | West Suffolk (Net Promoter Score of 85) 31.7% response rate | Medway (Net Promoter Score of 44) 24.0% response rate | N/A | N/A |
| | Percentage of patients attending A&E would be likely to recommend the A&E department to friends and family (April 2013 - March 2014)**** | 61 NPS 5.8% | 54 NPS 12.9% | The Princess Alexandra Hospital (Net Promoter Score of 80) 19.3% response rate | Medway (Net Promoter Score of 1) 7.5% response rate | N/A | N/A |
| Treating and caring for people in a safe environment and protecting them from avoidable harm | Percentage of admitted patients risk-assessed for Venous Thromboembolism (April 2013 - December 2013)**** | 96.2% | 95.6% | Blackpool Teaching Hospitals (99.7%) | Weston Area Health (80.3%) | 94.0% | 92.3% |
| | Rate of <i>C. difficile</i> per 100,000 bed days for specimens taken from patients aged 2 years and over (Trust apportioned cases) (2012-13)***** <i>see note (d)</i> | 16.6 Count of trust apportioned cases = 46 | 17.3 | South Tyneside (5.5) Count of trust-apportioned cases = 7 | North Tees and Hartlepool (30.8) Count of trust-apportioned cases = 61 | 19.9 Count of Trust apportioned cases = 54 | 29.3 Count of Trust apportioned cases = 81 |
| | Rate of patient safety incidents per 100 admissions (April - September 2013)**** | 8.1 Count of incidents = 3,661 | 7.6 | Wrightington Wigan and Leigh (3.5) Reported 1,539 incidents | Northern Devon Healthcare (17.1) <i>see note (e)</i> | 7.8 Count of incidents =3,467 (April - Sept 2012) | 5.7 Count of incidents =2,540 (April - Sept 2011) |
| | Percentage of patient safety incidents reported that resulted in severe harm or death (April - September 2013)***** | 0.4% Count of incidents = 13 | 0.7% | Yeovil District Hospital (0%) Reported 0 incidents resulting in severe harm or death | Isle of Wight (4.1%) Reported 51 incidents resulting in severe harm or death | 1.0% Count of incidents = 35 (April - Sept 2012) | 0.9% Count of incidents = 23 (April - Sept 2011) |

- * Information obtained from the NHS Information Centre website
- ** Information obtained from the National Inpatient Survey results
- *** Information obtained from the NHS Staff Survey result
- **** Information obtained from NHS England
- ***** Information obtained from the Health Protection Agency
- ***** Data used for comparison is obtained from the National Reporting and Learning System (NRLS) and compares only trusts that are in the Small Acute, Medium Acute, Large Acute and Acute Teaching categories of hospital

Notes to *Table 4.4*

- (a) OD banding: '1' where the trust's mortality is *'higher than expected'*; '2' where the trust's mortality rate is *'as expected'*; and '3' where the trust's mortality rate is *'lower than expected'*.
- (b) Although the latest reporting period available for Patient Reported Outcome Measures (PROMs) is April to September 2013, the number of post-operative questionnaires sent out and returned by the date of publication (February 2014) is below the numbers required to calculate the adjusted average health-gain (i.e. 30 modelled records). For the purposes of this report, the latest reporting period is therefore considered as April 2012 to March 2013.
- The percentages listed identify the percentage of respondents who recorded an increase in their general health following their operation, based on a combination of five key criteria concerning their general health (EQ-5D index score) for each procedure.
- Patient Reported Outcome Measures (PROMs) are reported for primary knee replacements and primary hip replacements. PROMs scores for hip and knee replacement revisions is also published nationally.
- (c) Case-mix adjusted figures are not available for varicose-vein surgery in 2010-11 because the number of modelled records for the Trust (24 records) was less than the 30 records required to calculate the adjusted average health gain.
- (d) For up-to-date *Clostridium difficile* data for the most recent financial year performance, please see the specific Reducing Rates of Infection page within the Quality Account.
- (e) The count of patient safety incidents is not provided because different trusts have reported data for a different number of months.

4.3 Priorities and Proposed Initiatives for 2014-15

UHSM's three priorities for 2014-15: patient safety, clinical effectiveness and improving the patient experience and the initiatives chosen to deliver these priorities were established as a result of extensive consultation with patients, Governors, managers and clinical staff.

- Priority 1** Patient safety
- Priority 2** Clinical effectiveness
- Priority 3** *Improving the Patient experience*

UHSM has discussed its future priorities with South Manchester Clinical Commissioning Group (CCG) and Trafford CCG during 2013-14. The proposed 2014-15 priorities have been shared with, and are supported by, the Governors' Patient Experience Committee. The Trust has taken into account the feedback received on the Quality Account from Manchester Healthwatch and Manchester City Council's Health and Scrutiny Committee when developing its quality improvement priorities for 2014-15.

The following 2013-14 initiatives are not included as initiatives in 2014-15:

- **Recognising and responding to the signs of critical illness** - this will be included in ongoing CQUIN monitoring of sepsis and also within the Trust's 'learning lessons' quality priority;
- **Preventing medication errors** - this will continue to be monitored in the Medication Safety-Thermometer in 2014-15;
- **Nursing indicators, clinical rounds and Essence of Care** - this has been superseded by the Trust's Ward Accreditation Programme;
- **Productive Theatre Programme and Outpatients** - this will be included in the Trust's efficiency programme 'Realising our Potential';
- **Treating patients within dignity and respect** - this is incorporated in the Trust's Ward Accreditation Programme; and
- **Staff feedback and engagement** - this has been included in the Trust's Annual Plan 2014-16 and the Corporate Objectives 2014-15.

4.3.1 Patient Safety Priorities for 2014-15

**Priority
for quality
improvement**

Improve safety and patient experience through ensuring and maintaining safe staffing levels across the Trust and that this information is available to the public

Rationale for selection for this priority

In response to the Francis Report and the government's response to this report ('Hard Truths') the Trust carried out a staffing review and nursing establishments have been reviewed in inpatient areas. This has resulted in commitment from the Board to invest additional monies into some inpatient areas within the Trust. A nursing recruitment strategy and plan has been developed to ensure that nursing posts are recruited to and safe staffing levels are maintained. The Trust has committed to sharing staffing information publically on a shift-by-shift basis.

How progress to achieve this priority will be measured

For each ward, there is a calculated establishment of nurses. Shift-by-shift the expected and actual numbers of staff will be posted on boards on the wards for staff, patients and members of the public to access. A staffing escalation policy has also been developed to ensure that the Trust can monitor and act on incidents where staffing establishments on occasion cannot be met. These incidents will be monitored by the Board on a monthly basis.

How progress to achieve the priority will be monitored

- shift-by-shift data on staffing numbers will be publically available on wards and available to access electronically;
- monthly information will be collated and provided to the Board of Directors on safe staffing numbers; and
- incident data on staffing numbers will also be analysed and reported to the Trust's Quality and Assurance committee within the Trust's learning from experience report.

**Priority
for quality
improvement**

Improve safety and patient experience through reduction in avoidable harm to patients via monitoring of harm-free care and internal monitoring of specific safety metrics

Rationale for selection for this priority

Reducing the incidence of avoidable harm is a key Trust objective. There are a number of indicators that the Trust monitors on an ongoing basis to ensure patient safety. This year, the Trust has selected three specific areas to focus on as part of quality monitoring.

Specific safety areas that have been chosen to monitor reduction of avoidable harm are as follows:

- infection prevention;
- Safety Thermometer and levels of harm-free care across pressures ulcers, falls, catheter-associated urinary tract infections and venous thromboembolism; and
- Safer Surgery Checklist.

How progress to achieve this priority will be measured

Key performance indicators have been established against each of these three key safety priorities, which are as follows:

- meet all infection-prevention targets and see a 10% reduction in *Meticillin-sensitive Staphylococcus aureus* (MSSA) bacteraemia and *E. Coli* bacteraemia;
- be within the top 20% of the National Safety Thermometer and with 98% hospital-acquired harm-free care; and
- full implementation of the Safer Surgery Checklist and to achieve an audit standards completion target of above 90%.

Monitoring will be in the form of auditing and incident reporting.

How progress to achieve the priority will be monitored

Monthly data will be presented to the Board of Directors, as part of the Trust's Integrated Performance Report. Performance on this will also be monitored through divisional performance review processes, and at directorate- and ward-level.

4.3.2 Clinical Effectiveness Priorities for 2014-15

**Priority
for quality
improvement**

Improve the safety and clinical effectiveness of patient care through implementing the 'Learning Lessons Once' Initiative

Rationale for selection for this priority

When Sir Liam Donaldson developed the Clinical Governance Framework for the NHS, he stated *"To err is human, to cover up is unforgivable, and to fail to learn is inexcusable"*. Within healthcare there are times when staff and the Trust's clinical services make mistakes and do not provide optimal care for patients. Key to understanding how these incidents can be prevented in the future is having robust investigation processes and making changes which can prevent recurrence of the same/ similar incidents happening again. This quality priority has been identified with commissioners to look at how we ensure that we learn lessons once when such an incident does happen.

How progress to achieve this priority will be measured

Commissioners have identified the key area of nutrition and hydration across the Trust's inpatient and community services. This is a priority area due to nutrition and hydration being one of the fundamental basics that supports patients to build resilience and improve overall health and well-being. Commissioners have developed a CQUIN around this priority. Within the first quarter of the year, i.e. up to June 2014, the Trust will undergo work to establish a baseline of numbers/ types of incidents involving nutrition/ hydration issues on specific wards and within specific community teams and then improvement metrics will be agreed with commissioners. The Trust is also going to develop its own priority areas by looking at recurrent themes and understanding effectiveness of action planning following on from serious incident investigations.

How progress to achieve the priority will be monitored

A quarterly update, tracking progress against this priority, will be given to the Trust's Quality and Assurance Committee, via receipt of the Trust's newly developed Quality Report, and also an update will be given to commissioners via the Trust's quarterly Quality Monitoring Review meeting.

**Priority
for quality
improvement**

Improve the safety and clinical effectiveness of patient care via the Mortality Review Programme, with an aim of further reduction in mortality indices and feedback from reviews supporting improved practice

Rationale for selection for this priority

In 2013-14, reports received from Dr Foster Intelligence alerted the Board of Directors to an increase in mortality rates from 2012-13. Work commissioned by the Board and led by the Trust's Medical Director, included a review of coding and also appointment of a Clinical Mortality Review Group, so that all deaths were reviewed by a clinical team to look at causes of death and potential preventability. This work has been ongoing since July 2013, so that every death in the Trust has been reviewed and accurately coded. This has demonstrated significant improvement in mortality indices in 2013-14. Whilst the mortality reviews did not evidence that there were significant numbers of deaths that may have been prevented, it did demonstrate learning for staff. This work will continue in 2014-15 to further improve mortality indices and to ensure that lessons from mortality reviews support improvements in practice.

How progress to achieve this priority will be measured

In relation to mortality indices, the agreed measure is to be in the top 30% of acute hospital trusts for mortality (as measured by the Summary Hospital-level Mortality Indicator - SHMI). A more qualitative measurement will be how learning from mortality reviews translates into reflective practice.

How progress to achieve the priority will be monitored

Progress on mortality indices is monitored at the Board and Operational Board meetings on a monthly basis, via receipt of the Trust's Integrated Performance Report. In addition a review of the Mortality Review Process and learning is received at the Clinical Standards Sub-Committee on a bi-monthly basis.

**Priority
for quality
improvement**

Improve the safety and experience of patients through the development of a strategy to support the integrated-care agenda for the frail and elderly

Rationale for selection for this priority

Manchester City Council's Health and Wellbeing Board has approved a blueprint for the 'Living Longer, Living Better' programme, which sets out the ambition to build out-of-hospital services and to shift care from acute hospitals. The overall aim is to deliver excellent community-based co-ordinated care for Manchester people. In response, the South Manchester Integration Summit in November 2013 prioritised the development of the first new model of care for frail older people and adults with dementia, including their end-of-life care, specifically aspiring to ensure:

- delivery of safe care at home;
- one care plan;
- early identification of people with dementia;
- frailty assessment tool;
- hospice model of care for end of life care; and
- integrated information and delivery of services.

How progress to achieve this priority will be measured

Outcomes and performance metrics have been agreed in order to monitor the effectiveness of the partnership working and integrated care pathways. Examples of these are as follows:

- total diverted attendances (includes non-elective and A&E attendances) - 977 in 2014-15;
- number of palliative-care patients with reduced secondary-care usage - 58 in 2014-15;
- avoided long-term care-home admissions (cumulative) - 85 in 2014-15; and
- response times within the community teams for rapid response for both health and social care support to discharge - one-hour non-elective target for all requests for rapid-response support for ambulatory care sensitive conditions,

The priority for the forthcoming year will be measured against progress within the project plan.

How progress to achieve the priority will be monitored

The Health and Wellbeing Board monitors the progress made across the city of Manchester. South Manchester CCG Board and UHSM Board, as well as the South Manchester Integrated Care Board, focus on the locality of South Manchester. Each receives regular reporting to monitor progress against the plans in place to deliver the programme of change.

Within UHSM the Integrated Care Programme Group, as part of the Recovery Programme, monitors the progress made and receives weekly progress report against the project plan actions.

We have also established a provider group within our existing governance arrangements to oversee the implementation of the new care model from an operational perspective. This operational group will include the hospital, social care, community and voluntary sector as providers of services.

4.3.3 Patient Experience Priorities for 2014-15

*Priority
for quality
improvement*

Improve the safety and experience and quality of care on wards via development of a Ward Accreditation Scheme

Rationale for selection for this priority

The aim of a Ward Accreditation process is to improve patient experience and patient safety and provide a level of assurance about the quality of care and standards on our wards. The Ward Accreditation Scheme will involve observing normal activities, checking standards, asking patients about their experience and talking to staff working on the ward, in order to ensure a thorough assessment can be made. Wards will then be accredited as being: 'Gold' - achieving the highest standards, with evidence in the data and evidence of leadership excellence; 'Silver' - achieving the minimum standards, or above, and actively improving with evidence of impact in data; 'Bronze' - achieving minimum standards and undertaking active improvement work. If a ward falls below the minimum standards they will not be awarded accreditation status.

How progress to achieve this priority will be measured

The agreed performance indicator for the Trust is to have piloted the Ward Accreditation Scheme in four wards by the end of June 2014, and rolled out across all wards by the end of December 2014.

How progress to achieve the priority will be monitored

A quarterly update will be given to the Trust's Quality and Assurance Committee tracking progress and shared learning from the Ward Accreditation Scheme. For those wards that fail to meet minimum standards and do not achieve a minimum of a 'Bronze' standard, an action plan will be developed with the Ward Manager in conjunction with the relevant Head of Nursing and monitored by the Divisional Medical Director and the Divisional Director of Operations, reporting into the Trust's Quality and Assurance Committee.

*Priority
for quality
improvement*

Improve the patient experience by utilising patient feedback methods across the hospital and community services, to ensure care and service changes support the needs of patients and carers

Rationale for selection for this priority

Understanding the experience of patients and their relatives/ loved ones is fundamental to identifying areas for improvement, and highlighting good practice, which can be shared across other clinical areas. Listening to patients and people who use/ visit our services provides personal, accurate and timely feedback on the quality and effectiveness of the care that we provide. Encouraging the development of a culture that continuously views care through the eyes of a patient:

- helps to inform key decision making forums, to ensure focus is maintained on improving services for patients;
- helps facilitate better health outcomes for patients;
- improves patient satisfaction; and
- helps the trust to understand the impact of service change.

How progress to achieve this priority will be measured

There are a number of patient experience metrics that have been agreed by the Board of Directors; these are as follows:

- to be within the top 20% of acute hospital trusts for the Net Promoter Score of the Friends and Family Test;
- development of a learning newsletter for colleagues, based on the feedback from patients; and
- reduction in the percentage of complainants who are dissatisfied with our response.

How progress to achieve the priority will be monitored

Monitoring of this priority will be included within the Trust's quarterly Quality Report, which is reported to the Trust's Quality and Assurance Committee.

*Priority
for quality
improvement*

Development of the Trust's Dementia Strategy with the aim of improving the experience of patients with dementia in hospital

Rationale for selection for this priority

UHSM continues with its focus to drive forward the implementation of the National Dementia Strategy - Living Well with Dementia (2009)⁵. Development of the Trust's Dementia Strategy will set the framework for achieving the objectives around service developments, pathway development and environmental improvements with the purpose of UHSM becoming a truly dementia-friendly organisation.

In February 2014, the Trust received an unannounced visit from the Care Quality Commission (CQC), reviewing standards for caring for those with dementia in the Trust. There were a number of positives noted in the review in relation to the progress being made with the dementia programme, but improvements were advised on education and general dementia awareness, provision of mental health support for patients with dementia, and monitoring the quality of services for those with dementia.

How progress to achieve this priority will be measured

There are six key objectives for the Dementia Strategy within the Trust. These are:

- inclusion and empowerment of people with suspected or known dementia and involvement of their carers/ advocates in their care;
- becoming a dementia-friendly organisation;
- developing a highly-skilled dementia-aware workforce;
- to champion improvements in dementia care at all levels of the organisation;
- work in collaboration with partner organisations; and
- actively participate in research and audit to maintain and improve standards.

There will be a strategic action plan to take forward the Dementia Strategy within the Trust and also an action plan to progress improvements required following on from the Trust's CQC visit.

How progress to achieve the priority will be monitored

The Dementia Operational Group will monitor progress with the Dementia Strategy, reporting into the Trust's Clinical Standards Sub-Committee. The CQC action plan will be reported to the Trust's Quality and Assurance Committee.

⁵ Department of Health. (2009). Living Well with Dementia: A National Dementia Strategy. London: Department of Health. Report available at: www.gov.uk

4.4 Statements of Assurance from the Board of Directors

4.4.1 Review of Services

During 2013-14 UHSM provided and/ or sub-contracted 72 relevant health services. The Trust has reviewed all the data available to them on the quality of care in 55 of these relevant health services. The income generated by the relevant health services reviewed in 2013-14 represents 2.1 per cent of the total income generated from the provision of relevant health services by the Trust for 2013-14.

UHSM provided the Care Quality Commission (CQC) with a list of its services as part of its registration process in 2010 and subsequently through the integration of community services in South Manchester, in 2012. This list of services was used as the basis for completing the 'review of services' statement above. The Trust acknowledges that the depth of review of its services is varied, but has chosen to define a 'review of the quality of care' as having participated in one or more of the following reviews:

- clinical audit activity;
- cancer peer review; and
- review of clinical outcome data (e.g. inpatient mortality, re-admissions, etc.).

A summary of the Trust's review of services for each of its 72 services is presented in [Table 4.5](#). 54 of the services were subject to clinical audit activity and 16 services were subject to Cancer Peer Review in 2013-14. Clinical outcome data was reviewed for 48 of the 72 services using the CHKS benchmarking tools.

In addition a number of the Trust's services were subject to external review, inspection or formal external evaluation during 2013-14, as follows:

- | | |
|---|------------------|
| (a) Health and Safety Executive (HSE) Inspection of Withington Community Hospital | (May 2013) |
| (b) Local Supervising Authority for the Statutory Supervision of Midwives | (September 2013) |
| (c) CQC unannounced Inspection of the Cardiac MRI Centre | (October 2013) |
| (d) MHRA Clinical Trials Inspection | (November 2013) |
| (e) National cancer peer reviews | (November 2013) |
| (f) Trust-commissioned 'Mock Keogh' Review | (November 2013) |
| (g) CQC Inspection - Dementia-themed Review | (January 2014) |
| (h) UNICEF UK Baby-Friendly Initiative | (February 2014) |
| (i) Human Tissue Authority (HTA) Inspection | (March 2014) |

The dates in parenthesis (unless stated otherwise) refer to the site visit

A number of Trust-wide external reviews were carried out in 2013-14. These reviews are not considered sufficiently focused to constitute a review of the quality of care for particular services. Nonetheless, they detail reviews which took place in 2013-14 and cover elements of the quality of care across the Trust.

- internal audits carried out in 2013-14 covered, amongst other items: safer-surgery, diagnostic review, mandatory training and quality governance;
- internal PLACE assessments (Patient-led Assessments of the Care Environment) (*quarterly*); and
- national Inpatient Survey carried out in August 2013.

The Trust will use the list of services, provided to the CQC, as the basis for its review of services in future years thus ensuring that each service area is subject to an annual review of its quality of care.

Table 4.5: Summary of the quality of services review, 2013-14

| | Service | Clinical Audit activity | Cancer peer review | Clinical outcome data |
|-----|------------------------------------|-------------------------|--------------------|-----------------------|
| 1. | Active Case Management | ● | | |
| 2. | Allergy | ● | | |
| 3. | Anaesthetics | ● | | ● |
| 4. | Anticoagulant service | ● | | ● |
| 5. | Aspergillosis | ● | | ● |
| 6. | Audiology (non-consultant) | | | |
| 7. | Breast Surgery | ● | ● | ● |
| 8. | Cardiology | ● | | ● |
| 9. | Cardiothoracic Surgery | ● | | ● |
| 10. | Chemical Pathology | ● | | |
| 11. | Clinical Haematology | ● | | ● |
| 12. | Clinical Immunology | | | ● |
| 13. | Clinical Oncology | ● | | ● |
| 14. | Clinical Psychology | | | |
| 15. | Community Continence Care | ● | | ● |
| 16. | Community Heart Failure Service | | | |
| 17. | Community Occupational Therapy | | | |
| 18. | Community Podiatry | ● | | |
| 19. | Community Stoma Care | | | |
| 20. | Community Tissue Viability Service | ● | | ● |
| 21. | Dermatology | ● | ● | ● |
| 22. | Diabetic Medicine | ● | | ● |
| 23. | Dietetics | ● | | ● |
| 24. | District Nursing Service | | | |
| 25. | Ear Nose and Throat | ● | ● | ● |
| 26. | Endocrinology | ● | | ● |
| 27. | Gastroenterology | ● | | ● |
| 28. | General Medicine | ● | | ● |
| 29. | General Surgery | ● | ● | ● |
| 30. | Geriatric Medicine | ● | | ● |
| 31. | Gynaecological Oncology | ● | ● | ● |
| 32. | Gynaecology | ● | | ● |
| 33. | Haematology | ● | ● | ● |
| 34. | Intermediate Care Service | ● | | |
| 35. | Macmillan Service | ● | ● | |
| 36. | Medical Oncology | ● | ● | ● |
| 37. | Midwifery | ● | | ● |
| 38. | Nephrology | ● | | ● |
| 39. | Neurology | ● | ● | ● |
| 40. | Obstetrics | ● | | ● |
| 41. | Occupational Therapy | ● | | |
| 42. | Oral Surgery | ● | ● | ● |
| 43. | Orthodontics | ● | | ● |
| 44. | Orthotics | ● | | ● |
| 45. | Paediatric Cardiology | | | |
| 46. | Paediatric Neurology | | | |
| 47. | Paediatric Surgery | ● | | ● |
| 48. | Paediatric Urology | | | |
| 49. | Paediatrics | ● | | ● |
| 50. | Pain Management | ● | | ● |
| 51. | Palliative Medicine | ● | ● | ● |
| 52. | Pharmacy | ● | ● | ● |
| 53. | Physiotherapy | ● | | ● |
| 54. | Plastic Surgery (including Burns) | ● | ● | ● |
| 55. | Radiology | ● | | ● |

| | Service | Clinical Audit activity | Cancer peer review | Clinical outcome data |
|-----|--|-------------------------|--------------------|-----------------------|
| 56. | Respiratory Medicine | ● | | ● |
| 57. | Rheumatology | ● | | ● |
| 58. | Speech and Language Therapy | | | |
| 59. | Thoracic Surgery | ● | ● | ● |
| 60. | Thyroid | ● | ● | ● |
| 61. | Tier 2 Chronic Obstructive Pulmonary Disease | | | |
| 62. | Tier 2 Falls | ● | | ● |
| 63. | Tier 2 Gynaecology | | | |
| 64. | Tier 2 High Risk Foot Clinic | | | |
| 65. | Tier 2 Musculoskeletal Conditions Service | | | |
| 66. | Tier 2 Pain Clinic | | | |
| 67. | Tier 2 Rheumatology | | | |
| 68. | Transplantation Surgery | ● | | ● |
| 69. | Trauma and Orthopaedics | ● | | ● |
| 70. | Urology | ● | ● | ● |
| 71. | Vascular Surgery | ● | | ● |
| 72. | Voice | | | |

4.4.2 Participation in Clinical Audits

During 2013-14, 38 of national audits and 38 national confidential enquiries covered relevant health services that UHSM provides. During that period the Trust participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in. The national clinical audits and national confidential enquiries that UHSM participated in during 2013-14 are listed in the table that follows.

Table 4.6: The national clinical audit and confidential enquires that the Trust was eligible to participate in during 2013-14

| | Name of audit/ focus area |
|---------------------------------------|---|
| Peri- and Neo-natal | 1. Neo-natal intensive and special care (NNAP) 2. Peri-natal mortality (MBRRACE-UK) |
| Children | 3. Paediatric pneumonia (British Thoracic Society) 4. Childhood epilepsy (RCPCH National Childhood Epilepsy Audit) 5. Diabetes (RCPCH National Paediatric Diabetes Audit) 6. Paediatric asthma (British Thoracic Society) |
| Acute Care | 7. Adult community-acquired pneumonia (British Thoracic Society) 8. Adult critical care (ICNARC CMPD) 9. Cardiac arrest (National Cardiac Arrest Audit) 10. Emergency use of oxygen (British Thoracic Society) 11. Non-invasive ventilation - adults (British Thoracic Society) |
| Long-term Conditions | 12. Adult asthma (British Thoracic Society) 13. Bronchiectasis (British Thoracic Society) 14. Diabetes (National Adult Diabetes Audit) 15. Parkinson's disease (National Parkinson's Audit) 16. Ulcerative colitis and Crohn's disease (UK IBD Audit) |
| Elective Procedures | 17. Hip, knee and ankle replacements (National Joint Registry) 18. Elective surgery (National PROMs Programme) |
| Cardiovascular Disease | 19. Acute myocardial infarction and other ACS (MINAP) 20. Adult cardiac surgery audit (ACS) 21. Cardiac arrhythmia (Cardiac Rhythm Management Audit) 22. Carotid interventions (Carotid Intervention Audit) 23. Coronary angioplasty (NICOR Adult Cardiac Interventions Audit) 24. Heart failure (Heart Failure Audit) 25. National Vascular Registry (VSGBI Vascular Surgery Database) |
| Cancer | 26. Bowel cancer (National Bowel Cancer Audit Programme) 27. Head and neck cancer (DAHNO) 28. Lung cancer (National Lung Cancer Audit) 29. Oesophago-gastric cancer (National O-G Cancer Audit) |
| Trauma | 30. Hip fracture (National Hip Fracture Database) 31. Severe trauma (Trauma Audit and Research Network) |
| Blood and Transplant | 32. National comparative audit of blood transfusion programme |
| Older People | 33. Acute stroke (SINAP)/ SSNAP (January 2013) 34. National audit of dementia (NAD) |
| National Confidential Enquires | 35. Alcohol-related liver disease (NCEPOD) 36. Subarachnoid haemorrhage (NCEPOD) 37. Tracheostomy study (NCEPOD) 38. Asthma deaths (NRAD) |

The national clinical audits and national confidential enquiries that UHSM participated in, and for which data collected was completed during 2013-14, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Table 4.7: Review of Trust participation in relevant national clinical audit and national confidential enquiries in 2013-14

| | Name of audit/ focus area | % cases submitted |
|--|--|--------------------------|
| Peri- and Neo-natal | 1. Neo-natal intensive and special care (NNAP) | 100% |
| | 2. Peri-natal mortality (MBRRACE-UK) | current* |
| Children | 3. Paediatric pneumonia (British Thoracic Society) | 100% |
| | 4. Childhood epilepsy (RCPCH National Childhood Epilepsy Audit) | 100% |
| | 5. Diabetes (RCPCH National Paediatric Diabetes Audit) | 100% |
| | 6. Paediatric asthma (British Thoracic Society) | 100% |
| Acute Care | 7. Adult community-acquired pneumonia (British Thoracic Society) | 100% |
| | 8. Adult critical care (ICNARC CMPD) | 100% |
| | 9. Cardiac arrest (National Cardiac Arrest Audit) | 100% |
| | 10. Emergency use of oxygen (British Thoracic Society) | 100% |
| | 11. Non-invasive ventilation - adults (British Thoracic Society) | 100% |
| Long-term Conditions | 12. Adult asthma (British Thoracic Society) | 100% |
| | 13. Bronchiectasis (British Thoracic Society) | 100% |
| | 14. Diabetes (National Adult Diabetes Audit) | 100% |
| | 15. Parkinson's disease (National Parkinson's Audit) | 100% |
| | 16. Ulcerative colitis and Crohn's disease (UK IBD Audit) | 100% |
| Elective Procedures | 17. Hip, knee and ankle replacements (National Joint Registry) | 100% |
| | 18. Elective surgery (National PROMs Programme) | 81.4%** |
| Cardiovascular Disease | 19. Acute myocardial infarction and other ACS (MINAP) | 100% |
| | 20. Adult cardiac surgery audit (ACS) | 100% |
| | 21. Cardiac arrhythmia (Cardiac Rhythm Management Audit) | 100% |
| | 22. Carotid interventions (Carotid Intervention Audit) | 100% |
| | 23. Coronary angioplasty (NICOR Adult Cardiac Interventions Audit) | 100% |
| | 24. Heart failure (Heart Failure Audit) | 100% |
| | 25. National Vascular Registry (VSGBI Vascular Surgery Database) | 100% |
| Cancer | 26. Bowel cancer (National Bowel Cancer Audit Programme) | 100% |
| | 27. Head and neck cancer (DAHNO) | 100% |
| | 28. Lung cancer (National Lung Cancer Audit) | 100% |
| | 29. Oesophago-gastric cancer (National O-G Cancer Audit) | 100% |
| Trauma | 30. Hip fracture (National Hip Fracture Database) | 100% |
| | 31. Severe trauma (Trauma Audit and Research Network) | 100% |
| Blood and Transplant | 32. National comparative audit of blood transfusion programme | 100% |
| Older People | 33. Acute stroke (SINAP)/ SSNAP (January 2013) | 100% |
| | 34. National audit of dementia | 100% |
| National Confidential Enquiries | 35. Alcohol-related liver disease (NCEPOD) | 100% |
| | 36. Subarachnoid haemorrhage (NCEPOD) | 100% |
| | 37. Tracheostomy study (NCEPOD) | 100% |
| | 38. Asthma deaths (NRAD) | 100% |

* The Trust has registered participation in this audit and is committed to 100% data collection

** PROMs (Patient Reported Outcome Measures) measure a patient's health-related quality of life after surgical treatment using pre-operative and post-operative surveys. As patients can choose whether or not to take part in PROMs, the percentage represents the take-up rate rather than the percentage of cases submitted.

List of acronyms to Tables 4.6 and 4.7:

| | |
|---------|--|
| ACS | Acute Coronary Syndrome |
| CMPD | Case-mix Programme Database |
| DAHNO | Data for Head and Neck Oncology |
| ICNARC | Intensive Care National Audit and Research Centre Case Mix Programme Database |
| MBRRACE | Mothers and Babies Reducing the Risk through Audits and Confidential Enquiries |
| NAD | National Audit of Dementia |
| NCEPOD | National Confidential Enquiry into Patient Outcome and Death |
| NHSBT | NHS Blood and Transplant |
| NICOR | National Institute for Clinical Outcomes Research |
| NNAP | National Neonatal Audit Programme |
| NRAD | National Review of Asthma Deaths |
| PROMs | Patient Reported Outcome Measures |
| RCPCH | Royal College of Paediatrics and Child Health |
| SINAP | Stroke Improvement National Audit Programme |
| SSNAP | Sentinel Stroke National Audit Programme |
| UK IBD | United Kingdom Inflammatory Bowel Disease |
| VSGBI | Vascular Surgeons of Great Britain and Ireland |

The reports of 14 national clinical audits were reviewed by the provider in 2013-14 and the Trust intends to take the following actions to improve the quality of healthcare provided. UHSM participates in all applicable national audits, but the following is a sample of some of the projects where comparison of Trust-specific data to national figures was possible and the complete cycle of audit, feedback and improvement has been achieved.

Learning from National Clinical Audits

Hip fracture (National Hip Fracture Database)

The Trust's compliance with the Best Practice Tariff (BPT) targets for the National Hip Fracture Database in 2013-14 has increased from 27% in 2012-13 to over 75%. This is attributed to the introduction of consultant orthogeriatricians and an increase in theatre availability to seven days per week to enable improved access to early surgical intervention. By better understanding where there are opportunities for improvement in the patient pathway the Trust has been able to develop an action plan to increase compliance with BPT to over 80% in 2014-15.

Hip, knee and ankle replacements (National Joint Registry)

In the ten years that UHSM has participated in the National Joint Registry, data quality and completeness has been maintained at over 97% against a national average of 91%. Levels of both hip and knee replacement activity at the Trust increased in 2012-13 compared with 2011-12. Revision rates for hip replacement are within an acceptable range of the national average and are consistently below the national revision rate for knee replacement. The Trust has included all shoulder and elbow prosthetic implants and ankle replacement data since April 2012 but as this is relatively new data, it won't be available for comparison until one complete year of data has been collected.

National Audit of Dementia

The findings from the National Audit of Dementia found deficiencies in physical assessments and assessments in use were not always standardised. It was also documented that there was a lack of mental health assessment at admission/ discharge and there was a need for an appropriate social assessment to ensure safe and effective discharge processes. As a result of the audit, delirium screens are now present in acute medical/ surgical assessments as well as the fracture-of-neck-of-femur pathway. It is also intended that a standardised assessment of the functioning tool will be incorporated into the Intranet-accessible pathway.

Dementia Champions are now in place in 75% of inpatient wards and department as well as specialised teams such as the Macmillan Team and Chaplaincy. These Dementia Champions attend a regular programme of dementia awareness and training. An E-Learning package for safeguarding adults is also being revised to incorporate dementia awareness and training and this will aid some of the initiatives around discharge planning and assessments of cognitive and physical function. This will be mandatory for all staff to complete.

The liaison psychiatry service for older adults in the Trust is due to commence late-April 2014. However, referrals are now managed on a telephone advice basis provided by old-age psychiatrists with a decision made over the telephone as to whether the patient merits a further assessment. The Trust has improved its discharge processes since the audit was carried out with SmartBoards providing projected dates from the time of admission and the implementation of the Proactive Discharge Scheme. This highlights those with cognitive impairment for early and timely discharge planning. There has been a noticeable improvement made with a more consistent approach to discharges and a more detailed discussion with relatives with regard to appropriate discharge placements. The Trust has been awarded funding from the Department of Health to improve and develop our environment for patients with dementia.

Acute stroke (SINAP)/ SSNAP

Results are available every three months enabling comparison of national results in conjunction with team-level results. The report enables participating teams to identify both good practice and opportunities for improvement. The results are fed back to the Stroke Operational Group and as a result of this the following strategies have been implemented:

- new stroke operational policy including standard operating procedures;
- new stroke patient pathways (algorithms);
- new online training packages designed;
- additional stroke assessor in post;
- new bed management 'traffic light' system designed and implemented; and
- held first 'stroke week' for education and awareness.

Severe trauma (Trauma Audit and Research Network)

- results for 2013-14 indicate that the Trust has performed better than the national average in delivering definitive coverage of open fractures within BOAST 4 (British Orthopaedic Association Standards for Trauma) guidelines throughout 2013-14;
- the quality of the data the Trust has submitted has been consistently above the national average throughout 2013-14;
- data submissions within twenty-five days have always been lower than the national average; and
- in the recent data available in quarter three of 2013-14, the Trust is under-performing in ten out of the fourteen areas.

Recommendations from the review of the data:

- a trauma database is being developed to allow prospective data collection and evaluation of patient care in a more timely and efficient way; and
- all missed opportunities highlighted on the quality dashboard are reviewed by the trauma lead and concerns are escalated to relevant members of the clinical team.

Bowel cancer (National Bowel Cancer Audit Programme)

The Gastrointestinal-Surgery Team continues its annual participation in the audit and each year, the results and recommendations are incorporated into planning for service review and quality improvement by the Multi-disciplinary Team (MDT) and the Cancer Services teams.

The Trust has an excellent case submission and data completeness for surgery (both at 98%). The number of cases discussed at the MDT meeting has increased from last year's published figure of 90.1% to 99.2%, which is now above the national figure. There has also been an improvement in the adjusted 30- and 90-day mortality figures compared to last year, which remain below the national average and the adjusted two-year mortality rate for the Trust is excellent at 13.4% (compared to the national average of 24.5%). Other areas of best-practice include: resection rate at 5% (national average of 24%) and average number of lymph nodes excised at 21 (national average of 16).

There are opportunities for improvement. The percentage of CT scans reported has fallen since last year's figures (from 98.2% last year to 88.2% this year); this is 0.9% lower than the national average. The Team will aim to improve this by ensuring all patients with colorectal cancer are considered for CT scan and that data is collected appropriately. Reasons for patients not having a CT scan will be documented. This percentage was lower than anticipated and re-audit of the data is planned. Laparoscopic surgery attempts are made in 33.3% of cases, which is below the national figure of 49.2%. Since April 2012 the Trust has recruited an

additional colorectal surgeon trained in laparoscopic surgery and another surgeon has completed suitable training. As a result, the percentage of cases undergoing laparoscopic surgery should increase. All cases discussed at the MDT are considered for laparoscopic surgery. The percentage of patients with a hospital stay greater than five days is 89.5%, much greater than the national figure of 68.9%. Since April 2012 the Trust has continued to implement an enhanced recovery programme to reduce the length-of-stay.

Oesophago-gastric cancer (National O-G Cancer Audit)

Recommendations from the national audit have been aligned to best-practice and the local action plan has been reviewed by the clinical lead with Cancer Services. There is good assurance against emergency presentation, imaging and staging laparoscopy, discussion of endoscopic treatment and monitoring lymph nodes. There is also monitoring of minimally-invasive surgery with caution and there will be further coordination of brachytherapy with tertiary centres.

Adult cardiac surgery audit (ACS)

The preliminary local results for 2013-14 indicate that the Trust has increased the overall number of cardiac surgeries performed from 913 in 2012-13 to over one thousand in 2013-14. Despite the increase in surgery, the number of deaths has remained static compared to the previous year. Calculated on the overall number of surgeries performed the percentage of mortality has decreased from 2.5% in 2012-13 to 2.3% in 2013-14. The results have shown, however, that the median length-of-stay has increased from 6.2 days post operatively to 7.0 days. This data is to be presented at a future clinical governance meeting with discussion on actions to reduce the post-operative length-of-stay.

Bronchiectasis (British Thoracic Society)

Results revealed that the Trust has achieved higher standards than the national guidelines in chest CT for diagnosis, patient seen by physiotherapist and sputum samples taken for analysis. It also demonstrated that improvements can be made in the areas of spirometry and annual measurements. Re-audit and participation in the national audit are ongoing.

Emergency use of oxygen (British Thoracic Society)

This audit demonstrated the Trust has improved performance in managing patients with oxygen therapy management. Further education is required for oxygen prescribing during drug rounds. New forms have been developed to improve documentation.

Adult Asthma (British Thoracic Society)

This audit indicated that the Trust has made improvements in compliance in ensuring that arterial blood gas procedures are conducted and in earlier initiation of steroids (within 1 hour - 55% vs. 7%). The Respiratory Team has revised the procedures to ensure compliance with areas of poor compliance.

Non-invasive ventilation - adults (British Thoracic Society)

The results showed that patient's clinical response to non-invasive ventilation in the first hours of therapy was good. Non-invasive ventilation was being started appropriately in either in the Emergency Department or on respiratory wards, in line with the national average. New guidelines have been developed and disseminated to improve areas of poor documentation and there is an annual review of the impact of any changes resulting from the audit.

Diabetes (National Adult Diabetes Audit)

This is a snapshot audit of diabetes inpatient care in England and Wales. The results for the Trust indicate that:

- 12.6% of inpatients had diabetes (84 in total);
- there was appropriate capillary glucose testing but stability of levels of blood glucose could be improved;
- medication errors (including insulin) have reduced;
- severe hypoglycaemia event (glucose <3.0 mmol/L) rates have improved; and
- staff education has improved, but needs to be better to help with insulin errors in particular.

Childhood epilepsy (RCPCH National Childhood Epilepsy Audit)

The Paediatric Epilepsy Service at the Trust continues to strive to meet the standard set out in the Epilepsy 12 criteria, and has achieved the majority of the standards set out in the previous audit. Results show that appropriateness of requests has increased. Plans to improve the services for epileptic children are in place

and continue to encourage clinicians to provide a clear working diagnosis and that the details of seizure episodes are correctly recorded.

The reports of six local clinical audits were reviewed by the provider in 2013-14 and UHSM NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Learning from Local Clinical Audits

Audit of accuracy in stereotactic wire localisations

The NHS Breast Screening Programme guidelines state that more than 95% of stereotactic wires deployed should be within 10mm of the lesion in *any* plane. The audit found that the Trust achieved 90% over the audit period. Changes to the protocol have been established to increase compliance with the national standard, i.e. no longer aiming to place the wire 10mm beyond the lesion. Accuracy in stereotactic wire localisations will be re-audited in six months' time.

Breast Clinic service improvement

This audit was conducted to enable assessment of the one-stop clinic in Breast Surgery. The audit showed improved flow for most patients, as well as reduced waiting times. Patients who have mammography alone were cited as being those that have a long wait in the clinic as they cannot be discharged following mammography; they have to come back to see the surgeon with the result. There is potential to make improvements for this group of patients.

A surgical middle grade from the pre-clinical Multi-Disciplinary Team (MDT) started seeing patients from 8.30am, which contributed to an increase in the number of radiologically-guided biopsies carried out in the past year.

High-risk thoracic surgery Multi-disciplinary Team

The audit was conducted to assess the success of the high-risk Multi-Disciplinary Team (MDT) meeting for thoracic surgery patients; sixty-three patients were discussed in the high-risk MDT. The findings from the audit were as follows:

- 27 patients were operated on and 36 patients were not;
- there was a 44-day mean to surgery and a 54-hour mean stay in critical care; and
- there were no deaths or re-admissions for this group of patients.

The audit demonstrated the importance of the high-risk MDT meeting and it was agreed that high-risk patients should continue to be referred to, and discussed, in this meeting.

Patient satisfaction for patients who received local anaesthesia in the Oral and Maxillofacial Surgery Outpatient Department

Patient satisfaction is a useful indicator for the quality of care received. Fifty patients who received treatment under local anaesthetic in the outpatient department of Oral and Maxillofacial Unit completed a survey containing twenty simple questions. The results of the survey revealed that:

- 90% of the patients surveyed waited less than 3 months after the initial consultation before receiving treatment;
- 100% of patients considered that the Oral and Maxillofacial Unit was clean and tidy;
- 100% of patients documented that the surgeon explained the reason for their treatment in a way that they could understand before giving informed consent;
- 100% of patients felt that they were treated with dignity and respect;
- 98% of patients surveyed documented that they were given a written instruction sheet before leaving the department; and
- 98% of patients responded that that the primary reason for attending was dealt with to their satisfaction.

Audit of NICE compliance regarding extraction of lower 8s

The National Institute for Health and Care Excellence (NICE) guidelines state that the prophylactic removal of pathology-free third molars should be discontinued on the NHS. Surgical removal of impacted third molars should therefore be limited to patients with evidence of pathology. A concurrent audit was carried out between 7 August 2013 and 20 January 2014 to assess the cases against the NICE guidelines and documenting if the reason for extraction was clearly stated in either the clinical notes or the letter back to the

referrer. Of the sixty-eight teeth that were extracted within the time period assessed by the study, all sixty-eight complied with NICE guidelines; no molars were removed prophylactically. This 100% compliance with NICE guidelines is an improvement on last year's audit results.

Foundation doctors' knowledge regarding radiation doses

With the increase in the number of radiological investigations carried out, the Radiology Team wanted to identify any gaps in foundation doctors' knowledge of radiation doses, legislation and referral guidelines. The results of the initial audit identified poor Foundation Year 1 (FY1) knowledge of radiation doses, legislation and appropriate referrals. To address the gaps, a teaching session was prepared in collaboration with a consultant radiologist that covered legislation and guidelines, radiation exposures and the results of the audit were relayed to FY1s. A post-session survey showed significantly-increased levels of awareness of the regulations and much increased correct dosage estimation. The Radiation Protection Committee is examining the audit findings further as part of F2 induction.

4.4.3 Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by UHSM in 2013-14 that were recruited, during that period to participate in research approved by a research ethics committee was 9,961. This figure is based on the Comprehensive Local Research Network (CLRN) records, and data from local researchers. This level of participation in clinical research has meant that UHSM is the fourth highest recruiter to NIHR (National Institute for Health Research) portfolio studies nationally.

The Trust was involved in conducting 388 clinical-research studies in 2013-14. It used national systems to manage the studies in proportion to risk. These studies covered all medical specialties and were supported by 113 clinical staff. The average approval time for new studies through the centralised system for obtaining research permissions, was 28 days.

Over 94% of the commercial studies were established and managed under national model agreements and 97% of the honorary research contracts issued were through the Research Passport Scheme. In the last year, 311 publications have resulted from the Trust's involvement in NIHR research, helping to improve patient outcomes and experience across the NHS. This level of participation in clinical research demonstrates UHSM's commitment to improving the quality of care it provides to patients as well as making a significant contribution to wider health improvement.

4.4.4 Goals Agreed with Commissioners

A proportion of UHSM's income in 2013-14 was conditional upon achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for 2013-14 and for the following 12-month period are available electronically at:

<http://www.uhsm.nhs.uk/AboutUs/Pages/CQUIN.aspx>

A value of £7.02m of the Trust's income in 2013-14 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body that they entered into a contract, agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework (CQUIN). The Trust received £6.67m in income in 2013-14 for the associated CQUIN payment.

All income due through the quality and innovation payment framework was conditional on achieving quality improvement and innovation goals.

4.4.5 Care Quality Commission Statement

UHSM NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is that the Trust is registered to carry out regulated activities at the locations specified. UHSM NHS Foundation Trust has the following conditions on registration in respect of the registered locations as follows:

1. Under Section 12(3) of the Health and Social Care Act, the Care Quality Commission considers that the effective performance of the regulated activity requires named individuals at each location. This condition is met by having in place full-time registered managers accountable to the CQC.
2. Limits on the maximum numbers of service users who can be accommodated at Buccleuch Lodge Intermediate Care Unit (RM214) - a maximum of 14 service users, and Dermott Murphy Long-stay Unit (RM2X2) - a maximum of 22 service users.

The Care Quality Commission has not taken enforcement action against UHSM NHS Foundation Trust during 2013-14.

UHSM has participated in special reviews or investigations by the Care Quality Commission relating to the following areas during 2013-14: dementia. The Trust intends to take the following action to address the conclusions or requirements reported by the CQC:

- develop an action plan signed-off by the Board of Directors and monitored by the Trust's Quality and Assurance Committee and
- actions for improvement specifically relate to training and education awareness regarding dementia for all staff, how we monitor quality of services for those patients with dementia and how we can improve working with partner organisations, such as mental health services and nursing homes.

The Trust has made the following progress by 31 March 2014: an action plan has been developed and work has been commenced to review the Trust's Dementia Strategy and dementia training. The action plan will be formally presented to the Board of Directors in May 2014, following publication of the report by the CQC.

4.4.6 Data Quality

NHS Number and General Medical Practice Code Validity

UHSM NHS Foundation Trust submitted records during 2013-14 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data:

- Which included the patient's valid NHS Number was: 99.7% for admitted patient care; 99.9% for outpatient care; and 98.7% for accident and emergency care; and
- Which included the patient's valid General Practitioner Registration Code was 100% for admitted patient care; 100% for outpatient care; and 98.8% for accident and emergency care.

Actions to Improve Data Quality

UHSM NHS Foundation Trust will be taking the following actions to improve data quality:

- reviewing policies and procedures;
- strengthening tolerances on the data quality scorecard;
- introducing indicators from additional trust systems;
- introducing more monitoring reports;
- providing more targeted training; and
- supporting directorates with data-quality advice.

During the course of 2013-14 the Data Quality Steering Group oversaw the delivery of the following actions to improve data quality:

- performance-management tool introduced to monitor and improve coder productivity;
- Clinical-coding Team reorganised to facilitate improved work flow;
- review of all known Trust standalone databases;
- review of current indicators on the Data Quality Scorecard and a plan for additions;

- additional online data-quality reports introduced;
- preparation for the introduction of commissioning data sets version 6.2;
- preparations made for the introduction of Referral-to-Treatment (RTT) reporting for the Allied Health Professionals (AHP); and
- increased awareness of data-quality issues.

Information Governance Toolkit Attainment Levels

UHSM NHS Foundation Trust's Information Governance Assessment Report shows an overall score for 2013-14 of 78% and was graded green (satisfactory).

Clinical Coding Error Rate

UHSM NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2013-14 by Capita.

Appendix One

Statements from External Stakeholders

Statement from South Manchester Clinical Commissioning Group

UHSM NHS Foundation Trust's Quality Account is an accurate account of a provider with a developing patient safety culture and a driving ambition to improve quality.

As a Clinical Commissioning Group we have responsibility for ensuring that the services we commission are safe, effective and provide a positive patient experience. To this end we have worked closely with the Trust to ensure we have the right level of assurance in relation to the commissioned services. We have undertaken commissioner walk rounds in the Trust, attended internal governance committees, and as a CCG we visit the Trust regularly, sometimes on a daily basis. We feel this puts us in a strong position to comment on this Quality Account.

This year has continued to see quality improving within UHSM. The Trust has met twenty-nine of its thirty-four acute trust quality indicators with five indicators gaining a partial achievement. As a CCG we are particularly pleased with the work undertaken in relation to the Enhanced Recovery Programme. UHSM has also met all of the eleven quality indicators assigned to community services.

Mortality and standardised hospital mortality rates have continued to improve and we are pleased with the current figures and outcomes. To the credit of the Trust they have not only looked at how these cases are reported but have undertaken a clinical review of each death to identify good practice and any areas where care could have been improved.

UHSM has considered, and acted on, the published inquiries of the failings of care at Mid Staffordshire led by Robert Francis QC. The Trust put a robust action plan in place and also undertook their own quality review process across the entire organisation, which is modelled on the Keogh reviews. Building on this, UHSM is developing a ward accreditation programme, which will see quality reviews embedded into the culture of the Trust.

UHSM has had a difficult year, the most notable area of difficulty being the four-hour target for Accident and Emergency. The provider has a robust improvement plan in place and has been working closely with the CCG to improve in this area. UHSM has reported two Never Events this year. A considerable piece of work has been undertaken by the Trust in response to these Never Events and we will continue to monitor this area moving forward. Following the inspection of UHSM by the CQC we are monitoring the action plan that UHSM has developed in respect of Dementia. Despite this difficult time, UHSM has continued to actively engage with the CCG and has promoted transparency within the Trust; this is reflected in the fact they were the first trust in the country to publish the results of individual consultants against national standards.

Overall this is a positive Quality Account from UHSM. There are still areas for improvements to be made and as commissioners we will continue to monitor these areas and work with our UHSM colleagues to ensure that patients in South Manchester receive the best quality care available.

Statement from Healthwatch Manchester

After meeting other Trust representatives across Manchester to discuss this year's quality accounts they have agreed to proceed with producing an 'easy-read' version of these accounts for the general public. Healthwatch Manchester would fully support the adoption of this initiative by UHSM NHS Foundation Trust and would assist in disseminating the accounts through its distribution systems.

The narrative of the report is clear and concise with what appears to be one narrative style, which is welcome. The report is briefer compared to other local quality accounts.

Most key quality improvement priorities appear to have been either achieved or partially achieved/ ongoing with an even split either way. Four targets were not achieved with an increase in MRSA infections and 2 surgical never events, which gives cause for concern. Healthwatch Manchester welcomes the reported planned steps for improvement in the following section of the Quality Account such as the implementation of action planning and policy revision; and the 90% completion target for the Surgical Safety Checklist.

Part 3 provides a comprehensive list of priorities for the coming year to address these under-achievements and provides clarity on the methods to be used. The patient experience priorities are of particular interest to Healthwatch Manchester as these will be the point of main interaction with then Trust.

There is little mention of collaboration with other service providers and communities in Manchester and Healthwatch Manchester would welcome more future activity, which is well-structured and performance managed in order to enable this.

Healthwatch Manchester would like to extend the offer of collaborative partnership with UHSM NHS Foundation Trust in realising its objectives for the coming year.

Statement from Manchester City Council's Health Scrutiny Committee

Manchester City Council's Health Scrutiny Committee welcomes the opportunity to comment on the University Hospital of South Manchester NHS Foundation Trust Quality Account for 2013-14. Members of the Committee have been given the opportunity to comment and this statement includes a summary of their responses. In general we found the accounts well-presented and easy to follow and note that page 4 of the Quality Account (QA) provides a useful List of Acronyms.

The Committee note that the Chief Executive's Statement refers to the multi-professional review that was commissioned in recognition of the need to respond to the Francis Report and subsequent reports. The Committee welcome the fact that patient representatives were involved with this review.

The Committee also note that the Chief Executive accepts that the Accident & Emergency Department (A&E) target of a patient being seen, treated and discharged or transferred for admission within 4 hours of arrival has been a challenge, and that the Trust has had to develop a robust improvement plan to address this.

With reference to the Performance Against 2013-14 Quality Improvement Priorities we note that this begins with a useful table, with the subsequent pages clearly setting out by priority area and topic the different types of outcome: Target Achieved; Close to Target; Initiative is Ongoing; and Target Not Achieved.

The Committee welcome the improvement in Patient Safety and note the significant progress in reducing cases of *C. difficile* infection; pre-cardiac arrest patient care; the Medication Safety Thermometer Pilot; pharmacist reconciliation of medicines; nutrition risk assessments for admitted patients; further reduction of hospital-acquired harms; and reduction of pressure ulcers.

However we note that there were four cases of MRSA infection and two surgical 'Never Events' in 2013-14. We further note the significant progress made in clinical effectiveness with improvements in theatre utilisation and outpatient attendance.

The Committee welcomes the year-on-year reduction in *Clostridium difficile* cases, however work needs to continue to reduce this even further and staff and patient awareness needs to be raised.

Regarding patient experience, the Committee are disappointed to learn that there were fourteen cases where single sex accommodation was breached, albeit this was an improvement on the previous year's thirty-three cases. The Committee further note that gender separation should also apply to patient bathing facilities.

We welcome the planned improvement that include making the Patient Advice and Liaison Service (PALS) more accessible, a 24/7 emergency helpline for inpatients, and training for all staff in customer care, and dealing with informal complaints.

With reference to reducing inpatient mortality we welcome the improvement in the Risk-adjusted Mortality Index (RAMI) and in the Summary Hospital-Level Mortality Indicator (SHMI).

With regard to the performance against key national priorities in 2013-14 we welcome that UHSM achieved the national targets for referral-to-treatment maximum wait of 18 weeks, and for the

national cancer standards (maximum two weeks from referral to date first seen; and maximum one month from diagnosis to treatment).

However we regret the failure to achieve the Accident and Emergency 4-hour target at Wythenshawe Hospital. It is explained that there was a significant growth in A&E attendances, in the volume of emergency admissions, and in demand for inpatient beds, particularly in the final five months of 2013-14.

It's clear that this surge in demand has coincided with the downgrading of Trafford General Hospital's A&E Department, which was opposed by Manchester's Health Scrutiny Committee and our Joint Committee with Trafford Council. Both Committees continue to engage with UHSM and NHS England to monitor the efforts of UHSM to rectify the delays and pressure over A&E attendances and admissions. The Quality Account refers to the action plan. In addition, our Committees and the late Paul Goggins MP secured a Government commitment for £12 million capital investment in Wythenshawe Hospital's A&E Department and admission beds. This should be in place in September 2015, so it's essential that UHSM maintains its efforts to improve performance over the intervening period, especially in the event that the forthcoming winter is harsh.

The Committee welcome the clear explanations of the different NHS national quality indicators, followed by a table benchmarking UHSM's performance against other trusts. The Committee note that UHSM's performance in most areas seems broadly in line with national averages.

We welcome the priorities and proposed initiatives for 2014-15. With reference to patient safety we note that partly in response to the Francis Report, UHSM are investing additional monies into nursing staff in some inpatient areas. We also welcome the publication on ward notice boards of the numbers of staff on each shift. An important commitment is made that the UHSM Board will monitor low staffing incidents monthly. We also welcome the priority to reduce avoidable harm, with targets for infection prevention, for harm-free care, and for safeguarding.

The Committee acknowledge the 'Learning Lessons Once' Initiative in regard to clinical effectiveness, in particular for cases of nutrition and hydration incidents, and following serious incident investigations.

We further support the initiative for further reduction in mortality, which includes looking at causes of death and potential preventability.

The Committee welcomes the support for Integrated Care for frail, older people, as part of Manchester's "Living Longer, Living Better" Programme with the aims of reducing hospital admissions and increasing the number of people who can live independently.

With reference to patient experience we acknowledge the aim to develop a Ward Accreditation Scheme, checking standards and talking to patients and staff and listening to the views of patients and their relatives.

The Committee acknowledge and welcome the commitment to improving services for patients with dementia.

Our comments on this Quality Account are not as thorough as would ideally be the case. Our Committee does not have access to the resources to give a full analysis. In future, our Committee will seek to rectify this.

It has been important to highlight areas of some concern where we expect UHSM to improve over the next year. Overall the Quality Account is positive and reflects the successful operation of a complex organisation serving many thousands of patients in an efficient and compassionate manner. This will be increasingly difficult in the national context of financial pressures.

Appendix Two

Statement of Directors' Responsibilities in respect of the Quality Account

The directors are required under the Health Act 2009 and the National Health Service Quality Accounts Regulations 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 Account.

In preparing the Quality Account, directors are required to take steps to satisfy themselves that:

- the content of the Quality Account meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2013-14;
- the content of the Quality Account is not inconsistent with internal and external sources of information including:
 - Board minutes and papers 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 commissioners dated 29/05/2014;
 - feedback from governors dated 04/03/2014;
 - feedback from local Healthwatch organisations dated 20/05/2014;
 - feedback from Manchester City Council Health Scrutiny Committee dated 16/05/2014;
 - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28/08/2013;
 - the latest national patient survey dated 08/04/2014;
 - the latest national staff survey dated 25/02/2014;
 - the Head of Internal Audit's annual opinion over the trust's control environment dated 21/05/2014;
 - CQC quality and risk profiles dated May, June, July, August, and October 2013 and Intelligent Monitoring Report dated October 2013 and March 2014.
- the Quality Account presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Account is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, 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 Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Account has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Account.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Account.

By order of the Board

29 May 2014



Deputy Chairman

29 May 2014



Chief Executive

Appendix Three

2013/14 Limited Assurance Report on the Content of the Quality Report and Mandated Performance Indicators

Independent Auditors' Limited Assurance Report to the Council of Governors of University Hospital of South Manchester NHS Foundation Trust on the Quality Report

We have been engaged by the Council of Governors of University Hospital of South Manchester NHS Foundation Trust to perform an independent limited assurance engagement in respect of University Hospital of South Manchester 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 those national priority indicators mandated by Monitor:

- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers (Percentage of patients receiving first definitive treatment for cancer within 62 days of an urgent GP referral for suspected cancer).
- *C. difficile* (Number of *Clostridium difficile* infections, as per the data definition, for patients aged two or over on the date the specimen was taken).

We refer to these national priority indicators collectively as the "indicators".

Respective responsibilities of the Directors and Auditors

The Directors 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 Monitor's *2013/14 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 29 May 2014;
- Papers relating to quality reported to the Board over the period April 2013 to 29 May 2014;

- Feedback from the Commissioners dated 29 May 2014;
- Feedback from local Healthwatch organisations dated 20 May 2014;
- Feedback from Manchester City Council Health Scrutiny Committee dated 16 May 2014;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 dated 28 August 2013;
- The latest national patient survey dated 8 April 2014;
- The latest national staff survey dated 25 February 2014;
- Care Quality Commission Quality and Risk Profiles dated 31 May 2013, 30 June 2013, 31 July 2013;
- Care Quality Commission Intelligent Monitoring Reports dated 21 October 2013, 13 March 2014; and
- The Head of Internal Audit's annual opinion over the trust's control environment dated 21 May 2014.

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 Council of Governors of University Hospital of South Manchester NHS Foundation Trust as a body, to assist the Council of Governors in reporting University Hospital of South Manchester NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Trust's Annual Report for the year ended 31 March 2014, to enable the Council of Governors 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 Council of Governors as a body and University Hospital of South Manchester 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 indicators 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 University Hospital of South Manchester 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*.

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

29 May 2014



05 Directors' Report: how we work together and remuneration report

The Board of Directors comprises six independent Non Executive Directors, including the Chairman; and five Executive Directors, including the Chief Executive. The Board is of a unitary nature, whereby it is collectively responsible for the performance of the Trust. The general duty of the Board, and of each director individually, is to act with a view to promoting the success of the organisation so as to maximise the benefits for the members of the Trust as a whole and for the public.

Specifically, the role of the Board is to:

- Provide entrepreneurial leadership of the Trust within a framework of prudent and effective controls, which enables risk to be assessed and managed.
- Ensure the Trust complies with its licence, constitution, mandatory guidance, contractual and statutory duties.
- Set the strategic aims of the organisation, taking into consideration the view of the Council of Governors.
- Ensure the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health, NHS England, the Care Quality Commission and other relevant NHS bodies.
- Ensure the Trust functions effectively, efficiently and economically.
- Set the Trust's vision, values and standards of conduct and ensure that its obligations to its members are understood, clearly communicated and met.

The Board takes strategic decisions and monitors the operational performance of UHSM, holding the Executive Directors to account for the Trust's performance. As well as formal monthly meetings, the Board also regularly meets informally to develop strategy and consider specific issues in depth.

During 2013-14, nominated staff side representatives (recognised trade unions) and Governors were encouraged to observe the monthly public ('Part 1') Board meeting. Small numbers of staff and members of the public also observed on an ad hoc basis. The Health and Social Care Act 2012 provides for the Constitution of UHSM to exclude members of the public from observing Board meetings for special reasons. UHSM refers to these Board meetings as 'Part 2', and its directors have continued to meet regularly in 'Part 2' session. The agendas for Part 1 and Part 2 Board meetings are sent to Governors before the Board; plus the papers from the monthly Part 1 Board meeting with the approved minutes of the previous meeting, are published on the Trust's website within three weeks of the meeting.

Director attendance at Board meetings in 2013-14 is summarised in table 5.1.

There is a clear division of responsibilities between the Chairman and Chief Executive and a Memorandum of Understanding outlining this division has been signed by the Chairman and Chief Executive. This Memorandum was then reported to the Board in October 2013.

The Chairman ensures the Board has a strategy which delivers a service which meets and exceeds the expectations of its served communities and an Executive Team with the ability to execute the strategy. The Chairman facilitates the contribution of the non-executive directors and their constructive relationship with the executives. The Chairman also leads the Council of Governors and facilitates its effective working. The effectiveness of both the Board and the Council and the relationships between the Board and the Council are the subject of annual review. During the year, PWC carried out a review of the leadership, skills and knowledge of the Board in the delivery of its Quality agenda. Deloitte LLP have also been retained to undertake a review of Board governance during 2014.

On a day to day basis the Chief Executive Officer is responsible for the effective running of the hospital, across all of its locations. Specific responsibilities are delegated to the Chief Executive to executive directors comprising the Director Finance, who is also the Deputy Chief Executive; the Chief Operating Officer; the Medical Director, and the Chief Nurse. In addition, the Director of Human Resources and Organisational Development and three additional senior managers; the Chief Information Officer, Director of Communications and Engagement and Head of Corporate Governance report directly to the Chief Executive. During the year, UHSM also appointed three Divisional Medical Directors, to strengthen clinical leadership within the trust, who also report directly to the Chief Executive.

The Board has approved a formal Scheme of Delegation of authority and responsibility. Within this scheme there is a Schedule of matters reserved for Board. This scheme forms an important part of UHSM's system of internal controls. It is set out in the UHSM Governance Manual which is available on the UHSM website.

Table 5.1: Attendance at 2013-14 Board and Council meetings

| | Board attendance 2013-14 (actual / eligible) | Council attendance 2013-14 (actual / eligible) |
|------------------|--|--|
| Felicity Goodey | 12/13 | 4/4 |
| Roger Barlow | 12/13 | 1/4 |
| Philip Smyth | 12/13 | 3/5* |
| Graham Boulnois | 10/13 | 1/4 |
| Lorraine Clinton | 12/13 | 4/4 |
| Martin Gibson | 11/13 | 0/4 |
| Attila Vegh | 7/7 | 4/4* |
| Mandy Bailey | 13/13 | 3/4 |
| Nora Ann Heery | 13/13 | 4/4 |
| Karen James | 6/8 | 2/2 |
| Brendan Ryan | 7/8 | 2/2 |
| John Crampton | 6/6 | 1/2 |
| Deb Sutton | 4/4 | 1/1 |
| Jim O'Connell | 2/2 | 1/1 |

* Dr Vegh and Mr Smyth attended a special meeting of the Council in December 2013 that other directors were not eligible to attend.

All directors were subject to individual appraisal during the year. In the case of the Chief Executive the appraisal was led by the Chairman; for the executive directors by the Chief Executive; for the non-executive directors by the Chairman and for the Chairman by the Senior Independent Director. The results of the respective evaluations were shared with each director.

In accordance with the Code of Governance (B.1.1), UHSM Non Executive Directors are invited to consider whether they regard themselves to be independent in character and judgement, based on a number of criteria suggested by Monitor. Having made declarations effective at the end of year

review, the Chief Executive and Chair of Audit Committee reviewed the declarations made. The declaration of the Chair of Audit Committee has been reviewed by the Chairman and Chief Executive. The outcome of the reviews was reported to Board, who then considered the status of each Non Executive Director in turn at its May 2014 meeting. The consensus of the Board was that all six of UHSM's Non Executive Directors are independent in character and judgement.

Non Executive Director appointments

During the year, the Council separately considered the case for the re-appointment of three non-executive directors. Philip Smyth, Martin Gibson and Felicity Goodey were each reappointed. Philip Smyth for a third term of three years, Martin Gibson for a second term of three years and Felicity Goodey for a third term of two years. The Board supports the reappointment of each of the non-executive directors.

All three appointments were subject to rigorous review by the Council in line with the Code of Governance, in particular for both Philip Smyth and Felicity Goodey who were appointed for a third term. The Nominations Committee, which comprised three Governors and two Directors and has a Governor chair, met to consider each appointment and the performance of each non-executive director. Members of the Committee also met with each non-executive director to discuss their commitment to the role. The Nominations Committee then made recommendations for reappointment to the Council of Governors.

The removal from office of a non-executive director is a decision reserved for the Council of Governors and requires the approval of three quarters of the members of the Council of Governors. No such resolution has been proposed or moved during the year.

Table 5.2: Terms of office of Non Executive Directors as at 31 March 2014

| Non Executive Director | Appointed | Re-appointed | Expiry of current term |
|---------------------------------------|------------------|--------------------------|-------------------------------|
| Roger Barlow* (Audit Committee Chair) | 01.11.09 | 01.11.12 | 31.10.15 |
| Prof Graham Boulnois | 01.01.10 | 01.01.13 | 31.12.15 |
| Lorraine Clinton | 01.01.10 | 01.01.13 | 31.12.15 |
| Felicity Goodey (Chairman) | 01.01.08 | 01.01.11 and 01.01.14 | 31.12.15 |
| Prof Martin Gibson | 15.11.10 | 01.11.13 | 31.10.16 |
| Philip Smyth** | 12.07.07 | 12.07.10 and 01.07.13 | 30.06.16 |

* appointed Senior Independent Director 26.01.10

** appointed Deputy Chairman 26.01.10

Executive Director appointments

Dr Attila Vegh joined UHSM on 1 September 2013, following his appointment in April 2013.

During the year UHSM entered into a 'buddying' arrangement with Tameside Hospital NHS Foundation Trust, which resulted in the secondment of the Chief Operating Officer, Karen James, and the Medical Director, Brendan Ryan. An Interim Director of Operations, Adrian Griffiths, was appointed from 15 October 2013 to 2 February 2014. An Interim Chief Operating Officer was appointed, Deborah Sutton, who was with the Trust from 15 October 2013 to 2 February 2014. Jim O'Connell then joined the Trust on 24 February 2014 as Interim Chief Operating Officer.

Dr John Crampton was appointed Interim Medical Director on 1 November 2013, to cover the secondment of Brendan Ryan.

A profile of current board members is provided later within this chapter, and the terms of office for Executive Directors are shown in the table below.

Table 5.3: Terms of office of Executive Directors as at 31 March 2014

| Executive | Director Position | Appointed | Notice Period |
|------------------|--|------------------|----------------------|
| Mandy Bailey | Chief Nurse | 01.01.07 | 6 months |
| NoraAnn Heery | Finance Director & Deputy Chief Executive | 06.03.06 | 6 months |
| Attila Vegh | Chief Executive | 01.09.13 | 6 months |
| Karen James | On Secondment | 15.06.09 | 6 months |
| Brendan Ryan | On Secondment | 01.01.00 | 6 months |
| Jim O'Connell | Interim Chief Operating Officer | 28.02.14 | Fixed Term |

Board balance, completeness and appropriateness of membership

In line with the Code of Governance (B.1.4), the Board of Directors considers that it, and its committees, have the appropriate balance of skills, experience, independence and knowledge of the Trust to enable the effective discharge of their respective duties and responsibilities.

Engagement with Council of Governors

The Board recognises that Governors play a pivotal role in linking the Trust to its patients, staff, and stakeholders. Along with their statutory roles and responsibilities, Governors may become involved in areas not covered by legislation, thereby enabling the organisation to benefit from the skills and experience of governors. For Governors to effectively exercise their role, they require regular and meaningful engagement and interaction with the Board and wider organisation if they are to sustain a broad understanding of the issues faced by the Trust and how they are addressed.

Members of the Board are invited to, and regularly attend, meetings with Governors. These opportunities include attendance at formal meetings of the Council of Governors on a quarterly basis. Director attendance at Council meetings is summarised in table 5.1. The Board also meets informally with the Council twice a year.

As noted above, Governors have continued to take up the opportunity to attend Part 1 Board meetings, and there has been attendance by at least one Governor in all but three Part 1 Board meetings during 2013-14. The Chairman writes to the Council monthly, with a summary of the decisions taken and items discussed by the Board; plus opportunities are provided for Governors to informally meet with two Non Executive Directors (the Chairman and any one other of the Non Executive Directors by rotation) on a bi-monthly basis. Governors receive all relevant press release information and, on a weekly basis, the Foundation Trust office (which is a source of support and communication for Governors on a day-to-day basis) provides a summary of all relevant diary, committee and event information to Governors by email, or if preferred by post. This weekly communication also provides the opportunity to signpost Governors to information (locally or nationally) that may be of interest.

Committees

The UHSM Board has three statutory committees: the Audit Committee, Remuneration Committee and Appointments Committee. Attendance by Non Executive Directors at each is summarised in the table below:

Table 5.4: Attendance by Board Committee members during 2013-14

| | Audit Committee Attendance | Remuneration Committee Attendance |
|------------------|---------------------------------------|--|
| Roger Barlow | 7/7 | 2/2 |
| Graham Boulnois | N/A | 2/2 |
| Lorraine Clinton | 7/7 | 2/2 |
| Martin Gibson | N/A | 1/2 |
| Felicity Goodey | N/A | 2/2 |
| Philip Smyth | 6/7 | 2/2 |

Audit Committee

The Audit Committee comprises three independent non-executive directors. It is chaired by Roger Barlow, a former senior audit partner at KPMG, for whom brief biographical details are provided later in this chapter. The other members of the committee are Lorraine Clinton and Philip Smyth. Periodically, the Audit Chairman may invite other non-executive directors to attend specific meeting or item.

The priorities for the Audit Committee are to monitor the integrity of the Trust's financial statements and to review the Trust's financial and non-financial controls and management systems. The committee's work has focussed on the register of risks, controls and related assurances underpinning the delivery of the Board's objectives.

Senior colleagues are invited to speak to the Audit Committee to enable members to enquire in more detail into what assurances are available to evidence that actions have been put in place to address specific issues which might jeopardise the system of internal control and therefore put the Trust at risk of breaching its Provider Licence or other failures to achieve its corporate objectives.

The Director of Finance, together with external and internal auditors are usually in attendance at meetings of the Audit Committee. Executive Directors and other managers are required to attend for specific items, as is the Local Counter Fraud Specialist. The committee takes a risk based approach to its work, reviewing progress against an annual plan and reflecting the Board's Assurance Framework.

The Committee undertook an annual review of its effectiveness during the year.

KPMG LLP were awarded the contract for internal audit and the supply of specialist local counter fraud service for the period 2011-14. The system of internal control in operation at UHSM during 2013/14 reflects the involvement of KPMG as internal auditor. A wide range of internal stakeholders together with members of the Audit Committee were involved in a workshop which led to the formation of the internal audit plan for the year.

The Committee continuously reviews the structure and effectiveness of the Trust's internal controls and risk management arrangements. It also monitors progress against recommendations of reports from independent sources, particularly those provided by the internal auditor. Such reports summarise progress against the internal audit plan and the outcomes from all internal audit reports, to ensure that any remedial action as been completed or is being taken by management in areas where weaknesses have been identified. The committee discusses the proposed introduction of and changes to accounting policies; any requirement for restatement of the accounts. The Committee also ensures that there is an awareness of the on going work of the Internal Audit team by the External Auditor, and vice versa.

Grant Thornton LLP were appointed by the Council of Governors in September 2012 for a three year term covering the accounts for the financial years 2012-13 to 2014-15.

The Board maintains a policy on the engagement of the external auditor for the provision of non audit services, which was approved by the Council of Governors. The effect of the policy is that were the Executive Team minded to retain the external auditor for the supply of non-audit services with a value of more than one third of the annual audit fee, the express approval of the council of Governors would need to be sought and obtained. There have been no further commissions of the external auditor for non-audit services other than those stated in this report. It is the policy of the board not to commission non audit work from the external auditor except in exceptional circumstances.

All of these arrangements are designed, and in the Board's view ensure, that auditor objectivity and independence is safeguarded.

Appointments Committee

The Appointments Committee comprises all independent non-executive directors including the Trust Chairman, who chairs the committee. The committee is responsible for reviewing the size and structure of the board, considering succession planning and in conjunction with the chief Executive, preparing a description of the role and capabilities required for the appointment of an Executive or non-executive director. The Committee did not meet during the year.

Committee structure review

During 2013-14 the Board commissioned a review of the Trust's committee structure, following an external review. As a result of this review, the Board has established two new committees; Operational Board, whose remit it is to oversee finance, performance and planning, and Quality and Assurance Committee, whose remit it is to ensure that quality governance mechanisms are in place within the Trust.

Operational Board

The Operational Board is chaired by the Chief Executive, meets monthly, and has membership from senior clinical and managerial leaders within the Trust. Non Executive Directors are also invited to attend to observe the levels of scrutiny being undertaken at the committee level.

Quality and Assurance Committee

Quality and Assurance Committee is chaired by a Non Executive Director, meets bi-monthly, and has membership from senior clinical and managerial leaders within the Trust. Chairs of these committees provide the Board with a chairs report following each meeting and the committee minutes are also presented to the Board.

Remuneration Report

Remuneration of Non Executive Directors

In accordance with the National Health Service Act 2006 (as amended) and UHSM's Constitution, the Council of Governors determines the terms and conditions of the Chairman and the other five Non Executive Directors. The Council of Governors has established a Remuneration Committee to consider the remuneration levels for non-executive directors. The committee is comprised solely of Governors. The Trust Secretary is in attendance at its meetings.

The committee met in May 2013 to discuss and make a recommendation to the Council regarding the remuneration of the Chairman and Non Executive Directors. The Committee considered relevant guidance or direction supplied by the Department of Health or any other relevant body. During the year under review, the members of the committee chose not to retain external remuneration consultants to provide independent advice. The committee did acquire comparable data from amongst the network of foundation trusts regionally and nationally.

The committee's recommendation to the Council of Governors in September 2013 for 2013-14 was that existing levels of Non Executive Director remuneration should be maintained at current levels. The Council accepted this recommendation.

Non Executive Directors' terms and conditions are set out in letters of appointment. The terms and conditions of appointment of Non Executive Directors are available on request from the Trust Secretary on 0161 291 2379 or foundationtrustoffice@uhsm.nhs.uk. The remuneration of Non Executive Directors is not pensionable; and Non Executive Directors' terms and conditions do not include holiday accrual.

Remuneration of Executive Directors

The Board has established a Remuneration Committee which comprises the UHSM Chairman and all independent non-executive directors. The Constitution stipulates that the board appoints the committee chair and that it shall not be the chairman. The chair of the committee during the year was Philip Smyth.

During the year under review, all of the non-executive directors were considered by the Board to be independent in character and judgement and were therefore members of the committee.

The committee is responsible for determining the terms and conditions of employment of all Executive Directors, including the Chief Executive; for assessing the performance of the Chief Executive and Executive Directors and ensuring that their objectives are assessed.

The CEO is able to earn up to eleven per cent of his base salary as a performance related bonus, which is awarded against achievement of the Trust's objectives set out in the corporate plan. Levels of achievement are specified in advance against five domains and the CEO performance is scored in each domain by the members of the remuneration committee. The five domains are equally weighted and the performance targets are related to the metrics in the corporate plan.

Policy Statement on the remuneration of senior managers for current and future financial years

It is the policy of the committee to remunerate Executive Directors at a level affordable to UHSM and in order to attract the talent required to deliver the organisational objectives. The Committee also takes into consideration any national relevant guidance or direction issued, and performance of individual executive directors.

During 2013-14 the performance of Executive Directors was assessed by way of formal appraisals, which included reviews of individual performance against personal objectives and progress against personal development plans.

Statement of policy on duration of contracts; notice periods and termination payments

The Executive Directors are employed on contracts which do not state a specific term. The contracts are subject to six month's notice of termination by either party, and do not provide for termination payments. Pension arrangements for the Chief Executive and all Executive Directors are in accordance with the NHS Pension Scheme. The accounting policies for pensions and other relevant benefits are set out in the notes to the accounts. Details of the remuneration of senior employees can be found in Note 7.1 – 7.2 to the accounts.

For the purposes of this remuneration report, it is only those directors who are formally appointed as members of the Board of directors who are considered as 'senior managers'.

The board is required to make a disclosure of the median remuneration of UHSM's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director.

Median Salary

| | 2012-13 | 2013-14 |
|---|---------|---------|
| Median remuneration | £28,667 | £30,845 |
| Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director | 6.3 | 7.0 |

Expenses of directors

Expenses of £11,400 were paid to four directors of the Trust in 2013-14, which included relocation expenses for the Chief Executive. In 2012-13, total expenses of £3,643 were paid amongst the directors of the Trust – all expense payments related to the reimbursement of travel costs.

Off payroll

As of 31 March 2014, the Trust had 5 off-payroll engagements with individuals where payments were more than £220 per day, and the engagement lasts for longer than 6 months. Three of these off-payroll engagements had existed for less than one year; one had existed for between 2 and 3 years and one had existed for between 4 and 5 years.



Attila Vegh
Chief Executive

29 May 2014

5.1 Biographical details and register of interests

Biographical details and register of interests for those persons discharging management responsibility for the affairs of UHSM and who were in post at the year end.

Felicity Goodey CBE DL

Chairman of UHSM; Chair of Nomination Committee

Appointed January 2008; reappointed January 2011 and January 2014

Felicity Goodey devised and led the project which has relocated a major part of the BBC from London to the North of England. She led the team which won a fiercely contested bid for the BBC and on the back it created Mediacity, the biggest purpose built digital media centre in the UK. She set up, and was executive chairman of the UK's largest urban regeneration company, Central Salford, which secured more than £2.5 billion of private sector investment in 5 years; she led the team which designed, built and ran The Lowry, an international theatre and arts complex which has secured a further £1.5 billion private investment to Greater Manchester and contributes more than £29 million to the local economy annually. She was a founder director of the Northwest Development Agency and awarded a CBE for services to regeneration and the arts.

Her career began with the BBC. Experience as a senior correspondent specialising in industry and politics, together with a business career in media and education services, provided the foundations for developing and leading major public/private projects. Along with the chairmanship of UHSM, Felicity also advises the UK Government on regional economic development.

Philip Smyth

Independent Non Executive Director, Deputy Chairman, Chair of the Remuneration Committee

Appointed July 2007; reappointed July 2010 and July 2013

After a spell in pharmaceuticals, Philip has worked in the personal care and food industries, initially as a market researcher and marketer and later in a variety of general management roles. In 1990, he joined PZ Cussons PLC, an international personal care, household and food product business, working as Managing Director in several units before joining the Main Board. As a Main Board Director, he ran the Group's European businesses and then led Group-wide business change projects in the technical and supply chain areas working across Europe, Africa and Asia.

Since retirement, Philip has held a variety of Non Executive Directorships in venture capital backed and privately owned companies. In addition, he is a trustee of Community Integrated Care, one of the UK's largest adult care providers, and acts as a mentor through Business in the Arts.

Roger Barlow BA, FCA

Independent Non Executive Director, Chair of Audit Committee and Senior Independent Director

Appointed November 2009 and reappointed November 2012

Roger, from Hale, is Chairman of the Marsden Building Society and Chairman of Impact Holdings (UK) plc. He is a former partner at KPMG and has held several directorships in both public and private companies. Married with two grown up children, he studied Economics at Durham University and is a Chartered Accountant.

Professor Graham Boulnois BSc, PhD

Independent Non Executive Director

Appointed January 2010 and reappointed January 2013

Graham has board level and operational leadership roles in global businesses, and brings a combination of scientific (medical research), business (pharmaceuticals) and financial (venture capital) experience to UHSM. He built one of the largest infectious disease research teams in the UK, the work of which has led to him publish more than 100 scientific publications. He has been on

numerous national (e.g. The Advisory Panel on Dangerous Pathogens) and international World Health Organisation Vaccine Committee) panels.

Lorraine Clinton

Independent Non Executive Director

Appointed January 2010 and reappointed January 2013

Lorraine has experience of UK and European blue-chip executive board roles, combined with multi-industry, public and private non-executive director experience. She has won two national awards, and was the youngest (and first female) appointment to the Pilkington Glass Management Cadre. Her non-executive roles have included work for the Northern Irish Assembly, the Agriculture and Horticulture Development Board, the North West Industry Development Board and Trafford Park Development Corporation.

Professor Martin Gibson BSc PhD

Independent Non Executive Director

Appointed November 2010 and reappointed November 2013

Martin is a Consultant Physician in Diabetes and Endocrinology, and is the Director of Greater Manchester Comprehensive Local Research Network and the Clinical Lead for the Northwest Diabetes Local Research Network. Married with two grown up children, he studied a Biochemistry degree and completed a PhD in Biochemistry at the University of Liverpool before going on to study Medicine. Professor Gibson says he decided to join UHSM because of the Trust's excellent record in patient care and research.

Dr Attila Vegh MSc

Chief Executive

Appointed September 2013

Dr Vegh is a qualified medical doctor who practiced internal medicine and completed his PhD in molecular cancer research. He holds an MSc in Health Management from Imperial College, London. Before joining UHSM, he worked for Cambridgeshire and Peterborough NHS Foundation Trust, where he led one of the quickest turnarounds in NHS history, satisfying both Monitor and the CQC that care quality and governance had improved significantly enough to remove the Trust from special measures.

Before this, Attila was the Managing Director of NHS South West Essex Community Services, successfully leading the organisation's transformation and merger with North East London Foundation Trust. He has also worked for McKinsey and Company, advising leading healthcare providers and academic medical centres on strategy, operations, organisational development, and mergers and acquisitions in Europe, the Middle East, and Japan.

Nora Ann Heery BSoc Sc

Director of Finance and Deputy Chief Executive

Appointed March 2006

Nora Ann Heery was appointed as Director of Finance at UHSM in March 2006. She has held a number of senior finance positions in the NHS across the North West and was the Director of Finance for Aintree University Hospital prior to moving to UHSM. Nora Ann joined the NHS as a National Finance Trainee in 1983 after gaining a degree in Economics. She is a member of the Institute of Public Finance and Accountancy.

Mandy Bailey RGN, RSCN

Chief Nurse

Appointed January 2007

Mandy Bailey has had an extensive career in the NHS spanning over 25 years. She is qualified as both an RGN and RSCN undertaking both clinical and senior managerial roles. Her area of clinical expertise is children's infectious diseases. She was the Director of Quality at Leeds Teaching Hospital before joining University Hospital of South Manchester NHS Foundation Trust.

Mandy joined UHSM on 1 January 2007 as the Chief Nurse. Her areas of responsibility are providing leadership and strategic direction for the nurses, midwives and all Allied Health Professionals at the Trust. In addition she is the Board lead in a number of areas including Infection Prevention as the Director of Infection Prevention and Control, Quality of Care to Patients and their Patient Experience, Patient and Public involvement, Safeguarding Children and Adults and is the Trust's Caldicott Guardian.

In 2013 Mandy was made chair of the Association of UK University Hospitals (AUKUH) Director of Nursing Forum. She participated in a Keogh review of East Lancashire NHS Trust, whilst in February 2014 participated in a CQC inspection of another foundation trust as a special advisor.

John Crampton MA MD FRCP
Interim Medical Director
Appointed November 2013

Dr John Crampton is a Consultant Physician and Gastroenterologist at UHSM, first appointed in 1991 following training in London and Cambridge. During his training John held posts in Leicester, Liverpool and Manchester and was Lecturer in Medicine at Addenbrooks Hospital in Cambridge for four years prior to taking up his Consultant post at UHSM.

John's main clinical interests have included diagnostic and therapeutic endoscopy, inflammatory bowel disease and complex GI disorders. John has been involved in clinical management at the Trust in a number of roles including Divisional Director of Medicine, Clinical Director of Medical Specialties and Clinical Director of Urgent Care. John is passionate about clinical leadership in the NHS and was appointed as Interim Medical Director in November 2013.

Jim O'Connell
Interim Chief Operating Officer
Appointed February 2014

Jim O'Connell has spent most of his career in the NHS, over 17 years at executive level. Past roles include Chief Executive at Hinchingsbrooke Healthcare NHS Trust and interim Chief Operating Officer roles at Salisbury Hospital NHS Foundation Trust and University Hospitals Bristol NHS Foundation Trust. He is a former National Director of Leadership at the Department of Health and was Regional Director of Workforce and Organisational Development at NHS South Central Strategic Health Authority. He was also National Programme Director for the Electronic Staff Record, one of the world's largest HR and Payroll IT implementations. He joined UHSM in February 2014 as Interim Chief Operating Officer.

Register of Directors' Interests

The Board regularly reviews the Register of Directors interests. The Register is maintained by the Foundation Trust Secretary. Entries are made into the Register by directors on whom the onus is to ensure that their own entry remains up to date. Directors are also requested to alert the Board to any potential or actual conflicts of interest in relation to agenda items at the start of all formal meetings.

The Register of Directors' Interests was most recently presented to and noted by the Board in March 2014. Please see table 5.5.

It is a requirement of the Code of Governance that it be noted in the Annual Report and Accounts whether or not there has been any material change to the time commitments of the Chairman relating to her other roles, which would affect her availability to discharge her duties at UHSM.

The Board is satisfied that there has been no material change to the external interests of the Chairman, which would results in her having less time or availability to commit to her UHSM role.

Directors not in post at year end

During the year, Karen James and Brendan Ryan were seconded to Tameside Hospital NHS Foundation Trust. Adrian Griffiths held position of Interim Director of Operations from 14th January 2013 to 13th October 2013. Deborah Sutton was appointed Interim Chief Operating Officer from 15th October 2013 to 2nd February 2014.

Table 5.5: Register of interests of directors in post as at 31 March 2014

| NAME | FELICITY GOODEY Chairman | PHILIP SMYTH Independent Non Executive Director Deputy Chairman | ROGER BARLOW Independent Non Exec Director, Audit Chair, Senior Ind.'t Director | GRAHAM BOULNOIS Independent Non Executive Director | LORRAINE CLINTON Independent Non Executive Director | MARTIN GIBSON Non Executive Director | KAREN JAMES Acting Chief Executive | NORA ANN HEERY Director of Finance | MANDY BAILEY Chief Nurse | BRENDAN RYAN Medical Director | JIM O'CONNELL Interim Chief Operating Officer | ATTILA VEGH Chief Executive | JOHN CRAMPTON Interim Medical Director |
|---|--|--|---|---|--|---|---|---------------------------------------|--|---|--|---|---|
| GIFTS and HOSPITALITY* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| EMPLOYMENT, DIRECTORSHIPS AND REMUNERATION | Panel member, Regional Growth Fund; Non executive director, Ninelives Media Ltd (remunerated) Director, Greater Manchester Chamber of Commerce and Industry; Council Member, Manchester University; Member, Leadership Council, Manchester Business School; Trustee, Friends of Rosie; Hon.Vice President, North West Riding for the Disabled; President, Cheshire Wildlife Trust | Director, Community Integrated Care, a company limited by guarantee, which runs The Peele Centre Trustee of the charity Make It Happen in Sierra Leone ; Non Executive Director of The White Room. | Chairman and non executive director of Marsden Building Society (remunerated); Non executive Chairman of Impact Holdings (UK) plc (remunerated); Partner in Sapien Partnership (my own consultancy, currently inactive) Independent Member of the Audit Committee at Information Commissioner's Office | Part-time Venture Partner at SV Life Sciences LLP Chairman of Kalvista Pharmaceuticals Ltd Chairman of Karus Therapeutics Ltd (wef from April 1st 2013) NED Vantia Pharmaceuticals Ltd Founder and Chairman, Axendos Therapeutics Ltd Founder and Managing Director, B-V Life Sciences Ltd | Chair, MLC Pension Fund Non-Executive Director, ENTRUST Ltd Independent Non Executive Director, Agriculture and Horticulture Development Board Executive Committee member – Women of the Year, London Trustee of HGCA Pension Fund Non executive director of Service Personnel and Veterans Agency Non executive director with the MacArthur Group | Consultant Physician, Salford Royal NHS FT Director NIHR Clinical Research Network: Greater Manchester Executive Director for Research and Informatics: Greater Manchester AHSN Associate Director for Industry; Comprehensive Clinical Research Networks CEO NW e-Health | Secondment Tameside Hospital NHS Foundation Trust | - | Chair, Association of University Hospitals Nurses Forum (from Sept 13) | Secondment Tameside Hospital NHS Foundation Trust | . Director at Jim O'Connell and Associates which provides interim services to UHSM | Eurohealth Limited (majority shareholder) | - |
| RELATED UNDERTAKINGS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CONTRACTS | - | - | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | | |
|-----------------------------------|---|--|---|---|---|---|---|--|--|---|---|---|---|
| HOUSES, LAND AND BUILDINGS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SHARES AND SECURITIES | - | - | - | - | - | - | - | - | - | - | - | - | - |
| NON-FINANCIAL INTERESTS | - | Wife is Chair of Bowdon District NSPCC | - | - | - | - | - | Husband is Chief Executive of Clatterbridge Cancer Centre NHS FT | - | - | - | - | - |
| GENERAL | - | - | - | - | - | Occasional Member of pharmaceutical Advisory Boards. Occasional speaker at educational events organised by pharma companies. (honoraria paid) | - | - | Member of the Royal College of Nursing Undertakes a role as professional advisor to the CQC on hospital inspections | - | - | - | - |

* A separate record of gifts and hospitality is maintained by the Trust, to which entries in the Register of Interests refer.



06 Council of Governors

UHSM's Council of Governors comprises of 32 seats consisting of 20 publically elected members of public, seven elected members of staff, and five members appointed by local stakeholders.

The Health and Social Care Act 2012 provided NHS foundation trust governors with additional responsibilities and powers, in addition to those contained within the NHS Act 2006.

The statutory roles and responsibilities of the Council of Governors include:

- *Appoint and, if appropriate, remove the Chair.*
 - Felicity Goodey was re-appointed at a special meeting of the Council held on 16 December 2013 for a further term of two years, with effect from 1 January 2014.
- *Appoint and, if appropriate, remove the other non-executive directors.*
 - Two non-executive directors were re-appointed by the Council in 2013-14. Philip Smyth was reappointed by the Council on 18 April 2013 for a third term, with effect from 1 July 2013. Martin Gibson was re-appointed at a special meeting of the Council held on 16 December 2013 for a second term, with effect from 1 October 2013.
- *Decide the remuneration and allowances and other terms and conditions of office of the chair and the other non-executive directors.*
 - The Council's Remuneration Committee made a recommendation to the Council at its meeting on 17 September 2013. The Council approved the recommendation to maintain the existing remuneration of the Non Executive Directors for 2013-14.
- *Approve the appointment of a chief executive.*
 - The Council ratified the appointment of Professor Attila Vegh as Chief Executive at its meeting on 18 April 2013.
- *Appoint and, if appropriate, remove the NHS foundation trust's auditor.*
 - This duty was not exercised in 2013-14.
- *Receive the NHS foundation trust's annual accounts, any report of the auditor on them, and the annual report.*
 - The Council received the annual report and accounts 2012-13 and the auditors report at its meeting on 17 September 2013.

- *Hold the non-executive directors, individually and collectively, to account for the performance of the board of directors.*
 - The Council adopted the Stewardship Standard at UHM in 2012, the application of which facilitates Governors' effective discharge of their duties. Governors have a number of opportunities to seek assurance from the Non Executive Directors about the performance of the Board, including NED attendance at Council meetings; joint Council / Board 'away days'; informal meetings with the Chairman and NEDs; observing Part 1 Board meetings; plus detailed briefings on specific issues, for example the Trust's recovery plan and Medipark.
- *To represent the interests of the members of the trust as a whole and the interests of the members of the public.*
 - Governors interact with members and the public informally; via external engagement exercises; the members' newsletter; annual open day; plus the Membership and Engagement Committee's annual action plan seeks to advance engagement opportunities within the Trust and in the local community.
- *Approve 'significant transactions'.*
 - The Council has exercised this duty once in 2013-14. At its meeting on 14 November 2013, the Council endorsed a recommendation by the Board of Directors regarding the formation of an LLP with Bluemantle in respect of the Medipark development.
- *Approve an application by the trust to enter into a merger, acquisition, separation or dissolution.*
 - This duty was not exercised in 2013-14.
- *Decide whether the trust's non-NHS work would significantly interfere with its principle purpose, which is to provide goods and services for the health service in England, or performing its other functions.*
 - This duty was not exercised in 2013-14.
- *Approve amendments to the trust's constitution.*
 - The Council approved amendments to the UHSM's constitution at its meeting on 17 September 2013.

Additional powers include:

- *In preparing the NHS foundation trusts forward plan, the board of directors must have regard to the views of the council of governors.*
 - The Governor-led Annual Plan Advisory Committee takes a lead, on behalf of the Council, in canvassing the views of members and of the public then discussing and providing feedback to the Trust about its objectives and plans.
- *The council of governors may require one or more of the directors to attend a governors' meeting to obtain information about performance of the trust's functions or the directors' performance of their duties, and to help the council of governors to decide whether to propose a vote on the trust's or directors' performance.*

- There is a standing open invitation to all Board members to attend Council meetings. All general meetings of the Council enjoy a healthy representation from the Board of Directors to support the Council in its development and to foster a good understanding of UHSM's affairs and the Governors' views.

The Health and Social Care Act 2012 also provided NHS foundation trusts with additional responsibility regarding governor capability: *'the trust must take steps to ensure that the governors have the skills and knowledge they require to undertake their role'*. The Governors have continued to have access to a range of development opportunities during 2013-14 on a wide range of subjects including the Trust's response to the Francis report; developments in the Southern Sector; mortality measures; dementia awareness; end of life care; coding; and research and development. Structured visits to services are planned via the Governors' Patient Experience Committee. Governors are also able to attend the NW Governors' forums, where they are able to network with fellow Governors from across the foundation trust community.

During 2013, the Council undertook an evaluation exercise to assess its own effectiveness – the results were presented and discussed at the Council meeting on 17 September 2013.

Council of Governors meetings

General meetings of the Council are held in public. Since the start of 2013-14, the Council has met on five occasions:

- 18 April 2013
- 17 September 2013
- 14 November 2013
- 16 December 2013 (special meeting of the Council to consider the re-appointments of the Chair and one Non-Executive Director)
- 13 March 2014.

The following table summarises Governor attendance at Council of Governor meetings from 1 April 2013 to 31 March 2014:

Table 6.1: Governor attendance at Council from April 2013 to March 2014

| Name | Title | Attendance (actual / eligible) |
|------------------------------|---|---|
| Marguerite Prenton | Public Governor (part of Trafford) | 3/5 |
| Kaye Gardner | Public Governor (part of Trafford) | 2/5 |
| Peter Turnbull | Public Governor (part of Trafford) | 4/5 |
| John Churchill | Public Governor (part of south Manchester) | 5/5 |
| Margaret Hughes | Public Governor (part of south Manchester) | 5/5 |
| Sidney Travers | Public Governor (part of south Manchester) | 5/5 |
| Barbara O'Sullivan | Public Governor (part of south Manchester) | 0/5 |
| Wendy Mannion ¹ | Public Governor (part of south Manchester) | 0/1 |
| Syed Ali | Public Governor (part of south Manchester) | 4/5 |
| Michael Kelly | Public Governor (part of south Manchester) | 5/5 |
| Martin Rathfelder | Public Governor (part of south Manchester) | 4/5 |
| Suzanne Russell | Public Governor (part of south Manchester) | 4/5 |
| Sharan Arkwright | Public Governor (part of Stockport) | 2/5 |
| Marcella Wilkinson | Public Governor (part of Stockport) | 4/5 |
| Chris Templar | Public Governor (part of east Cheshire) | 5/5 |
| Alex Watson | Public Governor (rest of England and Wales) | 5/5 |
| Carol Hinkley ² | Public Governor (rest of England and Wales) | 0/4 |
| Adrienne Taylor ³ | Public Governor (rest of England and Wales) | 0/4 |
| Shneur Odze | Public Governor (rest of England and Wales) | 3/5 |
| Emma Hurley | Staff Governor (Medical and Dental practitioners) | 3/5 |
| Nicola Child | Staff Governor (Nursing and Midwifery) | 0/5 |

| | | |
|-------------------------------|---|-----|
| Soo Jones ⁴ | Staff Governor (Nursing and Midwifery) | 0/1 |
| Lesley Coates | Staff Governor (other Clinical) | 3/5 |
| Joe Paxton | Staff Governor (non Clinical) | 2/5 |
| Thomas Foster ⁵ | Staff Governor (PFI employees working at the Trust) | 0/5 |
| Cliff Clinkard | Staff Governor (volunteers working at the Trust) | 5/5 |
| Cllr Tracey Rawlins | Appointed Governor (Manchester City Council) | 3/5 |
| Cllr Brian Rigby ⁶ | Appointed Governor (Trafford Council) | 1/1 |
| Cllr Chris Boyes ⁷ | Appointed Governor (Trafford Council) | 1/2 |
| Cllr Paul Lally | Appointed Governor (Trafford Council) | 0/2 |

¹ Ms Mannion term of office expired (August 2013)

² Ms Hinkley resigned (March 2014)

³ Ms Taylor resigned (March 2014)

⁴ Ms Jones resigned (May 2013)

⁵ Mr Foster left Soxedo employment (December 2013)

⁶ Cllr Rigby was replaced by Cllr Boyes (July 2013)

⁷ Cllr Boyes was replaced by Cllr Lally* (November 2013)

*Cllr Lally has been replaced by Cllr Chris Boyes (second period of office) from 2 April 2014.

Governors are required to comply with UHSM's standards of business conduct and to declare interests that are relevant or material to the Council. The register of interests is maintained and available for inspection by the public via the Trust Secretary at the following address: Foundation Trust Office, Trust HQ, Wythenshawe Hospital, Southmoor Road, Manchester, M23 9LT.

Any member of the public wishing to make contact with a member of the Council of Governors can do so via the Foundation Trust Office by telephone on 0161 291 2357 or email foundationtrustoffice@uhsm.nhs.uk

The Council of Governors operates a number of Council committees, membership of which is shown below. Several Governors have been involved in other work at UHSM including PLACE assessments, preparations for the 2013 Open Day, and meeting new members of staff at 'One Great Day', the Trust's induction event. The Council does not delegate any of its statutory decision making to its committees or individual Governors, since its conventions provide for committees to undertake advisory work only, with all Council decisions requiring ratification in a general meeting.

Table 6.2: Membership of Council Committees (as at 31 March 2014)

| Committee | Membership |
|--|---|
| Appointment Committee ('Committee of the Council and Board') | Tracey Rawlins (chair), Nicola Child, Felicity Goodey, Attila Vegh, Suzanne Russell |
| Remuneration Committee | Sidney Travers (chair), Peter Turnbull, Shneur Odze, Chris Templar, Lesley Coates, Joe Paxton, Alex Watson |
| Annual Plan Advisory Committee | Peter Turnbull (chair), Alex Watson, Michael Kelly, Emma Hurley (deputy chair), Sidney Travers, Suzanne Russell, Margaret Hughes, Marcella Wilkinson |
| Membership and Engagement Committee | Cliff Clinkard (chair), Marguerite Prenton, Sharan Arkwright, Nicola Child, Margaret Hughes, Michael Kelly (deputy chair), Chris Templar, John Churchill |
| Patient Experience Committee | John Churchill (chair), Marguerite Prenton, Syed Ali, Michael Kelly, Sharan Arkwright (deputy chair), Margaret Hughes, Chris Templar, Cliff Clinkard, Suzanne Russell, Joe Paxton, Marcella Wilkinson |

The chairs of each Council committee form the Chairs' Advisory Committee, which was established to support the Council, advise the Chairman on Council matters and concerns, and advise on agenda setting for Council meetings. This committee acts in lieu of a Lead Governor for Monitor.

6.1 Composition of the Council of Governors and register of interests

The UHSM constitution requires that the number of public governors to be greater than the aggregate number of appointed and staff governors. The Council of Governors comprises 20 governors elected by public members, seven governors elected by staff members and five governors appointed by stakeholders. During 2013, UHSM constitution was amended and whilst the overall number of public seats did not change, two constituency areas were merged. There were no elections in 2013-14 however a number of vacancies have arisen on the Council and an election process will be undertaken later in 2014 to fill the vacant seats. There also remains several vacancies for appointed governors, and the Trust will continue to pursue nominations.

Table 6.3: Public elected governors as at 31 March 2014

| Elected public governors | No of seats | Governor | Term of office | Term of office ends |
|------------------------------------|-------------|--------------------|----------------|---------------------|
| Area 1 (part of Trafford) | 4 | Peter Turnbull | 3 years | 31.10.15 |
| | | Kaye Gardner | 3 years | 31.10.15 |
| | | Marguerite Prenton | 3 years | 31.10.15 |
| | | Vacant | | |
| Area 2 (part of south Manchester) | 8 | John Churchill | 3 years | 31.10.15 |
| | | Sidney Travers | 3 years | 31.10.15 |
| | | Barbara O'Sullivan | 3 years | 31.10.15 |
| | | Margaret Hughes | 3 years | 31.10.15 |
| | | Suzanne Russell | 3 years | 31.10.15 |
| | | Michael Kelly | 3 years | 31.10.15 |
| | | Martin Rathfelder | 3 years | 31.10.15 |
| | | Syed Ali | 3 years | 31.10.15 |
| Area 3 (part of Stockport) | 2 | Sharan Arkwright | 3 years | 31.10.15 |
| | | Marcella Wilkinson | 3 years | 31.10.15 |
| Area 4 (part of east Cheshire) | 1 | Chris Templar | 3 years | 31.10.15 |
| Area 5 (rest of England and Wales) | 5 | Alex Watson | 3 years | 31.10.15 |
| | | Shneur Odze | 3 years | 31.10.15 |
| | | Vacant | | |
| | | Vacant | | |
| Total | 20 | | | |

Table 6.4: Staff elected governors as at 31 March 2014

| Elected staff governors | No of seats | Governor | Term of office | Term of office ends |
|---|-------------|-------------------------|----------------|---------------------|
| Class 1: Medical practitioners and Dental practitioners | 1 | Emma Hurley (unopposed) | 3 years | 31.10.15 |
| Class 2: Nursing and Midwifery staff | 2 | Nicola Child | 3 years | 13.11.14 |
| | | Vacant | | |
| Class 3: Other Clinical staff | 1 | Lesley Coates | 3 years | 31.10.15 |
| Class 4: Non Clinical staff | 1 | Joe Paxton | 3 years | 31.10.15 |
| Class 5: Atkins and Sodexo employees working at the Trust under PFI arrangement | 1 | Vacant | | |
| Class 6: Volunteers working | 1 | Cliff Clinkard | 3 years | 31.10.15 |

with the Trust

Total 7

Table 6.5: Appointed governors as at 31 March 2014

| Stakeholder | No of seats | Governor | Date appointed |
|---|--------------------|---------------------|-----------------------|
| Manchester City Council | 1 | Cllr Tracey Rawlins | 28.03.12 |
| Trafford Council | 1 | Cllr Paul Lally* | 22.11.13 |
| University of Manchester | 1 | Vacant | |
| Local Medical Committee | 1 | Vacant | |
| Manchester Professional Executive Committee | 1 | Vacant | |
| Total | 5 | | |

*Cllr Lally has been replaced by Cllr Chris Boyes from 2 April 2014.

During the financial year, a number of Governors were paid expenses to reimburse their travel costs incurred whilst attending meetings and events at the Trust. Four Governors received expenses in the reporting period – the aggregate sum paid was £1,300.

Table 6.7: Register of Interests of Governors in post as at 31 March 2014

| Name | Any directorships, including non-executive directorships held in any company | Ownership of part-ownership of private companies, businesses or consultancies likely or possible seeking to do business with the NHS | Employment with any private company, business or consultancy | Significant share holdings (more than 5%) in organisations likely or possibly seeking to do business with the NHS | A position of authority in a charity or voluntary organisation in the field of health and social care | Any connection with a voluntary or other organisation contracting for NHS services |
|--------------------|--|--|--|---|--|--|
| Peter Turnbull | None | None | None | None | None | None |
| Kaye Gardner | None | None | None | None | Organiser of voluntary transport group taking people with mobility problems to attend medical appointments | Organiser of voluntary transport group taking people with mobility problems to attend medical appointments |
| Marguerite Prenton | None | None | None | None | None | None |
| John Churchill | Director: Wythenshawe Forum Trust Ltd | None | None | None | None | None |
| Sidney Travers | None | None | None | None | None | None |
| Barbara O'Sullivan | - | - | - | - | - | - |
| Margaret Hughes | None | None | None | None | None | None |
| Suzanne Russell | Company Secretary of Age UK Bolton Enterprises Ltd | None | None | None | Chief Executive of Age UK Bolton | Chief Executive of Age UK Bolton |
| Michael Kelly | None | None | None | None | None | None |
| Martin Rathfelder | None | None | Employed by Socialist Health Association | None | None | Unpaid member of ResearchOne Database Committee |

| Name | Any directorships, including non-executive directorships held in any company | Ownership of part-ownership of private companies, businesses or consultancies likely or possible seeking to do business with the NHS | Employment with any private company, business or consultancy | Significant share holdings (more than 5%) in organisations likely or possibly seeking to do business with the NHS | A position of authority in a charity or voluntary organisation in the field of health and social care | Any connection with a voluntary or other organisation contracting for NHS services |
|---------------------|--|--|--|---|---|--|
| Syed Ali | None | None | None | None | None | None |
| Sharan Arkwright | None | None | None | None | None | Work as Matron for Quality Improvement in a neighbouring FT |
| Marcella Wilkinson | None | None | None | None | None | None |
| Chris Templar | None | None | None | None | None | None |
| Alex Watson | None | None | None | None | None | None |
| Shneur Odze | None | None | None | None | None | None |
| Emma Hurley | None | None | None | None | None | None |
| Nicola Child | None | None | None | None | None | None |
| Lesley Coates | None | None | None | None | None | None |
| Joe Paxton | None | Runs a freelance design consultancy, which creates websites / publications. Has done work for NHS trusts before. | Is minor shareholder (3%) in a business investment company. | None | None | None |
| Cliff Clinkard | None | None | None | None | Secretary of the Ticker Club Charity No. 519754 – cardiac support group based at Wythenshawe Hospital | None |
| Cllr Tracey Rawlins | None | None | None | None | None | Manchester Alliance for Community Care |
| Cllr Paul Lally | - | - | - | - | - | - |

6.2 Trust membership and the public constituency

Members

UHSM has two membership constituencies:

- A Public Constituency divided into five defined voting areas (representing public, patients and carers living in defined areas).
- A Staff Constituency divided into six classes representing different areas of UHSM's workforce, including UHSM PFI partners and volunteers.

How to become a member of UHSM

Public and patients who are interested in the affairs of the hospital may opt to become members of UHSM. Eligibility criteria are as follows:

Public member: an individual can become a public member if he/she is aged seven years or over and lives within the public catchment area or the rest of England and Wales.

Staff member: employees automatically become staff members unless they choose to opt out. In 2013-14, five staff members have chosen to opt out of membership. Employees of UHSM's PFI partners may become members once they have worked on-site for 12 months, as may UHSM's volunteers who have worked on-site for 12 months.

Table 6.8: Membership annual report 2013-14

| | Public constituency 2013-14 | Staff constituency 2013-14 |
|------------------|--------------------------------|-------------------------------|
| At 1 April 2013 | 6,475 | 6,597 |
| New members | 609 | 1,028 |
| Members leaving | 128 | 969 |
| At 31 March 2014 | 6,956 | 6,656 |

Table 6.9: Membership breakdown as at 31 March 2014

| Public constituency | Number of members | Eligible population |
|----------------------------------|-------------------|---------------------|
| Part of Trafford | 1,587 | 202,710 |
| Part of south Manchester | 2,174 | 282,083 |
| Part of Stockport | 998 | 229,588 |
| Part of east Cheshire | 484 | 73,345 |
| Rest of England and Wales | 1,713 | - |
| Age (years): | | |
| 0 – 16 | 10 | 94,340 |
| 17 – 21 | 57 | 51,761 |
| 22+ | 6,318 | 641,625 |
| Ethnicity: | | |
| White | 4,711 | 645,968 |
| Mixed | 59 | 24,196 |
| Asian | 282 | 75,786 |
| Black | 119 | 29,004 |
| Other | 19 | 12,772 |
| Socio-economic groupings: | | |
| AB | 1,515 | 145,357 |
| C1 | 3,749 | 173,165 |
| C2 | 628 | 65,455 |

| | | |
|-------------------------|-------|---------|
| DE | 946 | 178,825 |
| Gender analysis: | | |
| Male | 2,591 | 391,637 |
| Female | 3,749 | 396,089 |

The above table excludes 571 members with no stated date of birth; 1766 members with no stated ethnicity; and 616 members with no stated gender.

Members who wish to communicate with the Governors of the Trust are able to do so via the Foundation Trust Office by telephone on 0161 291 2357 or email foundationtrustoffice@uhsm.nhs.uk

Membership Strategy

The Trust's Membership Strategy 2011 – 2014 is based upon further achieving representative membership to ensure that membership reflects, where possible, its socio-economic geography and the communities it serves. It aims to increase UHSM's public membership numbers by 2% each year over the life of the strategy.

UHSM recognises that recruitment of members who live in the local south Manchester area is a particular opportunity. The Governor-led Membership and Engagement Committee has been, and will continue to, concentrate on this aspect of the strategy in order to boost engagement with the local community. The Membership and Engagement Committee's annual action plan will continue to develop opportunities for the recruitment and engagement with members and the wider public via attendance at community events, festivals and a range of locations, for example libraries and health centres. UHSM values public membership and members play a crucial role in improving UHSM's services and helping to plan future developments.

The Membership Strategy 2011 – 2014 is a public document and is available on the UHSM website for members and the public to view. Work will commence in 2014 to refresh the Strategy from 2015 onwards.



07 Financial Statements

7.1 Foreword to the accounts

In 2013-14 the University Hospital of South Manchester NHS Foundation Trust (UHSM) achieved a surplus of £0.6m before exceptional items. The achieved surplus equates to 0.12% of the Trust's turnover. The Trust also incurred exceptional costs of £2.2m relating to the impairment of land and buildings and restructuring (Mutually Agreed Resignation Scheme- MARS) producing a net bottom line deficit of £1.6m.

This chapter contains:

- regulatory disclosures
- other disclosures including public interest
- Accounting Officer's Statement of responsibilities
- Statement on Internal Control
- Auditor's opinion and certificate
- four primary financial statements
 - statement of comprehensive income (SoCI),
 - statement of financial position (SoFP),
 - statement of changes in taxpayers equity (SoCITE)
 - statement of cash flows (SCF)
- notes to the accounts (including remuneration of senior officers).

These accounts have been prepared under direction issued by Monitor, the independent regulator of foundation trusts and in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

The Directors of the Foundation Trust are responsible for the preparation of these accounts.

Regulatory Disclosures

As a Foundation Trust, UHSM operates under licence from Monitor which includes a requirement that the Trust has in place sufficient liquid resources, which may include a Working Capital Facility.

Public Interest Disclosures

As well as statutory obligations and those required by Monitor, the Trust also discloses information that may be of interest to the public. This information includes the level of management costs and the number of invoices paid to private sector bodies within agreed timescales (known as the Better Payment Practice Code).

Better Payment Practice Code

UHSM continues to recognise the importance of prompt payment to its suppliers and paid 96% by volume and 96% by value of all its undisputed invoices within thirty days of the month of receipt, this is in line with the 95% target.

Management Costs

For the twelve months to 31 March 2014, the Trust incurred £17.3m on management costs (calculated on the basis of the Department of Health guidelines). This represents 3.53% (Management Costs in 2012/ 13 were 3.50%) of Trust income.

Other Disclosures

Post Statement of Financial Position Events

The annual financial statements have been prepared on a going concern basis.

Following concerns about the Trust's short-term financial stability during the annual planning process for 2013-14, Monitor, the regulator of foundation trusts, felt that it had reasonable grounds to suspect the Trust had breached its licence and, in September 2013, commissioned an external review of the Trust's 2013/ 14 plans. As a result of the Monitor review the Trust undertook a number of actions including the development of a recovery plan which was submitted to Monitor in January 2014. This recovery plan set out arrangements to ensure the Trust can meet its cost improvement programme for the next two years (2014/ 15 and 2015/ 16) whilst achieving a Continuity of Service Rating (CoSRR)* of level 2 over each year. The recovery plan also took into account wider health economy priorities and formed the basis of the annual plans for 2014-15 and 2015-16 submitted to Monitor in April 2014.

UHSM's financial plans submitted to Monitor show that the Trust will make efficiencies to generate surpluses in the next two years with sufficient cash balances to meet the repayment of its loans and PFI. The Trust acknowledges the difficult financial climate that faces the NHS and, as a contingency the Independent Trust Financing Facility has agreed to put together a loan package to address the challenges presented by the Trust's PFI payment profile.

Recognising the Trust's challenge to improve its performance against the four hour A&E target and achieve financial recovery, the Trust started, in April 2014, the implementation of its Emergency Improvement Plan and began the process to recruit a Turnaround Director. In May 2014, having considered the Trust's plans and actions taken to deal with its short-term financial problems, Monitor instigated an Enforcement Undertaking at UHSM. Following discussions with Monitor the Trust completed the appointment of a Turnaround Director, continued the implementation of its Emergency Improvement Plan and began a review of the Trust's Board corporate governance arrangements.

There were no other material post Statement of Financial Position events following submission of the accounts to 31 March 2014.

**CoSRR is the financial risk rating that Monitor applies to foundation trusts with ratings given on a scale of 1 to 4, (1 being the highest level of risk). The rating is based on the two metrics, liquidity and ability to service debt. Due to low working capital balances transferred from the predecessor organisation to UHSM on incorporation as a foundation Trust in 2006 UHSM's liquidity has been lower than most other foundation trusts producing a low liquidity rating. The Trust's low rating for debt servicing reflects the payment profile of the Trust's PFI scheme which has high levels of interest and principle payments over the next nine years.*

Going Concern

After considering Monitor's Enforcement Undertaking, explained in the Post Statement of Financial Position Events, and making enquiries the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Policies and Procedures with respect to Countering Fraud and Corruption

The Trust has established local policies and lines of reporting supporting counter fraud arrangements. The Trust has a nominated Local Counter Specialist (LCFS), who is professionally trained in this area of expertise. The LCFS combines both proactive and investigative work to deliver an effective counter fraud service for the Trust. The LCFS works to ensure a strong anti-fraud culture is engendered across the organisation.

External Audit

Grant Thornton, as external auditors, received a fee of £39k + VAT for the audit of the accounts to 31 March 2014 as set out in Note 7 to the accounts. The Trust's accounts also reflect payments made to the Grant Thornton of £7k + VAT in respect of work they undertook on the Trust's Quality Account and £5k + VAT for taxation advice.

A handwritten signature in black ink that reads "Dr Attila Vegh". The signature is written in a cursive, flowing style.

Dr Attila Vegh
Chief Executive

29 May 2014

7.2 Statement of the Chief Executive's responsibilities as the Accounting Officer of University Hospital of South Manchester NHS FT

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of 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 National Health Service Act 2006, Monitor has directed the University Hospital of South Manchester 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 University Hospital of South Manchester NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

The directors 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.

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.
- 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 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*.



Dr Attila Vegh
Chief Executive

29 May 2014

7.3 Annual Governance Statement

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 the 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.

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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the University Hospital of South Manchester NHS Foundation Trust (UHSM), to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the UHSM for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Board of Directors is ultimately responsible for ensuring that there is a robust risk management strategy in place within the Trust and ensuring that this is implemented and monitored via the Trust's governance processes. In order to discharge its responsibilities, the Board ensures scrutiny of the strategic risk register and Board Assurance Framework (BAF) via: monthly review of the significant risks on the strategic risk register and quarterly review of the BAF at the Board of Directors, review of the strategic risk register and BAF at each Audit Committee; bi-monthly review of the strategic risk register and BAF at the Quality and Assurance Committee; and monthly review of strategic risks at Executive Team. Operational performance and subsequent risks are also discussed monthly at the Trust's Operational Board. Leadership, in respect of risk management processes, is given by the Trust's Director of Governance and Risk (Chief Risk Officer), reporting to the Board of Directors. In addition, directorate and divisional level risks are managed through divisional governance processes. In 2013-14 external and internal audits were undertaken regarding implementation of risk management processes and escalation of risk.

Training is provided to relevant staff on risk assessment, incident reporting and incident investigation. This is provided to all new staff coming into post and to all staff who have responsibility for updating the risk management systems within the Trust, or to those staff who have responsibility for undertaking investigations within the Trust.

Frameworks and support materials are available to staff to support the management of risk. Learning is facilitated via a number of ways within the Trust, including aggregate analysis of incidents, complaints and claims to identify themes, trends and actions, ensuring learning is disseminated via Trust communication channels and also ensuring learning links back into training.

4. The risk and control framework

The risk management process is set out in five key steps as follows:

(i) Risk Identification

Strategic risks are identified proactively by assessing risks against delivery of the Trust strategic plan, risks identified via impact assessments undertaken of any significant service developments and risks that are escalated from divisional risk registers. The Council of Governors helps to identify

and review the risks within the annual plan. Risks are also identified reactively via performance monitoring and analysing incidents, complaints, claims etc.

(ii) Risk Assessment

Risk assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the impact and likelihood of each risk and determines the priority based on the overall level of risk exposure. Any specific risks which may impact upon public stakeholders are discussed with the relevant external partners, providers, commissioners or other bodies as necessary to develop, where appropriate, integrated plans to protect and maintain services for patients.

(iii) Risk Response

For each risk, controls are ascertained or developed, documented and understood. Controls are implemented to avoid risk; seek risk (take opportunity); modify risk; transfer risk or retain risk. Gaps in control are subject to action plans, which are implemented to reduce residual risk. In determining the organisation's risk appetite, the Board has considered tolerances for the following dimensions (i) reputation and credibility; (ii) clinical, operational and policy delivery; (iii) financial; and (iv) regulatory and legal. The Director of Governance and Risk (Chief Risk Officer) ensures each risk is recorded on the Trust's risk register and managed in accordance with the Board's appetite for risk.

(iv) Risk Reporting

All significant risks are reported at each formal meeting of the Board of Directors, Audit Committee and Quality and Assurance Committee. In addition, in the event of a significant risk arising in between these meetings, arrangements are in place to escalate a risk to the Executive Team. The level within the Trust at which a risk must be reported is clearly set out in the Risk Management Strategy and Policy. The risk report to the Board also details what action is being taken, and by whom, to mitigate the risk and monitor its effectiveness.

(v) Risk Review

Those managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision-making. Assurances on the operation of controls for all significant risks are kept under review by the Board, Audit Committee, Quality and Assurance Committee and Executive Team (each strategic risk has an Executive lead as the Risk Owner).

In addition, risk profiles for all directorates are kept under review as part of the divisional governance processes, with appropriate escalation in place in accordance with the Trust's risk management strategy.

4.1 Quality Governance arrangements

In relation to the Trust's quality governance arrangements, the Trust commissioned an external review of quality governance in 2013-14, the results of which helped to make further improvement to the risk and control framework. In relation to assessing the quality of performance information, the Board reviews an integrated performance report monthly, called the 'Quality Account'. This Quality Account includes a wide range of measures, including quality measures, performance measures, financial measures, regulatory matters and health and safety; and includes information on targets, year to date and monthly performance, a four month trend and a forecast for the following month. The Quality Account is backed up by a more granular exception report. This is scrutinised by Operational Board, ahead of the Board of Directors to ensure Board members can be aware of any exceptions and what operational management is doing to improve performance as required. Non Executive Directors are invited to attend Operational Board and so can observe the scrutiny and challenge of the performance information. There are also internal and external audits to scrutinise independently data quality of performance information. This is presented routinely to the Audit Committee.

In 2013-14, following concerns regarding the Trust's short-medium term financial stability raised during the annual planning process and also concerns regarding compliance with the A&E national standard to achieve a maximum waiting time of four hours or less from arrival to admission, transfer or discharge, Monitor felt that it had reasonable grounds to suspect the Trust had breached its licence and launched an investigation. The Trust has subsequently been issued with Enforcement Undertakings (described in full in section seven of the Annual Governance Statement). One of these Enforcement Undertakings is to commission a review of effectiveness of Board governance. This will follow on from the external review commissioned by the Trust in October 2013, and the resulting recommendations and actions will help to further strengthen the Trust's quality governance arrangements.

4.2 Assurance with CQC registration

Assurance with CQC registration requirements is obtained in a variety of ways. As stated above, the Trust reviews quality information on a regular basis. The Trust also reviews and takes appropriate actions following on from publication of the Intelligent Monitoring Reports (IMR), formally Quality Monitoring Reports (QMR), which is a risk based report on agreed indicators produced by the CQC on all trusts. There are a number of assurance reports, which are tracked through the Board as either direct assurance, for example presented to the Board as part of their business cycle; or indirect assurance, for example via the Trust's committee structure. These assurance reports are designed to ensure that the Trust is monitoring compliance with regulations / registration compliance. There also regular reports received at divisional / directorate level, as part of operational governance, to ensure compliance with regulations and to ensure that any areas of non compliance are escalated through the Trust's risk management processes. In addition to assurance reporting, the Trust has observational reporting in place. In 2013-14, the Executive Directors continued their safety walkrounds programme, where they undertook listening events with staff and also talked to patients about the care in the hospital. The Trust commissioned a 'mock Keogh' review where patient groups and professionals from 14 different NHS organisations were asked to come and peer review the Trust. The Trust also worked with commissioners in 2013-14 to facilitate commissioner walk rounds of the services. Integrated assurance mechanisms are therefore in place, which include performance data, reporting, external benchmarking and observing clinical services and talking to staff and patients.

4.3 Information governance

Risks to data security are managed via adoption and monitoring of the standards outlined within the Information Governance Toolkit. In 2013-14 the Trust was compliant with requirements at level two outlined within the toolkit. Incidents of data security are discussed at the Trust's Information Governance Group, which is chaired by the Trust's Caldicott Guardian (the Chief Nurse).

4.4 Significant Risks

In the preceding 12 months, the Foundation Trust has taken effective action and reduced the overall risk of significant harm in the following strategic risk areas:

1. **A failure to maintain UHSM's Clostridium difficile infection rate within** or below the set trajectory, caused by insufficient compliance with infection prevention procedures, may result in a risk to patient safety, CQC non-compliance, a deterioration of UHSM's Governance Risk Rating with Monitor and significant financial penalties (risk rating 16). It was agreed at end of March 14 to reduce this rating to 12 on strategic risk register due to meeting the 2013-14 target following a number of improvements put in place regarding antibiotic prescribing and working with contractors who provide cleaning services. The risk regarding *C. difficile* continues to be monitored.
2. **Failure to comply with the EU Directive 2010/32/EU on the prevention of sharps injuries** in the Health care sector in accordance with the Health and Safety (Sharp Instruments In Healthcare) Regulations 2013 resulting in non compliance with a legal requirement and increased risk to staff (risk rating 15). This risk was archived in March 2014 as funding was agreed for specific

safety devices and that there would be a process to support ongoing funding with this as this is a legal requirement.

3. **Failure to invite patients to make a follow up appointment** within the agreed projected appointment date, caused by a failure to follow procedures for the management of follow up patients, or maintenance of the IPM (Integrated Patient Management) system, therefore allowing patients to be added to an incorrect waiting list. This may result in patients' care being sub-optimal if they are not reviewed within the time period specified by their consultant (risk rating 15). This risk was identified following a number of incidents and a subsequent internal audit. Following a review of the waiting lists and an improvement plan being put in place, the risk was archived from the strategic risk register and downgraded to be monitored through directorate governance processes. A follow up audit will be conducted to ensure that the risk continues to be monitored appropriately.
4. **Patients on the Acute Medical Unit (AMU) with mental health problems will harm themselves whilst under our care**, especially after assessment and awaiting for a psychiatry bed either as a voluntary admission, because of high risk of suicide, or if under section of the Mental Health Act (risk rating 16). This risk was identified following incidents relating to mental health patients within the Trust. In September 2013, this risk was archived, following assurances regarding triage and the commissioning of improved mental health services. It remains under scrutiny at a local monitoring level and via reports to the Chief Operating Officer and Chief Nurse as executive leads for mental health.
5. **A failure to virtually eliminate mixed-sex accommodation**, potentially resulting in a poor experience and an inability to maintain privacy and dignity for patients, financial penalties, or loss of reputation (risk rating 16). This risk was identified following increased numbers of recorded breaches. In June 2013, this risk was archived following significant improvements in recorded breaches. Performance continues to be monitored monthly by the Board.
6. **Trauma patients may not receive urgent CT imaging** on a CT scanner co-located with the Emergency Department as a consequence of the unavailability of an operational CT scanner (risk rating 16). This is a key clinical requirement for a major trauma centre and the risk was identified as the Trust did not have these facilities within acute radiology. In June 2013, this risk was archived as a new scanner was purchased and installed.

As at 31 March 2014, UHSM has identified a range of significant risks, which have been recorded on the Board strategic risk register, have action plans in place to address gaps in control and assurance, and are being monitored via the Trust governance processes. These are as follows:

1. **Effective financial controls are not in place to deliver clinical service priorities**, as outlined within the Trust's annual plan, which may result in the Trust being in significant breach of its licence (risk rating 20). Following concerns about the Trust's short-medium term financial stability during the annual planning process for 2013-14, Monitor, the regulator of Foundation Trusts, felt that it had reasonable grounds to suspect the Trust had breached its licence and thus instigated an external financial review, reported in September 2013. As a result of these concerns the Trust developed a recovery plan, submitted to Monitor in January 2014, which set out arrangements to ensure the Trust can meet its cost improvement programme for the next two years whilst delivering a Continuity of Service Risk Rating (CoSRR) of level two by year end 2014-15. The Board of Directors will track performance on the recovery plan and report this to Monitor.
2. **The Trust does not meet a range of access targets, including A&E target**, caused by increased demand and / or failure to discharge patients to manage demand, resulting in decreased patient experience and potential for the Trust being in significant breach of its licence (risk rating 20). The Trust has an Emergency Pathway Improvement Plan in place, which focuses on the

following work streams: discharge, urgent care, stroke, ambulatory care and integrated-care development. Performance is regularly monitored through the Trust's Operational Board as well as through the formal performance review process. Models of Care are being redesigned internally to ensure that patients spend the shortest amount of time in hospital. The planned expansion of the Emergency Department in 2015-16 will align with the new models of care and will provide additional capacity within the two year plan period. The Trust works closely with all of its external partners and there is regular system wide Urgent Care Board of which the Trust is an active member. Work continues with external partners on the creation of new integrated patient pathways designed to prevent hospital admission wherever appropriate.

3. **Failure to provide adequate nursing staffing levels in some wards** caused by wards not having required establishments and inability to fill vacancies which may result in pressure on ward staff, potential impact on patient care and impact on Trust (risk rating 16). The Trust reviewed its nursing baselines and establishments twice during 2013-14 and has had concerns regarding the ability to recruit nursing staff to the vacancies. Although this is a national issue, a risk has been logged on the Trust's strategic risk register with regard to meeting the safer staffing requirements, outlined within the NHS' Chief Nursing Officer's report of November 2013 and the forthcoming guidance expected from NICE. In order to mitigate this risk, a nursing recruitment plan has been developed – this includes a six monthly review of all baseline establishments and mechanisms in place to increase national and overseas recruitment. Further national and international recruitment events are planned in May 2014. In line with national guidance, the Trust continues to review and monitor its nurse and midwifery staffing levels and has provided reports to the Board in 2013-14. From June 2014, staffing levels by ward will be externally published and reported to the Board on a monthly basis. The Trust can draw upon bank / agency staff when clinically needed and associated activity levels will also be monitored.
4. **UHSM's IT infrastructure is insufficient to meet the needs of the Trust**, its commissioners or major stakeholders such as GPs potentially leading to patient safety issues, inefficient clinical and working practices, loss of reputation and / or market share (risk rating 16). This is recognised as an area in which the Trust needs to invest in infrastructure and training. Capital monies have been allocated to ensure the infrastructure is further developed e.g. procurement of an Electronic Patient Record system and the informatics investment / department is under review to ensure that it is able to meet these challenges.
5. **The potential for a negative working environment and the consequential loss of discretionary effort and productivity**, or loss of talented colleagues to other organisations, associated with measures required to reduce UHSM's cost base (risk rating 16). There are risks associated with the Trust's recovery plan in relation to maintaining Trust staff morale and effort through cost saving programmes. Key to this is communication, appropriate levels of consultation and ongoing work in relation to organisational development. Actions have been put in place to mitigate this.
6. **Reduction in quality of service provided as a result of the Trust's recovery plan**, which may result in patient harm, increased complaints and litigation, and a negative impact on Trust reputation to patients, public and commissioners (risk rating 15). All recovery and cost improvement plans have had a quality impact assessment undertaken to minimise the impact on patient safety, clinical effectiveness and adversely affecting patient experience. A multi-professional Clinical Advisory Panel, chaired by the Medical Director and Chief Nurse was convened to sign off the impact assessments prior to approval of the recovery programme by the Board of Directors. The quality impact assessments will be continuously reviewed by clinical staff and recovery leads as the schemes are implemented to ensure that there is not an adverse impact on patient care. This will be overseen by the Quality and Assurance Committee.
7. **A failure to establish an effective Southern Sector partnership**, caused by insufficient engagement and / or commitment of partners, disagreement between parties or insufficient

models of care, resulting in benefits of the Southern Sector partnership not being realised (risk rating 15). Clinical leads are in place across all of the clinical areas being reviewed and the Trust has worked in partnership to appoint a senior clinical lead across the Southern Sector. Work is also underway to develop appropriate governance mechanisms, to ensure that guiding governance principles will be agreed with all partner organisations, to enable the agenda to progress, ahead of establishment of any formal entity.

8. **Missed cancers and fractures**, due to staff not correctly requesting, acknowledging and acting upon diagnostic investigations appropriately, which may result in poor outcomes for patients and impact on the Trust's reputation (risk rating 15). This risk was identified through occurrence of incidents and subsequently an internal audit of the Trust's diagnostic review system. An improvement plan has been put in place resulting in audits, systems development and improved performance reporting. This improvement plan is being overseen by the Medical Director reporting to the Board and the Quality and Assurance Committee.

4.5 Statement of Compliance with the NHS Foundation Trust Code of Governance and other disclosure statements

Monitor's Code of Governance for NHS Foundation Trusts requires Foundation Trusts to make a full disclosure on their governance arrangements for the 2013-14 financial year.

The Code requires the Directors' Report to explain how the main principles and supporting principles of the Code have been applied. The form and content are not prescribed. The information satisfying this requirement is found throughout this Annual Report and Accounts, particularly within chapter five, Directors' report and chapter six, Governors.

In the second part of the compliance disclosure, UHSM is required to provide a statement either confirming compliance with each of the provisions of the Code or where appropriate, an explanation in each case why the Trust has departed from the Code. The UHSM Board confirms that UHSM complied with all provisions of the Code for the 2013-14 year, without exception.

For the avoidance of doubt, although the Code requires Foundation Trusts to nominate a Lead Governor to 'have a role to play in facilitating communication between Monitor and the NHS Foundation Trust', the Council of Governors at UHSM have considered this requirement and resolved to satisfy it not by the designation of a single individual Governor, but by the collective designation of the Chairs' Advisory Committee as Lead Governor. In the view of the Council, this way of working provides Governors with more efficient, and representative, regular two-way communications with the Chairman, the Non-Executive Directors and Board, and in exceptional circumstances with Monitor, should the need arise. In the view of the UHSM Board, this arrangement, with which Monitor is content, does not constitute a non compliance with the Code.

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust was inspected in 2013-14, as part of a dementia themed review. The Trust received a compliance action with a moderate concern regarding monitoring of the quality of services for patients with dementia. An action plan is in place to ensure improvements continue to be made and the Board monitors progress against this action plan, via the Quality and Assurance Committee.

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.

In year the Trust recognised that it needed to strengthen control measures to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has an improvement plan in place which it is implementing and monitoring.

The Foundation Trust has undertaken risk assessments 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.

4.6 Risk and control framework summary

In summary the risk management and control framework is embedded in the activity of the organisation by ensuring that:

- There is a clear strategy and policy in relation to risk management on which staff are trained appropriately.
- Strategic risks are identified and monitored by the board of directors.
- Risk assessments are linked to core business as part of the quality monitoring process, planning and service development processes.
- Where risk assessments are conducted and any risks identified, that these are tracked through appropriate risk registers and governance frameworks, to monitor impact and effectiveness of mitigations.
- Quality governance framework assessments are in place and are assessed by internal / external audit to give further assurance on robustness and help identify areas for improvement.
- The trust embraces and promotes a fair blame culture to incident reporting so that any issues can be identified and addressed, and lessons learned.
- Lessons are learned from incidents, Serious Untoward Incidents and Complaints.
- Information is available for people to monitor all the aspects of service delivery, to ensure any areas for improvement can be identified.

Following on from the audit on quality governance that the Trust commissioned, further improvements will be made in 2014-15, which will be re-audited.

5. Review of economy, efficiency and effectiveness of the use of resources

As Accounting Officer, I am responsible for ensuring that the organisation has arrangements in place for securing value for money in the use of its resources. To do this I have maintained systems to:

- Set, review and implement strategic and operational objectives.
- Seek external assurance that the trust can demonstrate value for money.
- Ensure that plans are in place to deliver cost improvements.
- Engage with strategic partners / lead strategic agendas to ensure that use of resources is considered on a health economy scale.
- Engage with patients, staff, members and other stakeholders to ensure key messages about services are received and acted upon.
- Monitor and improve organisational performance.

Following concerns about the Trust's short-term financial stability during the annual planning process for 2013-14, Monitor, the regulator of foundation trusts, felt that it had reasonable grounds to suspect the Trust had breached its licence and, in September 2013, commissioned an external review of the Trust's 2013-14 plans. As a result of the Monitor review the Trust undertook a number of actions including the development of a recovery plan which was submitted to Monitor in January 2014. This recovery plan set out arrangements to ensure the Trust can meet its cost improvement programme for the next two years (2014-15 and 2015-16) whilst achieving a Continuity of Service Rating (CoSRR) of level two over each year. The recovery plan also took into account wider health

economy priorities and formed the basis of the annual plans for 2014-15 and 2015-16 submitted to Monitor in April 2014.

UHSM's financial plans submitted to Monitor show that the Trust will make efficiencies to generate surpluses in the next two years with sufficient cash balances to meet the repayment of its loans and PFI. The Trust acknowledges the difficult financial climate that faces the NHS and, as a contingency the Independent Trust Financing Facility has agreed to put together a loan package to address the challenges presented by the Trust's PFI payment profile.

Monitoring of the recovery plan is undertaken at the Trust's Recovery Board, which reports to the Board of Directors.

Issues relating to economy, efficiency, effectiveness are reviewed in year via the Trust's internal audit plan, which is commissioned and reviewed by the Audit Committee. The Audit Committee also oversees the implementation of recommendations made by Internal Audit.

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 annual Quality Reports, which incorporate the above legal requirements, as set out within the NHS Foundation Trust Annual Reporting Manual.

UHSM has strived to embed strong clinical leadership for the development of the Annual Quality Report during 2013-14. This has been provided by the Interim Medical Director, in close collaboration with the Chief Nurse and the Interim Chief Operating Officer, along with clinical leads assigned to lead the quality improvements initiatives as set out within the Trust's Quality Accounts. Where delivery of the Trust's quality priorities has meant investing in people and / or training, the Trust has prioritised this investment, for example the appointment of a Quality Matron. Therefore quality priorities set for 2014-15 link into the Trust's annual plan to ensure the quality improvement initiatives are in alignment with national, commissioner and the Trust's strategic priorities.

In order to ensure the Trust's Quality Report presents a balanced view, the Trust has shared the report with third parties, for example commissioners, Health and Scrutiny Committees, Healthwatch and the Trust Governors.

Performance and outcomes highlighted within the Quality Accounts are reviewed by the Clinical Standards Sub Committee (previously Healthcare Governance Committee), which is chaired by the Medical Director.

A monthly integrated performance report, outlining the targets within the Trust's Quality Account is presented to the Board of Directors. Any target, which is not meeting the required trajectory, is flagged as an exception, with a narrative provided to the Board.

Data quality audits are commissioned within the Trust, as part of the Information Governance Toolkit work and work is also undertaken by the Trust's internal auditors, the reports of which are received at the Trust's Audit Committee and any issues are then flagged to the Board. In relation to data quality issues in 2013-14, an example of an issue flagged to the Board was clinical coding. Audits identified that the Trust had not been undertaking optimal clinical coding, which had impacted on reduced charging mechanisms for clinical work undertaken and also had an adverse impact on mortality indices, which had been flagged as an outlier nationally. Work was undertaken to ensure that staff were coding episodes of care correctly. A parallel workstream was commissioned by the Board in relation to a review of all deaths to ensure that, where the Trust was an outlier for mortality indices, that this was not related to poor care. The resulting outcome is that the Trust has been

able, in the 2014-15 contracting round, to demonstrate to commissioners underpayment for clinical work undertaken, and the Trust's mortality indices have improved significantly.

The Commissioning for Quality and Innovation Contract has provided the Trust with a process for external scrutiny of many elements of the data contained within the Patient Safety, Quality and Patient Experience programme during 2013-14. South Manchester Clinical Commissioning Group has reviewed this information on a quarterly basis.

The Trust has a contract with Comparative Health Knowledge System (CHKS) to provide quality and safety benchmarked data, including mortality, which is a routine component of the monthly Quality Report to the Board of Directors.

In addition to internal monitoring and internal audits, an assurance report is provided by external audit annually on the content of the quality account and selected key performance indicators.

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 and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this 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 Board, the Audit Committee, and the Quality and Assurance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has set out the governance arrangements including the committee structure within the Governance Manual. Within 2013-14 the Board commissioned a review of the Trust's committee structure, following an external review. The result of this committee review has been an establishment of two new committees of the Board: the Operational Board, whose remit it is to oversee finance, performance and planning; and the Quality and Assurance Committee, whose remit it is to ensure that quality governance mechanisms are in place within the Trust.

The Operational Board is chaired by the Chief Executive, meets monthly, and has membership from senior clinical and managerial leaders within the Trust. Non Executive Directors are also invited to attend to observe the levels of scrutiny being undertaken at the committee level. Quality and Assurance Committee is chaired by a Non Executive Director, meets bi-monthly, and has membership from senior clinical and managerial leaders within the Trust. Chairs of these committees provide the Board with a chairs report following each meeting and the committee minutes are also presented to the Board.

The priority for the Audit Committee is to monitor the integrity of the Trust's financial statements and to review the Trust's financial and non-financial controls and management systems. The committee's work has focussed on the register of risks, controls and related assurances underpinning the delivery of the Board's objectives. The committee meets at least five times per year and comprises three Non-Executive Directors. Executive Directors, Director of Human Resources, Director of Risk and Governance (Chief Risk Officer), Head of Corporate Governance, Head of Internal Audit and External Audit are in routine attendance.

The Chair of the Audit Committee ensures that the committee is kept informed of significant risks and reviews all disclosure statements that flow from the Trust's assurance processes as part of a programme of internal and external audit. In particular, these cover financial statements; the Annual Governance Statement; compliance with applicable standards and regulations; and assurances underpinning declarations to regulators such as Monitor and the Care Quality Commission.

Clinical Audit is an integral part of the NHS Foundation Trust's internal control framework. An annual programme of clinical audit is developed involving all clinical directorates. Clinical audit priorities are aligned to the Trust's clinical risk profile, compliance requirements under the provisions of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010, and national clinical audit priorities or service reviews.

With respect to the internal audits concluded during 2013-14, there were four assignments for which Internal Audit reported the level of assurance as limited for the year ended 31 March 2014. These audits provide limited assurance as a result of weaknesses in the design and / or operation of controls. Management action plans are designed and implemented to address these weaknesses and progress against these is reviewed by the Audit Committee.

External audit provides independent assurance on the accounts, annual report, Annual Governance Statement and on the Annual Quality Report.

As noted within this statement, there have been two significant gaps in internal control identified in 2013-14; these issues are in relation to not meeting financial targets and not meeting the A&E national standard to achieve a maximum waiting time of four hours or less from arrival to admission, transfer or discharge for 95% of patients during quarters three and four. Monitor has issued the Trust with Enforcement Undertakings, which requires the Trust to:

- Undertake an external review of the Trust's recovery plan.
- Undertake a review of effectiveness of Board governance arrangements.
- Commission the services of a Turnaround Director.

The achievement of the A&E four hour target also remains a significant risk going into 2014-15. An improvement plan has been put in place and this will continue to be monitored as a target on a daily basis and the improvement plan will be monitored at the Trust's Operational Board.

At the time of writing this report, an external review of the recovery plan is underway and a Turnaround Director was appointed in April 2014. The external review of effectiveness of Board governance arrangements will commence in May 2014.

8. Conclusion

As Accounting Officer with responsibility for maintaining a sound system of internal control at the University Hospital of South Manchester NHS Foundation Trust, I confirm that there are no significant issues of internal control, other than those highlighted above, that came to light during the financial year ended 31 March 2014 and up to the date of approval of the annual report and accounts.



Dr Attila Vegh
Chief Executive

29 May 2014

7.4 Independent External Auditor's report

Independent auditor's report to the Council of Governors and Board of Directors of University Hospital of South Manchester NHS Foundation Trust

We have audited the financial statements of University Hospital of South Manchester NHS Foundation Trust ('the Trust') for the year ended 31 March 2014 which comprise the group and Trust statement of comprehensive income, the group and Trust statement of financial position, the group and Trust statement of cash flows, the statement of changes in taxpayers' equity and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

We have also audited the information in the Remuneration Report that is subject to audit, being the table of pay multiples and related narrative notes.

This report is made solely to the Council of Governors and Board of Directors of University Hospital of South Manchester NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Governors and Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust, the Trust's Governors as a body and the Trust's Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of accounting officer and auditor

As explained more fully in the Chief Executive's Statement, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Accounting Officer is responsible for the maintenance and integrity of the corporate and financial information on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts issued by Monitor, and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the financial position of the group and University Hospital of South Manchester NHS Foundation Trust as at 31 March 2014 and of the Trust and group's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual and the directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion:

- the part of the Remuneration Report subject to audit has been properly prepared in accordance with paragraph 25 of Schedule 7 of the National Health Service Act 2006 and the NHS Foundation Trust Annual Reporting Manual 2013-14 issued by Monitor
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual or is misleading or inconsistent with information of which we are aware from our audit
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources
- the Trust's Quality Report has not been prepared in line with the requirements set out in the NHS Foundation Trust Annual Reporting Manual or is inconsistent with other sources of evidence.

Certificate

We certify that we have completed the audit of the financial statements of University Hospital of South Manchester NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Sarah Howard
Partner
for and on behalf of Grant Thornton UK LLP

4 Hardman Square
Spinningfields
Manchester
M3 3EB

29 May 2014

7.5 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

March 31, 2014

| | NOTE | Trust | | Group | |
|---|--------|-----------------|-----------------|-----------------|-----------------|
| | | 2013/14 £000 | 2012/13 £000 | 2013/14 £000 | 2012/13 £000 |
| Income from patient care activities | 3 | 346,298 | 323,554 | 346,298 | 323,554 |
| Other operating income | 4 | 144,031 | 106,990 | 144,765 | 107,995 |
| Exceptional Income- Reversal of impairments of property, plant and equipment | 13 | - | 1,379 | - | 1,379 |
| Operating expenses (excluding impairments of property and restructuring costs) | 7 | (478,852) | (419,791) | (480,194) | (421,330) |
| Exceptional item - impairments of property | 7,13 | (1,893) | - | (1,893) | - |
| Exceptional item - restructuring costs | 7, 7.3 | (321) | (62) | (321) | (62) |
| OPERATING SURPLUS | | 9,263 | 12,070 | 8,655 | 11,536 |
| Finance costs: | | | | | |
| Finance income | 11 | 184 | 281 | 392 | 490 |
| Finance expense - financial liabilities | 12 | (9,980) | (9,639) | (9,980) | (9,639) |
| Finance expense - unwinding of discount on provisions | 26 | (101) | (111) | (101) | (111) |
| Surplus/ (Deficit) for the financial year | | (634) | 2,601 | (1,034) | 2,276 |
| Public dividend capital dividends payable | 31 | (1,005) | (826) | (1,005) | (826) |
| RETAINED SURPLUS/(DEFICIT) FOR THE YEAR | | (1,639) | 1,775 | (2,039) | 1,450 |
| Other comprehensive income excluded from the retained surplus/ (deficit) | | | | | |
| Gain/(loss) from transfer by absorption following the demise of Manchester PCT | SOCITE | 24,371 | - | 24,371 | - |
| Revaluation losses and impairment losses on property, plant and equipment | 15 | (1,772) | (3,542) | (1,772) | (3,542) |
| Fair Value gains on Available-for-sale financial investments | SOCITE | - | - | 200 | 450 |
| TOTAL comprehensive (expense) /income for the year | | 20,960 | (1,767) | 20,760 | (1,642) |
| RETAINED SURPLUS/(DEFICIT) FOR THE YEAR | | (1,639) | 1,775 | (2,039) | 1,450 |
| exclude exceptional losses - impairments of property | 7,13 | 1,893 | - | 1,893 | - |
| exclude exceptional gains - impairment reversals | 7,13 | - | (1,379) | - | (1,379) |
| exclude exceptional losses - restructuring costs | 7 | 321 | 62 | 321 | 62 |
| Surplus for the year before exceptional items | | 575 | 458 | 175 | 133 |

The notes on pages 147 to 183 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT
March 31, 2014

| | Note | Trust | | | Group | | |
|--|-------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| Non-current assets | | | | | | | |
| Intangible assets | 14 | 3 | 8 | 213 | 3 | 8 | 213 |
| Property, plant and equipment | 15 | 202,437 | 181,706 | 182,267 | 202,437 | 181,706 | 182,267 |
| Other Investments | 18 | - | - | - | 4,884 | 4,216 | 3,794 |
| Trade and other receivables | 19 | 298 | 354 | 1,778 | 298 | 354 | 1,778 |
| Total non-current assets | | 202,738 | 182,068 | 184,258 | 207,622 | 186,284 | 188,052 |
| Current assets | | | | | | | |
| Inventories | 17 | 4,418 | 5,377 | 5,274 | 4,418 | 5,377 | 5,274 |
| Trade and other receivables | 19 | 21,584 | 14,689 | 15,269 | 21,605 | 14,767 | 15,443 |
| Cash and cash equivalents | 20 | 58,708 | 66,748 | 46,241 | 63,384 | 72,306 | 51,961 |
| | | 84,710 | 86,814 | 66,784 | 89,407 | 92,450 | 72,678 |
| Non-current assets held for sale | | - | - | - | - | - | - |
| Total current assets | | 84,710 | 86,814 | 66,784 | 89,407 | 92,450 | 72,678 |
| Total assets | | 287,448 | 268,882 | 251,042 | 297,029 | 278,734 | 260,730 |
| Current liabilities | | | | | | | |
| Trade and other payables | 21 | (68,496) | (60,348) | (40,702) | (68,550) | (60,471) | (40,787) |
| Borrowings | 22 | (6,503) | (5,484) | (4,201) | (6,503) | (5,484) | (4,201) |
| Provisions | 26 | (12,218) | (10,149) | (6,853) | (12,218) | (10,149) | (6,853) |
| Other liabilities | 23 | (10,457) | (18,499) | (17,445) | (10,697) | (18,741) | (17,686) |
| Net current liabilities | | (12,964) | (7,666) | (2,417) | (8,561) | (94,845) | (69,527) |
| Total assets less current liabilities | | 189,774 | 174,402 | 181,841 | 199,061 | 183,889 | 191,203 |
| Non-current liabilities | | | | | | | |
| Trade and other payables | 21 | - | - | - | - | - | - |
| Borrowings | 22 | (73,707) | (80,210) | (85,157) | (73,707) | (80,210) | (85,157) |
| Provisions | 26 | (4,802) | (4,997) | (4,475) | (4,802) | (4,997) | (4,475) |
| Other liabilities | 23 | (4,166) | (5,039) | (6,286) | (4,166) | (5,039) | (6,286) |
| Total assets employed | | 107,099 | 84,156 | 85,923 | 116,386 | 93,643 | 95,285 |
| Financed by: | | | | | | | |
| Taxpayers' equity | | | | | | | |
| Public dividend capital | SOCIE | 119,455 | 117,472 | 117,472 | 119,455 | 117,472 | 117,472 |
| Revaluation reserve | SOCIE | 28,533 | 25,176 | 28,718 | 28,533 | 25,176 | 28,718 |
| Retained earnings | SOCIE | (40,889) | (58,492) | (60,267) | (40,889) | (58,492) | (60,267) |
| Others' equity | | | | | | | |
| Charitable fund reserves | SOCIE | | | | 9,287 | 9,487 | 9,362 |
| Total Taxpayers' and others' equity | | 107,099 | 84,156 | 85,923 | 116,386 | 93,643 | 95,285 |

The financial statements on pages 142 to 146 were approved by the Board on Directors on May 29, 2014 and signed on its behalf by:

Dr Anna Vogel

Signed:(Chief Executive)

Date: 29 May 2014

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

| | Note | Trust | | | | Charity | Group |
|---|----------|-------------------------------|------------------------------|---------------------|----------------|-------------------------------|----------------|
| | | Public dividend capital (PDC) | Income & Expenditure Reserve | Revaluation reserve | Total Trust | NHS Charitable Funds Reserves | Total Group |
| | | £000 | £000 | £000 | £000 | £000 | |
| Taxpayers' and Others' Equity at April 1, 2013 | | 117,472 | (58,492) | 25,176 | 84,156 | 9,487 | 93,643 |
| Changes in taxpayers' equity for 2013/14 | | | | | | | |
| Total Comprehensive Income for the year: | | | | | | | |
| Retained (deficit) / surplus for the year | a) | - | (1,771) | - | (1,771) | (268) | (2,039) |
| Transfers by modified absorption: Gains/(losses) from demising bodies | b), 1.19 | - | 24,371 | - | 24,371 | - | 24,371 |
| Transfers by modified absorption: Transfers between reserves | | - | (5,129) | 5,129 | - | - | - |
| Impairments | | - | - | (1,772) | (1,772) | - | (1,772) |
| Revaluation gains/(losses) on property, plant and equipment | | - | - | - | - | - | - |
| Fair value gains/(losses) on Available-for-sale financial investments | c) | - | - | - | - | 200 | 200 |
| Other recognised gains and losses | | - | - | - | - | - | - |
| New PDC received | d) | 1,983 | - | - | 1,983 | - | 1,983 |
| PDC repaid in year | | - | - | - | - | - | - |
| Other transfers between reserves | | - | - | - | - | - | - |
| Other reserves movements - charitable funds consolidation adjustment | a) | - | 132 | - | 132 | (132) | - |
| Balance at March 31, 2014 | | 119,455 | (40,889) | 28,533 | 107,099 | 9,287 | 116,386 |

Note e)

a) Trust retained deficit for the year, excluding income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

(1,771)

Trust income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

132

Trust retained deficit for the year

(1,639)

b) The gain on transfer from demising bodies relates to the transfer of net assets from former PCTs. The main element of this is the transfer of Withington Community Hospital from the former Manchester PCT.

c) The fair value gains/ (losses) on available for sale financial investments relates to an investment portfolio held by the University Hospital of South Manchester NHS Foundation Trust Charitable Fund.

d) The new PDC received in the year is Department of Health funding received for investment in capital schemes to:

- provide improved dementia care facilities
- improve energy efficiency
- further develop community IT systems

e) The balance on the NHS Charitable Funds Reserve includes both restricted and unrestricted funds. Restricted funds must be used for specific purposes set by the donor at the point of donation, whereas unrestricted funds are those funds given to the charity without any restrictions imposed by the particular donor.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2013

| Note | Trust | | | | Charity | Group |
|--|------------------------------------|-----------------------------------|--------------------------|------------------|------------------------------------|------------------|
| | Public dividend capital (PDC) £000 | Income & Expenditure Reserve £000 | Revaluation reserve £000 | Total Trust £000 | NHS Charitable Funds Reserves £000 | Total Group £000 |
| Taxpayers' and Others' Equity at April 1, 2012 - as previously stated | 117,472 | (60,267) | 28,718 | 85,923 | - | 85,923 |
| Prior period adjustment | - | - | - | - | 9,362 | 9,362 |
| Merger adjustment | - | - | - | - | - | - |
| Taxpayers' and Others' Equity at April 1, 2012- restated | 117,472 | (60,267) | 28,718 | 85,923 | 9,362 | 95,285 |
| Changes in taxpayers' equity for 2012/13 | | | | | | |
| Total Comprehensive Income for the year: | | | | | | |
| Retained (deficit) / surplus for the year | - | 1,643 | - | 1,643 | (193) | 1,450 |
| Impairments | - | - | - | - | - | - |
| Revaluation gains/(losses) on property, plant and equipment | - | - | (3,542) | (3,542) | - | (3,542) |
| Fair value gains/(losses) on Available-for-sale financial investments | - | - | - | - | 450 | 450 |
| Other recognised gains and losses | - | - | - | - | - | - |
| New PDC received | - | - | - | - | - | - |
| PDC repaid in year | - | - | - | - | - | - |
| Other transfers between reserves | - | - | - | - | - | - |
| Other reserves movements - charitable funds consolidation adjustment | - | 132 | - | 132 | (132) | - |
| Balance at March 31, 2013 | 117,472 | (58,492) | 25,176 | 84,156 | 9,487 | 93,643 |

Note c)

a) Trust retained surplus for the year, excluding income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

1,643

Trust income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

132

Trust retained surplus for the year

1,775

b) The fair value gains/ (losses) on available for sale financial investments relates to an investment portfolio held by the University Hospital of South Manchester NHS Foundation Trust Charitable Fund.

c) The balance on the NHS Charitable Funds Reserve includes both restricted and unrestricted funds. Restricted funds must be used for specific purposes set by the donor at the point of donation, whereas unrestricted funds are those funds given to the charity without any restrictions imposed by the particular donor.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

March 31, 2014

| | NOTE | Trust | | Group | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2013/14 £000 | 2012/13 £000 | 2013/14 £000 | 2012/13 £000 |
| Cash flows from operating activities | | | | | |
| Operating surplus/(deficit) from continuing operations | | 9,263 | 12,070 | 8,655 | 11,536 |
| Non-cash income and expense: | | | | | |
| Depreciation and amortisation | 7 | 9,721 | 9,163 | 9,721 | 9,163 |
| Impairments | 7 | 1,893 | - | 1,893 | - |
| Reversals of impairments | 4 | - | (1,379) | - | (1,379) |
| (Gain)/Loss on disposal | | 88 | - | 88 | - |
| Non-cash donations/grants credited to income | | - | - | - | - |
| Interest accrued and not paid | | - | (4) | - | (4) |
| Dividends accrued and not paid or received | | - | 104 | - | 104 |
| (Increase)/Decrease in Trade and Other Receivables | | (7,395) | 2,004 | (7,390) | 2,004 |
| (Increase)/Decrease in Other Assets | | - | - | - | - |
| (Increase)/Decrease in Inventories | | 959 | (103) | 959 | (103) |
| Increase/(Decrease) in Trade and Other Payables | | 8,287 | 19,285 | 8,287 | 19,285 |
| Increase/(Decrease) in Other Liabilities | | (8,915) | (193) | (8,915) | (193) |
| Increase/(Decrease) in Provisions | | 1,773 | 3,707 | 1,773 | 3,707 |
| Tax (paid) / received | | - | 73 | - | 73 |
| Movements in operating cash flow in respect of Transforming Community Service transaction | | (528) | - | (528) | - |
| NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows | | - | - | (18) | 135 |
| Other movements in operating cash flows | | - | - | - | - |
| Net cash generated from operating activities | | 15,146 | 44,727 | 14,525 | 44,328 |
| Cash flows from investing activities | | | | | |
| Interest received | 11 | 184 | 281 | 184 | 281 |
| Purchase of intangible assets | 14 | - | - | - | - |
| Sales of intangible assets | | - | - | - | - |
| Purchase of Property, Plant and Equipment | 15 | (9,730) | (10,268) | (9,730) | (10,268) |
| Sales of Property, Plant and Equipment | 15 | 289 | - | 289 | - |
| NHS Charitable funds - net cash flows from investing activities | | - | - | (468) | 28 |
| Net cash generated from / (used in) investing activities | | (9,257) | (9,987) | (9,725) | (9,959) |
| Net cash inflow before financing | | 5,889 | 34,740 | 4,800 | 34,369 |
| Cash flows from financing activities | | | | | |
| Public dividend capital received | | 1,679 | - | 1,679 | - |
| Public dividend capital repaid | | - | - | - | - |
| Public dividend capital received (PDC adjustment for modified absorption transfers of payables/receivables) | | 304 | - | 304 | - |
| Loans received from the Foundation Trust Financing Facility | | - | 553 | - | 553 |
| Loans received from the Department of Health | | - | - | - | - |
| Other loans received | | - | - | - | - |
| Loans repaid to the Foundation Trust Financing Facility | | (1,566) | (993) | (1,566) | (993) |
| Loans repaid to the Department of Health | | - | - | - | - |
| Other loans repaid | | - | - | - | - |
| Other capital receipts | | - | - | - | - |
| Capital element of Private Finance Initiative Obligations | | (3,918) | (3,224) | (3,918) | (3,224) |
| Interest paid | | (1,003) | (1,055) | (1,003) | (1,055) |
| Interest element of finance lease | | - | - | - | - |
| Interest element of Private Finance Initiative obligations | | (8,977) | (8,584) | (8,977) | (8,584) |
| PDC Dividend paid | | (448) | (930) | (448) | (930) |
| Cash flows attributable to financing activities of discontinued operations | | - | - | - | - |
| NHS Charitable funds - net cash flows from financing activities | | - | - | 207 | 209 |
| Cash flows from (used in) other financing activities | | - | - | - | - |
| Net cash used in financing activities | | (13,929) | (14,233) | (13,722) | (14,024) |
| Net increase in cash and cash equivalents | | (8,040) | 20,507 | (8,922) | 20,345 |
| Cash (and) cash equivalents (and bank overdrafts) at the April 1 | | 66,748 | 46,241 | 72,306 | 51,961 |
| Cash (and) cash equivalents (and bank overdrafts) at the March 31 | 20 | 58,708 | 66,748 | 63,384 | 72,306 |

7.6 Notes to the accounts

1. ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the foundation trust Annual Reporting Manual (FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2013/14 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) 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.

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 Consolidation

The Trust is the corporate trustee to the University Hospital of South Manchester NHS Foundation Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the 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.

Prior to 2013/14, the FT ARM permitted the Trust not to consolidate the Charitable Fund. From 2013/14, the Trust has consolidated the Charitable Fund and has applied this as a change in accounting policy.

The Charitable Fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

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 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 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

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of 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. Employers pension cost contributions are charged to operating expenses as and when they become due.

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

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

Recognition

Property, Plant and Equipment is capitalised as tangible assets 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.
- individually they have a cost of at least £5,000; or
- they 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
- they 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 asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

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

All land and buildings are revalued by professional valuers every five years. A three yearly interim valuation is also carried out. Valuations are carried out by the District Valuer, who is external to the Trust, and in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. In between these valuations the Trust considers whether assets are

subject to significant volatility and, where this is the case, undertakes an annual revaluation.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. Depreciated replacement cost is assessed on a modern equivalent asset (MEA) basis.

2012/13 was the fifth year in the revaluation cycle and therefore a full revaluation was undertaken on April 1, 2013. The impact of this revaluation was recognised in the land and buildings values included in the March 31, 2013 Statement of Financial Position. Having given consideration to condition of assets and market values during 2013/14, the Trust felt it not necessary to revalue at March 31, 2014.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

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 they are brought into use.

Equipment assets are valued at depreciated historical cost basis.

Subsequent expenditure

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

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful 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 and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the FT ARM, 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 the 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 is 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. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve where the impairment reversal is recognised.

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

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. 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.

Donated 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.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

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

1.6 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. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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

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

Software

Software which is integral to the operation of hardware 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 the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluations 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 costs 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 benefits.

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

1.8 Government Grants and other grants

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.

1.9 Financial instruments 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.

De-recognition

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

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

Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the Statement of Comprehensive Income. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

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 debtors, accrued income and 'other debtors'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. 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 net carrying amount of the financial liability.

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

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 cashflows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision.

1.10 Leases

Finance leases

The Trust assesses the terms of each individual lease agreement to determine whether substantially all the risks and rewards of ownership are borne by the Trust.

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

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

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

Operating leases

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.

Leases of land and buildings

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

1.11 Provisions

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

Clinical negligence costs

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 26 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.

1.12 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 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, 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.

1.13 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 cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as:

- the average of the **opening** and **closing** value of all liabilities and assets (excluding cash balances in Government Banking Service accounts, donated assets, any PDC dividend balance receivable or payable and, for 2013/ 14 only, assets transferred from NHS bodies which ceased to exist on March 31st, 2013).
- less the average **daily** net cash balances held with the Government Banking Services (excluding cash balances held in GBS accounts that relate to a short-term working capital facility).

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 the audit of the annual accounts.

1.14 Value Added Tax

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

1.15 Corporation Tax

The Trust is a Health Service body within the meaning of the Income and Corporation Tax Act (ICTA) 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of a foundation trust (ICT Act 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000pa. There is no tax liability arising in respect of the current financial year.

1.16 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Resulting exchange gains or losses are recognised in income or expense in the period in which they arise.

1.17 Third party assets

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

1.18 Losses and special payments

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

1.19 Transfers of functions from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

The net gain corresponding to the net assets transferred from Manchester PCT is recognised within the income and expenditure reserve.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

1.20 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

Estimates and judgements have to be made in preparing the Trust's annual accounts. These are continually evaluated and updated as required, although actual results may differ from these estimates.

Key sources of estimation uncertainty

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

Financial value of provisions for liabilities and charges

The Trust makes financial provision for obligations of uncertain timing or amount at the balance sheet date. These are based on estimates using as much relevant information as is available at

the time the accounts are prepared. They are reviewed to confirm that the values included in the financial statements best reflect the current relevant information. Where this is not the case, the value of the provision is amended. The current provisions are set out in note 26 on page 178 of these accounts.

Partially completed spells at the balance sheet date

Income relating to in-patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. This is based on estimated length of stay data that applies to the types of clinical activity being undertaken on an inpatient basis as at the balance sheet date and totals £3,214k as at 31 March 2014. The estimated length of stay and the type of in-patient clinical activity may vary materially from one balance sheet date to another.

Accruals for income and expenditure not invoiced at the reporting date

At the end of the financial year, the Trust may have received goods and services which have not been invoiced at the balance sheet date. In these circumstances, an estimated value of the cost is included in the Trust's reported financial results. In some cases the estimated value is based on the quoted value provided by the supplier when the goods were ordered; in other cases, the charge may be estimated based on methods such as the number of hours of service provided or the last price paid for the same goods or service.

2. Operating segments

The Foundation Trust operates in only one segment, healthcare. The group also includes a Charity which benefits the staff and patients of the Trust and supports health research.

3. Income from patient care

Trust and Group

| 3.1 Income from patient care activities - by source | note | 2013/14 £000 | 2012/13 £000 |
|---|--------|-----------------|-----------------|
| NHS Foundation Trusts | | 600 | 331 |
| NHS Trusts | | 81 | 20 |
| Strategic Health Authorities | | - | 445 |
| CCGs and NHS England | a), b) | 338,816 | - |
| Primary Care Trusts | a) | - | 302,376 |
| Local Authorities | a) | 2,040 | - |
| Department of Health - grants | | - | - |
| Department of Health - other | | 42 | - |
| NHS Other | b) | 3,205 | 18,759 |
| Non NHS: Private patients | | 109 | 176 |
| Non-NHS: Overseas patients (chargeable to patient) | | 106 | 134 |
| NHS injury scheme | c) | 1,092 | 1,086 |
| Non NHS: Other * | | 207 | 227 |
| | | 346,298 | 323,554 |

a) 1st April 2013 saw a significant reconfiguration of the bodies responsible for commissioning NHS services. Primary Care Trusts (PCTs) were abolished and responsibility for commissioning health care in England transferred to a combination of Clinical Commissioning Groups (CCGs), NHS England and Local Authorities.

b) Responsibility for commissioning national specialised services transferred from London SHA to NHS England with effect from 1st April 2013.

c) Injury cost recovery income is subject to a provision for impairment of receivables of 15.8% to reflect expected rates of collection.

| 3.2 Income from patient care activities - by point of delivery | 2013/14 £000 | 2012/13 £000 |
|--|-----------------|-----------------|
| Elective income | 74,397 | 71,128 |
| Non-elective income | 82,622 | 82,484 |
| Out-patient income | 47,969 | 44,070 |
| A&E income | 8,778 | 8,557 |
| Other clinical activity income | 113,742 | 96,707 |
| Private patient income | 109 | 175 |
| Other non-protected clinical income | 1,207 | 1,487 |
| Community services | 17,474 | 18,946 |
| | 346,298 | 323,554 |

3.3 Income from patient care activities - commissioner requested services

| | | 2013/14 £000 | 2012/13 £000 |
|---|----|-----------------|-----------------|
| Income from commissioner requested services | | 344,982 | 321,892 |
| Income from non commissioner requested services | a) | 1,316 | 1,662 |
| | | 346,298 | 323,554 |

a) This includes private patient and other non-protected clinical income shown in table 3.2.

4. Other Operating Income

| Trust and Group | NOTE | Trust | | Group | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2013/14 £000 | 2012/13 £000 | 2013/14 £000 | 2012/13 £000 |
| Research and development | a) | 19,790 | 20,562 | 19,790 | 20,562 |
| Education and training | b) | 98,311 | 63,395 | 98,311 | 63,395 |
| Received from NHS charities | | 132 | 132 | - | - |
| Non-patient care services to other bodies | | 8,384 | 9,368 | 8,384 | 9,368 |
| Other | 5 | 12,302 | 10,560 | 12,302 | 10,560 |
| Rental revenue from operating leases - minimum lease receipts | 6 | 1,754 | 1,606 | 1,754 | 1,606 |
| Salary recharges | | 3,358 | 1,367 | 3,358 | 1,367 |
| NHS Charitable Funds: incoming resources excluding investment income | | - | - | 866 | 1,137 |
| Total (excluding exceptional income) | | 144,031 | 106,990 | 144,765 | 107,995 |
| Reversal of impairments of property, plant and equipment | 13 | - | 1,379 | - | 1,379 |
| Total (including exceptional income) | | 144,031 | 108,369 | 144,765 | 109,374 |

a) The Trust acts as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. This research funding is accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. The reduction in income from 2012/13 is matched by a corresponding reduction in Research expenditure (note 7 - Operating Expenses).

b) During 2012/13 the Trust became the host organisation for the NHS Leadership Academy. This training funding is accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. The increase in income from 2012/13 relates to the full year effect of this hosting arrangement.

5. Other Operating Income : Other Income

| Trust and Group | 2013/14 £000 | 2012/13 £000 |
|-----------------------------|-----------------|-----------------|
| Car parking | 2,180 | 2,078 |
| Estates recharges | 179 | - |
| IT recharges | 569 | - |
| Pharmacy sales | 797 | 771 |
| Staff accommodation rentals | 78 | 58 |
| Crèche services | 472 | 435 |
| Clinical tests | 1,343 | 643 |
| Clinical excellence awards | 1,464 | 1,760 |
| Catering | 95 | - |
| Property rentals | 695 | 864 |
| Other | 4,430 | 3,951 |
| Total | 12,302 | 10,560 |

6. Operating lease income

| Trust and Group | 2013/14 £000 | 2012/13 £000 |
|---|-----------------|-----------------|
| Operating lease income | | |
| Rents recognised as income during the period | 1,754 | 1,606 |
| Contingent rents recognised as income during the period | - | - |
| Total | 1,754 | 1,606 |
| Future minimum lease payments due | | |
| - not later than one year | 1,957 | 1,754 |
| - later than one year and not later than five years | 6,429 | 6,287 |
| - later than five years | 14,389 | 12,375 |
| Total | 22,775 | 20,416 |

The Trust leases property to Manchester Mental Health and Social Care NHS Trust. This income is included in note 4 above as 'rental revenue from operating leases'.

7. Operating Expenses

Trust and Group

| | Note | 2013/14 £000 | 2012/13 £000 |
|---|------|-----------------|-----------------|
| Services from NHS Foundation Trusts | | 1,717 | 1,765 |
| Services from NHS Trusts | | - | 21 |
| Services from PCTs | | - | - |
| Services from CCGs and NHS England | | - | - |
| Services from other NHS Bodies | | 2,905 | 2,826 |
| Purchase of healthcare from non NHS bodies | | 1,081 | 2,744 |
| Employee Expenses - Executive directors | 7.1 | 960 | 1,014 |
| Employee Expenses - Non-executive directors | | 128 | 128 |
| Employee Expenses - Staff | 9 | 238,831 | 228,206 |
| NHS Charitable Funds - employee expenses | | - | - |
| Supplies and services - clinical (excluding drug costs) | | 51,943 | 44,505 |
| Supplies and services - general | | 30,046 | 31,524 |
| Establishment | | 2,884 | 2,736 |
| Research and development - (Non- Employee costs) | a) | 13,759 | 15,882 |
| Research and development - (Employee expenses) | a) | 5,335 | 4,525 |
| Transport - business travel only | | 628 | 542 |
| Transport - other | | 790 | 583 |
| Premises | | 15,528 | 15,459 |
| Increase/(decrease) in provision for impairment of receivables | 19 | 1,957 | 256 |
| Increase in other provisions | | 10 | 0 |
| Change in discount rate - early departure pensions provision | | 792 | - |
| Drugs | | 32,216 | 25,966 |
| Rentals under operating leases - minimum lease payments | 8 | 1,345 | 1,145 |
| Depreciation on property, plant and equipment | b) | 9,716 | 8,958 |
| Amortisation on intangible assets | | 5 | 205 |
| Audit services- statutory audit | c) | 47 | 47 |
| Audit services -regulatory reporting | d) | 7 | 8 |
| Other auditor remuneration | e) | 5 | - |
| Clinical negligence premiums | | 4,050 | 5,481 |
| Loss on disposal of property, plant and equipment | | 88 | - |
| Legal fees | | 390 | 69 |
| Consultancy costs | | 2,465 | 770 |
| Training, courses and conferences | f) | 57,500 | 23,242 |
| Patient travel | | 85 | 82 |
| Car parking & Security | | 739 | 395 |
| Hospitality | | 121 | 84 |
| Insurance | | 759 | 623 |
| Losses, ex gratia & special payments | | 20 | - |
| Trust total operating expenses (excluding exceptional costs) | | 478,852 | 419,791 |
| Redundancy - not included in employee expenses | | - | - |
| Redundancy - included in employee expenses | | 321 | 62 |
| Impairments of property, plant and equipment | 13 | 1,893 | - |
| Trust net operating costs including exceptional costs | | 481,066 | 419,853 |
| Trust total operating expenses (excluding exceptional costs) | | 478,852 | 419,791 |
| Audit fees payable to external auditor of charitable funds | | 5 | 5 |
| NHS Charitable Funds: other resources expended | | 1,337 | 1,534 |
| Group net operating costs before exceptional costs | | 480,194 | 421,330 |
| Redundancy - included in employee expenses | | 321 | 62 |
| Impairments of property, plant and equipment | 13 | 1,893 | - |
| Group net operating costs including exceptional costs | | 482,408 | 421,392 |

a) The Trust acts as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. This research funding is accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. The reduction in expenditure from 2012/13 is matched by a corresponding reduction in Research income (note 4 - Other Operating Income).

b) Depreciation has increased from 2012/ 13 to 2013/ 14 largely due to the transfer under absorption of the Withington Community Hospital following the cessation on Manchester PCT.

c) There is no limit on the Trust's auditors liability.

d) Costs shown as 'Audit Services- regulatory reporting' relate to the external auditor's review of the Trust's Quality Report.

e) Costs shown as 'Other auditor remuneration' relate to tax advisory services.

f) The Trust is the host organisation for the NHS Leadership Academy. This training funding is accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. The increase in expenditure from 2013/14 relates to an increase in expenditure by the Leadership academy and is reflected by a corresponding increase in Education and Training Income (Note 4).

7.1 Salary and pension entitlements of senior managers

Note: It is the view of the Board of Directors that the authority and responsibility for controlling major activities is retained by the statutory Board of Directors who have voting rights and is not exercised below this level.

Figures below are for the 12 month period from April 1, to March 31.

| Name and title | A | B | C | D | E | F | G |
|---|-----------------------------|---------------------------|------------------------------------|---------------------------------------|-----------------------------|--|-----------------------------|
| | salary and fees | taxable benefits | annual performance-related bonuses | long-term performance-related bonuses | sub- total | Increase in Pension-related benefits during the accounting period* | Total |
| | (Bands of £5,000) £ 000s | (Bands of £100) £ 000s | (Bands of £5,000) £ 000s | (Bands of £5,000) £ 000s | (Bands of £5,000) £ 000s | (Bands of £2,500) £ 000s | (Bands of £5,000) £ 000s |
| 2013/14 | | | | | | | |
| Executive Board Members with Voting Rights | | | | | | | |
| Bailey A. - Chief Nurse | 120 to 125 | | | | 120 to 125 | 32.5 to 35.0 | 155 to 160 |
| Crampton J. - Interim Medical Director | 70 to 75 | | | | 70 to 75 | | 70 to 75 |
| Griffiths A.- Interim Director of Operations | 85 to 90 | | | | 85 to 90 | | 85 to 90 |
| Heery NA. - Director of Finance | 135 to 140 | | | | 135 to 140 | 37.5 to 40.0 | 175 to 180 |
| James K.- Acting Chief Executive | 65 to 70 | | | | 65 to 70 | | 65 to 70 |
| O'Connell J. - Interim Director of Operations | 45 to 50 | | | | 45 to 50 | | 45 to 50 |
| Ryan B. - Medical Director | 95 to 100 | | | | 95 to 100 | | 95 to 100 |
| Sutton D. - Interim Director of Operations | 75 to 80 | | | | 75 to 80 | | 75 to 80 |
| Vegh A.- Chief Executive | 115 to 120 | | 15 to 20 | | 130 to 135 | | 130 to 135 |
| Non Executive Board Members | | | | | | | |
| Goodey F. - Chair | 45 to 50 | | | | 45 to 50 | - | 45 to 50 |
| Barlow R.- Non Executive Director/ Chair of Audit Committee | 15 to 20 | | | | 15 to 20 | | 15 to 20 |
| Boulnois G.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Clinton L.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Gibson M.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Smyth P. - Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| 2012/13 | | | | | | | |
| Executive Board Members with Voting Rights | | | | | | | |
| Bailey A. - Chief Nurse | 120 to 125 | | - | - | 120 to 125 | 32.5 to 35.0 | 155 to 160 |
| Griffiths A.- Interim Director of Operations | 35 to 40 | | | | 35 to 40 | | 35 to 40 |
| Hartley J. - Chief Executive | 85 to 90 | | | | 85 to 90 | | 85 to 90 |
| Heery NA. - Director of Finance | 135 to 140 | | | | 135 to 140 | 40.0 to 42.5 | 175 to 180 |
| James K.- Chief Operating Officer/ Acting Chief Executive | 140 to 145 | | | | 140 to 145 | 127.5 to 130.0 | 270 to 275 |
| Ryan B. - Medical Director | 155 to 165 | | | | 155 to 165 | 65.0 to 67.5 | 225 to 230 |
| Wood J.- Interim Director of Operations | 30 to 35 | | | | 30 to 35 | | 30 to 35 |
| Non Executive Board Members | | | | | | | |
| Goodey F. - Chair | 45 to 50 | | - | - | 45 to 50 | - | 45 to 50 |
| Barlow R.- Non Executive Director/ Chair of Audit Committee | 15 to 20 | | | | 15 to 20 | | 15 to 20 |
| Boulnois G.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Clinton L.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Gibson M.- Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |
| Smyth P. - Non Executive Director | 10 to 15 | | | | 10 to 15 | | 10 to 15 |

i)
ii)
iii)
iv)
v)
vi)
vii)

ii)
viii)
ix)

* In accordance with Monitor's Annual Reporting Manual the Pension-Related Benefits is calculated in line with the HMRC method as 20 times the Pensionable pay plus the lump sum. The Increase in Pension-Related Benefits are shown only for those individuals who were executive Board Members at the beginning and end of the accounting year. Non- Executive Directors are excluded as their pay is non-pensionable.

- i) Began as Interim Medical Director 1st November 2013. Costs include salary for clinical duties and Clinical Excellence Awards
- ii) Held position of Interim Director of Operations from 14th January 2013 to 13th October 2013.
- iii) Ended role as Board member 30th September 2013, this included a month overlap with the substantive Chief Executive. Subsequently on secondment to another NHS body.
- iv) Commenced in role 10th February 2014 on an interim basis.
- v) On secondment from 1st November 2013. Costs include salary for clinical duties and medical discretionary award.
- vi) Held position of interim Director of Operations from 15th October 2013 to 2nd February 2014
- vii) Began substantive role as Chief Executive 1st September 2013.
- viii) Chief Operating Officer to 30th September 2012, Subsequently Acting Chief Executive until 31st March 2014.
- ix) Acting Director of Operations 1st October 2012 to 14th January 2013.

7.2 Salary and pension entitlements of senior managers (continued)

Pension entitlements of senior managers in post at 31st March 2014

Note: As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members.

| Name and Title | Total accrued pension at age 60 at March 31, 2014 | Value of automatic lump sums at March 31, 2014 | Real increase in pension during the period | Real increase in automatic lump sum during the period | CETV* at March 31, 2013 | CETV* at March 31, 2014 | Real increase in CETV* during the period |
|---|---|--|--|---|-------------------------|-------------------------|--|
| | (Bands of £2,500) | (Bands of £2,500) | (Bands of £2,500) | (Bands of £2,500) | (Bands of £1,000) | (Bands of £1,000) | (Bands of £1,000) |
| | £ 000s | £ 000s | £ 000s | £ 000s | £ 000s | £ 000s | £ 000s |
| Bailey A. - Chief Nurse | 40.0 to 42.5 | 120.0 to 122.5 | 0.0 to 2.5 | 2.5 to 5.0 | 653.0 to 654.0 | 699.0 to 700.0 | 34.0 to 35.0 |
| Crampton J.- Interim Medical Director** | 60.0 to 62.5 | 185.0 to 187.5 | | | | 1,457.0 to 1,458.0 | |
| Heery NA. - Director of Finance | 47.5 to 50.0 | 147.5 to 150.0 | 0.0 to 2.5 | 0.0 to 2.5 | 860.0 to 861.0 | 942.0 to 943.0 | 67.0 to 68.0 |
| O'Connell J.- Interim Director of Operations*** | | | | | | | |
| Vegh A. - Chief Executive** | 7.5 to 10.0 | 0.0 | | | | 66.0 to 67.0 | |

** Mr Crampton and Mr Vegh were not in post at 31st March 2013 and therefore increases are not shown.

*** The Trust does not make contributions to Mr O'connell's Pension Scheme

Source: NHS Pensions Agency

* A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

NHS Pensions have advised that since last year's disclosure exercise the factors used in their calculations have changed, the new factors are higher than last years and they have confirmed that the CETV's have increased more than expected.

7.3 Mutually Agreed Resignation Scheme and Redundancy Payments 2013/14 (Trust and Group)

| Exit package cost band | Number of compulsory redundancies Number | Cost of compulsory redundancies £000s | Number of other departures agreed Number | Cost of other departures agreed £000s | Total number of exit packages Number | Total cost of exit packages £000s |
|------------------------|---|--|---|--|---|--------------------------------------|
| <£10,000 | 0 | 0 | 4 | 30 | 4 | 30 |
| £10,000 - £25,000 | 0 | 0 | 2 | 29 | 2 | 29 |
| £25,001 - £50,000 | 0 | 0 | 4 | 138 | 4 | 138 |
| £50,001 - £100,000 | 0 | 0 | 2 | 124 | 2 | 124 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 12 | 321 | 12 | 321 |

The above table details the number of MARS (Mutually Agreed Resignation Scheme) payments agreed within the financial year 2013/14. These redundancies were a consequence of the Trust's cost efficiency savings plans. MARS schemes have had approval from Monitor.

7.3 Mutually Agreed Resignation Scheme and Redundancy Payments 2012/13 (Trust and Group)

| Exit package cost band | Number of compulsory redundancies Number | Cost of compulsory redundancies £000s | Number of other departures agreed Number | Cost of other departures agreed £000s | Total number of exit packages Number | Total cost of exit packages £000s |
|------------------------|---|--|---|--|---|--------------------------------------|
| <£10,000 | 0 | 0 | 2 | 11 | 2 | 11 |
| £10,000 - £25,000 | 0 | 0 | 1 | 20 | 1 | 20 |
| £25,001 - £50,000 | 0 | 0 | 1 | 31 | 1 | 31 |
| £50,001 - £100,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 4 | 62 | 4 | 62 |

The above table details the number of MARS (Mutually Agreed Resignation Scheme) payments agreed within the financial year 2012/13. These redundancies were a consequence of the Trust's cost efficiency savings plans. MARS schemes have had approval from Monitor.

8. Arrangements containing an operating lease

Trust and Group

8.1 As lessee

The Trust's leases include office and laboratory accommodation together with equipment (both clinical and non-clinical).

| Payments recognised as an expense | 2013/14 | 2012/13 |
|--|---------------------|--------------|
| | £000 | £000 |
| Minimum lease payments | 1,345 | 1,145 |
| Contingent rents | - | - |
| Sub-lease payments | - | - |
| | <u>1,345</u> | <u>1,145</u> |
| | | |
| Total future minimum lease payments | 2013/14 | 2012/13 |
| | £000 | £000 |
| Payable: | | |
| Not later than one year | 1,416 | 814 |
| Between one and five years | 1,996 | 1,657 |
| After 5 years | 959 | 903 |
| | <u>4,371</u> | <u>3,374</u> |

9. Employee expenses and numbers

Trust and Group

9.1 Employee expenses

Includes the costs of staff, research employee expenses and executive directors, but excludes non-executive directors.

| | 2013/14 | | | 2012/13 | | |
|---|----------------|----------------------|---------------|----------------|----------------------|---------------|
| | Total | Permanently Employed | Other | Total | Permanently Employed | Other |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Salaries and wages | 197,702 | 178,276 | 19,426 | 188,698 | 167,754 | 20,944 |
| Social security costs | 16,371 | 14,761 | 1,610 | 15,710 | 14,030 | 1,680 |
| Pension cost - defined contribution plans | | | | | | |
| Employers contributions to NHS Pensions | 23,701 | 21,370 | 2,331 | 22,616 | 20,053 | 2,563 |
| Pension cost - other | - | - | - | - | - | - |
| Other post employment benefits | - | - | - | - | - | - |
| Other employment benefits | - | - | - | - | - | - |
| Termination benefits | - | - | - | - | - | - |
| Agency/contract staff | 7,673 | - | 7,673 | 6,783 | - | 6,783 |
| NHS Charitable Funds staff | - | - | - | - | - | - |
| Employee benefits expense | 245,447 | 214,407 | 31,040 | 233,807 | 201,837 | 31,970 |

Redundancy costs of £321k (2012/13 £62k) are included as part of salaries and wages costs.

9.2 Average number of people employed

| | 2013/14 | | | 2012/13 | | |
|---|--------------|----------------------|------------|--------------|----------------------|------------|
| | Total | Permanently Employed | Other | Total | Permanently Employed | Other |
| | Number | Number | Number | Number | Number | Number |
| Medical and dental | 685 | 448 | 237 | 650 | 420 | 230 |
| Ambulance staff | - | - | - | - | - | - |
| Administration and estates | 1,177 | 1,157 | 20 | 1,087 | 1,073 | 14 |
| Healthcare assistants and other support staff | 724 | 709 | 15 | 671 | 669 | 2 |
| Nursing, midwifery and health visiting staff | 1,861 | 1,856 | 5 | 1,826 | 1,824 | 2 |
| Nursing, midwifery and health visiting learners | 8 | 8 | - | - | - | - |
| Scientific, therapeutic and technical staff | 811 | 798 | 13 | 796 | 780 | 16 |
| Social care staff | - | - | - | 5 | 5 | - |
| Agency and contract staff | 180 | - | 180 | 177 | - | 177 |
| Bank staff | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total | 5,446 | 4,976 | 470 | 5,212 | 4,771 | 441 |

9.3 Employee benefits

Other than the salary and pension costs detailed above, there were no material employee benefits in 2013/14 or the previous year. In addition to this there are no share options, money purchase schemes, nor long term incentive schemes in the University Hospital of South Manchester NHS Foundation Trust.

There were no directors' benefits in respect of advances or credits granted by the Trust. Nor were there any kind of guarantees entered into on behalf of the directors of the Trust by the Trust.

10. Retirements due to ill-health

During the year to March 31, 2014 there were 10 retirements from the Trust agreed on the grounds of ill-health (in the previous year there were 15 retirements due to ill-health). The estimated additional pension liabilities of these ill-health retirements will be £510k (£796k in the previous year). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

11. Finance income

Trust and Group

| | 2013/14 £000 | 2012/13 £000 |
|--|-----------------|-----------------|
| Interest income: | | |
| Interest on loans and receivables | 184 | 281 |
| Other | - | - |
| Trust Finance income | 184 | 281 |
| NHS Charitable Funds - investment income | 208 | 209 |
| Group Finance income | 392 | 490 |

The Trust maintains a policy of only investing in UK banks which are assessed as low risk by the relevant rating agencies. Interest income has reduced in 2013/ 14 as the Trust now retains the majority of its cash with the Government Banking Service which yields a lower interest income than commercial accounts.

12. Finance Costs- Interest expense

Trust and Group

| | 2013/14 £000 | 2012/13 £000 |
|--|-----------------|-----------------|
| Loans from the Independent Trust Financing Facility | 1,003 | 1,055 |
| Interest on late payment of commercial debt | - | - |
| Other | - | - |
| Finance Costs on PFI and other service concession arrangements (excluding LIFT) | | |
| Main Finance Costs | 4,428 | 4,667 |
| Contingent Rent | a) 4,549 | 3,917 |
| Total | 9,980 | 9,639 |

a) Under the terms of the Trust's PFI contract, an annual inflation uplift is applied in full to the unitary charge payments made to the PFI contractor. The impact of inflation on PFI finance lease rental payments is accounted for as contingent rent and is a Finance cost charge against the Statement of Comprehensive Income. This accounting treatment is consistent with requirements published by the Department of Health manual "Accounting for PFI under IFRS – October 2009".

13. Impairments of assets

Trust and Group

| | Note | 2013/14 £000 | 2012/13 £000 |
|--|--------|-----------------|-----------------|
| Net impairments/ (reversals of prior impairments) arising from UHSM's independent valuer's assessment of assets. | a), b) | 1,893 | (1,379) |
| Total | | 1,893 | (1,379) |

a) Impairments in 2013/14 relate to reductions in valuation of land and buildings at the former Withington Hospital site and have arisen because of plans to dispose of that site.

b) Reversals of impairments are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the original impairments had never been recognised. The impairment reversals in 2012/13 relate to increases in valuations of certain buildings, where previous impairments on those buildings had been charged to operating expenditure.

14. Intangible assets

Trust and Group

The only intangible assets that the Trust owns are purchased computer software applications.

| | Computer software - purchased 2013/14 | Computer software - purchased 2012/13 |
|--|---|--|
| | £000 | £000 |
| Gross cost at April 1 | 2,301 | 2,301 |
| Transfers by absorption | - | - |
| Additions - purchased | - | - |
| Impairments | - | - |
| Reversal of impairments | - | - |
| Revaluations | - | - |
| Disposals | - | - |
| Gross cost at March 31 | 2,301 | 2,301 |
| Amortisation at April 1 | 2,293 | 2,088 |
| Transfers by absorption | - | - |
| Charged during the year | 5 | 205 |
| Impairments charged to operating expenses | - | - |
| Impairments charged to the revaluation reserve | - | - |
| Revaluations | - | - |
| Disposals | - | - |
| Amortisation at March 31 | 2,298 | 2,293 |
| Net book value | | |
| Purchased as at March 31 | 3 | 8 |
| Finance Leases as at March 31 | - | - |
| Donated as at March 31 | - | - |
| Total at March 31 | 3 | 8 |

* SOCI= Statement of Comprehensive Income

The intangible assets held by the Trust were initially valued at cost and are amortised over their useful economic life. The Trust is not holding a revaluation reserve for these assets.

| | Minimum life Years | Maximum life Years |
|------------------------------------|------------------------------|-----------------------|
| Intangible assets purchased | | |
| Software | 1 | 5 |

The Trust has no intangible assets acquired by government grant.

15. Non Current Tangible Assets

Trust and Group

15.1 Property, plant and equipment

| | Land | Buildings excluding dwellings | Dwellings | Assets under construct and payments on account | Plant and machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|--|---------------|-------------------------------------|------------|---|------------------------|------------------------|---------------------------|-------------------------|----------------|
| 2013/14: | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at April 1, 2013 | 19,237 | 155,530 | 501 | 628 | 55,143 | 498 | 7,313 | 2,069 | 240,919 |
| Transfers by absorption | 3,800 | 19,834 | - | - | 1,139 | - | 70 | 55 | 24,898 |
| Additions - purchased | - | 5,620 | 5 | - | 2,064 | - | 1,893 | 9 | 9,591 |
| Additions - Leased | - | - | - | - | - | - | - | - | - |
| Additions - donations of physical assets (non-cash) | - | - | - | - | - | - | - | - | - |
| Additions - grants/donations of cash to purchase assets | - | - | - | - | - | - | - | - | - |
| Impairments charged to operating expenses | - | - | - | - | - | - | - | - | - |
| Impairments charged to the revaluation reserve | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to operating income | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to the revaluation reserve | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | 238 | - | (628) | - | - | 390 | - | - |
| Revaluations | - | - | - | - | - | - | - | - | - |
| Transfers to/from assets held for sale and assets in disposal groups | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (1,248) | - | - | - | (1,248) |
| At March 31, 2014 | 23,037 | 181,222 | 506 | - | 57,098 | 498 | 9,666 | 2,133 | 274,160 |
| Accumulated depreciation as at April 1, 2013 | - | 11,987 | 52 | - | 40,845 | 349 | 4,533 | 1,447 | 59,213 |
| Transfers by absorption | - | - | - | - | - | - | - | - | - |
| Provided during the year | - | 5,340 | 23 | - | 3,307 | 44 | 856 | 146 | 9,716 |
| Impairments charged to operating expenses | 279 | 1,614 | - | - | - | - | - | - | 1,893 |
| Impairments charged to the revaluation reserve | 1,321 | 451 | - | - | - | - | - | - | 1,772 |
| Reversal of impairments credited to operating income | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to the revaluation reserve | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - | - | - | - |
| Revaluation surpluses | - | - | - | - | - | - | - | - | - |
| Transferred to disposal group as asset held for sale | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (871) | - | - | - | (871) |
| Depreciation at March 31, 2014 | 1,600 | 19,392 | 75 | - | 43,281 | 393 | 5,389 | 1,593 | 71,723 |
| Net book value | | | | | | | | | |
| Owned at April 1, 2013 | 19,237 | 100,424 | 449 | 390 | 13,616 | 149 | 2,772 | 597 | 137,634 |
| Finance lease at April 1, 2013 | - | - | - | - | - | - | - | - | - |
| PFI at March 31, 2013 | - | 38,959 | - | - | - | - | - | - | 38,959 |
| Donated at April 1, 2013 | - | 4,160 | - | 238 | 682 | - | 8 | 25 | 5,113 |
| Total at April 1, 2013 | 19,237 | 143,543 | 449 | 628 | 14,298 | 149 | 2,780 | 622 | 181,706 |
| Net book value | | | | | | | | | |
| Owned at March 31, 2014 | 21,437 | 118,488 | 431 | - | 13,418 | 105 | 4,270 | 525 | 158,674 |
| Finance lease at March 31, 2014 | - | - | - | - | - | - | - | - | - |
| PFI at March 31, 2014 | - | 39,077 | - | - | - | - | - | - | 39,077 |
| Donated at March 31, 2014 | - | 4,265 | - | - | 399 | - | 7 | 15 | 4,686 |
| Total at March 31, 2014 | 21,437 | 161,830 | 431 | - | 13,817 | 105 | 4,277 | 540 | 202,437 |

15.2 Property, plant and equipment prior year

| | Land | Buildings excluding dwellings | Dwellings | Assets under construct and payments on account | Plant and machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|--|---------------|-------------------------------|------------|--|---------------------|---------------------|------------------------|----------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 2012/13 | | | | | | | | | |
| Cost or valuation at April 1, 2012 | 23,287 | 148,971 | 494 | 239 | 52,521 | 498 | 5,914 | 2,021 | 233,945 |
| Transfers by absorption | - | - | - | - | - | - | - | - | - |
| Additions - purchased | - | 5,917 | - | 389 | 2,639 | - | 1,567 | 48 | 10,560 |
| Additions - Leased | - | - | - | - | - | - | - | - | - |
| Additions - donated | - | - | - | - | - | - | - | - | - |
| Additions - government granted | - | - | - | - | - | - | - | - | - |
| Impairments | - | - | - | - | - | - | - | - | - |
| Reversal of impairments | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | 141 | - | - | - | - | (141) | - | - |
| Revaluations | (4,050) | 501 | 7 | - | - | - | - | - | (3,542) |
| Transfers to/from assets held for sale and assets in disposal groups | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (17) | - | (27) | - | (44) |
| At March 31, 2013 | 19,237 | 155,530 | 501 | 628 | 55,143 | 498 | 7,313 | 2,069 | 240,919 |
| Accumulated depreciation as at April 1, 2012 | - | 8,402 | 29 | - | 37,793 | 304 | 3,874 | 1,276 | 51,678 |
| Transfers by absorption | - | - | - | - | - | - | - | - | - |
| Provided during the year | - | 4,957 | 23 | - | 3,069 | 45 | 693 | 171 | 8,958 |
| Impairments recognised in operating expenses | - | - | - | - | - | - | - | - | - |
| Reversal of Impairments | - | (1,379) | - | - | - | - | - | - | (1,379) |
| Reclassifications | - | 7 | - | - | - | - | (7) | - | - |
| Revaluation surpluses | - | - | - | - | - | - | - | - | - |
| Transferred to disposal group as asset held for sale | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (17) | - | (27) | - | (44) |
| Depreciation at March 31, 2013 | - | 11,987 | 52 | - | 40,845 | 349 | 4,533 | 1,447 | 59,213 |
| Net book value | | | | | | | | | |
| Owned at April 1, 2012 | 23,287 | 98,164 | 465 | - | 13,785 | 194 | 2,022 | 707 | 138,624 |
| Finance lease at April 1, 2012 | - | - | - | - | - | - | - | - | - |
| PFI at April 1, 2012 | - | 38,253 | - | - | - | - | - | - | 38,253 |
| Donated at April 1, 2012 | - | 4,152 | - | 239 | 943 | - | 18 | 38 | 5,390 |
| Total at April 1, 2012 | 23,287 | 140,569 | 465 | 239 | 14,728 | 194 | 2,040 | 745 | 182,267 |
| Net book value | | | | | | | | | |
| Owned at March 31, 2013 | 19,237 | 100,424 | 449 | 390 | 13,616 | 149 | 2,772 | 597 | 137,634 |
| Finance lease at March 31, 2013 | - | - | - | - | - | - | - | - | - |
| PFI at March 31, 2013 | - | 38,959 | - | - | - | - | - | - | 38,959 |
| Donated at March 31, 2013 | - | 4,160 | - | 238 | 682 | - | 8 | 25 | 5,113 |
| Total at March 31, 2013 | 19,237 | 143,543 | 449 | 628 | 14,298 | 149 | 2,780 | 622 | 181,706 |

15.3 Property, plant and equipment (cont.)

The range of asset lives for all classes of property, plant and equipment assets held by the Trust are:

| | Minimum life Years | Maximum life Years |
|---------------------------------|-------------------------------|-------------------------------|
| Land | no minimum | indefinite |
| Buildings (excluding dwellings) | 1 | 72 |
| Dwellings | 1 | 34 |
| Assets under construction | 1 | 1 |
| Plant and machinery | 1 | 15 |
| Transport equipment | 1 | 4 |
| Information technology | 1 | 5 |
| Furniture and fittings | 1 | 10 |

The Valuation Office provides the Foundation Trust with information on asset lives for buildings and dwellings.

The Trust received no compensation from third parties for assets impaired, lost or given up.

16. Capital commitments

Trust and Group

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

| | March 31, 2014 | March 31, 2013 | April 1, 2012 |
|-------------------------------|-----------------------|----------------|---------------|
| | £000 | £000 | £000 |
| Property, plant and equipment | 623 | 1,361 | 1,343 |
| Intangible assets | - | - | |
| Total | 623 | 1,361 | 1,343 |

Capital commitments at March 31, 2014 relate to orders placed by the Trust for medical equipment and minor buildings schemes which were outstanding on 31st March 2014.

At March 31, 2014 the Trust had no non-current assets for sale, assets held in disposal groups or liabilities in disposal groups. This was the same situation as March 31, 2013.

17. Inventories

Trust and Group

17.1. Inventories

| | March 31, 2014 | March 31, 2013 | April 1, 2012 |
|------------------|-----------------------|----------------|---------------|
| | £000 | £000 | £000 |
| Drugs | 1,391 | 1,316 | 1,224 |
| Work in progress | - | - | |
| Consumables | 2,924 | 3,943 | 3,920 |
| Energy | 103 | 118 | 130 |
| Total | 4,418 | 5,377 | 5,274 |

The Trust holds no non-current inventories.

17.2 Inventories recognised in expenses

| | March 31, 2014 | March 31, 2013 |
|---|-----------------------|-----------------|
| | £000 | £000 |
| Inventories recognised as an expense in the period | (48,597) | (45,359) |
| Write-down of inventories recognised as an expense (including losses) | - | (4) |
| Reversal of write-downs that reduced the recognised expense | - | - |
| Total | (48,597) | (45,363) |

18. Investments

| | March 31, 2014 | March 31, 2014 | March 31, 2013 | March 31, 2013 |
|--|-----------------------|-----------------------|----------------|----------------|
| | Trust | Group | Trust | Group |
| | £000 | £000 | £000 | £000 |
| Carrying value at April 1 | - | 4,216 | - | - |
| Prior period adjustments | - | - | - | 3,794 |
| Carrying value at April 1 restated | - | 4,216 | - | 3,794 |
| Acquisitions / (disposals) in year | - | 500 | - | - |
| Fair value gains | - | - | | |
| Fair value losses (impairment) | - | - | | |
| Movement in fair value (revaluation or impairment) | | | - | - |
| Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income | - | 200 | - | 450 |
| Disposals | - | (32) | | (28) |
| Carrying value at 31 March 2014 | - | 4,884 | - | 4,216 |

All non-current asset investments relate to a portfolio of equity and fixed interest investments held by the University Hospital of South Manchester NHS Charitable Fund. The Trust itself held no non-current asset investments during either of the financial years ended March 31, 2014 or March 31, 2013.

19. Trade and other receivables

19.1 Trade and other receivables

| Note | Trust | | | Group | | |
|---|--------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|
| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| Current | | | | | | |
| NHS receivables | 16,477 | 8,593 | 9,048 | 16,477 | 8,593 | 9,048 |
| Receivables from NHS charities | 6 | - | 15 | - | - | - |
| Other receivables with related parties | 107 | 762 | 288 | 107 | 762 | 288 |
| Provision for the impairment of receivables | (2,670) | (756) | (540) | (2,670) | (756) | (540) |
| Prepayments | 1,255 | 1,543 | 3,434 | 1,255 | 1,543 | 3,434 |
| PFI prepayments | | | | | | |
| - capital contributions | - | - | - | - | - | - |
| - lifecycle replacements | - | - | - | - | - | - |
| Accrued income | 1,424 | 1,380 | 72 | 1,424 | 1,380 | 72 |
| Interest receivable | - | - | - | - | - | - |
| Finance lease receivables | - | - | - | - | - | - |
| PDC receivables | 17 | 574 | 470 | 17 | 574 | 470 |
| VAT receivable | 3,246 | 995 | 1,238 | 3,246 | 995 | 1,238 |
| Other receivables | 1,722 | 1,598 | 1,244 | 1,722 | 1,598 | 1,244 |
| NHS Charitable Funds: trade and other receivables | - | - | - | 27 | 78 | 189 |
| Total | 21,584 | 14,689 | 15,269 | 21,605 | 14,767 | 15,443 |
| Non Current | | | | | | |
| NHS receivables | - | - | - | - | - | - |
| Receivables from NHS charities | - | - | - | - | - | - |
| Other receivables with related parties | - | - | - | - | - | - |
| Provision for the impairment of receivables | (56) | (53) | (158) | (56) | (53) | (158) |
| Prepayments | - | - | - | - | - | - |
| PFI prepayments | | | | | | |
| - capital contributions | - | - | - | - | - | - |
| - lifecycle replacements | - | - | - | - | - | - |
| Accrued income | 354 | 407 | 1,936 | 354 | 407 | 1,936 |
| Interest receivable | - | - | - | - | - | - |
| Finance lease receivables | - | - | - | - | - | - |
| VAT receivable | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - |
| NHS Charitable Funds: trade and other receivables | - | - | - | - | - | - |
| Total | 298 | 354 | 1,778 | 298 | 354 | 1,778 |
| Total | | | | | | |
| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| NHS receivables | 16,477 | 8,593 | 9,048 | 16,477 | 8,593 | 9,048 |
| Receivables from NHS charities | 6 | - | 15 | - | - | - |
| Other receivables with related parties | 107 | 762 | 288 | 107 | 762 | 288 |
| Provision for the impairment of receivables | (2,726) | (809) | (698) | (2,726) | (809) | (698) |
| Prepayments | 1,255 | 1,543 | 3,434 | 1,255 | 1,543 | 3,434 |
| PFI prepayments | | | | | | |
| - capital contributions | - | - | - | - | - | - |
| - lifecycle replacements | - | - | - | - | - | - |
| Accrued income | 1,778 | 1,787 | 2,008 | 1,778 | 1,787 | 2,008 |
| Finance lease receivables | - | - | - | - | - | - |
| PDC receivables | 17 | 574 | 470 | 17 | 574 | 470 |
| VAT receivable | 3,246 | 995 | 1,238 | 3,246 | 995 | 1,238 |
| Other receivables | 1,722 | 1,598 | 1,244 | 1,722 | 1,598 | 1,244 |
| NHS Charitable Funds: trade and other receivables | - | - | - | 27 | 78 | 189 |
| Total | 21,882 | 15,043 | 17,047 | 21,903 | 15,121 | 17,221 |

a) PDC dividends are calculated on an actual basis, giving rise to a receivable where the interim payment had been overestimated.

19.2 Provision for impairment of receivables

| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
|-------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| At 1st April | 809 | 698 | 283 | 809 | 698 | 283 |
| Increase in provision | 1,957 | 256 | 698 | 1,957 | 256 | 698 |
| Amounts utilised | (40) | (145) | (283) | (40) | (145) | (283) |
| Unused amounts reversed | - | - | - | - | - | - |
| At March 31 | 2,726 | 809 | 698 | 2,726 | 809 | 698 |

19.3. Ageing of impaired receivables

| | Trust | | | Group | | |
|----------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| 0 - 30 days | 1,455 | 0 | 0 | 1,455 | 0 | 0 |
| 30-60 Days | 242 | 155 | 18 | 242 | 155 | 18 |
| 60-90 days | 244 | 65 | 18 | 244 | 65 | 18 |
| 90- 180 days | 212 | 40 | 71 | 212 | 40 | 71 |
| over 180 days | 573 | 549 | 591 | 573 | 549 | 591 |
| Balance at March 31 | 2,726 | 809 | 698 | 2,726 | 809 | 698 |

Receivables are due within 30 days of the date of invoice.

19.4. Receivables past due date, but not impaired

| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
|----------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| 0 - 30 days | 12,153 | 7,599 | 7,308 | 12,153 | 7,599 | 7,308 |
| 30-60 Days | 1,573 | 261 | 354 | 1,573 | 261 | 354 |
| 60-90 days | 1,573 | 498 | 354 | 1,573 | 498 | 354 |
| 90- 180 days | 187 | 241 | 648 | 187 | 241 | 648 |
| over 180 days | 96 | 0 | 132 | 96 | 0 | 132 |
| Balance at March 31 | 15,582 | 8,599 | 8,796 | 15,582 | 8,599 | 8,796 |

Receivables are considered due at the date of invoice.

20. Cash and cash equivalents

| | Trust | | Group | |
|--|------------------------|------------------------|------------------------|------------------------|
| | March 31, 2014 £000 | March 31, 2013 £000 | March 31, 2014 £000 | March 31, 2013 £000 |
| Balance at April 1 | 66,748 | 46,241 | 72,306 | 46,241 |
| Prior period adjustments | - | - | - | 5,720 |
| Balance at April 1 restated | 66,748 | 46,241 | 72,306 | 51,961 |
| Net change in year | (8,040) | 20,507 | (8,922) | 20,345 |
| Balance at March 31 | 58,708 | 66,748 | 63,384 | 72,306 |
| Made up of | | | | |
| Commercial banks and cash in hand | 22 | 105 | 2,360 | 195 |
| Cash with the Government Banking Service | 58,686 | 66,643 | 61,024 | 72,111 |
| Current investments | - | - | - | - |
| Cash and cash equivalents as in statement of financial position | 58,708 | 66,748 | 63,384 | 72,306 |
| Bank overdraft | - | - | - | - |
| Cash and cash equivalents as in statement of cash flows | 58,708 | 66,748 | 63,384 | 72,306 |

21. Trade and other payables

| | Trust | | | Group | | |
|---|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| Current | | | | | | |
| Receipts in advance | - | - | - | - | - | - |
| NHS payables - capital | - | - | - | - | - | - |
| NHS payables - revenue | 11,350 | 11,613 | 13,561 | 11,350 | 11,613 | 13,561 |
| NHS payables - Early retirement costs payable within one year | 116 | 115 | - | 116 | 115 | - |
| Amounts due to other related parties - capital | - | - | - | - | - | - |
| Amounts due to other related parties - revenue | - | - | - | - | - | - |
| Other trade payables - capital | 1,871 | 2,010 | 1,718 | 1,871 | 2,010 | 1,718 |
| Other trade payables - revenue | 12,448 | 20,937 | 6,243 | 12,448 | 20,937 | 6,243 |
| Social Security costs | - | - | - | - | - | - |
| VAT payable | - | - | - | - | - | - |
| Other taxes payable | 4,424 | 4,303 | 4,230 | 4,424 | 4,303 | 4,230 |
| Other payables | 4,169 | 3,150 | 2,889 | 4,169 | 3,150 | 2,889 |
| Accruals | 34,118 | 18,220 | 12,061 | 34,118 | 18,220 | 12,061 |
| PDC dividend payable | - | - | - | - | - | - |
| NHS Charitable Funds: Trade and other payables | - | - | - | 54 | 123 | 85 |
| Total current | 68,496 | 60,348 | 40,702 | 68,550 | 60,471 | 40,787 |

At March 31, 2014 there were no non-current trade and other payables. Similarly, there were no non-current trade and other payables at March 31, 2013 or April 1, 2012.

22. Borrowings

Trust and Group

| | March 31, 2014 | March 31, 2013 | April 1, 2012 |
|---|----------------|----------------|---------------|
| Current | £000 | £000 | £000 |
| Bank overdrafts | - | - | - |
| NHS Charitable funds: bank overdraft | - | - | - |
| Drawdown in committed facility | - | - | - |
| Loans from: | | | |
| Independent Trust Financing Facility (ITFF) | 1,565 | 1,565 | 977 |
| Other entities | - | - | - |
| Obligations under finance leases | - | - | - |
| PFI liabilities: | | | |
| Main liability | 4,938 | 3,919 | 3,224 |
| NHS Charitable funds: other borrowings | - | - | - |
| Total Current | 6,503 | 5,484 | 4,201 |
| Non Current | | | |
| Loans from: | | | |
| Independent Trust Financing Facility (ITFF) | 22,825 | 24,390 | 25,418 |
| Other entities | - | - | - |
| Obligations under finance leases | - | - | - |
| PFI liabilities: | | | |
| Main liability | 50,882 | 55,820 | 59,739 |
| NHS Charitable funds: other borrowings | - | - | - |
| Total Non Current | 73,707 | 80,210 | 85,157 |
| Total | | | |
| Bank overdrafts | - | - | - |
| NHS Charitable funds: bank overdraft | - | - | - |
| Drawdown in committed facility | - | - | - |
| Loans from: | | | |
| Foundation Trust Financing Facility | 24,390 | 25,955 | 26,395 |
| Other entities | - | - | - |
| Obligations under finance leases | - | - | - |
| PFI liabilities: | | | |
| Main liability | 55,820 | 59,739 | 62,963 |
| NHS Charitable funds: other borrowings | - | - | - |
| Total | 80,210 | 85,694 | 89,358 |

The Trust currently has two loans outstanding with the ITFF:

1. £6.1m for a Cystic Fibrosis expansion (to be repaid by 2029).
2. £18.3m for a Maternity refurbishment scheme (to be repaid by 2030).

The University Hospital of South Manchester NHS Foundation Trust Charitable Fund has no borrowings or PFI schemes.

23. Other liabilities

| Note | Trust | | | Group | | |
|------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
| | Current | | | | | |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| a) | 10,457 | 18,499 | 17,445 | 10,457 | 18,499 | 17,445 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | 240 | 242 | 241 |
| | - | - | - | - | - | - |
| | 10,457 | 18,499 | 17,445 | 10,697 | 18,741 | 17,686 |
| | Non Current | | | | | |
| | - | - | - | - | - | - |
| | 4,166 | 5,039 | 6,286 | 4,166 | 5,039 | 6,286 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 4,166 | 5,039 | 6,286 | 4,166 | 5,039 | 6,286 |
| | Total | | | | | |
| | - | - | - | - | - | - |
| | 14,623 | 23,538 | 23,731 | 14,623 | 23,538 | 23,731 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | 240 | 242 | 241 |
| | - | - | - | - | - | - |
| | 14,623 | 23,538 | 23,731 | 14,863 | 23,780 | 23,972 |

24. Finance lease obligations

Other than a PFI arrangement the Group has no finance lease obligations as at 31st March 2014.
(This was also the position at 31st March 2014)

25. Private Finance Initiative contracts

Trust and Group

25.1 PFI schemes on-Statement of Financial Position

The Trust has a 35 year PFI contract with South Manchester Healthcare Limited which expires in 2033. The contract covers provision of two buildings at Wythenshawe hospital – the Acute Unit and the Mental Health Unit.

The Acute Unit consists of an Accident and Emergency department, a burns unit, coronary care unit, intensive care unit, six operating theatres, five medical and five surgical wards, an x-ray department, fracture clinic and renal department.

The Mental Health Unit provides adult and older people's outpatient and inpatient Mental Health services. The Trust sublets the Mental Health Unit to Manchester Health and Social Care Trust. This agreement is treated as an operating lease and the income received is included within operating income.

In addition to provision and maintenance of the two buildings, under the terms of the contract the PFI operator also provides a range of essential facilities management services across the Wythenshawe hospital site. These include cleaning, catering, portering, laundry and maintenance services.

In accordance with accounting standard IFRIC 12, the two buildings are treated as assets of the Trust and assets values are included in note 15. IFRIC 12 deems that the substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Service charges are included within operating expenditure and imputed finance lease charges are detailed in the table below.

In 2033, at the end of the PFI contract, the two buildings covered by the contract will transfer from South Manchester Healthcare Ltd to the Trust.

25.2 Total obligations for on-Statement of Financial Position (SoFP) PFI contracts due:

| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
|--|------------------------|------------------------|-----------------------|
| Gross PFI liabilities | 167,466 | 150,115 | 157,258 |
| Of which liabilities are due: | | | |
| Not later than one year | 14,389 | 12,895 | 11,812 |
| Later than one year, not later than five years | 47,275 | 46,231 | 47,375 |
| Later than five years | 105,802 | 90,989 | 98,071 |
| Less finance charges allocated to future periods | (111,646) | (90,376) | (94,295) |
| Net PFI liabilities | 55,820 | 59,739 | 62,963 |
| Not later than one year | 4,938 | 3,919 | 3,224 |
| Later than one year, not later than five years | 14,454 | 15,306 | 15,856 |
| Later than five years | 36,428 | 40,514 | 43,883 |
| | 55,820 | 59,739 | 62,963 |

25.3 PFI Commitments

The Trust is committed to making the following payments in respect of the service element of the PFI:

| | March 31, 2014 Total £000 | March 31, 2013 Total £000 | April 1, 2012 Total £000 |
|------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Within one year | 21,675 | 21,111 | 21,117 |
| 2nd to 5th years (inclusive) | 86,699 | 84,444 | 84,469 |
| Later than five years | 325,120 | 337,778 | 358,992 |
| Total | 433,494 | 443,333 | 464,578 |

25.4. Private Finance Initiative Costs

| | March 31, 2014 £000 | March 31, 2013 £000 |
|----------------------|------------------------|------------------------|
| Service element | 21,664 | 20,977 |
| Interest costs | 4,428 | 4,667 |
| Contingent Rent | 4,549 | 3,917 |
| Lifecycle costs | 1,044 | 1,081 |
| Principal repayment | 3,918 | 3,224 |
| Total Payment | 35,603 | 33,866 |

The total payment reflects the PFI charge on an accruals basis, excluding VAT where appropriate.

26. Provisions

Trust and Group

| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Current | | | |
| Pensions relating to former directors | 8 | 8 | 7 |
| Pensions relating to other staff | 451 | 438 | 414 |
| Other legal claims | 627 | - | 599 |
| Other (see below) | 11,132 | 9,703 | 5,833 |
| NHS Charitable fund provisions | - | - | - |
| Total current | 12,218 | 10,149 | 6,853 |
| Non Current | | | |
| Pensions relating to former directors | 97 | 90 | 92 |
| Pensions relating to other staff | 4,432 | 4,044 | 4,164 |
| Other legal claims | - | 611 | - |
| Other (see below) | 273 | 252 | 219 |
| NHS Charitable fund provisions | - | - | - |
| Total Non current | 4,802 | 4,997 | 4,475 |
| Total | | | |
| Pensions relating to former directors | 105 | 98 | 99 |
| Pensions relating to other staff | 4,883 | 4,482 | 4,578 |
| Other legal claims | 627 | 611 | 599 |
| Other (see below) | 11,405 | 9,955 | 6,052 |
| NHS Charitable fund provisions | - | - | - |
| Total | 17,020 | 15,146 | 11,328 |

Provisions movement- year to 31st March 2014

| | Pensions relating to former directors £000 | Pensions relating to other staff £000 | Other Legal claims £000 | Other (see below) £000 | Total £000 |
|--|---|--|----------------------------|---------------------------|---------------|
| As at April 1, 2013 | 98 | 4,482 | 611 | 9,955 | 15,146 |
| Change in the discount rate | 13 | 746 | - | 33 | 792 |
| Reassessment of existing provisions and new provisions arising during the year | - | - | 16 | 2,673 | 2,689 |
| Used during the year | (8) | (439) | - | (1,261) | (1,708) |
| Unwinding of discount | 2 | 94 | - | 5 | 101 |
| NHS Charitable funds: movement in provisions | - | - | - | - | - |
| At March 31, 2014 | 105 | 4,883 | 627 | 11,405 | 17,020 |
| Expected timing of cash flows: | | | | | |
| - not later than 1 year | 8 | 451 | 627 | 11,132 | 12,218 |
| - later than 1 year and not later than 5 years | 32 | 1,804 | - | 72 | 1,908 |
| - later than 5 years | 65 | 2,628 | - | 201 | 2,894 |
| Total | 105 | 4,883 | 627 | 11,405 | 17,020 |

| | March 31, 2014 £000 | March 31, 2013 £000 | April 1, 2012 £000 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Other provisions include | | | |
| Public and employers insurance claims | 260 | 330 | 210 |
| Staffing issues | 1,968 | 3,788 | 2,298 |
| Miscellaneous contractual issues | 9,177 | 5,837 | 3,544 |
| Total | 11,405 | 9,955 | 6,052 |

£21,253k is included in the provisions of the NHS Litigation Authority at 31/3/2014 in respect of clinical negligence liabilities of the Trust (31/03/13 £22,209k).

27. Revaluation Reserve

Trust and Group

The Trust holds a revaluation reserve for land and buildings, but not for plant and equipment or intangible assets.

| | Note | March 31, 2014 £000 | March 31, 2013 £000 |
|--|------|------------------------|------------------------|
| Revaluation reserve at 1 April | | 25,176 | 28,718 |
| Transfers by absorption - modified | a) | 5,129 | - |
| Transfers by absorption - normal | | - | - |
| Impairments | b) | (1,772) | - |
| Revaluations | c) | - | (3,542) |
| Transfers to the I&E reserve for impairments arising from consumption of economic benefits | | - | - |
| Transfers to other reserves | | - | - |
| Asset disposals | | - | - |
| Share of other comprehensive income/expenditure from associates and joint ventures | | - | - |
| Other recognised gains and losses | | - | - |
| Other reserve movements | | - | - |
| Reserves at March 31 | | 28,533 | 25,176 |

a) The transfer by absorption (modified) is the revaluation reserve associated with assets at Withington Community Hospital which was transferred to the Trust on 1st April 2013 following the demise of Manchester PCT.

b) The impairment charge to revaluation reserve relates to reductions in valuation of a land and buildings at the "old" Withington Hospital site and have arisen because of plans to dispose of that site.

c) The 2012/13 revaluation reflects an overall net reduction in the value of the Trust's land and buildings, as assessed by the Trust's independent valuer, the District Valuer, which is chargeable to the revaluation reserve.

28. Contingencies

Trust and Group

Neither Trust nor Group has contingent liabilities or contingent assets at March 31, 2014. This is the same position as at March 31, 2013.

29. Financial Instruments

Trust and Group

29.1 Financial assets by category

The only financial assets held by the Trust are loans and receivables.
The Charity has an investment portfolio held as an assets at fair value through the I&E.

| | March 31, 2014 £000 | March 31, 2013 £000 |
|---|------------------------------------|---------------------------|
| NHS Trade and other receivables excluding non financial | 15,942 | 14,309 |
| Other Investments | - | - |
| Other Financial Assets | - | - |
| Cash and cash equivalents (at bank and in hand) | 58,708 | 66,748 |
| Trust total | 74,650 | 81,057 |
| UHSM NHS Charitable Fund: financial assets | 9,560 | 9,774 |
| Group total | 84,210 | 90,831 |

29.2 Financial liabilities by category

The Trust has no financial liabilities held at fair value through the Statement of Comprehensive Income.

| | March 31, 2014 £000 | March 31, 2013 £000 |
|---|------------------------------------|---------------------------|
| Borrowings excluding finance leases and PFI obligations | 24,390 | 25,955 |
| Obligations under finance leases | - | - |
| Obligations under PFI contracts | 55,820 | 150,115 |
| Other financial liabilities | 64,072 | 56,045 |
| Provisions under contract | 16,393 | 14,535 |
| Trust total | 160,675 | 246,650 |
| UHSM NHS Charitable Fund: financial assets | 300 | 365 |
| Group total | 160,975 | 247,015 |

Management of the Trust consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in these Financial Statements, approximate to their fair value.

29.3 Financial risk management

Financial Reporting Standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The Trust has a continuing service provider relationship with clinical commissioning groups and NHS England, and, as a result of the way these commissioners 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 listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Currency risk

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

Interest rate risk

The Trust is permitted to borrow to fund capital expenditure, subject to affordability as confirmed by Monitor, the Independent Regulator of Foundation Trusts. To March 31, 2014, the Trust has borrowed funds for its expansion of accommodation for its Cystic Fibrosis service together with a loan for enhancements to its Maternity Unit. These loans are with the Independent Trust Financing Facility at a fixed level of interest. UHSM therefore has a low exposure to interest rate risk.

Credit risk

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

Liquidity risk

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

Market risk

The assets of the Group includes a portfolio of equity and fixed interest investments held by the University Hospital of South Manchester NHS Charitable Fund. The market value of these investments at March 31, 2014 is £4,884k. The Group is exposed to market risk to the extent that these investments can fluctuate in value. The Group uses the advice of specialist asset management advisors to manage these investments in order to mitigate such risks.

30. Events after the reporting period

Following concerns about the Trust's short-term financial stability during the annual planning process for 2013/ 14, Monitor, the regulator of foundation trusts, felt that it had reasonable grounds to suspect the Trust had breached its licence. As a result of these concerns the Trust developed a recovery plan, submitted to Monitor in January 2014, which set out arrangements to ensure the Trust can meet its cost improvement programme for the next two years whilst maintaining a Continuity of Service Rating (CoSRR)* of level 2. The recovery plan also took into account wider health economy priorities and formed the basis of the plans for 2014/ 15 and 2015/ 16 submitted to Monitor in April 2014.

UHSM's financial plans submitted to Monitor show that the Trust will make efficiencies to generate surpluses in the next two years with sufficient cash balances to meet the repayment of its loans and PFI. The Trust acknowledges the difficult financial climate that faces the NHS and, as a contingency the Independent Trust Financing Facility has agreed to put together a loan package to address the challenges presented by the Trust's PFI payment profile.

In May 2014, having considered the Trust's plans and actions taken to deal with its short-term financial problems, Monitor instigated an Enforcement Undertaking at UHSM. Following discussions with Monitor the Trust has appointed a Turnaround Director, begun a review of the Trust's Board corporate governance arrangements and is implementing plans to improve performance against the 4 hour A&E target.

There were no other material post Statement of Financial Position events following submission of the accounts to March 31, 2014.

*CoSRR is the financial risk rating that Monitor applies to foundation trusts with ratings given on a scale of 1 to 4, (1 being the highest level of risk).

31. Going Concern

After considering Monitor's Enforcement Undertaking, explained in note 30 above, and making enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

32. Public Dividend Capital Dividends Paid

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

Details of the calculation of dividends payable are provided in note 1.13.

In 2013/14 dividends were paid on an estimated basis but then reviewed at year end and an adjustment was made based on actual performance. As a result of this adjustment the Trust has a current asset in its books relating to cash due for an overpayment of £17k (2012/13, £574k).

33. The Late Payment of Commercial Debts (Interest) Act 1998

The Trust received no claims under The Late Payment of Commercial Debts (Interest) Act 1998.

34. Related party transactions

Trust and Group

University Hospital of South Manchester NHS Foundation Trust is a public interest body authorised by Monitor - the Independent Regulator for NHS Foundation Trusts.

For the purposes of these accounts the Department of Health is deemed to be the parent of the Foundation trust. The following are considered to be related parties of an NHS foundation trust:

- Any entity which controls the NHS foundation trust, or is under common control with the NHS foundation trust (this will include all bodies within the scope of the Whole of Government Accounts).
- Any entity over which the NHS foundation trust has control (including where appropriate, the NHS charitable funds).
- Key management personnel.
- Any close family member of any individual within the categories above.
- Any entity controlled, jointly controlled, or significantly influenced by any member of key management personnel or a close family member.
- Any associate of the NHS foundation trust (within the meaning of IAS 28)
- Any joint venture in which the NHS foundation trust is a venturer (within the meaning of IAS 31).

The Trust maintains a register of interests. Staff and Non-executive Directors are required to declare any outside interests so that they may be recorded in this register. The register is available for inspection by the public.

In 2013/14 these transactions / balances were:

| | Expenditure to Related Party | Income from Related Party | Amounts owed to Related Party | Amounts due from Related Party |
|------------------------------|------------------------------------|---------------------------------|--|---|
| | £000s | £000s | £000s | £000s |
| Board members | - | - | - | - |
| Key staff members | - | - | - | - |
| Other related parties: | | | | |
| -Department of Health | - | 16,873 | - | 306 |
| -Other NHS bodies | 39,012 | 446,527 | 11,350 | 15,545 |
| Joint Ventures | - | - | - | - |
| Other | - | - | - | - |
| NHS Shared Business Services | - | - | - | - |

No security or guarantee is held against the amounts owed to UHSM by related parties, nor held by third parties where UHSM have amounts due to them.

The Trust has reviewed its accounts receivable from related parties as at March 31, 2014 for potential impairments. Where appropriate this is accounted for in note 19.

35. Third Party Assets

The Trust held £2k cash and cash equivalents at March 31, 2014 (£2k - at March 31, 2013) which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

36. Losses and Special Payments

There were 201 cases of losses and special payments (2012/13: 217) totalling £353k (2012/13: £140k) accrued during 2013/14. Losses and special payments are reported on an accruals basis with the exception of provisions for future losses. No individual case included a net payment in excess of £250k.

37. Prudential Borrowing Code

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 and therefore the disclosures previously provided are no longer required.

