

**UNIVERSITY HOSPITAL OF SOUTH MANCHESTER
NHS FOUNDATION TRUST**

**ANNUAL REPORT AND
ACCOUNTS
1st April 2015- 31st March 2016**

**University Hospital of South Manchester NHS Foundation Trust
Annual Report and Accounts 2015-16**

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

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01 Chairman's Statement 2015-16

The Board of Directors of University Hospital of South Manchester NHS Foundation Trust (UHSM) presents this, its tenth 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 2015 until 31 March 2016.

I am very pleased to be bringing you my second Annual Report statement for 2015-16.

UHSM has experienced a very varied year; a year when we celebrated many achievements and successes, and a year where we have seen opportunities but also faced some significant challenges.

Throughout 2015-16, we continued to deliver safe, high quality treatment, services and care to its local community, the people of South Manchester and beyond. Our clinicians were regularly recognised in leading medical journals for their innovative approach to patient treatment and care and our record on clinical outcomes and infection control remained strong.

The last 12-months have seen us concentrating on improving our performance, particularly in A&E and making sure that everything we do focuses on providing a great patient experience - where every patient has the best care possible.

We also value our staff, continuing our highly rated staff engagement programme and holding our second spectacular sponsored Staff Awards ceremony at the Palace Hotel in Manchester in March 2016. We recognised individuals and teams who have delivered excellent care or gone above and beyond expectations for their patients or colleagues. We strongly believe that if our people are valued, recognised and appreciated our patients will be well-cared for also.

We remain in breach of our Foundation Trust licence because of three areas of concern, meeting our A&E waiting time target, concerns over financial sustainability and effectiveness of corporate governance arrangements.

We have continued to focus on these areas with plans to address sustained improvement and have worked with our colleagues and partners to implement the plans and make progress.

In terms of A&E, we did not achieve the 95% four hour waiting time target in A&E for 2015-16 as we continued to experience high demand for our services. We have sought to address capacity issues and worked with our partners across the wider health and social care economy to implement a recovery plan to improve patient experience in this area.

The Trust worked with staff, stakeholders and external consultants to develop a number of work streams that will help UHSM achieve financial sustainability. Looking ahead we have a plan to achieve a further £25million savings during 2016-17.

Following an independent review of board effectiveness and governance arrangements at UHSM, whilst recognising a number of good practice areas, it did recommend areas where improvement needed to be made. The Board have put in place an action plan to address the improvements.



I'm delighted that, during the course of the year, we strengthened our Board with three new Non-Executive Directors, appointed by our Governors. You will find more details later in the report about Jane McCall, Trevor Rees and Professor Dame Sue Bailey. The appointments were part of our succession planning and I would like to extend my thanks to Lorraine Clinton and Graham Boulnois for their extremely valuable contributions to the UHSM during the course of their tenure. In addition our thanks also go to Philip Smyth, who steps down in June 2016 after nine years of excellent service, most recently as Deputy Chairman.

We also strengthened our leadership team and I am pleased to welcome Diane Whittingham as Chief Executive, who joined us January this year for an initial period of nine months, and Tim Barlow as Chief Finance Officer, who joined us in December 2015.

There are many exciting developments in Greater Manchester, not least of which is that on 1 April 2016 Greater Manchester took control of £6.2 billion of public funding for health and social care and £22 billion of other public sector funding. Known as GM Devolution it gives GM unprecedented freedom to transform public services to achieve better outcomes for the population through more effective, efficient services. We are playing an active part in all the developments, collaborating extensively with our partners and key stakeholders

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) and undertakes around 300 clinical studies a year; some of our leading work has been published in prestigious national and international journals.

In this report, the Board of Directors will explain how UHSM has performed during 2015-16 and its wider plans for the next 12 months.

Barry Clare
Chairman



02 Performance 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.

University Hospital of South Manchester has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

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

- 3.1 Overview of Performance
- 3.2 Performance Analysis

Diane Whittingham
Chief Executive



2.1 Overview of Performance

The University Hospital of South Manchester NHS Foundation Trust (UHSM) is a major acute teaching hospital trust providing services for adults and children at Wythenshawe Hospital, Withington Community Hospital and Community Services across South Manchester. The Trust is recognised as a centre of clinical excellence in a number of specialist areas and provides district general hospital services and specialist tertiary services to its local community and beyond.

Our fields of specialist expertise, which include 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 also 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. We host the largest number of medical, nursing and AHP students in Greater Manchester and our major research programmes focus on cancer, heart and lung disease and wound management.

UHSM's strategy is based on two high level goals: strategic and operational excellence. The actions identified to deliver the strategy are captured in the Trust's Strategic Plan which links projects and actions to the high level goals above. This plan will help the Trust achieve the vision of becoming a top 10 NHS Provider.

Our **vision** is to become a top 10 NHS provider in the country.

Our **mission** is to improve the health and quality of life for all our patients by building an organisation that attracts, develops and retains great people.

We are a **values**-based organisation with five core 'PEOPLE' values: **P**atient First, **E**xcellence, **O**ne Team, **oP**en, **LE**adership.

Our **strategic intent** is for every UHSM service to become a top 10 performer in the four areas of our Quality Diamond:

1. Patient safety and clinical outcomes
2. Patient experience
3. Staff engagement
4. Value for money

UHSM has 5,994 members of staff, as well as 600 colleagues employed by our Private Finance Initiative partner, South Manchester Healthcare Limited. We also have around 500 valued volunteers, who give up their time to help our patients and visitors.

As described in other sections of this Annual Report, the achievement of UHSM's performance targets has been a challenge for the organisation during 2015-16. 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.

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 3.

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 2015-16 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 2015-16 are explained in greater detail within the Annual Governance Statement (see 3).

We have a good public and patient reputation, and this is reflected in the way that more people are choosing our services than ever before. In 2015-16 there were 96,746 attendances to our Emergency Department (A&E), 94,028 inpatient and day-case spells, and 508,254 attendances to our outpatient clinics.

At UHSM, we want every patient to experience the best quality of care we can offer, and so we continue to value and seek out feedback from patients on their experiences. This feedback helps us build on our quality priorities set out in the Quality Account on page 67.

In January 2016 the Trust underwent a CQC inspection with the outcome of the inspection to report during 2016.

Our Infection Control record remains strong. We had four cases of hospital acquired MRSA during the year and 5 cases of *C. difficile* infection, deemed preventable against a threshold of 39.

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 disappointed to not meet the two key regulatory targets for 4-hour wait in A&E and the Referral to Treatment target in 2015-16 but is able to report compliance with the remaining key regulatory targets throughout the year. Further details of our performance is provided in the performance analysis on page 12 and also in our Annual Governance Statement on page 59. In May 2014, Monitor placed the Trust in breach of its licence for two areas of concern: concerns over financial sustainability; board effectiveness and corporate governance and we remained in breach of our licence in 2015/16.

During the year we embarked on a £27million cost improvement plan and successfully achieved £20million of savings during 2015-16 and plan to save a further £25m during 2016-17.

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).

The Trust plays a major role in Undergraduate Medical Education with around 400 students at any one time in years 3,4, and 5 of the Undergraduate Medical Curriculum for the University of Manchester and many of these students go on to become our Foundation Year doctors. UHSM is very popular with students: our feedback scores are good and we are working towards a better structured programme with closer links between Consultants job plans and teaching activity and excellence.

The Trust operates a clinical leadership structure and has 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 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 this, together with the creation of a Single Hospital Service across the City of Manchester, is a key focus of activity for the coming year.

A Single Hospital Service Review was commissioned by the Manchester Health and Wellbeing Board at the end of 2015. The Manchester Locality Plan, was developed as a response to the devolution of health and social care budgets to Greater Manchester from central government and outlines the need for a Single Hospital Service model to end the culture of competition between Trusts and to focus on a collaborative approach to tackle some of the challenges health and social care services in Manchester are facing. The review was asked to explore integrated working of services provided by University Hospital of South Manchester NHS Foundation Trust (UHSM), Central Manchester University Hospitals NHS Foundation Trust (CMFT) and those provided by the Pennine Acute Hospitals NHS Trust (PAT) from its site at the North Manchester General Hospital.

The proposal for a Single Hospital Service sits alongside plans for integrated commissioning of health and social care services and a Local Care Organisation to provide integrated community and primary care across the city. This review was started in January 2016.

UHSM has participated fully in the review with high levels of clinical engagement across all services being considered. The reports arising from the review are to be published during May and June 2016 and the close collaboration and discussions with our partners will continue.

The 'Healthier Together' programme aims to improve health and care in Greater Manchester through three interlinked strands of work: primary care transformation, local models of integrated care and improvements in hospital care in A&E, acute medicine and general surgery. In July 2015 commissioners took the decision to designate four single services in Greater Manchester. In the Manchester and Trafford single service, UHSM's Wythenshawe Hospital was linked with CMFT's Manchester Royal Infirmary which would specialise in emergency and high risk abdominal surgery. In January 2016 the programme moved into the implementation phase and UHSM is working with commissioners and CMFT to create single services for general surgery, acute medicine and A&E for Manchester and Trafford.

Whilst the outlook remains challenging, the Board is making appropriate plans to secure the future for UHSM and to play an integral part in the development of services across the region. The Board reports elsewhere in this report that in its view UHSM is a going concern.



2.2 Performance Analysis

During the last twelve months the Trust has consistently delivered the national cancer waiting-time standards despite an 8% increase in cancer referrals and 10% increase in treatments for patients on a 62-day cancer pathway. The Trust has not achieved the referral-to-treatment and emergency access 4-hour wait standards during the year. Improvement trajectories and action plans have been agreed with external stakeholders to support achievement of these standards during 2016-17.

Table 2.2.1: Trust activity for the period 2012-13 to 2015-16

Activity	2012-13	2013-14	2014-15	2015-16
Emergency Department attendances	91,245	94,244	96,743	96,979
Inpatients and day cases	84,320	88,744	93,967	96,402
Outpatients	416,438	471,372	505,286	514,485
Total	592,003	654,360	698,996	707,866

The Trust experienced a 0.2% increase in outpatient activity in 2015-16 when compared to 2014-15 and a 0.2% increase in Emergency Department attendances. Overall activity (calculated using the categories shown in Table 2.2.1) increased by 1.7% in 2015-16 from the 2014-15 position.

Summary of service performance 2015-16

The Trust did not meet the emergency access four-hour waiting time in 2015/16, with a reduction in performance from over 90% in quarters 1 and 2, to 73% in quarter 4. A revised implementation plan for improvement has been developed and resourcing issues are being considered within the health economy via the Systems Resilience Group. An improvement trajectory for the four-hour wait has been agreed with stakeholders to achieve 95% by April 2017. UHSM is reliant on a number of factors to achieve this target including revised Emergency Department processes, culture change and improved patient flow and discharge out of hospital, not all of which are wholly within the Trust's control.

Following identification of an 18-week Referral-to-Treatment (RTT) data system and training issues in March 2015, it was agreed by Monitor, NHS England and South Manchester CCG that the Trust would cease reporting the incomplete pathway until a review had been undertaken and mitigating actions implemented. The Trust completed a comprehensive action plan, which was closely monitored by Monitor and South Manchester Clinical Commissioning Group (CCG), and returned to national reporting from 1st August 2015. On the advice of the Intensive Support Team (IST), which has been working closely with the Trust, the RTT data system is being rewritten in line with the national rules and guidance for 18-week RTT. At present the Trust expects to complete validation of the new RTT data system by the end of August 2016 and will only at this time be able to agree a realistic and affordable RTT improvement trajectory with external stakeholders. The Trust will continue to keep Monitor, NHS England and commissioners updated about progress.

UHSM reported thirty-six cases of *Clostridium difficile* during 2015/16. Following review with commissioners, five cases were reported against the annual objective of 39 cases as 'lapses of care' (i.e. they were considered to be avoidable); this is a 44% reduction on the previous year when nine cases were reported as 'lapses of care'. The Trust reported four cases of *MRSA bacteraemia* in 2015/16, having reported only one case in the previous year.

Table 2.2.2: UHSM performance against key national priorities in 2015-16, and specifically, governance indicators published in NHS Improvement's *Risk Assessment Framework*

Acute targets - national requirements	2015-16	2014-15	2013-14	Threshold ^(a)
18-week referral-to-treatment maximum wait:				
Non-admitted patients	91.4%	95.9%	97.7%	95.0%
Admitted patients	75.8%	90.8%	91.8%	90.0%
Patients on an incomplete pathway	87.8%	94.9%	95.1%	92.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	84.3%	91.9%	94.3%	95.0%
Maximum two month wait from referral to treatment for all cancers ^(b) :				
from urgent GP referral to treatment	87.9%	86.2%	87.3%	85.0%
from consultant screening service referral	97.7%	98.2%	98.4%	90.0%
Maximum one month wait for subsequent treatment of all cancers:				
surgery	98.6%	98.3%	98.6%	94.0%
anti-cancer drug treatment	100%	100%	100%	98.0%
Maximum one month wait from diagnosis to treatment for all cancers	98.7%	98.7%	97.7%	96.0%
Two week wait from referral to date first seen:				
all cancers	95.4%	97.1%	97.3%	93.0%
for symptomatic breast patients (cancer not initially suspected)	94.2%	97.0%	98.5%	93.0%
<i>Clostridium difficile</i> year-on-year reduction ^(c)	5	9	36	39 in 2015/16 39 in 2014/15 36 in 2013/14
MRSA - meeting the MRSA objective ^(d)	4	1	4	zero
Access to healthcare for people with a learning disability	achieved	achieved	achieved	no threshold published

Notes to Table 2.2.2:

- (a) threshold for achievement of the national standard;
- (b) 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.
- (c) From 1 April 2014, hospital-acquired incidences of *Clostridium difficile* are reported against the annual objective if they are due to 'lapses of care' as agreed with commissioners. UHSM reported 5 cases of 'lapses of care' against a threshold of 39 with 36 cases in total. Following review, five cases were reported against the annual objective of thirty-nine cases as 'lapses of care'. Prior to 2014/15, all hospital acquired *Clostridium difficile* cases were reported against the annual objective; and
- (d) the Department of Health target is zero; this target is no longer part of Monitor's *Risk Assessment Framework*.

Service developments and improvements

Emergency access

An Implementation Plan for Improvement of Emergency access has been developed with a number of work streams aimed at improving performance against the four hour emergency access standard. A number of 'Perfect Weeks' have been held to test processes and learn lessons and a whole health economy approach is also in place. Additional resource has been put in place to address rapid improvement an improvement trajectory is in place and being monitored.

A&E expansion

Progress has continued on the development of the A&E/Emergency Village expansion, funded by £12m of Public Dividend Capital. This will lead to significant enhancements to the patient environment and provide additional capacity to meet increased demand. Ground works have commenced in 2015/16, with a phased approach adopted leading to full completion during 2018.

Breast Services

Recognising the strength of our service, in 2015 UHSM was asked by Manchester Cancer to take a lead on developing a single service model for breast cancer diagnosis and surgery in GM. We have facilitated a clinically driven process which has agreed clinical standards and proposed a model of local screening, three diagnostic hubs and local surgery. This model recognises the constraints of capital investment and workforce (breast radiologists) in the diagnostic element of the pathway, while retaining as much activity as possible locally. UHSM will continue to lead this process in 2016/17 with the aim of implementing the new model of diagnostic hubs.

Single Hospital Service Review

As discussed on page 11 the population of Manchester is served by three different acute hospital trusts which has led to inconsistency in the delivery of services with both duplication and gaps in services. Increased collaboration between the trusts would also increase research and innovation opportunities, and improve staff retention. Ultimately a more efficient and effective hospital service would help improve Manchester's poor health outcomes. Therefore the three trusts, with the Manchester CCGs and Manchester City Council have established a Single Hospital Service review which will seek to identify the benefits of single service models and the most appropriate governance structures to deliver the benefits rapidly. The review is expected to run until June 2016 when the Health & Wellbeing Board will receive the Review Director's report and decide on further actions to achieve a fully aligned single hospital service.

Local Care Organisation

The Manchester Locality Plan, outlines how, progressively, Manchester will shift care from hospitals into community settings where this brings benefits for patients. More specifically the plan sets out a vision for health and care services in the community which will be undertaken by multidisciplinary health and care teams operating in 12 neighbourhoods across Manchester (4 in South Manchester). These teams will have a renewed focus on enabling self-care, supported by more innovative use of community assets and closer working with the voluntary and community sector. A new Community Services Directorate will be established from April 2016 to enable our full participation in this exciting initiative.

The Living Longer Living Better programme is co-ordinating the delivery of this work and the plan requires both providers and commissioners to have established new organisation forms, operational relationships and financial arrangements to enable a city wide consistency and shared purpose for our services.

Productivity/Efficiency

The Trust's Improvement Programme has a number of key work streams, such as Length of Stay, Theatre Efficiency, and Outpatients efficiency, supported by a Programme Management Office and dedicated work stream leads to ensure delivery of the anticipated improvements.



2.3 Performance Analysis: Financial Standing and Outlook

UHSM posted a deficit of £5.8m in 2015-16 after adjusting for exceptional items of £2.9m. The plan for the year was to achieve a modest surplus, after exceptional items, of £0.2m. The reasons for this underperformance are a shortfall on the delivery of Cost Improvement Plans (CIPs) and also a lower than planned elective programme due to capacity constraints.

As part of Monitor's Risk Assessment Framework, the Trust is assessed against a Financial Sustainability Risk rating (FiSRR). 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 ended the 2015-16 financial year with a FiSRR of 1. 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 combination of:

- relatively high level of debt servicing as a result of the Trust's PFI scheme;
- historically low levels of liquidity;
- shortfall on CIP schemes resulting in a 2015-16 deficit.

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

Income and Expenditure performance (Statement of Comprehensive Income)

In 2015-16, UHSM posted a net deficit of £5.8m after adjusting for exceptional costs of £1.5m relating to restructuring costs and exceptional losses of £1.4m relating to impairments following a revaluation of the Trust's land and buildings.

In 2015-16, operational performance with regard to earnings before interest, taxation, depreciation and amortisation (EBITDA) was £16.9m (3.9% of turnover). This was a reduction from the previous year (2014-15 when EBITDA was 4.8% of turnover), reflecting the shortfall on the delivery of CIPs.

Table X.X summarises the 2015-16 Statement of Comprehensive Income performance:

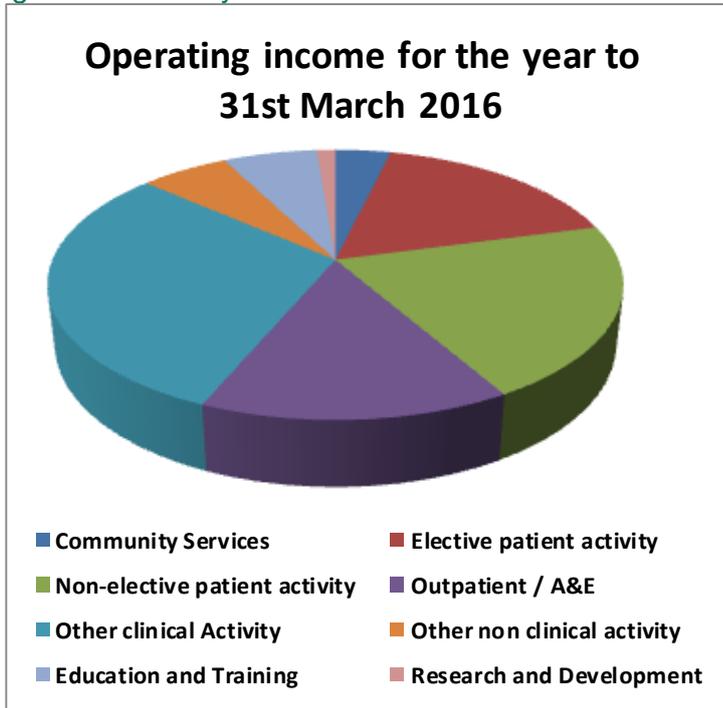
Table 2.3.1: 2015-16 Summarised Operational Financial Performance

	Trust 2015-16 £m
Income	436.1
Operating expenses	<u>(419.2)</u>
EBITDA	16.9
Depreciation	(10.5)
Net interest	(9.4)
Deficit before Dividend	(3.0)
Public Dividend Payment	(2.8)
Exceptional items*	<u>(2.9)</u>
Net Surplus/(Deficit) after exceptional items	(8.7)
Adjust for exceptional items	2.9
Normalised Net Surplus/(Loss) before exceptional items	(5.8)

*Exceptional items include restructuring costs and exceptional losses arising from revaluation of land and buildings

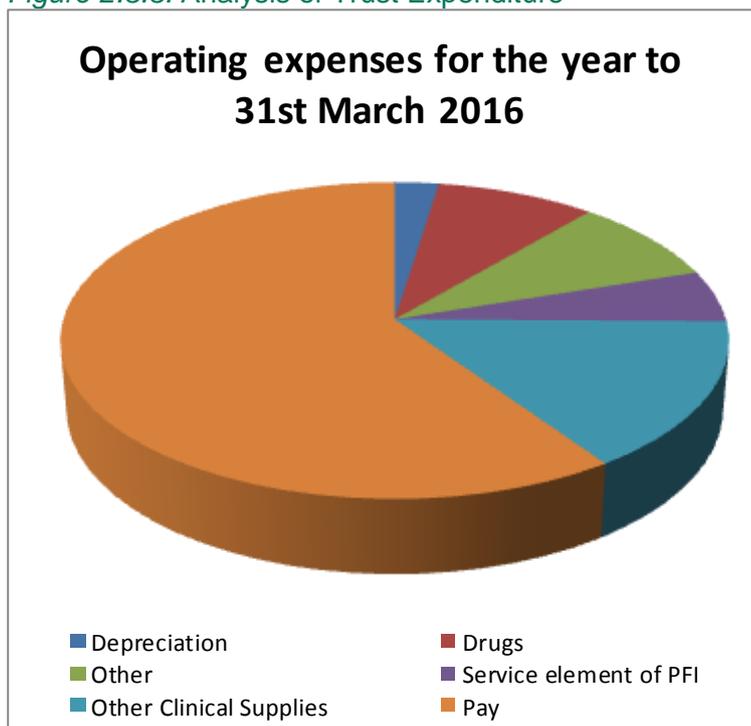
The following pie charts give a breakdown of the sources of income UHSM has generated and where the money has been spent.

Figure 2.3.2: Analysis of Trust income



The largest proportion of UHSM's income is generated from patient related activities which represent 92% of total income. The majority of this is derived from contracts with the Trust's clinical commissioners and includes £140m funding from NHS England for the specialised Heart & Lung, Breast, and Plastics & Burns services provided by the Trust. Education and training funding accounts for a further 6% of Trust income.

Figure 2.3.3: Analysis of Trust Expenditure



The largest proportion of UHSM's costs are spent on staff, accounting for 60% of operating expenses (56% in 2014-15), with clinical supplies and services the other material proportion accounting for 15% (12% in 2014-15). The increased proportion of expenditure on staff costs is largely a consequence of the reduced training expenditure within the Trust's accounts following the cessation of the Trust's hosting of the National Leadership Academy (NLA) part way through 2014-15.

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 2015-16 the Trust invested £15.5m of capital expenditure to enhance and expand the asset base.

This included the following significant schemes:

- Commenced implementation of an electronic patient record system (EPR) which will increase the reliability and consistency of care provided to patients
- Completion of a scheme to provide two new hybrid theatres which will enhance provision of vascular services
- Upgraded technology through investment in the resilience of the Trust's IT Network and PC refresh.

In addition the Trust spent over £5.2m in maintaining and refreshing its building infrastructure to ensure compliance with modern standards and £0.6m on medical equipment to ensure the highest quality of patient care.

The following table summarises the expenditure in 2015-16:

Table 2.3.4: Analysis of capital expenditure

	2015-16 £m
Estates Maintenance (including PFI lifecycle)	5.2
Medical Equipment	0.6
IT Infrastructure	1.9
Electronic Patient Record System	3.0
Hybrid Theatres Development	4.0
Other	0.8
Total	15.5

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

UHSM plans to continue to invest in new assets through 2016-17 including:

- The expansion of the A&E facility to accommodate increased patient flow following the announcement of the downgrade of the facility at Trafford General Hospital.
- The development of electronic patient records systems to generate efficiency and effectiveness through transformational change.
- Investment in increasing the capacity of our Long Term Ventilation Unit which provides a specialist service caring for patients with chronic respiratory failure.

Liquid Assets

At the end of March 2016, the Trust held £20.3m in cash balances. This is a decrease on last year's cash and cash equivalents, reflecting the deficit in 2015-16.

Key Financial Risks

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 2016-17 financial year include:

- Delivering a £25m efficiency programme.
- Managing the liquidity pressure arising from a planned deficit of £12.4m in 2016-17.
- Management and delivery of CQUIN targets and associated income.
- Working with CCGs to balance demand for services against available funding.
- The potential application of contract penalties for non-compliance with key performance targets such as referral to treatment standards and A&E waiting times.

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

Forward Look

The Trust's operational plan for 2016-17 shows an operating surplus of £6.4m and a net deficit, after costs of financing and depreciation, of £12.4m. This operating performance and planned capital expenditure for 2016-17 leaves a 31st March 2017 projected cash balance of £6.2m.

Contract negotiations with the Trust's main commissioners have been concluded and 2016-17 contracts totalling £369m have been agreed, representing 94% of the Trust's planned clinical income for the year. However, in order to mitigate the financial risks associated with 2016/17 plans, the Trust is pursuing the following:

- UHSM are one of sixteen trusts nationally who are participating in the Financial Improvement Programme launched by NHS Improvement. This will provide on-site access to additional improvement advice, expertise and support from KPMG and will enable the Trust to strengthen the way it identifies, plans and undertakes financial improvement.
- The Trust is working in partnership with other Greater Manchester healthcare organisations and local authorities to:
 - support health and social care devolution
 - develop a single hospital service within Manchester
 - implement the recommendations of the Healthier Together review of acute hospital services within the conurbation

These wider system reforms should mitigate the performance of any one individual trust and provide significant opportunities to drive out costs.

- The Trust is developing more cash specific mitigation strategies focussing on aspects such as restructuring of existing loans, and increased use of leases and commercial borrowing to support the Trust's capital programme.

Post Statement of Financial Position Events

The annual financial statements have been prepared on a going concern basis. There were no material post Statement of Financial Position events following submission of the accounts to 31 March 2016.



2.4 Performance Analysis: Other Matters

Health and Safety

UHSM has in place a clear structure in respect of health and safety management and leadership, with key roles and responsibilities clearly set out in UHSM's Health & Safety Policy and Safety Management System. This focuses on an integrated approach, with health and safety included as part of everyday work, a link to other organisational strategies, and greater emphasis on proactive health and safety management and improving culture.

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):

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.

Colleagues

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

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, who are elected or appointed by the constituents of whom they are representative (public, staff, and 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 3.

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 wide-ranging channels to inform all stakeholders of the work undertaken at UHSM. It is Board policy to proactively engage with the media with candour.

MPs

UHSM keeps the MPs who represent 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 are being incorporated within this document.

Patients, families and carers

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 and has developed a Carers strategy to support this work.

Volunteers

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

Consultation with the public

During the last financial year, UHSM did not undertake any public consultations.

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.

Research & 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.

Sustainability

As an NHS organisation with responsibility for public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources.

We have a duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS public health and social care system by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. It is our aim to surpass this target by reducing our Scope 1 and Scope 2 carbon emissions by a further 20% by 2019 in addition to the 26% reduction already achieved by the Trust.

Performance

Since the 2007 baseline year, the NHS has been undergoing a significant restructuring process. The following table explains how the organisation has changed over time:

Context info	2007/08	2013/14	2014/15	2015/16
Floor Space (m ²)	126,931	147,341	147,341	157,214
Number of Staff	4,646	5,602	5,639	5,278

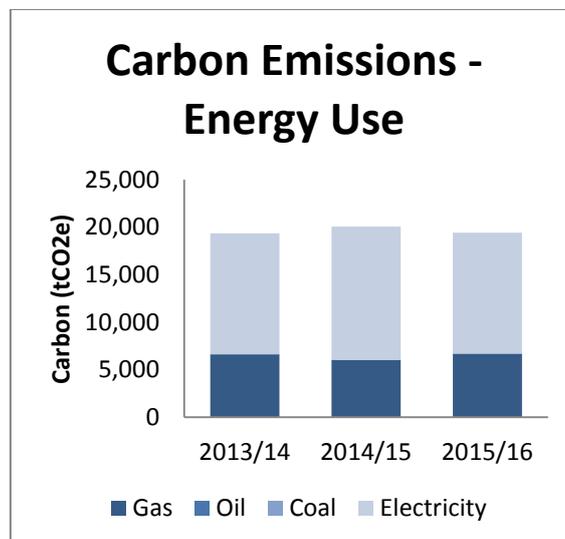
In 2009 the Carbon Reduction Strategy outlined an ambition to reduce the carbon footprint of the NHS by 10% (from a 2007 baseline) by 2015. Against this target, our CMP has delivered a 26% reduction in energy consumption by making a number of improvements to the Estate which has not only considered how energy is used but also how it is produced and delivered to the point of use. We have worked to decarbonise how energy is produced and introduced biomass boilers in place of traditional gas fired steam raising boilers; ground source heat pumps have been deployed along with air source heat pumps and solar photovoltaic arrays.

The Trust continues to work through the Board approved Carbon Management Plan which aims to reduce energy consumption by a further 20% by 2019. To supplement this an Energy, Environmental and Sustainability Policy has recently been ratified by the Management Board and a staff focused Sustainable Travel Plan has been agreed with Manchester City Council.

Energy

UHSM spent £4,082,404 on energy in 2015/16, which is a 3.8% decrease on energy spend from last year.

Resource		2013/14	2014/15	2015/16
Gas	Use (kWh)	31,249,838	28,634,603	31,799,492
	tCO ₂ e	6,629	6,008	6,672
Oil	Use (kWh)	1,400	123,147	17,061
	tCO ₂ e	0	39	5
Electricity	Use (kWh)	22,707,831	22,626,285	22,158,647
	tCO ₂ e	12,714	14,013	12,739
Green Electricity	Use (kWh)	13,348	75,623	77,557
	tCO ₂ e	-7	-47	-45
Total Energy CO ₂ e		19,337	20,013	19,372
Total Energy Spend		£4,143,779	£ 4,240,741	£ 4,082,404

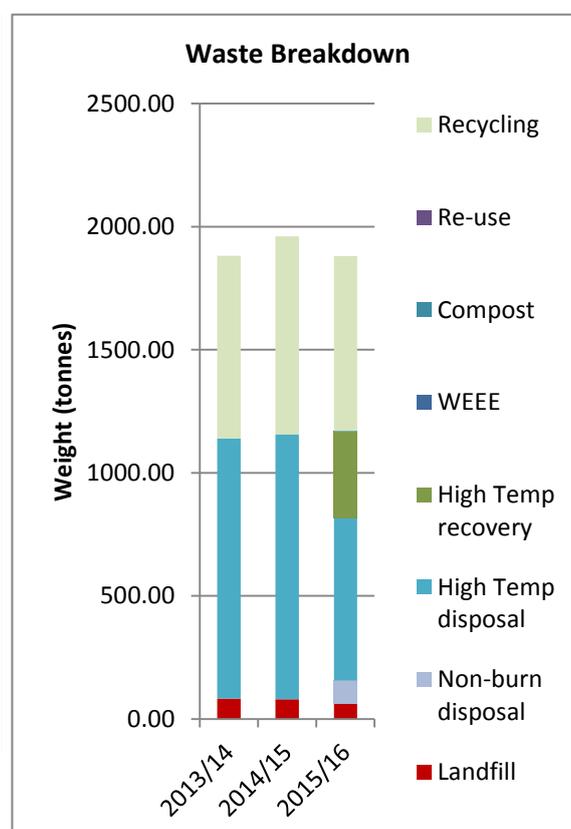


Over the last 24 months a number of successful initiatives have enabled us to reduce energy consumption despite an increase in patient activity. These have included:

- Replacement of high voltage transformers serving the Acute Block, North West Heart Centre, Maternity, North West Lung Centre and a number of other areas.
- Roll out of LED lighting - Internally and Externally. Old inefficient lighting has been replaced with energy efficient LED lighting which, where possible, incorporates intelligent lighting controls to further minimise energy consumption while maximising opportunities to take full advantage of natural daylight. Due to the size and age of the overall estate a significant opportunity still exists to roll out this deployment further.
- Further use of Variable Speed Drives which will improve energy performance of motors and drives across the site. These will give a further energy reduction by eliminating surplus volumes of air and water being distributed. This project also improves the comfort levels of patients, visitors and staff.
- Improvements to the biomass boilers which will dramatically improve their reliability and further reduce the Trust's dependency on natural gas.

Waste

Waste		2013/14	2014/15	2015/16
Recycling	(tonnes)	742.00	803.27	711.24
	tCO ₂ e	15.58	16.87	14.94
Compost	(tonnes)	0.00	0.00	3.26
	tCO ₂ e	0.00	0.00	0.02
High Temp recovery	(tonnes)	0.00	0.00	348.92
	tCO ₂ e	0.00	0.00	7.33
High Temp disposal	(tonnes)	1057.00	1076.75	661.33
	tCO ₂ e	232.54	236.89	145.49
Non-burn disposal	(tonnes)	0.00	0.00	93.09
	tCO ₂ e	0.00	0.00	1.95
Landfill	(tonnes)	83.00	80.33	63.00
	tCO ₂ e	20.29	19.63	15.40
Total Waste (tonnes)		1882.00	1960.35	1880.84
% Recycled or Re-used		39%	41%	38%
Total Waste tCO ₂ e		268.41	273.39	185.13



The total amount of waste generated by the Trust's operations has increased over recent years; however, the increase has been proportionately less than the increase in activity undertaken. Combined with this UHSM has been able to improve the volume of general waste diverted from landfill and the volume of clinical waste disposed of to high temperature burn.



03 Accountability Report

3.1 Directors Report

The Board of Directors comprises seven 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 2015-16, 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. Governors receive Board agendas before meetings and 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 2015-16 is summarised in table 3.1.1.

There is a clear division of responsibilities between the Chairman and Chief Executive. 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.

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 by the Chief Executive to executive directors comprising the Chief Finance Officer; the Chief Operating Officer who is also the Deputy Chief Executive; the Medical Director, and the Chief Nurse who is also the Executive Director of Risk & Governance. In addition, the Director of Human Resources and Organisational Development, the Director of Strategy and Business Development and the Chief Information Officer attend the Board on a non-voting basis. The Director of Communications & Engagement and the Company Secretary/Director of Corporate Governance also report directly to the Chief Executive. UHSM has also appointed three Divisional Medical Directors for Unscheduled Care, Scheduled Care and Clinical Support Services, to strengthen clinical leadership within the Trust, and 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 and is set out in the UHSM Governance Manual, is available on the UHSM website.

Table 3.1.1: Attendance at 2015-16 Board and Council meetings

	Board attendance 2015-16 (actual / eligible)	Council attendance 2015-16 (actual / eligible)
Barry Clare	12/12	4/5
Roger Barlow	12/12	4/5
Philip Smyth	10/12	4/5
Graham Boulnois*	6/10	1/4
Lorraine Clinton*	7/9	3/4
Martin Gibson	8/12	2/5
Jane McCall	4/4	1/1
Trevor Rees	3/4	1/1
Sue Bailey	3/4	0/1
Attila Vegh*	8/9	3/4
Diane Whittingham	3/3	1/1
Mandy Bailey	12/12	4/5
Nora Ann Heery*	4/6	2/3
Tim Barlow	4/4	2/2
John Crampton	10/12	5/5
Silas Nicholls	10/12	5/5

*Lorraine Clinton, Graham Boulnois, Attila Vegh and NoraAnn Heery left the Trust during the year

All directors were subject to individual appraisal during the year and undertook a 360 degree peer review process. The results of the respective evaluations were shared with each director.

An independent external review of Board Governance was undertaken by Deloitte LLP, against Monitor's Well-Led Framework. The report was received in February 2016 and an action plan developed to address the recommendations arising.

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. Each Non-Executive Director is considered to be independent in character and judgement.

Non-Executive Director Appointments

During the year, the Council of Governors considered the appointment of three new Non Executive Directors for a term of 3 years as part of Board succession planning to take into account the end of term of Lorraine Clinton, the resignation of Graham Boulnois and the imminent end of term of Philip Smyth.

The appointments were subject to rigorous review by the Council of Governors in line with the Code of Governance. The Nominations Committee, which comprises three Governors and two Board Members and has a Governor chair, met to consider the appointment. Following a robust appointment process, that included stakeholder engagement, the Nominations Committee then made a recommendation for appointment 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 3.1.2: Terms of office of Non-Executive Directors as at 31 March 2016

Non Executive Director	Appointed	Re-appointed	Expiry of current term
Roger Barlow* (Audit Committee Chair)	01.11.09	01.11.15	31.10.18
Prof Graham Boulnois	01.01.10	01.01.16	N/A
Barry Clare (Chairman)	16.03.15	-	15.06.18
Prof Martin Gibson	15.11.10	01.11.13	31.10.16
Philip Smyth**	12.07.07	01.07.13	30.06.16
Jane McCall	10.12.15	-	30.11.18
Trevor Rees	10.12.15	-	30.11.18
Sue Bailey	10.12.15	-	30.11.18

* appointed Senior Independent Director 26.01.10

** appointed Deputy Chairman 26.01.10

Executive Director Appointments

Tim Barlow joined UHSM on 1 December 2015 as Chief Financial Officer, following the departure of Director of Finance, NoraAnn Heery and Diane Whittingham was appointed Chief Executive on 18 January 2016, following the departure of Attila Vegh. Diane's tenure is for an initial 9 months.

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 3.1.3: Terms of office of Executive Directors as at 31 March 2016

Executive	Director Position	Appointed	Notice Period
Mandy Bailey	Chief Nurse/ Exec D of Risk & Governance	01.01.07	6 months
Tim Barlow	Chief Finance Officer	01.12.15	6 months
Diane Whittingham	Chief Executive	18.01.16	Fixed Term
John Crampton	Medical Director	01.11.13	Fixed Term
Silas Nicholls	Chief Operating Officer	15.12.14	6 months

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 3.1.1. 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 Part 1 Board meetings during 2015-16. The Chairman holds monthly meetings with Governors to update them on current issues arising from the Board meetings. Governors are also given the opportunity to informally meet with Non-Executive Directors on a 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. 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 Nominations Committee. Attendance by Non-Executive Directors at each is summarised in the table below:

Table 3.1.4: Attendance by Board Committee members during 2015-16

	Audit Committee Attendance	Remuneration Committee Attendance	Nominations Committee Attendance
Roger Barlow	5/5	3/4	1/1
Graham Boulnois	N/A	3/4	1/1
Lorraine Clinton	4/4	4/4	1/1
Martin Gibson	N/A	2/4	0/1
Barry Clare	N/A	4/4	1/1
Philip Smyth	5/5	3/4	1/1
Jane McCall	0/1	N/A	N/A
Trevor Rees	N/A	N/A	N/A
Sue Bailey	N/A	N/A	N/A

Audit Committee

The Audit Committee comprises three independent non-executive directors. It is chaired by Roger Barlow, a chartered accountant, for whom brief biographical details are provided later in this chapter. The other members of the committee during the year were Lorraine Clinton and Philip Smyth. Following the end of term of Lorraine Clinton, Jane McCall has been appointed to the Committee. Periodically, the Audit Chairman may invite other non-executive directors to attend for a 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 Chief Financial Officer, together with external and internal auditors are usually in attendance at meetings of the Audit Committee. Executive Directors are regular attendees with other managers 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, which was extended for a further two years. The system of internal control in operation at UHSM during 2015/16 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. The Audit Committee considers the work of external audit and their 2015/16 audit opinion on page 126 which highlights key risks in the 15/16 Financial Statements and how they were addressed. 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 has 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 and by the External Auditor, and vice versa.

Grant Thornton UK 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, with a one year extension to cover 2015-16. An annual survey is undertaken to assess the effectiveness of external audit.

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.

Each director of the Trust at the time of approval of the report declares that so far as they are aware, there is no relevant audit information of which the UHSM's auditor is unaware and that they have taken all the steps that they should take as a director in order to make themselves aware of any relevant audit information and to establish that UHSM's auditor is aware of that information.

Nominations Committee

The Nominations 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 met once during the year.

Remuneration Committee

The Remuneration Committee comprises all independent non-executive directors including the Trust Chairman. The Senior Independent Director is the chair of the committee and the committee is responsible for determining terms and conditions of employment of executive directors. It is also responsible for determining levels of performance related pay and assessment of the performance objectives of the Chief Executive.

Committee structure review

During 2015-16 the Board established a Non-Executive Director led Integrated Performance and Investment Committee. The Committee is chaired by Philip Smyth and its remit is to provide appropriate scrutiny to finance, performance and strategic investments.

Operational Board

The Operational Board is chaired by the Chief Operating Officer, Silas Nicholls, 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. For 2016-17 the Trust has discontinued the Operational Board and established a Management Board, chaired by the Chief Executive.

Quality Improvement Committee

The Quality Improvement Committee (formerly the Quality Assurance Committee) is chaired by a Non-Executive Director, Martin Gibson, meets bi-monthly, and has membership from the executive team, senior clinical and managerial leaders within the Trust as well as to other Non-Executive Directors.

Chairs of these committees provide the Board with a Chair's report following each meeting and the committee minutes are also presented to the Board.

Biographical details and Directors' 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.

Barry Clare

Chairman of UHSM; Chair of Nomination Committee

Appointed March 2015

Barry is a pioneering healthcare business leader with extensive experience in the healthcare industry sector. He has held a number of top roles at leading international companies and has a proven track record in developing and implementing strategy in healthcare, retail consumer products and financial services.

Barry created Boots Healthcare International, the international 'over the counter' consumer healthcare business of the Boots Company PLC; through Barry's leadership the business became the fastest growing 'over the counter company' in Europe. During his time as a board member of Boots, Barry was responsible for the global expansion of international brands including Nurofen, Strepsils and Clearasil. Following his career at Boots, Barry has been Chairman of a number of successful, pioneering healthcare companies that have brought several ground breaking innovations to the NHS. Barry's portfolio of innovative healthcare solutions include: e-health business, diagnostics tests and medicines 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 marketeer 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 and November 2015

Roger, from Hale, is Chairman of the Marsden Building Society and Chairman of Impact Holdings (UK) plc and a Non-Executive Director at Bank & Clients 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 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.

Jane McCall
Independent Non-Executive Director
Appointed December 2015

Jane McCall is Deputy Chief Executive at Trafford Housing Trust (THT). She has worked in the Social Housing sector for over 25 years and has been in Senior Management for the last 15 years. Her previous posts include Managing Director of two business subsidiaries within the Regenda Group, and Divisional Technical Director for the Places for People Group. Jane has previously undertaken several Non-Executive roles within the health, housing and procurement sectors. She is a Non-Executive director at the Office for Legal Complaints (the Legal Ombudsman) and the House of Commons Commission. Jane is also Deputy Chair at Egerton High School in Trafford.

Trevor Rees
Independent Non-Executive Director
Appointed December 2015

Trevor is a Chartered Accountant with over 20 years' experience of working with the NHS and other publicly funded/not for profit organisations providing financial audit and advisory services. He has worked with both Provider and Commissioner organisations in the NHS and been involved with and supported organisations as they have gone through the significant changes that have occurred in the service during this time.

Having studied and worked in and around Manchester and the North West all his adult life, and seen all that is good about the region, he has a keen interest in the current Devolution plans for Greater Manchester and the opportunity this presents to organise and deliver public services in a way that truly meets the needs of local residents.

Trevor lives in Macclesfield and is married with three children and two step-children and has just completed nine years as a governor at Stockport College.

Professor Dame Sue Bailey OBE DBE
Independent Non Executive Director
Appointed December 2015

Sue Bailey lives and works in Manchester. After studying medicine and psychiatry at the University of Manchester, Sue worked as a Child and Adolescent psychiatrist for over thirty years. Through subsequent roles as President of the Royal College of Psychiatrists and now Chair of the Academy of Medical Royal Colleges, Sue's national health policy and research work has focused on needs assessment and risk management across health and social care.

Sue is committed to improving the quality of health care delivery and reduce health inequalities across diverse communities.

Diane Whittingham
Chief Executive
Appointed January 2016

Diane has more than 30 years' experience of leadership and management roles in the NHS. For 15 years, she led Calderdale and Huddersfield NHS Foundation Trust, one of the most consistently high performing NHS Foundation Trusts in England. Prior to joining UHSM, Diane spent the last three years working across a range of NHS Trusts and healthcare systems, developing strategies, supporting performance and undertaking clinical and financial reviews. She was Advisor to the Trust Special Administrators in Mid Staffordshire and most recently Diane has been Monitor's Improvement Director at the Heart of England NHS Foundation Trust in Birmingham. Diane joined UHSM on 18 January 2016 and her tenure is initially for 9 months.

Mandy Bailey RGN, RSCN
Chief Nurse/Executive Director for Risk & Governance
Appointed January 2007

Mandy Bailey has had an extensive career in the NHS spanning over 30 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. From January 1st 2015 she took additional responsibility as the Executive Director of Risk & Governance. 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, Health & Safety 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.

Tim Barlow
Chief Finance Officer
Appointed December 2015

Tim joined UHSM in December 2015 from Warrington and Halton Hospitals Foundation Trust where he was Director of Finance and Commercial Development. He was previously Chief Operating Officer and Chief Financial Officer for Trafford CCG. He is a graduate certified accountant with an MBA from Manchester Business School.

Tim's background before joining the NHS consisted of 26 years experience in a variety of senior finance roles within large Private sector organisations including as UK Finance Director for both Thomas Cook plc and MyTravel PLC and subsequently the Finance Director for the merged Thomas Cook Airlines.

John Crampton MA MD FRCP
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 Medical Director in November 2013.

Silas Nicholls

Chief Operating Officer and Deputy Chief Executive

Appointed December 2014

Silas Nicholls joined UHSM in December 2014 as Chief Operating Officer, having previously been Deputy Chief Executive and Director of Strategy for four years at Wrightington, Wigan and Leigh NHS Foundation Trust. Having worked in the NHS since 1993, Silas has a wealth of experience and knowledge and is a huge asset to UHSM.

He started his career in the NHS as graduate management trainee and has held a wide range of general management posts including commissioning roles in health authorities, management of community services and working as a Divisional Manager in a number of large hospital trusts across the North West. Silas was also Director of Operations and Performance at Clatterbridge Centre for Oncology NHS Foundation Trust prior to joining WWL.

Register of Directors' Interests

The Board regularly reviews the Register of Directors interests. The Register is maintained by the Company 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 April 2016. Please see table 3.1.5.

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 his other roles, which would affect his availability to discharge his duties at UHSM.

The Board is satisfied that the Chairman has no external interests, which would result in him having less time or availability to commit to his UHSM role.

Table 3.1.5: Register of interests of directors in post as at 31 March 2016

NAME	BARRY CLARE Chairman	PHILIP SMYTH Independent Non Executive Director Deputy Chairman	ROGER BARLOW Independent Non Exec Director, Audit Chair, Senior Ind't Director	MARTIN GIBSON Non Executive Director	TREVOR REES Non Executive Director	JANE MCCALL Non Executive Director	SUE BAILEY Non Executive Director	MANDY BAILEY Chief Nurse/ Executive Director for Risk& Governance	SILAS NICHOLLS Chief Operating Officer	DIANE WHITTING HAM Chief Executive	JOHN CRAMPTON Medical Director	TIM BARLOW Chief Financial Officer
GIFTS and HOSPITALITY*	-	-	-	-	-	-	-	-	-	-	-	-
EMPLOYMENT, DIRECTORSHIPS AND REMUNERATION	Partner - Clarat Partners LLP Partner - Clarat Healthcare LLP Chair - Evgen Pharma Ltd Council Member, Manchester University NED – Vantage Diagnostics Ltd NED – Ingenion Medical Ltd Chair – Crescent Ops Ltd NED – Helperby Therapeutics Group Ltd NED – Walmark A.s NED – Trimb Healthcare AB Chair, Floback Ltd Chair -Healthcare Brands International Ltd Chair - Xanadu Valley Ltd Director - Manchester Academic Health Science Centre Ltd	Director, Community Integrated Care, a company limited by guarantee, which runs The Peele Centre Trustee of the charity Make It Happen in Sierra Leone	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 (remunerated) Non Executive Director of Bank & Clients plc (remunerated).	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	Employed by KPMG, current internal auditors to the Trust	Executive Director – Trafford Housing Trust External Member (Non-Executive Director) House of Commons Commission Non-Executive Director at Office for Legal Complaints	Employed by Greater Manchester NHS Trust seconded to Health Education England as Senior Clinical Advisor for Mental Health & Learning Disability	Chair, Association of University Hospitals Nurses Forum (from April 13)		Director and owner of Unique Health Solutions		
RELATED UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-

CONTRACTS	-	-	-	-	-	-	-	-	-	-	-	-
HOUSES, LAND AND BUILDINGS	-	-	-	-	-	-	-	-	-	-	-	-
SHARES AND SECURITIES	-	-	-	-	-	-	-	-	-	-	-	-
NON-FINANCIAL INTERESTS	-	Wife is Chair of Bowdon District NSPCC	-	-	-	-	-	-	-	-	-	-
GENERAL	-	-	-	-Occasional Member of pharmaceutical Advisory Boards. Occasional speaker at educational events organised by pharma companies. (honoraria paid)	-	Deputy Chair at Egerton High School, Trafford	Undertaking review of CAHMS services in Wales for Welsh Government , remuneration donated to charity	Member of the Royal College of Nursing NHS Employers Policy Board	-	Spouse is Director of Inform Health & Associates Ltd, which provides services to UHSM.	-	-

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



3.2 Accountability Report: Remuneration Report

Annual Statement on Remuneration

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 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 Company Secretary is in attendance at its meetings.

The committee met in May 2015 to discuss and make a recommendation to the Council of Governors 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 for 2015-16 was that existing levels of Non-Executive Director remuneration should be maintained at current levels. The Council accepted this recommendation.

The Committee met in February 2016 to consider the level of remuneration for the three new Non-Executive Directors payable on appointment and the recommendation was subsequently accepted by the Council of Governors.

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 Company 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 previous CEO was able to earn a guaranteed bonus and up to twelve 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 was 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 within the corporate plan.

The CEO was awarded a performance-related payment in accordance with the scheme previously approved by the Remuneration Committee.

Senior Managers Remuneration Policy

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.

The Committee reviewed Senior Manager contracts and agreed that they have been set and agreed and are deemed reasonable in the context of the PM's salary.

During 2015-16 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, with the exception of the Medical Director. The contracts are subject to six months' notice of termination by either party, and do not provide for termination payments. Pension arrangements for the former 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'.

Fair Pay Multiple

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The highest paid director in the Trust is the Chief Executive. The banded remuneration of the Chief Executive and the median remuneration of the workforce were as follows:

	2014-15	2015-16
	£'000	£'000
Median remuneration	31.2	32.5
Mid-point banded remuneration of Chief Executive	232.5	237.5
Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director	7.5	7.3

In 2015/16 no employees received remuneration in excess of the highest-paid director. This was also the case in 2014/15.

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

Expenses of directors

Total expenses of £3,006 were paid amongst the Directors of the Trust in 2015/16 – all expenses paid related to the reimbursement of travel and subsistence costs. In 2014/15, expenses of £3,372 were paid to Directors of the Trust.

Off payroll

Off-payroll engagements as of 31 Mar 2016, for more than £220 per day and that last for longer than six months	2015/16 Number of engagements
No. of existing engagements as of 31 March 2016	15
Of which:	
Number that have existed for less than one year at the time of reporting	14
Number that have existed for between one and two years at the time of reporting	1
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

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

For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2015 and 31 Mar 2016, for more than £220 per day and that last for longer than six months	2015/16 Number of engagements
Number of new engagements, or those that reached six months in duration between 01 Apr 2015 and 31 Mar 2016	7
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	7
Number for whom assurance has been requested	7
Of which:	
Number for whom assurance has been received	7
Number for whom assurance has not been received *	0
Number that have been terminated as a result of assurance not being received	0

Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 01 Apr 2015 and 31 Mar 2016	2015/16 Number of engagements Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	17

The one board member off-payroll engagement noted above was for the Chief Executive of the Trust. This arrangement commenced on 18 January 2016 and is initially planned for tenure of 9 months.

Diane Whittingham
Chief Executive

26 May 2016



3.3 Accountability Report: Staff Report

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 end, strategies for leadership development, staff engagement, recruitment, and workforce development have been agreed and implemented.

The Trust employs approximately 6,000 valued staff on a range of contracts; full, part-time, and 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	4	10	14
Other Senior Managers	64	30	94
Other Staff	4,810	1,076	5,886
Grand Total	4,878	1,116	5,994

The values shown above are total headcount as at 31st March 2016 and represent the total number of individuals employed by the Trust. They do not include bank or agency staff.

Employee engagement and involvement

Our vision to become a top 10 NHS provider is recognised and reflected in our Trust's Vision, Mission and Values. The contribution of our workforce, both individually and collectively, is fundamental to UHSM's success and creating a positive environment that maximises individual and collective discretionary effort is vitally important. The way that colleagues behave, lead, communicate and engage with each other is central to operating as one talented team, delivering excellent care for our patients. For this reason, during 2015/16, UHSM implemented a planned programme of staff engagement activities, maintaining our commitment to being the best we can be.

During the past year our Change Champions group continued to be an active and productive forum – pursuing a number of projects and staff suggestions for improvement and change. The idea behind the Change Champions is to deliver quick fixes and to challenge those historical DO's and DON'Ts. Other engagement channels also remain active, including regular weekly communications bulletins and the CEO also facilitates an interactive monthly forum, from which managers and leaders cascade team briefs.

Our formal Workforce Partnership Forum and a Local Negotiating Committee both meet on a regular basis, enabling senior managers to meet with trade union representatives to consult on staffing matters, and enabling them to become involved and informed of Trust performance through the year. The Trust recognises the importance of effective communication and consultation with trade union colleagues and is committed to the principles and value of working in partnership.

The Trust held its UHSM Staff Diamond Awards in March 2016, at which excellence across our talented workforce was formally recognised and celebrated. This sponsored event was attended by over 500 members of staff, bringing colleagues together to show their appreciation and support for each other. The Trust will now continue this recognition with monthly team and individual awards in 2016/17.

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 response rate of 37% compared with a response rate of 35% in 2014. Our response rate remains behind the national average of 41% for 2015.

Picker Institute administered the process as our external survey provider (in line with NHS England requirements). The results are analysed and monitored by a variety of bodies including the Care Quality Commission, and are publicly available via the NHS Staff Survey Coordination Centre at www.nhsstaffsurveys.com.

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

Table 3.3.1: UHSM top five ranking scores

	Trust score 2015	Trust score 2014	National average for acute trusts 2015/16
Effective team working	3.76	-	3.73
% of staff experiencing violence from patients, relatives or the public in the last 12 months	13%	15%	14%
% of staff experiencing harassment, bullying or abuse from patients, relative or the public in the last 12 months	27%	23%	28%
% of staff agreeing that their role makes a difference to patients / service users	91%	-	90%
% of staff able to contribute towards improvements at work	70%	72%	69%

Table 3.3.2: UHSM bottom five ranking scores

	Trust score 2015	Trust score 2014	National average for acute trusts 2015
% of staff feeling pressure in the last 3 months to attend work when unwell	73%	66%	59%
% of staff experiencing physical violence from staff in the last 12months	4%	3%	2%
Staff motivation at work	3.84	3.86	3.94
% of staff witnessing potentially harmful errors, near misses or incidents in the last month	36%	33%	31%
% of staff / colleagues reporting recent experience of harassment, bullying or abuse	16%	41%	37%

Key Findings

Appraisals and Performance Management

The percentage of staff to have had a full appraisal in the period 1st April 2015 to 31st March 2016 is 82.81%

It was noted from last year's survey that improvements were required in the quality of appraisals offered to staff. This continues to be the case as the quality of appraisals at the Trust in 2015 was reported at 2.91, against a national average of 3.05 (scale score 1-5).

Following the establishment of an appraisal working group, the Trust has now adopted a new approach to the annual appraisal process, based around a reflective coaching conversation – with greatly simplified documentation, and guidance and support for appraisers.

Employee Health and Wellbeing

Our biggest challenge in terms of employee wellbeing and our most significant reason for sickness absence continues to be stress. 38% of respondents to the staff survey reported suffering work-related stress in the last 12 months (up from 32% in 2014). This is slightly higher (worse) than the national average of 36%.

The level of staff reporting “feeling pressure in the last 3 months to attend work when feeling unwell” has also increased (73%, from 66% in 2014) - in comparison with other acute trusts whose average score is 59%.

The Trust continues to provide Employee Health and Wellbeing services, to which staff can either self-refer or be referred by their manager. During 2015/16 this service increasingly provided training on resilience, stress management and mindfulness both as part of the overall LEAD training and development programme, and also as part of bespoke interventions in response to needs identified by ward/department teams.

In 2015 an Employee Health and Wellbeing Strategy was agreed, as a pillar of the overall workforce strategy for the Trust. Work is now underway to implement the planned actions.

The Absence Manager process will also complete its trust-wide roll out in 2016, providing a single route through which all staff must report any unplanned absences and an online portal which guides managers to offer the most appropriate support in line with Trust policies and procedures.

Errors and Incidents

The level of reported staff confidence and security in reporting unsafe clinical practice has reduced slightly since last year to 3.50, down from 3.59 (scale of 1-5). This is also lower than the national average of 3.62. In addition the survey results showed staff found our reporting procedures to be less fair and effective than others on average across the country (3.61, against an average of 3.92).

The survey results show that staff at UHSM are slightly more likely to witness potentially harmful errors, near misses or incidents. Of the number of staff who do witness errors, near misses and incidents 89% reported it, compared to a 90% average for acute trusts.

The Trust continued to offer the “Safecall” facility during 2015/16, which provides an independent place for staff to raise concerns about work. In addition, there has been regular motoring of the overall number of concerns raised. These arrangements are now being reviewed as a result of the staff survey results, as the Trust also makes arrangements to appoint a “Freedom to Speak Up Guardian”.

Equality and Diversity (E&D)

Staff experience at UHSM of discrimination at work, and their reported belief that the organisation provides equal opportunities for career progression was consistent with the national average reported in the staff survey.

In the last quarter of 2015/16 the Trust undertook its first self-assessment using the “Equality Delivery System” to assess its capacity to advance the equality, diversity and human rights agenda. This identified some positive aspects in terms of leadership and workforce issues, and informed actions ahead of a further and more comprehensive self-assessment in 2016/17. The Trust has also appointed an Equality, Diversity & Inclusion lead who is now coordinating the overall approach, and providing expert guidance and support to our senior leaders.

Next steps

As in previous years, the Trust has undertaken further analysis of the detailed findings from the staff survey, where possible at a divisional level. This analysis, along with findings from our quarterly ‘pulse surveys’ will shape follow-up actions that aim to continue to improve the working lives of staff at UHSM.

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 requires 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.

Below is a summary of some of the annual monitoring data included in our regular monitoring, which helps to inform improvement planning.

Table 3.3.3: Annual monitoring of BME statistics

		Staff 31/03/ 12	%	Staff 31/03/ 13	%	Staff 31/03/ 14	%	Staff 31/03/ 15	%	Staff 31-3- 16	%
Age	16-20	11	0.2	18	0.3	21	0.4	13	0.22	35	0.58
	21-30	959	17.6	1025	18.1	1093	18.7	1187	19.86	1188	19.82
	31-40	1371	25.2	1399	24.8	1418	24.3	1444	24.16	1441	24.04
	41-50	1578	28.9	1602	28.4	1595	27.3	1609	26.92	1581	26.38
	51-60	1226	22.5	1275	22.6	1365	23.4	1394	23.32	1404	23.42
	61-70	298	5.5	324	5.7	324	5.6	306	5.12	323	5.39
	70+	6	0.1	7	0.1	19	0.3	24	0.4	22	0.37
Ethnicity	White	4509	82.7	4528	80.1	4358	74.7	4273	71.49	4418	73.71
	Mixed	48	0.9	54	1.0	58	1.0	58	0.97	74	1.23
	Asian or Asian British	364	6.7	360	6.4	341	5.8	360	6.02	377	6.29
	Black or Black British	141	2.6	140	2.5	129	2.2	145	2.43	159	2.65
	Other / non stated	388	7.1	569	10.1	950	16.3	1141	19.09	966	16.12
Gender	Female	4476	82.1	4639	82.1	4808	82.4	4900	81.99	4878	81.38
	Male	974	17.9	1012	17.9	1028	17.6	1077	18.02	1116	18.62

Disability

1.80% of staff have declared themselves to have a disability. It is thought that there continues to be some under reporting.

Disabled persons Recruitment and Selection Policy

The Trust takes positive action to support disabled persons and those with long term health conditions to apply and take up posts within the Trust. Being a member of the Two Ticks scheme any disabled person whose job application fulfils all the essential criteria (i.e. the minimum standard required to be shortlisted) for a job is guaranteed an interview.

Policies for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period

The Trust provides training for managers on managing employees' health in the workplace, stress management and emotional resilience. A collaborative approach is taken with members of the Human Resources and Employee Health & Wellbeing teams coaching and supporting managers. The Employee Health & Wellbeing team advise managers of any reasonable adjustments that could support employees. As well as in house Employee Health & Wellbeing and Physiotherapy services, the Trust has an Employee Assistance Programme where trained Counsellors are available 24 hours a day via a Freephone line.

Training, career development and promotion of disabled employees

The Trust collects feedback regarding staff training and the Learning & Development team invite staff to let them know of any reasonable adjustments they require to help meet their training needs.

Recruitment

Table 3.3.4: Staff recruitment from April 2011 to March 2015

	Total number			% BME			% Female			% Disabled		
	12-13	13-14	14-15	12-13	13-14	14-15	12-13	13-14	14-15	12-13	13-14	14-15
Applicants	27466	13927	15493	34	28	41.73	71	76	73.95	3.9	3.1	3.88
Shortlisted	5777	3191	4421	24	24	34.49	77	80	77.22	4.1	4.1	4.66
Appointed	775	568	752	15	11	31.21	79	82	79.92	2.8	2.6	3.59

Sickness

UHSM's sickness absence is reported to be 4.29% for the period January-December 2015. This aligns UHSM with Treasury FReM requirements, that the Trust annual report should include sickness absence data in a format which permits aggregation across the NHS.

Discipline

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

Table 3.3.5: Formal investigations under the Disciplinary Policy

Stage	2012		2013		2014		2015	
	Number	%BME	Number	%BME	Number	%BME	Number	%BME
Investigated: informal action	6	50	6	17	7	13%	11	13%
No case to answer	3	0	2	0	9	17%	6	0%
First Written warning	6	17	14	31	9	17%	7	0%
Final written warning	7	14	4	0	13	25%	5	40%
Dismissed	1	0	10	0	10	19%	6	17%
Resigned during process	1	0	1	0	5	9%	8	38%
Total	24		37		53		43	

Capability

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

Table 3.3.6: Formal Stage and above of the Performance Policy

Stage	2013		2014		2015	
	Number	% BME	Number	% BME	Number	% BME
Stage 2*	0	0	1	0	N/A	N/A
Formal Stage	N/A	N/A	N/A	N/A	2	0
Dismissal	1	0	1	0	0	0

* Stage 2 of the policy was discontinued in June 2015 due to policy change and now consists of a formal stage and final stage.

Grievances

Table 3.3.7: Grievances

Stage	2012		2013		2014		2015	
	Number	% BME						
Not upheld	0	0	3	0	7	0	5	0%
Resolved	2	0	6	0	6	33	10	20%

* This does not include Dignity at Work Complaints.



3.4 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 2015/16 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 2015-16 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 was implemented during 2014-15 to address the findings of the CQC inspection. The Quality and Assurance Committee monitor the action plan on behalf of the Board and agreed to the closure of this action plan in April 2015.

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.



3.5 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.*
- *Appoint and, if appropriate, remove the other non-executive directors.*
The Council of Governors appointed three new Non-Executive Directors in December 2015.
- *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 18 June 2015. The Council approved the recommendation to maintain the existing remuneration of the Non-Executive directors and Chairman for 2015/16.
- *Approve the appointment of a chief executive.*
The Council of Governors approved the appointment of a Chief Executive in 2015/16.
- *Appoint and, if appropriate, remove the NHS foundation trust's auditor.*
This duty was not exercised in 2015/16.
- *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 2014/15 and the auditor's report at its meeting on 3 June 2015 and at the Members General Meeting 27 September 2015.
- *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 UHSM 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 transfer to Electronic Patient Records.
- *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'.*
No items have been identified as significant transactions during the year.
- *Approve an application by the trust to enter into a merger, acquisition, separation or dissolution.*
This duty was not exercised in 2015/16.
- *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 2015/16.
- *Approve amendments to the trust's constitution.*
This duty was not exercised in 2015/16.

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 Annual Plan Advisory Committee held 5 meetings.
- *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 2015/16 on a wide range of subjects including the Trust's strategy; financial position, role of CQC and performance reporting. Structured visits to services are planned via the Governors' Patient Experience Committee. Governors are also encouraged to attend the NW Governors' forums, where they are able to network with fellow Governors from across the foundation trust community.

During 2015, the Council undertook an evaluation exercise to assess its own effectiveness – the results were presented and discussed at the Council meeting on 9 December 2015.

Council of Governors meetings

General meetings of the Council are held in public. During the financial year 2015/16, the Council has met on four occasions:

- 18 June 2015
- 21 September 2015
- 10 December 2015
- 1 March 2016

The table below summarises Governor attendance at Council of Governor meetings from 1 April 2014 to 31 March 2016:

Table 3.5.1: Governor attendance at Council from April 2015 to March 2016

Name	Constituency	Eligible Meetings	Actual Attendance
Syed Ali	Public -South Manchester	4	1
John Churchill	Public -South Manchester	4	1
Margaret Hughes	Public -South Manchester	4	4
Sara Judge	Public -South Manchester	4	2
Michael Kelly*	Public -South Manchester	2	2
Mike Pickering**	Public -South Manchester	2	1
Martin Rathfelder*	Public -South Manchester	2	2
David Rogers**	Public -South Manchester	2	1
Suzanne Russell	Public -South Manchester	4	2
Sidney Travers	Public -South Manchester	4	4
Sue Burden	Public - Trafford	4	2
Charles Flannery**	Public - Trafford	2	2
Kaye Gardner*	Public - Trafford	2	1
Marguerite Prenton	Public - Trafford	4	4
Jane Reader**	Public - Trafford	2	2
Peter Turnbull*	Public - Trafford	2	0
Sharan Arkwright*	Public - Stockport	2	0
Tony Mills**	Public - Stockport	2	0
Colin Potts**	Public - Stockport	2	2
Marcella Wilkinson*	Public - Stockport	2	0
Chris Templar	Public - East Cheshire	4	4
Philp Martlew	Public Rest of England & Wales	4	2
Eugen McManus**	Public Rest of England & Wales	2	1
Shneur Odze*	Public Rest of England & Wales	2	2
Alan Baker	Staff - Sodexo Representative	4	1
Christine Bowyer	Staff - Nursing and Midwifery	4	2
Sarah Rhodes	Staff - Nursing and Midwifery	2	1
Luke People*	Staff - Nursing and Midwifery	2	1
Lesley Coates*	Staff - Clinical Other	2	1
Emma Hurley	Staff- Medical and Dental	4	4
Colin Owen	Staff- Non Clinical	4	3
Cliff Clinkard	Staff - Volunteers	4	4
Chris Boyes	Appointed -Trafford Council	4	4
Cllr Tracey Rawlins	Appointed - Manchester City Council	4	3

n.b UHSM held elections in October /November 2015. Therefore Some Governors were only eligible to attend some meetings as indicated by the key below.

* Stepped down / not re-elected **; Newly elected Governors

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 Company 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 2015 Open Day, and meeting new members of staff at 'One Great Day', the Trust's induction event.

Table 3.5.2: Membership of Council Committees (as at 31 March 2016)

Committee	Membership
Appointment Committee ('Committee of the Council and Board')	Tracey Rawlins (Chair), Emma Hurley, Philip Smyth, (Non- Executive Director) Roger Barlow, (Non- Executive Director) Suzanne Russell
Remuneration Committee	Sidney Travers (Chair), Peter Turnbull*, Shneur Odze*, Lesley Coates*, Colin Owen, Margaret Hughes, Chris Templar, Marguerite Prenton**, David Rogers** Cllr Chris Boyes**
Annual Plan Advisory Committee	Phil Martlew (Chair), Emma Hurley (Deputy Chair), Suzanne Russell, Margaret Hughes, Marcella Wilkinson*, Peter Turnbull*, Luke People*, Syed Ali, Jane Reader**, Charles Flannery**, Cllr Chris Boyes**
Membership and Engagement Committee	Cliff Clinkard (Chair), Michael Kelly* (Deputy Chair) Margaret Hughes** (Deputy Chair) Marguerite Prenton, Sharan Arkwright*, Chris Templar, John Churchill, Phil Martlew, Sue Burden**, Mike Pickering **, Colin Potts**.
Patient Experience Committee	John Churchill (Chair), Sharan Arkwright* (Deputy Chair), Margaret Hughes**, (Deputy Chair), Michael Kelly*, Marcella Wilkinson* Marguerite Prenton, Syed Ali Margaret Hughes, Chris Templar, Cliff Clinkard, Suzanne Russell, Christine Bowyer, Phil Martlew**, Charles Flannery**, Mike Pickering **

* Until October 2015 ** From November 2015

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.

Composition, governor expenses, and register of interests

The UHSM constitution requires 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. In autumn 2015 an election process was undertaken to fill vacant public and staff governor seats. The term of office for all new governors commenced on 1 November 2015 and is for 3 years.

Table 3.5.3: Public elected governors as at 31 March 2016

Elected public governors	No of seats	Governor	Term of office	Term of office ended* / ends**/ re-elected***
Area 2 (part of south Manchester)	8	Syed Ali	3 years	31.10.18***
		John Churchill	3 years	31.10.18***
		Margaret Hughes	3 years	31.10.18***
		Sara Judge	3 years	31.10.17**
		Michael Kelly	3 years	31.10.15*
		Mike Pickering	3 years	31.10.18**
		Martin Rathfelder	3 years	31.10.15*
		David Rogers	3 years	31.10.18**
		Suzanne Russell	3 years	31.10.18***
		Sidney Travers	3 years	31.10.18***
Area 1 (part of Trafford)	4	Sue Burden	3 years	31.10.17
		Charles Flannery	3 years	31.10.18**
		Kaye Gardner	3 years	31.10.15*
		Marguerite Prenton	3 years	31.10.15***
		Jane Reader	3 years	31.10.18**
		Peter Turnbull	3 years	31.10.15*
Area 3 (part of Stockport)	2	Sharan Arkwright	3 years	31.10.15*
		Tony Mills	3 years	31.10.18**
		Colin Potts	3 years	31.10.18**
		Marcella Wilkinson	3 years	31.10.15*
Area 4 (part of east Cheshire)	1	Chris Templar	3 years	31.10.18***
Area 5 (rest of England and Wales)	5	Phil Martlew	3 years	31.10.17**
		Eugene McManus	3 years	31.10.18**
		Shneur Odze	3 years	31.10.15*
		Vacant		
		Vacant		
Total of Elected Governors	20 inc 3 Vacancies			

Table 3.5.4: Staff elected governors as at 31 March 2016

Elected staff governors	No of seats	Governor	Term of office	Term of office ends
Class 1: Medical practitioners and Dental practitioners	1	Emma Hurley	3 years	31.10.18***
Class 2: Nursing and Midwifery staff	2	Christine Bowyer	3 years	31.10.18***
		Luke People	3 years	31.10.15*
		Sara Rhodes	3 years	31.10.18**
Class 3: Other Clinical staff		Lesley Coates	3 years	31.10.15*
	1	Vacant		
Class 4: Non Clinical staff	1	Colin Owen	3 years	31.10.17**
Class 5: Atkins and Sodexo employees working at the Trust under PFI arrangement	1	Alan Baker	3 years	31.10.17**
Class 6: Volunteers working with the Trust	1	Cliff Clinkard	3 years	31.10.18***
Total	7 inc 1 Vacancy			

Table 3.5.5: Appointed governors as at 31 March 2016

Stakeholder	No of seats	Governor	Date appointed
Manchester City Council	1	Cllr Tracey Rawlins	28.03.12
Trafford Council	1	Cllr Chris Boyes	02.04.14
University of Manchester	1	Vacant	
Local Medical Committee	1	Vacant	
Manchester Professional Executive Committee	1	Vacant	
Total	5		

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. Three Governors received expenses in the reporting period – the aggregate sum paid was £680.14.

Table 3.5.6: Register of Interests of Governors in post as at 31 March 2016

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
John Churchill	Director: Wythenshawe Forum Trust Ltd	None	None	None	None	None
Margaret Hughes	None	None	None	None	None	Public and Patient Advisory Group(APAG) to South Manchester CCG
Mike Pickering	None	None	None	None	Lead, Manchester Diabetes Support Network.	None
David Rogers	Director Medicines Evaluation Unit Ltd Director MEU Solutions Ltd	Director Medicines Evaluation Unit Ltd Director MEU Solutions Ltd	Director Medicines Evaluation Unit Ltd Director MEU Solutions Ltd	Director MEU Solutions Ltd	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
Sidney Travers	None	None	None	None	None	None
Sue Burden	Director of Lynn Cruising Club, Lynn, Cheshire	None	None	None	None	None
Charles Flannery	None	None	None	None	None	None
Marguerite Prenton	None	None	None	None	None	
Jane Reader	None	None	UK Antidoping- paid on a sessional basis, no contractual relationship with UHSM	None	None	None

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
Tony Mills	None	None	None	None	None	None
Colin Potts	None	None	None	None	None	None
Chris Templar	None	None	None	None	None	None
Philp Martlew	None	None	None	None	None	None
Eugen McManus	None	None	None	None	None	None
Alan Baker	None	None	None	None	None	None
Christine Bowyer	None	None	None	None	None	None
Sarah Rhodes	None	None	None	None	None	None
Emma Hurley	None	None	None	None	None	None
Colin Owen	None	None	None	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
Chris Boyes	MD - Manchester Financial Services. MD – MEMS Internet Marketing Limited					
Cllr Tracey Rawlins	None	None	None	None	None	Manchester Alliance for Community Care

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 2015/16, one staff member chose 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 3.5.7: Membership annual report 2015-16

	Public constituency 2015-16	Staff constituency 2015-16
At 1 April 2015	7,661	5,946
New members	116	1,221
Members leaving	539	1,300
At 31 March 2016	7,238	5,985

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

Table 3.5.8: Membership breakdown as at 31 March 2016

Public constituency	Number of members	Eligible population
Part of Trafford	1,583	202,710
Part of south Manchester	2,170	282,083
Part of Stockport	1,027	229,588
Part of East Cheshire	527	73,345
Rest of England and Wales	1,911	-
Age (years):		
0 – 16	2	94,340
17 – 21	35	51,761
22+	6,266	641,625
Ethnicity:		
White	4,647	645,968
Mixed	62	24,196
Asian	295	75,786
Black	129	29,004
Other	19	12,772
Socio-economic groupings:		

AB	1,620	145,357
C1	3,865	173,165
C2	645	65,455
DE	938	178,825
Gender analysis:		
Male	2,395	391,637
Female	3,486	396,089

The above table excludes 1,077 members with no stated date of birth; 2,243 members with no stated ethnicity; and 1,552 members with no stated gender.

Membership Strategy

The Trust's Membership Strategy 2015 – 2018 is based upon further achieving representative membership to ensure that membership reflects, where possible, its socio-economic geography and the communities it serves.

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 2015 – 2018 is a public document and is available on the UHSM website for members and the public to view.



3.6 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.

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 her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Diane Whittingham, Chief Executive
Date: 26 May 2016



3.7 Annual Governance Statement

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*.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospital of South Manchester NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in University Hospital of South Manchester NHS Foundation Trust for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The 2014/15 annual risk report identified areas of risk management where the Trust was not monitoring the process for entering, approving, reviewing, escalating and closing of risks and we identified gaps in assurance which was reflected in the KPMG audit of governance undertaken in Spring 2015.

A new policy was developed in August 2015 and ratified at Quality Improvement Committee in October 2015 and approved by the Board of Directors in November 2015. The policy will enable the Trust to monitor the risk register more effectively from ward to board.

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 Board Assurance Framework (BAF) via: monthly review of the BAF at the Board of Directors, review of the BAF at each Audit Committee; review of the BAF at each Integrated Performance and Investment Committee (IPIC) and review of the BAF at the bi-monthly Quality Improvement Committee (QIC).

In addition, the Board of Directors will receive, at each formal meeting, a summary report of risks scored 20 or more using the Trust risk matrix, which will include a description of the risk, the residual and target risk and progress of actions. The Operational Board was the delegated committee of the Board of Directors during the year to oversee the risk register for risks scoring 10 or more using the Trust risk matrix. Any new risks added to the significant risk register (risks scoring 15 or more) are reviewed at QIC and IPIC.

The Operational Board provides the Audit Committee with assurance on the effective mitigation of risks. The Audit Committee oversees the entire risk management system. It commissions an annual audit of the process for risk and governance including the BAF, as part of the internal audit plan, to satisfy itself that the system of internal control is effective. It examines the assurances on the effectiveness of controls for all risks received from the chair of the Operational Board, and from internal and external auditors. Divisional Governance Committees (or equivalent) will review and discuss all their service risks at least monthly.

Executive leadership in respect of risk management processes is provided by the Chief Nurse who is also appointed as the Executive Director of Risk and Governance with a Deputy Director of Risk and Governance providing support.

Training is available for all staff as part of the Trust LEAD programme on risk awareness, providing a detailed session on how to enter a risk on to the risk register. Training is also provided on a one to one basis for any member of staff who requests it in relation to updating the risk management systems 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 and improvement continues.

During 2015-16, an external review of the Trust's governance arrangements against Monitor's Well Led Framework was undertaken, which also reported on progress against recommendations from a review undertaken in 2014-15. The report was received in February 2016 and an action plan to address the recommendations arising has been put in place. Progress will be monitored monthly at the Trust's Management Board and Board of Directors. Review meetings also take place with NHS Improvement.

An Internal Audit follow up report of divisional governance arrangements was undertaken and reported that previously identified areas for improvement and action have been addressed. Further recommendations have been made and actions are in place to address them.

The risk and control framework

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 scored 15 or above 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.

Risk review involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The review evaluates the impact and likelihood of each risk and determines the risk score 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.

For each risk, current controls are listed and any gaps in control are subject to action plans, which are implemented to reduce residual risk.

All new significant risks (risks scoring 15 or more) are initially approved at Operational Board and then reported at each formal meeting of QIC and IPIC. In addition, the process for approval of risks includes escalation of significant risks 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.

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.

In relation to risk appetite the Trust will develop a process through 2016-17.

Risk Analysis:

The top **three risks to quality and associated mitigation** have been identified and detailed in the Trust's Board Assurance Framework (BAF) as:

	BAF ref *	Quality risk	Associated Mitigation
1	BAF9 Q&A	Failure to recruit and retain permanent colleagues to the safer staffing levels set according to acuity.	Nursing recruitment and retention strategy with a steering group in place to monitor delivery, daily staffing huddles to monitor staffing levels, monthly birth rate review and six monthly acuity review.
2	BAF8 Q&A	Failure to achieve: (a) Reduction related to falls, pressure ulcers, acute kidney injury, hydration and nutrition (b) Being within top 20% of Trusts for national Safety Thermometer results (c) No Never Events	Action plans in place, performance management, root cause analysis and a shared learning and training plan, with emphasis on learning from the three Never Events during the year
3	BAF7 Q&A	Patients with mental health disorders causing self-harm or suicide whilst under our care.	Rapid Assessment Interface and Discharge (RAID) service and liaison psychiatry for inpatients, emergency department, policies in place and audits against practice and training programmes.

*Board Assurance Framework is available in Trust Board papers published on the Trust's website.

The following additional risks are identified on the Board Assurance Framework;

BAF ref Risk title	BAF ref Risk title
BAF12 OB	Failure to achieve the financial recovery plan savings
BAF1 BoD	Impact of Healthier Together decision on UHSM services
BAF5 OB	Failure to achieve 95% standard of 4-hour waiting time in A&E which impacts on Patient Experience
BAF6 Q&A	Significant findings on diagnostic investigations not being correctly filed or actioned
BAF14a) BoD	GM Devolution – GM level - a risk that in supporting decisions which are right for GM, there may be conflicts with the FT governance model
BAF14b) BoD	GM Devolution - City of Manchester – a risk of effective engagement in the new service model and impact on patient services
BAF10 W&E	Risk of low staff engagement may result in a negative working environment, loss of discretionary effort and productivity and high staff turnover
BAF11 W&E	Inability to provide staff with the necessary education, training and development
BAF16 IPIC	Inaccurate reporting of pathways – see 4.2.1 (v) of the BAF

BAF15 QIC	Failure to achieve the targets of having a SHMI in top 25% nationally and have a HSMR under 100
BAF17 IPIC	Redevelopment of Emergency Department at Wythenshawe Hospital: there is a risk that UHSM will fail to deliver a clinically-functional, affordable and value for money redevelopment of the emergency department within a reasonable timescale

A risk analysis has been undertaken of all the targets and indicators. The following risks have been identified and declared:

Emergency access 4-hour wait – as detailed in section 4.2.1 (v) (BAF5OB) of the BAF.

Referral-to-treatment standard for incomplete pathways – as detailed in 4.2.1 (v) of the BAF.

CQC Compliance action outstanding - following a Dementia Themed Inspection in early 2014, the Trust had a moderate compliance action. An action plan was implemented and monitored by the Quality & Assurance Committee on behalf of the Board. The action plan was closed in April 2015 and the Trust has been informed by the CQC that this will be reviewed as part of our next planned inspection which took place 26 January 2016. Therefore, this has been declared as a risk until the outcome of the planned inspection is known.

As at 31 March 2016, UHSM has identified a range of significant risks (risks scoring 15 or more) which have been recorded on the risk register, have action plans in place to address gaps in control and assurance, and are being monitored via the Trust governance processes.

The Trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust has been inspected in January/February 2016 and awaits the final report.

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 Regulation.

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

The 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.

Quality Governance arrangements

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. During the year this was scrutinised by Operational Board and Integrated Performance & Investment Committee, ahead of the meeting of the Board of Directors to ensure Board members are aware of any exceptions and actions being taken to improve performance as required. Quality issues are referred to and scrutinised by QIC. There are also internal and external audits to scrutinise independently data quality of performance information. These are presented routinely to the Audit Committee.

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.

Monitor, the regulator of Foundation Trusts, instigated an Enforcement Undertaking in relation to the Trust's short-term financial stability and board governance in May 2014. In order to move towards financial sustainability, the Trust developed a £27m programme of cost improvement savings for 2015/16 and savings of £20m were achieved in the year. There is a requirement for further cost improvement savings of £25m in 2016/17 and schemes totalling £17m have already been identified against this target. Additional schemes to achieve and exceed the full target continue to be developed. In order to support delivery of the savings plans, the Trust is one of a number of NHS trusts nationally who are participating in the Financial Improvement Programme launched by Monitor. This initiative will enable the Trust to strengthen the way it identifies plans and undertakes financial improvement. The Trust is also in discussions with NHS Improvement, the successor body to Monitor, around accessing Sustainability and Transformation funding.

Issues relating to economy, efficiency and 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 the Trust's internal auditors.

External Auditors are required to report, by exception, if they are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Trust's enforcement action from 2014 remains in place and challenges continue in relation to all areas originally raised within it covering financial sustainability, governance and accident and emergency performance. As a result of this enforcement action the Trust received a qualified 'except for' value for money conclusion on 26 May 2016.

The Programme Management Office (PMO) continue to oversee delivery of the Improvement Programme.

The PMO is supported by a Head of PMO, a dedicated programme management team and a number of work stream leads offering project management and service transformation support to key schemes and the wider Trust. The PMO, together with Trust staff, have developed robust workstream plans which are coordinated, monitored, and reported by the PMO to ensure delivery of the programme's objectives. A bottom up approach using LEAN tools and techniques has been developed and this enables the delivery of these schemes and helps to facilitate the generation of new ideas. In addition to this, the PMO helps to develop tactical schemes to bridge any shortfall.

Internal audit have carried out a review of the Trust's PMO arrangements in 2015-16 which provided an amber/red rating. An action plan has been put in place to implement the recommendations.

Information governance

Risks to data security are managed via adoption and monitoring of the standards outlined within the Information Governance Toolkit. In 2015-16 the Trust declared compliance 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/Executive Director for Risk and Governance) and the Health Informatics Senior Leads Team Meetings, chaired by the SIRO/CIO. In 2015/16 the Trust reported one level 2 incident to the ICO relating to a breach of confidentiality. Following their investigation, the ICO decided no further action was necessary.

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 in the NHS Foundation Trust Annual Reporting Manual.

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 2015-16, an example of an issue flagged to the Board was the progress with referral to treatment time (RTT) action plan. The Audit Committee have received regular updates with regards to Clinical Coding, RTT and Data Quality.

While the Trust's contractual arrangement during 2015/16 did not include the Commissioning for Quality and Innovation Contract element, the Trust has engaged with commissioners in a locally agreed process for external scrutiny of many elements of the data contained within the Patient Safety, Quality and Patient Experience programme. South Manchester Clinical Commissioning Group has reviewed this information on a quarterly and monthly basis.

The Trust has a contract with Dr. Foster Intelligence 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.

The indicator reporting *"18 week referral-to-treatment maximum wait: Patients on an incomplete pathway"* did not meet the six dimensions of data quality in the following two respects:

- Completeness – the Trust did not report its performance against the indicator in the first four months of 2015-16 and the indicator reported in the Quality Report only contains data from August 2015 to March 2016.
- Accuracy and Validity – the Trust's own analysis of data included in this indicator identified a number of errors in recording patient pathway start dates and clock stops in line with the relevant national guidance and requirements.

A qualified conclusion has therefore been issued in this respect.

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 that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report within 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, QIC and a plan to address weaknesses and ensure continuous improvement of the system is in place.

During the year the Board commissioned Deloitte LLP to undertake a review of its governance arrangements against the Well-Led framework. The final report was received in February 2016 and provided assurance against each of the Well-Led domains. The report made a number of recommendations designed to improve the effectiveness of Board governance arrangements and an action plan has been put in place to address the recommendations. The final report has also been shared with Monitor.

There were three new Non-Executive Director appointments during the year together with the appointment of an interim Chief Executive and a new Chief Financial Officer. These appointments strengthen the Board governance processes and provide appropriate succession planning.

During the year the Trust's Operational Board was chaired by the Deputy Chief Executive, held meetings monthly, with membership from senior clinical and managerial leaders within the Trust. Non-Executive Directors were also invited to attend to observe the levels of scrutiny being undertaken at the committee level. The QIC is chaired by a Non-Executive Director, meets bi-monthly, and has membership from senior clinical and managerial leaders within the Trust and one other Non-Executive Director, increased to two during the year. IPIC is chaired by a Non-Executive Director, meets monthly, and has senior leadership attendance plus two further Non-Executive Directors. Chairs of these committees provide the Board with a Chair's 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 focused 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, Deputy Director of Risk and Governance (Chief Risk Officer), Director 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 2015-16, there were ten assignments for which Internal Audit reported the level of assurance as limited for the year ended 31 March 2016. These audits provide amber-red 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.

There were also a number of follow-up internal audits conducted during the year, each demonstrating significant progress against recommendations made. The overall internal audit opinion for the year is 'significant with minor improvements assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

External audit provides an independent opinion on the accounts, a form of assurance on the Quality Report and reviews and considers the annual report and the Annual Governance Statement to ensure they are not inconsistent with their knowledge of the Trust.

As noted within this statement, there have been three significant gaps in internal control identified in 2015-16:

- i) not meeting financial targets
- ii) 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 and;
- iii) referral to treatment time, 18 weeks in aggregate, incomplete pathways.

In May 2014, Monitor issued the Trust with Enforcement Undertakings in relation to Finance and Board Governance, which required the Trust to:

- *Undertake an external review of the Trust's recovery plan.* Deloitte completed the review to provide external assurance of the recovery plan. Deloitte were then subsequently appointed to provide further support to the recovery plan submitted to Monitor in November 2014. The Trust is now participating in NHS Improvement's Financial Improvement Programme, from April 2016, which provides external support around financial recovery.
- *Undertake a review of effectiveness of Board governance arrangements.* Deloitte completed their external review of board governance as agreed with Monitor in October 2014 and a further review against the Well-Led Framework was undertaken in February 2016. An action plan is in place to address recommendations.
- *Commission the services of a Turnaround Director.* A Turnaround Director was appointed from April 2014 to December 2014. As noted above the Trust is participating in a Financial Improvement Programme with the appointment of an Improvement Director during 2016/17.

The achievement of the A&E four hour target and the Referral to Treatment target also remain significant risks going into 2016-17. 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 Executive Management Board and Integrated Performance & Investment Committee.

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 2016 and up to the date of approval of the annual report and accounts.

Chief Executive

Date: 26 May 2016

QUALITY ACCOUNT*

2015/16

***Note:** The Department of Health's submission is a '*Quality Account*'

NHS Improvement specifies a '*Quality Report*' within the Annual Report and Accounts

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List of Acronyms

A&E	Accident and Emergency
AMU	Acute Medical Unit
BRC	Biomedical Research Centre
BSP	Breast Screening Programme
BTS	British Thoracic Society
<i>C. difficile</i>	<i>Clostridium difficile</i>
CCG	Clinical Commissioning Group
CDI	<i>Clostridium difficile</i> Infection
CHKS	Comparative Health Knowledge System
CPE	Carbapenemase-producing Enterobacteriaceae
CQC	Care Quality Commission
CQUIN	Commissioning for Quality and Innovation
CWT	Cancer Waiting Times
DTR	Default Tariff Rollover
EPR	Electronic Patient Record
ETO	Enhanced Tariff Option
FAIR	Find, Assess, Investigate and Refer
FT	Foundation Trust
GMCCN	Greater Manchester & Cheshire Cancer Network
GP	General Practitioner
HCAI	Healthcare-associated Infection
HIRS	Hospital Incident Reporting System
HSCIC	Health and Social Care Information Centre
HSMR	Hospital Standardised Mortality Ratio
IM&T	Information Management & Technology
IMR	Intelligent Monitoring Report
IST	Intensive Support Team
MRSA	<i>Meticillin-resistant Staphylococcus Aureus</i>
MSSA	<i>Meticillin-sensitive Staphylococcus Aureus</i>
MUST	Malnutrition Universal Screening Tool
NCEPOD	National Confidential Enquiry into Patient Outcome and Death
NHS	National Health Service
NICE	National Institute for Health and Care Excellence
NIHR	National Institute for Health Research
NRLS	National Reporting and Learning Service
PCI	Percutaneous Coronary Intervention
PHE	Public Health England
PHSO	Parliamentary Health Service Ombudsman
PROMs	Patient Reported Outcome Measures
R&D	Research & Development
RCA	Root-Cause Analysis
RTT	Referral-to-treatment
SHMI	Summary Hospital-level Mortality Indicator
UHSM	University Hospital of South Manchester NHS Foundation Trust
UNICEF	United Nations Children's Fund
UTI	Urinary-tract Infection
VTE	Venous Thromboembolism
WHO	World Health Organisation
WTE	Whole Time Equivalent

1. Introduction to UHSM's Quality Account 2015/16

1.1 Overview

The Quality Account 2015/16 is an annual review of the quality of NHS healthcare services provided by the University Hospital of South Manchester NHS Foundation Trust (UHSM) during 2015/16. It also outlines the key priorities for quality improvement in 2016/17.

The Quality Account comprises four distinct sections. **Section 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 2015/16. **Section 2** constitutes a review of the Trust's performance against the objectives set in the 2014/15 Quality Account and in relation to key national standards. **Section 3** includes the priorities for improving the quality of services in 2016/17 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** includes legislated statements of assurance from the Board of Directors.

A draft version of the Quality Account 2015/16 was shared with our stakeholders in April 2016 as part of the assurance process. The stakeholders are: *South Manchester Clinical Commissioning Group; Healthwatch (Manchester and Trafford); and Manchester City Council's Health 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 governing council's 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 will provide a Limited Scope Assurance Report on the content of the Quality Account, as required by NHS Improvement, which is responsible for overseeing NHS foundation trusts. The auditor also gives a limited assurance opinion on two chosen mandated indicators (*percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period and percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge*). The external auditor's report will be included in **Appendix Three**.

Every effort has been made to use clear and understandable 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

UHSM is a major acute teaching hospital and community trust providing services for adults and children at Wythenshawe Hospital and Withington Community Hospital and in the local community. 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 supports 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, heart & lung disease, breast wound management and medical education.

1.2 Chief Executive's Statement

In 2015-16 we continued to build upon our UHSM Quality Diamond which encapsulated and exemplified our vision for the Trust. Our Quality Diamond will help us raise our performance in every service area at UHSM through **patient safety & clinical outcomes**; **patient experience**; **staff engagement**; and **value for money**. Our Quality Account for 2015-16 sets out our key achievements against three of the four quadrants of our Quality Diamond and describes our future priorities for 2016-17. Our key achievements in 2015-16 are set out below.

1.3 Key outcomes

Implemented 'sign up to safety' within the Trust with a focus on five patient safety initiatives: - pressure ulcers, falls, acute kidney injury, sepsis and nutrition & hydration.

Improved the safety, experience and quality of care on the wards, in the Emergency Department and community nursing teams using the Trust's Ward Accreditation Scheme. The Ward Accreditation Scheme supports the quality of care delivered throughout the Trust in order to optimise patient experience. The scheme has now provided each ward with a baseline upon which they can mark and monitor their progression in pursuit of 'Gold', and ultimately, 'Diamond' status. Throughout 2015, UHSM introduced accreditation in the community setting. Following the initial stage, the second phase of re-assessments resulted in significant conversion from bronze to silver and silver to gold. F15 ward was the first ward to be accredited Diamond status.

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

Improved safety and patient experience through ensuring and maintaining safe staffing levels across the Trust and made this information available to the public.

Improved the safety and clinical effectiveness of patient care with reduction of in mortality indices, development of the mortality review process and following an independent review carried out; a review of clinical pathways.

Improved the patient experience by utilising patient feedback methods across the hospital and community services.

Delivered the Trust's Dementia Strategy and improved the experience of patients with dementia.

Development and implementation of an engagement plan to highlighting the importance of employee engagement as well as delivering practical steps to enhance engagement.

Our Quality Account clearly sets out our vision, whilst delivering and meeting our operational and financial challenges as an organisation. I would like to thank our staff who always impress me and my Board colleagues with their commitment to our patients and their carers, and their desire to deliver excellent patient care. This was clearly demonstrated at our successful Staff Diamond Awards, in March 2016.

The Board of Directors has reviewed the 2015/16 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 the evidence of the Trust's commitment to quality and safety.

Date

Signature

Diane Whittingham, Chief Executive, *Signed for, and on behalf, of the Board of Directors.*

2. Performance against the Quality Improvement Priorities in 2015/16

In the Quality Account 2014/15, UHSM presented its quality improvement priorities for 2015/16, which were agreed following extensive consultation with key stakeholders. Governors, managers and clinical colleagues were consulted in the development of the priorities for quality improvement. 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. UHSM discussed its future priorities with South Manchester Clinical Commissioning Group (CCG) and Trafford CCG during 2014/15. 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 2015/16.

In this section the Trust's performance in 2015/16 is reviewed compared to the priorities that were published in UHSM's 2014/15 Quality Account. In addition, performance against key national priorities is detailed.

During 2015/16 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.

A summary of the Trust's performance for each of the quality indicators is presented in **Table 2.1**. The time period of the results is April 2015 to March 2016 (referred to as 2015/16), 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 2015/16

target achieved	
close to target	
initiative is ongoing	
target not achieved	

Table 2.1: Summary of performance against the quality improvement priorities in 2015/16

PATIENT SAFETY	2015/16 Quality goals	2015/16 Results	Progress
Implement 'Sign up to Safety' within the Trust, with a focus on five patient safety initiatives	<ul style="list-style-type: none"> development of a steering group to create and monitor the work plan for the whole initiative; identify clinical leads and develop improvement driver diagrams and safety improvement plans for each element; and agree metrics to measure progress and monitor harms 	the steering group is in place and functioning	G
		driver diagrams have been developed and clinical leads are progressing plans	G
		metrics in place and development ongoing	B
Improve the safety and experience and quality of care on the wards, in the Emergency Department, theatres and community nursing teams using the Trust's Accreditation Scheme	<ul style="list-style-type: none"> implement the Accreditation Scheme across inpatient areas in 2015/16; implement the Accreditation Scheme in the nine community nursing settings that the Trust has responsibility for, by October 2015; introduce the Accreditation Scheme in the Emergency Department by December 2015; and during January 2016, pilot the Accreditation Scheme in two operating theatres. 	all inpatient areas accredited	G
		community accreditation rolled out	G
		Emergency Department has been accredited	G
		scheme reviewed and theatres pilot postponed following consultation	R
Improve the safety and patient experience through reduction in avoidable harm to patients via monitoring of harm-free care and internal monitoring of specific safety metrics	<ul style="list-style-type: none"> meet all infection prevention targets - zero MRSA cases and less than 39 cases of <i>Clostridium difficile</i>; to be within the top 20% of acute hospital trusts for the National Safety Thermometer results, achieving 98% hospital-acquired harm-free care and see a reduction in harm levels; participate in the national Medication Safety Thermometer Programme and roll out audit to all appropriate ward areas; monitor the Safer Surgery Checklist and achieve audit standards of 100% compliance in the monthly sample audits in theatre and interventional areas; and complete a pathway and safety procedures review of high-volume routine surgical interventions. 	4 cases of MRSA bacteraemia and 5 cases of <i>C. difficile</i> due to 'lapses of care'	A
		benchmarking data not available until mid-2016 97.4% hospital-acquired harm-free care (April 2015 to February 2016); reduction seen in all harms except pressure ulcers	A
		audit rolled out and ongoing	B
		99.6% compliance achieved during 2015/16	A
		external pathway review complete and acted upon	G

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

CLINICAL EFFECTIVENESS	2015/16 Quality goals	2015/16 Results	Progress
<p>Improve safety and patient experience through ensuring and maintaining safe staffing levels across the Trust and making this information available to the public</p>	<ul style="list-style-type: none"> staff turnover rate and learning from exit interviews will be monitored by the Education & Workforce Committee; the Trust will monitor the use of bank and agency staff; as per NICE guidance, a staffing review will be conducted and published twice yearly; shift-by-shift data on staffing numbers will be publically available on wards and available to access electronically; a staffing escalation plan will be supervised to ensure that the Trust can monitor and act on incidents where staffing establishments on occasion cannot be met; and monthly information will be collated and provided to the Board of Directors on safe staffing numbers. 	systems are in place to monitor staff turnover rate and learning	G
		bank and agency staff usage routinely monitored	G
		staffing review completed in August 2015	G
		data is publically accessible (electronically)	G
		a staffing escalation plan is in place	G
		safe staffing data is presented to the Board every month	G
<p>Improve the safety and clinical effectiveness of patient care with an aim of reduction in mortality indices, development of the mortality review process and act upon an independent review of clinical pathways</p>	<ul style="list-style-type: none"> to be in the top 20% of acute hospital trusts, in England, for mortality (as measured by the Summary Hospital-level Morality Indicator - SHMI); achieve a Hospital Standardised Mortality Ratio (HSMR) of less than one hundred; develop the Mortality Review Group to better suit needs of clinical teams and ensure that learning from mortality reviews translates into practice; incorporate learning from the independent review of pathways into a Trust improvement plan. 	SHMI value of 0.993 places UHSM in the top 43% nationally (October 2014 to September 2015)	R
		HSMR is 97.33 for February 2015 to January 2016	G
		review ongoing and developing capacity for national initiative	B
		pathway improvement plans are place	G

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

Improving the PATIENT EXPERIENCE	2015/16 Quality goals	2015/16 Results	Progress
<p>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</p>	<ul style="list-style-type: none"> to be within the top twenty percent of acute hospital trusts in England for positive recommendations via the Friends and Family Test; develop real-time patient feedback mechanisms across all ward areas; and respond to at least 90% of complaints within the agreed time frames; 	<p>UHSM is within the top 50% nationally for inpatients & day-cases and in the top 63% for A&E</p> <p>real-time patient feedback is in place within the Outpatient Department and in some community services</p> <p>91.5% of complaints responded to within timescale</p>	R
			B
			G
<p>Delivery and development of the Trust's Dementia Strategy with the aim of improving the experience of patients with dementia</p>	<ul style="list-style-type: none"> undertake a Trust-wide service review and gap analysis against the National Strategy for Dementia - Living Well with Dementia; build upon the FAIR (Find, Assess, Investigate and Refer) work to enable wider recognition of patients with dementia; develop a shared-care strategy to involve carers in decision making and care of patients with dementia; better understand the needs and views of carers by monthly surveys; and deliver the staff awareness training programme. 	<p>service review and gap analysis completed</p> <p>national targets met and developed e-tool</p> <p>strategy developed and in place</p> <p>inpatient surveys completed and analysed</p> <p>training targets exceeded</p>	G
			G
			G
			G
			G

STAFF ENGAGEMENT	2015/16 Quality goals	2015/16 Results	Progress
<p>The development of an Engagement Plan will help to take the Trust forward by highlighting the importance of employee engagement as well as offering practical recommendations on how levels of engagement will be enhanced.</p>	<ul style="list-style-type: none"> the Trust will develop and implement an engagement plan to take the Trust forward in 2015/16 by highlighting the importance of employee engagement as well as offering practical recommendations on how levels of engagement will be enhanced. 	<p>the engagement action plan has been successfully implemented during the year resulting in improved scores in seventeen questions within the quarterly Pulse Survey to staff</p>	G

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

2.1 Review of the Quality Improvement Projects 2015/16

The section that follows details the work undertaken to deliver the results outlined in **Table 2.1**. For each of the eight focus areas listed in **Table 2.1**, performance against headline measures is assessed alongside the main achievements and further actions identified.

• Safe • Effective • Patient Experience

Implement 'Sign up to Safety' within the Trust, with a focus on five patient safety initiatives

In January 2015 UHSM signed the pledge to join the 'Sign up to Safety' Scheme. This scheme is designed to help realise the ambition of making the NHS the safest healthcare system in the world by creating a system devoted to continuous learning and improvement. UHSM has worked to provide patients confidence that we are doing all we can to ensure that the care they receive will be safe and effective at all times. The Trust focused on the following five elements during 2015/16: pressure ulcers; nutrition and hydration; falls; acute kidney injury.

- Goals:
- A. Development of a steering group to create and monitor the work plan for the whole initiative.
 - B. Identify clinical leads and develop improvement driver diagrams and safety improvement plans for each element.
 - C. Agree metrics to measure progress and monitor harms.

By when: March 2016

Outcome: **A & B TARGETS ACHIEVED**
C INITIATIVE IS ONGOING

- A. The Trust's 'Sign up to Safety' Steering Group has met four times during 2015/16. From April 2016 onwards the group will meet bi-monthly. The five elements of focus (pressure ulcers, nutrition and hydration, falls, acute kidney injury and sepsis) are standing agenda items.
- B. Clinical leads have been confirmed for each element and driver diagrams have been developed for sepsis, nutrition and hydration, and falls. A safety improvement plan will be submitted to the 'Sign up to Safety' Campaign in April 2016 and will be published on the UHSM Trust website for public access.
- C. Metrics have been developed for nutrition and hydration, sepsis, kidney injury, falls and pressure ulcers. Measurable outcomes are being further developed before being included in the Safety Improvement Plan, in 2016. The number of hospital-acquired harms will be monitored using the Trust's incident reporting system.

Key learning points from the five elements of focus have been included in Patient Safety One-Liners distributed to staff throughout the year. A 'Learning from Experience' report is produced quarterly and submitted to the Clinical Standards Sub-committee. Learning from experience is also discussed at divisional governance meetings.

During 2015/16, the 'Sign up to Safety' Steering Group has provided quarterly reports to the Trust's Clinical Standards Sub-committee and a half yearly report to the Quality Improvement Committee.

• Safe • Effective • Patient Experience

Improve the safety and experience, and quality of care on the wards, in the Emergency Department, theatres and community nursing teams using the Trust's Accreditation Scheme

The aim of the Ward Accreditation Scheme, which was introduced across UHSM in June 2014, is to improve patient experience and ensure patient safety. Wards are accredited as *Gold*, *Silver*, *Bronze* or *White* and are monitored using the agreed escalation process. Any ward that falls below the minimum standards is not awarded accreditation status. Wards that achieve two consecutive *Gold* assessments are awarded *Diamond* status. During 2015/16, the Trust continued to assess ward areas using the Scheme as well as introducing the assessment into other areas such as the Emergency Department and community settings.

- Goals:
- A. Continue to implement the Accreditation Scheme across inpatient areas in 2015/16.
 - B. Implement the Accreditation Scheme in the nine community nursing settings that the Trust has responsibility for, by October 2015.
 - C. Introduce the Accreditation Scheme in the Emergency Department by December 2015.
 - D. During January 2016, pilot the Accreditation Scheme in two operating theatres.

By when: Full implementation by July 2016

Actual outcome: A-C **TARGETS ACHIEVED**
D. **TARGET NOT ACHIEVED**

All community areas achieved *Bronze* status when they went through the accreditation process in 2015. The second set of assessments for community areas will commence shortly. The Emergency Department and Clinical Decisions Unit achieved *Bronze* status during their first accreditation. The third round of ward accreditations is underway; some wards have now been assessed four times. Ward F15 was the first ward in the Trust to achieve *Diamond* status. The Burns Unit has also achieved two consecutive *Gold* awards and is currently working towards *Diamond* status. UHSM currently has one *Diamond* ward, eight *Gold* wards, twenty-six *Silver* wards and four *Bronze* accredited wards.

The Trust did not pilot the Accreditation Scheme in two theatre areas during January 2016. The Trust has reviewed its current accreditation model and a proposed new scheme will be presented to the Trust's Quality Improvement Committee in April 2016. All theatre areas are developing local safety standards, based upon national advice, for interventional procedures during 2016.

• Safe • Effective • Patient Experience

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

Reducing the incidence of avoidable harm is a key objective for the Trust, which monitors a wide range of patient-safety indicators. A review of pathways and safety procedures has been carried out after incidence data suggested that there are potential risks to patient safety during routine, high-volume surgical interventions. The five specific areas of focus as part of quality-monitoring, to achieve reduction of avoidable harm are: infection prevention; Safety Thermometer and levels of harm-free care; Medication Safety Thermometer; Safer Surgery Checklist; and routine surgical interventions.

- Goals:
- A. Meet all infection prevention targets - zero MRSA cases and less than thirty-nine cases of *Clostridium difficile*.
 - B. To be within the top twenty percent of acute hospital trusts for the National Safety Thermometer results, achieving 98% hospital-acquired harm-free care and see a reduction in harm levels.
 - C. Participate in the national Medication Safety Thermometer Programme and roll-out the audit to all appropriate ward areas.
 - D. Monitor the Safer Surgery Checklist and achieve full compliance in the monthly sample audits in theatre and interventional areas.
 - E. Complete a review of pathways and safety procedures for high-volume, routine, surgical interventions.

By when: March 2016

Actual outcome:

- A **CLOSE TO TARGET**
- B **CLOSE TO TARGET**
- C **INITIATIVE IS ONGOING**
- D **CLOSE TO TARGET**
- E **TARGET ACHIEVED**

- A. Thirty-six cases of *Clostridium difficile* were reported in 2015/16. Following review with commissioners, five cases are reported against Monitor's threshold of thirty-nine cases as 'lapses of care'. The Trust has reported four cases of MRSA bacteraemia during the year. UHSM achieved the objective for *Clostridium difficile* in 2015/16 but failed the zero tolerance objective for MRSA."

A mandatory Post Infection Review is completed following each MRSA and *C. difficile* incidence; this is reported to Public Health England via the Mandatory Enhanced Surveillance System. Action plans have been developed for each of the reported infections. A progress report is provided to the quarterly Infection Prevention Sub-committee and the monthly directorate governance meetings. Of the three cases of MRSA bacteraemia, one case was confirmed to be a contaminated sample and not a true patient harm. Contaminated samples are, however, apportioned to the organisation where the sample was taken.

Multi-disciplinary Root Cause Analysis (RCA) is completed for each infection. The RCA summary and learning outcomes are presented at the monthly Chief Nurse's Performance Meeting and also at local directorate governance meetings.

- B. In the latest available performance, 97.4% of patients surveyed as part of the National Safety Thermometer were free from newly-acquired harm, which is just below the 98% target and performance of 97.8% in 2014/15. National benchmarking data is not currently available for 2015/16; it is hoped that this will be included in the final publication, in May 2016. The number of harms reported for each area of focus was lower than the previous year with the exception of pressure ulcers; the Trust reported two more new pressure ulcers in 2015/16 (117) compared to 2014/15 (115). Monthly accountability meetings have been established to address this increase in pressure ulcers. Chaired by the Deputy Chief Nurse, the meeting reviews every newly-acquired pressure ulcer (grade 3 and above) to determine whether it is avoidable and lessons learned are shared to inform best practice.

The Deputy Heads of Nursing report areas of concern and create an action plan, which is monitored at the divisional performance reviews. High-risk wards (such as Orthopaedics) nurse every patient on pressure-relieving mattresses immediately following admission. Trust-wide nursing documentation and risk assessments is being standardised in 2016; this has already commenced for surgical patients in the Admissions Lounge.

- C. UHSM now has twelve wards completing the Medication Safety Thermometer each month. A planned Trust-wide roll out of the Medication Safety Thermometer was paused during 2015/16 to ensure that the initiative is aligned with the new Nursing and Midwifery Strategy, which has a specific focus on reducing the number of missed medication within the Trust. A review of the use of the Medication Safety Thermometer was undertaken in April 2016 with a plan developed for further roll-out across clinical areas in August 2016.
- D. The Trust achieved 99.6% compliance for the Safer Surgery checklist, which is below the 100% threshold set for 2015/16; the Trust is producing local safety standards for interventional procedures to improve compliance.
- E. An external review of the pathways and safety procedures in high-volume routine surgical interventions carried out by the auditors KPMG during the year has been acted upon with an audit process introduced. To further strengthen the application of the Safer Surgery checklist, all operating theatres have been fitted with a Team Brief board, which helps to formalise and standardise the way in which the clinical and nursing teams conduct a formal brief before the theatre list commences. The board also provides a visual aid of the clinical indicators/ concerns, special equipment required and alerts for every patient on the operating list. In addition, information is provided about the point at which the patient needs to stop drinking clear fluids to ensure they are hydrated before surgery, thus enhancing their recovery post operatively.

The Trust has established a Task & Finish Group to make sure that there is standardisation of the WHO Safer Surgery checklist across all theatre and interventional areas and to ensure local standards (outlined in the national Safety Standards for Interventional Procedures NPSA alert) are in place by the middle of September 2016.

• Safe • Effective • Patient Experience

Improve safety and patient experience by ensuring and maintaining safe staffing levels across the Trust and making this information available to the public

UHSM has continued to respond to the Hard Truths Report. The Trust developed and implemented a high-level five-year strategy (with appropriate performance indicators) to secure safe staffing levels and ensure that monitoring of this is visible to the public. Nursing recruitment is on-going and has been strengthened in the year to ensure that nursing posts are recruited to and safe staffing levels are maintained. The Trust has achieved compliance with NICE guidance and the sharing staffing information publically on a shift-by-shift basis.

- Goals:
- A. Staff turnover rate and learning from exit interviews will be monitored by the Education & Workforce Committee.
 - B. The Trust will monitor the use of bank and agency staff.
 - C. As per NICE guidance, a staffing review will be conducted and published twice yearly.
 - D. Shift-by-shift data on staffing numbers will be publically available on wards and available to access electronically.
 - E. A staffing escalation plan will be supervised to ensure that the Trust can monitor and act on incidents where staffing establishments, on occasion, cannot be met.
 - F. Monthly information will be collated and provided to the Board of Directors on safe staffing numbers.

By when: March 2016

Actual outcome: **A-F TARGETS ACHIEVED**

- A. The Trust implemented a Nursing and Recruitment Strategy in 2015/16 and a Recruitment and Retention Lead came into post in early February 2016.
- B. Bank and agency usage is monitored on a weekly basis as part of exception reporting to NHS Improvement against the national agency cap.
- C. Care Contact Time analysis completed in August 2015 was triangulated against patient harms and experience. This analysis is due to be repeated in July 2016.
- D. Shift-by-shift the expected and actual numbers of staff on duty are posted on boards on each ward for staff, patients and members of the public to view.
- E. The Staff Escalation Plan is in place. Staffing incidents are reported via the hospital reporting system and managed by the divisional and corporate teams.
- F. A comprehensive review of all staffing indicators was carried out in July and November 2015 with recommendations presented to the Board of Directors. An acuity and dependency review has been completed and reviewed by the Board. Safe staffing performance is reported to Board every month.

• Safe • Effective • Patient Experience

Improve the safety and clinical effectiveness of patient care with the aim of reducing mortality indices, development of the mortality review process and acting upon an independent review of clinical pathways

The Trust committed to achieving a Hospital Standardised Mortality Ratio (HSMR) of less than 100 for 2015/16 and has delivered a number of initiatives to support this goal. For example, the Clinical Coding Steering Group has developed a plan to strengthen coding and the Mortality Review Group has undertaken a mortality review project as well as commissioned, and acted upon, the findings of an independent review of clinical pathways.

- Goals:
- A. To be in the top twenty percent of acute hospital trusts, in England, for mortality (as measured by the Summary Hospital-level Morality Indicator - SHMI).
 - B. Achieve a HSMR (Hospital Standardised Mortality Ratio) of less than one hundred.
 - C. Develop the Mortality Review Group to better suit the needs of clinical teams and ensure that learning from mortality reviews translates into practice.
 - D. Incorporate learning from the independent review of pathways into a Trust improvement plan.

By when: March 2016

Actual outcome:

- A **TARGET NOT ACHIEVED**
- B **TARGET ACHIEVED**
- C **INITIATIVE IS ONGOING**
- D **TARGET ACHIEVED**

- A. In the latest SHMI publication, UHSM has a value of 0.993 for the period October 2014 to September 2015, which is an improvement from the previous publication. The Trust has a SHMI banding of two, which means that the indicator value is 'as expected'. In the latest publication, UHSM is within the top forty-three percent of hospital trusts (a SHMI value of 0.973 or lower is required to be within the top twenty percent). Recent guidance issued by NHS England states that overall trust mortality indices should not be used as a league table; therefore this objective has been revised in 2016/17.
- B. UHSM's HSMR (Hospital Standardised Mortality Ratio) for the latest twelve available months (February 2015 to January 2016) is 97.33, which although statistically is 'within range' is a clear demonstration that the measure has improved consistently from 113.63 in the previous twelve months (January to December 2014).
- C. In anticipation of NHS England guidance on the introduction of a national retrospective case record review process, the Trust's Medical Director is preparing options and principles for its implementation with a specific focus on learning and improvement. In March 2016, the Trust started to develop a Clinical Coding Improvement Plan and a Mortality Reduction Strategy.
- D. Following completion of the independent review of pathways, action plans have been fully implemented for patients on stroke and pneumonia pathways. Data should be available in the middle of 2016 to assess the impact of these actions on mortality indices.

• Safe • Effective • Patient Experience

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

Listening to patients and people who use/ visit our services can provide personal, accurate and timely feedback on the quality, safety and effectiveness of the care that we provide. It enables the Trust to understand the experience of patients and their relatives and helps to identify areas requiring change and measurable improvement. Whilst the Friends and Family Test is a valuable tool to measure patient experience and allows benchmarking at a national level, the Trust has successfully built upon this and developed systems to collect a fuller range of patient feedback on a real-time basis across the organisation.

- Goals:
- A. To be within the top twenty percent of acute hospital trusts in England for positive recommendations via the Friends and Family Test.
 - B. Develop real-time patient feedback mechanisms across all ward areas.
 - C. Respond to at least 90% of complaints within the agreed time frames.

By when: March 2016

Actual outcome:

- A **TARGET NOT ACHIEVED**
- B **INITIATIVE IS ONGOING**
- C **TARGET ACHIEVED**

- A. 96.1% of inpatients and day-cases would be likely to recommend the ward to friends and family in 2015/16 compared to the national average of 95.4%. This is an improvement on the previous twelve months (95.0% in 2014/15). This performance places the Trust within the top fifty percent of acute hospitals in England compared to the Trust's objective of being within the top twenty percent. The Trust achieved a response rate of 33.9% for the test during the year, which is nine percent higher than the national average.

In 2015/16, 85.9% of patients attending the Emergency Department would be likely to recommend the department to friends and family compared to the national average of 87.1%. The Trust's performance, which is similar to 2014/15 (87.0%) places it in the top sixty-three percent of acute hospitals in England. The Trust achieved a response rate of 15.9%, which although lower than the previous year's response rate (17.8%) is above the national response rate of 13.7%.

- B. Real-time patient feedback is now taking place within the Outpatient Department and in all community services. It is also being piloted on two inpatient wards (F2 and F8). A review of patient-feedback methodologies will take place in mid-2016 before undertaking a procurement exercise.
- C. 91.5% of formal complaints were responded to within the agreed time frame in 2015/16. The Trust has achieved the 90% target in six of the twelve months to date and consistently since October 2015 (with the exception of February 2016 when performance dipped to 87.9%). A review of the complaint process was carried out by the Service Transformation Team between August and September 2015; the Trust's complaints policy was subsequently revised to reflect the recommendations. The Nursing Midwifery Strategy has also set some objectives to reduce formal complaints, reduce the numbers of dissatisfied complaints and reduce the number of Parliamentary Health Service Ombudsman (PHSO) cases.

The Trust has seen a reduction in the number of formal complaints received during the year, with 304 formal complaints received in the first six months compared to 271 complaints in the second half of the year (to February 2016 - awaiting March's figure). There has been an almost fifty percent reduction in dissatisfied complainants between the first half of the year (32 dissatisfied complaints) and the second half 17.

In 2015/16, UHSM has seen a reduction in the number of PHSO investigations, from eleven cases in 2014/15 to 7 in 2015/16. Of the 7 PHSO investigations in 2015/16, 7 were partly upheld, and 7 were not upheld. The Trust is waiting to receive the remaining report.

• Safe • Effective • Patient Experience

Delivery and development of the Trust's Dementia Strategy with the aim of improving the experience of patients with dementia

UHSM's Dementia Strategy is the framework for achieving the objectives around service developments, pathway development and environmental improvements with the goal of UHSM becoming a dementia-friendly organisation. The Trust has achieved national targets for Find, Assess, Investigate and Refer (FAIR); this has in part been made possible through use of an electronic assessment tool for clinicians. The Trust has widened the scope for assessments in 2015/16 and has also developed the concept of shared care for our patients and their carers as well as implementing a training programme to raise staff awareness.

- Goals:
- A. Undertake a Trust-wide service review and gap analysis against the National Strategy for Dementia - Living Well with Dementia.
 - B. Build upon the FAIR work to enable wider recognition of patients with dementia.
 - C. Develop a shared-care strategy to involve carers in decision making and care of patients with dementia.
 - D. Better understand the needs and views of carers through monthly surveys.
 - E. Deliver the staff Awareness Training Programme.

By when: March 2016

Actual outcome: **A- E TARGETS ACHIEVED**

- A. A Trust-wide service review was completed in May 2015, which led to the development of a local Dementia Action Plan, working towards meeting local and national dementia strategies. Progress is monitored within the Dementia Operational Group.
- B. The FAIR process has been built upon through the inclusion of cognitive screening tools in the nursing admission document. This enables clinicians to complete a screening and referral onwards for further investigation of dementia symptoms for a wider group of patients. UHSM has met national performance standards throughout 2015/16.
- C. The Dementia team has worked in collaboration with the Patient Experience team to develop a Trust-wide carer's strategy, promoting the involvement of carers within decision making, including those with dementia. A Dementia Patient and Carer Engagement Group has been established where the views of carers are fed back to teams within UHSM about proposed strategies and initiatives to help shape the care of those with dementia.
- D. In order to better understand the needs and views of carers, carer feedback surveys are now provided during the inpatient stay, which helps to identify individual carers and ensures that each carer receives the survey.
- E. A review has been carried out of the Dementia Awareness Programme, which is presented during Trust Induction. Attendance for the dementia awareness training is above target. The Dementia team facilitates Dementia Friends training sessions for areas within the Trust that request it.

• Staff Engagement

Our employees are our greatest asset. We all have a part to play in setting and achieving our vision, values and key priorities. At UHSM we are committed to improving employee engagement and empowerment. The development and implementation of an engagement plan has helped to take the Trust forward in 2015/16 by highlighting the importance of employee engagement as well as offering practical recommendations on how levels of engagement will be enhanced.

Goals: **A.** Development of an Engagement Plan will help to take the Trust forward by highlighting the importance of employee engagement as well as offering practical recommendations on how levels of engagement will be enhanced.

By when: March 2016

Actual outcome: **A.** **TARGETS ACHIEVED**

A. The engagement action plan collated a variety of staff-engagement initiatives and actions into one document; it reflects the considerable work already being undertaken and the various initiatives yet to be delivered that will impact upon staff morale and levels of engagement. The action plan remains on track with a review planned in April 2016.

Staff engagement is an excellent example of 'One Team' working with a variety of partners contributing and collaborating. Key successes over the last year have included:

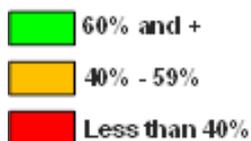
- distribution, analysis and publication of quarterly Pulse Survey results;
- introduction of a Junior Doctor Transformation Forum as part of the Change Champion Initiative;
- second round of staff engagement 'We're Listening' events delivered with positive feedback. The events addressed progress made, divisional pressures and organisational values;
- Leader's Forum established with improved (consistent) attendance;
- successful introduction of the First Friday Initiative involving the Executive Team;
- design and delivery of resilience & wellbeing workshops through the LEAD programme and implementation of the Employee Assistance Programme;
- bespoke Learning & Organisational Development request processes in place with fifty-nine interventions in progress to support complex, long-standing team challenges;
- thank-you cards in circulation throughout the Divisions;
- successful Monthly Diamond Awards and commencement of the Annual Diamond Awards from October 2015; and
- demonstrable impact of the PEOPLE values through the Pulse Survey findings with ninety percent of staff aware of the Trust values and eighty-one percent of staff able to work in line with them;
- distribution of the NHS Staff Survey to eight hundred and fifty staff;
- Investors in People Planning Team set up to successfully manage the Investors in People communication and assessment process, starting in November 2015; and
- design and implementation of monthly Nursing Engagement Forums to support positive nurse engagement and the Nursing Recruitment and Retention Strategy.

Pulse Survey Findings

The UHSM quarterly Pulse Survey Report was revised in 2015/16 to assess how the work to embed values, leadership behaviours and staff engagement is impacting on operational performance. There is an upward trend for both Friends and Family Test questions since quarter 1 (April to June 2015) with responses to both questions now green. Furthermore, the upward trend continues from quarter 1 to quarter 2 with improvements in seventeen questions and deterioration in two questions.

Table 2.2: Summary of the Friends and Family Test responses, from staff, captured from the Pulse Survey

	% Likely to recommend to receive treatment (Quarter 1)	% Likely to recommend as a place to work (Quarter 1)	% Likely to recommend to receive treatment (Quarter 2)	% Likely to recommend as a place to work (Quarter 2)
All Trust	85%	58%	86% (+1)	61% (+3)
Clinical Support	86%	58%	83% (-3)	56% (-2)
Corporate Services	80%	66%	90% (+10)	73% (+8)
Scheduled Care	87%	51%	89% (+2)	52% (+1)
Unscheduled Care	85%	48%	80% (-5)	54% (+6)



The very positive responses and upward trend seen in the responses for leadership, values and engagement questions, reinforces the view that the variety and intensity of interventions undertaken in the last twelve months has contributed to a significant improvement in organisational culture and performance. Significant improvements from quarter 1 have been seen in the following questions:

- I am able to work in line with Trust values (+6)
- Management decisions support professional standards for patient care (+5)
- I am aware of the leadership behaviors expected within UHSM (+7)
- UHSM cares about my health & wellbeing (+6)
- Communication from Senior managers is open and honest (+5)

The two low scores are both appraisal questions, which asked staff whether they had an appraisal and whether the appraisal improved how they delivered their job. These low findings are contra-indicative when considering the leadership and engagement elements of the survey where line managers are demonstrating skills and behaviors you would anticipate appraisal to add further value to. A project commenced in January 2016 to refresh and clarify how UHSM will use the appraisal and as well as expectations for management. This will support requirements for revalidation and is due to be launched in April 2016.

2.2 Performance against Key National Priorities in 2015/16

The Trust did not meet the emergency access four-hour waiting time in 2015/16, with a reduction in performance from over 90% in quarters 1 and 2, to 73% in quarter 4. A revised implementation plan for improvement has been developed and resourcing issues are being considered within the health economy via the Systems Resilience Group. An improvement trajectory for the four-hour wait has been agreed with stakeholders to achieve 95% by April 2017. UHSM is reliant on a number of factors to achieve this target including revised Emergency Department processes, culture change and improved patient flow and discharge out of hospital, not all of which are wholly within the Trust's control.

Following identification of an 18-week Referral-to-Treatment (RTT) data system and training issues in March 2015, it was agreed by NHS Improvement, NHS England and South Manchester CCG that the Trust would cease reporting the incomplete pathway until a review had been undertaken and mitigating actions implemented. The Trust completed a comprehensive action plan, which was closely monitored by NHS Improvement and South Manchester Clinical Commissioning Group (CCG), and returned to national reporting from 1st August 2015. On the advice of the Intensive Support Team (IST), which has been working closely with the Trust, the RTT data system is being rewritten in line with the national rules and guidance for 18-week RTT. At present the Trust expects to complete validation of the new RTT data system by the end of August 2016 and will only at this time be able to agree a realistic and affordable RTT improvement trajectory with external stakeholders. The Trust will continue to keep NHS Improvement, NHS England and commissioners updated about progress.

UHSM reported thirty-six cases of *Clostridium difficile* during 2015/16. Following review with commissioners, five cases were reported against the annual objective of 39 cases as 'lapses of care' (i.e. they were considered to be avoidable); this is a 44% reduction on the previous year when nine cases were reported as 'lapses of care'. The Trust reported four cases of *MRSA bacteraemia* in 2015/16, having reported only one case in the previous year.

Table 2.3: UHSM performance against key national priorities in 2015/16, and specifically, governance indicators published in NHS Improvement's *Risk Assessment Framework (August 2015)*

Acute targets - national requirements	2015/16	2014/15	2013/14	Threshold ^(a)
18-week referral-to-treatment maximum wait:				
Non-admitted patients	91.4%	95.9%	97.7%	95.0%
Admitted patients	75.8%	90.8%	91.8%	90.0%
Patients on an incomplete pathway	87.8%	94.9%	95.1%	92.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	84.3%	91.9%	94.3%	95.0%
Maximum two month wait from referral to treatment for all cancers ^(b) :				
from urgent GP referral to treatment	87.9%	86.2%	87.3%	85.0%
from consultant screening service referral	97.7%	98.2%	98.4%	90.0%
Maximum one month wait for subsequent treatment of all cancers:				
surgery	98.6%	98.3%	98.6%	94.0%
anti-cancer drug treatment	100%	100%	100%	98.0%
Maximum one month wait from diagnosis to treatment for all cancers	98.7%	98.7%	97.7%	96.0%
Two week wait from referral to date first seen:				
all cancers	95.4%	97.1%	97.3%	93.0%
for symptomatic breast patients (cancer not initially suspected)	94.2%	97.0%	98.5%	93.0%
<i>Clostridium difficile</i> year-on-year reduction ^(c)	5	9	36	39 in 2015/16 39 in 2014/15 36 in 2013/14
MRSA - meeting the MRSA objective ^(d)	4	1	4	zero
Access to healthcare for people with a learning disability	achieved	achieved	achieved	no threshold published

Notes to **Table 2.3:**

- (e) threshold for achievement of the national standard;
- (f) 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.
- (g) From 1 April 2014, hospital-acquired incidences of *Clostridium difficile* are reported against the annual objective if they are due to 'lapses of care' as agreed with commissioners. UHSM reported thirty-six cases of hospital-acquired *Clostridium difficile* in 2015/16. Following review, five cases were reported against the annual objective of thirty-nine cases as 'lapses of care'. Prior to 2014/15, all hospital acquired *Clostridium difficile* cases were reported against the annual objective; and
- (h) the Department of Health target is zero; this target is no longer part of Monitor's *Risk Assessment Framework*.

2.3 National Benchmarking of specific Quality Indicators

The *NHS Outcomes Framework 2015/16* 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 2.4](#)):

- 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);
- 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)

SHMI is a measure of mortality developed by the Department of Health, which compares our actual number of deaths (including 30 days post discharge) with our predicted deaths; each hospital is placed into a band based upon their SHMI.

UHSM considers that this data is as described and reflects the focus that the organisation gives to reducing mortality and also that improvements in care can be made. The data is consistent with that reported by the Health and Social Care Information Centre, which is checked prior to each quarterly publication and approved by the Executive Medical Director. The SHMI data in [Table 2.4](#) demonstrates a SHMI value below 100 for the period, which indicates less mortality than predicted, though the statistical band is 'as expected'.

UHSM intends to take the following actions to improve the SHMI value and so the quality of its services, by setting a target that this indicator is within expected range. This improvement will be driven by a combination of measures to strengthen the underlying data through a clinical coding improvement plan, learning and improvements in care following participation in the National Retrospectives Clinical Record Review Process for all inpatient mortalities and the implementation of a Mortality Reduction Strategy.

Palliative care coding

UHSM considers that this data is as described for the following reasons; it accurately reflects local reviews of clinical coding data. The data in [Table 2.4](#) indicates a palliative care coding rate that is lower than the national average. Whilst the Trust has an active and effective palliative care service, it does not have dedicated palliative care beds so would not expect to see a large volume of coded activity.

UHSM intends to take the following actions to improve this percentage and so the quality of its services, by strengthening the underlying data through a Clinical Coding Improvement Plan and developing systems to clearly and accurately capture and report on the palliative care service.

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

Patient Reported Outcome Measures (PROMs)

UHSM considers that this data is as described. This matches recent data reports that the trust has had access to.

UHSM intends to take the following actions to improve score, obtain patient level data for those areas where we are outliers, meet with clinician leads and performance to identify key themes and develop local actions to be monitored through Directorate clinical governance arrangements

Emergency re-admissions within 28-days of being discharged

UHSM considers that this data is as described. As the latest period reported by the Health and Social Care Information Centre, for emergency re-admissions within 28 days of discharge (indirect standardisation to persons in 2007/08) is 2011/12, the Trust has also provided data for emergency re-admissions to *any hospital* within 28 days of discharge using the Dr Foster Quality Investigator Tool for the most recent twelve month period (October 2014 to September 2015). The Trust's emergency re-admission rate is higher than the national average for both age ranges (0-15 years and 16 years and over) and has increased in the last (twelve month) reporting period.

UHSM intends to take the following actions to improve this rate, and so the quality of its services; in response to a Care Quality Commission Intelligence Monitoring Report in November 2014, which identified that the Trust had an elevated risk with regard to neonatal re-admissions within 28 days of delivery, an initial audit was conducted to analyse the reasons for re-admission. The report identified opportunities for improvement to try to reduce those re-admissions and an action plan was implemented, and followed up by a report and further audit in May 2015 to advise on the effectiveness of those interventions. A third audit for the period June 2015 to August 2015 was presented in January 2016; this resulted in the introduction of continued neonatal re-admission quarterly audits monitored within the directorate, at the Labour Ward Forum. The local CQC Inspection Team has confirmed that it is satisfied that sufficient action has been taken and the alert is now closed.

For 2016/17, the Trust will be focussing on developing the Urgent Rapid Response Teams as part of the Neighbourhood Teams in South Manchester. This development is being led by the Community Services Directorate. Winter resilience monies provided by commissioners are supporting the recruitment of staff for these teams with the aim of becoming fully functional in August 2016. Contact with the teams for GPs and patients will be via a single point of access; the teams will prevent admissions both in community and within the Emergency Department and will support the discharge and reablement of patients who are admitted with a view to re-admission. Key performance indicators for the neighbourhood teams are being developed and will include re-admissions within 90 days.

DOMAIN: ENSURING THAT PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE

Responsiveness to inpatients' personal needs

UHSM considers that this data is as described. The results of the National Inpatient Survey 2015 are similar to previous years' results. UHSM is aligned to the national average scores. The Trust has improved on two questions since the survey in 2014 and has not worsened in any 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. The Trust's Accreditation Scheme, due to be reviewed this year will set standards and drive, whilst also ensuring that UHSM is open and honest about the safety and quality of care that patients can expect.

Staff who would recommend the Trust to friends or family

UHSM considers that this data is as described for the following reasons; it matches data in the national annual report.

UHSM intends to take the following actions to improve these scores by working through a plan of action through the Workforce and Education committee

Friends and Family Test for inpatients and A&E

UHSM considers that this data is as described for the following reasons; it is in agreement with the data produced by the Trust on a monthly basis to monitor responses and response rates. The data in **Table 2.4** indicates performance is close to the national average in terms of positive recommendations, though the Trust has a higher than average inpatient response rate and a lower than average response rate for A&E.

UHSM intends to take the following actions to improve these scores and so the quality of its services, by continuing the programme of work to improve overall patient experience and highlight specific data from patients who provide a negative response to better understand how the Trust can act on their response and improve services and enhance the patient experience. The Trust has piloted a real-time solution for the Friends and Family Test and is due to undertake a procurement exercise over the next three months to align methodologies and the provider of services. The focus for the Friends and Family Test over the coming year will be on generating improvements as a result of the patient feedback received.

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

Risk assessment of Venous Thromboembolism

UHSM considers that this data is as described for the following reasons; it is in agreement with the data produced by the Trust on a monthly basis to monitor assessment rates. The data in **Table 2.4** indicates that the Trust is just below national averages though has exceeded the national target of 95%.

UHSM intends to take the following actions to improve this percentage and so the quality of its services, by continuing to review performance on a monthly basis, improve data quality through validation, use of ward-based data displays (Smart Boards), by re-launching Root Cause Analysis of incidents and by auditing and acting on assessment data through the NHS Safety Thermometer. In addition, monthly review and validation of data collection methods is continuing. An element on assessments (including VTE assessments) is included in the Trust's Accreditation Scheme.

Clostridium difficile incidence

UHSM consider that this data is as described for the following reasons; the data from the pathology reporting system is validated every month against the record of positive samples that are reported on the Public Health England data capture system. The validated data is reviewed and approved by the Chief Nurse/ Executive Director for Risk & Governance, on behalf of the Chief Executive, before the fifteenth day of each month when the data capture system closes and is locked down.

UHSM intends to take the following actions to improve this incidence rate and so the quality of its services. The Trust has completed the proposed actions from last year's Infection Prevention Annual Plan and continues to make improvements to achieve the 2016/17 of (no more than) thirty-nine cases by:

- reviewing policies and procedures in line with national guidance;

- supporting the clinical directorates by organising and leading the multi-disciplinary root-cause analysis meetings;
- continuing to meet with the Greater Manchester leads on a monthly basis to validate each unavoidable case; and
- continuing to support the implementation of the annual anti-microbial plan, as well as delivering a robust audit programme for 2016/17 to support achievement of the objective.

Patient safety incidents

UHSM considers that this data is as described for the following reasons; it is in line with the data produced through the Trust's internal monitoring processes and reflects the Trust's mechanisms for reviewing and validating reported incidents. The data in **Table 2.4** reports the Trust notes that its rates for reporting and patient harm is above national average and is showing a sustained improvement trajectory on previous years.

UHSM intends to take the following actions to maintain reporting rates and reduce harm and so the quality of its services by successful participation in the Sign-up to Safety Programme, acting upon data and trends from the National Safety Thermometer audit and through the improved standards of care delivered by the Trust's Accreditation Scheme. The Trust has an open and honest approach to reporting patient safety incidents this is supported through training, local and corporate induction and review of data and trends and speciality governance meetings.

Table 2.4: National benchmarking of UHSM's performance for selected indicators from the *NHS Outcomes Framework*

Domain	Indicator	2015/16	National average	Best performer	Worst performer	2014/15	2013/14
Preventing people from dying prematurely	SHMI value and banding (October 2014 - September 2015) * <i>see note (a)</i>	0.993 Band 2 (as expected)	1.0 Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.652) Band 3 (better than expected)	North Tees and Hartlepool (1.177) Band 1 (worse than expected)		
	(July 2014 - June 2015)	1.020 Band 2 (as expected)	1.0 Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.661) Band 3 (better than expected)	North Tees and Hartlepool (1.209) Band 1 (worse than expected)		
	(April 2014 - March 2015)	1.020 Band 2 (as expected)	1.0 Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.670) Band 3 (better than expected)	North Tees and Hartlepool (1.210) Band 1 (worse than expected)		
Enhancing quality of life for people with long-term conditions	(January - December 2014)	1.000 Band 2 (as expected)	1.0 Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.655) Band 3 (better than expected)	Medway (1.243) Band 1 (worse than expected)		
	% of patient deaths with palliative care coded (October 2014 - September 2015)*	22.0%	26.6%	N/A	N/A		
	(July 2014 - June 2015)	17.2%	26.0%	N/A	N/A		
	(April 2014 - March 2015)	11.5%	25.7%	N/A	N/A		
	(January - December 2014)	7.7%	25.7%	N/A	N/A		
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 (April to December 2015)* <i>see note (b)</i>	0.095 Count of modelled records = 77	0.087	South Warwickshire (0.132) Count of modelled records = 97	University Hospitals Coventry & Warwickshire (0.024) Count of modelled records = 43	0.070 Count of modelled records = 85 (2014/15)	0.071 Count of modelled records = 84 (2013/14)
	Patient reported outcome scores for varicose vein surgery: Case-mix adjusted average health gain (2015/16)* <i>see note (b)</i>	0.126 Count of modelled records = 69	0.100	West Hertfordshire Hospitals (0.147) Count of modelled records = 49	Bedford Hospital (0.036) Count of modelled records = 37	0.092 Count of modelled records = 111 (2014/15)	0.095 Count of modelled records = 60 (2013/14)

Domain	Indicator	2015/16	National average	Best performer	Worst performer	2014/15	2013/14
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 (2015/16)* <i>see note (b)</i>	0.465 Count of modelled records = 54	0.449	Basildon and Thurrock University Hospitals (0.543) Count of modelled records = 54	Walsall Healthcare (0.270) Count of modelled records = 40	0.375 Count of modelled records = 112 (2014/15)	0.433 Count of modelled records = 103 (2013/14)
	Patient reported outcome scores for knee replacement surgery: Case-mix adjusted average health gain (2015/16)* <i>see note (b)</i>	0.330 Count of modelled records = 52	0.331	Northern Devon Healthcare (0.395) Count of modelled records = 61	Barking, Havering and Redbridge University Hospitals (0.215) Count of modelled records = 30	0.279 Count of modelled records = 125 (2014/15)	0.321 Count of modelled records = 110 (2013/14)
	28-day readmission rate for patients aged 0-15 (2011/12)* <i>see note (c)</i>	10.5%	8.7%	The Princess Alexandra Hospital (5.1%)	The Royal Wolverhampton Hospitals (14.9%)	8.7% (2010/11)	7.7% (2009/10)
	28-day readmission rate for patients aged 16 or over (2011/12)* <i>see note (c)</i>	11.0%	10.3%	Weston Area Health (8.7%)	Epsom and St Helier University Hospitals (13.8%)	11.4% (2010/11)	11.1% (2009/10)
	28-day re-admission rate for patients aged 0-15 (October 2014 to September 2015) ** <i>see note (c)</i>	10.7%	8.6%	North Bristol (3.8%)	Luton and Dunstable University Hospital (14.6%)	10.3% (October 2013 to September 2014)	10.0% (October 2012 to September 2013)
	28-day re-admission rate for patients aged 16 or over (October 2014 to September 2015) ** <i>see note (c)</i>	9.5%	8.8%	University College London Hospitals (5.3%)	South Tyneside (12.4%)	8.4% (October 2013 to September 2014)	8.6% (October 2012 to September 2013)
Ensuring that people have a positive experience of care	Responsiveness to inpatients' personal needs: National Inpatient Survey score (2014/15)***	70.3%	68.9%	The Royal Marsden (86.1%)	Croydon Health Services (59.1%)	65.9% (2013/14)	68.0% (2012/13)
	Percentage of staff who would recommend the provider to friends or family needing care (2015)****	79.3%	69.2%	The Newcastle Upon Tyne Hospitals (89.3%)	Mid Yorkshire Hospitals (45.7%)	79.4% (2014)	80.8% (2013)
	Percentage of inpatients who would be likely to recommend the ward to friends and family (2015/16)*****	96.1% 33.9% response rate	95.4% 24.5% response rate	Royal Berkshire (99.2%) 29.2% response rate	Medway (84.2%) 25.0% response rate	95.0% 42.8% response rate	94.0% 30.5% response rate

Domain	Indicator	2015/16	National average	Best performer	Worst performer	2014/15	2013/14
	Percentage of patients attending A&E would be likely to recommend the A&E department to friends and family (2015/16)****	85.9% 15.9% response rate	87.1% 13.7% response rate	City Hospitals Sunderland (96.7%) 16.4% response rate	North Middlesex University Hospital (63.1%) 12.4% response rate	87.0% 17.8% response rate	87.8% 5.8% response rate
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 2015 - December 2015)****	95.2%	95.7%	Basildon and Thurrock University Hospitals (99.7%)	Hull and East Yorkshire Hospitals (80.6%)	96.1%	95.4%
	Rate of <i>C. difficile</i> per 100,000 bed days for specimens taken from patients aged 2 years and over (Trust apportioned cases) (2014/15)***** <i>see note (d)</i>	16.3 Count of trust apportioned cases = 43	15.1	Chelsea & Westminster Hospital (3.8) Count of trust-apportioned cases = 5	The Royal Marsden (62.2) Count of trust-apportioned cases = 37	14.0 Count of Trust apportioned cases = 36	16.6 Count of Trust apportioned cases = 46
	Rate of patient safety incidents per 1,000 bed days (October 2014 - March 2015)***** <i>see note (e)</i>	39.6 Count of incidents = 5,268	37.2	United Lincolnshire Hospitals (20.01) <i>see note (f)</i>	City Hospitals Sunderland (72.79) <i>see note (f)</i>	34.6 (April - September 2014)	N/A
	Percentage of patient safety incidents reported that resulted in severe harm or death (October 2014 - March 2015)*****	0.23% Count of incidents = 12	0.50%	Poole Hospital (0.05%) Reported 2 incidents resulting in severe harm or death	South Warwickshire (5.2%) Reported 128 incidents resulting in severe harm	0.15% Count of incidents = 7 (April - Sept 2014)	0.54% Count of incidents = 21 (October 2013 - March 2014)

- * Information obtained from the Health and Social Care Information Centre website
- ** Information obtained from Dr Foster
- *** 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 form comparison is obtained from the National Reporting and Learning System (NRLS) and compares only trusts that are in the Acute/ non-specialist categories of hospital

Notes to **Table 2.4:**

- (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) 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.

PROMs are reported for primary knee replacements and primary hip replacements. PROMs scores for hip and knee replacement revisions are also published nationally.

The latest available time period for the emergency re-admissions to hospital within 28 days of discharge from hospital (ages 0-15 years and ≥ 16 years), calculated by the Health and Social Care Information Centre, is 2011/12. Emergency re-admissions data for 2011/12 is standardised to persons in 2007/08 using an indirect age, sex, method of admission, diagnosis and procedure standardisation. This publication was released in April 2014.

Emergency re-admissions **to any hospital** within 28 days of discharge from hospital (ages 0-15 years and ≥ 16 years) are calculated using the Dr Foster Quality Investigator tool for a more recent twelve-month period (date). It is important to note that the Health and Social Care Information Centre and Dr Foster use different methodology to determine the re-admission rate within 28 days; the values calculate using each approach are not therefore directly comparable.

- (c) For up-to-date *Clostridium difficile* data for the most recent financial year performance, please see the quality priority review for reducing avoidable harm to patients, on **page 13**.
- (d) The guidance provided by the Health and Social Care Information Centre states that the rate of patient safety incidents should be reported as a 'rate per 100 admissions'. In the latest two publications, however, the rate of patient safety incidents is reported 'per 1,000 bed days'. As previous publications report the rate of patient safety incident per 100 admissions, it has not been possible to compare earlier reporting periods for this revised indicator.
- (e) The count of patient safety incidents is not provided because different trusts have reported data for a different number of months.

3. Priorities and Proposed Initiatives for 2016/17

This section sets out how UHSM will deliver safe, high-quality services during 2016/17. The quality priorities are described against the four quadrants of the Trust's Quality Diamond, which is broadly consistent with the four main sections of the NHS Improvement guidance.

UHSM has discussed its future priorities with South Manchester Clinical Commissioning Group (CCG) and Trafford CCG during the wider health economy development sessions on Making Safety Visible. The proposed 2016/17 priorities have been shared with, and are supported by, the Governors' Patient Experience Committee. The Trust has taken into account the feedback received from staff during the consultation phase of the new Nursing and Midwifery Strategy and also as result of internal assessment against the five core domains (as part of the preparation for CQC inspection) in developing its quality improvement priorities for 2016/17.

Progress against these priorities will be monitored and measured by operational leads using specific metrics and reported to the Quality Improvement Committee, chaired by a Non-executive Director, on a quarterly basis.

The following sections address the 'approach to quality planning' requirements of the NHS Improvement guidance and outlines the key activities required to deliver our objectives.

3.1 Strategic Objective - Delivering high-quality care by improving patient safety

The Trust's three quality priorities for 2016/17 are:

- (i) **Patient Safety** - we will focus on our 'Sign-up to Safety' Programme, which has five key areas to focus on reducing harm in line with our goal to improve our care for the frail and elderly population. These are to achieve a reduction in harm by 2017 in relation to falls, pressure ulcers, sepsis, acute kidney injury, hydration and nutrition.

We will continue to measure and act upon harm as identified by the National Safety Thermometer and have set challenging key performance indicators for harms for Venous Thromboembolism (VTE), falls, pressure ulcers and catheter-associated Urinary-tract Infections (UTIs). We will also develop further the medication and maternity modules of the National Safety Thermometer Tool.

Infection prevention will remain a key focus with an emphasis on no hospital-acquired MRSA infections, meeting our *Clostridium difficile* targets, as well as our toolkit screening requirements for CPE (Carbapenemase-producing Enterobacteriaceae).

In order to monitor and receive assurance about standards and treatment of care we will review and further develop our programmes of work including nursing audit, ward accreditation and non-ward based clinical visits.

- (ii) **Mental health** - we will work to improve our support and treatment for patients who present to UHSM with mental illness. This includes a new policy and pathway for the care and management of patients who self-harm and for the observation of patients both pre- and post-mental health assessment. We will audit the impact of these policies through 2016/17. We will build a team of mental health professionals who will work closely with mental health providers in developing patient pathways and improving the education provided to our staff.
- (iii) **Electronic Patient Record (EPR)** - UHSM agreed to procure an EPR system from Allscripts Sunrise solution in September 2015. The aim of the EPR is to improve clinical outcomes, reduce patient harm and support efficiency improvements. The programme of work is being led by clinical staff supported by the Trust's Information Management and

Technology (IM&T) Team. In 2016/17 the first phase will 'go live' with initial clinical documentation, results and requesting and integration of key clinical systems. Implementation will ensure that UHSM is strategically stronger in the development of the EPR across Greater Manchester and will enable data sharing of clinical information. Investment in IM&T infrastructure will also continue to be made in 2016/17 to support the EPR Programme including improvements to the network, data centre and Wi-Fi access.

Additional areas for improvement in 2016/17 include:

- (iv) **Duty of Candour** - by embedding our new Duty of Candour Policy we will improve the management and monitoring of incidents that require this approach. This will be supported by a new programme of bespoke training.
- (v) **CQC Rating Improvement Plan** - the Trust has recently completed its CQC inspection and actions will be developed to address any low scoring domains across the nine service areas and incorporated into our quality priorities following the publication of the inspection findings.
- (vi) **Incidents** - by monitoring, learning from, and acting on incidents where patient harm occurs, or where a near miss has been recognised, the Trust will promote a safe patient environment. The Trust will improve systems for monitoring patient-safety incidents and will analyse and triangulate with other data sources in order to identify where risks may occur and enable operational teams to put action in place to remove or reduce risk of patient harm. The Trust will also invest in systems and technology to ensure that when deficiencies in care has been identified, that the actions to remedy them are monitored and effectively delivered.

3.2 Strategic Objective - Pursuing high-quality clinical outcomes

- (i) **Mortality Reduction** - in line with national guidance, we will develop and implement a mortality-reduction strategy alongside strengthened governance arrangements. We will participate in the new national Retrospective Clinical Record Review process; this will be a mechanism for improving pathways of care, reducing variability of care delivery through the use of care bundles, and early recognition and escalation of care of the deteriorating patient. We will also instigate a Clinical-coding Improvement Plan.
- (ii) **Acting on national guidance** - UHSM will ensure that outcomes are influenced by best national practice and evidence. We will implement new local safety standards for interventional procedures, implement findings from national reports (NCEPOD, etc.), adhere to national guidance (NICE, etc.) and act on the findings of national audit reports.

(iii) Research & Development

Refresh R&D Strategy - refresh the Trust's Research & Development Strategy to support the position of being one of the leading teaching and research hospitals in Manchester.

Respiratory Biomedical Research Centre (BRC) application - the Trust is one of the largest respiratory service providers in England with a number of clinical academic posts. 2016/17 will see submission of a BRC, including a respiratory medicine theme, in collaboration with Central Manchester University Hospitals NHS Foundation Trust (CMFT) and the University of Manchester.

- (iv) **Seven-day services** - UHSM has been designated as an early implementer site of seven-day services as part of the work in England to transform healthcare services. We are within the first twenty-five percent of trusts that are working with NHS England and other acute

organisations across Greater Manchester to address and deliver seven-day services including the associated ten clinical standards. The aim is to improve clinical outcomes and patient experience to reduce the risk of morbidity and mortality following weekend admission in a range of specialties and to provide consistent NHS services, across all seven days of the week.

A Seven-day Services Steering Group, comprising key internal and external stakeholders (clinical and non-clinical members) has been established to oversee delivery of the programme. Clinical and project leads have been identified to deliver the priority clinical standards by a whole-system approach, with an opportunity to work collaboratively and deliver transformational plans.

NHS England recommends and expects that twenty-five percent of the population will have access to four of the ten National Clinical Standards by April 2017. The remaining six clinical standards will need to be met by all organisations, by 2020.

3.3 Duty of Candour

The Trust's new Duty of Candour Policy in August 2015, which was ratified at the Quality Improvement Committee in October 2015. The policy sets out the appropriate processes for communicating with a patient and/ or family/ carer following a patient-safety incident, the severity of which is graded as a moderate or above (Category A, B or C), and must be followed in conjunction with the Trust's Incident Reporting and Investigation Policy. The Policy allows the monitoring of Stage 1 and Stage 2 Duty of Candour letters sent to the patient and/ or their family/ carer.

Based on the Sage and Thyme Communication, a training package for Duty of Candour was developed and rolled out in December 2015.. Feedback from the training sessions has been very favourable.

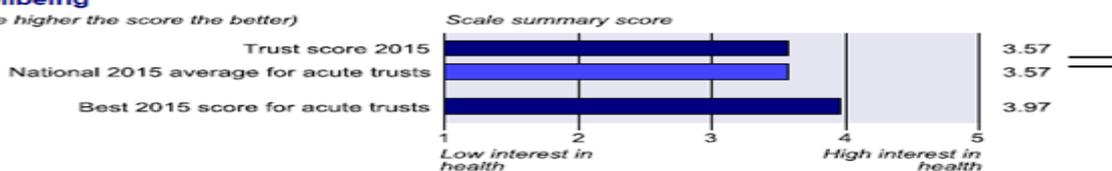
Duty of Candour compliance continues to be monitored, on a weekly basis, at the Trust's Risk and Governance Review Group and will be added to divisional and Board performance reports. UHSM is in regular communication with the Clinical Commissioning Group in about this matter.

3.4 NHS Staff Survey Results

The NHS Staff Survey results demonstrate that in three of the key criteria the Trust performs close to the national average, but in harassment, bullying or abuse the Trust is below the national average; the 2015 result was worse than the previous year. UHSM is responding to the findings via a dedicated HR project and a revised Organisational Development Strategy, which will incorporate leadership and engagement and will be monitored by the Workforce and Education Committee.

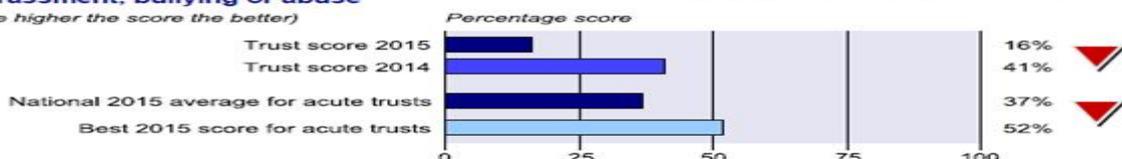
KEY FINDING 19. Organisation and management interest in and action on health and wellbeing

(the higher the score the better)

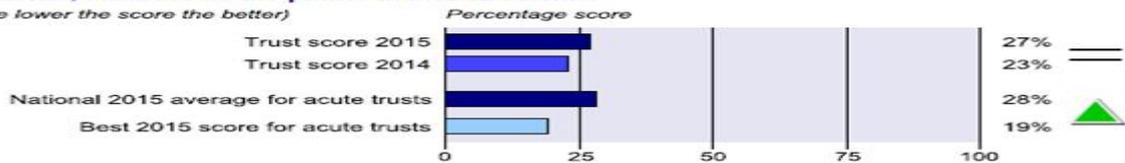


KEY FINDING 27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse

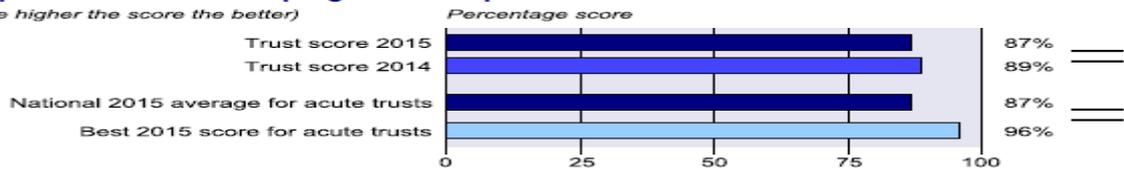
(the higher the score the better)



KEY FINDING 25. Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months
(the lower the score the better)



KEY FINDING 21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion
(the higher the score the better)



3.5 Care Quality Commission Rating

UHSM was inspected by Care Quality Commission (CQC) in January 2016 and expects a report to be published in the first quarter of 2016. Following publication, all actions from the CQC inspection will be monitored at the monthly Management Board meeting. UHSM is reviewing options available for a new system to monitor CQC compliance using leading and lagging indicators. Longer-term actions and plans in respect of certain areas, e.g. safeguarding and community services, are ongoing.

4. Statements of Assurance from the Board of Directors

4.1 Review of Services

During 2015/16 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 53 of these relevant health services. The income generated by the relevant health services reviewed in 2015/16 represents circa 98% of the total income generated from the provision of relevant health services by the Trust for 2015/16.

UHSM provided the 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 4.1**. 51 of the services were subject to clinical audit activity and 5 services were subject to Cancer Peer Review in 2015-16. Clinical outcome data was reviewed for 50 of the 72 services using the CHKS and Dr Foster benchmarking tools.

The Trust will use the list of services, provided to 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 4.1: Summary of the quality of services review, 2015/16

	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	●		●

	Service	Clinical Audit activity	Cancer peer review	Clinical outcome data
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	●		●
56.	Respiratory Medicine	●		●
57.	Rheumatology	●		●
58.	Speech and Language Therapy	●		●
59.	Thoracic Surgery	●		●
60.	Thyroid	●		●
61.	Tier 2 Chronic Obstructive Pulmonary			
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			

4.2 Participation in Clinical Audits

During 2015/16, 38 national audits and 3 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 2015/16 are listed in the table that follows.

Table 4.2: The national clinical audit and confidential enquires that the Trust was eligible to participate in during 2015/16

	Name of audit/ focus area
Peri- and Neo-natal	1. Neonatal Intensive and Special Care (NNAP) 2. Maternal, New-born and Infant Clinical Outcome Review (MBRRACE-UK)
Children	3. Childhood Asthma (BTS) 4. Child's Vital Signs (RCEM)
Acute Care	5. Adult Asthma (British Thoracic Society) 6. ICNARC (CMP) 7. Medical and Surgical Clinical Outcome Review Programme (NCEPOD) 8. National Emergency Laparotomy Audit (RCOA) 9. National Joint Registry (NJR) 10. Procedural Sedation of Adults (RCEM) 11. Non-Invasive Ventilation in Adults 12. Emergency use of Oxygen (BTS) 13. Cardiac Arrest (ICNARC)
Long-term Conditions	14. National COPD Audit Programme (RCP) 15. Diabetes (National Adult Diabetes Audit) 16. Diabetes (National Paediatric Diabetes Audit) 17. Inflammatory Bowel Disease Programme (RCP) 18. Rheumatoid and Early Inflammatory Arthritis 19. Cystic Fibrosis Register 20. UK Parkinson's
Elective Procedures	21. Elective Surgery (National PROMs Programme)
Cardiovascular Disease	22. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP) 23. Cardiac Rhythm Management (CRM) 24. Coronary Angioplasty/ National Audit of PCI (NICOR) 25. National Adult Cardiac Surgery Audit (NICOR) 26. National Vascular Registry 27. National Heart Failure Audit (NICOR)
Cancer	28. Bowel Cancer - NBOCAP 29. Head and Neck Oncology (DAHNO) 30. National Prostate Cancer Audit (CEU-RCSE) 31. Oesophago-gastric Cancer (National O-G Cancer Audit) 32. Lung Cancer (NCLA)
Trauma	33. Major Trauma (Trauma Audit and Research Network)
Blood and Transplant	34. National Comparative Audit of Blood Transfusion
Older People	35. Falls and Fragility Fractures Audit Programme (RCP) 36. Sentinel Stroke National Audit Programme (SSNAP) 37. Care in Emergency Departments 38. National Audit of Intermediate Care

NCEPOD studies participated in during 2015/16

NCEPOD study	Cases submitted
Acute Pancreatitis	One organisational questionnaire completed Five cases included and five questionnaires completed
Physical and mental health care of mental health patients in acute hospitals	One organisational questionnaire completed Five cases included and five questionnaires completed
Non-invasive ventilation	One organisational questionnaire completed

The national clinical audits and national confidential enquiries that UHSM participated in, and for which data collected was completed during 2015/16, 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 4.3: Review of Trust participation in relevant national clinical audit and national confidential enquiries in 2015/16

Name of audit/ focus area	% of cases submitted	
Peri- and Neo-natal	1. Neonatal Intensive and Special Care (NNAP)	100
	2. Maternal, New-born and Infant Clinical Outcome Review Outcome Review (MBRRACE-UK)	100
Children	3. Childhood Asthma (British Thoracic Society)	100
	4. Child's Vital Signs (RCEM)	100
Acute Care	5. Adult Asthma (British Thoracic Society)	100
	6. ICNARC (CMP)	100
	7. Medical and Surgical Clinical Outcome Review Programme (NCEPOD)	100
	8. National Emergency Laparotomy Audit (RCoA)	100
	9. National Joint Registry (NJR)	100
	10. Procedural Sedation of Adults (RCEM)	100
	11. Non-Invasive Ventilation in Adults	100
Long-term Conditions	12. Emergency use of Oxygen (BTS)	100
	13. Cardiac Arrest (ICNARC)	100
	14. National COPD Audit Programme (RCP)	100
	15. Diabetes (National Adult Diabetes Audit)	100
	16. Diabetes (National Paediatric Diabetes Audit)	100
	17. Inflammatory Bowel Disease Programme (RCP)	100
	18. Rheumatoid and Early Inflammatory Arthritis	100
Elective Procedures	19. Cystic Fibrosis Register	100
	20. UK Parkinson's	100
Cardiovascular Disease	21. Elective Surgery (National PROMs Programme)	92*
	22. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	70**
	23. Cardiac Rhythm Management (CRM)	100
	24. Coronary Angioplasty/ National Audit of PCI (NICOR)	100
	25. National Adult Cardiac Surgery Audit (NICOR)	100
	26. National Vascular Registry	100
	27. National Heart Failure Audit (NICOR)	100
Cancer	28. Bowel Cancer - NBOCAP	100
	29. Head and Neck Oncology (DAHNO)	100
	30. National Prostate Cancer Audit (CEU-RCSE)	100
	31. Oesophago-gastric Cancer (National O-G Cancer Audit)	100
	32. Lung Cancer (NCLA)	100

Trauma	33. Major Trauma (Trauma Audit and Research Network)	100
Blood and Transplant	34. National Comparative Audit of Blood Transfusion	100
Older People	35. Falls and Fragility Fractures Audit Programme (RCP)	100
	36. Sentinel Stroke National Audit Programme (SSNAP)	100
	37. Care in Emergency Departments	100
	38. National Audit of Intermediate Care	100

* PROMs 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.

** MINAP data entry encountered a hiatus during 2015/16 due to staffing shortages; this has now been addressed and the Trust is working through the backlog and expects to have full data-entry completed in mid-2016.

*List of acronyms to **Tables 4.2 and 4.3:***

BTS	British Thoracic Society
CEU	Clinical Effectiveness Unit
CMP	Case Mix Programme
COPD	Chronic Obstructive Pulmonary Disease
CRM	Cardiac Rhythm Management
DAHNO	Data for Head and Neck Oncology
ICNARC	Intensive Care National Audit & Research Centre
MBRRACE-UK	Mothers and Babies: Reducing Risk through Audits and Confidential Enquiries across the UK
MINAP	Myocardial Ischaemia National Audit Project
NBOCAP	National Bowel Cancer Audit Programme
NCEPOD	National Confidential Enquiry into Patient Outcome and Death
RCoA	Royal College of Anaesthetists
NCLA	National Lung Cancer Audit
NICOR	National Institute for Clinical Outcomes Research
NJR	National Joint Registry
NNAP	National Neonatal Audit Programme
O-G	Oesophago-gastric
PCI	Percutaneous Coronary Intervention
PROMs	Patient Reported Outcome Measures
RCEM	Royal College of Emergency Medicine
RCSE	Royal College of Surgeons of England
RCP	Royal College of Physicians
SSNAP	Sentinel Stroke National Audit Programme

The reports of 6 national clinical audits were reviewed by the provider in 2015/16 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

Cardiothoracic Transplantation - this audit demonstrates that national activity is increasing year-on-year and that median waiting time for transplant at UHSM was the second lowest nationally. Survival post heart transplant at 1 year was best unadjusted and second best adjusted.

Table 6.1 30 day patient survival after first adult heart transplants, by centre, 1 April 2010 and 31 March 2014				
Centre	Number of transplants	% 30 day survival (95% CI)		
		Unadjusted	Risk-adjusted	
Newcastle	82	81.7	(71.5 - 88.5)	83.8 (73.1 - 90.2)
Papworth	122	92.6	(86.3 - 96.1)	93.0 (86.6 - 96.4)
Harefield	65	87.7	(76.9 - 93.6)	83.5 (67.1 - 91.8)
Birmingham	79	88.6	(79.3 - 93.9)	90.1 (81.0 - 94.9)
Manchester	82	92.7	(84.4 - 96.6)	91.9 (81.9 - 96.3)
Glasgow	47	80.9	(66.4 - 89.5)	78.9 (59.5 - 89.0)
UK	477	88.3	(85 - 90.8)	

Survival post lung transplant at 1 year was also the best nationally.

Table 11.2 1 year patient survival after first adult lung transplants, by centre, 1 April 2010 and 31 March 2014				
Centre	Number of transplants	% 1 year survival (95% CI)		
		Unadjusted	Risk-adjusted	
Newcastle	196	80	(73.5 - 85)	78.1 (70.0 - 84.1)
Papworth	130	81.4	(73.5 - 87.1)	80.9 (71.6 - 87.2)
Harefield	214	82.6	(76.8 - 87.1)	83.6 (77.4 - 88.1)
Birmingham	63	73	(60.2 - 82.3)	74.2 (58.5 - 84.0)
Manchester	104	83.6	(75 - 89.5)	84.0 (74.2 - 90.0)
UK	707	80.9	(77.8 - 83.7)	

National Cardiac Arrest Audit - this audit demonstrated that outcomes (survival) were better than the risk-adjustment tool predicted. The Resuscitation Team has reviewed the cases where the audit suggested there was potential for an improved outcome, however no lapses in care were found.

National Vascular Surgery Registry - this audit of carotid endarterectomy procedures demonstrated zero incidence of post-operative complications or inpatient mortality.

Year		Number of procedures	Myocardial Infarction (%)	Stroke within 30 days (%)	Cranial nerve injury (%)	Mortality (%)
2013	UHSM	103	0	0	0	0
	National average (n=5,571)	48 (per trust)	22 (0.4%)	103 (1.8%)	93 (1.7%)	27 (0.4%)
2014/15	UHSM	51	0	0	0	0
	National average	NA	(0.6%)*	(1.6%)*	(1.7%)*	(0.5%)*

*Official national reports not yet published, data extrapolated

The audit of elective and emergency AAA (Abdominal Aortic Aneurysm) procedures has demonstrated zero incidence of inpatient mortality.

Year		Number of procedures	Mortality (%)
2013	UHSM	100	0.0%
	National Average	5,166	2.2%
2014	UHSM	67	0.0%
	National Average	4,896	1.7%

National Heart Failure Audit - report on 2013/14 data, published October 2015. The Trust is compliant with NICE guidelines, a minimum dataset, patients treated on cardiology wards or through an in-reach service and good scores on the treatment and management of heart failure. The Trust is non-compliant with recommendation for coding of heart failure. The coding of heart failure is being addressed by the Clinical Coding Team.

National Paediatric Diabetes Audit - audit of monitoring and care process documentation outcomes as compared to the national average. UHSM is above the national average in all areas and in the top five performing services in the North West. The Trust is compliant with all six recommendations from the national report, although there are requirements for the Trust to maintain a high-level of compliance.

Intensive Care National Audit & Research Centre (ICNARC) - a review of Intensive Care services and outcomes. The audit found low infection rates, low 'low risk' mortality, low 'out-of-hours' discharge rates. Opportunities for the Trust to improve include addressing a slight increased mortality in 'higher mortality' patients, an increase in re-admissions, and a trend in increasing numbers of delayed discharges.

Learning from Local Clinical Audits

Sharps Audit - observe and assess sharps practice within Wythenshawe Hospital. Equipment, practice, and awareness were rated using a Red-Amber-Green (RAG) scale, with red (0-50%) requiring immediate action, amber (51-80%) suggesting concern, and green (81-100%) for achieving areas. Equipment received four green ratings and one amber; practice received eight green ratings, one amber, and one red; awareness received two green and one red ratings. Suggested actions include: ensuring the Sharpsafe NPSD systems are always available; training to ensure containers are correctly labelled; increase training to ensure sharps containers are temporarily closed when not in use; and ensure safety posters are clearly displayed.

MRSA Audit - review whether patients admitted to the Trust, with known MRSA, are being managed appropriately as per the UHSM MRSA Policy. MRSA screening is well embedded at UHSM, but screening of emergency admissions takes longer than the recommended time period. There is also a delay in reviewing patients admitted with a history of MRSA. Actions have been taken in the last couple of years to increase access to Health-care Associated Infections (HCAI) alerts. Additionally, there was an incidental finding of a number of incorrect prescriptions and administration of decolonisation therapy. The audit action plan needs to be disseminated in order to develop local action plans, wards need a process for accessing and acting on alerts, and awareness and knowledge of correct decolonisation treatment needs to be raised.

Infection Prevention and Control Monthly Audits - Monthly audits are performed across the wards to monitor antimicrobial stewardship, environmental factors, hand hygiene, patient shared equipment and saving lives high-impact interventions (HII). A total of seventeen factors were monitored in October 2015 and twelve of these achieved 95% compliance or higher. Factors requiring improvement include: commode audit (88.2% compliance), HII 1a Central Venous Catheters - Insertion (87.9% compliance), HII 2a Peripheral Cannulas - Insertion (91.2% compliance), HII 2b Peripheral Cannulas - On-going (94.9% compliance), and antimicrobial (51.4% compliance). Monthly action plans are required for audit results below one hundred percent.

Falls Monthly Audits - monthly audits are performed to examine moving-and-handling review and care-plan compliance, falls review and care plan compliance, and bed rails assessment compliance. Each month six wards are audited by examining five patient records on each ward. In September, wards A1, A3, A9, the Admissions Lounge, the Acute Medical Unit (AMU) ward A10, and Wilson ward were audited. In the moving-and-handling review, four wards achieved full compliance, whilst wards A1 and A3 achieved 92% and 88% respectively in both the review and

care plan compliance. In the Falls Review, five wards received full compliance, with ward A1 only reaching 92%. In the Falls Care Plan audit three wards were fully compliant, the audit was not relevant to the Admissions Lounge, and wards A1 and Wilson ward fell below the assurance level at 83% and 78%, respectively. The bed rails assessment audit only saw two wards reach 100% compliance; wards A1 (85%), A9 (91%), AMU A10 (60%) and Wilson ward (60%) were below the 95% standard set for these audits. Wards are required to produce an action plan where compliance is below the 95% standard. Wards are monitored twice a year or more often if they are underperforming.

Safeguarding Children Voice of the Child - the purpose of the audit is to ensure that *all agencies place the child's voice, wishes and feelings at the centre of all their work* (MSCB 2014). Every assessment must be informed by the views of the child as well as the family (DCSF 2015). Case reviews, thematic reviews and audits reinforce the requirement for the voice of the child to be central to all activity associated with safeguarding children (MSCB 2015). The ward manager has been advised to raise awareness with staff of the Voice of the Child guidance and re-audit in 2016.

Never Events Audit - following the Never Event incident identified in August/ September 2014 at the Nightingale Centre, an audit was commissioned by Public Health England (PHE)/ NWQA of multiple-site biopsies carried out in the period September 2013-2014 inclusive. Although clinical outcome data/ results of final surgical histology indicate concordant results, the main process audit suggests some areas where documentation of the biopsy pathway could be strengthened. It is worth noting that there is no national NHS Breast Screening Programme (BSP) guidance on documentation of the biopsy pathway and so each screening unit must devise a system that is safe and easy to use and easy to audit.

4.3 Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by UHSM in 2015/16, which were recruited to participate in research approved by a research ethics committee was 5,119. This figure is based on the Local Clinical Research Network records, and data from local researchers.

The Trust was involved in conducting 247 clinical research studies in 2015/16. It used national systems to manage the studies in proportion to risk. These studies covered all medical specialties and were supported by 113 dedicated clinical or academic research staff.

The average approval time for new studies through the centralised system for obtaining research permissions was 10 days, a reduction of 15 days compared to 2014/15

Over 97% of the commercial studies were established and managed under national model agreements and 99% of the honorary research contracts issued were through the Research Passport Scheme. In the last year, 313 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 Goals Agreed with Commissioners

UHSM's income in 2015/16 was not conditional on achieving quality improvement and innovation goals through the Commissioning for Quality and Innovation payment framework. Following the consultation of the proposed national tariff in 2015/16, seventy-five percent of relevant providers by share of supply, objected to the proposed method for determining national prices for NHS services. Under the legislation governing the NHS payment system, the proposals cannot be

introduced if the proportion of Clinical Commissioning Groups (CCGs), or the proportion of relevant providers (by number or weighted by share of supply), who object to the method equals or exceeds fifty-one percent, unless there is a reference to the Competition and Markets Authority. Trusts were then required to choose one of two tariff options for 2015/16, either:

- **Default Tariff rollover (DTR)** - trusts would operate the same price as 2014/15 but would lose CQUIN funding; or
- **Enhanced Tariff Option (ETO)** - trusts would operate 2015/16 prices (which were 1.6% - 1.9% lower than 2014/15) and would only be reimbursed 70% of cost for specialised services above a set baseline.

UHSM quantified the best option financially and chose the DTR for 2015/16, which meant that no income was received for CQUIN during the year.

4.5 Care Quality Commission Statement

UHSM is required to register with the Care Quality Commission and its current registration status is that the Trust is registered to carry out regulated activities at the locations specified. UHSM has the following conditions on registration: **compliance action with a moderate concern** following a dementia-themed inspection in January 2014. The Trust has completed the action plan, which was developed in response to this condition. CQC will consider this as part of the full inspection that was carried out in January/ February 2016/

The Care Quality Commissioner has not taken enforcement action against UHSM in 2015/16.

UHSM has participated in special reviews or investigations by the CQC relating to the following areas during 2015/16: neonatal re-admissions; and vascular conditions, secondary malignancies and infectious disease mortality. These were identified as risk issues in the CQC's Intelligent Monitoring Report (IMR). The Trust took the following action to address the conclusions or requirements reported by CQC:

- an audit of neonatal re-admissions; and
- an audit of identified mortality.

The Trust has made the following progress by 31 March 2016 in taking such action:

A report of the initial audit of neonatal re-admissions was shared with CQC in November 2014. This showed a higher than national rate incidence of low gestation and low birth weight in those re-admitted, representing an increased risk. However, a number of actions were identified and further audit was carried out in May 2015 and January 2016 to monitor the impact of the improvement plan. Neonatal re-admissions will continue to be audited quarterly with the results of the audits presented at the Labour Ward Forum. A further report will be provided to CQC, including an update on neonatal re-admissions and recommendations from the initial report.

A report of the review of mortality was presented to the Clinical Standards Sub-Committee in March 2016. The review did not identify evidence where deficiencies in care and treatment could have had a material impact on the eventual outcome for patients. The conclusion was that these were statistical one-off events and that outcomes are normal. The most recent data from Dr Foster demonstrates that the Hospital Standardised Mortality Ratio (HSMR) is now within expected ranges. This report was shared with the Care Quality Commission.

UHSM has not participated in any special reviews or investigations by CQC during the reporting period.

UHSM is awaiting the report of its full CQC inspection which took place in January/ February 2016 and an action plan will be developed once it has been received and assessed.

4.6 Data Quality

NHS Number and General Medical Practice Code Validity

UHSM submitted records during 2015/16 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: 99.0% for admitted patient care; 99.2% for outpatient care; and 98.7% for accident and emergency care; and
- which included the patient's valid General Practitioner Registration Code was 99.8% for admitted patient care; 100% for outpatient care; and 99.8% for accident and emergency care.

Actions to Improve Data Quality

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

- continuing to strengthen its coding audit and training function;
- supporting more coding staff to take the National Coding qualification.
- further review of the data-quality scorecard;
- reviewing the data-quality escalation procedure;
- developing the Clinical Coding Steering Group; and
- delivering the new Clinical Coding Action Plan.

During the course of 2015/16, the Data Quality Steering Group oversaw the delivering of the following actions to improve data quality:

- reviewing policies and procedures;
- strengthening tolerances on the data quality scorecard;
- engagement of more clinician's in the coding process;
- introducing more monitoring reports;
- supporting the new Electronic Patient Record (EPR) implementation;
- providing more targeted training to coders and operational teams;
- supporting directorates with data quality advice; and Clinical Coding Steering Group.

Information Governance Toolkit Attainment Levels

UHSM's Information Governance Assessment Report shows an overall score for 2015/16 of 72% and was graded green (satisfactory).

Clinical Coding Error Rate

UHSM was not subject to the Payment by Results clinical coding audit during 2015/16 by Capita (on behalf of the Audit Commission).

Appendix One

Statements from External Stakeholders

Statement from South Manchester Clinical Commissioning Group

South Manchester Clinical Commissioning Group (CCG) would like to thank University Hospital of South Manchester NHS Foundation Trust (UHSM) for their detailed and comprehensive account of their hard work to improve the quality and safety of services for the patients and communities that they serve. The Quality Account for 2015/16 accurately reflects the national and local priorities of UHSM within the wider healthcare economy, and is reflective of the priorities that the CCG has identified for its local population. The Quality Account has included and commented on all the requirements as set out in the national guidance.

The CCG recognises the work that UHSM has undertaken during 2015/16 to improve patient safety and experience and we are confident that the Trust is doing all it can to ensure patients receive safe and effective care at all times; the caring culture, the diligence and commitment of staff at UHSM is a credit to the Trust.

The Quality and Safety Walkround in A&E during quarter two of 2015/2016 provided an excellent opportunity for commissioners to talk to front line staff as well as patients. We were impressed by the standards of care delivered in A&E, although there were some improvements required including doctors' training in relation to assessing a patient's mental capacity. The CCG continue to be offered assurance around this area and in relation to this would like to commend the Trust's commitment to improve the experience of patients with dementia. The Trust has made excellent progress in the delivery and development of the Trust's dementia strategy, and we are pleased to note that UHSM has achieved all the quality targets that were set for 2015/16 around this, part of which includes the delivery of the staff awareness training programme. The CCG are looking forward to working with the Trust on the programme of walkrounds that are planned for UHSM's acute and community services in 2016/17.

The "Sign up to Safety" scheme has encouraged staff engagement in the initiative and a steering group has been developed to create and monitor the work plan, it is good to learn that the group has focused on five key elements of safety (pressure ulcers, nutrition and hydration, falls, acute kidney injury and sepsis). The CCG welcome the involvement of clinical leads for each element and the development of driver diagrams for sepsis, nutrition and hydration and falls, and we are really pleased to see that the safety improvement plan will be published on UHSM's website for public access; this demonstrates the Trust's commitment to openness and transparency. The initiative is ongoing and key learning points from the five elements of focus are fed back via the Patient Safety One Liners that is distributed to staff throughout the year, the CCG would also welcome regular updates on this.

Working in partnership with the CCG, the Trust continues to report and monitor effectively around patient safety incidents and it is encouraging to note that UHSM's rates for reporting patient harm is above the national average and is showing a sustained improvement trajectory on previous years. The CCG acknowledge the Never Event that occurred during 2015/16 around orthopaedic surgery and the subsequent actions taken by the Trust to avoid a reoccurrence. The CCG welcome the Trust's open and honest approach to reporting patient safety incidents and commends UHSM for their efforts in relation to Duty of Candour.

The CCG values the wider implementation of the ward accreditation scheme which includes all inpatient areas and we are pleased to learn that this has been further rolled out to incorporate the nine community settings for which the Trust holds responsibility as well as the Emergency Department at UHSM.

The aim of the ward accreditation scheme is to improve patient experience and ensure patient safety, with the ultimate goal of achieving “Diamond status” which follows two consecutive gold assessments. The CCG would like to congratulate ward F15 for being the first ward to achieve Diamond status and acknowledge that the Burns unit is working towards Diamond Status and there are 8 Gold status wards. This shows the dedication of the staff to actively work to improve the quality of care they provide in their patient areas.

The CCG recognise that UHSM works hard to reduce avoidable harm. Although not all targets have been met in 2015/16, there has been a lot of work around this in all areas. It is positive to note that the Trust will continue to monitor this at senior level as one of their strategic objectives – “delivering high-quality care by improving patient safety” in 2016/17. There are a number of indicators that are monitored as part of this objective on an ongoing basis to ensure patient safety and achieve a reduction of avoidable harm. These include infection prevention, safety thermometer, level of harm-free care, medication safety thermometer, safer surgery checklist and routine surgical interventions. The Care Quality Commission (CQC) undertook an inspection of UHSM in February 2016 and the Trust plan to develop a “CQC rating improvement plan” to address any low scoring domains across the nine service areas; this will be incorporated into the Trust quality priorities once the CQC publish their findings. The CCG are delighted that the Trust will be using the findings as an opportunity to learn and this will support in the delivery of safe, high quality services going forward.

Listening to patients and carers provides NHS organisations with a wealth of information to help improve services, and capturing this in real-time is key to ensuring patients receive a positive experience of care. The Trust are continuing to roll out real-time feedback mechanisms across the organisation and it is encouraging to see that 96% of inpatients and day-cases who were in hospital between the months of April 15 – January 16, would recommend the ward they stayed on to their friends and family. The CCG acknowledge that this is higher than the national average and an improvement on the previous 12 months.

As commissioners, we have worked closely with UHSM over the course of 2015/16, meeting with the Trust regularly to review the organisation’s progress in implementing its quality improvement initiatives. We are committed to engaging with the Trust in an inclusive and innovative manner and are pleased with the level of engagement with the Trust. We hope to continue to build on these relationships as we move forward into 2016/17.

The CCGs are not responsible for verifying data contained within the Quality Account, that is not part of these contractual or performance monitoring processes.

Dr David Adams-Strump
Clinical Lead for Quality and Performance - South Manchester Clinical Commissioning Group

Statement from Manchester City Council's Health Scrutiny Committee

As Chair of the Health Scrutiny Committee I would like to thank you for the opportunity to comment on the University Hospital of South Manchester Foundation Trust Draft Quality Accounts for 2015/16. Copies of the draft quality accounts were circulated to members of the committee for consideration and comments received have been included below. We would like to submit the following commentary to be included within your final published version.

The Introduction and Chief Executive's Statement clearly outlines what the Quality Account is to include and outlines achievements with regard to a range of initiatives such as Patient Safety and delivery of the Trust's Dementia Strategy. The draft report clearly describes measurable outcomes, offering a clear comparison with activity and achievement against 2014/15 performance. Each section of the report provides the reader with a clear narrative and the inclusion of a list of acronyms is useful to assist the lay reader to understand the document.

The described performance against Quality Improvement Priorities demonstrates that UHSM has achieved or are close to achieving the majority of the targets set in relation to Patient Safety, Clinical Effectiveness and Staff Engagement. This is to be congratulated.

The Committee acknowledge the ambitious target set by the Trust to be within the top twenty percent of acute hospitals trusts in England for positive recommendations via the Friends and Family Test, and although this target was not achieved your results demonstrate a higher than national average figure and an improvement on the previous year.

The Committee welcomes the reported successful implementation of the Ward Accreditation Scheme across patient areas and congratulates all staff involved. In particular we note that Ward F15 has been awarded Diamond Status. The Committee further welcomes and supports the successful implementation of the Accreditation Scheme in the nine community nursing settings that the Trust has responsibility for.

The Committee welcomes the acknowledgement of, and commitment to employee engagement that has been demonstrated throughout the report. This is further demonstrated by the positive feedback obtained from staff via the staff survey.

The Committee welcomes the Trust's stated commitment to reducing incidences of avoidable harm. We note that the UHSM had achieved the objective for *Clostridium difficile* but failed the zero tolerance objective for MRSA. However we acknowledge the measures described to monitor and review this across all hospital activity.

With reference to performance against Key National Priorities the Committee were disappointed to note the four hour A&E wait target had not been achieved and that the recorded performance for 2015/16 is significantly worse than for 2014/15. The Committee is concerned about the poor and worsening performance in relation to A&E waits, and hopes to see the Trust meet the national target of 95% by April 2017.

We further note that the numbers of reported re-admissions within 28 days is higher than the national average and has increased in the last 12 months.

The Committee welcomes the reported figures regarding activity around cancer referrals and treatment and note that this is higher than the national threshold in all categories.

The Committee welcomes and supports the priorities for 2016/17 that are laid out clearly and note that these have been agreed in consultation with a number of stakeholders. The

themes of clinical safety and patient outcomes are welcome, particularly around 'Sign up to Safety' and the work to improve the care pathway for those presenting with mental ill-health. We further welcome that all identified priorities will be monitored and measured.

The Committee welcomes the designation of the Trust as an early implementer site of the NHS work to improve the ten clinical outcomes and patient experience across a seven day a week service. The Committee looks forward to hearing about the work of the Steering Group in the Future.

The Committee acknowledges that this is a positive and transparent draft Quality Account with evidence included so that chronological and organisational comparisons can be made. It is also a forward looking document identifying evidence of achievement or risk as the basis for future plans.

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.

Councillor Bev Craig
Chair of the Health Scrutiny Committee

Statement from Healthwatch Manchester and Healthwatch Trafford

Both organisations were invited to comment, no response was received within time-frame requested from Trafford Healthwatch.

Thank you for affording Healthwatch Manchester the opportunity to contribute to the suggested content for the above. As per our response to last year's Quality Account (derived from our members and colleagues) Healthwatch Manchester would like to see an 'easy-read' version of the Quality Account this year. The following are issues noted by our Quality Accounts Team member who reviewed this account:

Missing information or things requiring clarity:

Page 11

Outcome A: It was not stated how often the wards were being assessed.

Page 15

Outcome D: This target was achieved but clarity is required on how well the initiatives are working.

Page 35

Only 53/72 of relevant health services that were provided/sub-contracted were reviewed. Can we receive information regarding the remaining 19?

Page 40

The account requires the full data-entry of MINAP, which is expected to be delivered by mid-2016 after encountering a hiatus due to staffing shortages

Page 41

No summary chart is presented for the National Cardiac Arrest Audit. It was stated that the survival outcomes were better than the risk-adjustment tool predicted but there are no figures to support this. There is also no comparison of results to previous years so no indication if this has indeed improved.

Page 40 and 41

The survival rate post heart & lung transplantation at 1 year has increased. However, there were no figures cited for the previous year so no indication how this has improved. Also, the account states that the median waiting time for heart transplant and post-survival for lung transplant was the best nationally, but there were no figures to support this.

How infection control is managed:

Page 31

The account does not mention how infection prevention will be carried out on minimising no-hospital acquired MRSA infections.

Page 42

Monthly audits were performed to monitor antimicrobial stewardship, environment influences, hand hygiene, shared equipment among patients and high-impact interventions used to save lives. However, many factors still require continuous monitoring as they have yet to achieve a high rate (95%) of compliance.

Patient safety:

Page 11

Outcome A: It was not stated how often the wards were being assessed. Also, there were no specific factors to show how the patients actually benefit from this scheme.

Page 31

UHSM has proposed several initiatives to improve on patient safety. There is a focus on managing safety for the elders, but in general they aim to reduce harm (falls, pressure ulcers) using a set of KPIs.

Improvements needed or Improvements made that are working well:

Page 7

Improve the accreditation scheme such that it can be used in the 2 OT to roll out the initiative on improving patient safety and experience.

Page 12

One of the MRSA bacteraemia case was found to be a contaminated sample. It would be useful to provide an indication on how incidences like this they could be mitigated from reoccurring.

Page 15

Outcome A: While it was stated that overall trust mortality indices should not be used as a league table, I felt that it is important not to ignore any implementations that could be set in place to ensure that the trust can improve their ranking for SHMI.

Page 45

More work needs to be done and done quickly to establish the Clinical Coding system.

Many thanks to our Quality Accounts Team member who worked on providing a response to this year's account: Cally Soon.

I hope this letter provides you with the response you were expecting and I look forward to receiving a copy of the finalised Quality Account for 2015 – 2016.

Neil Walbran
Chief Officer

Statement from Trafford Council's Health Scrutiny Committee

Met with UHSM on a number of occasions and have always found them helpful.

Will continue to monitor A & E performance as part of the Joint Health Scrutiny Committee with Manchester.

Welcomes the building of the new A & E department. Health Scrutiny Members also attended the A & E by the invitation of UHSM and found the visit productive.

Chris Gaffey
Democratic and Scrutiny Officer

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 2015/16;
- the content of the Quality Account is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period 1 April 2015 to 26 May 2016;
 - papers relating to quality reported to the Board over the period 1 April 2015 to 26 May 2016;
 - feedback from commissioners dated 23rd May 2016;
 - feedback from local Healthwatch organisations dated 25th May 2016;;
 - feedback from Manchester City & Trafford Council Health Scrutiny Committee dated 23rd May 2016;
 - the Trust's draft complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2016
 - the latest national patient survey dated 21st May 2016
 - the latest national staff survey dated 22 March 2016;
 - the Head of Internal Audit's annual opinion over the trust's control environment dated 26th May 2016;
 - CQC Intelligent Monitoring Report (IMR) dated May 2015.
- 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 [published here].

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
26 May 2016

Barry Clare

Chairman

Diane Whittingham

Chief Executive

Appendix Three

2015/16 Limited Scope Assurance Report on the Content of the Quality Report and Mandated Performance Indicators

Independent Practitioner's 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 2016 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in Annex 2 to Chapter 7 of the 'NHS Foundation Trust Annual Reporting Manual 2015/16' (the 'Criteria').

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to the limited assurance engagement consist of those national priority indicators as mandated by Monitor:

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period
- percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge

We refer to these national priority indicators collectively as the 'Indicators'.

Respective responsibilities of the Council of Governors and Practitioner

The Council of Governors are responsible for the content and the preparation of the Quality Report covering the relevant indicators and in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual 2015/16' issued by Monitor and 'Detailed guidance for external assurance on quality reports 2015/16'.

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
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2015/16'; 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 2015/16' and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16'.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual 2015/16, 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 1 April 2015 to 26 May 2016;
- Papers relating to quality reported to the Board over the period 1 April 2015 to 26 May 2016;
- Feedback from Commissioners dated 23 May 2016;

- Feedback from local Healthwatch organisations dated 25 May 2016;
- Feedback from Manchester City and Trafford Council Overview and Scrutiny Committees dated 23 May 2016;
- The Trust’s complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2015;
- The national patient survey dated 21 May 2015;
- The national staff survey dated 22 March 2016;
- Care Quality Commission Intelligent Monitoring Report dated May 2015;
- The Head of Internal Audit’s annual opinion over the Trust’s control environment dated 23 May 2016.

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.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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 Annual Report for the year ended 31 March 2016, 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, except 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
- analytical procedures
- 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 2015/16' to the categories reported in the Quality Report
- reading the documents.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 affect 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 2015/16'.

The scope of our limited 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.

Our audit work on the financial statements of University Hospital of South Manchester NHS Foundation Trust. is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as University Hospital of South Manchester NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to University Hospital of South Manchester NHS Foundation Trust's members, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006.

Our audit work is undertaken so that we might state to University Hospital of South Manchester NHS Foundation Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of University Hospital of South Manchester NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than University Hospital of South Manchester NHS Foundation Trust and University Hospital of South Manchester NHS Foundation Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

Basis for qualified conclusion

The indicator reporting "the percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period" did not meet the six dimensions of data quality in the following respects:

- Completeness – the Trust did not report its performance against the indicator in the first four months of 2015/16 and the indicator reported in the quality report only contains data from August 2015 to March 2016
- Accuracy and Validity – the Trust's own analysis of data included in this indicator identified a number of errors in recording patient pathway start dates and clock stops in line with the relevant national guidance and requirements.

Qualified conclusion

Based on the results of our procedures, with the exception of the matter reported in the basis for qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- the Quality Report is not prepared in all material respects in line with the Criteria;
- the Quality Account is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2015/16'; 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 2015/16' and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16'.

Grant Thornton UK LLP
Chartered Accountants
Manchester

26 May 2016



05 Financial Statements

5.1 Foreword to the accounts

This chapter contains the Annual Accounts of University Hospital of South Manchester NHS Foundation Trust for the year ended 31st March 2016, comprising:

- 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).

The accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006

Table 5.1.1: UHSM's risk ratings based on annual plans and quarterly assessments during 2015-2016

	Annual Plan 2015-16	Q1 2015-16	Q2 2015-16	Q3 2015-16	Q4 2015-16
<i>Under the Risk Assessment Framework</i>					
Continuity of service risk rating	2	1	-	-	-
Financial Sustainability Risk Rating	-	-	2	1	1
Governance Risk Rating	Red	Red	Red	Red	Red

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 3.7.

Political Donations

The Trust did not make any political donations during the year.

Better Payment Practice Code

UHSM continues to recognise the importance of prompt payment to its suppliers and paid 97% 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.

Income Disclosure

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust confirms that it complies with this requirement; full details of the Trust's sources of income are disclosed within note 3 of the annual accounts.

Diane Whittingham
Chief Executive
26 May 2016

Independent auditor's report to the Council of Governors of University Hospital of South Manchester NHS Foundation Trust

Our opinion on the financial statements is unmodified

In our opinion the financial statements of the group and University Hospital of South Manchester NHS Foundation Trust (the "Trust"):

- give a true and fair view of the state of the financial position of the group's and the Trust's affairs as at 31 March 2016 and of the group's and Trust's expenditure and income for the year then ended; and
- have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the NHS Foundation Trust Annual Reporting Manual and the Directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

Who we are reporting to

This report is made solely to the Council of Governors of the 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 Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

We have audited the financial statements of University Hospital of South Manchester NHS Foundation Trust for the year ended 31 March 2016 which comprise the group and Trust statement of comprehensive income, the group and Trust statement of financial position, the group and Trust statement of changes in taxpayers' equity, the group and Trust statement of cash flows, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM) as contained in the NHS Foundation Trust Annual Reporting Manual (ARM) and the Directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

Overview of our audit approach

- Overall group materiality: £7,263,000 which represents 1.75% of the group's projected 2015-16 gross revenue expenditure;
- We performed a full- scope audit of the University Hospital of South Manchester NHS Foundation Trust and targeted audit procedures at the University Hospital of South Manchester NHS Foundation Trust Charitable Fund;
- Key audit risks were identified as:
 - Occurrence and valuation of healthcare income and the existence of associated receivables
 - Valuation of property, plant and equipment
 - Completeness of operating expenditure

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
<p>Occurrence and valuation of healthcare income and the existence of associated receivables</p> <p>Over 97% of the group's healthcare income (from patient care activities) is from contracts with NHS commissioners.</p> <p>Income is recognised when the service has been performed. At the year-end income is accrued for services that have been performed but for which an invoice has not been issued.</p> <p>Given the scale of this income stream to the group and the extent of estimation applied by management in determining it, we considered this to be an area of heightened risk of material misstatement in the financial statements.</p> <p>We identified the occurrence and valuation of healthcare income and the existence of the associated receivables as significant risks requiring special audit consideration.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • evaluating the group's accounting policy for revenue recognition of healthcare income for appropriateness and consistency with the prior year; • gaining an understanding of the group's system for accounting for healthcare income and evaluating the design of the associated controls; • using a summary of expenditure with the Trust, and associated payables, accounted for by other NHS bodies provided by the Department of Health to identify any significant differences in income and any associated receivable balances with contracting bodies; • agreeing, on a sample basis, amounts recognised in healthcare income in the financial statements to signed contracts and invoices; • agreeing, on a sample basis, additional healthcare income to contract variations and non-contractual income adjustments to supporting documentation; • agreeing a sample of year end receivables to supporting documentation, for example, after date cash receipts; and • agreeing, on a sample basis, deferred income and other revenue transactions to supporting documentation. <p>The group's accounting policy on healthcare income, including its recognition is shown in note 1.2 to the financial statements and related disclosures are included in note 3. The group's accounting policy on healthcare receivables is shown in note 1.21 to the financial statements and related disclosures are included in note 19.</p>
<p>Valuation of property, plant and equipment</p> <p>The valuation of property, plant and equipment involves estimates that require significant judgements and in total represents 84% of the total asset value on the group's statement of financial position.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • obtaining management's assessment of the valuation of property, plant and equipment and understanding the valuation process including key controls and significant assumptions; • review of the competence, expertise and objectivity of management's valuer (the District Valuer); • reviewing the instructions issued to the valuer and the scope of their work, including the completeness

1

Audit risk	How we responded to the risk
<p>We therefore identified the valuation of property, plant and equipment as a significant risk requiring special audit consideration.</p>	<p>of the data provided to the valuer; and</p> <ul style="list-style-type: none"> • challenging and obtaining corroborative evidence of the assumptions made by management in relation to <ul style="list-style-type: none"> - ○ the valuation of property, plant and equipment; ○ the useful economic lives of property, plant and equipment and the resulting amount of depreciation charged in the year. <p>The group's accounting policy on property, plant and equipment is shown in note 1.6 to the financial statements and related disclosures are included in note 15.</p>
<p>Completeness of operating expenditure</p> <p>Expenditure on goods and services represents 41% of the group's total expenditure. Management uses judgement to estimate accruals of expenditure for amounts un-invoiced at the year end.</p> <p>We therefore identified completeness of expenditure as a risk requiring particular audit attention.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • gaining an understanding of the systems used to recognise non-pay expenditure and year-end accruals, and evaluating the design of the associated controls; • review of the subsidiary system interface with the general ledger to ensure completeness of expenditure; • review of the year-end accruals processes for unprocessed invoices and expenditure incurred and not yet invoiced (GRNI) to assess the appropriateness of the Trust's accruals accounting process as detailed in note 1.21; • searching for unrecorded liabilities by testing a sample of payments made one month after the year-end and invoices received after the year-end to ensure they have been included in the correct accounting period; • considering the completeness of reported accruals and provisions by review of Trust Board and Audit Committee minutes and events subsequent to the year-end; • testing, on a sample basis, post year-end payments one month after the year-end to confirm the completeness of year- end creditors and accruals; and • review of the Department of Health's Agreement of Balances tool to consider the completeness of the Trust's accruals included in the tool by reference to comparative receivables data from other NHS bodies. <p>The group's accounting policy on expenditure on goods and services is shown in note 1.4 to the financial statements and related disclosures are included in note 7.</p>

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or

influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £7,263,000 which is 1.75% of the group's projected 2015-16 gross revenue expenditure. This benchmark is considered the most appropriate because we consider users of the group's financial statements to be most interested in how it has expended its revenue and other funding. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2015 to reflect an increased focus by users of the accounts due to the tight financial constraints and pressures in this Trust and the NHS provider sector in 2015-16.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements.

We also determine a lower level of specific materiality for certain areas such as:

- cash and cash equivalents;
- disclosures of senior manager salaries and allowances in the Remuneration Report.

We determined the threshold at which we would communicate misstatements to the Audit Committee to be £250,000. In addition we communicated misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

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 group's and Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Executive as Accounting Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our audit in accordance with ISAs (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of Financial Statements of Public Bodies in the UK (Revised)'. Our responsibilities under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code) and those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- evaluation by the group audit team of the identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- an interim visit to evaluate the group's internal control environment including its IT systems and controls over key financial systems;

- we carried out targeted audit procedures on the financial statements of the component, University Hospital of South Manchester NHS Foundation Trust Charitable Fund, focusing on investments and cash balances.

Overview of the scope of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016 and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Other reporting required by regulations

Our opinion on other matters required by the Code is unmodified

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the NHS Foundation Trust Annual Reporting Manual; and
- the other information published together with the audited financial statements in the annual report is consistent with the audited financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Under the Code of Audit Practice we are required 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 ARM or is misleading or inconsistent with the information of which we are aware from our audit.
- We have nothing to report in respect of the above matters.

Basis for qualified value for money conclusion

Our review of the Trust's arrangements identified the following matters:

The Trust is subject to an enforcement action issued by Monitor in 2014. The enforcement action remains in place and challenges continue in relation to financial sustainability, governance and accident and emergency performance at the Trust. Continued pressures are evident across financial and clinical operational performance, as evidenced in the Trust's Financial Sustainability Risk Rating of '1' and 'red' governance rating:

- the Trust delivered a deficit of £8.8 million in 2015-16 (a £5.8 million deficit after £3m of exceptional items) against an original planned deficit of £2.8 million (or a £0.2 million surplus after exceptional items). The Trust has a deficit budget of £12.4 million for 2016-17. One of the principal reasons for the actual and planned deficits is underperformance of the Trust's Cost Improvement Programme (CIP) in 2015-16 and the proportion of savings still to be identified in 2016-17. The Trust is currently involved in the national Financial Improvement Programme which the Trust expects to help bridge its CIP gap. The actual and planned deficits are evidence of weaknesses in arrangements in respect of planning finances effectively to support the delivery of strategic priorities and maintain statutory functions.
- the Trust's governance arrangements, as summarised in the independent follow up review of governance arrangements ('Well-led Framework' report) from February 2016, notes that whilst progress has been made against the original recommendations, in a number of significant areas there remains scope for the Trust to improve its governance arrangements. The governance issues link to challenges in the Trust's arrangements for ensuring it acting in the public interest through demonstrating and applying the principles of good governance.
- the Trust has raised a significant risk in its 2016-17 Plan in relation to achievement of the 18 week Referral to Treatment (RTT) and 4 hour Accident and Emergency performance indicators. In addition, the Trust has identified significant data quality issues during 2015-16 in relation to the compilation of the RTT indicator which it hopes to address with a new RTT script due to go live in August 2016. These performance issues link to challenges in the Trust understanding and using appropriate cost and performance information to support informed decision making and performance management.

Qualified value for money conclusion

On the basis of our work under the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, except for the effects of the matters described in the Basis for qualified value for money conclusion paragraph, we are satisfied that, in all significant respects, University Hospital of South Manchester NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Responsibilities for the financial statements and the audit

What the Chief Executive, as Accounting Officer, is responsible for: As explained more fully in the Statement of Accounting Officer's Responsibilities Statement, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Direction issued by Monitor and for being satisfied that they give a true and fair view. The Accounting Officer is also responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We are also required under Section 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 Code of Audit Practice.

Sarah Howard
Partner
for and on behalf of Grant Thornton UK LLP

Manchester

26 May 2016

5.3 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

March 31, 2016

	NOTE	Trust		Group	
		2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Income from patient care activities	3	377,821	371,058	377,821	371,058
Other operating income	4	58,310	95,911	59,113	96,260
Exceptional Income- Reversal of impairments of property, plant and equipment	13	-	8,711	-	8,711
Operating expenses (excluding impairments of property and restructuring costs)	7	(429,655)	(453,837)	(430,582)	(455,175)
Exceptional item - impairments of property	7,13	(1,408)	-	(1,408)	-
Exceptional item - restructuring costs	7, 7.3	(1,556)	(3,721)	(1,556)	(3,721)
OPERATING SURPLUS		3,512	18,122	3,388	17,133
Finance costs:					
Finance income	11	134	189	315	377
Finance expense - financial liabilities	12	(9,521)	(10,391)	(9,521)	(10,391)
Finance expense - unwinding of discount on provisions	26	(90)	(86)	(90)	(86)
(Deficit) / Surplus for the financial year		(5,965)	7,834	(5,908)	7,033
Public dividend capital dividends payable	32	(2,809)	(2,000)	(2,809)	(2,000)
RETAINED (DEFICIT) / SURPLUS FOR THE YEAR		(8,774)	5,834	(8,717)	5,033
Other comprehensive income excluded from the retained (deficit) / surplus					
Revaluation gains/(losses) and impairment gains/(losses) on property, plant and equipment	15	4,251	10,149	4,251	10,149
Fair Value (losses) / gains on Available-for-sale financial investments	SOCIE	-	-	(300)	467
TOTAL comprehensive (expense) / income for the year		(4,523)	15,983	(4,766)	15,649
RETAINED (DEFICIT) / SURPLUS FOR THE YEAR		(8,774)	5,834	(8,717)	5,033
Exclude exceptional losses - impairments of property	7,13	1,408	-	1,408	-
Exclude exceptional gains - impairment reversals	7,13	-	(8,711)	-	(8,711)
Exclude exceptional losses - restructuring costs	7	1,556	3,721	1,556	3,721
(Deficit) / Surplus for the year before exceptional items		(5,810)	844	(5,753)	43

The notes on pages 138 to 175 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT

March 31, 2016

	Note	Trust		Group	
		March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
Non-current assets					
Property, plant and equipment	15	226,111	220,484	226,111	220,484
Other Investments	18	-	-	4,981	5,317
Trade and other receivables	19	31	198	31	198
Total non-current assets		226,142	220,682	231,123	225,999
Current assets					
Inventories	17	4,498	4,515	4,498	4,515
Trade and other receivables	19	14,620	18,569	14,621	18,580
Cash and cash equivalents	20	20,304	41,071	24,070	44,972
		39,422	64,155	43,189	68,067
Non-current assets held for sale	15	2,200	-	2,200	-
Total current assets		41,622	64,155	45,389	68,067
Total assets		267,764	284,837	276,512	294,066
Current liabilities					
Trade and other payables	21	(47,331)	(48,390)	(47,336)	(48,435)
Borrowings	22	(4,290)	(5,838)	(4,290)	(5,838)
Provisions	26	(10,757)	(19,444)	(10,757)	(19,444)
Other liabilities	23	(10,006)	(10,136)	(10,039)	(10,329)
Net current liabilities		(30,762)	(19,653)	(27,033)	(15,979)
Total assets less current liabilities		195,380	201,029	204,090	210,020
Non-current liabilities					
Trade and other payables	21	-	-	-	-
Borrowings	22	(67,179)	(67,870)	(67,179)	(67,870)
Provisions	26	(4,419)	(4,787)	(4,419)	(4,787)
Other liabilities	23	(3,997)	(4,540)	(3,997)	(4,578)
Total assets employed		119,785	123,832	128,495	132,785
Financed by:					
Taxpayers' equity					
Public dividend capital	SOCIE	120,681	120,205	120,681	120,205
Revaluation reserve	SOCIE	42,933	38,682	42,933	38,682
Retained earnings	SOCIE	(43,829)	(35,055)	(43,829)	(35,055)
Others' equity					
Charitable fund reserves	SOCIE			8,710	8,953
Total Taxpayers' and others' equity		119,785	123,832	128,495	132,785

The financial statements on pages 133 to 175 were approved by the Board of Directors on 26 May, 2016 and signed on its behalf by:



Signed:(Chief Executive)

26 May,
2016

Date:

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
March 31, 2016**

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	£000	
Taxpayers' and Others' Equity at April 1, 2015	120,205	(35,055)	38,682	123,832	8,953	132,785	
Changes in taxpayers' equity for 2015/16							
Total Comprehensive Income for the year:							
Retained (deficit)/ surplus for the year	a)	-	(8,906)	-	(8,906)	189	(8,717)
Impairments		-	-	-	-	-	-
Revaluation gains on property, plant and equipment		-	-	4,251	4,251	-	4,251
Fair value losses on Available-for-sale financial investments	b)	-	-	-	-	(300)	(300)
Other recognised gains and losses		-	-	-	-	-	-
New PDC received	c)	476	-	-	476	-	476
PDC repaid in year		-	-	-	-	-	-
Other transfers between reserves		-	-	-	-	-	-
Other reserves movements - charitable funds consolidation adjustment	a)	-	132	-	132	(132)	-
Balance at March 31, 2016		120,681	(43,829)	42,933	119,785	8,710	128,495

Note d)

a) Trust retained deficit for the year, excluding income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

(8,906)

Trust income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

132

Trust retained deficit for the year

(8,774)

b) The fair value 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 new PDC received in the year is Department of Health funding received for investment in a capital schemes to support the development of an Electronic Patient Record system.

d) 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 PRIOR YEAR ENDED

March 31, 2015

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	£000	
Taxpayers' and Others' Equity at April 1, 2014	119,455	(40,889)	28,533	107,099	9,287	116,386	
Changes in taxpayers' equity for 2014/15							
Total Comprehensive Income for the year:							
Retained surplus for the year	a)	-	5,002	-	5,002	31	5,033
Impairments		-	-	-	-	-	-
Revaluation gains on property, plant and equipment		-	-	10,149	10,149	-	10,149
Fair value gains on Available-for-sale financial investments	b)	-	-	-	-	467	467
Other recognised gains and losses		-	-	-	-	-	-
New PDC received	c)	750	-	-	750	-	750
PDC repaid in year		-	-	-	-	-	-
Other transfers between reserves		-	-	-	-	-	-
Other reserves movements - charitable funds consolidation adjustment	a)	-	832	-	832	(832)	-
Balance at March 31, 2015		120,205	(35,055)	38,682	123,832	8,953	132,785

Note d)

a) Trust retained surplus for the year, excluding income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

5,002

Trust income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund

832

Trust retained surplus for the year

5,834

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 new PDC received in the year is Department of Health funding received for investment in capital schemes to:

- develop A&E facilities
- support the development of an electronic patient record
- develop the Safer Hospitals Programme

d) 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, 2016

	NOTE	Trust		Group	
		2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Cash flows from operating activities					
Operating surplus/(deficit) from continuing operations		3,512	18,122	3,388	17,133
Non-cash income and expense:					
Depreciation and amortisation	7	10,498	10,001	10,498	10,001
Impairments	7	1,408	-	1,408	-
Reversals of impairments	4	-	(8,711)	-	(8,711)
(Gain)/Loss on disposal		-	46	-	46
Non-cash donations/grants credited to income		-	-	-	-
(Increase)/Decrease in Trade and Other Receivables		4,507	3,098	4,507	3,092
(Increase)/Decrease in Other Assets		-	-	-	-
(Increase)/Decrease in Inventories		17	(97)	17	(97)
Increase/(Decrease) in Trade and Other Payables		662	(21,292)	662	(21,292)
Increase/(Decrease) in Other Liabilities		(673)	53	(673)	53
Increase/(Decrease) in Provisions		(9,145)	7,125	(9,145)	7,125
NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		-	-	(228)	(2)
Other movements in operating cash flows		-	-	-	-
Net cash generated from operating activities		10,786	8,345	10,434	7,348
Cash flows from investing activities					
Interest received	11	134	189	134	189
Purchase of intangible assets	14	-	-	-	-
Purchase of Property, Plant and Equipment	15	(16,200)	(9,048)	(16,200)	(9,048)
Sales of Property, Plant and Equipment	15	-	-	-	-
NHS Charitable funds - net cash flows from investing activities		-	-	35	34
Net cash used in investing activities		(16,066)	(8,859)	(16,031)	(8,825)
Net cash inflow before financing		(5,280)	(514)	(5,597)	(1,477)
Cash flows from financing activities					
Public dividend capital received		476	750	476	750
Public dividend capital repaid		-	-	-	-
Loans received from the Department of Health		3,600	-	3,600	-
Other loans received		-	-	-	-
Loans repaid to the Department of Health		(1,564)	(1,564)	(1,564)	(1,564)
Other loans repaid		-	-	-	-
Capital element of Private Finance Initiative Obligations		(4,274)	(4,938)	(4,274)	(4,938)
Interest paid		(915)	(940)	(915)	(940)
Interest element of finance lease		-	-	-	-
Interest element of Private Finance Initiative obligations		(8,607)	(9,451)	(8,607)	(9,451)
PDC Dividend paid		(4,203)	(980)	(4,203)	(980)
Cash flows from (used in) other financing activities		-	-	182	188
Net cash used in financing activities		(15,487)	(17,123)	(15,305)	(16,935)
Net decrease in cash and cash equivalents		(20,767)	(17,637)	(20,902)	(18,412)
Cash (and) cash equivalents (and bank overdrafts) at April 1		41,071	58,708	44,972	63,384
Cash (and) cash equivalents (and bank overdrafts) at March 31	20	20,304	41,071	24,070	44,972

5.4 Notes to the accounts

1. ACCOUNTING POLICIES

Monitor is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. 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 the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2015/16 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 is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the charitable fund.

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 Financial Reporting Standard (FRS) 102. 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.

The Trust has entered in to a joint venture agreement with Bluemantle Ltd on a 50:50 partnership basis. The purpose of the joint venture is the future development of land on and around the Wythenshawe Hospital site for medical, technology and health related initiatives. The Trust's current level of investment is £100 and therefore the Trust's level of assets and liabilities in relation to this joint venture are not sufficiently material to require consolidation within the Trust's accounts.

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 Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

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

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

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 Exceptional items

Material items of income or expenditure which derive from events or transactions that fall outside of normal business operations are classed as exceptional items. A calculation is included within the Statement of Comprehensive Income to show the surplus/ (deficit) for the year before exceptional items and this represents the Trust's normalised, underlying position. Examples of exceptional items will include:

- Impairment losses or gains relating to property, plant and equipment assets;
- Restructuring costs including expenditure incurred on implementation of financial turnaround plans;
- Material impact on Statement of Comprehensive Income of any significant refinancing transactions.

1.6 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;
- 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 valuation. In order to assess current value in existing use, 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.

A full revaluation was last undertaken on April 1, 2013. 2015/16 was the third year in the revaluation cycle and therefore an interim revaluation was due and was commissioned from the District Valuer. The impact of this revaluation is recognised in the land and buildings values included in the March 31, 2016 Statement of Financial Position.

VAT on Private Finance Initiative (PFI) transactions is recoverable. Therefore, in agreement with the Trust, the District Valuer's March 31, 2016 valuation of the Trust's Private Finance Initiative (PFI) buildings has excluded VAT from the valuation of these buildings. This is consistent with the approach used when the value of these buildings was first recognised within the Trust's Statement of Financial Position.

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.

An item of property, plant and equipment which is surplus with no plan to bring it back in to use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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 arise from a clear consumption 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 that arises from a clear consumption 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.

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably. 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 current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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

Amortisation

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

1.8 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.

1.9 Revenue government and other grants

Government grants are grants from Government bodies other than income from NHS commissioning bodies or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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 donated assets and any PDC dividend balance receivable or payable).
- 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.

1.15 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.

1.16 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.

1.17 Foreign exchange

The functional and presentational currency of the Trust is 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.

1.18 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*.

1.19 Losses and special payments

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

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

1.20 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.

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.

1.21 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.

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 impact on the amounts recognised in the financial statements.

Going Concern

The Trust has successfully concluded 2016/17 contract negotiations with its main commissioners and this therefore provides confidence on future income levels. Twelve month operational plans for 2016/17 have been prepared which show the Trust retaining sufficient cash balances to continue as a going concern. These plans include delivery of £25m efficiency savings in the year and in order to support delivery of these savings, UHSM are one of a number of trusts nationally who are participating in the Financial Improvement Programme launched by NHS Improvement. This initiative will enable the Trust to strengthen the way it identifies, plans and undertakes financial improvement. The Trust is also in discussions with NHS Improvement around accessing Sustainability and Transformation funding which, if confirmed, would increase available cash. Therefore the Directors, having made appropriate enquiries, have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future and thus the financial statements have been prepared on a going concern basis.

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 141 of these accounts.

Provision for impairment of receivables

Management use their judgement to decide when to write-off revenue or to provide against the probability of not being able to collect debt.

Partially completed spells at the statement of financial position 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 statement of financial position date and totals £2,313k as at 31 March 2016 (£3,224k as at 31 March 2015). The estimated length of stay and the type of in-patient clinical activity may vary materially from one statement of financial position 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.

Impairments and estimated asset lives

The Trust is required to review property, plant and equipment for impairment. In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives.

Key sources of estimation uncertainty

Management has made the following critical judgements in the process of applying the entity's accounting policies and this has had a significant effect on the amounts recognised in the accounts:

- 1) The use of estimated asset lives in calculating depreciation (see Note 1.6).
- 2) Provisions for early retirement pension contributions and injury benefit obligations are estimated using expected life tables and discounted at the pensions rate of 1.37% (1.3% 2014/15) (see Note 1.12).

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

The Monitor FT ARM does not require the following Standards and Interpretations to be applied in 2015/16. The application of the Standards as revised would not have a material impact on the accounts for 2015/16 were they applied in that year:

IFRS 9	Financial Instruments – effective date expected to be 2018/19
IFRS 11	Acquisition of an interest in a joint venture – effective date expected to be 2016/17
IAS 16 (amendment)	Depreciation and amortisation – to be adopted from 2016/17
IFRS 15	Revenue from contracts with customers - effective date expected to be 2017/18

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	2015/16	2014/15
		£000	£000
NHS Foundation Trusts		1,490	1,363
NHS Trusts		128	321
CCGs and NHS England		368,358	361,829
Local Authorities		2,068	2,461
NHS Other		3,961	3,488
Non NHS: Private patients		134	181
Non-NHS: Overseas patients (chargeable to patient)		292	179
NHS injury scheme		1,060	1,091
Non NHS: Other		330	145
		<u>377,821</u>	<u>371,058</u>

3.2 Income from patient care activities - by point of delivery	2015/16	2014/15
	£000	£000
Elective income	74,658	73,651
Non-elective income	91,199	85,324
Out-patient income	53,550	53,191
A&E income	10,748	8,738
Other clinical activity income	130,011	132,165
Private patient income	134	181
Other non-protected clinical income	1,352	1,267
Community services	16,169	16,541
	<u>377,821</u>	<u>371,058</u>

3.3 Income from patient care activities - commissioner requested services	2015/16	2014/15
	£000	£000
Income from commissioner requested services	376,335	369,610
Income from non commissioner requested services	a) 1,486	1,448
	<u>377,821</u>	<u>371,058</u>

a) This includes private patient and other non-protected clinical income shown in table 3.2.

3.4 Income from overseas visitors	2015/16	2014/15
	£000	£000
Income recognised this year	292	179
Cash payments received in-year (relating to invoices raised in current and previous years)	258	94
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	156	51
Amounts written off in-year (relating to invoices raised in current and previous years)	20	7

4. Other Operating Income

Trust and Group

Note	Trust		Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
	5,443	5,825	5,443	5,825
Research and development				
Education and training	a) 27,649	60,787	27,649	60,787
Received from NHS charities	132	832	-	-
Non-patient care services to other bodies	7,267	10,574	7,267	10,574
Other	5 12,232	13,790	12,232	13,790
Rental revenue from operating leases - minimum lease receipts	6 1,752	1,957	1,752	1,957
Salary recharges	3,835	2,146	3,835	2,146
NHS Charitable Funds: incoming resources excluding investment income	-	-	935	1,181
Total (excluding exceptional income)	58,310	95,911	59,113	96,260
Reversal of impairments of property, plant and equipment	13 -	8,711	-	8,711
Total (including exceptional income)	58,310	104,622	59,113	104,971

a) The Trust was previously host organisation for the NHS Leadership Academy. This training funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. This arrangement ceased on 30th September 2014 which has resulted in a reduction in education and training income in 2015/16 when compared against the prior year. This reduction in income is matched by a corresponding reduction in expenditure on training, courses and conferences (note 7 - Operating Expenses).

5. Other Operating Income : Other Income

Trust and Group

	2015/16 £000	2014/15 £000
Car parking	2,158	2,131
Estates recharges	347	175
IT recharges	82	173
Pharmacy sales	344	446
Staff accommodation rentals	104	93
Crèche services	484	486
Clinical tests	1,286	2,783
Clinical excellence awards	1,096	1,436
Catering	82	73
Property rentals	968	930
Other	5,281	5,064
Total	12,232	13,790

6. Operating lease income

Trust and Group

	2015/16 £000	2014/15 £000
Operating lease income		
Rents recognised as income during the period	1,752	1,957
Contingent rents recognised as income during the period	-	-
Total	1,752	1,957
Future minimum lease payments due		
- not later than one year	1,363	1,752
- later than one year and not later than five years	6,267	6,089
- later than five years	8,182	10,583
Total	15,812	18,424

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	2015/16 £000	2014/15 £000
Services from NHS Foundation Trusts		-	1,782
Services from NHS Trusts		-	-
Services from CCGs and NHS England		-	-
Services from other NHS Bodies		-	1,979
Purchase of healthcare from non NHS bodies		1,026	898
Employee Expenses - Executive directors	7.1, 9	1,149	1,116
Employee Expenses - Non-executive directors		140	120
Employee Expenses - Staff	9	251,622	249,298
Supplies and services - clinical (excluding drug costs)		49,059	42,070
Supplies and services - general		25,911	30,413
Establishment		2,360	2,799
Research and development - (Non- Employee costs)		1,167	1,304
Research and development - (Employee expenses)	9	3,975	4,229
Transport - business travel only		621	585
Transport - other		699	958
Premises	a)	13,882	14,331
Increase/(decrease) in provision for impairment of receivables	19	(139)	136
Increase in other provisions		-	527
Change in discount rate - early departure pensions provision		-	359
Inventories consumed (excluding drugs)		15,831	14,172
Drugs		37,971	36,348
Rentals under operating leases - minimum lease payments	8	1,303	1,284
Depreciation on property, plant and equipment		10,498	9,998
Amortisation on intangible assets		-	3
Audit services- statutory audit	b)	54	48
Other auditor remuneration	c)	8	8
Clinical negligence premiums		6,316	3,928
Loss on disposal of property, plant and equipment		-	46
Legal fees		278	299
Consultancy costs		318	371
Internal audit costs		128	119
Training, courses and conferences	a)	3,760	32,711
Patient travel		63	71
Car parking & Security		845	755
Hospitality		188	115
Insurance		560	648
Losses, ex gratia & special payments		62	9
Trust total operating expenses (excluding exceptional costs)		429,655	453,837
Restructuring costs - project management	d)	1,071	3,721
Restructuring costs - redundancy (included in employee expenses)	d)	485	-
Impairments of property, plant and equipment	13	1,408	-
Trust net operating costs including exceptional costs		432,619	457,558
Trust total operating expenses (excluding exceptional costs)		429,655	453,837
Audit fees payable to external auditor of charitable funds		5	5
NHS Charitable Funds: other resources expended		922	1,333
Group net operating costs before exceptional costs		430,582	455,175
Restructuring costs		1,556	3,721
Impairments of property, plant and equipment	13	1,408	-
Group net operating costs including exceptional costs		433,546	458,896

a) The Trust was previously host organisation for the NHS Leadership Academy. This training funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. This arrangement ceased on 30th September 2014 which has resulted in a reduction in expenditure on training and expenditure on premises in 2015/16 when compared against the prior year. These reductions in expenditure are matched by corresponding reductions in income received for education and training (note 4 - Other Operating Income).

b) In accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (SI 489/2008), the contract with our Auditors provides for a £2 million limitation of their liability.

c) Costs shown as 'Audit Services- other auditor remuneration' relate to the external auditor's review of the Trust's Quality Report.

d) Restructuring costs relate to the internal project management and external consultancy required to implement the Trust's financial recovery plan, and also include cost of redundancies made as a consequence of the Trust's cost efficiency savings plans.

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	(Rounded to nearest £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
2015/16							
Executive Board Members with Voting Rights							
Bailey A. - Chief Nurse/Executive Director of Risk and Governance	125 to 130				125 to 130	90.0 to 92.5	220 to 225
Barlow T. - Chief Finance Officer	45 to 50				45 to 50	65.0 to 62.5	110 to 115
Crampton J. - Medical Director	175 to 180				175 to 180	-	175 to 180
Davies G. - Acting Director of Finance	15 to 20				15 to 20	5.0 to 7.5	20 to 25
Heery NA. - Director of Finance	145 to 150				145 to 150	135.0 to 137.5	280 to 285
Nicholls S. - Director of Operations	140 to 145				140 to 145	80.0 to 82.5	225 to 230
Vegh A. - Chief Executive	195 to 200		35 to 40		235 to 240	72.5 to 75.0	310 to 315
Whittingham D. - Chief Executive	80 to 85				80 to 85	-	80 to 85
Non Executive Board Members							
Clare B. - 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, Deputy Chair	10 to 15				10 to 15		10 to 15
McCall J. - Non Executive Director	0 to 5				0 to 5		0 to 5
Rees T. - Non Executive Director	0 to 5				0 to 5		0 to 5
Bailey S. - Non Executive Director	0 to 5				0 to 5		0 to 5
2014/15							
Executive Board Members with Voting Rights							
Bailey A. - Chief Nurse/Executive Director of Risk and Governance	120 to 125				120 to 125	60.0 to 62.5	180 to 185
Crampton J. - Medical Director	175 to 180				175 to 180	-	175 to 180
Heery NA. - Director of Finance	135 to 140				135 to 140	40.0 to 42.5	180 to 185
O'Connell J. - Interim Director of Operations	270 to 275				270 to 275	-	270 to 275
Nicholls S. - Director of Operations	40 to 45				40 to 45	37.5 to 40.0	80 to 85
Vegh A. - Chief Executive	195 to 200		30 to 35		230 to 235	72.5 to 75.0	300 to 305
Non Executive Board Members							
Clare B. - Chair	0 to 5				0 to 5		0 to 5
Goodey F. - Chair	35 to 40				35 to 40		35 to 40
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, Deputy Chair	15 to 20				15 to 20		15 to 20

* In accordance with Monitor's Annual Reporting Manual the Pension-Related Benefits are 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) Commenced as Chief Finance Officer with effect from 1st December 2015.
- ii) Costs include salary for clinical duties and Clinical Excellence Awards.
- iii) Held position of Acting Director of Finance from 1st October 2015 until 30th November 2015.
- iv) Held position of Director of Finance up until 30th September 2015.
- v) Held position of Chief Executive up until 4th January 2016.
- vi) Commenced as Chief Executive with effect from 18th January 2016.
- vii) Held position of Non Executive Director up until 5th February 2016.

- viii) Held position of Non Executive Director up until 31st December 2015.
- ix) Commenced as Non Executive Director with effect from 10th December 2015.
- x) Held position of Interim Director of Operations until 14th December 2014.
- xi) Commenced as Director of Operations with effect from 15th December 2014.
- xii) Commenced as Chair with effect from 16th March 2015.
- xiii) Held position of Chair up until 31st January 2015.
- xiv) Held position of Interim Chair from 1st February to 15th March 2015

7.2 Salary and pension entitlements of senior managers (continued)

Pension entitlements of senior managers in post at 31st March 2016

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, 2016	Value of automatic lump sums at March 31, 2016	Real increase in pension during the period	Real increase in automatic lump sum during the period	CETV* at March 31, 2016	CETV* at March 31, 2015	Real increase in CETV* during the period
	(Bands of £5,000)	(Bands of £5,000)	(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/Executive Director of Risk and Governance	45.0 to 50.0	135.0 to 140.0	2.5 to 5.0	10.0 to 12.5	846.0 to 847.0	766.0 to 767.0	79.0 to 80.0
Barlow T. - Chief Finance Officer	15.0 to 20.0	-	2.5 to 5.0	-	207.0 to 208.0	167.0 to 168.0	40.0 to 41.0
Crampton J. - Medical Director	60.0 to 65.0	185.0 to 190.0	-	-	1,457.0 to 1,458.0	1,457.0 to 1,458.0	-
Davies G. - Acting Director of Finance	0.0 to 5.0	-	0.0 to 2.5	-	45.0 to 46.0	29.0 to 30.0	15.0 to 16.0
Heery NA. - Director of Finance	55.0 to 60.0	170.0 to 175.0	5.0 to 7.5	15.0 to 17.5	1,135.0 to 1,136.0	1,007.0 to 1,008.0	127.0 to 128.0
Nicholls S. - Director of Operations	20.0 to 25.0	60.0 to 65.0	2.5 to 5.0	2.5 to 5.0	325.0 to 326.0	273.0 to 274.0	52.0 to 53.0
Vegh A. - Chief Executive	15.0 to 20.0	-	2.5 to 5.0	-	132.0 to 133.0	101.0 to 102.0	31.0 to 32.0
Whittingham D. - Chief Executive **	-	-	-	-	-	-	-

The Total Accrued Pension, Lump Sum at Aged 60 and the CETV (Cash Equivalent Transfer Value) at 31 March 2016 are reported as the values at 31 March 2016 for all Executive Directors, including those who were Executive Board members for part of the year.

Source: NHS Pensions Agency

Pension entitlements of senior managers in post at 31st March 2015

Name and Title	Total accrued pension at age 60 at March 31, 2015	Value of automatic lump sums at March 31, 2015	Real increase in pension during the period	Real increase in automatic lump sum during the period	CETV* at March 31, 2014	CETV* at March 31, 2015	Real increase in CETV* during the period
	(Bands of £5,000)	(Bands of £5,000)	(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 45.0	125.0 to 130.0	2.5 to 5.0	7.5 to 10.0	699.0 to 700.0	766.0 to 767.0	66.0 to 67.0
Crampton J. - Medical Director	60.0 to 65.0	185.0 to 190.0	0.0	0.0	1,457.0 to 1,458.0	1,457.0 to 1,458.0	0.0
Heery NA. - Director of Finance	50.0 to 55.0	155.0 to 160.0	0.0 to 2.5	5.0 to 7.5	942.0 to 943.0	1,007.0 to 1,008.0	64.0 to 65.0
O'Connell J. - Interim Director of Operations***	-	-	-	-	-	-	-
Nicholls S. - Director of Operations	15.0 to 20.0	55.0 to 58.0	0.0 to 2.5	7.5 to 10.0	233.0 to 233.0	273.0 to 274.0	40.0 to 41.0
Vegh A. - Chief Executive	10.0 to 15.0	0.0	2.5 to 5.0	0.0	66.0 to 67.0	101.0 to 102.0	34.0 to 35.0

* 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.

** The Trust does not make contributions to Ms Whittingham's Pension Scheme

*** Mr O'Connell held position of Interim Director of Operations until 14th December 2014. The Trust did not make contributions to Mr O'Connell's Pension Scheme

7.3 Mutually Agreed Resignation Scheme and Redundancy Payments 2015/16 (Trust and Group)

Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Number	£000s	Number	£000s	Number	£000s
<£10,000	0	0	3	15	3	15
£10,000 - £25,000	0	0	5	91	5	91
£25,001 - £50,000	0	0	9	311	9	311
£50,001 - £100,000	0	0	1	68	1	68
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
Total	0	0	18	485	18	485

The above table details the number of MARS (Mutually Agreed Resignation Scheme) payments agreed and paid within the financial year 2015/16. These redundancies were a consequence of the Trust's cost efficiency savings plans. MARS schemes have had approval from Monitor. There were no MARS (Mutually Agreed Resignation Scheme) payments made within the financial year 2014/15.

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	2015/16 £000	2014/15 £000
Minimum lease payments	1,303	1,284
Contingent rents	-	-
	<u>1,303</u>	<u>1,284</u>
Total future minimum lease payments	2015/16 £000	2014/15 £000
Payable:		
Not later than one year	1,819	1,463
Between one and five years	2,418	2,324
After 5 years	1,670	1,885
	<u>5,907</u>	<u>5,672</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.

	2015/16			2014/15		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	199,038	184,606	14,432	195,868	182,253	13,615
Social security costs	13,863	12,745	1,118	16,263	15,023	1,240
Pension cost - defined contribution plans, employers contributions to NHS Pensions	23,722	22,299	1,423	23,389	21,739	1,650
Pension cost - other	8	8	-	8	8	-
Agency/contract staff	20,600	-	20,600	19,115	-	19,115
Employee benefits expense	257,231	219,658	37,573	254,643	219,023	35,620

Redundancy costs of £485k in 2015/16 have been included within salaries and wages costs. There were no redundancy costs in 2014/15.

9.2 Average number of people employed

	2015/16			2014/15		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	Number WTE	Number WTE	Number WTE	Number WTE	Number WTE	Number WTE
Medical and dental	727	495	232	725	497	228
Ambulance staff	-	-	-	-	-	-
Administration and estates	1,169	1,080	89	1,171	1,155	16
Healthcare assistants and other support staff	751	751	-	726	726	-
Nursing, midwifery and health visiting staff	1,847	1,811	36	1,857	1,849	8
Nursing, midwifery and health visiting learners	5	5	-	5	5	-
Scientific, therapeutic and technical staff	780	776	4	694	677	17
Healthcare science staff	82	82	-	172	172	-
Social care staff	-	-	-	-	-	-
Agency and contract staff	144	-	144	156	-	156
Bank staff	157	-	157	135	-	135
Total	5,662	5,000	662	5,641	5,081	560

The values shown above are whole time equivalent (WTE) staff numbers and represent a monthly average for the year.

9.3 Employee benefits

Other than the salary and pension costs detailed above, there were no material employee benefits in 2015/16 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.

9.4 Directors' Remuneration

The salary and pension costs detailed above include the following Directors' remuneration:

	2015/16 £000	2014/15 £000
Remuneration including employers national insurance contribution for Executive Directors	1,065	1,047
Employers contribution to pension in relation to Executive Directors	84	69
	1,149	1,116
Remuneration including employers national insurance contribution for Non-Executive Directors	140	120
	1,289	1,236

In total, during the year, 6 individuals had benefits accruing under a defined benefits scheme (2014/15: 4 individuals), the costs of which are included in the 'employers contribution to pension' above. These are the Executive Directors listed in note 7.1 for the year to 31 March 2016.

Further details of Directors' remuneration can be found in notes 7.1 and 7.2 of these accounts and also in the 2015/16 remuneration report published as part of the Trust's Annual Report.

10. Retirements due to ill-health

During the year to 31 March 2016 there were 3 retirements from the Trust agreed on the grounds of ill-health (in the previous year there were 8 retirements due to ill-health). The estimated additional pension liabilities of these ill-health retirements will be £181k (£622k 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

	2015/16 £000	2014/15 £000
Interest income:		
Interest on loans and receivables	134	189
Other	-	-
Trust Finance income	134	189
NHS Charitable Funds - investment income	181	188
Group Finance income	315	377

The Trust maintains a policy of only investing in UK banks which are assessed as low risk by the relevant rating agencies.

12. Finance Costs- Interest expense

Trust and Group

	2015/16 £000	2014/15 £000
Loans from the Independent Trust Financing Facility	914	940
Interest on late payment of commercial debt	-	-
Finance Costs on PFI and other service concession arrangements (excluding LIFT)		
Main Finance Costs	3,772	4,138
Contingent Rent	a) 4,835	5,313
Total	9,521	10,391

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	2015/16 £000	2014/15 £000
Net impairments / (reversals of prior impairments) arising from UHSM's independent valuer's assessment of assets.	a), b)	1,408	(8,711)
Total		1,408	(8,711)

a) Impairments in 2015/16 relate to reductions in valuation of the Trust's buildings, where the Trust held no balance within its revaluation reserve for those particular buildings.

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 2014/15 relate to increases in valuations of certain buildings, where previous impairments on those buildings had been charged to operating expenditure. Further details on the approach used for valuation of land and buildings are provided in note 1.6.

14. Intangible assets

Trust and Group

The only intangible assets that the Trust owns are purchased computer software applications.

	Computer software - purchased 2015/16	Computer software - purchased 2014/15
	£000	£000
Gross cost at April 1	2,301	2,301
Additions - purchased	-	-
Disposals	-	-
Gross cost at March 31	2,301	2,301
Amortisation at April 1	2,301	2,298
Charged during the year	-	3
Disposals	-	-
Amortisation at March 31	2,301	2,301
Net book value		
Purchased as at March 31	-	-
Donated as at March 31	-	-
Total at March 31	-	-

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
2015/16:	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2015	19,437	180,205	506	2,068	59,735	317	11,469	2,133	275,870
Additions - purchased	-	5,180	-	6,621	1,482	-	2,199	-	15,482
Additions - grants/donations of cash to purchase assets	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	-	(1,408)	-	-	-	-	-	-	(1,408)
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating income	-	-	-	-	-	-	-	-	-
Reclassification	-	4,906	23	(4,813)	395	-	(486)	(25)	-
Revaluations	-	(2,076)	-	-	-	-	-	-	(2,076)
Transfers to/from assets held for sale and assets in disposal groups	(2,200)	-	-	-	-	-	-	-	(2,200)
Disposals	-	-	-	-	-	-	-	-	-
At March 31, 2016	17,237	186,807	529	3,876	61,612	317	13,182	2,108	285,668
Accumulated depreciation as at April 1, 2015	-	213	443	-	46,331	303	6,410	1,686	55,386
Provided during the year	-	6,114	86	-	2,889	14	1,315	80	10,498
Revaluation surpluses	-	(6,327)	-	-	-	-	-	-	(6,327)
Disposals	-	-	-	-	-	-	-	-	-
Depreciation at March 31, 2016	-	-	529	-	49,220	317	7,725	1,766	59,557
Net book value									
Owned at April 1, 2015	19,437	137,873	63	1,368	13,205	14	5,053	438	177,451
PFI at March 31, 2015	-	37,987	-	-	-	-	-	-	37,987
Donated at April 1, 2015	-	4,132	-	700	199	-	6	9	5,046
Total at April 1, 2015	19,437	179,992	63	2,068	13,404	14	5,059	447	220,484
Net book value									
Owned at March 31, 2016	17,237	141,752	-	3,876	12,304	-	5,452	336	180,957
PFI at March 31, 2016	-	39,603	-	-	-	-	-	-	39,603
Donated at March 31, 2016	-	5,452	-	-	88	-	5	6	5,551
Total at March 31, 2016	17,237	186,807	-	3,876	12,392	-	5,457	342	226,111

The Trust has secured outline planning permission for surplus land at the former Withington Hospital site and commenced active marketing of the site in late 2015. In line with accounting standard IFRS 5: Non-current Assets Held for Sale, this asset has been reclassified as "held for sale" and is valued at its existing carrying value of £2,200k. This value is not included within the above analysis of property, plant and equipment but is separately disclosed under the current assets heading within the 31st March 2016 Statement of Financial Position.

The Trust has no other non-current assets held for sale. There were no non-current assets held for sale at 31st March 2015.

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
2014/15	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2014	23,037	181,222	506	-	57,098	498	9,666	2,133	274,160
Additions - purchased	-	2,723	-	2,068	2,637	-	1,803	-	9,231
Additions - grants/donations of cash to purchase assets	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Reversal of impairments	-	8,711	-	-	-	-	-	-	8,711
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	(3,600)	(12,451)	-	-	-	-	-	-	(16,051)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(181)	-	-	(181)
At March 31, 2015	19,437	180,205	506	2,068	59,735	317	11,469	2,133	275,870
Accumulated depreciation as at April 1, 2014	1,600	19,392	75	-	43,281	393	5,389	1,593	71,723
Provided during the year	-	5,421	368	-	3,050	45	1,021	93	9,998
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Impairments recognised in operating expenses	-	-	-	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Revaluation surpluses	(1,600)	(24,600)	-	-	-	-	-	-	(26,200)
Disposals	-	-	-	-	-	(135)	-	-	(135)
Depreciation at March 31, 2015	-	213	443	-	46,331	303	6,410	1,686	55,386
Net book value									
Owned at April 1, 2014	21,437	118,488	431	-	13,418	105	4,270	525	158,674
PFI at April 1, 2014	-	39,077	-	-	-	-	-	-	39,077
Donated at April 1, 2014	-	4,265	-	-	399	-	7	15	4,686
Total at April 1, 2014	21,437	161,830	431	-	13,817	105	4,277	540	202,437
Net book value									
Owned at March 31, 2015	19,437	137,873	63	1,368	13,205	14	5,053	438	177,451
PFI at March 31, 2015	-	37,987	-	-	-	-	-	-	37,987
Donated at March 31, 2015	-	4,132	-	700	199	-	6	9	5,046
Total at March 31, 2015	19,437	179,992	63	2,068	13,404	14	5,059	447	220,484

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	8	71
Assets under construction	1	1
Plant and machinery	1	15
Transport equipment	2	3
Information technology	1	10
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, 2016 £000	March 31, 2015 £000
Property, plant and equipment	11,493	3,255
Intangible assets	-	-
Total	11,493	3,255

Capital commitments at March 31, 2016 relate to implementation of an electronic patient record (EPR) system and a construction scheme to further develop facilities for long term ventilatory services (LTVS). These schemes were underway but not complete on 31st March 2016.

17. Inventories

Trust and Group

17.1 Inventories

	March 31, 2016 £000	March 31, 2015 £000
Drugs	2,016	1,982
Work in progress	-	-
Consumables	2,420	2,442
Energy	62	91
Total	4,498	4,515

The Trust holds no non-current inventories.

17.2 Inventories recognised in expenses

	March 31, 2016 £000	March 31, 2015 £000
Inventories recognised as an expense in the period	(53,802)	(50,520)
Write-down of inventories recognised as an expense(including losses)	-	-
Reversal of write-downs that reduced the recognised expense	-	-
Total	(53,802)	(50,520)

18. Investments

	March 31, 2016 Trust £000	March 31, 2016 Group £000	March 31, 2015 Trust £000	March 31, 2015 Group £000
Carrying value at April 1	-	5,317	-	4,884
Acquisitions in year	-	-	-	-
Fair value gains	-	-	-	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	-	(300)	-	467
Disposals	-	(36)	-	(34)
Carrying value at 31 March	-	4,981	-	5,317

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, 2016 or March 31, 2015.

19. Trade and other receivables

19.1 Trade and other receivables

	Note	Trust		Group	
		March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
Current					
NHS receivables		10,475	13,813	10,475	13,813
Receivables from NHS charities		-	-	-	-
Other receivables with related parties		-	-	-	-
Provision for the impairment of receivables		(1,945)	(2,806)	(1,945)	(2,806)
Prepayments		1,761	2,082	1,761	2,082
Accrued income		467	933	467	933
Interest receivable		-	-	-	-
Finance lease receivables		-	-	-	-
PDC receivables	a)	391	-	391	-
VAT receivable		528	1,675	528	1,675
Other receivables		2,943	2,872	2,943	2,872
NHS Charitable Funds: trade and other receivables		-	-	1	11
Total		14,620	18,569	14,621	18,580
Non Current					
NHS receivables		-	-	-	-
Receivables from NHS charities		-	-	-	-
Provision for the impairment of receivables		(56)	(56)	(56)	(56)
Prepayments		-	-	-	-
Accrued income		87	254	87	254
Interest receivable		-	-	-	-
Other receivables		-	-	-	-
NHS Charitable Funds: trade and other receivables		-	-	-	-
Total		31	198	31	198
Total					
		March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
NHS receivables		10,475	13,813	10,475	13,813
Receivables from NHS charities		-	-	-	-
Other receivables with related parties		-	-	-	-
Provision for the impairment of receivables		(2,001)	(2,862)	(2,001)	(2,862)
Prepayments		1,761	2,082	1,761	2,082
PFI prepayments					
- capital contributions		-	-	-	-
- lifecycle replacements		-	-	-	-
Accrued income		554	1,187	554	1,187
Finance lease receivables		-	-	-	-
PDC receivables		391	-	391	-
VAT receivable		528	1,675	528	1,675
Other receivables		2,943	2,872	2,943	2,872
NHS Charitable Funds: trade and other receivables		-	-	1	11
Total		14,651	18,767	14,652	18,778

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

	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
At 1st April	2,862	2,726	2,862	2,726
Increase in provision	-	136	-	136
Amounts utilised	(722)	-	(722)	-
Unused amounts reversed	(139)	-	(139)	-
At March 31	2,001	2,862	2,001	2,862

19.3. Ageing of impaired receivables

	Trust		Group	
	March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
0 - 30 days	0	1,035	0	1,035
30-60 Days	4	383	4	383
60-90 days	7	382	7	382
90- 180 days	151	191	151	191
over 180 days	1,839	871	1,839	871
Balance at March 31	2,001	2,862	2,001	2,862

19.4. Receivables past due date, but not impaired

	Trust		Group	
	March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
0 - 30 days	2,678	9,245	2,678	9,245
30-60 Days	831	878	831	878
60-90 days	848	880	848	880
90- 180 days	960	1,072	960	1,072
over 180 days	1,708	121	1,708	121
Balance at March 31	7,025	12,196	7,025	12,196

Receivables are considered due at the date of invoice.

20. Cash and cash equivalents

	Trust		Group	
	March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
Balance at April 1	41,071	58,708	44,972	63,384
Net change in year	(20,767)	(17,637)	(20,902)	(18,412)
Balance at March 31	20,304	41,071	24,070	44,972
Made up of				
Commercial banks and cash in hand	65	78	65	78
Cash with the Government Banking Service	20,239	40,993	24,005	44,894
Current investments	-	-	-	-
Cash and cash equivalents as in statement of financial position	20,304	41,071	24,070	44,972
Bank overdraft	-	-	-	-
Cash and cash equivalents as in statement of cash flows	20,304	41,071	24,070	44,972

21. Trade and other payables

	Note	Trust		Group	
		March 31, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
Current					
NHS payables - capital		-	-	-	-
NHS payables - revenue		3,551	5,887	3,551	5,887
NHS payables - Early retirement costs payable within one year		112	115	112	115
Other trade payables - capital		1,336	2,054	1,336	2,054
Other trade payables - revenue		15,357	14,040	15,357	14,040
Social Security costs		-	-	-	-
VAT payable		-	-	-	-
Other taxes payable		4,457	4,367	4,457	4,367
Other payables		4,349	4,043	4,349	4,043
Accruals		18,169	16,881	18,169	16,881
PDC dividend payable	a)	-	1,003	-	1,003
NHS Charitable Funds: Trade and other payables		-	-	5	45
Total current		47,331	48,390	47,336	48,435

a) PDC dividends are calculated on an actual basis, giving rise to a payable where the interim payment had been underestimated.

At March 31, 2016 there were no non-current trade and other payables. Similarly, there were no non-current trade and other payables at March 31, 2015.

22. Borrowings

Trust and Group

	March 31, 2016	March 31, 2015
	£000	£000
Current		
Bank overdrafts	-	-
Loans from:		
Department of Health	1,565	1,565
Other entities	-	-
PFI liabilities:		
Main liability	2,725	4,273
NHS Charitable funds: other borrowings	-	-
Total Current	4,290	5,838
Non Current		
Loans from:		
Department of Health	23,296	21,261
Other entities	-	-
PFI liabilities:		
Main liability	43,883	46,609
NHS Charitable funds: other borrowings	-	-
Total Non Current	67,179	67,870
Total		
Bank overdrafts	-	-
Loans from:		
Foundation Trust Financing Facility	24,861	22,826
Other entities	-	-
PFI liabilities:		
Main liability	46,608	50,882
NHS Charitable funds: other borrowings	-	-
Total	71,469	73,708

The Trust currently has three loans outstanding with the Department of Health:

1. £5.3m for a Cystic Fibrosis expansion (to be repaid by 2029).
2. £16.0m for a Maternity refurbishment scheme (to be repaid by 2030).
3. £3.6m for a loan to support the Trust in addressing the challenges presented by the Trust's PFI payment profile (to be repaid by 2033).

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, 2016 £000	March 31, 2015 £000	March 31, 2016 £000	March 31, 2015 £000
Current				
Other Deferred income	10,006	10,136	10,006	10,136
NHS Charitable funds: other liabilities	-	-	33	193
Total	10,006	10,136	10,039	10,329
Non Current				
Other Deferred income	3,997	4,540	3,997	4,540
NHS Charitable funds: other liabilities	-	-	-	38
Total	3,997	4,540	3,997	4,578
Total				
Other Deferred income	14,003	14,676	14,003	14,676
NHS Charitable funds: other liabilities	-	-	33	231
Total	14,003	14,676	14,036	14,907

24. Finance lease obligations

Other than a PFI arrangement the Group has no finance lease obligations as at 31st March 2016.
(This was also the position at 31st March 2015)

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 Mental 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 On-Statement of Financial Position (SoFP) PFI finance lease element obligations:

The Trust is committed to making the following payments in respect of the finance lease element of the PFI:

	March 31, 2016	March 31, 2015
	£000	£000
Gross PFI liabilities	115,910	135,462
Of which liabilities are due:		
Not later than one year	9,992	12,880
Later than one year, not later than five years	45,940	44,769
Later than five years	59,978	77,813
Less finance charges allocated to future periods	(69,302)	(84,580)
Net PFI liabilities	46,608	50,882
Not later than one year	2,725	4,273
Later than one year, not later than five years	17,106	14,857
Later than five years	26,777	31,752
	46,608	50,882

25.3 PFI Commitments

The Trust is committed to making the following total future payments in respect of the PFI, including the service and lifecycle elements of the contract:

	March 31, 2016	March 31, 2015
	Total	Total
	£000	£000
Within one year	37,067	37,639
2nd to 5th years (inclusive)	142,226	140,448
Later than five years	368,517	397,378
Total	547,810	575,465

Values shown are at 2016/17 prices. The impact of any future inflation uplifts beyond 2016/17 is not known at this stage and is not possible to estimate with any certainty.

25.4. Private Finance Initiative Costs

	March 31, 2016 £000	March 31, 2015 £000
Service element	22,789	22,421
Interest costs	3,772	4,138
Contingent Rent	4,835	5,313
Lifecycle costs	2,872	891
Principal repayment	4,274	4,938
Total Payment	38,542	37,701

The total payment reflects the PFI charge on an accruals basis, excluding VAT where appropriate.

26. Provisions

Trust and Group

	March 31, 2016 £000	March 31, 2015 £000
Current		
Pensions relating to former directors	3	3
Pensions relating to other staff	429	448
Other legal claims	600	630
Other (see below)	9,725	18,363
NHS Charitable fund provisions	-	-
Total current	10,757	19,444
Non Current		
Pensions relating to former directors	58	102
Pensions relating to other staff	4,138	4,430
Other legal claims	-	1
Other (see below)	223	254
NHS Charitable fund provisions	-	-
Total Non current	4,419	4,787
Total		
Pensions relating to former directors	61	105
Pensions relating to other staff	4,567	4,878
Other legal claims	600	631
Other (see below)	9,948	18,617
NHS Charitable fund provisions	-	-
Total	15,176	24,231

Provisions movement- year to 31st March 2016

	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, 2015	105	4,878	631	18,617	24,231
Change in the discount rate	-	-	-	-	-
Reassessment of existing provisions and new provisions arising during the year	-	-	(31)	(7,954)	(7,985)
Used during the year	(62)	(383)	-	(715)	(1,160)
Unwinding of discount	18	72	-	-	90
NHS Charitable funds: movement in provisions	-	-	-	-	-
At March 31, 2016	61	4,567	600	9,948	15,176

Expected timing of cash flows:

- not later than 1 year	3	429	600	9,725	10,757
- later than 1 year and not later than 5 years	12	1,716	-	72	1,800
- later than 5 years	46	2,422	-	151	2,619
Total	61	4,567	600	9,948	15,176

	March 31, 2016 £000	March 31, 2015 £000
Other provisions include		
Public and employers insurance claims	248	224
Staffing issues	744	3,998
Miscellaneous contractual issues	8,956	14,395
Total	9,948	18,617

£49,089k is included in the provisions of the NHS Litigation Authority at 31/3/2016 in respect of clinical negligence liabilities of the Trust (31/03/2015 = £28,029k).

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, 2016 £000	March 31, 2015 £000
Revaluation reserve at 1 April		38,682	28,533
Impairments		-	-
Revaluations	a)	4,251	10,149
Transfers to other reserves		-	-
Asset disposals		-	-
Other reserve movements		-	-
Reserves at March 31		42,933	38,682

a) The revaluations in 2015/16 and 2014/15 result from increases in value of the Trust's buildings, as assessed by the Trust's independent valuer, the District Valuer. Further details on the approach used for valuation of land and buildings are provided in note 1.6.

28. Contingencies

Trust and Group

Neither Trust nor Group has contingent liabilities or contingent assets at March 31, 2016. This is the same position as at March 31, 2015.

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 available-for-sale financial assets, with any fair value gains recognised in other comprehensive income.

	March 31, 2016 £000	March 31, 2015 £000
NHS Trade and other receivables excluding non financial	12,015	13,993
Other Investments	-	-
Other Financial Assets	-	-
Cash and cash equivalents (at bank and in hand)	20,304	41,071
Trust total	32,319	55,064
UHSM NHS Charitable Fund: financial assets	8,748	9,218
Group total	41,067	64,282

29.2 Financial liabilities by category

The Trust has no financial liabilities held at fair value through the Statement of Comprehensive Income.

	March 31, 2016 £000	March 31, 2015 £000
Borrowings excluding finance leases and PFI obligations	24,861	22,826
Obligations under finance leases	-	-
Obligations under PFI contracts	46,608	50,882
Trade and other payables	42,874	44,023
Provisions under contract	14,577	23,600
Trust total	128,920	141,331
UHSM NHS Charitable Fund: financial liabilities	5	-
Group total	128,925	141,331

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, 2016, the Trust has borrowed funds for its expansion of accommodation for its Cystic Fibrosis service; a loan for enhancements to its Maternity Unit and also a loan to support the Trust in addressing the challenges presented by its PFI payment profile. 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, 2016 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 NHS Clinical Commissioning Groups and NHS England, 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, 2016 is £4,981k (March 31, 2015 is £5,317k). 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

There were no material post Statement of Financial Position events following submission of the accounts to March 31, 2016.

31. Going Concern

After considering Monitor's Enforcement Undertaking, explained in note 1.21 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 1.14.

In 2015/16 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 receivable in its books relating to a dividend overpayment of £391k (in 2014/15 the Trust had a current asset of £1,003k in its books relating to cash payable due to a dividend underpayment).

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 2015/16 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	-	1,081	-	401
-Other NHS bodies	16,567	412,309	3,190	10,357
Joint Ventures	-	-	-	-

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, 2016 for potential impairments. Where appropriate this is accounted for in note 19.

35. Third Party Assets

The Trust held £5k cash and cash equivalents at March 31, 2016 (£3k - at March 31, 2015) 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 152 cases of losses and special payments (2014/15: 90 cases) totalling £519k (2014/15: £162k) accrued during 2015/16. 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.