



University Hospital of South Manchester NHS Foundation Trust

## **Annual Report and Accounts**

**1 April 2016 to 31 March 2017**



University Hospital of South Manchester NHS Foundation Trust

**Annual Report and Accounts 2016/17**

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## An Introduction to University Hospital of South Manchester NHS Foundation Trust



# An Introduction to University Hospital of South Manchester NHS Foundation Trust

## Introduction

University Hospital of South Manchester NHS Foundation Trust (UHSM) is a statutory body which became a public benefit corporation on 1 November 2006. UHSM's core purpose is to provide a comprehensive range of acute and community services whilst ensuring that quality and patient experience is at the forefront of care.

UHSM has approximately 950 beds and employs around 5,900 members of staff, including those employed by our Private Finance Initiative partner South Manchester Healthcare Limited. We are recognised as a centre of clinical excellence providing district general hospital services to our local community across South Manchester and Trafford and specialist tertiary services across Greater Manchester, the North West and nationally.

The services we provide include:

- Emergency and elective inpatient services
- Daycase services
- Outpatient Services
- Diagnostic and therapeutic services
- Maternity
- Children's health

Our specialist expertise provides services to people throughout Greater Manchester, the North West and beyond which include:

- Cardiology and cardiothoracic surgery
- Heart and lung transplantation
- Respiratory conditions
- Burns and plastics
- Cancer and breast care

University Hospital of South Manchester NHS Foundation Trust has a good reputation of delivering improvements in clinical outcomes and patient experience.

We are recognised in the region and nationally for the quality of our teaching, and our

research and development. Our major research programmes focus on clinical and academic strengths in cancer, lung disease, cardiovascular, wound management and medical education.

UHSM is registered with the Care Quality Commission without conditions. We deliver high quality services for our patient population through a divisional management structure that includes: Division of Scheduled Care; Division of Unscheduled Care; Division of Clinical Support Services.

The majority of our services are provided at the following locations:

- University Hospital of South Manchester  
Wythenshawe Hospital  
Southmoor Road  
Wythenshawe  
Manchester  
M23 9LT
- Withington Community Hospital  
Nell Lane  
Withington  
Manchester  
M20 2LR

UHSM's headquarters is:  
University Hospital of South Manchester  
Wythenshawe Hospital  
Southmoor Road  
Wythenshawe  
Manchester  
M23 9LT

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## 2. Overview by the Chairman and Chief Executive

This Annual Report provides us with the opportunity to highlight some of our key achievements made to services and improvements to care and outcomes throughout the year.

Welcome to University Hospital of South Manchester NHS Foundation Trust's (UHSM) Annual Report for the period ending 31 March 2017. We are delighted to present this report which outlines some of our many achievements. It has been a year where we have seen great opportunities, enjoyed successes and faced some challenges.

Our workforce are our best asset and colleagues are central to the Trust's achievements and key to ensuring we consistently deliver high quality treatment and care to each and every patient. We were very pleased that the Trust significantly improved its performance in the 2016 Annual Staff Survey.

We received positive results in the National Patient Satisfaction Survey, which is also supported by NHS Family and Friends Test results. More than 13,000 people were surveyed in 2016/17 with 98% recommending our services, highlighting that we are above the national average for patient satisfaction. In addition 96% of complaints received during 2016/17 were responded to within agreed timescales. More details about the care that we deliver can be found in the Quality Report section of this Annual Report.

The Trust was also committed to strong staff engagement and in 2016/17; we developed and implemented an engagement plan. The Chief Executive and Executive Directors pledged to meet colleagues, including senior clinicians and managers, each month, supported by fortnightly Chief Executive electronic briefings to all staff.

Like the majority of NHS organisations nationally there were significant financial pressures. Although UHSM's financial plan was originally set at a deficit for the year of £12.4m we improved financial controls and implemented a financial improvement programme which also increased programme management arrangements that aimed to deliver our cost improvement plans and achieve our operational performance. Our employees had been engaged throughout the year, suggesting ideas and implementing schemes that supported established workstreams. Our performance information

processes were further developed and work was driven and carefully monitored through project groups, Divisional and Executive Groups, Board Committees and the Board of Directors.

We are particularly delighted to report that the Trust met and exceeded its Sustainability and Transformational Fund (S&TF) control total reporting a normalised net surplus of £0.8m which is £0.4m better than plan. In addition, as a result of not only achieving, but exceeding our £0.4m control total we received S&TF incentive payments of £2.4m, bringing our final year end achievement to a £3.2m surplus.

We also achieved high levels of compliance with key national standards for operational activity. Despite unprecedented demand for Accident and Emergency (A&E) services, UHSM was one of the better performing Trusts in respect of the A&E standard in Greater Manchester. We made significant improvements on our performance against the 95% standard for the emergency access four-hour wait and this collective approach to improving our performance month on month truly highlights our 'One Team' ethos. Construction work also started on the expansion and refurbishment of our A&E Department at Wythenshawe Hospital. The two year redevelopment project will provide improved facilities for patients and staff.

During 2016/17 the Trust achieved our clostridium difficile targets and all national cancer standards and continued its strong performance for the two-month GP referral to treatment standard, which has seen a year-on-year improvement to 89.2%.

UHSM's strategic plans gained momentum in 2016/17. Our strategy defines the strategic objectives and initiatives to achieve our mission and vision and consists of two main themes, the Quality Diamond and our Clinical Services Strategy. Our Clinical Services Strategy aligns to the Greater Manchester Devolution Strategic Plan and the Trafford and Manchester Locality Plans.

Our Quality Diamond is about "doing things right": developing our services to be the best

## 2. Overview by the Chairman and Chief Executive

they can be to achieve excellent: patient safety and clinical outcomes; patient experience; staff engagement; and value for money.

Throughout 2016/17 we have worked in partnership with our commissioners and other providers to deliver safe, high quality and timely services for our patients.

The Board recognises the importance of working with its workforce, stakeholders and partners in the health economy to redesign services to improve clinical benefits and efficiency. 2016/17 has seen UHSM work with partners and stakeholders across the city to improve our services and the care they provide. From working with local authorities and Clinical Commissioning Groups (CCGs) to improve the safe discharge of patients and making more hospital beds available for those that need them, to making history as part of the successful Biomedical Research Centre (BRC) bid which will see colleagues across Greater Manchester working together to undertake pioneering research into lifesaving tests and treatments – with UHSM leading on research into gaining a better understanding of respiratory conditions; including early diagnosis and more targeted treatment. The creation of a Single Hospital Service (SHS) across the City of Manchester has also been a key focus of activity throughout 2016/17 and will continue going forward. Alongside the SHS, the Trust has also been a key member of the Manchester Provider Board (MPB) which has been developing a Local Care Organisation to provide integrated community, primary and social care for the City of Manchester.

Great progress has been made this year and our strategic achievements during 2016/17 include:

### Single Hospital Service

The plan to develop a Single Hospital Service (SHS) for Manchester and Trafford is the most significant change in the provision of hospital services in the area for decades.

The aim of the new, city-wide hospital Trust is to provide much better, safer, more consistent hospital care that is fit for the future for people living in the City of Manchester, Trafford, and nationally. During 2016/17, we have undertaken a significant amount of work in preparation of forming a new organisation. A SHS Programme Team was formed and the first part of the programme to merge UHSM and Central Manchester University Hospitals NHS Foundation Trust (CMFT) progressed

rapidly. Clinical engagement has been at the project's heart with over 500 contacts made with clinicians across both trusts. A Clinical Advisory Group was formed comprising 28 representatives from UHSM, CMFT and Pennine Acute Hospitals NHS Trust (PAHT) plus a clinical advisor from NHS Improvement. In addition, five Clinical Leads were appointed to the Programme Team through secondment arrangements.

- During 2016/17 the Competition and Market Authority (CMA) announced the commencements of its Phase one investigation into the anticipated merger and in February 2017 we received confirmation that our application had been fast tracked onto Phase two of the process with the outcome expected during the summer of 2017.
- The strategic outline case and full business case were successfully developed and approved which included rigorous due diligence and agreement with our Board. The submission of the full business case to NHS Improvement (the regulator of NHS Trusts) leads the plans to merge the two NHS Foundation Trusts (UHSM and CMFT) as part of the first phase of the SHS process.

### Local Care Organisation

The vision for the Manchester Local Care Organisation (MLCO) is to co-ordinate care across primary, community and secondary settings to provide a high standard of care closer to home, co-ordinated partnership working to simplify care pathways and accessibility to services, and deliver improved population health. Provider organisations in Manchester, including UHSM, have formed the Manchester Provider Board, a partnership between the main statutory health and social care providers in the city and a wide range of non-statutory organisations such as the voluntary, community and social enterprise sector.

- In December 2016, the Manchester Provider Board submitted a response to the commissioners as part of the consultation process on the LCO commissioning prospectus developed by the three Manchester Clinical Commissioning Groups and Manchester City Council. The response endorsed the vision for a

## 2. Overview by the Chairman and Chief Executive

single LCO for Manchester and confirmed the Manchester Provider Boards intention to respond to any procurement exercise for provision of the LCO.

- In March 2017, the commissioners issued a Prior Information Notice asking for expressions of interest for the Manchester LCO contract and the Manchester Provider Board members plan to respond in early 2017/18.

Throughout 2016/17, UHSM has used its Assurance Framework to ensure risks to the delivery of principle objectives were identified, controls and assurances were assessment; and action plans were developed and implemented as appropriate. This system of oversight of significant risks is maintained by the Board of Directors and Divisional leaders and ensures actions are prioritised.

This report provides a fair review of the business of UHSM including a balanced and comprehensive analysis of the development and performance of UHSM during the financial year and the position at the end of the financial year. A description of the significant risks and uncertainties facing UHSM and the controls in place is included below:

- **Delivery of the 2016/17 annual plan financial target**  
UHSM delivery of its 2016/17 was achieved and exceeded by over £800,000.
- **Ongoing compliance with the national four hour Accident and Emergency waiting time and the 18 week RTT targets**  
Rigorous monitoring of these standards takes place at divisional performance reviews. Integrated Performance and Investment Committee, Management Board, Executive Team and the Board.
- **Ensuring findings on diagnostic investigations are correctly filed or acknowledged and actioned**  
The first phase of implementation of the Electronic Patient Record (EPR) requesting and results reporting system took place on 6 December 2016. 99.5% of high-risk results from quarter 4 have been acknowledged and actioned appropriately with monitoring taking place at divisional level, Management Board, Quality Improvement Committee and the Board.

- **Implementation of the Healthier Together decision not to designate Wythenshawe Hospital as a specialist hospital for emergency medicine and abdominal surgery.**

UHSM is managing this risk through divisional meetings, Executive meetings, Management Board, Board meetings and through external Healthier Together programme meetings and Greater Manchester Health and Social Care Partnership governance meetings.

- **Maintaining strong staff engagement**

UHSM manages this via operational and performance governance groups and committees with oversight at the Education Committee, Management Board, Integrated Performance and Improvement Committee and Board of Directors through the use of HR metrics, staff survey, internal audit of sickness absence, Culture Programme diagnostics and dashboard, We're Listening Events and divisional engagement plans.

- **Creation of a Single Hospital Service for Manchester and Trafford to provide consistent, high quality care throughout the City and Borough**

Dedicated programme management arrangements are in place and embedded, with a well-resourced programme team. CMA phase 2 commenced with anticipated completion date of the Summer 2017. Robust due diligence has taken place and the full business case was approved by the Board and submitted to NHS Improvement. Work continues with the CMA, NHS Improvement and internally to develop detailed integration plans towards the planned completion of the merger between UHSM and CMFT in Autumn 2017.

- **Creation of a Manchester Local Care Organisation to combine community healthcare, primary care and social care to provide a consistent, coordinated, high quality care to avoid hospital admissions**

The Manchester Provider Board secured Greater Manchester transformation funding to support the creation of a senior leadership team with senior executive appointments made by March 2017.

## 2. Overview by the Chairman and Chief Executive

Progress on developing innovative care models continues and to complete an Expression of Interest for delivery of the Manchester LCO contract.

### ➤ **Maintaining organisational clinical staffing levels**

UHSM has in place robust safe staffing processes to minimise the impact of the national shortage of training grade medical staff and qualified nurses which are managed at ward, divisional level and monitored by Quality Improvement Committee and the Board.

2016/17 has seen teams across the Trust deliver lots of real successes and achievements the whole team can be proud of; including supporting the ground breaking Macmillan Cancer Improvement Partnership (MCIP) Lung Cancer Early Diagnosis Pilot. Data revealed by UHSM included 80% of lung cancers diagnosed during the three-month pilot were discovered at the more curable 'stage one and two' as opposed to less than 20% of patients diagnosed through usual pathways after reporting symptoms.

Our award-winning teams continue to provide first class treatment and care to patients and for 2016/17 those awards include Best Dementia Nurse, Apprentice of the Year and Tissue Viability Nurse of the Year. The Trust's ward accreditation scheme continues to go from strength to strength with four Diamond accredited wards and 16 Gold wards. We also launched a Love Nursing Love UHSM social media campaign which supports the Trust's recruitment and retention strategy for nursing across the organisation.

A new North West Ventilation Unit opened at the Trust providing a seven day service for patients with chronic respiratory problems in a bespoke unit. It is one of the largest specialist ventilation services in the UK.

Outpatients now find it much easier and quicker to receive their prescriptions after a new pharmacy opened in October 2016. Rowlands Pharmacy is now responsible for all outpatient pharmacy dispensing at Wythenshawe Hospital.

Patients being cared for by the OPAL service are now treated in a newly refurbished building called OPAL House, at Wythenshawe Hospital. OPAL House opened to patients in February 2017 and can accommodate 41 patients with improved facilities including communal areas, a garden and a hair salon. It has its own kitchen and catering staff and the layout has been designed to be dementia friendly with appropriate colour schemes, signage and furnishings.

We are delighted to inform you that Trevor Rees and Jane McCall, Non-executive Directors were appointed to Deputy Chair positions, working to support the Chairman on the increased workload as part of the work ongoing across General Manchester and specifically with regards to the Single Hospital Service meetings. There were a number of changes made to the Board throughout the year. In June 2016 Philip Smyth, Non-executive Director resigned as a Non-executive Director and at the end of October 2016 Chief Executive, Diane Whittingham left the Trust. From November 2016, Silas Nicholls, the Trust's Chief Operating Officer and Deputy Chief Executive, became acting Chief Executive. He is supported by Mandy Bailey, Chief Nurse/Director of Risk and Governance who is also acting as Deputy Chief Executive. The Medical Director position on the Board also changed from November 2016 when John Crampton resigned as Medical Director and Toli Onon commenced as acting Medical Director.

Finally, on behalf of the Board, we would like to thank all of our staff, for their passion and commitment and compassion. We would also like to thank our Governors and volunteers who work tirelessly to support the Trust on its journey of quality improvement and service developments.



Barry Clare  
**Chairman**



Silas Nicholls  
**Chief Executive**

### 3. Performance Report



### 3. Performance Report

University Hospital of South Manchester NHS Foundation Trust (UHSM) was authorised by Monitor, the independent regulator on 1 November 2006 as a Foundation Trust to provide services to people living in and around part of Trafford, part of South Manchester, part of Stockport, part of East Cheshire.

As one of the largest healthcare providers in Greater Manchester (GM), the University Hospital of South Manchester NHS Foundation Trust (UHSM) is a critical player and partner in delivering solutions to these challenges on behalf of our patients and population.

The future of our services, and of Wythenshawe and Withington Hospitals, lies in increasingly strong collaboration and partnerships between services and organisations. Our strategy is to work in collaboration with commissioners and other providers across all our services. We aim to look beyond UHSM to what is right for our patients, for how we organise services in partnership with others. Our goal is vibrant hospitals delivering the high quality services our patients and local communities need, efficiently and sustainably.

#### Our Vision, Mission and Values



Our Strategic objectives provide a framework for achieving our Vision, Mission and Values which consist of two themes:

#### 1. Quality Diamond

The Quality Diamond is about “doing things right”: developing every UHSM service to be the best it can be, and allowing us to achieve our Vision in the following four areas:

- Patient safety and clinical outcomes
- Patient experience
- Staff engagement
- Value for money

#### 2. Clinical Services Strategy

In line with the GM Devolution Strategic Plan and the Trafford and Manchester Locality Plans, our clinical services strategy is to work in partnership with our commissioners and other providers to deliver safe, high quality and timely services for our patients. Central to this is our intention to merge with Central Manchester NHS Foundation Trust (CMFT) in autumn 2017.

#### Enabling Strategies

Supporting our two main strategic themes are a number of supporting strategies. These are used as a mechanism to achieve objectives in the Quality Diamond or Clinical Service Strategy and include Research, Education, Information Technology and Estates.

UHSM developed its values in conjunction with staff and much success has been achieved by the hard work and dedication of our staff to deliver safe, high quality personal care to all patients. Our aims are high and to learn from experiences to ensure reliable, continuous improvement in the quality and safety of our patients.

## Delivery of the 2016/17 Annual Plan

The purpose of the strategic report is to help inform readers of the accounts in order that they can assess how well the directors have performed during 2016/17 to promote the success of UHSM.

UHSM developed its Strategic Priorities, key objectives and key performance indicators (KPIs) to monitor the delivery of its aims as described within this section.

At each of its meetings the Board monitors strategic and operational progress through the use of the Integrated Performance Report. In addition to that there are detailed monthly reports that cover financial and activity, cost improvement programme, key Strategic Programmes and safer staffing.

In 2016/17 the Operational Plan was communicated and understood at all levels across the Trust. Key objectives were agreed with each Division together with activity and financial plans.

During 2016/17, the Board Assurance Framework included UHSM's strategic objectives and associated principle risks to delivery of those objectives within the financial year.

This section of the report aims to provide a detailed analysis of performance in relation to each strategic objective, including achievements, challenges and actions taken to mitigate these.

### 1. Clinical Service Strategy

**1.1 Leading the development of single services for Greater Manchester (GM) in our areas of specialised expertise, particularly Heart and Lung, Breast and Plastics and Burns services**

**1.2 Create a single hospital service for Manchester, Trafford and beyond which provides consistent, high quality care throughout the City and the Borough**

**1.3 Create a Local Care Organisation (LCO) for Manchester which brings together community healthcare,**

**primary care and social care to provide consistent, coordinated, high quality care which keeps people well and avoids hospital admission**

Each of the strategic objectives has progressed throughout the year. The key achievements are as follows:

- Designated as the Provider Transformation Lead for the GM Breast Services transformation project
- Built and commissioned a fifth Catheterisation Laboratory
- Implemented a streamlined lung cancer pathway and additional surgical capacity to more rapidly diagnose and treat lung cancer
- Piloted a Lung Health Check service to increase the early identification of potential lung cancer. Initial results suggest great potential to improve lung cancer survival rates
- Established a new Community Services Directorate
- Developed services at Withington Community Hospital including establishing "one stop shop" symptom based clinics for conditions such as breathlessness, loss of consciousness
- Made substantial progress towards implementation of the Healthier Together programme, including successfully establishing the first joint colorectal surgery MDT in GM.

#### ➤ **Single Hospital Service**

During 2016/17 the plans for a Single Hospital Service (SHS) across Manchester have progressed and we have as a Trust contributed, engaged with our Governors, key stakeholders and worked closely with the Single Hospital Service team with the aim of the most significant change in the provision of hospital services in the area for decades being realised in 2017.

During 2016/17 we have undertaken a significant amount of work in preparation for becoming a new organisation. Clinical engagement has been at the heart of this with over 500 contacts made with clinicians across both sites. A Clinical Advisory Group comprising 28 representatives from CMFT, Pennine Acute Hospital (PAHT), UHSM and an advisor from NHS Improvement, is meeting regularly. Five Clinical Leads have been appointed to the Programme Team through secondment arrangements on a job share basis.

Work began during the year with an initial due diligence exercise for the two Trusts, UHSM and CMFT, which involved a strategic analysis of the risks that may impact on the success of the creation of the new Trust if not managed and mitigated.

An initial submission was made to the CMA before Christmas, and this assessed the effects of the proposed establishment of a new NHS Foundation Trust from 'merging' the existing UHSM and CMFT merger on competition. A subsequent submission was made on 31 January 2017 which described a number of specific benefits that the merger is expected to facilitate. The CMA then announced the commencements of its Phase 1 investigation into the anticipated merger and in February 2017 we received confirmation that our application to be fast tracked onto Phase 2 of the process had been granted. The CMA assessment process is anticipated to take approximately six months to conclude with an outcome expected in the summer 2017.

The SHS Programme Team has also developed the Full Business Case that is required to gain approval from NHS Improvement (the regulator of NHS Trusts), and this was submitted at the end of March 2017.

A programme of communications and engagement activities have also been developed targeting key stakeholder to ensure members of staff and other key partners feel fully involved in the programme. Three joint Council of Governors meetings have been held to ensure Governors have the information and assurance they need as part of this process. As part of this engagement work, in March 2017 we issued a survey asking for views on three proposed names for the new

organisation and this will be circulated to staff, Governors and key external stakeholders.

### ➤ Local Care Organisation

In 2016/17 the vision for the Manchester Local Care Organisation (LCO) a partnership between the main statutory health and social care providers in the city and a wide range of non-statutory organisations such as the voluntary, community and social enterprise sector has progressed.

This means it will coordinate care across primary, community and secondary settings and will focus upon six key population groups in the first instance:

- Frail older people
- Adults with long term conditions and at the end of life
- Mental health, learning difficulties and dementia
- Children and young people
- People with complex lifestyles
- Prevention and those at greater risk of hospital admission.

The Manchester LCO aims to provide a high standard of care closer to home, co-ordinated partnership working to simplify care pathways and accessibility to services, and deliver population health.

During 2016/17, the Manchester Provider Board members received the draft LCO prospectus which was developed by the three Manchester Clinical Commissioning Groups and Manchester City Council. This described from a commissioner's point of view what the LCO will deliver and how it will work. The LCO Prospectus was discussed at the Manchester Health and Wellbeing Board on 2 November 2016 as part of a consultation process with local stakeholders on the proposals set out.

The consultation period ran from 2 November 2016 to 2 January 2017, during which all Manchester Provider Board organisations were given the opportunity to provide comments on the LCO prospectus.

In December 2016, the Manchester Provider Board submitted a response to the commissioners as part of the consultation process on the LCO commissioning prospectus. This:

- endorsed the Prospectus' vision for a single LCO for Manchester



- welcomed the fact it supports the partnership work undertaken so far to develop the Manchester approach to integrated, place-based care
- stated the Manchester Provider Board's intention to respond to any procurement exercise for provision of the LCO
- included a number of specific comments relating to where the Manchester Provider Board felt that the prospectus could be strengthened either by clarification or inclusion of further detail.

Since that time the commissioners have issued a Prior Information Notice requesting submissions for the Manchester LCO contract and the Manchester Provider Board members are actively now working on developing a single response.

The interim Chief Executive and interim Chief Medical Officer of the Manchester Provider Board were announced in March 2017.

## 2. Patient Safety and Clinical Outcomes

- 2.1 **Delivering high quality care by improving patient safety**
- 2.2 **Pursuing high quality clinical outcomes**
- 2.3 **Research and Development – supporting Greater Manchester to be one of the leading teaching and research centres in the UK**

Throughout 2016/17 we have worked hard to deliver the patient safety and clinical outcomes objectives and detailed evidence of that can be found within the Quality Report.

A summary of our key patient safety and clinical outcome objectives are:

- Implemented SAFER programme with monitoring metrics developed
- Audited Mental Health policy and pathway
- Implemented Phase 1 of the Electronic Patient Record (EPR) system for requesting, reporting and acknowledging patient test results
- Ensured mortality rates (Hospital Standardised Mortality Ratios, HSMR, and Summary Hospital-level Mortality Indicator, SHMI) indicated mortality

outcomes within expected range, and used HSMR to identify specific areas where detailed review could provide greatest potential for improvements in care

- Developed a Mortality Strategy to apply structured judgement review to selected in-hospital deaths; and thereby gain assurance of care quality, share learning, and improve care
- Developed and closely monitored an Improvement Action Plan following receipt of the Care Quality Commission (CQC) report which required improvement by UHSM.
- Implemented our approach to Quality Improvement
- Refreshed the Research and Innovation strategy
- In 2016/17, we were awarded a share in a £28.5m investment in Manchester by the DH under its Biomedical Research Centre (BRC) scheme. The funding will bring lifesaving tests and treatments a step nearer for millions of people. The bid brings together the recognised clinical and research expertise from across health and academia, which demonstrates the connectivity and collaboration that is central to making Greater Manchester devolution a success. The successful bid has been hosted by Central Manchester University Hospitals NHS Foundation Trust, in partnership with the University of Manchester and the partnership also involves the Christie NHS Foundation Trust, Salford Royal NHS Foundation Trust, UHSM and is supported by Manchester Academic Health Science Centre. It will see Manchester granted prestigious NIHR Biomedical Research Centre status. This will drive forward pioneering research into new tests and treatments in the areas of musculoskeletal disease, hearing health, respiratory disease and dermatology and three cancer themes (prevention, radiotherapy and precision medicine). UHSM is to lead the respiratory disease theme of the BRC with respiratory diseases being the third most common cause of death and the second most common cause of hospital admissions in the UK.

- In addition we were also awarded a share in Government investment of £12.5m to expand pioneering clinical research. This investment was awarded to Greater Manchester to fund cutting-edge research space, highly trained staff and specialist equipment required to develop and deliver pioneering new treatments. The funding was awarded by the Department of Health under the NIHR Clinical Research Facility Scheme and will bring together three dedicated research facilities at Central Manchester University Hospitals NHS Foundation Trust, the Christie NHS Foundation Trust and UHSM, where the The National Institute for Health Research South Manchester Respiratory and Allergy Clinical Research Facility (CRF) has expertise in aspergillosis, asthma, cystic fibrosis, interstitial lung disease, chronic cough and allergy. The Manchester CRFs are supported by the Manchester Academic Health Science Centre (MAHSC).

### Cyber Security

Following the cyber security threats experienced by many NHS organisations UHSM has put in place a number of cyber security initiatives. Some of these were immediately applied whilst others are planned to be implemented in 2017/18 to address any threats which could lead to risks to the Trust's information and information systems.

### Health and Safety

In addition to the above UHSM has in place a clear structure of health and safety management and leadership with key roles and responsibilities set out in UHSM's Health and Safety Policy and Safety Management System. Health and safety is integral to everything we do and is linked to all organisational strategies with great emphasis on proactive health and safety management to improve culture.

## 3.

## Patient Experience

### 3.1 Ensuring timely access for treatment and care

### 3.2 Improving our patient experience

- Commenced construction work for the redevelopment of our Emergency Department
- Improved patient flow in and Emergency and marginally missed the achievement of emergency access national four hour target, with the UHSM being one of the best performers within Greater Manchester for treatment of patients within four hours
- Developed Referral To Treatment (RTT) Plan to ensure timely access to care
- Implemented our Improvement Programme work streams e.g. length of stay, theatre productivity, outpatient efficiency. The Opening of Opal House has made significant improvements to the patient experience whilst helping to reduce patients' length of stay
- Improved levels of patient feedback and complaints process; and improve Patient-led Assessments of the Care Environment

### Patient Feedback and Complaints Process

We are committed to responding to feedback and issues of concern that are raised by a patient, their relative or carer to support service improvement and the sharing of best practice. Our Patient Advisory Liaison Service (PALS) provides an accessible service and enables complaints and concerns to be handled sensitively in a way that we aim to answer in a frank and honest way in addition to sharing any compliments received from patients and carers.

In 2016/17 our performance when responded to complaints considerably improved which is explained further below:

- 91.9% of complaints acknowledged within 3 working days
- 96.1% of responses provided to complainant by agreed deadline

This is in comparison to our performance against the number of complaints received in 2015/16 which was:

- 83.3% of complaints acknowledged within 3 working days
- 87.2% of responses provided to complainant by agreed deadline

### Complaints and Compliments Learning

At UHSM we have a Complaints Review Panel that meets on a monthly basis and aims to facilitate discussion and support learning from each complaint that we receive with emphasis on safety and improving the patient's experience and quality of patient care. All our complaints are handled to meet the NHS complaints regulations in an open and timely manner.

### Patient Care Environment

Patient-led Assessment of the Care Environment (PLACE) puts patients views at the centre of the process with assessments carried out throughout UHSM's premises against: Privacy and Dignity; Cleanliness; General Building Maintenance; Food and Dementia;. The results of these assessments identify how well hospitals are performing nationally against the areas assessed. A PLACE assessment took place in May 2016. UHSM scores either met or were reported higher than the national average in every category.

Annual assessments and results are reported publicly and the results demonstrate how hospitals are performing across the country on an annual basis. The diagrams below provide a summary of the results to demonstrate how well our Trust has performed against the national average score:

Area Assessed	2015 Scores	2016 Scores	2016 National Average
Cleanliness	98%	98%	98%
Food	88%	89%	88%
Privacy and Dignity	92%	86%	84%
Conditions, Appearance and Maintenance	83%	95%	93%
Dementia	85%	80%	75%

## 4.

## Staff Engagement

- 4.1 Improving staff engagement
- 4.2 Improving recruitment and retention levels
- 4.3 Supporting leadership and development
- 4.4 Delivering excellent clinical education through our status as a teaching hospital

At UHSM we take staff engagement seriously and have worked across all levels of the organisation throughout 2016/17 to continuously improve upon staff engagement. Our main areas of achievement are:

- Implemented and continuously work to embed the Nurse Recruitment and Retention Strategy with each ward working to meet safe staffing requirements
- Implemented Health rostering system
- Developed Leadership Strategy and we Academy and education programmes
- Redeveloped of Wythenshawe Hospital courtyard which is on for completion in the Summer of 2017 to improve facilities for staff, patients, families and carers
- Improved undergraduate and trainee satisfaction rates, reduced cancelled teaching sessions, increased delivery of professional courses. 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
- Delivered the Well-Led action plan. Through key initiatives during the year a significant improvement was made to governance systems, processes and practices
- Developed and implemented an engagement plan with the Chief Executive and Executive Directors committed to meet staff each month which included meetings with our senior clinicians and managers which is supported by fortnightly Chief Executive electronic briefings to all staff

- Development of an action plan in response to the 2016 National Staff Survey. Divisional and Trust-wide plans which will be closely monitored throughout the year along with our internal quarterly Pulse Survey
- Implemented a staff engagement programme through the use of quarterly pulse surveys which are reported to the Board on a quarterly basis. We have also reviewed our appraisal process and focussed on the quality of appraisals which has shown a great improvement
- Continue to focus on improving the well being of employees. At UHSM we acknowledge that staff may become ill and managers are always expected to provide appropriate and sympathetic support to staff. We provide employee health and wellbeing services with arrangements in place for employees to self-refer or referrals to be made by line managers through an absence manager process. During 2016/17 absence levels were 4.15% compared to the previous year's level of 4.23% % and it is our aim to reduce sickness absence to a target of 4%. Further information is included in the Staff Report section.

into our buildings and equipment to support the delivery of excellent and high quality patient services, which included the commencement of our Emergency Department expansion programme.

Our key achievements to achieve and maintain value for money whilst providing safe, quality of care for patients can be found below:

- Delivered substantial savings against our £25m Cost Improvement Programme target without impacting on the quality of service delivery
- Increased usage and clinical awareness of service line reporting and patient level information and costing systems
- Implemented an Improvement Programme to drive productivity and efficiency in key work streams; and improved service portfolio at Withington Community Hospital
- Progress towards a private hospital development on Wythenshawe Hospital site made
- Established partnership working with Manchester Science Park for the MediPark

5.

## Value for Money

### 5.2 Achieving financial sustainability

### 5.2 Improving our productivity and efficiency

### 5.3 Growing and developing our business

In 2016/17 UHSM achieved a surplus of £3.2m. The plan for the year was to post a surplus, after exceptional items, of £0.4m in line with UHSM's control total agreed with NHS Improvement. This significant over performance compared to plan was largely due to UHSM being awarded Sustainability & Transformation Incentive funding of £2.4m by NHS Improvement at the end of the financial year. This additional funding was awarded as a result of UHSM not only achieving, but exceeding the £0.4m control total.

Despite the financial position for 2016/17 being challenging we still had a plan to invest £20m

## Sustainability



UHSM are committed to being a leading sustainable healthcare organisation and to fulfil our responsibilities we have the following sustainability mission statement located in our Carbon Management Plan.

Each year we spend over £5 million heating and powering our estate, providing water and disposing of waste. UHSM remains committed to building on the 26% reduction in carbon emissions already achieved and further minimising our environmental impact, working towards the NHS public health and social care system 2050 target of an 80% reduction in carbon emissions.

## Energy

Despite an increase in intensity of activity on site including the addition of new facilities such as Hybrid Theatres, additional Catheter Labs and other smaller developments overall electricity usage has increased by 3% while gas usage has seen a reduction of 12%. This was achieved by an improved utilisation of biomass boilers. We continue to deliver our programme of energy efficiency improvements including efficient lighting, building management system optimisation and improvements to building fabric and plant room insulation. Overall CO<sub>2</sub>e associated with energy consumption reduced by nearly 10% on the previous year.

We are currently investigating further measures to reduce energy consumption across the estate including on-site electricity generation, heat recovery opportunities and replacement of inefficient motors and drives.

UHSM spent £3,517,508 on energy in 2016/17, which is a 16% decrease on energy from the previous year.



## Research and Development

UHSM is recognised nationally and globally for the quality of its research and development. Our major research programmes focus on breast cancer prevention, respiratory and allergy, and cardiovascular disease with growing areas in infectious diseases, orthopaedics and rheumatology.

## 2016/17 Consultations

During 2016/17 the Trust did not undertake any public consultations.

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 good relationships and recognises the importance of engagement.

During 2016/17 UHSM worked closely with local Clinical Commissioning Groups, Greater Manchester Provider Board, Manchester and Trafford Council, Central Manchester NHS Foundation Trust, local networks, Manchester Healthwatch, Health and Well Being board and the Overview and Scrutiny Committee as well as other partners to develop an integrated health service to meet the needs of patients.

In addition UHSM regularly updates Members of Parliament who represent the catchment areas that the Trust represents.



## Key Achievements during 2016/17

### **Tracheostomy Team recognised by the Health Service Journal**

In April 2016 UHSM's Tracheostomy Team received national and international recognition for a project focused on improving tracheostomy care. The project was recognised by the Health Service Journal (HSJ), and shortlisted for a HSJ Value Award. In addition the British Medical Journal shortlisted the tracheostomy team for their Anaesthesia Team of the Year award.

### **Queen's Award for Voluntary Service 2016 goes to Ticker Club**

In June the Queen's Award for Voluntary Service 2016, the most prestigious award for volunteers in the country which was awarded to the Ticker Club. The Ticker Club, based in the North West Heart Centre, is a team of volunteers which has provided moral support to our patients, as well as raising much-needed funds, for almost thirty years.

### **UHSM awarded Gold status by Health Education England**

UHSM was awarded Gold status by Health Education England in recognition of the quality of the learning environments UHSM provides for all non-medical learners, including students from nursing, allied health professions and healthcare science.

### **North West Adult Learners' Week Awards in Health and Care: Apprentice of the Year and Volunteer of the Year**

In June 2016 UHSM apprentice Olivia Lingard was named Apprentice of the Year and Anna Kwiatek named Volunteer of the Year at the North West Adult Learners' Week Awards in Health and Care 2016. This regional event was the result of a partnership between Health Education England (HEE), North West Employers, the Whitworth and Voluntary Sector North West, in collaboration with the Innovation Agency, the WEA, Trinity College London and the Greater Manchester Lancashire and South Cumbria Strategic Clinical Networks who sponsored the awards.

### **Copeland Memorial Travelling Fellowship by the British Elbow and Shoulder Society**

In August 2016 Chris Peach, consultant elbow and shoulder surgeon at UHSM, was awarded the inaugural Copeland Memorial Travelling Fellowship by the British Elbow and Shoulder Society.

### **Macmillan Information and Support Centre Manager wins ITV Hero Award**

In October 2016 Macmillan Information and Support Centre Manager Debbie Smith was surprised live on national television and presented with a 'Kelly's Hero' Award by ITV's Lorraine programme. Debbie was nominated by colleagues for her tireless hard work with people affected by cancer. Lorraine presenter Jake Quickenden surprised Debbie as she discussed Macmillan Coffee Morning plans with colleagues.

### **UHSM Dementia Lead Wins National Care Award**

In November 2016, Lead Dementia Specialist Nurse Sarah Monks won the Best Dementia Lead/Nurse category in the seventh National Dementia Care Award 2016. In charge of championing the needs and care of people living with dementia, Sarah was presented with her award by celebrity astrologer Russell Grant at a gala night held on Thursday 3 November.

### **Burns Nurse wins Tissue Viability Nurse of the Year**

In March 2017 UHSM Burns Nurse Consultant Jacky Edwards was awarded Tissue Viability Nurse of the Year at the British Journal of Nursing Awards. Jacky led the way on introducing the use of compression therapy in both new and non-healing lower leg burns, in the UK. This has led to quicker wound healing and/or earlier discharge.

## Compliance with Mandatory Standards

UHSM's operational performance is measured against national targets with performance against these targets reported to NHS Improvement (Monitor) against arrangements which were set by Monitor's Risk Assessment Framework until October 2016 which was replaced by NHS Improvement's Single Oversight Framework from October 2016 onwards.

UHSM is also regulated by the Care Quality Commission (CQC) who assess the Trust against a set of national safety and quality outcomes on patient safety, clinical, cost effectiveness and governance and also a number of local safety and quality standards which are agreed with our commissioners.

UHSM set a challenging Sustainability & Transformation Fund (STF) improvement trajectory for the emergency access four-hour wait in 2016/17 to achieve 95% by April 2017. UHSM achieved this trajectory in Quarter 2 with performance of 90.8% and also finished the year strongly with 91.9% performance in March. A high number of Delayed Transfers of Care (DTOCs), which are outside the influence of the Trust, has had a significant impact on patient flow at UHSM, and thus achievement of the trajectory. Greater Manchester has set commissioning and local-authority partners a target of delivering, and maintaining, a maximum number of 24 DTOCs at any one time. An improvement plan has been agreed for 2017/18, which focuses on initiatives to improve the patient experience across the Emergency Department, Acute Medical Unit, ambulatory care units (medical and surgical), as well as the urgent care services.

**Table 1. Performance against clinical, quality and access standards 2016/17**

Acute national targets and minimum standards	2016/17	2015/16	2014/15	Threshold <sup>(a)</sup> (only)
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	85.5%	84.3%	91.9%	95.0%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate - patients on an incomplete pathway	83.5%	89.5%	94.9%	92.0%
Maximum 6-week wait for diagnostic procedures	99.5%	98.2%	96.3%	99.0%
Maximum two month wait from referral to treatment for all cancers <sup>(b)</sup> :				
from urgent GP referral to treatment	89.2%	87.9%	86.4%	85.0%
from consultant screening service referral	97.2%	97.7%	98.2%	90.0%
Maximum one month wait for subsequent treatment of all cancers:	98.8%	98.6%		94.0%
urgency	100%	100%		98.0%
treatment anti-cancer drug			98.2%	100%
Maximum one month wait from diagnosis to treatment for all cancers	98.9%	98.7%	98.8%	96.0%
Two week wait from referral to date first seen:				
all cancers	95.6%	95.5%	97.1%	93.0%
for symptomatic breast patients (cancer not initially suspected)	93.9%	94.3%	97.0%	93.0%
<i>Clostridium difficile</i> year-on-year reduction <sup>(c)</sup>	14	5	9	39 in 2016/17 39 in 2015/16 39 in 2014/15
MRSA - meeting the MRSA objective	3	4	1	zero
Access to healthcare for people with a learning disability	achieved	achieved	achieved	no threshold published
Data completeness: community services, comprising:				
RTT information	88.8%	97.6%	98.8%	50%
Referral information	66.7%	66.7%	66.7%	50%
Treatment activity information	100%	100%	100%	50%



### Notes to Table 1.

2016/17 performance is currently reported from April 2016 to February 2017 for RTT incomplete, 6-week diagnostic waits, MRSA bacteraemia and *C. difficile*, and the national cancer standards.

- (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;
- (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.
- (d) The following two performance indicators, which originally formed part of NHS Improvement's *Risk Assessment Framework*, were replaced with other indicators in the *Single Oversight Framework* from 1<sup>st</sup> October 2016:
  - Access to healthcare for people with a learning disability; and
  - Data completeness: community services.

During 2016/17 UHSM achieved the national cancer standards in 2016/17 and continued its strong performance for the two-month GP referral to treatment standard, which has seen a year-on-year improvement to 89.2%.

Following identification of 18-week Referral-to-Treatment (RTT) data system and training issues in 2015, UHSM completed a comprehensive programme of validation and developed a new RTT data system with support from the Intensive Support Team. UHSM started to report RTT performance using the new data in August 2016. UHSM achieved the STF improvement trajectory in Quarters 1- 3 and also met a revised trajectory in Quarter 4 to achieve 87% by the end of March 2017. A realistic and affordable improvement trajectory for sustainable achievement of 92% in 2017/18 is being developed for agreement with commissioners and regulators.

UHSM returned to compliance with the six-week wait for diagnostic procedures in 2016/17, achieving the required standard consistently throughout the year.

### Standards of Quality and Safety

UHSM was rated as 'Requires Improvement' following its Care Quality Commission full inspection in January 2016 and the full report was published in June 2016. The summary of this is displayed below:

- Trust as a whole: Requires Improvement
- Wythenshawe Hospital: Requires Improvement
- Withington Hospital: Good
- Community In-Patient Services: Good
- Community Services: Good

An action plan was developed and closely monitored by UHSM's Improvement Board and Quality Improvement Committee which provides assurance to the Board. We have implemented the majority of actions following the CQC inspection and have plans in place to sign-off the completed action plan in early 2017/18.



## Financial Standards

The following highlight the main headlines of financial performance for UHSM in 2016/17:

We successfully achieved a surplus of £3.2m in 2016/17 after adjusting for exceptional items of £12.1m. The plan for the year was to achieve a surplus, after exceptional items, of £0.4m in line with the control total for UHSM which was agreed with NHS Improvement. The significant over performance compared to plan was largely due to UHSM being awarded Sustainability and Transformation Incentive funding of £2.4m by NHS Improvement at the end of the financial year. This additional funding was awarded as a result of UHSM not only achieving, but exceeding the £0.4m control total.

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 2016-17, UHSM posted a net surplus of £3.2m after adjusting for exceptional costs of £12.1m relating to impairments following a revaluation of UHSM's land and buildings.

In 2016-17, operational performance with regard to earnings before interest, taxation, depreciation and amortisation (EBITDA) was £20.5m (4.3% of turnover). This was an increase from the previous year (2015-16 when EBITDA was 3.9% of turnover), reflecting successful delivery of CIP savings in 2016/17.

Table below provides a summary Statement of Comprehensive Income performance:

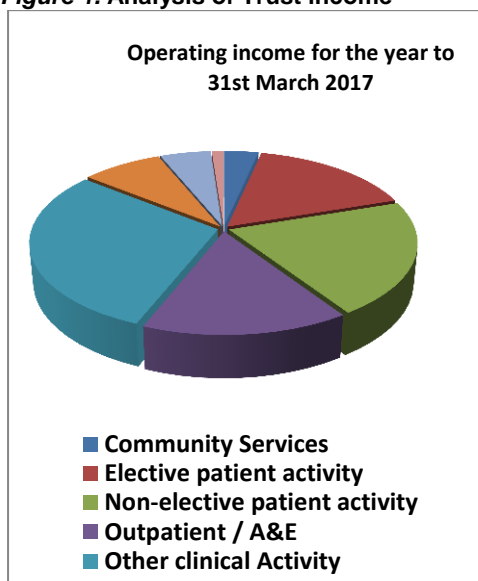
**Table 2. 2016-17 Summarised Operational Financial Performance**

	Trust 2016-17 £m
Income	473.3
Operating expenses	<u>(452.8)</u>
EBITDA	<b>20.5</b>
Depreciation	(10.8)
Net interest	(8.3)
Net gain on asset disposal	<u>4.5</u>
Deficit before Dividend	<b>5.9</b>
Public Dividend Payment	(2.7)
Exceptional items*	<u>(12.1)</u>
Net Surplus/(Deficit) after exceptional items	<b>(8.9)</b>
Adjust for exceptional items	12.1
Normalised Net Surplus before exceptional items	<b>3.2</b>

\*Exceptional items are exceptional losses arising from revaluation of land and buildings

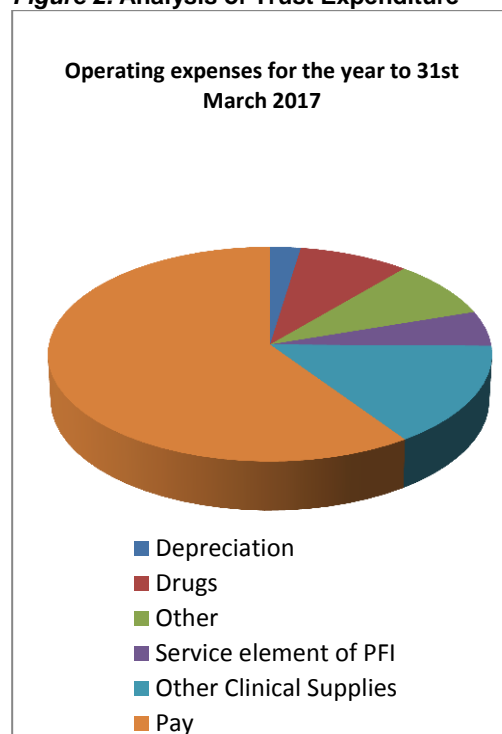
The following pie charts provide a breakdown of the sources of income UHSM has generated and where the money has been spent:

**Figure 1. Analysis of Trust income**



The largest proportion of UHSM's income is generated from patient related activities which represent 94% of total income. The majority of this is derived from contracts with the Trust's clinical commissioners and includes £144m funding from NHS England for the specialised Heart & Lung, Breast, and Plastics & Burns services provided by UHSM. Education and training funding accounts for a further 5% of Trust income.

**Figure 2. Analysis of Trust Expenditure**



The largest proportion of UHSM's costs are spent on staff, accounting for 60% of operating expenses, with clinical supplies and services the other material proportion accounting for 15%.

### Capital Expenditure Investments

UHSM has a rolling capital programme to maintain and develop its capital infrastructure. In 2016-17 UHSM invested £18.3m of capital expenditure to enhance and expand the asset base.

This included the following significant schemes:

- Implementation of an electronic patient record system (EPR), increasing the reliability and consistency of care provided to patients
- Commencement of a scheme to expand emergency department (ED) facilities
- Upgraded technology through investment in the resilience of the Trust's IT Network and PC refresh.
- Conversion of existing building into enhanced intermediate care facility for older people

In addition UHSM spent over £5.5m in maintaining and refreshing its building infrastructure to ensure compliance with modern standards and £1.9m on medical equipment to ensure the highest quality of patient care. The following table summarises the expenditure in 2016-17:

**Table 3. Analysis of capital expenditure**

	<b>2016-17 £m</b>
ED scheme	1.6
Estates Maintenance (including PFI lifecycle)	5.5
Medical Equipment	1.9
IT Infrastructure	2.6
Electronic Patient Record System	4.9
Enhanced intermediate care facility for older people	0.9
Other	0.9
<b>Total</b>	<b>18.3</b>

This programme of capital investment was mainly funded by depreciation and retained surpluses. The Emergency Department scheme is funded by Department of Health public dividend capital money.

UHSM plans to continue to invest in new assets through 2017/18 including:

- Continuation of the scheme to expand of UHSM's Emergency Department facilities;
- Further development of the electronic patient records systems to generate efficiency and effectiveness through transformational change;
- Extension to MacMillan cancer Care information centre.

### Liquid Assets

At the end of March 2017, UHSM held £20.6m in cash balances. This is a modest increase on last year's cash and cash equivalents.

### Important events since the end of the financial year

There have been no significant events after the end of the reporting period which would impact on the values disclosed in the Annual Accounts section of this report. As explained above, UHSM continues to work with other local healthcare providers to create:

- a single hospital service for Manchester, Trafford and beyond which will provide consistent, high quality care throughout the City and the Borough;
- a Local Care Organisation (LCO) for Manchester which will bring together community healthcare, primary care and social care to provide consistent, coordinated, high quality care which will keep people well and avoid hospital admissions.

### Audit information

The existing Auditor (Grant Thornton) was appointed in 2013. As far as the Directors are aware, all relevant audit information has been fully disclosed to the auditors and no relevant audit information has been withheld or made unavailable.

### Cost allocation and charging

UHSM confirms that it has complied with the cost allocation and charging requirements set out in HM Treasury's guidance on Managing Public Money. Costs are calculated on an accruals basis, including overheads, depreciation and the cost of capital.

### Income disclosures as required by section 43(2A) of the NHS Act 2006

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. UHSM met this requirement in 2016/17.

### Accounting policies for pensions and retirement benefits

UHSM's policy for accounting for pension and retirement benefits provided to staff can be found in the Annual Accounts section of this report.

Details of the remuneration of Trust Executive Directors, including their retirement benefit provision, can be found in the Remuneration Report which forms part of the Accountability Report.

## Strategic Direction (Looking Forward)

Looking forward to 2017/18 and 2018/19 UHSM has developed a plan that builds on its strategic objectives whilst incorporating the Five Year Forward View and NHS Mandate.

Our priority will be to continue to work collaboratively with our health economy partners through the Greater Manchester Devolution programme to help ensure our patients and our local population get the best possible healthcare service they need, and deserve.

UHSM is in discussion with NHSI about its control totals for 2017/19. To support the discussions we will endeavour to identify and deliver additional savings opportunities throughout the year and ensure that value for money on expenditure is achieved. Whilst the financial position for 2017/19 nationally is extremely challenging we are still planning a significant investment in our buildings and equipment to support the delivery of excellent and high quality patient services, including significant progress of our Emergency Department expansion programme.

UHSM's Operational Plan for 2017/18 includes the following:

- An operating surplus of £5.4m
- A normalised net deficit, after costs of financing and depreciation of £6.3m

This operating performance and planned capital expenditure for 2017/18 leaves a 31 March 2018 projected cash balance of £8.9m.



Our 2017/8 and 2018/19 Operation Plan is summarised below:

**Clinical Service Strategy**

**Strategic Priority**

1. Lead the development of single services for Greater Manchester in our areas of specialised expertise, particularly Heart and Lung, Breast and Plastics and Burns services
2. Create a single hospital service for Manchester, Trafford and beyond which provides consistent, high quality care throughout the City and the Borough
3. Create a LCO for Manchester which brings together community healthcare, primary care and social care to provide consistent, coordinated, high quality care which keeps people well and avoids hospital admission

**Patient Safety and Clinical Outcomes**

**Strategic Priority**

1. Delivering high quality care by improving patient safety
2. Pursuing high quality clinical outcomes
3. Research & Development - supporting Greater Manchester to be one of the leading teaching and research centres in the UK

**Patient Experience**

**Strategic Priority**

1. Ensuring timely access for treatment and care
2. Improving our patient experience

**Staff Engagement**

**Strategic Priority**

1. Improving staff engagement
2. Improving recruitment and retention levels
3. Supporting leadership and development
4. Delivering excellent clinical education through our status as a teaching hospital

**Value for Money**

**Strategic Priority**

1. Achieving financial sustainability
2. Improving our productivity and efficiency
3. Growing and developing our business

## Counter Fraud

UHSM has established an Anti-Fraud Service provided by KPMG. Our local counter fraud work is in line with standards for providers for Fraud, Bribery and Corruption issued by NHS Protect.

KPMG employ accredited Counter Fraud Specialists who lead on delivering both proactive and reactive work. The Counter Fraud team prepare a risk based plan each year based on risks identified locally, nationally and those arising out of the NHS Protect quality assessment process. Work completed by the Internal Audit team (also provided by KPMG) provides assurance over key financial controls and highlights any areas where UHSM may be exposed to the risk of fraud.

The following provides a summary of the Counter Fraud activities undertaken during the year:

During 2016/17 UHSM worked pro-actively to raise awareness in relation to countering fraud to embed the anti-fraud culture. This included:

- Publication of a six-monthly newsletter to raise counter fraud awareness across UHSM and covers topical and high risk issues
- Completion of a Fraud awareness week. This was a focused week where UHSM has the opportunity to focus communications on the issues of Fraud across the NHS and identify risks that may require further follow up at UHSM
- Delivery of awareness sessions to teams across UHSM. In 2016-17 this included both Finance and Human Resources
- Conducting a proactive exercise around pre-employment checking. This provided an overview of a key control to detect and prevent fraud from occurring

## Going Concern Assessment

UHSM has prepared its 2016/17 Annual Accounts on a Going Concern basis. After making enquiries, the Directors have a reasonable expectation that UHSM 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.

UHSM has successfully concluded its 2017/18 contract negotiations with its main commissioners and this therefore provides confidence on future income levels. Twelve month operational plans for 2017/18 have been prepared which show UHSM retaining sufficient cash balances to continue as a going concern. These plans include delivery of £23m efficiency savings. Whilst this represents a stretching target, this level of planned efficiency savings is not inconsistent with levels of savings achieved in previous years. UHSM is also in discussions with NHS Improvement around accessing 2017/18 Sustainability and Transformation funding which, if confirmed, would increase available cash. Therefore the Directors, having made appropriate enquiries, have a reasonable expectation that UHSM will have adequate resources to continue in operational, existence for the foreseeable future and thus the financial statement have been prepared on a going concern basis.

UHSM, in conjunction with CMFT, has submitted a business case to NHS Improvement proposing that the two organisations will join together to create a new NHS Foundation Trust in autumn 2017. This would be the first step in creating a new, city-wide hospital Trust which will provide much better, safer, more consistent hospital care for people living in the City of Manchester, Trafford, and beyond. At the time of preparing these accounts, it is not known whether these proposals for creating a new, combined Trust will be approved. However, it is clear that in the immediate foreseeable future, provision of the majority of UHSM's clinical services will continue to be delivered from the existing hospital and community premises. Therefore the SHS Programme proposals are consistent with preparation of the accounts on a going concern basis.

UHSM recognises the significant financial challenges within the NHS and local health economy and the risk this represents to UHSM's going concern statement. The Board remains sighted on these issues and has mechanisms in place to understand and mitigate these risks as far as practicably possible. These accounts have been prepared under a direction issued by NHS Improvement (Monitor) under the National Health Service Act 2006 as amended by the Health and Social Care Act 2012.

The Board of Directors understands its responsibility for preparing the Annual Report and Accounts. The Board considers it to be fair, balanced and understandable whilst providing necessary information for patients, our regulators and other stakeholders to assess the Trust's performance, its strategy and business model. The Board has included a description of the principle risks and uncertainties that face the Trust which can be found in the Annual Governance Statement. This Performance Report is approved by the Directors and signed and dated by the Accounting Officer.



**Silas Nicholls**  
**Chief Executive & Accounting Officer**  
**Date: 25 May 2017**



## 4. Accountability Report



## 4. Accountability Report

### Directors' Report

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Board of Directors considers that the Annual Report and Accounts taken as a whole are fair, balanced and understandable, providing the information necessary for the public, patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

**Each NHS Foundation Trust has its own governance structure. The basic governance structure of all NHS Foundation Trusts includes:**

- 1. Membership**
- 2. Council of Governors**
- 3. Board of Directors**

This structure is set out in the Trust's Constitution and is well developed at the Trust and can be found at:

[www.uhsm.nhs.uk](http://www.uhsm.nhs.uk) or within the NHS Foundation Trust directory: <https://improvement.nhs.uk>

University Hospital of South Manchester NHS Foundation Trust (UHSM) is headed by a Board of Directors with responsibility for the exercise of the powers and the performance of the NHS Foundation Trust. In addition to the basic governance structure, UHSM makes use of its Board Committees and Executive Groups which comprise of directors and senior managers as a practical way of dealing with specific issues.

  
Barry Clare  
**Chairman**

  
Silas Nicholls  
**Chief Executive**



## 4. Accountability Report

### Foundation Trust Membership

We involve our Governors who represent the members from the Trust's constituent areas in developing our forward plans. Designing services and improving care means that the views of local people are being heard which helps to improve experience for patients, carers, visitors and staff.

Our original membership was established in 2006 and since then we have strived to maintain and engage with our representative membership. In association with the Trust's Membership Strategy the Trust aims to maintain its current membership whilst engaging and communicating effectively.

In early 2017/18 there are a number of Governor Task and Finish Groups planned. One group will work to draft the constituent membership areas which will be integral to the Constitution for new organisation as part of the SHS; and another group will receive independent legal advice to enable them to agree criteria for Governors to use.

Our membership consists of public, staff and volunteers. The details of our membership are included below:

#### Public members

We have 6889 public member constituencies which covers part of South Manchester, part of Trafford, part of Stockport, part of East Cheshire electoral wards and the fifth area covering the remainder of the United Kingdom.

A member of the public who is 16 years of age or over and lives in one of the following constituencies can become a member of our Trust:

- South Manchester
- Trafford
- Stockport
- East Cheshire
- Rest of England and Wales

#### Staff and Volunteer members

Staff who join the Trust become a member automatically and those who are registered to undertake individual voluntary work at the Trust are eligible to become a member within this constituency.

This constituency is split into the following classes:

- Medical Practitioners and Dental staff
- Nursing and Midwifery staff
- Other Clinical staff
- Non-clinical Support staff
- Volunteers (*working within the Trust*)
- Sodexho staff (*who provide services to the Trust, employed by South Manchester Healthcare Limited providing soft and hard facilities management services under the PFI Concession Agreement*)

The tables below provides details of the Trust's membership:

Constituency	Actual 31 March 2016	Actual 31 March 2017
Public	7,238	6,889
Staff, Sodexho and Volunteers	5,985	7,722

Public Constituency Breakdown	Actual 31 March 2017
South Manchester	2,083
Trafford	1572
Stockport	979
East Cheshire	508
Rest of England	1,744

Staff and Volunteer Constituency Breakdown	Actual 31 March 2017
Medical and Dental	571
Nursing and Midwifery	1961
Clinical	1730
Non Clinical	1412
Sodexho	582
Volunteers	431

Public membership	Number of members (31 March 2017)	Eligible membership
<b>Age (years)</b>		
0-16	2	173,740
17-21	26	55,525
22+	5,980	609,225
<b>Ethnicity</b>		
White	4,418	665,528
Mixed	60	25,301
Asian or Asian British	285	77,496
Black or Black British	124	30,444
Other	19	13,24
<b>Socio-economic Grouping</b>		
AB	2,069	70,738
C1	1,984	84,804
C2	1,321	40,894
DE	1,492	60,679
<b>Gender</b>		
Male	2,252	414,529
Female	3,358	423,960
Unknown*	2,343	

\*The analysis section of this report excludes 881 public members with no dates of birth; and 3262 with no stated ethnicity

## 4. Accountability Report

We communicate and engage with members, patients and volunteers by the use of a variety of ways, these include:

- Membership and Staff Newsletter
- UHSM website
- Digital communications
- Local media
- Membership seminars e.g. Health Matters
- Chief Executive Briefings
- Annual Members' Meetings

As part of the work on-going in General Manchester we have and will continue to work extremely closely with our Partnership Organisations such as Manchester and Trafford Council, Clinical Commissioning Groups and Manchester University.

Further information on membership or how to communicate with Governors can be found on our website: [www.uhsm.nhs.uk/members](http://www.uhsm.nhs.uk/members)

## 4. Accountability Report

### Council of Governors

The Council of Governors of the Trust consists of 33 seats; eight represent South Manchester, four represent Trafford, two represent Stockport, one represents East Cheshire and five represent the remainder of England, seven represent staff, one represents the Trust's volunteers and five appointed Governors who represent the views from the Trust's partner organisations.

The Council of Governors are direct representatives of staff, volunteers, stakeholders, members and the public interests and form an integral part of UHSM's governance structure.

The Council of Governors appoint the Non-executive Directors including the Chairman to the NHS Foundation Trust Board of Directors. They also have a role to hold Non-executive Directors individually and collectively to account for the performance of the Board and also to represent the interests of the NHS Foundation Trust members and the public.

The Council of Governors collectively has responsibility to support the Trust to consider the views of its members when developing plans and services.

Other statutory elements of the Council of Governors' role includes:

- Appointment and removal of the Chairman and other Non-executive Directors
- Decide the remuneration of the Chairman and Chief Executive
- Approve the appointment of the Chief Executive
- Appoint and remove the NHS Foundation Trust's External Auditors
- Receive the NHS Foundation Trust's Annual Report and Annual Accounts
- When appropriate make recommendations and/or approve revisions of the Foundation Trust Constitution
- Approve significant transactions
- Approve an application by the Foundation Trust to enter into a merger, acquisition, separation or dissolution

- Review the Foundation Trust Membership and Engagement strategy

There were a number of changes to the Council of Governors throughout the year and this included one formal election being held. Details of the composition and changes that occurred during 2016/17 is described in the following table:



## 4. Accountability Report

Governor	Constituency	Term of Office	Number of Terms	Term due to end/ended	Council of Governor meeting attendance
<b>Public Elected Governors</b>					
Syed Ali	South Manchester	3 years	3	31.10.18	3/4
John Churchill	South Manchester	3 years	3	31.10.18	3/4
Margaret Hughes	South Manchester	3 years	3	31.10.18	4/4
Sara Judge	South Manchester	3 years	2	1.10.16**	0/2
Michael Kelly	South Manchester	3 years	2	31.10.17*	2/2
Mike Pickering	South Manchester	3 years	1	31.10.18	4/4
David Rogers	South Manchester	3 years	1	31.10.18	3/4
Suzanne Russell	South Manchester	3 years	2	31.10.18	4/4
Sidney Travers	South Manchester	3 years	2	31.10.18	4/4
Sue Burden	South Manchester	3 years	1	31.10.17	4/4
Charles Flannery	South Manchester	3 years	1		2/4
Marguerite Prenton	South Manchester	3 years	3	31.10.18	4/4
Jane Reader	South Manchester	3 years	1	31.10.18	4/4
Tony Mills	Stockport	3 years	1	26.02.17	0/3
Colin Potts	Stockport	3 years	1	31.10.18	4/4
Chris Templar	East Cheshire	3 years	2	31.10.18	4/4
Philip Martlew	Rest of England	3 years	1	31.10.17	3/4
Eugen McManus	Rest of England	3 years	1	08.03.17	3/3
<b>Elected Staff Governors</b>					
Alan Baker	Sodexo	3 years	1	31.10.17	0/4
Christine Bower	Nursing and Midwifery	3 years	1	31.10.18	2/4
Sarah Rhodes	Nursing and Midwifery	3 years	1	31.10.18	0/4
Emma Hurley	Medical and Dental	3 years	1	31.10.18	0/1
Colin Owen	Non-clinical	3 years	1	31.10.18	3/4
Cliff Clinkard	Volunteer	3 years	3	31.10.18	4/4
Kevin Webb	Medical and Dental	3 years	1	31.01.20	1/1

\*Michael Kelly replaced \*\*Sara Judge when she resigned. He was the next highest voting candidate and in line with Constitutional requirements will cover the remaining term of office.

The Trust has a number of vacancies on its Council of Governors which include: one vacancy for Stockport, four vacancies for the Rest of England and one vacancy for other Clinical Staff. In compliance with the Trust's Constitution the Trust plans to leave the seats vacant until its next planned elections. In addition there are three partnership Governor vacancies for Manchester University, and the Trust's commissioners.

### Appointed Governors

Governor	Partner Organisation	Date appointed	Council of Governor meeting attendance
Councillor Tracey Rawlins	Manchester City Council	28.03.12	4/4
Councillor Chris Boyes	Trafford Council	02.04.14	4/4

During 2016/17 there were a number of changes to the Council of Governors. Tony Mills, elected public Governor for Stockport resigned in February 2017; Eugene McManus, public Governor for Rest of England term ended in March 2017; Emma Hurley, Medical and Dental elected staff Governor resigned in October 2016 from the role of Governor; and Sara Judge, elected public Governor for South Manchester resigned in October 2016.

In January 2017 elections were held for the Medical and Dental staff Governor vacancy and Kevin Webb was elected. The table below summarises the election details:

Constituency	Date of Election	Number of Nominations	Total Eligible to Vote	Turnout (%)
Medical and Dental	30.01.17	125	599	20.87%

## 4. Accountability Report

### Council of Governors Meetings

Since 1 April 2016 the Council of Governors met on four occasions:

- 16 June 2016
- 13 September 2016
- 8 December 2016
- 8 March 2017

At the Trust arrangements are in place for a Chairs' Advisory Committee which includes the Chairs of each of the Governor Committees. This Committee was established to support the Council of Governors, to advise the Chairman on matters of concern and to advise on agenda setting for Council of Governor meetings. This Committee acts as an alternative arrangement to a Lead Governor which was accepted by Monitor (*the Trust's regulator at the time*).

### Declaration of Interests of the Council of Governors

All Governors are required to comply with the Council of Governors Code of Conduct which includes a requirement to declare any interests that may result in a potential conflict of interest in their role as Governor of the Trust. At every meeting of the Council of Governors there is a standing agenda item which requires Governors to make it known of any interest in relation to agenda items and any changes to their declared interests.

The Register of Governors' Interests is held by the Company Secretary and is available for public inspection via the following address:

Company Secretary  
UHSM  
Wythenshawe Hospital  
Southmoor Road  
Manchester  
M23 9LT

### Council of Governor Committees

The Council of Governors delegates some of its powers to Committees of Governors and these matters are set out within the Trust's Constitution, which includes the Membership and Engagement Committee, Remuneration Committee and Appointments Committee.

Further details on the workings of the Remuneration Committee and Appointments Committee can be found within the Remuneration Report. The work covered by the Membership and Engagement Committee included:

### Membership and Engagement Committee

The Membership and Engagement Committee is a Committee of the Council of Governors and its purpose is:

- to engage with members and receive their comments and views on the developments of the Trust
- to develop effective forms of communication with members
- to maintain the membership of members whilst matching the demographics of the constituent areas
- to enable members to stand for election to the Council of Governors and to elect Governor representatives
- to establish effective communication channels and plans for Governor engagement with members and the local community

Attendance during 2016/17 can be found below:

Cliff Clinkard, Chair of Committee	3/3
Chris Templar	3/3
Marguerite Prenton	3/3
Colin Potts	2/3
Mike Pickering	3/3
Phil Martlew	0/3
Sue Burden	1/3
Margaret Hughes	2/3

## 4. Accountability Report

The Council of Governors has established two other Committees called the Patient Experience Committee and the Annual Plan Advisory Committee. The Patient Experience Committee looks at the Inpatient and Staff Surveys, PLACE assessments carried out and participates to the Quality Report. During 2016/17 the Patient Experience select the quality indicator for use within the Quality Report. The Chief Nurse is a regular attendee at the Patient Experience Committee.

The Annual Plan Advisory Committee met regularly throughout the year to consider the Trust's Operational Plans and review the development of the 2017/18 and 2018/19 Operation Plan prior to it being approved by the Board for submission to the Trust's regulator, NHS Improvement.

### Training and development for Governors

Throughout 2016/17 the Trust has provided Governors with access to a range of training and development opportunities to further support them in their role which included Equality and Diversity in-house training; attendance to external MIAA Governor Learning Events and the North West Governor Conference.

There are a number of ways members and public can communicate with the Council of Governors:

Email: [foundationtrust@uhsm.nhs.uk](mailto:foundationtrust@uhsm.nhs.uk)  
Telephone: 0161 9987070  
Website: [www.uhsm.nhs.uk](http://www.uhsm.nhs.uk)

Membership Office  
Trust Headquarters  
Wythenshawe Hospital  
Southmoor Road  
Manchester  
M23 9LT

### The Board's relationship with the Council of Governors

The Board of Directors and the Council of Governors have met and worked much more closely throughout 2016/17. Throughout the year the Chairman and the Company Secretary worked closely with the Chairs' Advisory Committee to discuss agenda items for Council of Governors meetings and the Joint Governor Workshops with Governors of CMFT. The Chief Executive attends all Council of Governor meetings with Executive and Non-executive Directors attending regularly as observers to take part when further information is required on strategic developments and operational performance and to answer any concerns that Governors may wish to raise.

During 2016/17 UHSM Governors have devoted a large amount of their time to attend many meetings whilst fulfilling their role. We have held strategic seminars with our Governors and they have been updated on the Greater Manchester plans including the Manchester LCO and in greater depth regularly updated and engaged on the progress made against the Trust's intentions to merge with Central Manchester University Hospitals NHS Foundation Trust in autumn 2017. This has included regular meetings with the Board and the SHS Project Director on the process and progress made including the detailed due diligence process that was carried out in the later part of 2016/17 which resulted in the Board's approval of the business case for submission to NHS Improvement, the Trust's regulator. Seminars have also covered topics such as the Trust's financial recovery and cost improvement plans and operational performance against local and national targets. Governors have also participated in three joint Governor workshops with UHSM and Central Manchester NHS Foundation Trust Governors being informed and engaged on such things as the Clinical Benefits that the new Single Hospital Service will enable.

Board of Directors meetings are held in public and Governors regularly attend to observe these meetings. Members of the Board respond to any questions or concerns that Governors may have.



## 4. Accountability Report

### Board of Directors

The Board of Directors is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical and operational performance, financial performance, governance and risk. The Board is legally accountable for the services that it provides at the Trust and aims to operate to the highest of corporate governance standards.

The Board delegates some of its powers to a Committee of Directors and these matters are set out within the Trust's Standing Orders and Scheme of Delegation.

Further details on the workings of the Statutory Board Committees (Nomination and Remuneration Committee and Audit Committee) can be found within the Remuneration Report. In addition to the Statutory Board Committees the Trust has additional Board Committees and Executive Operational Groups which were reviewed and revised during the year with the formation of Management Board.

The Board ensures that the public interests of patients and the local community are represented by working groups in place within and outside of the Trust which is in addition to the Council of Governor Committee structure.

#### Board Composition and Balance

The Board is satisfied that it has the appropriate balance and knowledge, skills and experience to enable it to carry out its duties effectively. This is supported by the Council of Governors which takes into account the collective performance of the Board.

#### Board of Director Meetings

The Board met on a monthly basis in formal session on 12 occasions during 2016/17. These sessions were held in public apart from where the Board resolved to meet in a private session, by reason of the confidential nature of business to be discussed.

The Board is legally accountable for the services provided by the University Hospital of South Manchester and key responsibilities include the following:

- Ensuring that services provided are safe, clean and personal care is provided for patients
- Setting the strategic direction of the Trust ensuring that the Council of Governor's views are considered

- Ensuring adequate systems and processes are in place to deliver the Trust's Annual Operational Plan
- Measuring and monitoring effectiveness and efficiency of services
- Ensuring that the Trust is compliant with its Licence, as issued by the Trust's Independent Regulator
- Exercising powers of the Trust which are established under statute, which is detailed within the Trust's Constitution
- Ensuring robust governance arrangements are in place and supported by an effective assurance framework which supports sound systems of internal control

All Board members undergo annual performance appraisals. The Chairman carries out the annual performance appraisal for the Non-executive Directors and the Chief Executive. The Senior Independent Director carries out the annual performance appraisal for the Chairman, he meets collectively with Non-executive Directors, and meets separately with the Nomination Committee and Chief Executive before completing the Chairman's appraisal process.

The collective performance of the Board is evaluated through discussions and evaluation at Board Away Days, through continuous review of the Board Assurance Framework and through independent reviews such as the Well-led review conducted by Deloitte LLP. An independent re-review of governance was carried out by Deloitte LLP which followed previous reviews aligned to the Well-led Framework. The outcome of Deloitte's re-review received in October 2016 found the Trust had made significant improvements with regards to Board governance which is explained further within the Annual Governance Statement.

## 4. Accountability Report

### Board of Director Profiles

#### Non-executive Directors



#### **Barry Clare, Chairman**

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 also has extensive experience in merging and integrating large organisations.

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. Barry was appointed as Chairman in March 2015 for a term of three years.



#### **Jane McCall** Non-executive Director (Deputy Chair)

Jane McCall lives in Wythenshawe, and was Deputy Chief Executive at Trafford Housing Trust (THT). Jane has worked in the Social Housing sector for over 25 years, 15 of which have been in Senior Management positions. Her previous posts also included 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. Jane is currently a Non-Executive Director at the Office for Legal Complaints (the Legal Ombudsman); a Non-executive Director of the House of Commons Commission and a Non-executive Director of the Information Commissioner's Office. Jane is also Chair at Egerton High School in Trafford. Jane was appointed in December 2015 for a three year term.



#### **Trevor Rees** Non-executive Director (Deputy Chair)

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 working 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. Trevor was appointed in December 2015 for a three year term.

## 4. Accountability Report

### Non-executive Directors *continued*



**Roger Barlow BA FCA** Non-executive Director and Senior Independent Director

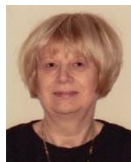
Roger studied Economics at Durham University and is a Chartered Accountant. He is a former partner of KPMG who has held several directorships in both public and private companies.

Roger is Chairman of the Marsden Building Society, a Non-executive Director of Bank and Clients plc and an independent member of the Audit Committee at the Information Commissioner's Office. Roger lives in Hale and is married with two grown up children. Roger was originally appointed in November 2009 and was reappointed in November 2012 and November 2015 for a three year term subject to annual review.



**Professor Martin Gibson BScPhD** Non-executive Director

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. Martin was appointed in November 2010, reappointed in November 2013 and November 2016. Martin's term of office ended on 31 March 2017.



**Professor Dame Sue Bailey OBE DBE** Non-executive Director

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. Sue was appointed in December 2015 for a three year term.



**Philip Smyth Non-executive Director** (Deputy Chair and Non-executive Director)

Philip worked in the personal care and food industries, initially as a market researcher and marketer later in general management roles, following a spell in the pharmaceutical industry. In 1990, he joined PZ Cussons PLC as Managing Director before joining their Board. As a Board member he ran the Group's European businesses and led Group-wide business change projects in the technical and supply chain areas working across Europe, Africa and Asia. Philip has also held a variety of Non-executive Director positions in venture capital backed and privately owned companies and is a Trustee of Community integrated Care, one of the UK's largest adult care providers and he acts as a mentor through Business in the Arts.

*(Philip's Term of office ended on 30 June 2016)*

## 4. Accountability Report

### Executive Directors



**Silas Nicholls** Chief Executive (from 1 November 2016)

Silas joined UHSM in December 2014 as Chief Operating Officer. Silas was previously employed as Deputy Chief Executive and Director of Strategy for four years at Wrightington, Wigan and Leigh NHS Foundation Trust and prior to that he was Director of Operations and Performance at Clatterbridge Centre for Oncology NHS Foundation Trust.

Silas has worked in the NHS since 1993, he commenced his career in the NHS as a 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.



**Diane Whittingham** Chief Executive (from January 2016 to 31 October 2016)

Diane has over 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 three years working across a range of NHS Trusts and healthcare systems, developing strategies, supporting performance and undertaking clinical and financial reviews. Diane was Advisor to the Trust Special Administrators in Mid Staffordshire and most recently Diane was Monitor's Improvement Director at the heart of England NHS Foundation Trust in Birmingham. Diane joined UHSM in January 2016 until 31 October 2016.



**Mandy Bailey** Chief Nurse/Director of Risk and Governance (Deputy Chief Executive from 1 November 2016)

Mandy has an extensive career in the NHS which spans over 30 years. Mandy is a qualified RGN and RSCN and has undertaken both clinical and senior managerial roles. Mandy's area of clinical expertise is children's infectious diseases. She was the Director of quality at Leeds Teaching hospital before joint UHSM in January 2007.

## 4. Accountability Report

### Executive Directors *continued*



**Tim Barlow** Chief Finance Officer

Tim joined UHSM in December 2015 from Warrington and Halton Hospitals NHS Foundation Trust where he was Director of Finance and Commercial Development. Prior to that he was Chief Operating office and Chief Financial Officer for Trafford CCG. Tim 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 UK Finance Director for both Thomas Cook plc and MyTravel PLC and subsequently Finance Director for the merged Thomas Cook Airlines.



**John Crampton MA MD FRCP** Medical Director (to 31 October 2016)

Dr John Crampton is a Consultant Physician and Gastroenterologist at UHSM. John was appointed in 1991 following training in London and Cambridge. During his training John held posts in Leicester, Liverpool and Manchester and was a Lecturer in Medicine at Addenbrooks Hospital in Cambridge for four years prior to commence as a Consultant at UHSM. (John stood down from the Medical Director position from 31 October 2016)



**Toli Onon** Medical Director (from 1 November 2016)

Toli qualified at Manchester Medical School in 1990 with an intercalated degree in Pharmacology before commencing training in Obstetrics and Gynaecology. She gained an MD in cancer immunology at the Christie Hospital and was appointed as Consultant at the Trust in 2013.

Toli was Director of Postgraduate Medical Education from 2008 to 2012 and then became the Deputy Medical Director for the introduction of Medical Revalidation. She took up the role of Divisional Medical Director for Unscheduled Care in January 2014 and became the Trust's Medical Director in November 2016.

## 4. Accountability Report

### Board of Director Attendance

Non-executive Directors		Board Attendance 2016/17
Barry Clare	Chairman	9/12
Trevor Rees	Non-executive Director (Deputy Chair from October 2016)	12/12
Jane McCall	Non-executive Director (Deputy Chair from October 2016)	12/12
Roger Barlow	Non-executive Director/Senior Independent Director	10/12
Prof Martin Gibson	Non-executive Director	6/12
Prof Dame Susan Bailey	Non-executive Director	10/12
Philip Smyth	Non-executive Director (Deputy Chair) (to 30 June 2016)	3/3

Executive Directors		Board Attendance 2016/17
Diane Whittingham	Chief Executive (to 31.10.16)	6/7
Silas Nicholls	Chief Executive*	12/12
Amanda Bailey	Chief Nurse/Director of Risk and Governance/Deputy Chief Executive**	12/12
Tim Barlow	Chief Finance Officer	12/12
Toli Onon	Medical Director (from 1.11.16)	4/5
John Crampton	Medical Director (to 31.10.16)	4/7

\*Chief Operating Officer/Deputy Chief Executive to 31.10.16 then commenced Chief Executive role on acting arrangement from 1.11.16

\*\*took up Deputy Chief Executive role from 1.11.16

### Independence of Non-executive Directors

The Board of Directors determine whether each Non-executive Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could affect, directors' judgement. A review of Non-executive Director's independence was carried out and reported to the Board at its April 2017 meeting. Further details on directors' independence can be found within the Foundation Trust Code of Governance section of this report.

### Declaration of Interests of the Board of Directors

An annual review of the Board of Director's Register takes place and in addition any changes to Directors interests are declared at the next routine meeting following the change of their interests.

The Board of Directors and its Committees has a standing agenda item which requires Executive and Non-executive Directors to make it known of any interest in relation to agenda items and any changes to their declared interests.

The Register of Board Interests is available for public inspection via the Trust's website or from the following address:

Company Secretary  
UHSM  
Wythenshawe Hospital  
Southmoor Road  
Manchester  
M23 9LT

### Statement as to disclosure to Auditors

For every individual that is a Director at the time that this report was approved:

- So far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.
- A Director is regarded as having taken all the steps that they ought to have taken as a Director in order to do the things mentioned above; and
- Made such enquiries of his/her fellow Director and of the company's auditors for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by his/her duty as a Director of the company to exercise reasonable care, skill and diligence.

## 4. Accountability Report

### Annual Remuneration Report

#### Annual Statement on Remuneration Committee

I present to you the Directors' Remuneration Report for the financial period 2016/17.

The Appointments Committee and the Remuneration Committee are established by the Council of Governors and deals with Non-executive Directors.

The Remuneration Committee and Appointments Committee are established by the Board of Directors and deals with the remuneration and Terms of Service for Executive Directors and any other such senior managers (*in January 2017 the Board approved the Terms of Reference of the Nomination and Remuneration Committee which merged together the Remuneration and Appointments Committees for the remuneration and terms of office of the Executive Directors*).

The Remuneration Report includes the following:

- Senior Managers' Remuneration policy;
- The Annual Report on Remuneration including Directors' service contracts details and Governance requirements including Committee membership, attendance and business conducted during 2016/17.

#### Major Decisions on Remuneration in 2016/17:

The Trust's Remuneration Committee's aim is to ensure that Executive and Non-executive Directors' remuneration is set appropriately, taking into account relevant market conditions, and that Executive Directors are appropriately rewarded for their performance against goals and objectives linked directly to the Trust's objectives and that they are not paid more than is needed. After careful consideration of national guidance, benchmarking and satisfactory appraisals, the Committee decides what level of increase in remuneration is appropriate. The Committee ensures the increase is fair and reflects benchmarking of Executive pay across the NHS.

During 2016/17 the Committees approved the following for Non-executive Directors and Executive Directors:

- Approved the appointment of two Non-executive Directors to the Deputy Chairs role from October 2016
- Approved a Non-executive Director's term of office for a further final three years (subject to annual review and satisfactory performance appraisal)
- Reviewed the Executive Director complement and agreed interim arrangements on the Board for the Chief Executive position, Deputy Chief Executive and Medical Director
- Reviewed Interim Board appointment arrangements and remuneration levels and allowances
- Reviewed Executive Director pay against independent national benchmarking and considered the 1% national pay rise
- Reviewed the senior managers Remuneration Policy and succession planning processes

The Remuneration and Appointment Committees fulfil their responsibilities and report to either the Board of Directors or Council of Governors.



**Barry Clare**  
Chairman  
25 May 2017



**Silas Nicholls**  
Chief Executive  
25 May 2017

## 4. Accountability Report

### Annual Remuneration Report

#### Appointments Committee

The Board of Directors and Council of Governors established the Appointments Committees which is responsible for matters relating to the appointments and terms of office of Non-executive Directors including the Chairman and Executive Directors. Attendance during 2016/17 is found below:

Cllr Tracy Rawlins, Chair of Committee	1/1
Barry Clare, Trust Chairman	1/1
Suzanne Russell	1/1

The Chief Executive attends the meeting upon invitation to provide advice when required. At times when the Chairman's terms of office or performance appraisal is being considered he withdraws from the meeting.

Only members of the Committee are eligible to attend meetings, however, other members of the Board can be invited to attend to offer advice and support the workings of the Committee.

During 2016/17 the Council of Governors, through the Appointments Committee agreed and had oversight on the following:

- The re-appointment of an additional term of office of three years for Martin Gibson, Non-executive Director
- Appointment of two Deputy Chairs: following Philip Smyth, Non-executive Director resigning in June 2016 it was agreed that two Deputy Chairs would be appointed to cover the increased meeting requirements that the Single Hospital Service would add. Jane McCall and Trevor Rees, Non-executive Directors were appointed as Deputy Chairs from October 2016

#### Remuneration Committees

The Trust has two Remuneration Committees, one that determines the remuneration for Non-executive Directors (including the Chairman) and one that determines remuneration and allowances for Executive Directors (including the Chief Executive).

#### Remuneration Committee (1)

The Council of Governors established the Remuneration Committee which is responsible for matters relating to the remuneration of Non-executive Directors, including the Chairman. Attendance during 2016/17 is found below:

Sidney Travers, Chair of Committee	1/1
Colin Owen	1/1
Chris Templar	1/1
Margaret Hughes	1/1

During 2016/17 the Council of Governors, through the Remuneration Committee agreed and had oversight on the following:

- 1% increase in line with the national cost of living pay increase

The Committee received independent national benchmarking information on remuneration of Non-executive Directors (including Chairmen) and found that remuneration was in line with comparable Trust's locally and nationally.

#### Remuneration Committee (2)

The Board of Directors established the Remuneration Committee which is responsible for matters relating to the remuneration of Executive Directors, including the Chief Executive. Attendance during 2016/17 is found below:

Roger Barlow, Chair of Committee	1/1
Barry Clare	1/1
Martin Gibson	1/1
Jane McCall	1/1
Trevor Rees	1/1
Sue Bailey	1/1

During 2016/17 the Board of Directors, through the Remuneration Committee agreed and had oversight on the following:

- Reviewed the Executive Director complement and agreed that acting arrangements would be put in place from November 2016 when Chief Executive Diane Whittingham planned to leave the Trust. Acting arrangements were approved for Silas



## 4. Accountability Report

- Nicholls to cover the Chief Executive position and Mandy Bailey to cover the Deputy Chief Executive position
- Reviewed Interim Board appointment remuneration levels against independent benchmarking information and noted the remuneration for a Chief Executive in a comparable NHS Trust and agreed a remuneration increase for the Acting Chief Executive from November 2016 for the acting period; Agreed remuneration increase for the Chief Nurse/Director of Risk and Governance to cover the Deputy Chief Executive role for the interim period from November 2016
- Agreed interim arrangements and allowances to cover the Director of Operations and Performance position;
- Reviewed responsibilities of the Medical Director and sessions allocated to cover the role and agreed to remunerate at five sessions per week
- Reviewed and agreed extension of allowances for the Director of Strategy and Business Development
- Extended the notice period to six months for the Chief Nurse/Director of Risk and Governance/Deputy Chief Executive in line with other Executive Directors' notice periods
- Approved a pay increase to the Chief Finance Officer salary
- Reviewed Executive Director pay against independent national benchmarking and agreed a 1% cost of living pay rise from 1 April 2016

- Reviewed the senior managers Remuneration Policy and succession planning processes

The Trust's Remuneration Committees have the authority to consult independent professionals advisors or seek external independent benchmarking information to market test the remuneration levels of the Chairman and other Non-executive Directors at least once every three years and would do so if they intended to make a material change to the remuneration levels.

In 2016/17 the Trust made a bonus payment as part of the terms for the Chief Executive that left the Trust at the beginning of 2016. The Trust received independent local and national benchmarking information on Executive Directors pay to market test remuneration levels (including those that are remunerated above £142,500 ). The Committee was assured that any salaries that are above £142,500 as displayed within the Remuneration table within this Accountable Report are reasonable and comparable to other Executive Directors pay.

Only members of the Appointment and Remuneration Committees are eligible to attend Committee meetings, however, other members of the Board can be invited to attend to offer advice and support the workings of the Committee. These Committees may also invite other individuals to attend as and when required to receive specialist and/or independent advice on any matter relevant to its roles and functions.

## 4. Accountability Report

### Senior Managers' Remuneration Policy

Executive Directors receive a fixed salary which is established at the beginning of each year and determined by independent benchmarking against NHS organisations throughout the country with the use of NHS Provider benchmarking information, NHS Annual Reports and Accounts and knowledge of job descriptions, person specifications and market pay. Executive Directors are substantive employees and their contracts can be terminated by either party with six months' notice. For the purpose of this Remuneration Report only voting members of the Board are considered as 'senior managers'.

### Service Contracts

As described above, all Executive Director contracts contain a six month notice period. Non-executive Directors serve for three year terms and serve a maximum of six years subject to satisfactory performance (*with additional years approved subject to satisfactory performance on an annual basis*).

Non-executive Directors are not eligible to receive compensation for loss of office. The Council of Governors consider and set terms of office for Non-executive Directors beyond that to meet the needs of the Trust whilst taking into account NHS Improvement's guidance. Non-executive Directors can be terminated by three quarters of the members of the Council of Governors voting at a Council of Governor general meeting. Further details on each of the Non-executive Directors can be found in the Director's Report within this Annual Report.

### Senior Manager Remuneration and Benefits

The authority and responsibility for controlling major activities is retained by the statutory Board of Directors who has voting rights this includes the voting Executive and voting Non-executive Directors (including the Chairman).

Pension arrangements for the Chief Executive and Executive Directors are in accordance with the NHS Pension Scheme, the Accounting Policies for Pensions and relevant benefits are set out in the following tables:

## 4. Accountability Report

Figures below are for the 12 month period from 1 April 2016 to 31 March 2017 for comparison purposes a table showing figures for the prior year is also included

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)	(Rounded to nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
<b>2016/17</b>							
<b>Executive Board Members with Voting Rights</b>							
Bailey A. - Chief Nurse/Executive Director of Risk and Governance	130 to 135				130 to 135	79.4	210 to 215
Barlow T. - Chief Finance Officer	150 to 155				150 to 155	101.2	255 to 260
Crampton J. - Medical Director	100 to 105				100 to 105	0.0	100 to 105
Onon T. - Medical Director	70 to 75				70 to 75	0.0	70 to 75
Nicholls S. - substantive Chief Operating Officer, now includes additional interim Chief Executive arrangement	155 to 160				155 to 160	98.3	255 to 260
Whittingham D. - Chief Executive	145 to 150				145 to 150	0.0	145 to 150
							i/ii
							iii
<b>Non Executive Board Members</b>							
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
Gibson M. - Non Executive Director	10 to 15				10 to 15		10 to 15
Smyth P. - Non Executive Director, Deputy Chair	0 to 5				0 to 5		0 to 5
McCall J. - Non Executive Director	10 to 15				10 to 15		10 to 15
Rees T. - Non Executive Director	10 to 15				10 to 15		10 to 15
Bailey S. - Non Executive Director	10 to 15				10 to 15		10 to 15
							iv

## 4. Accountability Report

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	0.0	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. - Chief Operating Officer	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	0.0	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

\* In accordance with NHS Improvement'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) Executive Board member throughout the year. Substantive role changed from Chief Operating Officer to Chief Executive with effect from 1 November 2016
- ii) With effect from 1 October 2016 part of the role of Chief Operating Officer was covered by the Director of Operations and Performance. This is on an interim basis and is declared within the Off-payroll table. Total cost of fees for management services under these interim arrangements from 1 October 2016 to 31 March 2017 was £189,000 (excluding VAT).
- iii) Held position of Chief Executive up until 31 October 2016
- iv) Retired as Non-executive Director/Deputy Chair on 30 June 2016
- v) Commenced as Chief Finance Officer with effect from 1 December 2015
- vi) Costs include salary for clinical duties and Clinical Excellence Awards
- vii) Held position of Acting Director of Finance from 1st October 2015 until 30 November 2015
- viii) Held position of Director of Finance up until 30th September 2015
- ix) Held position of Chief Executive up until 4 January 2016
- x) Commenced as Chief Executive with effect from 18 January 2016
- xi) Held position of Non Executive Director up until 5 February 2016
- xii) Held position of Non Executive Director up until 31 December 2015
- xiii) Commenced as Non Executive Director with effect from 10 December 2015

## 4. Accountability Report

Name and Title	Total accrued pension at age 60 at 31 March 2017	Value of automatic lump sums at 31 March 2017	Real increase in pension during the period	Real increase in automatic lump sum during the period	CETV* at 31 March 2017	CETV* at 31 March 2016	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	50.0 to 55.0	150.0 to 155.0	0.0 to 2.5	5.0 to 7.5	934.0 to 935.0	846.0 to 847.0	61.0 to 62.0
Barlow T. - Chief Finance Officer	20.0 to 25.0	-	2.5 to 5.0	-	286.0 to 287.0	207.0 to 208.0	36.0 to 37.0
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	-
Onon T. - Medical Director	45.0 to 50.0	130.0 to 135.0	-	-	900.0 to 901.0	45.0 to 46.0	-
Nicholls S. - initially Chief Operating Officer, subsequently Chief Executive	25.0 to 30.0	65.0 to 70.0	2.5 to 5.0	2.5 to 5.0	406.0 to 407.0	325.0 to 326.0	45.0 to 46.0
Whittingham D. - Chief Executive **	-	-	-	-	-	-	-

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. - Chief Operating Officer	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 Trust did not make contributions to Ms Whittingham's Pension Scheme

## 4. Accountability Report

### Notes to Senior Managers remuneration and Pension benefits

\* 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 2004-2005 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV reflects the increase in CETV effectively funded by the employer. It excludes 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.

### Fair Pay Multiple

NHS Foundation Trusts are required to disclose the relationship between the remuneration of the highest paid Executive Director in their organisation and the median remuneration of the organisation's workforce. For this Trust, Executive Directors are deemed those with a voting right on the Board, as disclosed in the salary table above. 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:

	2016-17 £'000	2015-16 £'000
Median remuneration	34.2	32.5
Mid-point banded remuneration of Chief Executive	117.5	237.5
Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director	5.2	7.3

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.

### Expenditure on consultancy

Expenditure on consultancy in 2016/17 was £1,128k (2015/16 £318k). Consultancy expenditure in the year related mainly to support in developing a Financial Improvement Programme.

### Staff exit packages

In 2016/17 the Trust agreed an exit package with three members of staff (these are in comparison to 18 exit packages agreed, costing £485k in 2015/16).

Out of the three exit packages, one contained no financial elements, there were two payments in lieu of notice (*contractual payments of which £130,000 was paid to a past senior manager of the Trust in April 2016 (the former Chief Executive)*). A further exit package was agreed following the outcome of an employment tribunal. Details are provided in the two tables below:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	2	2
£100,001 - £150,000	0	1	1
Non-financial	0	1	1

	Agreement Number	Agreement Amount (£)
Contractual Payment in Lieu of Notice	2	139
Exit Payment following Employment Tribunal or Court Order	1	0.75
Non-financial agreement	1	0
<b>Total</b>	<b>4</b>	<b>139.75</b>

## 4. Accountability Report

### Governors' expenses

In accordance with the Trust's Constitution Governors are eligible to claim expenses for such things as travel at rates determined by the Trust. Out of the Council of Governor membership there were two Governors that claimed expenses which totalled £749.

### Directors' expenses

During 2016/17, 13 individuals held the office of Director at the Trust and total expenses of £3,872 were paid amongst seven Directors. All expenses paid related to the reimbursement of travel and subsistence costs. In 2015/16, expenses of £3,006 were paid to Directors of the Trust. Details of remuneration and benefits in kind are included within the Remuneration table.

### Analysis of staff costs

Details of our workforce are provided below. The costs and numbers of staff include research employees and executive directors, but exclude non-executive directors.

	2016/17			2015/16		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	210,615	208,589	2,026	199,038	184,606	14,432
Social security costs	19,690	19,514	176	13,863	12,745	1,118
Pension cost - defined contribution plans, employers contributions to NHS Pensions	23,798	23,588	210	23,722	22,299	1,423
Pension cost - other	17	17	-	8	8	-
Other post employment benefits	-	-	-	-	-	-
Other employment benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Temporary staff - external bank	11,040	-	11,040	7,784	-	7,784
Temporary staff - agency/contract staff	11,491	-	11,491	12,816	-	12,816
NHS Charitable Funds staff	-	-	-	-	-	-
<b>Employee benefits expense</b>	<b>276,651</b>	<b>251,708</b>	<b>24,943</b>	<b>257,231</b>	<b>219,658</b>	<b>37,573</b>

The average number of people employed were:

	2016/17			2015/16		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	Number WTE	Number WTE	Number WTE	Number WTE	Number WTE	Number WTE
Medical and dental	757	514	243	727	495	232
Ambulance staff	-	-	-	-	-	-
Administration and estates	1,279	1,137	142	1,169	1,080	89
Healthcare assistants and other support staff	824	824	-	751	751	-
Nursing, midwifery and health visiting staff	1,870	1,802	68	1,847	1,811	36
Nursing, midwifery and health visiting learners	5	5	-	5	5	-
Scientific, therapeutic and technical staff	794	728	66	780	776	4
Healthcare science staff	91	91	-	82	82	-
Social care staff	-	-	-	-	-	-
Agency and contract staff	137	-	137	144	-	144
Bank staff	204	-	204	157	-	157
<b>Total</b>	<b>5,961</b>	<b>5,101</b>	<b>860</b>	<b>5,662</b>	<b>5,000</b>	<b>662</b>

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

## 4. Accountability Report

### Off-payroll engagements

Executive Director approval is required for all off-payroll engagements and the Trust reports to NHS Improvement as required in line with national requirements. Board approval via recommendations from Nomination and Remuneration Committee is required by any off-payroll Board member engagements.

<b>Table 4B: for all new off-payroll engagements as at 31 March 2017, for more than £220 per day and that lasted more than six months</b>	<b>2016/17 Number of engagements</b>
Number of existing engagements as of 31 March 2017	34
Number that have existed for less than one year at a time of reporting	14
Number that have existed for between one and two years at the time of reporting	19
Number that have existed for between two and three years at the time of reporting	1
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	-

<b>Table 4C: for all new off-payroll engagements, or those that reach six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that lasts for longer than six months</b>	<b>2016/17 Number of engagements</b>
Number of new engagements, or those that reached six months in duration between 1 April 2016 and 31 March 2017	14
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	14
Number of whom assurance has been requested	-
<b>Of which:</b>	
Number of whom assurance has been received	-
Number of whom assurance has not been received*	-
Number that have been terminated as a result of assurance not being received	-

\*New starter commenced in 2016/17 that have lasted more than 6 months

<b>Table 4D: for all new off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017, for more than £220 per day and that lasts for longer than six months</b>	<b>2016/17 Number of engagements</b>
Number of off payroll engagements of Board members, and/or, senior officials with significant financial responsibility during 1 April 2016 and 31 March 2017	2
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	2
In any cases where individuals are included within the first row of this table, please set out:	
Details of the exceptional circumstances that led to each of these engagements	Chief Executive vacancy resulted in interim arrangements put in place for the acting Chief Executive to 31 October 2016; and the engagement of the Director of Operations and Performance from 1 October 2016
Details of the length of time each of these exceptional engagements lasted	Expected to last less than one year



## 4. Accountability Report

### Audit Committee

The Audit Committee provides an independent and objective review of the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives. It plays a pivotal role in supporting the Trust's governing body.

The Audit Committee is composed of at least three Non-executive Directors and is chaired by Roger Barlow, Non-executive Director (the Chairman of the Trust is not a member of the Audit Committee).

The Audit Committee met on seven occasions during the year with the Chief Finance Officer, other Trust officers as well as our internal and external auditors in attendance.

Membership and attendance during 2016/17 is included below:

Roger Barlow	7/7
Jane McCall	6/7
Philip Smith*	1/2
Trevor Rees**	5/5

\*member of Audit Committee to June 2016, Non-executive Director role ceased 30 June 2016

\*\*member of Audit Committee from July 2016 onwards

During 2016/17 the Audit Committee undertook a self-assessment against the HFMA standards for Audit Committees and it was identified that there were no significant issues which needed to be addressed.

The Performance of the external auditors was assessed during the year against the auditing standards. There were no conflicts of interest that need to be addressed by the Auditor or the Audit Committee during the year. The external Audit fee for the year was £54,000.

The Board of Directors received confirmation that all aspects of the Audit Committee's terms of reference have been fulfilled through the Audit Committee's Annual Report.

The Committee met its responsibilities during 2016/17 by:

- Reviewing all risk and control related disclosure statements (in particular the Annual Governance Statement and declarations of compliance with the CQC Domain Requirements), together with any accompanying Head of

Internal Audit statement, External Audit Opinion or other appropriate independent assurances, prior to endorsement by the Board.

- Reviewing the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statement.
- Reviewing the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- Reviewing the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Counter Fraud and Security Management Service.
- Reviewing the policies and procedures for compliance to Freedom to Speak Up and Raising Concerns.
- Undertook a risk seminar in March 2017 which was facilitated by the Trust's independent internal auditors to inform the internal audit plan for 2017/18.

### Internal Audit

The Trust has an internal audit function provided by KPMG which reviews, appraises and reports on the extent of compliance with, and the financial effect of relevant policies, plans and procedures, the adequacy and application of financial and other related management controls, the suitability of financial and other related management data, the extent to which the Trust's assets and interest are accounted for and safeguarded against any loss arising from fraud, bribery, corruption and other offences, waste, extravagance, inefficient administration and poor value for money or other causes.

The Head of Internal Audit attends all Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive. The agreement with KPMG complies with the guidance on reporting containing within the NHS Internal Audit Standards.

## 4. Accountability Report



## 4. Accountability Report

### Staff Report

**The Trust holds its employees in high regard. We aim to recruit and retain the right numbers of staff, with the right skills, values and behaviours to deliver high quality care and excellent patient experience.**

#### Employee Engagement and Involvement

We have approximately 6600 employees who hold a range of contracts. At UHSM we are committed to improving employee engagement and empowerment with all of our employees. Employee engagement at UHSM is about employees feeling they belong to the organisation that they work for, they believe in what it is we are trying to achieve and they feel valued for their contribution, which in turn has a direct link with patient experience and organisational performance.

Our Engagement strategy has four key elements to help underpin and improve employee engagement using the MacLeod Enablers:

- **Employee voice** - An effective and empowered employee voice – employees' views are sought out; they are listened to and they can see that their opinions count and make a difference. They speak out and challenge when appropriate. A strong sense of listening and of responsiveness permeates the organisation, enabled by effective communication
- **Engaging Managers** - At the heart of our organisational culture employees facilitate and empower rather than control or restrict their staff; they treat their staff with appreciation and respect and show commitment to developing, increasing and rewarding the capabilities of those that they manage
- **Leadership** - Provides a strong strategic narrative which has widespread ownership and commitment from managers and employees at all levels. The narrative is a clearly expressed story about what the purpose of an organisation is, why it has the broad vision it has, and how an individual contributes to that purpose
- **Organisational integrity** - Behaviour throughout the organisation is consistent with our defined values, leading to trust and a sense of integrity

We have an assortment of engagement work that has taken place throughout the year. Key areas for 2016/17 included:

- Reviewed the Trust's Pulse Survey questions which resulted in a change to considering impact rather than awareness to ensure that the information collected is as valuable as possible to the organisation
- Continued distribution, analysis and publication of the quarterly Pulse Survey and its results
- Reviewed the staff engagement 'We're Listening' events which resulted in a move to organisational to replace divisional focused events, hosted by the Executive Team and focusing on a key theme at all events across the year: '*Managing Change and Transition*'
- Delivered resilience and wellbeing workshops through the LEAD programme and implementation of continued provision of the Employee Assistance Programme
- Established of a Workforce Multi-disciplinary Team utilising the skills of different roles across Human Resources, Learning and Development, Organisational Development and Employee Health and Wellbeing to share information, professional perspectives and specialist interventions which resulted in the production of a workforce care plan to support complex, long-standing team challenges through one single point of contact
- Delivered bespoke Learning and Organisational Development request process with 32 interventions progressed to date across 2016/17 to support complex, long-standing team challenges
- Continued the success of the Monthly Diamond Awards (staff recognition) and receipt of over 250 nominations for the Annual Diamond Awards which represented an increase from the awards held in 2015/16
- Distributed the NHS Staff Survey to an increased sample size of 1250 staff across the organisation

## 4. Accountability Report

- Awarded Investors in People status following a robust assessment process by an external assessor
- Implemented monthly Nursing Engagement Forums to support positive nurse engagement and the Nursing Recruitment and Retention Strategy
- Launched a new Appraisal approach designed with '*big conversation*' as the primary interest and '*little paperwork*' as a useful way to structure and enable a quality, collaborative process
- Continued engagement with staff on the Single Hospital Service Programme through a variety of mechanisms such as Trust email Newsflashes and face to face staff briefings with the Executive Team
- Established a Multi-disciplinary Change Team to manage the Culture Collective Project that carried out a comprehensive review of culture at UHSM using leading edge research and guidance, with the Team working alongside the NHS Improvement and Professor Michael West

Each and every employee at the Trust is invited to provide feedback on a quarterly basis against three key areas and one of those is engagement.

Through the Staff Family and Friends Test, staff are also asked if they would recommend UHSM as a place for treatment and a place to work. The results of this are reported up to the Board and the Quarter 4 Pulse Survey 2016 highlighted that 86.0% of staff would recommend the Trust to friends and family as a place for treatment which was just below the Trust's internal target of 89%. In the same Survey, 65.0% of staff would recommend UHSM as a place to work, to their friends and family, which is below the Trust's target of 73%.



## 4. Accountability Report



As an NHS acute and community provider we have a range of staff who work for us. The table below provides a breakdown of staff numbers:

	2016/17	2015/16
Add Prof Scientific and Technical	340	338
Additional Clinical Services	1160	1076
Administrative and Clerical	1574	1469
Allied Health Professionals	475	435
Estates and Ancillary	108	105
Healthcare Scientists	106	108
Medical and Dental	654	658
Nursing and Midwifery Registered	2264	2165
Students	6	6
<b>Grand Total</b>	<b>6687</b>	<b>6360</b>

	Female	Male	Total
Directors	3	4	7
Other Senior Managers	35	14	49
Other Staff	5335	1296	6631
<b>Grand total</b>	<b>5373</b>	<b>1314</b>	<b>6687</b>

The numbers shown above are total headcount and do not represent the total number of individuals employed by the Trust. The numbers do not include bank or agency staff

### Employee Health and Wellbeing

As described in the performance report we aim to reduce sickness to a target level of 4% by 2018. During 2016/17 absence levels were 4.15% compared to the previous year's level of 4.23%. The tables below provides further information regarding sickness absence.

## 4. Accountability Report

Staff Sickness Absence	15/16	16/17
Days lost- long term	51309.24	50100.29
Days lost- short term	29644.00	33415.07
Total days lost	80953.24462	83515.36
Average working days lost(per FTE)	8.39	8.51

Percentage ( 12 Month Rolling)	15/16 %	16/17 %
April	4.14	4.21
May	4.19	4.13
June	4.08	4.12
July	4.15	4.15
August	4.14	4.12
September	4.12	4.11
October	4.10	4.12
November	4.25	4.10
December	4.29	4.09
January	4.30	4.10
February	4.31	4.10
March	4.23	4.15

### How we help our employees to stay healthy and safe

The Trust continues to provide employee health and wellbeing services with arrangements in place for employees to self-refer or referrals made by line managers through the absence manager process that we have in place. This provides a single route for all employee sickness including planned and unplanned absences to be recorded onto a central portal. Our health and wellbeing strategy is an enabler of the overall workforce strategy.

We have in place a Health and Safety Committee that meets regularly to provide a forum for managers and trade unions to work together to promote health and safety, improve the working environment and support the Trust's plans to reduce the number of serious incidents each year.



## 4. Accountability Report

### National NHS Staff Survey Results 2016

The NHS Staff Survey results 2016 demonstrate that in six key findings there has been a statistically significant positive change since the 2015 survey. This includes an improvement in the results around harassment, bullying or abuse where the Trust was below the national average in 2015. Encouragingly there are no key findings where the Trust has seen a significant negative change since the 2015 survey.

#### Key areas of improvement:

- UHSM has seen a marked improvement in the Trust's own survey performance from 2015
- In 24 out of 32 key findings the Trust has surpassed itself from the 2015 survey. This is a good indication that the Trust is on an upward trend and positive considering the current climate of change in which UHSM operates in
- Of particular importance are KF2 'Staff satisfaction with the quality of work and patient care they are able to deliver' and KF15 '% of staff satisfied with opportunities for flexible working patterns'. Both questions seen noted increases
- Improvements in the areas around Staff Pledge 2, 'To provide support and opportunities for staff to maintain their health, wellbeing & safety'. In all but two of the eleven key findings in this area, the Trust scored better than 2015/16
- Further improvements and success since the 2015/16 results in relation to Errors and Incidents and Equality and Diversity.

#### Trust's National Staff Survey compared to the Trust's Pulse Survey

Pulse Quarter 4 (Q4) was undertaken after the NHS Staff Survey completion period. Direct correlation has been made against the Pulse questions that ask similar questions to key findings. The Trust has found that in general Pulse and NHS Staff Survey findings are fairly consistent.

Cross comparison between the two sets of findings would be:

- Appraisal scores were of a similar low score in Pulse Q4 Survey and NHS Staff Survey

- Scores reporting good communication between senior managers and staff were less in the NHS Staff Survey than Pulse Q4 scores. The Trust's score in the Staff Survey was comparable to the national average
- Increased number of staff reported that their role made a difference to patients in the NHS Staff Survey compared to the Pulse Q4 Survey.

#### Conclusions and Recommendations

The results of National Staff Survey are generally consistent with the 2015 national performance, however the context and political agenda was significantly different to the previous time frame. The Trust has made significant progress when compared to other NHS Acute Trusts and its Greater Manchester partners. The performance in 2016 annual NHS Staff Survey is much improved against the Trust's own internal survey results from 2015.

- The Trust has improved upon its internal engagement score from 3.76 in 2015/16 to 3.79 in 2016/17 but is no longer in the top 20% of Acute Trust for staff engagement and marginally below the national average of 3.81.
- The Trust's "Culture & Leadership programme" commenced in 2016 with NHS Improvement, the Trust's regulator. We have found that the Culture Collective work continues to enable us to build on the strengths of our current culture towards the culture for the new organisation of the proposed merged between UHSM and Central Manchester NHS Foundation Trust.

In order to improve upon future Staff Survey response rates the Organisational Development Team plan to implement an improvement plan by working with divisional managers.

## 4. Accountability Report

### Response Rate

	2015 (previous year)	2016 (current year)		Trust improvement/ deterioration
	Trust	Trust	<i>Benchmarking group (trust type) average</i>	
Response rate	37%	35%	43%	Decrease of 2%

### Top 5 ranking scores

	2015/2016	2016/2017		Trust improvement/ deterioration
	Trust	Trust	<i>Benchmarking group (trust type) average</i>	
<b>Key finding 16</b> (% working extra hours)	75%	66%	72%	Decrease of 11% (Improvement )
<b>Key finding 26</b> (% experiencing harassment, bullying or abuse from staff in the last 12 months)	29%	21%	25%	Decrease of 8% (Improvement)
<b>Key finding 15</b> (% of staff satisfied with the opportunities for flexible working patterns)	48%	54%	51%	Increase of 6% (Improvement)
<b>Key finding 25</b> (% experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months)	27%	25%	27%	Decrease of 2% (Improvement)
<b>Key finding 21</b> (% believing the organisation provides equal opportunities for career progression/promotion)	87%	89%	87%	Increase of 2% (Improvement)

### Bottom 5 ranking scores

	2015/2016	2016/2017		Trust improvement/ deterioration
	Trust	Trust	<i>Benchmarking group (trust type) average</i>	
<b>Key finding 18</b> (% feeling pressure in last 3 months to attend work when feeling unwell)	73%	63%	56%	Decrease of 10% (Improvement)
<b>Key finding 13</b> (Quality of non-mandatory training, learning or development)	4.01	3.99	4.05	Decrease of 0.02 (Deterioration)
<b>Key finding 11</b> (% appraised in the last 12 months)	85%	81%	87%	Decrease of 4% (Deterioration)
<b>Key finding 7</b> (% able to contribute towards improvements at work)	70%	67%	70%	Decrease of 3% (Deterioration)
<b>Key finding 28</b> (% witnessing potentially harmful errors, near misses or incidents in the last month)	36%	34%	31%	Decrease of 2% (Improvement)

### Future priorities and targets

We have a number of plans in place to address areas for improvement these include working with Divisional Leads across the Trust and also the following:

- A first annual evaluation of the Appraisal process and impact of training
- Continuation of Appraisal training and targeted support for areas with low compliance
- Reinstatement of the LEAD leadership and management training offered to all staff
- Continuation of Coaching/Mentoring development offered to all staff
- Continuation of the quarterly Trust's Pulse 'taking the temperature survey'



## 4. Accountability Report

### NHS Trust Code of Governance

UHSM has applied the principles of the NHS Foundation Trust Code of Governance (2006) and recently updated in July 2014.

The Board has in place governance policies and procedures that reflect the principles of the NHS Foundation Trust Code of Governance which include:

- Standing Orders of the Board, Standing Orders of the Council of Governors, Scheme of Delegation of Powers, and Standing Financial Instructions
- Good quality performance reports are presented to the Board for quality, performance and finance
- Induction Programme for Executive and Non-executive Directors
- At least half of the Board excluding the Chairman comprises independent Non-executive Directors
- Non-executive Director regular private meetings with the Chairman
- Agreed recruitment process for Non-executive Directors
- Induction programme for Governors
- A Non-executive Director also covers the role of Senior Independent Director
- Register of Board and Governor Interests
- Maintains attendance records for Board and Governor Meetings
- Formal performance appraisal process is in place for Non-executive Director and the Chairman
- Publicly available Board, Governors and staff register of Interests
- Indemnity insurance is in place to cover any such risks if they arise in respect of legal action against Directors
- Process in place through the Chairs' Advisory Committee for the Council of Governors to raise any serious concerns and resolving disagreements between the Council of Governors and the Board
- Established process in place with the Chairs' Advisory Committee which acts in place of the Lead Governor arrangement
- Monthly private meetings between the Chairman and the Council of Governors at the Chairman's Surgeries to review matters reviewed at Board meetings, strategic and operational performance matters
- Developed assurance reporting in place with the Chief Executive and supporting Directors presentations on operational performance and strategic developments at Council of Governor meetings
- Well embedded Council of Governors sub-committee governance structure in place
- Council of Governors agenda setting process in place involving the Chairman and Chairs' Advisory Committee, a sub-committee of the Council of Governors
- Annual performance evaluation process in place for the Council of Governors
- Membership and Communication strategy and development plans in place
- Terms of Reference for Remuneration, Nomination and terms of service for the Board
- Recruitment process is in place for Non-executive Directors
- Board evaluation and development plan in place
- Well-led governance review carried out by external independent organisation in 2016
- Council of Governors performance presentation at Annual Members Meeting
- Annual Fit and Proper Person Declaration carried out and reported to the Board to ensure compliance with the Fit and Proper Persons Requirements for Directors
- Code of Conduct in place for the Board and Council of Governors
- Going Concern Report
- Audit Committee provides robust arrangements
- Governor led appointment process in place for the appointment of External Auditors
- Whistle-blowing Policy and Counter Fraud Policy and Plan in place

The University Hospital of South Manchester NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code

## 4. Accountability Report

of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. With the exception of the following the Trust departed from the Code during 2016/17:

- A.5.8 Policy for engagement with the Board for circumstances when they have concerns

The Board recognises that it does not have a defined policy in place but it has strong working processes for Governors to raise concerns through regular meetings with the Chairman at the monthly Chairman' Surgery meetings, through the Chairs' Advisory Committee an arrangement that has worked effectively at the Trust in replace of the Lead Governor role, through raising concerns with any Director of the Trust or by contacting the Company Secretary.

### Quality and Clinical Governance

The Care Quality Commission (CQC) has a role to ensure that health and social care services that are provided are done so safely,

effectively, compassionately, and are of high quality. The CQC is responsible for monitoring, inspecting and regulating services to ensure they meet core standards of quality and safety and publish their findings to help people choose their care provider. In January 2016 the CQC carried out a comprehensive inspection of our Trust and we received the outcome of that inspection in this financial year. The outcome of their inspection rated the Trust as *requires improvement*, which is described further in the Quality Report and Annual Governance Statement. The Trust developed a robust action plan those issues and also CQC strategy to drive sustainable improvements. This is monitored at Improvement Board Chaired by the Chief Executive. The Trust has had regard to NHS Improvement's Standing Operating Framework in arriving at its overall evaluation of the organisation's performance, internal control and Board Assurance framework and has appropriate action plans in place to improve the governance of quality, should it be necessary.

## 4. Accountability Report

### Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

### Segmentation

Under the Single Oversight Framework (SOF), NHS Improvement segment providers, based on the level of support each provider trust needs, into one of the following four categories:

Segment 1	Providers with maximum autonomy, no potential support needs identified.
Segment 2	Providers offered targeted support where there are concerns in relation to one or more key themes.
Segment 3	Providers receiving mandated support for significant concerns, there is actual or suspected breach of licence.
Segment 4	Providers in special measures: there is actual or suspected breach of licence with very serious and/or complex issues.

In May 2014, Monitor, the Trust's regulator of Foundation Trusts at that time issued the Trust with Enforcement Undertakings in relation to financial stability and Board governance. Since that date, the Trust has made great progress with most recently it:

- successfully implemented a series of cost improvement programmes which have enabled the Trust to achieve the surplus position reported within the 2016/17 accounts appended to this report;
- commissioned Deloitte to undertake Well Led Reviews on effectiveness of Board governance arrangements with all recommendations successfully completed to address the review recommendations.

As a result of the improvements to the Trust's governance arrangements NHS Improvement confirmed that in accordance with paragraph 12(1) of Schedule 11 to the Health and Social Care Act 2012 it now considers the Trust to be fully compliant with its licence for governance.

This segmentation information is the Trust's position as at 31 March 2017. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

## 4. Accountability Report

### Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	Capital service capacity	4	3
	Liquidity	4	4
Financial efficiency	I&E margin	4	2
Financial controls	Distance from financial plan	1	1
	Agency spend	3	2
<b>Overall scoring</b>		<b>3</b>	<b>3</b>

## 4. Accountability Report

### Statement of Accounting Officer's Responsibilities

#### Statement of the Chief Executive's responsibilities as the Accounting Officer of University Hospital of South Manchester NHS Foundation Trust

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

**NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require** 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 **required by those Directions**. 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 **Department of Health Group Accounting Manual** and in particular to:

- observe the Accounts Direction issued by **NHS Improvement**, 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 (and the Department of Health Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

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

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



**Silas Nicholls**  
**Chief Executive**  
**Date: 25 May 2017**

## 4. Accountability Report

### 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 2017 and up to the date of approval of the Annual Report and Accounts.

#### Capacity to Handle Risk

##### Risk leadership

The Board of Directors has the overall responsibility for risk management across the Trust. Terms of Reference for all Board assurance Committees set out the responsibility of key meetings in the oversight of risk management. There are specific responsibilities of Board members, Divisional Medical Directors, Senior Managers, General Managers, and other staff within the Trust's Risk Management Strategy.

The Trust has a Senior Independent Director, in line with the NHS Foundation Trust Code of Governance the role of the Senior Independent Director is to be available to Governors and members (including staff) should they have any concerns that they feel unable to raise via normal channels of communication with the Chair, Chief Executive, or any other Board members, or where such communication remains unresolved or would be inappropriate. During 2016/17 the Board appointed a Freedom to Speak Up Guardian to act in a genuinely independent and impartial capacity to support staff who raise (whistleblowing) concerns; and we have also a Guardian of Safe Worker to assure the safety of the Trust's doctors.

##### Risk training

Controls are in place to ensure that all the Trust's staff have the appropriate skills and expertise to perform their duties. The Trust employs appropriately qualified staff who specialise in risk management. Risk management training is delivered to all new members of staff via the Trust's induction programme and to existing staff through mandatory training programmes. Senior staff training is provided by bespoke training programmes and information is also available via the Trust's intranet site. All job descriptions include specific reference to requirements regarding risk management, infection control and health and safety.

##### Risk and Control Framework

The Trust has a Risk Management Strategy which was updated in 2016 and is aligned to the Department of Health guidance to provide a framework for managing risks across the Trust. This Strategy is supported by policies to enable staff to understand their specific responsibilities in relation to risk management compliance and delivery.

Risks are identified proactively through risk assessment processes from Board, Board Committees Management Board and across all divisions, wards and departments. The Trust's quality management system includes harm review and mortality reviews and reactively through the monitoring of key objectives, incidents, complaints and claims. These risks are evaluated through the use of a risk assessment matrix and controlled through a risk register system. There is delegated responsibility for risks at every level across the Trust.

## 4. Accountability Report

### Board Assurance Framework

The Board Assurance Framework provides the Trust with a system to identify and monitor risks to meeting the Trust's strategic objectives. Each risk is mapped to corresponding controls and assurances.

The Board of Directors has a process in place to ensure the content of the Assurance Framework is being managed effectively and fit for purpose. The Board reviews the Assurance Framework on a quarterly basis and additionally the strategic objectives are assigned to Board Committees and Management Board which are responsible for assuring the Board that the risk culture of the Trust is effective. The Executive Director with delegated responsibility for managing and monitoring each risk on the Assurance Framework is clearly identified.

The Audit Committee which includes Non-executive Directors (excluding the Chairman), oversees the systems of internal control and the overall assurance process associated with risk.

The very high and high scoring risks identified on the Assurance Framework during 2016/17 and associated actions are summarised below:

Major Risks	Clinical risk	Mitigating Actions
Delivery of the 95% (national) target for four hour waiting time in Accident and Emergency	Yes	Performance against the four hour Accident and Emergency target is monitored by the Board, Integrated Performance and Investment Committee, Management Board and Executive Team. An action plan is in place which is monitored by divisional performance reviews.
Significant findings on diagnostic investigations incorrectly filed or actioned	Yes	Action plans are in place to control the risk which includes a designated administrator to monitor and respond to ICE identified issues. Monthly reports are provided to divisions and directors and a training programme is in place for clinical staff. This is closely monitored by Management Board, Quality Improvement Committee and at divisional level.
Decisions on service transformation made in isolation at Greater Manchester level which are inconsistent with the Single Hospital Service clinical strategy, or vice versa	No	Action plans are in place to control the risk which is monitored by Management Board, Board meetings and divisional meetings in the Trust and at external Greater Manchester Devolution meetings
Wythenshawe's emergency medicine and abdominal surgery support to secondary and tertiary services reduced which may affecting the long term provision of these services at Wythenshawe Hospital following the Healthier Together decision not to designate Wythenshawe Hospital as a specialist hospital for emergency medicine and abdominal surgery.	Yes	Action plans are in place to control the risk which is monitored by Management Board, Board meetings and divisional meetings in the Trust and at external Healthier Together programme meetings and Greater Manchester Devolution meetings
Low staff engagement creates a negative working environment, loss of discretionary effort and productivity and high staff turnover	Yes	Action plans are in place to control the risk which are monitored by Workforce and Education Committee, Management Board, Integrated Performance and Improvement Committee, Board of Directors and divisions

## 4. Accountability Report

		by the use of HR metrics, staff survey, internal audit of sickness absence, Culture Programme diagnostics and dashboard, We're Listening Events and divisional engagement plan.
Delivery of the 2016/17 annual plan financial target	No	Action plans are in place to control the risk which is monitored through divisional performance review meetings, Management Board, Integrated Performance and Investment Committee and Board meetings. Core financial controls are audited and evidence of delivery reported through the annual Operational Plan submitted to NHS Improvement.
Achievement of the 18 week RTT trajectory target	Yes	Action plans are in place to control the risk with weekly RTT meetings with Directorate Managers, daily information reports, monthly divisional performance meetings and meetings with CCG and NHS Improvement. Action plans are also reviewed by Improvement Board, Management Board, integrated Performance and Investment Committee and the Board.
Engaged staff in the utilisation of the Electronic Patient Record system	Yes	Clearly defined governance structure is in place. Head of Nursing for EPR and Chief Information Officer for EPR in place with monthly monitoring of action plans in place to control the risk. Monthly monitoring by EPR Programme Board, Management Board and Integrated Performance and Investment Committee which provides assurances to the Board.
Creation of a Single Hospital Service for Manchester and Trafford to provide consistent, high quality care throughout the City and Borough	No	SHS programme governance structure embedded with a Joint Board Sub-Committee, Programme Board, Clinical Advisory Group in place and reported through to the Board. The SHS programme team is well resourced and includes a programme director. Contracts are in place for external advice and regular contact with NHS Improvement regional and national teams. CMA phase 2 commenced with anticipated completion date of the Summer 2017. Robust due diligence has taken place with full business case approved by Board and submitted to NHS Improvement. Engagement and involvement with Governors throughout the entire process. Risks identified through the due diligence process are captured within the Trust's or the SHS risk registers, as appropriate.
Creation of a Manchester Local Care to combine community healthcare, primary care and social care to provide a consistent, coordinated, high quality care to avoid hospital admissions	No	Greater Manchester transformational funding secured for Manchester Provider Board operational executive with Interim Chief Executive and a number of senior executive appointments made. Prior Information Notice issued March 2017 inviting submissions of interest for the Manchester LCO contract. Manchester



## 4. Accountability Report

		Provider Board members plan to respond in early 2017/18. Monitoring takes place at Management Board, Board meetings and externally at Manchester Provider Board meetings on a monthly basis.
Achievement of top 20% of Trusts for national Safety Thermometer results with reduction of falls, pressure ulcers, acute kidney injury, hydration, nutrition and never events	Yes	Action plans in place to control the risk that include a sign up to safety plan, making safety visible, open and honest indicators, nursing performance indicator reviews, integrated performance report which are monitored through Quality Improvement Committee, divisions and the Board.
Recruit and retention of permanent nurses and midwives to meet the safer staffing levels to meet to acuity of patients and professional needs	Yes	Action plans in to control the risk are in place that include daily staffing reviews, nurse safe staffing ratios calculated six monthly, HR recruitment and retention strategy and plans, incident reporting system to monitor staff ratios in comparison to harm, integrated performance report. Monitoring takes place at divisional and ward level, Recruitment and Retention Group, Quality Improvement Committee and the Board.

### Quality Governance

The Board has a dedicated Quality Improvement Committee which is responsible for the oversight of quality governance which includes risks to clinical quality and safety throughout the Trust. The Quality Improvement Committee is chaired by a Non-executive Director and includes the Medical Director, Chief Nurse/Director of Risk and Governance/Deputy Chief Executive, Deputy Chief Nurse, Deputy Director of Risk and Governance and divisional department leads. The Committee receives reports in order that it can provide assurances to the Board in relation to the Trust's compliance with Care Quality Commission (CQC) registration requirements.

The Trust is fully compliant with the registration requirements of the CQC with the last Comprehensive Inspection report formally published in June 2016 which rated the Trust as 'requires improvement' overall for Wythenshawe Hospital and 'good' for Withington Community Hospital. A detailed action plan was developed to address the CQC findings which are closely monitored by Improvement Board, Quality Improvement Committee and Executive Team. The Trust has invested in the HealthAssure IT support system to enable reports of compliance from ward to Board which provides evidence of compliance against the Key Lines of Enquiry and the CQC statutory regulations. In addition, internal and external audits have also taken place to scrutinise data with the results reported to Audit Committee.

As a provider of NHS services under the licence of the CQC the Trust must comply with the requirements of the NHS provider licence which forms the legal basis for NHS Improvement (Monitor's) oversight of NHS Foundation Trusts. From October 2016 a Single Oversight Framework replaced Monitor's Risk Assessment Framework. The Single Oversight Framework aligns to the CQC's key components whilst covering five themes of: quality; finance and use of resources; operational performance; strategic change; and leadership and improvement capacity; it is aimed to oversee the Trust to identify potential support needs and help us gain good and outstanding CQC ratings.

We commissioned an independent re-review of governance which was carried out by Deloitte and followed previous reviews that were aligned to the Well-led Framework. The outcome of Deloitte's re-review received in October 2016 found the Trust had made significant improvements with regards to Board governance. The report has been provided to NHS Improvement as evidence to support the removal of the 2014 regulatory governance action which the Trust is awaiting formal notification of.

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

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.

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

The operational plan, including a financial plan, is approved by the Board and submitted to NHS Improvement. The plan includes forward projections and is scrutinised on a monthly basis by the Integrated Performance and Investment Committee, together with key performance indicators and metrics reviewed by the Board of Directors. Finance and use of resources metrics are reviewed each month by the Board. The Trust's financial plan for 2017/18 requires cost savings of £23m. Whilst this represents a stretching target, this level of planned efficiency savings is not inconsistent with levels of savings achieved in previous years. The Trust is also in discussions with NHS Improvement around accessing 2017/18 Sustainability and Transformation funding which, if successful, would further strengthen the Trust's financial plan for 2017/18.

Financial governance arrangements are managed within the corporate governance framework which includes Standing Orders, Standing Financial Instructions and a Scheme of delegation. Financial governance is supported by internal and external audit to ensure economic, efficient and effective use of resources. Divisional and Corporate Departments are responsible for the delivery of financial and other performance targets via a performance management framework. The performance management framework has been reviewed and we have strengthened divisional structures to further enhance accountability which includes service reviews with members of the Executive Team.

There were changes made to the Board during 2016/17 with D Whittingham, Chief Executive leaving the Trust at the end of October 2016 and J Crampton stepping down from the Medical Director position. The Trust put arrangements in place to cover these two positions due to the plans of the Single Hospital Service to form a new organisation between the two existing Trusts (University Hospital of South Manchester NHS Foundation Trust and Central Manchester NHS Foundation Trust) in the autumn of 2017; S Nicholls, Chief Operating Officer/Deputy Chief Executive is covering the Chief Executive position, the Chief Nurse/Director of Risk and Governance is also covering the Deputy Chief Executive role and T Onon is covering the Medical Director position (all the Board changes were made on an interim arrangement to coincide with the planned date of the new organisation of the Single Hospital Service in the autumn 2017). If the planned date of the merger is changed going forward the interim arrangements would be reviewed further by Remuneration Committee and the Board. In addition, T Rees and J McCall, Non-executive Directors were appointed to Deputy Chair positions.

In May 2014, Monitor, the Trust's regulator at that time issued the Trust with Enforcement Undertakings in relation to financial stability, Accident and Emergency performance and Board governance. Since that date, the Trust has made great progress:

- In 2016/17 we commissioned Deloitte to undertake Well Led Reviews on the effectiveness of Board governance arrangements. Deloitte's report was very positive and highlighted governance improvements made across the organisation and captured feedback from a wide range of stakeholders regarding the Trust's role as a system player and partner;
- For 2016/17, NHS Improvement agreed financial control totals with NHS Trusts. These control totals represent the minimum level of financial performance, against which their Boards, Governing Bodies and Chief Executives must deliver in 2016/17, and for which they are held directly accountable. The 2016/17 control total set for University Hospital of South

## 4. Accountability Report

Manchester NHS Foundation Trust was a surplus of £0.43m. The Trust exceeded this control total and achieved a surplus, before additional Sustainability & Transformation Incentive funding, of £0.74m. Achievement of this key target resulted in the Trust being awarded Sustainability & Transformation Incentive funding of £2.38m,

In addition, the Trust has made significant improvements with Accident and Emergency performance achieving the local trajectory target and following identification of 18-week Referral-to-Treatment (RTT) data system and training issues found in 2015 we completed a comprehensive programme of validation and developed a new RTT data system with support from the Intensive Support Team. In August 2016 we commenced reporting RTT performance against the new data system and achieved the STF improvement targets from April to December 2016 and also achieved the revised Sustainability & Transformation Incentive target of 87% by 31 March 2017.

As a result of the Trust's improved governance arrangements NHS Improvement confirmed that in accordance with paragraph 12(1) of Schedule 11 to the Health and Social Care Act 2012 it considers the Trust to be now fully compliant with its licence for governance. A compliance certificate was issued by NHS Improvement on 23 May 2017 in relation to Board governance undertaking that was accepted by NHS Improvement on 1 May 2017. NHS Improvement issued revised enforcement undertakings to supersede the previous undertaking relating to financial sustainability.

The Trust has assessed compliance with the NHS Foundation Trust condition 4 (FT governance). Audit Committee reviewed the assessment in detail at its meeting on 22 May 2017 and confirmed no material risks had been identified. The Trust believes that effective systems and processes are in place to maintain and monitor the following conditions:

- the effectiveness of governance structures;
- the responsibility of Directors and Committees;
- reporting lines and accountabilities between the Board, its Committees and the executive team;
- the submission of timely and accurate information to assess risks to compliance with the Trust's licence;
- the degree and rigour of oversight the Board has over the Trust's performance.

These conditions are detailed further within the Corporate Governance Statement; the validity of this is assured by the Audit Committee.

### 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 Reports for each financial year. NHS Improvement (in exercise of the powers conferred on 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. The Annual Quality report 2016/17 has been developed in line with relevant national guidance.

In 2016/17 we continued to build upon our UHSM Quality Diamond which encapsulated and exemplified our vision for the Trust. Our Quality Diamond aims to raise our performance in every service area at UHSM through *patient safety & clinical outcomes*; *patient experience*; *staff engagement*; and *value for money*. Our Quality Report for 2016/17 sets out our key achievements against three of the four quadrants of our Quality Diamond and describes our future priorities for 2017/18. Our key quality achievements in 2016/17 include:

#### ➤ Key outcomes 2016-17

1. We implemented the 'sign up to safety' programme with a focus on five patient safety initiatives: pressure ulcers, falls, acute kidney injury, sepsis and nutrition and hydration.
2. We 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 scheme supports the quality of care delivered throughout the Trust in order to optimise

## 4. Accountability Report

patient experience. This scheme also provides each ward with a baseline against which they can mark and monitor their progression in pursuit of 'Gold', and ultimately, 'Diamond' status. Throughout 2016, we introduced new accreditation in the acute and community settings. A second phase of re-assessments will be carried out with an aim of improvements made from bronze to silver wards and silver to gold. Current performance for 2016/17 is:

Diamond	Gold	Silver	Bronze	Total
4	16	16	16	52

3. We improved the safety and patient experience through reduction in avoidable harm via monitoring of harm-free care and internal monitoring of specific safety metrics.
4. We improved the safety and patient experience through ensuring and maintaining safe staffing levels across the Trust and made this information publically available on our website.
5. We improved the safety and clinical effectiveness of patient care with the reduction of mortality indices, development of the mortality review process and following an independent review carried out a review of clinical pathways.
6. We improved our patient's experience by utilising different methods of patient feedback across the hospital and community services to improve services.
7. We delivered the Trust's Dementia Strategy and improved the experience of patients with dementia.
8. We developed and implemented an engagement plan to highlight the importance of employee engagement as well as delivering practical steps to enhance engagement.

### ➤ Key vision 2017-18

Our Quality Report clearly sets out our vision, whilst delivering and meeting our operational and financial challenges as an organisation. The Quality Report sets out how we plan to deliver safe, high-quality services during 2017/18. 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. The proposed 2017/18 priorities have been shared with, and are supported by, the Governors' Patient Experience Committee. The Trust has taken into account the feedback received from the January 2016 CQC inspection in developing its quality improvement priorities for 2017/18.

The following table and supporting paragraphs provides the 'approach to quality planning' in line with NHS Improvement guidance and outlines the Trust's the key activities required to deliver objectives:

## 4. Accountability Report

	Strategic Objectives & Priorities	Initiatives
Care Quality Commission	Delivering high-quality care by improving patient safety	<ul style="list-style-type: none"> <li>• Patient Safety</li> <li>• Mental Health</li> <li>• Electronic Patient Record</li> <li>• Incidents</li> <li>• Safe Staffing</li> <li>• Dementia</li> </ul>
	Pursuing high-quality clinical outcomes	<ul style="list-style-type: none"> <li>• Mortality Reduction</li> <li>• Research &amp; Development</li> <li>• Seven Day Services</li> <li>• Ward Accreditation</li> </ul>
	Duty of Candour	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Training</li> <li>• Monitoring</li> </ul>
	Staff	<ul style="list-style-type: none"> <li>• Staff survey</li> <li>• Staff engagement</li> </ul>
	CQC	<ul style="list-style-type: none"> <li>• Action plan</li> <li>• Rating improvement</li> <li>• Strategy</li> </ul>

The Board of Directors has reviewed the Quality Report and confirms that it is a true and fair reflection of UHSM's performance. Progress against these priorities will be monitored and measured by operational leads using specific metrics and reported on a quarterly basis to Quality Improvement Committee which reports to the Board and is chaired by a Non-executive Director. The Quality Report has also been reviewed by external audit processes and comments have been provided by local stakeholders including commissioners, patients and Healthwatch

The Trust has a Quality Improvement Committee that is responsible for the development of the Quality Report and the operational monitoring of the delivery of the Quality Strategy. The Quality Report has been reviewed by external audit processes and comments have been provided by local stakeholders including commissioners, patients and Healthwatch

In addition to internal monitoring and internal audits, an assurance report is provided by external audit annually on the content of the Quality Report and selected key performance indicators. The indicator for 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 the data quality in the following respects:

- Accuracy - testing identified errors in the clock start and end dates recorded in 12 out of 25 cases we tested. The errors resulted in both clock start and end times being incorrectly recorded in line with the applicable guidance, with errors ranging from 3 to 164 days.
- Validity – testing identified 3 out of 25 errors where a clock start time should not have been recorded. The three cases were not compliant with RTT requirements, therefore they should never have triggered a RTT pathway start.

A qualified conclusion has therefore been issued in this respect.

### Information Governance

Risks to data security are managed with the monitoring of the standards against the Information Governance Toolkit. In April 2016, one Level 2 information governance incident occurred. The Information Commissioners Officer was informed by the Trust of a sensitive data breach in relation to a care plan that contained sensitive personal data together with a list of patient details that had been left in the home of an unrelated service user. No action was taken by the Information Commissioner's Office and no further action is required of the Trust.

## 4. Accountability Report

The Trust is pleased to report it was not directly affected by the global cyber-attack on 12 May 2017. However, at that time it took precautionary actions and shut down its external IT links and all IT systems. These IT links and IT systems were fully restored over a period of hours and days. The Trust has actions in place to safeguard our infrastructure and longer term resilience plans to minimise future risk to cyber-attacks.

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, Clinical Audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report included 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 and Quality Improvement Committee, Integrated Performance and Investment Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework provides me and the Board of Directors with evidence of the effectiveness of controls that manage the risks to the organisation achieving its strategic objectives.

Internal audit provides me with an opinion about the effectiveness of the assurance framework and the internal controls as part of the internal audit plan. Work undertaken by internal audit is reviewed by the Board Committees, including the Audit Committee.

My review is also informed by the external audit opinion, inspections carried out by the CQC and other external agencies, and visits of accreditation. In assessing and managing risks, the Trust has well established processes to ensure the effectiveness of the systems of internal control.

### Conclusion

The Board has extensive and effective governance assurance systems in place. These systems enable identification and control risks to be reported through the Board Assurance and risk management processes.

The Head of Internal Audit has indicated that, based on its work undertaken through the audit programme and other audits within 2016/17, no significant internal control issues have been identified. Where weaknesses have been identified, appropriate plans are in place to deliver the required improvements. These are monitored and assurance sought via the Trust's governance framework.



**Silas Nicholls**  
**Chief Executive**  
**Date: 25 May 2017**

## **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 give a true and fair view of the financial position of the University Hospital of South Manchester NHS Foundation Trust (the Trust) and group as at 31 March 2017 and of the Trust's and group's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/2017 and the requirements of the National Health Service Act 2006.

### **Emphasis of Matter – Basis of Preparation – Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in notes 1.2.1 and 1.2.2 to the financial statements concerning the basis of preparation of the financial statements and the future planned restructuring of the Trust. As disclosed in note 1.2.2, the Trust, in conjunction with Central Manchester University Hospitals NHS Foundation Trust, has submitted a business case to NHS Improvement proposing that the Trust and Central Manchester University Hospitals NHS Foundation Trust will join together to create a new foundation trust from Autumn 2017. This is known as the Single Hospital Services Programme. At the time of this opinion, proposals to establish a new foundation trust for the city of Manchester are still awaiting formal approval. As disclosed in note 1.2.1 the directors have an expectation that the Trust will have adequate resources for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

### **Who we are reporting to**

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the 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 2017 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 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 the NHS foundation trust annual reporting manual 2016/17.

## Overview of our audit approach

- Overall group materiality: £7.5 million, which represents 1.62% of the group's gross operating expenses;
- We performed a full-scope audit of University Hospital of South Manchester NHS Foundation Trust and targeted audit procedures at its component University Hospital of South Manchester NHS Foundation Trust Charitable Fund;
- Key audit risks were identified as:
  - Occurrence and valuation of income from patient care activities and existence of associated receivables
  - Occurrence of other operating income and existence of associated receivables – Sustainability and Transformation Fund
  - Valuation of property, plant and equipment.

## 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 and how we tailored our procedures to address these risks in order to provide an opinion on the financial statements as a whole. This is not a complete list of all the risks we identified:

Audit risk	How we responded to the risk
<p><b>Occurrence and valuation of income from patient care activities and existence of associated receivables</b></p> <p>97% of the group's income from patient care activities is derived from contracts with NHS commissioners, of which 91% is derived from contracts with the Trust's seven main NHS commissioners. These contracts include the rates for and level of patient care activity to be undertaken by the Trust.</p> <p>The group recognises patient care activity income during the year based on the completion of these activities. Patient care activities provided that are additional to those incorporated in the contracts with NHS commissioners, are subject to verification and agreement by the NHS commissioners. As such, there is the risk that income is recognised for these additional services that is not subsequently agreed to by the NHS commissioners.</p> <p>We therefore identified occurrence and valuation of revenue from patient care activities and the existence of associated</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• evaluating the group's accounting policy for recognition of income from patient care activities for appropriateness;</li> <li>• gaining an understanding of the group's system for accounting for income from patient care activities and evaluating the design of the associated controls;</li> <li>• obtaining an exception report from the Department of Health (DoH) that details differences in reported income and expenditure; and receivables and payables between NHS bodies; agreeing the figures in the exception report to the Trust's financial records; and for differences calculated by the DoH as being in excess of £250,000, obtaining corroborating evidence to support the amount recorded in the financial statements by the group;</li> <li>• agreeing all amounts recognised as income from the seven main NHS Commissioners in the financial statements to signed contracts, contract variations and invoices or supporting documentation, and associated receivables at year end to subsequent cash receipts or alternative evidence;</li> <li>• agreeing, on a sample basis, for the remaining NHS Commissioner contracts, amounts recognised in income in the financial statements to signed contracts, contract variations and invoices; and associated receivables at year end to subsequent cash receipts.</li> </ul>



<b>Audit risk</b>	<b>How we responded to the risk</b>
<p>receivables as a significant risk requiring special audit consideration.</p>	<p>The group's accounting policy on revenue recognition is shown in note 1.4 to the financial statements and elements of the Trust's revenue related judgements and estimates are included in note 1.2. Disclosures related to income from patient care activities are included in note 3.</p>
<p><b>Occurrence of other operating income and existence of associated receivables – Sustainability and Transformation Fund</b></p> <p>15% of the group's total operating income is from other operating income sources.</p> <p>The group's other operating income includes £10.6 million from the national Sustainability and Transformation Fund (the Fund).</p> <p>Eligibility for income from the Fund is determined based on the Trust meeting quarterly financial targets agreed with NHS England. Income is paid quarterly in arrears, when the Government bodies (including the Department of health, HM Treasury, NHS Improvement and NHS England) verify the Trust's achievement of these financial targets.</p> <p>At the year-end, income from the Fund for the final quarter is accrued before the achievement of the financial target has been verified. As such, there is the risk that income recognised in the final quarter of the year may be misstated.</p> <p>We therefore identified the occurrence of other operating revenue and existence of associated receivables as a significant risk requiring special audit consideration.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• evaluating the group's accounting policy for recognition of other operating income for appropriateness;</li> <li>• gaining an understanding of the group's system of accounting for other operating income and evaluating the design of the associated controls;</li> <li>• agreeing income for the third quarter of the year from the Fund recognised in the financial statements to cash receipts;</li> <li>• assessing the validity of the income and the associated receivables relating to the fourth quarter;</li> <li>• agreeing the total income from the Fund (including any finance incentive, bonus payments or additional income from the final distribution) to communications from NHS England; and</li> <li>• agreeing for the remaining population of other operating income, on a sample basis, amounts recognised in income in the financial statements to signed contracts and invoices; and associated receivable balances to subsequent cash receipts or other supporting information.</li> </ul> <p>The group's accounting policy on income recognition is shown in note 1.4 to the financial statements and elements of the Trust's income related judgements and estimates are included in note 1.2. Disclosures related to other operating income are included in note 4.</p>
<p><b>Valuation of Property, plant and equipment</b></p> <p>The valuation of property, plant and equipment requires estimates that require judgements in relation to the Trust's decision to value its estate on a 'virtual' site basis which is a different methodology from the prior year. In total, property, plant and equipment represents 77% 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"> <li>• obtaining management's assessment of the valuation of property, plant and equipment and understanding the valuation process, including key controls and assumptions used by management;</li> <li>• assessing the competence, expertise and objectivity of management's valuers, including using the work of an auditor's expert to assess whether we could place reliance on their work;</li> <li>• assessing the appropriateness of the instructions issued by the Trust to the valuers and the scope of their work, including the completeness of the data provided to the valuer;</li> </ul>

<b>Audit risk</b>	<b>How we responded to the risk</b>
<p>The Trust's change in valuation methodology to a 'virtual' site basis has led to a £33.4 million decrease in the value of the group's estate, of which £12.1 million has been charged as an impairment to the statement of comprehensive income.</p> <p>We therefore identified the valuation of property, plant and equipment as a significant risk requiring special audit consideration.</p>	<ul style="list-style-type: none"> <li>• challenging the assumptions made by management in relation to the valuation of property, plant and equipment, including the appropriateness of the adoption of an virtual site valuation methodology and the virtual site design; and the useful lives of property plant and equipment; and the amount of depreciation charged in the year; and</li> <li>• for a sample of the assets revalued in the year, agreeing the valuation included in the valuer's report to the asset register and the financial statements.</li> </ul> <p>The group's accounting policy on property, plant and equipment is shown in note 1.8 to the financial statements and related disclosures are included in note 15.</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 £7.5 million, which represents 1.62% of the group's gross operating expenses (excluding impairments of property and restructuring costs). 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 at broadly the same percentage level of gross operating expenses as we determined for the year ended 31 March 2016 as we did not identify any significant changes in the group's operations or the environment in which it operates.

We also determined a lower level of specific materiality for disclosures of senior manager remuneration in the Remuneration Report.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £250,000. In addition we will communicate 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 Trust's and group'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 International Standards on Auditing (ISAs) (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of financial statements of public sector bodies in the United Kingdom'. 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 of the identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality.;
- interim visits to evaluate the Trust's internal control relevant to the audit, including relevant IT systems and controls over key financial systems;
- performance of targeted audit procedures on the financial statements of the 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, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, 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 that necessary for us to consider under the Code 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 2017, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary.

**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 to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/17 and the requirements of the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report for the financial year for which the financial statements are prepared 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 we communicated to the Audit Committee which we consider should have been disclosed.

Under the Code 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 annual reporting manual 2016/17 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls; or
- we have reported a matter in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We have nothing to report in respect of the above matters.

## **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, 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 Directions included in the NHS foundation trust annual reporting manual 2016/17 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 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We are required under Section 1 of Schedule 10 of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**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.

*SE Howard*

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

4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

25 May 2017



**Quality Report 2016/17**





# Quality Report 2016/17



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## List of Acronyms

<b>A&amp;E</b>	Accident and Emergency
<b>AMU</b>	Acute Medical Unit
<b>BRC</b>	Biomedical Research Centre
<b>BTS</b>	British Thoracic Society
<b><i>C. difficile</i></b>	<i>Clostridium difficile</i>
<b>CCG</b>	Clinical Commissioning Group
<b>CPE</b>	Carbapenemase-producing Enterobacteriaceae
<b>CQC</b>	Care Quality Commission
<b>CQUIN</b>	Commissioning for Quality and Innovation
<b>EPR</b>	Electronic Patient Record
<b>FAIR</b>	Find, Assess, Investigate and Refer
<b>FT</b>	Foundation Trust
<b>GMCCN</b>	Greater Manchester & Cheshire Cancer Network
<b>GP</b>	General Practitioner
<b>HSMR</b>	Hospital Standardised Mortality Ratio
<b>IM&amp;T</b>	Information Management & Technology
<b>IST</b>	Intensive Support Team
<b>MRSA</b>	<i>Meticillin-resistant Staphylococcus Aureus</i>
<b>NHS</b>	National Health Service
<b>NICE</b>	National Institute for Health and Care Excellence
<b>NIHR</b>	National Institute for Health Research
<b>NRLS</b>	National Reporting and Learning Service
<b>PCI</b>	Percutaneous Coronary Intervention
<b>PHSO</b>	Parliamentary Health Service Ombudsman
<b>PROMs</b>	Patient Reported Outcome Measures
<b>R&amp;D</b>	Research & Development
<b>RCA</b>	Root-Cause Analysis
<b>RTT</b>	Referral-to-treatment
<b>SHMI</b>	Summary Hospital-level Mortality Indicator
<b>TDC</b>	Treatment and Diagnostics Centre
<b>UHSM</b>	University Hospital of South Manchester NHS Foundation Trust
<b>UTI</b>	Urinary-tract Infection
<b>VTE</b>	Venous Thromboembolism
<b>WHO</b>	World Health Organisation
<b>WTE</b>	Whole Time Equivalent

# 1. Introduction to UHSM's Quality Report 2016/17

## 1.1 Overview

The Quality Report 2016/17 is an annual review of the quality of NHS healthcare services provided by the University Hospital of South Manchester NHS Foundation Trust (UHSM) during 2016/17. It also outlines the key priorities for quality improvement in 2017/18.

The Quality Report 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 2016/17. **Section 2** constitutes a review of the Trust's performance against the objectives set in the 2015/16 Quality Report and in relation to key national standards. **Section 3** includes the priorities for improving the quality of services in 2017/18 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 Report 2016/17 was shared with our stakeholders in April 2017 as part of the assurance process. The stakeholders are: Manchester Health and Care (MHCC)/ NHS Manchester Clinical Commissioning Group; Healthwatch (Manchester and Trafford); and both Trafford Council and Manchester City Councils' Health Scrutiny Committees. Each organisation was asked to review the draft report and provide a written statement for publication (unedited) in Appendix One of this Quality Report. In the case of Manchester Health and Care (MHCC)/ NHS Manchester Clinical Commissioning Group; this is a statutory requirement. In addition, the Quality Report was shared with the governing council's Patient Experience Committee.

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

The external auditor will provide a Limited Scope Assurance Report on the content of the Quality Report, 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 Report. 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](http://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 care wound management and medical education.

## 1.2 Chief Executive's Statement

In 2016-17 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 Report for 2016-17 sets out our key achievements against three of the four quadrants of our Quality Diamond and describes our future priorities for 2017-18. Our key achievements in 2016-17 are set out below.

## 1.3 Key outcomes

The Trust's key outcomes are as follows: -

1. We implemented the 'sign up to safety' programme with a focus on five patient safety initiatives: - pressure ulcers, falls, acute kidney injury, sepsis and nutrition & hydration.
2. We 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 scheme supports the quality of care delivered throughout the Trust in order to optimise patient experience. The scheme provides each ward with a baseline against which they can mark and monitor their progression in pursuit of 'Gold', and ultimately, 'Diamond' status. Throughout 2016, UHSM introduced new accreditation in the acute and community settings. A second phase of re-assessments will be carried out hopefully resulting in conversion from bronze to silver wards and silver to gold. Current performance is: -

Diamond	Gold	Silver	Bronze	Total
4	16	16	16	52

3. We improved the safety and patient experience through reduction in avoidable harm via monitoring of harm-free care and internal monitoring of specific safety metrics.
4. We improved the safety and patient experience through ensuring and maintaining safe staffing levels across the Trust and made this information publically available.
5. We improved the safety and clinical effectiveness of patient care with reduction of mortality indices, development of the mortality review process and following an independent review carried out a review of clinical pathways.
6. We improved our patient's experience by utilising different methods of patient feedback across the hospital and community services to improve services.
7. We delivered the Trust's Dementia Strategy and improved the experience of patients with dementia.
8. We developed and implemented an engagement plan to highlight the importance of employee engagement as well as delivering practical steps to enhance engagement.

UHSM was inspected by the CQC in January 2016 and the final inspection report was published in June 2016. UHSM received an overall rating of **Requires Improvement**. An action plan was developed and sent to CQC in September 2016. At present, the action plan is 82% complete, and it is anticipated it will be closed by end-May 2017.

Our Quality Report 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 our 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 2017.

The Board of Directors has reviewed the 2016-17 Quality Report and confirms that it is a true and fair reflection of UHSM's performance. We hope that the Quality Report provides you with the evidence of the Trust's commitment to quality and safety.

Date: 25 May 2017

Signature



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**Silas Nicholls**, Chief Executive, *Signed for, and on behalf, of the Board of Directors.*





## 2. Performance against the Quality Improvement Priorities in 2016/17

In the Quality Report 2015/16, UHSM presented its quality improvement priorities for 2016/17, 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 CCG and Trafford CCG during 2015/16. The Trust has taken into account the feedback received on the Quality Report from Manchester Healthwatch and both Trafford Council and Manchester City Councils' Health and Scrutiny Committees when developing its quality improvement priorities for 2016/17.

In this section the Trust's performance in 2016/17 is reviewed compared to the priorities that were published in UHSM's 2015/16 Quality Report. In addition, performance against key national priorities is detailed.

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 2016 to March 2017 (referred to as 2016/17), unless otherwise stated in the text. Progress against the initiatives, during the year, is assessed in this Quality Report according to four classifications, as set out below.

### Assessment of progress against quality goals in 2016/17

target achieved	
close to target	
initiative is ongoing	
target not achieved	

**Table 2.1:** Summary of performance against the quality improvement priorities in 2016/17

PATIENT SAFETY	2016/17 Quality goals	2016/17 Results	Progress
Implement 'Sign up to Safety' within the Trust, with a focus on five patient safety initiatives	<ul style="list-style-type: none"> <li>development of a steering group to create and monitor the work plan for the whole initiative;</li> <li>identify clinical leads and develop improvement driver diagrams and safety improvement plans for each element; and</li> <li>agree metrics to measure progress and monitor harms</li> </ul>	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"> <li>continue to implement the Accreditation Scheme across inpatient areas in 2016/17;</li> <li>implement the Accreditation Scheme in the nine community nursing settings that the Trust has responsibility for, by October 2016;</li> <li>introduce the Accreditation Scheme in the Emergency Department by December 2016; and</li> <li>during January 2017, pilot the Accreditation Scheme in two operating theatres.</li> </ul>	all inpatient areas accredited	G
		community accreditation rolled out	G
		Emergency Department has been accredited	G
		Accreditation in F Block, Acute and TDC theatres	G
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"> <li>meet all infection prevention targets - zero MRSA cases and less than 39 cases of <i>Clostridium difficile</i>;</li> <li>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;</li> <li>participate in the national Medication Safety Thermometer Programme and roll out audit to all appropriate ward areas;</li> <li>monitor the Safer Surgery checklist and achieve audit standards of 100% compliance in the monthly sample audits in theatre and interventional areas; and</li> <li>complete a pathway and safety procedures review of high-volume routine surgical interventions.</li> </ul>	3 cases of MRSA bacteraemia and 15 cases of <i>C. difficile</i> due to 'lapses of care'	A
		benchmarking data not available 97.4% hospital-acquired harm-free care (April 2016 to March 2017);	A
		audit successfully undertaken, now part of Ward Accreditation	G
		99.6% compliance achieved during 2016/17	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	2016/17 Quality goals	2016/17 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"> <li>staff turnover rate and learning from exit interviews will be monitored by the Education &amp; Workforce Committee;</li> <li>the Trust will monitor the use of bank and agency staff;</li> <li>as per NICE guidance, a staffing review will be conducted and published twice yearly;</li> <li>shift-by-shift data on staffing numbers will be publically available on wards and available to access electronically;</li> <li>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</li> <li>monthly information will be collated and provided to the Board of Directors on safe staffing numbers.</li> </ul>	Monitoring system in place and recruitment strategy implemented	G
		bank and agency staff usage weekly monitoring	G
		Care Contact Time analysis completed in August 2015	G
		data is publically accessible (electronically) and part of monthly audits	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"> <li>to be in the top 20% of acute hospital trusts, in England, for mortality (as measured by SHMI);</li> <li>achieve a HSMR of less than one hundred;</li> <li>develop the Mortality Review Group to better suit needs of clinical teams and ensure that learning from mortality reviews translates into practice;</li> <li>incorporate learning from the independent review of pathways into a Trust improvement plan.</li> </ul>	SHMI value of 0.97 places UHSM outside of top 20%. Target revised	NA
		HSMR is 98.20 for February to January 2016	NA
		review ongoing and developing capacity for national initiative	G
		pathway improvement plans are place	G

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

<i>Improving the PATIENT EXPERIENCE</i>	2016/17 Quality goals	2016/17 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"> <li>to be within the top twenty percent of acute hospital trusts in England for positive recommendations via the Friends and Family Test;</li> <li>develop real-time patient feedback mechanisms across all ward areas; and</li> <li>respond to at least 90% of complaints within the agreed time frames;</li> </ul>	<p>UHSM is outside the top 20%, though above national average for inpatient and A&amp;E</p> <p>real-time patient feedback is in place within the Outpatient Department and in some wards and community services</p> <p>96.0% of complaints responded to within timescale</p>	A
			G
			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"> <li>undertake a Trust-wide service review and gap analysis against the National Strategy for Dementia - Living Well with Dementia;</li> <li>build upon the FAIR work to enable wider recognition of patients with dementia;</li> <li>develop a shared-care strategy to involve carers in decision making and care of patients with dementia;</li> <li>better understand the needs and views of carers by monthly surveys; and</li> <li>deliver the staff awareness training programme.</li> </ul>	<p>service review and action plan under implementation</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	2016/17 Quality goals	2016/17 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"> <li>the Trust will develop and implement an engagement plan to take the Trust forward in 2016/17 by highlighting the importance of employee engagement as well as offering practical recommendations on how levels of engagement will be enhanced.</li> </ul>	<p>the engagement action plan has been successfully implemented during the year</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 2016/17

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.

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### • Safe • Effective • Patient Experience

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

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In January 2016 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 2016/17: pressure ulcers; nutrition & hydration; falls and 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 2017

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

- A. The Trust's 'Sign up to Safety' Steering Group has met three times during 2016/17. The five elements of focus (pressure ulcers, nutrition and hydration, falls, acute kidney injury and sepsis) are standing agenda items. A Trust event also took place in June 2016 to raise awareness of the Sign Up to Safety campaign, on the 2<sup>nd</sup> birthday of the campaign.
- 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 has been developed and agreed at the Steering Group.
- C. Measurable outcomes have been developed for all elements of focus: nutrition and hydration, sepsis, kidney injury, falls and pressure ulcers. These are monitored quarterly and reported to the Clinical Standards Sub-Committee.

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 2016/17, the 'Sign up to Safety' Steering Group has provided quarterly reports to the Trust's Clinical Standards Sub-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 2016/17, 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 2016/17.
  - B. Implement the Accreditation Scheme in the nine community nursing settings that the Trust has responsibility for, by October 2016.
  - C. Introduce the Accreditation Scheme in the Emergency Department by December 2016.
  - D. During January 2017, pilot the Accreditation Scheme in two operating theatres.

By when: Full implementation by March 2017

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

All community areas achieved Bronze status when they went through the accreditation process in 2016. 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.

2016/2017 saw a revised version of the ward accreditation programme rolled out in the Trust. The new accreditation system incorporates monthly audit with an annual visit. The revised standards are aligned to the CQC Key Lines of Enquiry (KLOE). In total 52 areas will be accredited by the end of the financial year. These areas include the community nursing teams and community based wards. The role out into theatre has begun and F Block, Acute and TDC theatres will all be accredited by the end of the financial year. The current accreditation standings are as below: -

Diamond	Gold	Silver	Bronze	Total
4 wards	16 wards	16 wards	16 wards	52 wards

2 wards are currently in the process of applying for diamond status.

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## • 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

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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 2017

Actual outcome:

A	CLOSE TO TARGET
B	CLOSE TO TARGET
C	TARGET ACHIEVED
D	CLOSE TO TARGET
E	TARGET ACHIEVED

- A. *Clostridium difficile* infections were reported in 2016/17. Following review with commissioners, fifteen cases of avoidable infections having 'lapses of care' were identified. There were three cases of MRSA bacteraemia apportioned to UHSM during the year. UHSM achieved the objective for *Clostridium difficile* in 2016/17 but failed the zero tolerance objective for MRSA.

A mandatory Post Infection Review (PIR) is completed following each MRSA incidence and reported to Public Health England via the Mandatory Enhanced Surveillance System and a RCA is completed following each *C. difficile* incidence. Action plans are developed following each PIR and RCA which are shared with the Directorates at their local governance meetings and quarterly progress reports are also completed for the Infection Prevention Sub-committee which meets on a quarterly basis.

- B. Performance data for April 2016 – March 2017 demonstrated that 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. National benchmarking data is not currently available

The number of harms reported for each area of focus was higher than the previous year with the exception of VTEs; the Trust reported 9 more pressure ulcers in 2016/17, 11 more falls and 34 more UTIs. Monthly accountability meetings, chaired by the Deputy Chief Nurse, are held addressing this increase. Incidences of pressure ulcers and falls are reviewed by Trust leads and senior nurses at monthly accountability meetings to determine whether they are avoidable and to inform best practice from the lessons learned. Reducing incidences of UTIs will be a key focus for the Trust in 2017/18.

We are also reviewing the whole process of data collection and reporting of harms and benchmarking with other organisations.

- C. The Trust has continued to successfully participate in the Medication Safety Thermometer. During which time, data errors in the external validation has been identified by the Trust and escalated. Therefore this initiative was ceased and the Trust has now incorporated missed doses within the monthly Ward Accreditation process, which pharmacy will support.
- D. The Trust achieved 99.6% compliance for the Safer Surgery checklist, which is below the 100% threshold set for 2016/17; the Trust is producing local safety standards for interventional procedures to help achieve full compliance.
- E. An external review of the pathways and safety procedures in high-volume routine surgical interventions carried out by the auditors KPMG 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 Team Brief 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 established a Task & Finish Group which ensured by September 2016 that there was standardisation of the WHO Safer Surgery checklist across all theatre and interventional areas and to ensure local standards were in place (outlined in the National Safety Standards for Interventional Procedures alert).

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## • 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

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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 2017

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 2016 was triangulated against patient harms and experience. A decision was made not to repeat this study as national drivers have moved to Care Hours per Patient Day, away from care contact time.
- 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. This information is on the Open and Honest Board. Compliance with the standard is monitored via the monthly audit programme.
- 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 of Directors (“the Board”). Safe staffing performance is reported to the Board every month. Comprehensive staffing reviews continue to be sent to the Board twice a year with recommendations made around safe staffing. Monthly staffing performance is reported via the monthly Integrated Performance Report.



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## • 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**

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The Trust committed to achieving a HSMR of less than 100 for 2016/17 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 SHMI.
  - B.** Achieve a HSMR 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 2017

Actual outcome:

- A** TARGET REVISED
- B** TARGET REVISED
- C** TARGET ACHIEVED
- D** TARGET ACHIEVED

- A.** In the latest SHMI publication, UHSM has a value of 0.97 for the period October 2015 to September 2016, 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'. UHSM is outside the top twenty percent of hospital Trusts. The Trust has acknowledged guidance issued by NHS England states that overall Trust mortality indices should not be used as a league table; consequently, this objective has been revised during 2016/17 with the Trust instead ensuring that it does not become a statistically-adverse outlier.
- B.** The HSMR for the latest twelve available months is 98.20 for February to January 2016, which is statistically 'within range'. It is an improvement on the HSMR of 99.42 in the previous twelve months (February 2015 to January 2016).. As with the SHMI indicator, the Trust's approach to HSMR is to work to ensure that the twelve-month figure remains within the statistically expected range.
- C.** The Mortality Review Group has met monthly throughout the year and has approved a Clinical Coding Improvement Plan and a Mortality Review Strategy, and is monitoring implementation. The group also achieved participation in a pilot of the national Structured Judgement Review tool
- D.** Following completion of the independent review of pathways, action plans have been fully implemented for patients on stroke and pneumonia pathways. Most recent data indicates that these pathways now have mortality indices within expected limits.

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## • 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**

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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 2017

Actual outcome:

- A **CLOSE TO TARGET**
- B **TARGET ACHIEVED**
- C **TARGET ACHIEVED**

- A. 96.7% of inpatients and day-cases would be likely to recommend the ward to friends and family in 2016/17 compared to the national average of 95.4%. This continues the year-on-year improvement in performance and places the Trust within the top twenty-eight 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 41.0% for the test during the year overall, which is seventeen percent higher than the national average.

In 2016/17, 87.4% of patients attending the Emergency Department would be likely to recommend the department to friends and family compared to the national average of 86.1%. The Trust's performance places it in the top forty-eight percent of acute hospitals in England. The Trust achieved a response rate of 17.4%, which is higher than the previous year's response rate (15.9%) and is above the national response rate of 12.9%.

- B. Real-time patient feedback is collected in various areas of the Trust including the Out Patients Department, a selection of inpatient wards (F2 and F8) and some community services. The feedback received so far, via the electronic tablets, has been positive - 6,544 people responded to a survey in 2016 about preferred patient feedback methodologies. The survey identified paper surveys, followed closely by e-mail and telephone, as the preferred method for feedback. A combination of different feedback methodologies are used at the Trust to support inclusivity.
- C. 96.0% of formal complaints were responded to within the agreed time frame in 2016/17 to date in comparison to 91.5% in 2015/16. The Trust has achieved the 90% target in all of the nine months to date. The average time taken to acknowledge a formal complaint was 2 days, which compares favourably to the 3-day target agreed with commissioners. UHSM has seen a reduction in the number of formal complaints received during the year, with 418 formal complaints received in the year to date (April to December 2016) compared to 430 complaints in the same period in 2015. There has been a significant reduction in the

number of cases re-opened due to dis-satisfied complainants, a total of forty-nine were reported in the previous year compared to sixteen in the current year to date.

In 2016/17, UHSM has seen a reduction in the number of PHSO investigations, from seven cases in 2015/16 to 4 in 2016/17. Of the 4 PHSO investigations in 2016/17, 2 were partially upheld. The Trust is waiting to receive the remaining two reports.

In 2016/17, UHSM has seen no reported Duty of Candour breaches.

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• **Safe** • **Effective** • **Patient Experience**

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

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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 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 2016/17 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 2017

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

- A.** A Trust-wide service review was completed in May 2016, which led to the development of a local Dementia Action Plan, working towards meeting local and national dementia strategies, this also includes work towards planning the review and development of the strategy within 2017. 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 process on admission and consequently referral onwards for further investigation of dementia symptoms. Work is on-going towards enabling the implementation of the FAIR process within the new Electronic Patient Record.
- C.** The Dementia team has worked in collaboration with the Patient Experience team to develop a Trust-wide Carer's Strategy 2016, promoting the involvement of carers within decision making, including those with dementia. UHSM has also introduced the Partnership in Care initiative which is promoted within existing dementia training packages..
- D.** Carer feedback surveys are now provided during each inpatient stay. This enables correct identification of the carer and ensures carers receive the survey, as previously the survey had been sent to the patient with the expectation it would be passed to the carer. Increased completion of the carer surveys are promoted through the Dementia Champions link worker programme.
- E.** Dementia Friends Training sessions are delivered during Trust Induction. Training figures indicate that attendance for the Dementia Awareness training is above the Trust's target. The Dementia Team also delivers training on an ad-hoc basis. Since implementation of the Butterfly Scheme, which embeds a dementia awareness session, the Dementia Team has successfully delivered training to more than 100 Butterfly Champions.

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## • Staff Engagement

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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 2016/17 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 2017

Actual  
outcome:           A.       **TARGET ACHIEVED**

A.       Employee Engagement is about employees feeling they belong at UHSM, they believe in what UHSM is trying to achieve and they feel valued for their contribution which in turn has a direct correlation with patient experience and organisational performance. Building upon the actions already delivered and embedded, the Organisational Development strategy describes improvement to staff engagement via 4 key elements; Appraisal, We're Listening, Targeted professional groups and Guidance for Managers

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

- A review of the Trust Pulse Survey questions with a shift to considering impact rather than awareness to ensure that the information collected is as valuable as possible to the organisation
- Continued distribution, analysis and publication of the quarterly Pulse Survey and its results
- Review of the staff engagement 'We're Listening' events with a shift to organisational rather than Divisional focused events hosted by the UHSM Executive Team and focusing on a key theme at all events across the year; Managing Change and Transition
- Delivery of resilience and wellbeing workshops through the LEAD programme and implementation of continued provision of the Employee Assistance Programme
- Establishment of a Workforce Multi-disciplinary Team utilising the skills of different roles across HR, Learning and Development, Organisational Development and Employee health and wellbeing to share information, professional perspectives and specialist interventions collaborating to devise a workforce care plan to support complex, long-standing team challenges via one single point of contact
- Delivery of bespoke Learning and Organisational Development request process with 32 interventions progressed to date across 2016/17 to support complex, long-standing team challenges
- Continued success of the Monthly Diamond Awards (staff recognition) and receipt of over 250 nominations for the Annual Diamond Awards representing an increase from the awards held in 2015/16
- Distribution of the NHS Staff Survey to an increased sample size of 1250 staff across the organisation
- Awarded Investors in People status following a robust assessment process by an external assessor

- Implementation of monthly Nursing Engagement Forums to support positive nurse engagement and the Nursing Recruitment and Retention Strategy
- Launch of a new appraisal approach designed with 'big conversation' as the primary interest and 'little paperwork' as a useful way to structure and enable a quality, collaborative process moving away from the feel of appraisal being just a 'tick-box' exercise. Positive feedback received to date on the new process from across the organisation
- Regular information shared with staff regarding the Single Hospital Service Programme via whole Trust email Newsflashes and face to face staff briefings with the Executive Team
- Multi-disciplinary Change Team established to successfully manage the Culture Collective Project; a comprehensive review of culture at UHSM using leading edge research and guidance, working alongside NHS Improvement and Professor Michael West

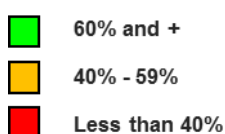
### Pulse Survey Findings

The UHSM quarterly Pulse Survey Report was reviewed and revised in 2016/17 with a shift to considering impact rather than awareness to ensure that the information collected is as valuable as possible to the organisation.

Organisationally the Staff Friends and Family Test question based on treatment has seen slight variation across the data for 2016/17; from no movement in Quarters 1 and 2 to a small increase in Quarter 4. The question on the Trust as a place to work has seen an upward trajectory from Quarter 1 to Quarter 4.

**Table 2.2:** Summary of the Friends and Family Test responses, from staff, captured from the Year 3 Pulse Survey (Quarters 1 and 2)

	% Likely to recommend to receive treatment			% Likely to recommend as a place to work		
	Quarter 1	Quarter 2	Quarter 4	Quarter 1	Quarter 2	Quarter 4
All Trust	83% (0)	83% (0)	86% (+3)	58% (-3)	61% (+3)	64% (+3)
Clinical Support	81% (-1)	80% (-1)	83% (+3)	48% (-4)	51% (+3)	54% (+3)
Corporate Services	84% (-1)	84% (0)	92% (+8)	70% (-6)	73% (+3)	73% (0)
Scheduled Care	84% (-1)	89% (+5)	82% (-7)	58% (+2)	57% (-1)	50% (-7)
Unscheduled Care	84% (+3)	80% (-4)	83% (+3)	48% (-2)	59% (+11)	70% (+11)



Comparison of Pulse Survey data across Quarters 1, 2 and 4 of 2016/17 shows results have remained relatively static with little variation in percentages across all questions. An improvement from Quarter 1 to Quarter 4 data for 2016/17 Pulse Survey data has been seen in the following area:

- I believe that communication from the Executive Team is both open and honest (+7)

Conversely, there has been a slight deterioration in the following areas:

- I am able to work in line with UHSM's mission and values (-2)
- In the last twelve months I have received an appraisal (-2)

The Trust has carried out focused work in the areas of staff engagement, communication and appraisals during 2016/17; the full impact of this work is evidenced now that the Pulse Survey data is available for the full year.

## 2.2 Performance against Key National Priorities in 2016/17

UHSM set a challenging Sustainability & Transformation Fund (STF) improvement trajectory for the emergency access four-hour wait in 2016/17 to achieve 95% by April 2017. The Trust achieved this trajectory in Quarter 2 with performance of 90.8% and also finished the year strongly with 91.9% performance in March. A high number of Delayed Transfers of Care (DTOCs), which are outside the influence of the Trust, has had a significant impact on patient flow at UHSM, and thus achievement of the trajectory. Greater Manchester has set the health economy including our commissioning and local-authority partners a target of delivering, and maintaining, a maximum number of 24 DTOCs at any one time. An improvement plan has been agreed for 2017/18, which focuses on initiatives to improve the patient experience across the Emergency Department, Acute Medical Unit, ambulatory care units (medical and surgical), as well as the urgent care services.

UHSM achieved the national cancer standards in 2016/17 and continued its strong performance for the two-month GP referral to treatment standard, which has seen a year-on-year improvement to 89.1%.

Following identification of 18-week Referral-to-Treatment (RTT) data system and training issues in 2015, the Trust completed a comprehensive programme of validation and developed a new RTT data system with support from the Intensive Support Team. UHSM started to report RTT performance using the new data in August 2016. The Trust achieved the STF improvement trajectory in Quarters 1- 3 and also met a revised trajectory in Quarter 4 to achieve 87% by the end of March 2017. The Trust has set an improvement trajectory for sustainable achievement of 92% in 2017/18.

The Trust returned to compliance with the six-week wait for diagnostic procedures in 2016/17, achieving the required standard consistently throughout the year.

**Table 2.3:** UHSM performance against key national priorities in 2016/17, and specifically, governance indicators published in NHS Improvement's *Single Oversight Framework*

Acute targets - national requirements	2016/17	2015/16	2014/15	Threshold <sup>(a)</sup>
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	85.6%	84.3%	91.9%	95.0%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate - patients on an incomplete pathway	83.8%	89.5%	94.9%	92.0%
Maximum 6-week wait for diagnostic procedures	99.5%	98.2%	96.3%	99.0%
Maximum two month wait from referral to treatment for all cancers <sup>(b)</sup> :				
from urgent GP referral to treatment	89.1%	87.9%	86.4%	85.0%
from consultant screening service referral	97.2%	97.7%	98.2%	90.0%
Maximum one month wait for subsequent treatment of all cancers:				
surgery	99.0%	98.6%	98.2%	94.0%
anti-cancer drug treatment	100%	100%	100%	98.0%
Maximum one month wait from diagnosis to treatment for all cancers	99.1%	98.7%	98.8%	96.0%
Two week wait from referral to date first seen:				
all cancers	95.7%	95.5%	97.1%	93.0%
for symptomatic breast patients (cancer not initially suspected)	93.8%	94.3%	97.0%	93.0%
<i>Clostridium difficile</i> year-on-year reduction <sup>(c)</sup>	15	5	9	39 in 2016/17 39 in 2015/16 39 in 2014/15
MRSA - meeting the MRSA objective	3	4	1	zero

### Notes to **Table 2.3:**

(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;
- (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.

## 2.3 National Benchmarking of specific Quality Indicators

The *NHS Outcomes Framework 2016/17* 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 Report, 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 NHS Digital, which is checked prior to each 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 the 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 inpatient mortalities, and the successful implementation of a Mortality Review 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 higher than the national average. The Trust has an active and effective palliative care service with palliative-care consultants delivering palliation. It is therefore expected that the Trust sees a large volume of coded activity.

UHSM intends to take the following actions to maintain this percentage, and so the quality of its services, by strengthening the underlying data through a Clinical Coding Improvement Plan and continuing processes using 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 for the following reasons; it matches recent data reports that the Trust has access to. The Trust is performing above the national average, for patient reported outcome scores, in varicose-vein surgery and just below the national average for hip-replacement surgery and knee replacement surgery. Outcome scores for groin hernia is below the national average.

UHSM intends to take the following actions to improve the score, and so the quality of its services; actions taken in recent years to improve uptake of the pre-operative survey are paying dividends. In 2016/17, 96% of eligible patients participated in the post-operative PROMs surveys, leading to a larger number of post-operative survey responses, and thus greater insight and learning into post-operative care.

### Emergency re-admissions within 28-days of being discharged

UHSM considers that this data is as described for the following reasons; as the latest period reported by NHS Digital, 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 2015 to September 2016). 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 for patients aged 0-15 years.

UHSM intends to take the following actions to improve this rate, and so the quality of its services; the Community Urgent Care Pathway was successfully implemented in 2016/17. This provides an integrated Health and Social Care response to urgent/ crisis situations with the aim of avoiding unnecessary hospital admissions. The focus for 2017/18 is to increase the activity through the service and in particular the 'step ups' from community and the 'step downs' from the acute wards. The service will continue integrating and developing a universal offer in line with the strategic objectives of the Local Care Organisation (LCO) and ongoing development of urgent/ crisis response and complex case management. In 2017/18, the Trust will also use the findings of a readmissions audit to make improvements to pathways to help prevent avoidable readmissions.

## DOMAIN: ENSURING THAT PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE

### Responsiveness to inpatients' personal needs

UHSM considers that this data is as described for the following reasons; the results of the National Inpatient Survey 2015 are similar to previous years' results. UHSM is aligned to the national average scores and marginally lower than the 2014 Inpatient Survey results.

The Trust continues to take the following actions to improve this score, and so the quality of its services; an action plan has been developed with the divisional teams to address performance in a number of areas. Progress towards implementing the action plan is monitored through the divisional governance meetings.

### 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 annual National Staff Survey report. UHSM's performance has been consistently higher than the national average.

UHSM intends to take the following actions to improve this percentage and so staff engagement through the delivery of the UHSM Organisational Development Strategy encompassing

leadership, engagement and transformation by continuing to engage with staff through various interventions including 'We're Listening' events with members of the Executive Team in attendance, engaging all staff in developing through our non-mandatory training programme (LEAD) and outcomes identified through the Culture Collective.

### **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 above the national average for positive recommendations and response rates. The inpatient & day-case response rate is 17% higher than the national average.

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 Patient Experience Team will continue to work with all staff promoting the Friends and Family Test and supporting staff engagement. A range of patient experience methods will continue to be used to ensure that all our patients have the opportunity to provide feedback about the care that they have 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 (Tracking Boards), and by 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 Ward 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. Public Health England compiles a monthly report of the all North West data.

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 2017/18 of (no more than) thirty-nine avoidable 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 2017/18 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 recorded in the Trust's electronic incident reporting system and reflects the Trust's mechanisms for reviewing and validating reported incidents. As shown in **Table 2.4**, the rate for patient safety incident reporting is above the national average and the level of serious or catastrophic harm is below the national average.

UHSM intends to take the following actions to maintain reporting rates and reduce harm, and so the quality of its services by continuing to encourage staff to report patient safety incidents using the Trust's incident reporting system. The Trust will continue to monitor trends of incident reporting and analyse these trends in the quarterly 'Learning from Experience' Report. Patient harm will continue to be validated by the Risk and Governance Team in line with Trust Policy and the National Serious Incident Framework.

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

Domain	Indicator	2016/17	National average	Best performer	Worst performer	2015/16	2014/15
	SHMI value and banding (October 2015 - September 2016)* <i>see note (a)</i>	<b>0.970</b> Band 2 ( <i>as expected</i> )	<b>1.0</b> Band 2 ( <i>as expected</i> )	The Whittington Hospital (SHMI value: 0.6897) Band 3 ( <i>better than expected</i> )	Wye Valley (SHMI value: 1.164) Band 1 ( <i>worse than expected</i> )		
Preventing people from dying prematurely	(July 2015 - June 2016)*	<b>0.9712</b> Band 2 ( <i>as expected</i> )	<b>1.0</b> Band 2 ( <i>as expected</i> )	The Whittington Hospital (SHMI value: 0.6939) Band 3 ( <i>better than expected</i> )	South Tyneside (SHMI value: 1.171) Band 1 ( <i>worse than expected</i> )		
	(April 2015 - March 2016)*	<b>0.965</b> Band 2 ( <i>as expected</i> )	<b>1.0</b> Band 2 ( <i>as expected</i> )	The Whittington Hospital (SHMI value: 0.678) Band 3 ( <i>better than expected</i> )	South Tyneside (SHMI value: 1.178) Band 1 ( <i>worse than expected</i> )		
	January - December 2015)*	<b>0.979</b> Band 2 ( <i>as expected</i> )	<b>1.0</b> Band 2 ( <i>as expected</i> )	The Whittington Hospital (SHMI value: 0.669) Band 3 ( <i>better than expected</i> )	North Tees and Hartlepool (SHMI value: 1.173) Band 1 ( <i>worse than expected</i> )		
Enhancing quality of life for people with long-term conditions	% of patient deaths with palliative care coded (October 2015 - September 2016)*	<b>33.7%</b>	<b>29.7%</b>	N/A	N/A		
	(July 2015 - June 2016)*	<b>32.7%</b>	<b>29.2%</b>	N/A	N/A		
	(April 2015 - March 2016)*	<b>32.8%</b>	<b>28.5%</b>	N/A	N/A		
	(January - December 2015)*	<b>29.4%</b>	<b>27.6%</b>	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 2016)* <i>see note (b)</i>	<b>0.045</b> Count of modelled records = 40	<b>0.087</b>	Newcastle Upon Tyne Hospitals (0.142) Count of modelled records = 30	North Cumbria University Hospital (0.032) Count of modelled records = 41	<b>0.101</b> Count of modelled records = 108 (2015/16)	<b>0.070</b> Count of modelled records = 85 (2014/15)
	Patient reported outcome scores for varicose vein surgery: Case-mix adjusted average health gain (April to December 2016)* <i>see note (b)</i>	<b>0.094</b> Count of modelled records = 30	<b>0.093</b>	Hull and East Yorkshire Hospitals (0.169) Count of modelled	United Lincolnshire Hospitals (0.011) Count of modelled records = 36	<b>0.131</b> Count of modelled records = 92 (2015/16)	<b>0.092</b> Count of modelled records = 111 (2014/15)

Domain	Indicator	206/17	National average	Best performer	Worst performer	2015/16	2014/15
Helping people to recover from episodes of ill health or following injury	Patient reported outcome scores for hip replacement surgery: Case-mix adjusted average health gain (April to December 2016)* <i>see note (b)</i>	<b>0.414</b> Count of modelled records = 36	<b>0.449</b>	University College London Hospitals (0.540) Count of modelled records = 52	Chesterfield Royal Hospital (0.333) Count of modelled records = 73	<b>0.443</b> Count of modelled records = 117	<b>0.375</b> Count of modelled records = 112 (2014/15)
	Patient reported outcome scores for knee replacement surgery: Case-mix adjusted average health gain (April to December 2016)* <i>see note (b)</i>	<b>0.310</b> Count of modelled records = 58	<b>0.330</b>	Stockport (0.385) Count of modelled records = 64	Lancashire Teaching Hospitals (0.252) Count of modelled records = 62	<b>0.315</b> Count of modelled records = 112	<b>0.279</b> Count of modelled records = 125 (2014/15)
	28-day readmission rate for patients aged 0-15 (2011/12)** <i>see note (c)</i>	<b>10.5%</b>	<b>8.7%</b>	The Princess Alexandra Hospital (5.1%)	The Royal Wolverhampton Hospitals (14.9%)	<b>8.7%</b> (2010/11)	<b>7.7%</b> (2009/10)
	28-day readmission rate for patients aged 16 or over (2011/12)** <i>see note (c)</i>	<b>11.0%</b>	<b>10.3%</b>	Weston Area Health (8.7%)	Epsom and St Helier University Hospitals (13.8%)	<b>11.4%</b> (2010/11)	<b>11.1%</b> (2009/10)
	28-day re-admission rate for patients aged 0-15 (October 2015 to September 2016)*** <i>see note (c)</i>	<b>8.7%</b>	<b>8.0%</b>	University College London Hospitals (5.8%)	South Tyneside (10.8%)	<b>8.8%</b> (October 2014 to September 2015)	<b>8.3%</b> (October 2013 to September 2014)
	28-day re-admission rate for patients aged 16 or over (October 2015 to September 2016)*** <i>see note (c)</i>	<b>11.5%</b>	<b>9.0%</b>	Sheffield Teaching Hospitals 4.0%)	Luton and Dunstable University Hospital (14.2%)	<b>10.6%</b> (October 2014 to September 2015)	<b>10.5%</b> (October 2013 to September 2014)
	Ensuring that people have a positive experience of care	Responsiveness to inpatients' personal needs: National Inpatient Survey score (2015)*	<b>68.8%</b>	<b>69.6%</b>	The Royal Marsden (86.2%)	Croydon Health Services (58.9%)	<b>70.3%</b> (2014)
Percentage of staff who would recommend the provider to friends or family needing care (2016)****		<b>77.5%</b>	<b>69.9%</b>	Newcastle Upon Tyne Hospitals (90.9%)	Walsall Healthcare (47.9%)	<b>79.3%</b> (2015)	<b>79.4%</b> (2014)
Percentage of inpatients & day-cases who would be likely to recommend the ward to friends and family (2016/17)***** <i>see note (d)</i>		<b>96.7%</b> 40.9% response rate	<b>95.4%</b> 23.7% response rate	Royal Berkshire (99.0%) 13.9% response rate	Medway (86.7%) 11.2% response rate	<b>96.1%</b> 33.9% response rate (2015/16)	<b>95.0%</b> 42.8% response rate (2014/15)

Domain	Indicator	2016/17	National average	Best performer	Worst performer	2015/16	2014/15
	Percentage of patients attending A&E would be likely to recommend the A&E department to friends and family (2016/17)***** <i>see note (d)</i>	<b>87.4%</b> 17.4% response rate	<b>86.1%</b> 12.9% response rate	Luton and Dunstable University Hospital (97.9%) 7.2% response rate	North Middlesex University Hospital (47.1%) 23.6% response rate	<b>85.9%</b> 15.9% response rate (2015/16)	<b>87.0%</b> 17.8% response rate (2014/15)
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 - December 2016)*****	<b>95.4%</b>	<b>95.5%</b>	Salisbury (99.7%)	Hull and East Yorkshire Hospitals (82.8%)	<b>96.6%</b> (2015/16)	<b>96.1%</b> (2014/15)
	Rate of <i>C. difficile</i> per 100,000 bed days for specimens taken from patients aged 2 years and over (Trust apportioned cases) (2015/16)***** <i>see note (e)</i>	<b>14.1</b> Count of trust apportioned cases = 36	<b>14.9</b>	Walsall Healthcare (4.1) Count of trust-apportioned cases = 7	University College of London Hospitals (36.2) Count of trust-apportioned cases = 92	<b>16.7</b> Count of Trust apportioned cases = 44 (2014/15)	<b>14.0</b> Count of Trust apportioned cases = 36 (2013/14)
	Rate of patient safety incidents per 1,000 bed days (April - September 2016)*****	<b>55.5</b> Count of incidents = 7,161	<b>39.9</b>	Luton & Dunstable University Hospital (21.1) Count of incidents = 2,305	Northern Devon Healthcare (71.8) Count of incidents = 3,426	<b>44.9</b> (April to September 2015)	<b>N/A</b>
	Percentage of patient safety incidents reported that resulted in severe harm or death (April – September 2016)*****	<b>0.14%</b> Count of incidents resulting in severe harm or death = 18	<b>0.15%</b>	Royal Devon and Exeter (0.01%) Count of incidents resulting in severe harm or death = 1	Northern Devon Healthcare (0.60%) Count of incidents resulting in severe harm or death = 30	<b>0.17%</b> Count of incidents resulting in severe harm or death = 21 (April to September 2015)	<b>N/A</b>



- \* Information obtained from the NHS Digital website
- \*\* Information obtained from Health and Social Care Information Centre (now NHS Digital)
- \*\*\* Information obtained from Dr Foster
- \*\*\*\* Information obtained from the NHS Staff Survey
- \*\*\*\*\* Information obtained from NHS England
- \*\*\*\*\* Information obtained from Public Health England
- \*\*\*\*\* Information obtained from NHS Digital / National Reporting and Learning System (NRLS)

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.

(c) The latest available time period for the emergency re-admissions to hospital within 28 days of discharge from hospital (ages 0-15 years and  $\geq 16$  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 March 2014.

Emergency re-admissions **to any hospital** within 28 days of discharge from hospital (ages 0-15 years and  $\geq 16$  years) are calculated using the Dr Foster Quality Investigator tool for a more recent twelve-month period (October 2015 to September 2016). It is important to note that the Health and Social Care Information Centre (now NHS Digital) 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.

(d) The inpatient Friends and Family Test was expanded to include day-cases, and children and young people, at the beginning of 2015/16.

(e) 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**.

### 3. Priorities and Proposed Initiatives for 2017/18

This section sets out how UHSM will deliver safe, high-quality services during 2017/18. 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. The proposed 2017/18 priorities have been shared with, and are supported by, the Governors’ Patient Experience Committee. The Trust has taken into account the feedback received from the January 2016 CQC inspection in developing its quality improvement priorities for 2017/18.

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

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.

Strategic Objectives & Priorities		Initiatives
<b>Care Quality Commission</b>	<b>Delivering high-quality care by improving patient safety</b>	<ul style="list-style-type: none"> <li>• Patient Safety</li> <li>• Mental Health</li> <li>• Electronic Patient Record</li> <li>• Incidents</li> <li>• Safe Staffing</li> <li>• Dementia</li> </ul>
	<b>Pursuing high-quality clinical outcomes</b>	<ul style="list-style-type: none"> <li>• Mortality Reduction</li> <li>• Research &amp; Development</li> <li>• Seven Day Services</li> <li>• Ward Accreditation</li> </ul>
	<b>Duty of Candour</b>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Training</li> <li>• Monitoring</li> </ul>
	<b>Staff</b>	<ul style="list-style-type: none"> <li>• Staff survey</li> <li>• Staff engagement</li> </ul>
	<b>CQC</b>	<ul style="list-style-type: none"> <li>• Action plan</li> <li>• Rating improvement</li> <li>• Strategy</li> </ul>

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

- (i) **Patient Safety** - we will continue the delivery of 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 2018 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 aspire to meet challenging key performance indicators for harms for VTEs, falls, pressure ulcers and catheter-associated UTIs.

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*). The Trust will also participate in national programme to monitor and reduction *E coli*, *Klebsiella* and *Pseudomonas*.

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 monitoring of policies and pathways 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 2017/18. The Trust will participate in a national two year CQUIN to improve the care of frequent mental health attenders at the Emergency Department. The Trust's team of mental health professionals will work closely with mental health providers in developing and delivering 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 went 'live' with initial clinical documentation, results and requesting and integration of key clinical systems in January 2017. 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 continue in 2017/18 with the completion of the Data Centre in September, replacement of XP machines and replacement of the Wi-Fi access.

- (iv) **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. The Trust will continue to implement the 'Keep me Safe' campaign which focusses on dissemination of Lessons Learnt from Incidents, complaints and claims.
- (v) **Safe Staffing** – By using a range of staffing metrics including fill rate (planned nursing hours against actual nursing hours) and CHPPD (care hours per patient day) the Trust will continue to monitor nurse staffing levels. The effective allocation of nursing staff will be promoted with the implementation of Safe Care Live which will support safer decision making with the use of real time acuity data. Work will continue to deliver a safe and effective workforce via the recruitment and retention strategy.

The Staff Escalation Plan is in place. Staffing incidents are reported via the hospital reporting system and managed by the divisional and corporate teams. There are daily staffing huddles managed by the Heads of Nursing who review all their wards and move staff when required to maintain safety. The weekends are covered by a senior ward manager to manage staffing and support the wards

(vi) **Dementia** - The Trust is committed to being a Dementia Friendly organisation. The Dementia Strategy is under review and will be guided by best practice with the focus remaining on person centred care. Progress made within Dementia Care will continue to be monitored through the ward accreditation process. The Trust will continue to work towards identifying those with symptoms of dementia through the FAIR process, provide training to develop a skilled workforce and work with carers to understand ways in which the Trust can improve access to support and improved experiences. Success will be measured by: -

- a. We will have an updated dementia strategy in place
- b. We will achieve 98% plus in FAIR assessments
- c. We measure how many Dementia Friends we train
- d. Key performance indicators are built into ward audit
- e. We monitor our 3 levels of Dementia training and have a trigger report
- f. Person centred care is assessed through use of dementia specific care plans

### 3.2 Strategic Objective - Pursuing high-quality clinical outcomes

(i) **Mortality Reduction** - in line with national guidance, we will implement the national Structured Judgement Review process, as part of the implementation of a new Mortality Review Strategy. This will sit alongside strengthened governance arrangements in Divisions and Directorates. We will also continue the implementation 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 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** - continue 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** - the Trust is one of the largest respiratory service providers in England with a number of clinical academic posts. 2017/18 will see the development of this centre following the successful award, including a respiratory medicine theme, in collaboration with Central Manchester University Hospitals NHS Foundation Trust (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 Service Assurance Board, 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.

- (v) **Ward Accreditation** - The Ward Accreditation programme will continue in 2017/18. It is planned that 20 additional clinical areas will join the programme. This expansion will include all remaining theatre areas, all day case areas and the first wave of outpatient departments.

### 3.3 Duty of Candour

- (i) **Policy** - The Trusts continues to successfully implement its Duty of Candour policy, which 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.
- (ii) **Training** - Based on the Sage and Thyme communication, a training package for Duty of Candour is available for all relevant staff.
- (iii) **Monitoring** - 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 about this matter.

### 3.4 Staff

- (i) **NHS Staff Survey Results** – Address areas where the Trust is in the worst 20% of all acute Trusts: -
  - KF11 % appraised in the last 12mths
  - KF13 quality of non-mandatory training, learning and development
  - KF28 % witnessing potentially harmful errors, near misses or incidents in last 12 months
  - KF31 Staff confidence and security in reporting unsafe clinical practices
  - KF18 % attending work in last 3 months despite feeling unwell because they felt pressure; and
  - KF7 % able to contribute towards improvements at work

UHSM will respond to these findings via discussion and agreement of a targeted action plan. However, there are also a number of projects currently underway in the Trust that are focused on improving areas highlighted by the Staff Survey results.

As seen in the table below, UHSM performed better than the national average for the specific NHS Staff Survey indicators KF21 and KF26.

KF21 - % believing the organisation provides equal opportunities for career progression/ promotion ( <i>higher score is better</i> )	89	Better than national average of 87
KF26 - % of staff experiencing harassment, bullying or abuse from staff in the last 12 months ( <i>lower score is better</i> )	21	Better than national average of 25

- (ii) **Staff Engagement** - Through the delivery of the UHSM Organisational Development Strategy (encompassing leadership, engagement and transformation) the Trust shall continue to engage with its staff at all levels. Also by continuing to connect with staff through various interventions. This includes 'We're Listening' events with Executive Team in attendance, engaging all staff in developing through our non-mandatory training programme (LEAD) and outcomes identified by the Culture Collective. Happy, motivated and engaged staff will lead to better patient outcomes.

The Trust will measure the success of this through the Quarterly Pulse Survey, having been developed as a measure to monitor the success of implementation of the strategy the survey continues to enable progress to be monitored and action taken where needed to improve outcomes.

In addition, the Trust's Cultural Collective has also been able to successfully provide a baseline through a cultural audit and create a desired future through several staff engagement tools. The project is a long term project and will monitor progress of the 5 cultural elements using the national Staff Survey, Pulse Check and other engagement tools to measure improvement

### 3.5 Care Quality Commission

- (i) **Action Plan** - UHSM was inspected by the Care Quality Commission (CQC) in January 2016 and the final inspection report was published in June 2016. UHSM received an overall rating of **Requires Improvement**. The report contained 7 Requirement Notices, 20 'Must Do' actions and 68 'Should Do' actions which were put in to an action plan and sent to CQC in September 2016. At present, the action plan is 82% complete, and it is anticipated it will be completed by end-April 2017. The action plan has been monitored monthly at Improvement Board and evidence for actions completed has been collated by the Risk & Governance team.
- (ii) **Improve Rating** – In summer 2016 UHSM procured a new Risk & Governance system, Health Assure (Allocate Software), which will be used to monitor CQC compliance going forward. It will be used to record ward accreditation ratings, feedback and action plans and for wards and departments to self-assess against the CQC Key Lines of Enquiry (KLOE). Training for the new system started in January 2017 and is on-going for staff across the Trust. The system will link to evidence against each of the KLOEs. Fundamental standards are also monitored on Health Assure, and evidence of compliance attached against each standard. Regular reporting will take place from the Health Assure system, including monthly reports to ward manager, divisional governance meetings and Trust Board – expected to commence in June 2017.
- (iii) **Strategy** – The CQC Strategy 2016/17-2017/18 has three key themes: To establish systems, to make improvements and staff engagement. The Health Assure system, as detailed above, has been procured and went live in November 2016. Staff training is ongoing and support is provided by the Risk & Governance team. The CQC action plan has already seen a number of improvements across the Trust and this work is ongoing to improve the overall rating for UHSM in the future

## Our ratings for Withington Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Surgery	Good	Good	Good	Good	Good	Good
Outpatients and diagnostic imaging	Good	N/A	Good	Requires improvement	Good	Good
Overall	Good	Good	Good	Requires improvement	Good	Good

## Community Services

	Safe	Effective	Caring	Responsive	Well-led	Overall
Community health services for adults	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Community health inpatient services	Requires improvement	Good	Good	Good	Good	Good
Overall	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement

## Our ratings for University Hospital of South Manchester NHS Foundation Trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Overall	Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement

## 4. Statements of Assurance from the Board of Directors

### 4.1 Review of Services

During 2016/17 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 2016/17 represents circa 98% of the total income generated from the provision of relevant health services by the Trust for 2016/17.

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 7 services were subject to Cancer Peer Review in 2016/17. Clinical outcome data was reviewed for 50 of the 72 services using the 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, 2016/17

	Service	Clinical Audit activity	Cancer peer review	Clinical outcome data
1.	Active Case Management			
2.	Allergy			
3.	Anaesthetics	●		●
4.	Anticoagulant service	●		●
5.	Aspergillosis	●		●
6.	Audiology (non-consultant)			
7.	Breast Surgery	●	●	●
8.	Cardiology	●		●
9.	Cardiothoracic Surgery	●		●
10.	Chemical Pathology	●		
11.	Clinical Haematology	●		●
12.	Clinical Immunology			●
13.	Clinical Oncology	●		●
14.	Clinical Psychology			
15.	Community Continence Care	●		
16.	Community Heart Failure Service			
17.	Community Occupational Therapy			
18.	Community Podiatry			
19.	Community Stoma Care			
20.	Community Tissue Viability Service	●		●
21.	Dermatology	●	●	●



22.	Diabetic Medicine	●		●
23.	Dietetics	●		●
24.	District Nursing Service	●		●
25.	Ear Nose and Throat	●	●	●
26.	Endocrinology	●		●
27.	Gastroenterology	●		●
28.	General Medicine	●		●
29.	General Surgery	●		●
30.	Geriatric Medicine	●		●
31.	Gynaecological Oncology	●	●	●
32.	Gynaecology	●		●
33.	Haematology	●		●
34.	Intermediate Care Service			
35.	Macmillan Service	●		●
36.	Medical Oncology	●	●	●
37.	Midwifery	●		●
38.	Nephrology	●		●
39.	Neurology	●		●
40.	Obstetrics	●		●
41.	Occupational Therapy	●		
42.	Oral Surgery	●		●
43.	Orthodontics	●		●
44.	Orthotics	●		●
45.	Paediatric Cardiology			
46.	Paediatric Neurology			
47.	Paediatric Surgery			●
48.	Paediatric Urology			
49.	Paediatrics	●		●
50.	Pain Management	●		●
51.	Palliative Medicine	●		●
52.	Pharmacy	●	●	●
53.	Physiotherapy	●		●
54.	Plastic Surgery (including Burns)	●		●
55.	Radiology	●		●
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 2016/17, 45 national audits and 4 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 2016/17 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 2016/17

	<b>Name of audit/ focus area</b>
<b>Burns &amp; Plastics</b>	1. National Burns Outcome Database
<b>Cardiac Surgery</b>	2. Adult Cardiac Surgery
	3. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)
<b>Cardiothoracic</b>	4. Cardiac Rhythm Management
	5. Coronary Angioplasty/National Audit of PCI
	6. National Heart Failure Audit
	7. NCEPOD
	8. Learning Disability Mortality Review Programme
<b>Corporate Nursing</b>	9. Elective Surgery (National PROMs Programme)
	10. Falls and Fragility Fractures Audit Programme
	11. National Audit of Dementia
<b>Critical Care</b>	12. ICNARC
<b>Emergency Department</b>	13. Major Trauma: The Trauma Audit & Research Network
	14. Severe Sepsis and Septic Shock – care in emergency departments
	15. Diabetes (Adult)
<b>Endocrinology</b>	16. Diabetes (Adult) Inpatient
	17. National Pregnancy in Diabetes
<b>ENT</b>	18. Endocrine and Thyroid National Audit
<b>Gastroenterology</b>	19. Inflammatory Bowel Disease
	20. Bowel Cancer
<b>General Surgery</b>	21. National Emergency Laparotomy Audit
	22. Oesophago-gastric Cancer
<b>Obstetrics</b>	23. Maternal, New-born and Infant Clinical Outcome Review Programme (MBRRACE-UK)
<b>Max Facial</b>	24. Head and Neck Oncology
	25. Child health Clinical Outcome Review Programme
<b>Paediatrics</b>	26. Diabetes (Paediatric)
	27. Neonatal Intensive and Special Care
	28. Paediatric Pneumonia
<b>Pathology</b>	29. National Comparative Audit of Blood Transfusion
	30. National Comparative audit of Blood Transfusion - use of blood in haematology

<b>Rehabilitation</b>	31.	Sentinel Stroke National Audit Programme (SSNAP) Organisational Audit
	32.	Adult Asthma
	33.	National Lung Cancer
<b>Respiratory</b>	34.	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme
	35.	UK Cystic Fibrosis Registry
	36.	Smoking Cessation
<b>Resuscitation</b>	37.	National Cardiac Arrest Audit
<b>Transplant Surgery</b>	38.	Transplant Surgery Outcomes
<b>Trauma &amp; Orthopaedics</b>	39.	National Joint Registry
	40.	Nephrectomy Audit
<b>Urology</b>	41.	National Prostate Cancer Audit
	42.	Percutaneous Nephrolithotomy
	43.	Radical Prostatectomy Audit
<b>Vascular Surgery</b>	44.	Stress Urinary Incontinence Audit
	45.	National Vascular Registry

#### NCEPOD studies participated in during 2015/16

NCEPOD study	Cases submitted
Acute Pancreatitis	One organisational questionnaire completed Five cases included and five questionnaires completed
Mental Health	One organisational questionnaire completed Five cases included and five questionnaires completed
Non-invasive Ventilation	One organisational questionnaire completed Four cases included and four questionnaires completed
Chronic Neuro-disability	Two cases included and two questionnaires completed
Young People's Mental Health	Three cases included and three questionnaires completed

The national clinical audits and national confidential enquiries that UHSM participated in, and for which data collected was completed during 2016/17, 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 2016/17

		<b>Name of audit/ focus area</b>	<b>% of cases submitted</b>
<b>Burns &amp; Plastics</b>	1.	National Burns Outcome Database	100%
<b>Cardiac Surgery</b>	2.	Adult Cardiac Surgery	100%
	3.	Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	70%*
<b>Cardiothoracic</b>	4.	Cardiac Rhythm Management	100%
	5.	Coronary Angioplasty/National Audit of PCI	100%
	6.	National Heart Failure Audit	100%
	7.	NCEPOD	100%
	8.	Learning Disability Mortality Review Programme	100%
<b>Corporate Nursing</b>	9.	Elective Surgery (National PROMs Programme)	100%
	10.	Falls and Fragility Fractures Audit Programme	100%
	11.	National Audit of Dementia	100%
<b>Critical Care</b>	12.	ICNARC	100%
<b>Emergency Department</b>	13.	Major Trauma: The Trauma Audit & Research Network	100%
	14.	Severe Sepsis and Septic Shock – care in emergency departments	100%
	15.	Diabetes (Adult)	100%
<b>Endocrinology</b>	16.	Diabetes (Adult) Inpatient	100%
	17.	National Pregnancy in Diabetes	100%
<b>ENT</b>	18.	Endocrine and Thyroid National Audit	100%
<b>Gastroenterology</b>	19.	Inflammatory Bowel Disease	100%
	20.	Bowel Cancer	100%
<b>General Surgery</b>	21.	National Emergency Laparotomy Audit	100%
	22.	Oesophago-gastric Cancer	100%
<b>Obstetrics</b>	23.	Maternal, New-born and Infant Clinical Outcome Review Programme (MBRRACE-UK)	100%
<b>Max Facial</b>	24.	Head and Neck Oncology	100%
	25.	Child health Clinical Outcome Review Programme	100%
<b>Paediatrics</b>	26.	Diabetes (Paediatric)	100%
	27.	Neonatal Intensive and Special Care	100%
	28.	Paediatric Pneumonia	100%
<b>Pathology</b>	29.	National Comparative Audit of Blood Transfusion	100%
	30.	National Comparative audit of Blood Transfusion - use of blood in haematology	100%
<b>Rehabilitation</b>	31.	Sentinel Stroke National Audit Programme (SSNAP) Organisational Audit	100%
	32.	Adult Asthma	100%
<b>Respiratory</b>	33.	National Lung Cancer	100%
	34.	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	100%

	35.	UK Cystic Fibrosis Registry	100%
	36.	Smoking Cessation	100%
<b>Resuscitation</b>	37.	National Cardiac Arrest Audit	100%
<b>Transplant Surgery</b>	38.	Transplant Surgery Outcomes	100%
<b>Trauma &amp; Orthopaedics</b>	39.	National Joint Registry	100%
	40.	Nephrectomy Audit	100%
	41.	National Prostate Cancer Audit	100%
<b>Urology</b>	42.	Percutaneous Nephrolithotomy	100%
	43.	Radical Prostatectomy Audit	100%
	44.	Stress Urinary Incontinence Audit	100%
<b>Vascular Surgery</b>	45.	National Vascular Registry	60-80%**

\* 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-2017.

\*\* Directorate administrative support has been insufficient in 2016/17 to fully support this registry, Multi-disciplinary team coordinator now in post and addressing back-log of data

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

COPD	Chronic Obstructive Pulmonary Disease
ICNARC	Intensive Care National Audit & Research Centre
MBRRACE-UK	Mothers and Babies: Reducing Risk through Audits and Confidential Enquiries across the UK
NCEPOD	National Confidential Enquiry into Patient Outcome and Death
PCI	Percutaneous Coronary Intervention
PROMs	Patient Reported Outcome Measures
RCEM	Royal College of Emergency Medicine
SSNAP	Sentinel Stroke National Audit Programme

The reports of 3 national clinical audits were reviewed by the provider in 2016/17 and UHSM intends to take the following actions to improve the quality of healthcare provided: -

National Heart Failure Audit –report

The Trust compared better than the national average on treatment and management of patients on discharge. We achieved over 95% compliance on prescribing ACE/ARBS and Beta Blockers to patients and over 90% received discharge planning for management of their heart failure.

The Trust performed marginally lower than the national results on inpatient care, although we achieved 82.7% input from a specialist clinician, 52% of patients had input from a Consultant Cardiologist which was 2% lower than the national average.

There are now weekly meetings to review care and correct inaccurate coding which will facilitate more accurate coding of heart failure patients. There also has now been a new Cardiology Consultant appointed. The Cardiology Department are liaising with the Echo-cardiogram Department regarding the provision of inpatient diagnostics.

The National Oesophago-Gastric Cancer audit

This audit was established to investigate the quality of care received by patients with oesophago-gastric cancer. The annual report indicated that staging of patients was completed using CT for 100% of patients at UHSM (national average 87%).

Palliative care provision in the form of palliative treatment was provided for 73% of patients and palliative oncology support for 64%, both above the national averages (32% and 49% respectively).

Long term survival rates for OG cancer patients are high with our Trust achieving a low rate of 30 day (0%) and 90 day (2.6%) mortality following diagnosis and surgery compared to 2.0% and 3.9% which is recorded nationally.

#### BTS Smoking Cessation audit 2016

The Trust compared favourably across the board with national figures, however there is still room for improvement in all aspects of smoking cessation. The average recording of smoking status was documented in patient notes at 83.8% (72.6% nationally). A new proforma has been implemented with smoking status to be checked at time of post take ward round.

The reports of 3 local clinical audits were reviewed by the provider in 2016/17 and UHSM intends to take the following actions to improve the quality of healthcare provided.: -

#### Compliance with NICE guidance on the removal of lower third molars

Compliance with guidelines has improved between 2014 and 2015/16 (95.1% to 98.5%). To improve clinical practice the Oral and Maxillofacial Department devised two educational tools to support clinicians in decisions regarding wisdom teeth. A poster is now displayed in treatment rooms summarising NICE guidelines for clinicians and a check list of indications for removal of wisdom teeth is now to be completed, to accompany the current listing forms.

#### Uses and benefits of SMOF lipids in Neonates

TPN feeding is commonly used in neonates. Lipid preparations within TPN are an essential nutritional requirement. TPN however, has been shown to cause associated cholestasis. SMOF lipid has a unique composition that is thought to reduce these liver complications. An audit undertaken in July 2016 found that the introduction of SMOF lipid has been beneficial in the prevention of TPN associated liver disease. SMOF lipid is both clinically effective and cost efficient. Additionally, this project has offered quality improvement of the prolonged jaundice screening protocol on the Neonatal Unit. It is proposed that a poster will be drawn up and these findings will be presented at a Regional meeting.

#### DNACPR - Communication on Discharge

The results showed that only 15% of patients that had a DNACPR (Do Not Attempt Cardiopulmonary Resuscitation) in place and written on the discharge documentation. An increased awareness of the importance of communication on discharge was implemented with junior Doctors and a re-audit has been planned for late 2017

### **4.3 Participation in Clinical Research**

The number of patients receiving relevant health services provided or sub-contracted by UHSM in 2016-2017, which were recruited to participate in research approved by a research ethics committee was 4,924 This figure is based on the Local Clinical Research Network records, and data from local researchers.

The Trust was involved in conducting 301 clinical research studies in 2016-2017. It used national systems to manage the studies in proportion to risk. These studies covered all medical specialties and were supported by 111 dedicated clinical or academic research staff.

The average approval time for new studies through the centralised system for obtaining research permissions was 52 days an increase of 42 days compared to 2015/2016 this was due to the implementation of the new Health Research Authority process.

Over 97% of the commercial studies were established and managed under national model agreements and 100% of the honorary research contracts issued were through the Research Passport Scheme. In the last year, 158 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

A proportion of UHSM's income in 2016 -17 was conditional upon achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the CQUIN payment framework.

A value of around £7.8m of the Trust's income in 2016 -17 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body that they entered into a contract, agreement or arrangement with for the provision of NHS services, through the CQUIN. The Trust received £7.8m in income in 2016 -17 for the associated CQUIN payment. In 2015/16 UHSM chose the Default Tariff Rollover option, which meant that CQUIN was not applicable.

Further details of the agreed goals for 2016/17 and for the following 12-month period are available electronically at: <http://www.uhsm.nhs.uk/AboutUs/Pages/CQUIN.aspx>

#### 4.5 Care Quality Commission Statement

UHSM is required to register with the Care Quality Commission and its current registration status is currently registered as an acute provider. UHSM has the following conditions on registration - nil.

The Care Quality Commission has not taken enforcement action against UHSM during 2016/17.

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

Schedule of UHSM CQC Reports:

Name Rating Inspection Date(s) Publication Date 30<sup>th</sup> June 2016

- UHSM: Requires Improvement
- Wythenshawe Hospital: Requires Improvement
- Withington Hospital: Good
- Community In-Patient Services: Good
- Community Services: Good

UHSM has implemented the majority of actions following the inspection and hopes to sign the action plan off in April 2017.

## 4.6 Data Quality

### NHS Number and General Medical Practice Code Validity

UHSM submitted records during 2016/17 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data

- which included the patient's valid NHS Number was: 99.7% for admitted patient care; 99.9% for outpatient care; and 98.6% for accident and emergency care; and
- which included the patient's valid General Practitioner Registration Code was 99.9% for admitted patient care; 99.9% 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;
- delivering the new Clinical Coding Action Plan;
- reviewing the agenda and attendance of the Information and Data Quality Steering Group; and
- developing further monitoring reports to ensure all data is captured accurately and efficiently.

During the course of 2016/17, the Data Quality Steering Group oversaw the delivery 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; and
- 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 2016/17 of 74% and was graded green (satisfactory) i.e., Level 2 or above in all 45 requirements.

### Clinical Coding Error Rate

UHSM was not subject to the Payment by Results clinical coding audit during 2016/17 by Capita (on behalf of the Audit Commission).



### Statements from External Stakeholders

#### Statement from Trafford Council

“The Quality Report 2016/17 for UHSM is very positive and Trafford Health Scrutiny Committee looks forward to engaging with the Trust during the next municipal year. In 2017/18 Trafford Health Scrutiny Committee will be looking to work closely with UHSM and other partners across Greater Manchester in relation to Devolution, the Single Hospital Service and Healthier Together.

UHSM have been excellent in communication with Trafford Health Scrutiny Committee during 2016/17 with the Chief operating officer having regular meetings with the Chairman and Vice Chairman of the Committee to keep them up to date on progress within the Trust. In addition UHSM contacted Trafford Health Scrutiny following their CQC inspection and gave the Committee an in depth presentation on the results and UHSMs response.

It is hoped that, In light of the number of large scale programmes of work affecting UHSM in 2017/18, the excellent level of communication will continue with Trafford Health Scrutiny Committee receiving updates on the following items; Delayed Transfers of Care, the Single Hospital Service, Mental Health pathways and CQUIN (regarding frequent attendees).

Whilst the overall picture of the Quality Report is positive Trafford Health Scrutiny Committee would like follow up information regarding the “15 Lapses of Care” as to what constitutes a Lapse of Care and what learning has been taken from these incidents. Trafford Health Scrutiny Committee would also like to have further information as to the criteria for the bronze/silver/gold awards and the steps that were implemented for key Outcome 5.

Yours Sincerely,



Councillor Joanne Harding, Chairman of Trafford MBC Health Scrutiny Committee”

If you have any queries please contact me.

Kind regards,

Alexander James Murray  
Democratic and Scrutiny Officer,

#### Statement from Manchester City Council

Not yet received

#### Statement from Commissioners

##### MHCC response to UHSM's Quality Report 2016/17

Manchester Health and Care Commissioning (MHCC) is the partnership between NHS Manchester Clinical Commissioning Group (CCG) and Manchester City Council (MCC) which

leads the commissioning of health, adult social care and public health services in the city of Manchester.

MHCC 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 Report for 2016/17 accurately reflects the national and local priorities of UHSM within the wider healthcare economy, and is reflective of the priorities that MHCC has identified for its local population. The Quality Report has included and commented on all the requirements as set out in the national guidance.

MHCC recognises the work that UHSM has undertaken during 2016/17 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 diligence and commitment of staff at UHSM is a credit to the Trust. The Trust rate for patient safety incident reporting in 2016/17 is above the national average and the level of serious or catastrophic harm is below the national average.

We acknowledge the two Never Event's that occurred during 2016/17, around Neonatal and Cardiology procedures, and the subsequent actions taken by the Trust to avoid a reoccurrence. MHCC welcome's the Trust's open and honest approach to reporting patient safety incidents, and we are pleased with their efforts in relation to Duty of Candour. We are confident that UHSM will continue to monitor trends and make improvements to reduce the number of avoidable harms moving forward in 2017/18.

The Trust has continued to act on the Care Quality Commission's recommendations and action plan following the inspection in January 2016. The action plan has already resulted in a number of improvements across the Trust which MHCC has welcomed and this work is ongoing to improve the overall CQC rating for UHSM in the future.

The Ward Accreditation Scheme has been further implemented throughout 2016/17 and it is positive to note that all inpatient areas and the Emergency Department have now been accredited and this has been rolled out further into community settings. There is now a plan in place to re-assess wards during 2017/18 with the aim to convert the wards that are bronze standard to silver and silver to gold, MHCC will be using the outcomes from the Ward Accreditation scheme along with other reporting outcomes to inform the MHCC Quality Walkrounds during 2017/18.

The MHCC has undertaken a total of eleven Quality and Safety Walkrounds at UHSM during 16/17 covering both Acute and Community services. These walkrounds give MHCC a snapshot view in real time of the commissioned services and the opportunity to speak to front line staff at all levels as well as patients/relatives or carers on the day. The walkround of two frail/elderly wards F4 and F7 during quarter two of 2016/17 and the intermediate care facility "Bucleuch lodge" which was visited in quarter three found overall good quality of care at the time and by following up the acute wards with the intermediate facility gave MHCC a real insight into the patient journey should a patient be medically fit to be discharged but still requiring rehabilitation support. The walkround did highlight some areas for improvements which included, delayed transfers of care, MHCC recognises the wider work around this as well as the local action plan that was developed to resolve more ward focused issues at the time. MHCC are looking forward to working with the Trust on the programme of walkrounds that are planned for UHSM's acute and community services in 2017/18.

One of the key focuses at UHSM in 16/17 has been around patient mortality and whilst the

Trust has not achieved their SHMI target in 16/17 (to be in the top 20% of acute trusts, in England for mortality), they have achieved their objective of a HSMR of less 100. To help this, the Trust have continued with the development of the Mortality Review Group and ensured that that learning from mortality reviews translate into practice. MHCC is pleased that the HSMR for the latest twelve available months is 99.98 for January to December 2016. The Clinical Coding Improvement plan and Mortality Review Strategy have been approved and implemented as part of this work and the group has also achieved participation in a pilot of the national Structured Judgement Tool and in line with national guidance, UHSM will be implementing the national Structured Judgement Review process as they move forward in 2017/18 which MHCC welcomes.

Safer staffing levels remain a priority for UHSM in 2017/18 with the continued implementation of a high-level five year strategy, this will help secure safer staffing levels and ensure that monitoring is visible to the public. It is good to note that all the targets set around this in 2016/17 were achieved and monitoring will continue via the monthly audit programme in 2017/18.

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. It is encouraging to see that 96.7% of inpatients and day-cases who were in hospital between the months of April 16 – February 17, would recommend the ward they stayed on to their friends and family.

MHCC has worked closely with UHSM over the course of 2016/17, 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 2017/18.

UHSM has delivered against the majority of the NHS Constitutional standards throughout 16/17 and we would like to congratulate the Trust on the great achievements in relation to standards achieved in:-

- Accident and Emergency- 4 hours
- Diagnostics - patients waiting under 6 weeks
- Cancer.- all standards

There are 2 areas of performance that MHCC and partner organisations will continue prioritise in 17/18:-

- Elective Care - referral to treatment waits
- Delayed Transfers of Care

MHCC are not responsible for verifying data contained within the Quality Report that is not part of the contractual or performance monitoring processes.



Dr Manisha Kumar  
Clinical Director  
Manchester Health and Care Commissioning

## Statement from Healthwatch Manchester

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 Report (derived from our members and colleagues) Healthwatch Manchester would like to see an 'easy-read' version of the Quality Report this year.

Please send no further versions of future accounts with missing data as we can only comment on the final draft.

The following are issues noted by our Quality Reports Team member who reviewed version 3 of this Report:-

Healthwatch Manchester is pleased to see the following positive results this year for UHSM:

- Dividing the quality Report report into four sections enables the reader to gain a clearer understanding of their content
- Implementing the 'Diamond, Gold, Silver, Bronze' system provides clarity on aims and which departmental improvement requirements.
- 'Conversion from bronze to silver wards and silver to gold' provides realistic goals and provides clarity for staff regarding their aims.
- Table 2.1: 'Summary of performance against the quality improvement priorities in 2016/17' this format and presentation which shows aims clearly and shows achievement towards progress.
- 'Preferred patient feedback methodologies' appears to be a good initiative whereby patients are asked how they would like to provide feedback.
- '96.0% of formal complaints were responded to within the agreed time frame in 2016/17 to date in comparison to 91.5% in 2015/16' and 'average time taken to acknowledge a formal complaint was 2 days, which compares favourably to the 3-day target agreed with commissioners' indicates efficiency in dealing with complaints.
- Initiatives for 2017/2018 demonstrate clear objectives such as the introduction of the EPR system.
- No never events are reported in the Report.

Healthwatch Manchester would like the Trust to note the following areas for improvement through the review this year:

- On page 5:

The table lacks clarity regarding which departments it refers to. Are only wards represented here or does this also include A&E and community services?

There is no indication of when the second phase of assessments as part of the Ward Accreditation Scheme will be carried out.

- On page 7:

Suggest clarity on what could be done if progress is not achieved in for example 'Cases of C. difficile due to 'lapses of care'. Clarity regarding the criteria to assess 'lapses of care' and how can they be prevented would also be useful.

- On page 13:  
Regarding goal 'B' and the failure to achieve the national standard for pressure ulcers and falls, Healthwatch Manchester would encourage the Trust to indicate a detailed initiative to address this issue.
- On page 18:  
Regarding 'Develop real-time patient feedback mechanisms across all ward areas'. Please clarify whether feedback is being taken from all wards.
- On page 24:  
'Table 2.3: UHSM performance against key national priorities in 2016/17, and specifically, governance indicators published in NHS Improvement's Single Oversight Framework' lacks clarity on how the improvements were achieved. Details showing what was done differently and what more could be done in areas that needed further improvement would be beneficial to the reader.

The report is well organised with good use of coloured text, tables, bullet points and sections. The fact that the report is grouped into sections as explained in the introduction, made it easier for the reader to understand. There are reflections on required improvements from the previous year as well as clear objectives of what to expect in the following year. Throughout the report, achievable objectives and goals are well explained and illustrative tables demonstrate how progress is being achieved. There are some areas which need more clarification, however, these are minor. In general, it is a thorough and comprehensive report which addresses various aspects of care.

Many thanks to our Quality Reports Team member who worked on providing a response to this year's Report: Pallavi Gungadin.

I look forward to receiving a copy of the finalised Quality Report for 2016 – 2017.

Yours sincerely

**Neil Walbran**  
**Chief Officer**

### Statement of Directors' Responsibilities in respect of the Quality Report

The directors are required under the Health Act 2009 and the National Health Service Quality Reports Regulations to prepare Quality Reports for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the Quality Report.

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

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17;
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period 1 April 2016 to 25 May 2017;
  - papers relating to quality reported to the Board over the period 1 April 2016 to 25 May 2017;
  - feedback from commissioners dated 23<sup>rd</sup> May 2017;
  - feedback from governors dated 18<sup>th</sup> May 2017;
  - feedback from local Healthwatch organisation dated 25 May 2017
  - feedback from Manchester City & Trafford Council Health Scrutiny Committee dated not yet received);
  - the Trust's complaints report (*Learning from Experience*) published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 23 May 2017;
  - the latest national patient survey dated 8<sup>th</sup> June 2016;
  - the latest national staff survey dated 7<sup>th</sup> March 2017;
  - the Head of Internal Audit's annual opinion over the trust's control environment dated 19<sup>th</sup> May 2017;
  - CQC inspection reports dated 28<sup>th</sup> June 2016.
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Reports regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

25 May 2017



Chairman

25 May 2017



Chief Executive

### 2016/17 Limited Scope Assurance Report on the Content of the Quality Report and Mandated Performance Indicators

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 2017 (the 'Quality Report') and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and additional supporting guidance in the 'Detailed requirements for quality reports for foundation trusts 2016/17'.

#### Scope and subject matter

The indicators for the year ended 31 March 2017 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- 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 directors and Practitioner

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; 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 2016/17' and supporting guidance and the six dimensions of data quality set out in the 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance, 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 2016 to 25 May 2017;
- papers relating to quality reported to the Board over the period 1 April 2016 to 25 May 2017;
- feedback from Commissioners dated 23 May 2017;;
- feedback from Governors dated 19 May 2017;

- feedback from local Healthwatch organisation dated 25 May 2017
- feedback from Manchester City and Trafford Council Overview and Scrutiny Committees dated - not yet received;
- the Trust's complaints report (*Learning from Experience*) published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 23 May 2017;
- the national patient survey dated 8 June 2016
- the national staff survey dated 7 March 2017;
- the Care Quality Commission inspection report dated 28 June 2016;
- the Head of Internal Audit's annual opinion over the Trust's control environment dated 22 May 2017.

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 are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of University Hospital of South Manchester NHS Foundation Trust as a body, to assist the Council of Governors in reporting University Hospital of South Manchester NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, 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 tested back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.
- A limited assurance engagement is narrower in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence
- are deliberately limited relative to a reasonable assurance engagement.



## **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can 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 of these criteria, 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 2016/17' and supporting guidance.

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.

- Accuracy and Validity - The Trust introduced a revised script and system to compile this indicator in August 2016. Due to issues with the quality of data under the previous system, our audit work on this indicator was based on a sample of cases from August 2016 to March 2017. Our testing identified continued issues with the accuracy and validity of data contained within the new system. We identified a number of errors in recording patient pathway start dates and clock stops that were not in accordance with the relevant national guidance and requirements

## **Qualified conclusion**

Based on the results of our procedures, with the exception of the matter(s) 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 2017:

the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;

the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; and

the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report have not been reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual 2016/17' and supporting guidance.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Chartered Accountants

4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB  
Xx May 2017

Grant Thornton UK LLP  
Chartered Accountants  
Manchester

**Annual Accounts 2016/17**



## Foreword to Accounts

### University Hospital of South Manchester NHS Foundation Trust

The Annual Accounts of University Hospital of South Manchester  
NHS Foundation Trust for the year ended 31 March 2017.

Prepared in accordance with paragraphs 24 and  
25 of Schedule 7 to the National Health Service Act 2006.



**Silas Nicholls**  
**Chief Executive**  
**25 May 2017**



## 5.3 Financial Statements

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED March 31, 2017

	NOTE	Trust		Group	
		2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
Income from patient care activities	3	405,764	377,821	405,764	377,821
Other operating income	4	67,582	58,310	67,947	59,113
Operating expenses (excluding impairments of property and restructuring costs)	7	(463,550)	(429,655)	(464,517)	(430,582)
Exceptional item - impairments of property	7,13	(12,135)	(1,408)	(12,135)	(1,408)
Exceptional item - restructuring costs	7	-	(1,556)	-	(1,556)
<b>OPERATING (DEFICIT) / SURPLUS</b>		<b>(2,339)</b>	<b>3,512</b>	<b>(2,941)</b>	<b>3,388</b>
<b>Finance costs:</b>					
Finance income	11	54	134	240	315
Finance expense - financial liabilities	12	(8,410)	(9,521)	(8,410)	(9,521)
Finance expense - unwinding of discount on provisions	26	(61)	(90)	(61)	(90)
Public dividend capital dividends payable	32	(2,683)	(2,809)	(2,683)	(2,809)
<b>(Deficit) / Surplus for the financial year</b>		<b>(13,439)</b>	<b>(8,774)</b>	<b>(13,855)</b>	<b>(8,717)</b>
Gains / (losses) on disposal of assets	15.4	4,512	-	4,512	-
<b>RETAINED (DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(8,927)</b>	<b>(8,774)</b>	<b>(9,343)</b>	<b>(8,717)</b>
<b>Other comprehensive income excluded from the retained (deficit) / surplus</b>					
Revaluation (losses) / gains and impairment (losses) / gains on property, plant and equipment	15	(21,294)	4,251	(21,294)	4,251
Fair Value (losses) / gains on Available-for-sale financial investments	SOCIE	-	-	807	(300)
<b>TOTAL comprehensive (expense) / income for the year</b>		<b>(30,221)</b>	<b>(4,523)</b>	<b>(29,830)</b>	<b>(4,766)</b>
<b>RETAINED (DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(8,927)</b>	<b>(8,774)</b>	<b>(9,343)</b>	<b>(8,717)</b>
Exclude exceptional losses - impairments of property	7,13	12,135	1,408	12,135	1,408
Exclude exceptional losses - restructuring costs	7	-	1,556	-	1,556
Surplus / (Deficit) for the year before exceptional items		<b>3,208</b>	<b>(5,810)</b>	<b>2,792</b>	<b>(5,753)</b>

**STATEMENT OF FINANCIAL POSITION AS AT  
March 31, 2017**

	Note	Trust		Group	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		£000	£000	£000	£000
<b>Non-current assets</b>					
Intangible assets	14	1,915	-	1,915	-
Property, plant and equipment	15	198,303	226,111	198,303	226,111
Other Investments	18	-	-	5,752	4,981
Trade and other receivables	19	29	31	29	31
<b>Total non-current assets</b>		<b>200,247</b>	<b>226,142</b>	<b>205,999</b>	<b>231,123</b>
<b>Current assets</b>					
Inventories	17	4,580	4,498	4,580	4,498
Trade and other receivables	19	26,368	14,620	26,542	14,621
Cash and cash equivalents	20	20,625	20,304	23,825	24,070
		<b>51,573</b>	<b>39,422</b>	<b>54,947</b>	<b>43,189</b>
Non-current assets held for sale	15.4	-	2,200	-	2,200
<b>Total current assets</b>		<b>51,573</b>	<b>41,622</b>	<b>54,947</b>	<b>45,389</b>
<b>Total assets</b>		<b>251,820</b>	<b>267,764</b>	<b>260,946</b>	<b>276,512</b>
<b>Current liabilities</b>					
Trade and other payables	21	(53,359)	(47,331)	(53,370)	(47,336)
Borrowings	22	(5,633)	(4,290)	(5,633)	(4,290)
Provisions	26	(13,900)	(10,757)	(13,900)	(10,757)
Other liabilities	23	(10,137)	(10,006)	(10,151)	(10,039)
<b>Net current liabilities</b>		<b>(31,456)</b>	<b>(30,762)</b>	<b>(28,107)</b>	<b>(27,033)</b>
<b>Total assets less current liabilities</b>		<b>168,791</b>	<b>195,380</b>	<b>177,892</b>	<b>204,090</b>
<b>Non-current liabilities</b>					
Trade and other payables	21	-	-	-	-
Borrowings	22	(69,264)	(67,179)	(69,264)	(67,179)
Provisions	26	(4,209)	(4,419)	(4,209)	(4,419)
Other liabilities	23	(3,436)	(3,997)	(3,436)	(3,997)
<b>Total assets employed</b>		<b>91,882</b>	<b>119,785</b>	<b>100,983</b>	<b>128,495</b>
<b>Financed by:</b>					
<b>Taxpayers' equity</b>					
Public dividend capital	SOCIE	122,999	120,681	122,999	120,681
Revaluation reserve	SOCIE	21,639	42,933	21,639	42,933
Retained earnings	SOCIE	(52,756)	(43,829)	(52,756)	(43,829)
<b>Others' equity</b>					
Charitable fund reserves	SOCIE			9,101	8,710
<b>Total Taxpayers' and others' equity</b>		<b>91,882</b>	<b>119,785</b>	<b>100,983</b>	<b>128,495</b>

The financial statements included within the Annual Report were approved by the Board of Directors on 25 May, 2017 and signed on its behalf by:



25 May 2017

Signed: .....(Chief Executive)



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
March 31, 2017**

	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
<b>Taxpayers' and Others' Equity at April 1, 2016</b>		120,681	(43,829)	42,933	119,785	8,710	128,495
<b>Changes in taxpayers' equity for 2016/17</b>							
Total Comprehensive Income for the year:							
Retained (deficit)/ surplus for the year	a)	-	(9,380)	-	(9,380)	37	(9,343)
Impairments		-	-	(21,294)	(21,294)	-	(21,294)
Revaluation gains on property, plant and equipment		-	-	-	-	-	-
Fair value losses on Available-for-sale financial investments	b)	-	-	-	-	807	807
Other recognised gains and losses		-	-	-	-	-	-
New PDC received	c)	2,318	-	-	2,318	-	2,318
PDC repaid in year		-	-	-	-	-	-
Other transfers between reserves		-	-	-	-	-	-
Other reserves movements - charitable funds consolidation adjustment	a)	-	453	-	453	(453)	-
<b>Balance at March 31, 2017</b>		<b>122,999</b>	<b>(52,756)</b>	<b>21,639</b>	<b>91,882</b>	<b>9,101</b>	<b>100,983</b>

Note d)

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

(9,380)

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

453

Trust retained deficit for the year

(8,927)

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 scheme to extend the Trust's Emergency Department facilities.

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

Note d)

a) Trust retained surplus 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 surplus for the year

(8,774)

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 support 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 CASH FLOWS FOR THE YEAR ENDED**  
**March 31, 2017**

NOTE	Trust		Group	
	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
<b>Cash flows from operating activities</b>				
	(2,655)	3,512	(2,941)	3,388
<b>Non-cash income and expense:</b>				
Depreciation and amortisation	7 10,760	10,498	10,760	10,498
Impairments	7 12,135	1,408	12,135	1,408
Reversals of impairments	4 -	-	-	-
(Gain)/Loss on disposal	-	-	-	-
Non-cash donations/grants credited to income	-	-	-	-
(Increase)/Decrease in Trade and Other Receivables	(7,085)	4,507	(7,085)	4,507
(Increase)/Decrease in Other Assets	-	-	-	-
(Increase)/Decrease in Inventories	(82)	17	(82)	17
Increase/(Decrease) in Trade and Other Payables	2,974	662	2,974	662
Increase/(Decrease) in Other Liabilities	(430)	(673)	(430)	(673)
Increase/(Decrease) in Provisions	2,872	(9,145)	2,872	(9,145)
NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows	-	-	(148)	(228)
Other movements in operating cash flows	-	-	-	-
<b>Net cash generated from operating activities</b>	<b>18,489</b>	<b>10,786</b>	<b>18,055</b>	<b>10,434</b>
<b>Cash flows from investing activities</b>				
Interest received	11 54	134	54	134
Purchase of intangible assets	14 -	-	-	-
Purchase of Property, Plant and Equipment	15 (18,580)	(16,200)	(18,580)	(16,200)
Sales of Property, Plant and Equipment	15 5,025	-	5,025	-
NHS Charitable funds - net cash flows from investing activities	-	-	186	35
<b>Net cash used in investing activities</b>	<b>(13,501)</b>	<b>(16,066)</b>	<b>(13,315)</b>	<b>(16,031)</b>
<b>Net cash inflow before financing</b>	<b>4,988</b>	<b>(5,280)</b>	<b>4,740</b>	<b>(5,597)</b>
<b>Cash flows from financing activities</b>				
Public dividend capital received	2,318	476	2,318	476
Public dividend capital repaid	-	-	-	-
Loans received from the Department of Health	3,700	3,600	3,700	3,600
Other loans received	4,541	-	4,541	-
Loans repaid to the Department of Health	(1,564)	(1,564)	(1,564)	(1,564)
Other loans repaid	(525)	-	(525)	-
Other capital receipts	316	-	-	-
Capital element of Private Finance Initiative Obligations	(2,724)	(4,274)	(2,724)	(4,274)
Interest paid	(1,030)	(915)	(1,030)	(915)
Interest element of finance lease	-	-	-	-
Interest element of Private Finance Initiative obligations	(7,380)	(8,607)	(7,380)	(8,607)
PDC Dividend paid	(2,319)	(4,203)	(2,319)	(4,203)
NHS Charitable funds - net cash flows from financing activities	-	-	(2)	182
Cash flows from (used in) other financing activities	-	-	-	-
<b>Net cash used in financing activities</b>	<b>(4,667)</b>	<b>(15,487)</b>	<b>(4,985)</b>	<b>(15,305)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>321</b>	<b>(20,767)</b>	<b>(245)</b>	<b>(20,902)</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at April 1</b>	<b>20,304</b>	<b>41,071</b>	<b>24,070</b>	<b>44,972</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at March 31</b>	<b>20 20,625</b>	<b>20,304</b>	<b>23,825</b>	<b>24,070</b>

## 5.4 Notes to the accounts

### 1. ACCOUNTING POLICIES

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FRm) to the extent that they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 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.

### Key Judgements

#### 1.2.1 Going concern

The Trust has successfully concluded 2017/18 contract negotiations with its main commissioners and this therefore provides confidence on future income levels. Twelve month operational plans for 2017/18 have been prepared which show the Trust retaining sufficient cash balances to continue as a going concern. These plans include delivery of £23m efficiency savings. Whilst this represents a stretching target, this level of planned efficiency savings is not inconsistent with levels of savings achieved in previous years. The Trust is also in discussions with NHS Improvement around accessing 2017/18 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.

### **1.2.2 Manchester Single Hospital Service Programme**

The Trust, in conjunction with Central Manchester University Hospitals NHS Foundation Trust, has submitted a business case to NHS Improvement proposing that the two organisations will join together to create a new foundation trust in autumn 2017. This would be the first step in creating a new, city-wide hospital trust which will provide much better, safer, more consistent hospital care for people living in the City of Manchester, Trafford, and beyond. At the time of preparing these accounts, it is not known whether these proposals for creating a new, combined trust will be approved. However, it is clear that in the immediate foreseeable future, provision of the majority of the Trust's clinical services will continue to be delivered from the existing hospital and community premises. Therefore the Single Hospital Service Programme proposals are consistent with preparation of the accounts on a going concern basis.

### **Key sources of estimation uncertainty**

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **1.2.3 Valuation of property, plant and equipment**

The valuation of the Trust's Land and Buildings is subject to significant estimation uncertainty, since it derives from estimates provided by the Trust's external valuer who base their calculations on local market data as well as other factors to reflect the age and condition of the Trust's estate. In 2016/17, the basis upon which the Modern Equivalent Asset Valuation is assessed by the external valuer has changed. Previously the assessment of Modern Equivalent Asset values assumed a direct replacement of each of the Trust's individual buildings. The methodology used in 2016/17 is now based on a theoretical reconfiguration of facilities on the Trust's main hospital site, providing a more efficient and compact design. This theoretical design is still capable of delivering the same equivalent productive capacity as the Trust's actual existing sites. As a result of this change, the carrying value of the Trust's land and building assets has been amended with a net overall reduction of £33,429k.

### **1.2.4 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.

Provisions for early retirement pension contributions and injury benefit obligations are estimated using expected life tables and discounted at the pensions rate of 0.24% (1.37% 2015/16).

The current provisions are set out in note 26 on page 145 of these accounts.

### **1.2.5 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.

### **1.2.6 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 £3,164k as at 31 March 2017 (£2,313k as at 31 March 2016). 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.

### **1.2.7 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.

## **1.3 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 Fernbeck Ltd, a member of the Bluemantle group, on a 50:50 partnership basis to form Manchester Medipark LLP. 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 in the joint venture is £100, although the Trust has additionally provided a guarantee against a £937k lease agreement entered into by the joint venture. Overall, 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.

## **1.4 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.

## **1.5 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 two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

- Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31<sup>st</sup> March 2017, is based on valuation data as 31<sup>st</sup> March 2016, updated to 31<sup>st</sup> March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

- Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31<sup>st</sup> March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

An updated actuarial valuation is currently being carried out based on 31<sup>st</sup> March 2016 data. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

## 1.6 Expenditure on other goods and services

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

## 1.7 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.

## 1.8 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. Land and buildings used for the Trust's services are stated in the statement of financial position at their revalued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure that carrying amounts are not materially different to those that would be determined at the end of the reporting period. Current values are determined as follows:



- Land and non-specialised buildings – market value for existing use;
- Specialised buildings – present value of the asset's remaining service potential assessed using depreciated replacement cost based on a modern equivalent asset valuation.

The Trust's land and building assets have been revalued using a modern equivalent asset valuation as at 31<sup>st</sup> March 2017. This valuation was provided by the Valuation Office Agency based on a theoretical redesign of the Trust's main Wythenshawe Hospital site, as noted in paragraph 1.2.3 above. The value of land and building assets has changed to such an extent that revised values have been included in these financial statements.

This valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards in so far as these terms are consistent with the agreed requirements of the NHS, the Department of Health and HM Treasury.

VAT on Private Finance Initiative (PFI) transactions is recoverable. Therefore, in agreement with the Trust, the District Valuer's March 31<sup>st</sup> 2017 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.

Assets in the course of construction are valued at cost and are valued by professional valuers 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 DH GAM, 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.

## **1.9 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.

### **1.10 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.

### **1.11 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.

### **1.12 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.

## 1.13 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.

## 1.14 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.

### 1.15 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.

### 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the 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.

### 1.17 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.

### 1.18 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.

### 1.19 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.

### 1.20 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*.

### 1.21 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.

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

The DH GAM does not require the following Standards and Interpretations to be applied in 2016/17. These standards are still subject to HM Treasury *FReM* adoption, with IFRS 9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

IFRS 9	Financial Instruments – application required for accounting periods beginning on or after 1 <sup>st</sup> January 2018, but not yet adopted by the <i>FReM</i> : early adoption is not therefore permitted;
IFRS 16	Leases – Application required for accounting periods beginning on or after 1 <sup>st</sup> January 2019, but not yet adopted by the <i>FReM</i> , early adoption is not therefore permitted;
IFRS 15	Revenue from contracts with customers - Application required for accounting periods beginning on or after 1 <sup>st</sup> January 2018, but not yet adopted by the <i>FReM</i> : early adoption is not therefore permitted;
IFRIC 22	Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 <sup>st</sup> January 2018.



## 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

<b>3.1 Income from patient care activities - by source</b>	note	<b>2016/17</b>	2015/16
		<b>£000</b>	£000
NHS Foundation Trusts		<b>1,963</b>	1,490
NHS Trusts		<b>226</b>	128
CCGs and NHS England	a)	<b>397,384</b>	368,358
Local Authorities		<b>465</b>	2,068
NHS Other		<b>3,984</b>	3,961
Non NHS: Private patients		<b>69</b>	134
Non-NHS: Overseas patients (chargeable to patient)		<b>279</b>	292
NHS injury scheme		<b>931</b>	1,060
Non NHS: Other		<b>463</b>	330
		<b><u>405,764</u></b>	<b><u>377,821</u></b>

a) The increase in patient care income from CCGs and NHS England reflects increased levels of activity, and also includes £8m Commissioning for Quality and Innovation (CQUIN) funding. CQUIN is a scheme designed to deliver clinical quality improvements and drive transformational change, thereby reducing inequalities in access to services, the experiences of using them and the outcomes achieved.

<b>3.2 Income from patient care activities - by point of delivery</b>	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
Elective income	<b>77,828</b>	74,658
Non-elective income	<b>98,261</b>	91,199
Out-patient income	<b>60,645</b>	53,550
A&E income	<b>12,427</b>	10,748
Other clinical activity income	<b>139,077</b>	130,011
Private patient income	<b>69</b>	134
Other non-protected clinical income	<b>1,209</b>	1,352
Community services	<b>16,248</b>	16,169
	<b><u>405,764</u></b>	<b><u>377,821</u></b>

### 3.3 Income from patient care activities - commissioner requested services

	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
Income from commissioner requested services	<b>404,486</b>	376,335
Income from non commissioner requested services	b) <b>1,278</b>	1,486
	<b><u>405,764</u></b>	<b><u>377,821</u></b>

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

<b>3.4 Income from overseas visitors</b>	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
Income recognised this year	<b>279</b>	292
Cash payments received in-year (relating to invoices raised in current and previous years)	<b>37</b>	258
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	<b>242</b>	156
Amounts written off in-year (relating to invoices raised in current and previous years)	<b>8</b>	20

#### 4. Other Operating Income

##### Trust and Group

	Note	Trust		Group	
		2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
Research and development		5,468	5,443	5,468	5,443
Education and training		24,040	27,649	24,040	27,649
Received from NHS charities		453	132	-	-
Non-patient care services to other bodies		8,200	7,267	8,200	7,267
Sustainability and Transformation Fund income		10,629	-	10,629	-
Other	5	12,837	12,232	12,837	12,232
Rental revenue from operating leases - minimum lease receipts	6	1,363	1,752	1,363	1,752
Salary recharges		4,592	3,835	4,592	3,835
NHS Charitable Funds: incoming resources excluding investment income		-	-	818	935
<b>Total</b>		<b>67,582</b>	<b>58,310</b>	<b>67,947</b>	<b>59,113</b>

#### 5. Other Operating Income : Other Income

##### Trust and Group

	2016/17 £000	2015/16 £000
Car parking	2,649	2,158
Estates recharges	85	347
IT recharges	27	82
Pharmacy sales	554	344
Staff accommodation rentals	94	104
Crèche services	182	484
Clinical tests	1,525	1,286
Clinical excellence awards	1,002	1,096
Catering	78	82
Property rentals	902	968
Other	5,739	5,281
<b>Total</b>	<b>12,837</b>	<b>12,232</b>

#### 6. Operating lease income

##### Trust and Group

	2016/17 £000	2015/16 £000
<b>Operating lease income</b>		
Rents recognised as income during the period	1,363	1,752
Contingent rents recognised as income during the period	-	-
<b>Total</b>	<b>1,363</b>	<b>1,752</b>
<b>Future minimum lease payments due</b>		
- not later than one year	1,460	1,363
- later than one year and not later than five years	6,209	6,267
- later than five years	6,780	8,182
<b>Total</b>	<b>14,449</b>	<b>15,812</b>

The Trust leases property to Greater Manchester Mental Health NHS Foundation Trust. This income is included in note 4 above as 'rental revenue from operating leases'.

## 7. Operating Expenses

### Trust and Group

	Note	2016/17 £000	2015/16 £000
Purchase of healthcare from non NHS bodies		2,640	1,026
Employee Expenses - Executive directors	9	1,073	1,149
Employee Expenses - Non-executive directors		139	140
Employee Expenses - Staff	9	271,454	251,622
Supplies and services - clinical (excluding drug costs)	a)	70,106	64,890
Supplies and services - general	a)	29,672	25,911
Establishment		3,130	2,360
Research and development - (Non- Employee costs)		944	1,167
Research and development - (Employee expenses)	9	4,124	3,975
Transport - business travel only		539	621
Transport - other		495	699
Premises		13,379	13,882
Increase/(decrease) in provision for impairment of receivables	19	105	(139)
Increase in other provisions		-	-
Change in discount rate - early departure pensions provision		797	-
Inventories consumed (excluding drugs)		-	-
Drugs		38,444	37,971
Rentals under operating leases - minimum lease payments	8	1,325	1,303
Depreciation on property, plant and equipment		10,760	10,498
Amortisation on intangible assets		-	-
Audit services- statutory audit	b)	54	54
Other auditor remuneration	c)	8	8
Clinical negligence premiums		8,524	6,316
Legal fees		321	278
Consultancy costs		1,128	318
Internal audit costs		138	128
Training, courses and conferences		1,059	3,760
Patient travel		56	63
Car parking & Security		2,002	845
Redundancy not included in employee expenses		-	-
Hospitality		266	188
Insurance		579	560
Losses, ex gratia & special payments		289	62
<b>Trust total operating expenses (excluding exceptional costs)</b>		<b>463,550</b>	<b>429,655</b>
Restructuring costs - project management	d)	-	1,071
Restructuring costs - redundancy (included in employee expenses)	d)	-	485
Impairments of property, plant and equipment	13	12,135	1,408
<b>Trust net operating costs including exceptional costs</b>		<b>475,685</b>	<b>432,619</b>
<b>Trust total operating expenses (excluding exceptional costs)</b>		<b>463,550</b>	<b>429,655</b>
Audit fees payable to external auditor of charitable funds		5	5
NHS Charitable Funds: other resources expended		962	922
<b>Group net operating costs before exceptional costs</b>		<b>464,517</b>	<b>430,582</b>
Restructuring costs		-	1,556
Impairments of property, plant and equipment	13	12,135	1,408
<b>Group net operating costs including exceptional costs</b>		<b>476,652</b>	<b>433,546</b>

a) Increased expenditure on Supplies and services (clinical and general) is a consequence of increased levels of patient care activity.

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 in 2015/16 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.

## 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).

<b>Payments recognised as an expense</b>	<b>2016/17 £000</b>	<b>2015/16 £000</b>
Minimum lease payments	<b>1,325</b>	1,303
Contingent rents	-	-
	<b><u>1,325</u></b>	<b><u>1,303</u></b>
<b>Total future minimum lease payments</b>	<b>2016/17 £000</b>	<b>2015/16 £000</b>
Payable:		
Not later than one year	<b>2,302</b>	1,819
Between one and five years	<b>3,146</b>	2,418
After 5 years	<b>1,661</b>	1,670
	<b><u>7,109</u></b>	<b><u>5,907</u></b>

## 9. Employee expenses and numbers

### Trust and Group

#### 9.1 Employee expenses

Includes the costs of staff, research employee expenses and executive direct

	2016/17 Total	2015/16 Total
	£000	£000
Salaries and wages	210,615	199,038
Social security costs	19,690	13,863
Pension cost - defined contribution plans, employers contributions to NHS Pensions	23,798	23,722
Pension cost - other	17	8
Temporary staff - external bank	11,040	7,784
Temporary staff - agency/contract staff	11,491	12,816
NHS Charitable Funds staff	-	-
<b>Employee benefits expense</b>	<b>276,651</b>	<b>257,231</b>

#### 9.2 Average number of people employed

	2016/17 Total	2015/16 Total
	Number WTE	Number WTE
Medical and dental	757	727
Administration and estates	1,279	1,169
Healthcare assistants and other support staff	824	751
Nursing, midwifery and health visiting staff	1,870	1,847
Nursing, midwifery and health visiting learners	5	5
Scientific, therapeutic and technical staff	794	780
Healthcare science staff	91	82
Agency and contract staff	137	144
Bank staff	204	157
<b>Total</b>	<b>5,961</b>	<b>5,662</b>

The values shown above are whole time equivalent (WTE) staff numbers and

#### 9.3 Employee benefits

Other than the salary and pension costs detailed above, there were no material benefits in the year. In addition to this there are no share options, money purchase schemes or other benefits provided to staff of the Hospital of South Manchester NHS Foundation Trust.

There were no directors' benefits in respect of advances or credits granted by the Trust or entered into on behalf of the directors of the Trust by the Trust.

## 10. Retirements due to ill-health

During the year to 31 March 2017 there were 7 retirements from the Trust (4 due to ill-health and 3 due to other reasons). In the previous year there were 3 retirements due to ill-health). The estimated additional pension cost for these retirements was £420k (£181k in the previous year). The cost of these ill-health retirements was

## 11. Finance income

### Trust and Group

	2016/17 £000	2015/16 £000
Interest income:		
Interest on loans and receivables	54	134
Other	-	-
<b>Trust Finance income</b>	<b>54</b>	<b>134</b>
NHS Charitable Funds - investment income	186	181
<b>Group Finance income</b>	<b>240</b>	<b>315</b>

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

	2016/17 £000	2015/16 £000
Loans from the Independent Trust Financing Facility	953	914
Interest on commercial loans	77	-
<b>Finance Costs on PFI and other service concession arrangements (excluding LIFT)</b>		
Main Finance Costs	3,456	3,772
Contingent Rent	a) 3,924	4,835
<b>Total</b>	<b>8,410</b>	<b>9,521</b>

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	2016/17 £000	2015/16 £000
Net impairments arising from UHSM's independent valuer's assessment of assets.	a)	12,135	1,408
<b>Total</b>		<b>12,135</b>	<b>1,408</b>

a) Impairments in 2016/17 relate to reductions in valuation of the Trust's buildings, where the Trust held no balance within its revaluation reserve for those particular buildings. The valuations are provided by the Valuation Office Agency and are assessed using a Modern Equivalent Asset basis. The approach used to calculate Modern Equivalent Asset costs has changed in 2016/17 and this change is explained within note 1.2.3 of these accounts.

## 14. Intangible assets

### Trust and Group

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

	<b>Computer software - purchased 2016/17</b>	Computer software - purchased 2015/16
	<b>£000</b>	£000
Gross cost at April 1	<b>2,301</b>	2,301
Transfers by absorption	-	-
Additions - purchased	<b>1,915</b>	-
Disposals	-	-
<b>Gross cost at March 31</b>	<b><u>4,216</u></b>	<u>2,301</u>
Amortisation at April 1	<b>2,301</b>	2,301
Transfers by absorption	-	-
Charged during the year	-	-
Disposals	-	-
<b>Amortisation at March 31</b>	<b><u>2,301</u></b>	<u>2,301</u>
<b>Net book value</b>		
Purchased as at March 31	<b>1,915</b>	-
Donated as at March 31	-	-
<b>Total at March 31</b>	<b><u>1,915</u></b>	<u>-</u>

The intangible assets held by the Trust are initially valued at cost and are amortised over their useful economic life. The Trust is not holding a revaluation reserve for these assets.

The addition of intangible assets in 2016/17 is purchase of software relating to implementation of the Trust's Electronic Patient Record (EPR) system.

	<b>Minimum life Years</b>	Maximum life Years
<b>Intangible assets purchased</b>		
Software	7	7

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
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2016/17:</b>									
Cost or valuation at April 1, 2016	17,237	186,807	529	3,876	61,612	317	13,182	2,108	285,668
Additions - purchased	-	9,292	-	1,417	2,104	-	5,382	101	18,296
Additions - grants/donations of cash to purchase assets	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	-	(12,135)	-	-	-	-	-	-	(12,135)
Impairments charged to the revaluation reserve	(6,737)	(14,557)	-	-	-	-	-	-	(21,294)
Reversal of impairments credited to operating income	-	-	-	-	-	-	-	-	-
Reclassification	-	105	-	(2,772)	-	-	752	-	(1,915)
Revaluations	-	(6,407)	-	-	-	-	-	-	(6,407)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	<b>10,500</b>	<b>163,105</b>	<b>529</b>	<b>2,521</b>	<b>63,716</b>	<b>317</b>	<b>19,316</b>	<b>2,209</b>	<b>262,213</b>
Accumulated depreciation as at April 1, 2016	-	-	529	-	49,220	317	7,725	1,766	59,557
Provided during the year	-	6,407	-	-	2,732	-	1,543	78	10,760
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	(6,407)	-	-	-	-	-	-	(6,407)
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation at March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>529</b>	<b>-</b>	<b>51,952</b>	<b>317</b>	<b>9,268</b>	<b>1,844</b>	<b>63,910</b>
<b>Net book value</b>									
Owned at April 1, 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 April 1, 2016	-	5,452	-	-	88	-	5	6	5,551
<b>Total at April 1, 2016</b>	<b>17,237</b>	<b>186,807</b>	<b>-</b>	<b>3,876</b>	<b>12,392</b>	<b>-</b>	<b>5,457</b>	<b>342</b>	<b>226,111</b>
<b>Net book value</b>									
Owned at March 31, 2017	10,500	117,286	-	2,521	11,520	-	10,048	365	152,240
PFI at March 31, 2017	-	41,031	-	-	-	-	-	-	41,031
Donated at March 31, 2017	-	4,788	-	-	244	-	-	-	5,032
<b>Total at March 31, 2017</b>	<b>10,500</b>	<b>163,105</b>	<b>-</b>	<b>2,521</b>	<b>11,764</b>	<b>-</b>	<b>10,048</b>	<b>365</b>	<b>198,303</b>



## 15.2 Property, plant and equipment prior year

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2015/16</b>									
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	-	(1,408)	-	-	-	-	-	-	(1,408)
Reversal of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	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	-	-	-	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>17,237</b>	<b>186,807</b>	<b>529</b>	<b>3,876</b>	<b>61,612</b>	<b>317</b>	<b>13,182</b>	<b>2,108</b>	<b>285,668</b>
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
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Impairments recognised in operating expenses	-	-	-	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	(6,327)	-	-	-	-	-	-	(6,327)
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation at March 31, 2016</b>	<b>-</b>	<b>-</b>	<b>529</b>	<b>-</b>	<b>49,220</b>	<b>317</b>	<b>7,725</b>	<b>1,766</b>	<b>59,557</b>
<b>Net book value</b>									
Owned at April 1, 2015	19,437	137,873	63	1,368	13,205	14	5,053	438	177,451
Finance lease at April 1, 2015	-	-	-	-	-	-	-	-	-
PFI at April 1, 2015	-	37,987	-	-	-	-	-	-	37,987
Donated at April 1, 2015	-	4,132	-	700	199	-	6	9	5,046
<b>Total at April 1, 2015</b>	<b>19,437</b>	<b>179,992</b>	<b>63</b>	<b>2,068</b>	<b>13,404</b>	<b>14</b>	<b>5,059</b>	<b>447</b>	<b>220,484</b>
<b>Net book value</b>									
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
<b>Total at March 31, 2016</b>	<b>17,237</b>	<b>186,807</b>	<b>-</b>	<b>3,876</b>	<b>12,392</b>	<b>-</b>	<b>5,457</b>	<b>342</b>	<b>226,111</b>

### 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:

	<b>Minimum life</b>	<b>Maximum life</b>
	<b>Years</b>	<b>Years</b>
Land	no minimum	indefinite
Buildings	7	33
Assets under construction	1	1
Plant and machinery	1	15
Transport equipment	1	10
Information technology	1	10
Software	7	7
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.

### 15.4 Asset disposal

The Trust has completed the sale of surplus land at the former Withington Hospital site. In line with accounting standard IFRS 5: Non-current Assets Held for Sale, this asset had been reclassified as "held for sale" and was separately disclosed under the current assets heading within the 31st March 2016 Statement of Financial Position.

The asset was previously valued at £2,200k. However, a gross sale price of £10,050k was achieved on completion of the sale. This has resulted in a gain on disposal, over and above the previous carrying value, of £4,512k. The gain on disposal is net of costs of disposal and recognises a £2,730k share in the proceeds payable to the Department of Health which is included within Trade and Other Payables.

The Trust has no other non-current assets held for sale.

## 16. Capital commitments

### Trust and Group

Contracted capital commitments at March 31 not otherwise included in these financial statements:

	<b>March 31, 2017</b> £000	March 31, 2016 £000
Property, plant and equipment	19,958	11,493
Intangible assets	-	-
<b>Total</b>	<b>19,958</b>	<b>11,493</b>

Capital commitments at March 31, 2017 relate to implementation of an electronic patient record (EPR) system and a construction scheme to extend the Trust's Emergency Department facilities. These schemes were underway but not complete on 31st March 2017.

## 17. Inventories

### Trust and Group

#### 17.1 Inventories

	<b>March 31, 2017</b> £000	March 31, 2016 £000
Drugs	1,663	2,016
Work in progress	-	-
Consumables	2,865	2,420
Energy	52	62
<b>Total</b>	<b>4,580</b>	<b>4,498</b>

The Trust holds no non-current inventories.

#### 17.2 Inventories recognised in expenses

	<b>March 31, 2017</b> £000	March 31, 2016 £000
Inventories recognised as an expense in the period	(54,388)	(53,802)
Write-down of inventories recognised as an expense (including losses)	-	-
<b>Total</b>	<b>(54,388)</b>	<b>(53,802)</b>

## 18. Investments

	<b>March 31, 2017</b> Trust £000	<b>March 31, 2017</b> Group £000	March 31, 2016 Trust £000	March 31, 2016 Group £000
Carrying value at April 1	-	4,981	-	5,317
Acquisitions in year	-	-	-	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	-	807	-	(300)
Disposals	-	(36)	-	(36)
<b>Carrying value at 31 March</b>	<b>-</b>	<b>5,752</b>	<b>-</b>	<b>4,981</b>

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, 2017 or March 31, 2016.

## 19. Trade and other receivables

### 19.1 Trade and other receivables

	Note	Trust		Group	
		March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
<b>Current</b>					
NHS receivables		15,664	10,475	15,664	10,475
Provision for the impairment of receivables		(2,050)	(1,945)	(2,050)	(1,945)
Prepayments		3,057	1,761	3,057	1,761
Accrued income		2,162	467	2,162	467
Interest receivable		-	-	-	-
PDC receivables	a)	27	391	27	391
VAT receivable		403	528	403	528
Other receivables	b)	7,105	2,943	7,105	2,943
NHS Charitable Funds: trade and other receivables		-	-	174	1
<b>Total</b>		<b>26,368</b>	<b>14,620</b>	<b>26,542</b>	<b>14,621</b>
<b>Non Current</b>					
NHS receivables		-	-	-	-
Receivables from NHS charities		-	-	-	-
Provision for the impairment of receivables		(56)	(56)	(56)	(56)
Prepayments		-	-	-	-
Accrued income		85	87	85	87
Interest receivable		-	-	-	-
Other receivables		-	-	-	-
NHS Charitable Funds: trade and other receivables		-	-	-	-
<b>Total</b>		<b>29</b>	<b>31</b>	<b>29</b>	<b>31</b>
<b>Total</b>					
		March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
NHS receivables		15,664	10,475	15,664	10,475
Provision for the impairment of receivables		(2,106)	(2,001)	(2,106)	(2,001)
Prepayments		3,057	1,761	3,057	1,761
Accrued income		2,247	554	2,247	554
Finance lease receivables		-	-	-	-
PDC receivables		27	391	27	391
VAT receivable		403	528	403	528
Other receivables		7,105	2,943	7,105	2,943
NHS Charitable Funds: trade and other receivables		-	-	174	1
<b>Total</b>		<b>26,397</b>	<b>14,651</b>	<b>26,571</b>	<b>14,652</b>

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

b) Other receivables as at 31st March 2017 includes a balance of £5,025k owed to the Trust in respect of the asset disposal detailed in note 15.4.

### 19.2 Provision for impairment of receivables

	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
At 1st April	2,001	2,862	2,001	2,862
Increase in provision	105	-	105	-
Amounts utilised	-	(722)	-	(722)
Unused amounts reversed	-	(139)	-	(139)
<b>At March 31</b>	<b>2,106</b>	<b>2,001</b>	<b>2,106</b>	<b>2,001</b>

### 19.3. Ageing of impaired receivables

	Trust		Group	
	March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
0 - 30 days	54	0	54	0
30-60 Days	30	4	30	4
60-90 days	47	7	47	7
90- 180 days	45	151	45	151
over 180 days	1,930	1,839	1,930	1,839
<b>Balance at March 31</b>	<b>2,106</b>	<b>2,001</b>	<b>2,106</b>	<b>2,001</b>

### 19.4. Receivables past due date, but not impaired

	Trust		Group	
	March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
0 - 30 days	3,609	2,678	3,609	2,678
30-60 Days	1,678	831	1,678	831
60-90 days	527	848	527	848
90- 180 days	960	960	960	960
over 180 days	2,044	1,708	2,044	1,708
<b>Balance at March 31</b>	<b>8,818</b>	<b>7,025</b>	<b>8,818</b>	<b>7,025</b>

Receivables are considered due at the date of invoice.

### 20. Cash and cash equivalents

	Trust		Group	
	March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
Balance at April 1	20,304	41,071	24,070	44,972
Net change in year	321	(20,767)	(245)	(20,902)
<b>Balance at March 31</b>	<b>20,625</b>	<b>20,304</b>	<b>23,825</b>	<b>24,070</b>
<b>Made up of</b>				
Commercial banks and cash in hand	88	65	88	65
Cash with the Government Banking Service	20,537	20,239	23,737	24,005
Current investments	-	-	-	-
<b>Cash and cash equivalents as in statement of financial position</b>	<b>20,625</b>	<b>20,304</b>	<b>23,825</b>	<b>24,070</b>
Bank overdraft	-	-	-	-
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>20,625</b>	<b>20,304</b>	<b>23,825</b>	<b>24,070</b>

## 21. Trade and other payables

	Note	Trust		Group	
		March 31, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
<b>Current</b>					
NHS payables - capital		-	-	-	-
NHS payables - revenue		4,079	3,551	4,079	3,551
NHS payables - Early retirement costs payable within one year		105	112	105	112
Amounts due to other related parties - capital	a)	3,338	-	3,338	-
Other trade payables - capital		1,052	1,336	1,052	1,336
Other trade payables - revenue		17,404	15,357	17,404	15,357
Other taxes payable		5,050	4,457	5,050	4,457
Other payables		4,571	4,349	4,571	4,349
Accruals		17,760	18,169	17,760	18,169
NHS Charitable Funds: Trade and other payables		-	-	11	5
<b>Total current</b>		<b>53,359</b>	<b>47,331</b>	<b>53,370</b>	<b>47,336</b>

- a) Amounts due to other related parties - capital includes a balance of £2,730k payable to the Department of Health, being their share of proceeds from the sale of surplus land at the former Withington Hospital site.

At March 31, 2017 there were no non-current trade and other payables. Similarly, there were no non-current trade and other payables at March 31, 2016.

## 22. Borrowings

### Trust and Group

	March 31, 2017	March 31, 2016
	£000	£000
<b>Current</b>		
Loans from:		
Department of Health	1,565	1,565
Other entities	699	-
PFI liabilities:		
Main liability	3,369	2,725
<b>Total Current</b>	<u>5,633</u>	<u>4,290</u>
<b>Non Current</b>		
Loans from:		
Department of Health	25,431	23,296
Other entities	3,319	-
PFI liabilities:		
Main liability	40,514	43,883
<b>Total Non Current</b>	<u>69,264</u>	<u>67,179</u>
<b>Total</b>		
Bank overdrafts	-	-
Loans from:		
Foundation Trust Financing Facility	26,996	24,861
Other entities	4,018	-
PFI liabilities:		
Main liability	43,883	46,608
<b>Total</b>	<u>74,897</u>	<u>71,469</u>

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

1. £4.8m for a Cystic Fibrosis expansion (to be repaid by 2029).
2. £14.9m for a Maternity refurbishment scheme (to be repaid by 2030).
3. £7.3m for a loan to support the Trust in addressing the challenges presented by the Trust's PFI payment profile (to be repaid by 2033).

Loans from other entities totalling £4.0m are commercial loans arranged in 2016/17 to fund investment in IM&T hardware and infrastructure.

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, 2017 £000	March 31, 2016 £000	March 31, 2017 £000	March 31, 2016 £000
<b>Current</b>				
Other Deferred income	10,137	10,006	10,137	10,006
NHS Charitable funds: other liabilities	-	-	14	33
<b>Total</b>	<b>10,137</b>	<b>10,006</b>	<b>10,151</b>	<b>10,039</b>
<b>Non Current</b>				
Other Deferred income	3,436	3,997	3,436	3,997
NHS Charitable funds: other liabilities	-	-	-	-
<b>Total</b>	<b>3,436</b>	<b>3,997</b>	<b>3,436</b>	<b>3,997</b>
<b>Total</b>				
Other Deferred income	13,573	14,003	13,573	14,003
NHS Charitable funds: other liabilities	-	-	14	33
<b>Total</b>	<b>13,573</b>	<b>14,003</b>	<b>13,587</b>	<b>14,036</b>

### 24. Finance lease obligations

Other than a PFI arrangement the Group has no finance lease obligations as at 31st March 2017.  
(This was also the position at 31st March 2016)



## 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:

	<b>March 31, 2017</b>	March 31, 2016
	<b>£000</b>	£000
<b>Gross PFI liabilities</b>	<b>110,520</b>	115,910
<b>Of which liabilities are due:</b>		
Not later than one year	<b>11,170</b>	9,992
Later than one year, not later than five years	<b>47,500</b>	45,940
Later than five years	<b>51,850</b>	59,978
Less finance charges allocated to future periods	<b>(66,637)</b>	(69,302)
<b>Net PFI liabilities</b>	<b>43,883</b>	46,608
Not later than one year	<b>3,369</b>	2,725
Later than one year, not later than five years	<b>18,116</b>	17,106
Later than five years	<b>22,398</b>	26,777
	<b>43,883</b>	46,608

#### 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:

	<b>March 31, 2017</b>	March 31, 2016
	<b>Total</b>	Total
	<b>£000</b>	£000
Within one year	<b>37,759</b>	37,067
2nd to 5th years (inclusive)	<b>149,354</b>	142,226
Later than five years	<b>352,905</b>	368,517
Total	<b>540,018</b>	547,810

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, 2017 £000	March 31, 2016 £000
Service element	23,468	22,789
Interest costs	3,456	3,772
Contingent Rent	3,924	4,835
Lifecycle costs	4,400	2,872
Principal repayment	2,724	4,274
Total Payment	<u>37,972</u>	<u>38,542</u>

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

## 26. Provisions

### Trust and Group

	March 31, 2017 £000	March 31, 2016 £000
<b>Current</b>		
Pensions - early departure costs	408	432
Other legal claims	586	600
Restructurings	-	-
Other (see below)	12,906	9,725
NHS Charitable fund provisions	-	-
<b>Total current</b>	<u>13,900</u>	<u>10,757</u>
<b>Non Current</b>		
Pensions - early departure costs	3,959	4,196
Other legal claims	-	-
Restructurings	-	-
Other (see below)	250	223
NHS Charitable fund provisions	-	-
<b>Total Non current</b>	<u>4,209</u>	<u>4,419</u>
<b>Total</b>		
Pensions - early departure costs	4,367	4,628
Other legal claims	586	600
Restructurings	-	-
Other (see below)	13,156	9,948
NHS Charitable fund provisions	-	-
<b>Total</b>	<u>18,109</u>	<u>15,176</u>

### Provisions movement- year to 31st March 2017

	Pensions relating to former directors £000	Other Legal claims £000	Other (see below) £000	Total £000
As at April 1, 2016	4,628	600	9,948	15,176
Change in the discount rate	755	-	42	797
Reassessment of existing provisions and new provisions arising during the year	(669)	(14)	3,480	2,797
Used during the year	(405)	-	(317)	(722)
Unwinding of discount	58	-	3	61
NHS Charitable funds: movement in provisions	-	-	-	-
At March 31, 2017	<u>4,367</u>	<u>586</u>	<u>13,156</u>	<u>18,109</u>

### Expected timing of cash flows:

- not later than 1 year	408	586	12,906	13,900
- later than 1 year and not later than 5 years	1,622	-	72	1,694
- later than 5 years	2,337	-	178	2,515
<b>Total</b>	<u>4,367</u>	<u>586</u>	<u>13,156</u>	<u>18,109</u>

	March 31, 2017 £000	March 31, 2016 £000
<b>Other provisions include</b>		
Public and employers insurance claims	260	248
Staffing issues	503	744
Miscellaneous contractual issues	12,393	8,956
	<u>13,156</u>	<u>9,948</u>

£70,708k is included in the provisions of the NHS Litigation Authority at 31/3/2017 in respect of clinical negligence liabilities of the Trust (31/03/2016 = £49,089k).

## 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, 2017 £000	March 31, 2016 £000
Revaluation reserve at 1 April		42,933	38,682
Impairments	a)	(21,294)	-
Revaluations	b)	-	4,251
<b>Reserves at March 31</b>		<b>21,639</b>	<b>42,933</b>

a) Impairments charged to the revaluation reserve in 2016/17 relate to reductions in valuation of the Trust's buildings. The valuations are provided by the Valuation Office Agency and are assessed using a Modern Equivalent Asset basis. The approach used to calculate Modern Equivalent Asset costs has changed in 2016/17 and this change is explained within note 1.2.3 of these accounts.

b) The revaluation in 2015/16 result from increases in value of the Trust's buildings, as assessed by the Trust's independent valuer, the District Valuer.

## 28. Contingencies

### Trust and Group

Neither Trust nor Group has contingent liabilities or contingent assets at March 31, 2017. This is the same position as at March 31, 2016.

## 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.

	<b>March 31, 2017 £000</b>	March 31, 2016 £000
NHS Trade and other receivables excluding non financial	<b>20,045</b>	12,015
Cash and cash equivalents (at bank and in hand)	<b>20,625</b>	20,304
<b>Trust total</b>	<b>40,670</b>	32,319
UHSM NHS Charitable Fund: financial assets	<b>8,952</b>	8,748
<b>Group total</b>	<b>49,622</b>	41,067

#### 29.2 Financial liabilities by category

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

	<b>March 31, 2017 £000</b>	March 31, 2016 £000
Borrowings excluding finance leases and PFI obligations	<b>31,014</b>	24,861
Obligations under PFI contracts	<b>43,883</b>	46,608
Trade and other payables	<b>45,571</b>	42,874
Provisions under contract	<b>17,524</b>	14,577
<b>Trust total</b>	<b>137,992</b>	128,920
UHSM NHS Charitable Fund: financial liabilities	<b>11</b>	5
<b>Group total</b>	<b>138,003</b>	128,925

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. To March 31, 2017, the Trust has borrowed funds from the Department of Health for expansion of accommodation for its Cystic Fibrosis service; for enhancements to its Maternity Unit and also to support the Trust in addressing the challenges presented by its PFI payment profile. The Trust has separately borrowed from a commercial lender to fund investment in IM&T hardware and infrastructure. All of these loans are 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, 2017 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, 2017 is £5,752k ( March 31, 2016 is £4,981k). 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, 2017.

### **31. Going Concern**

After considering Monitor's Enforcement Undertaking, explained in note 1.2.1 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 1.16.

In 2016/17 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 £27k (in 2015/16 the Trust had a current asset of £391k in its books relating to cash receivable due to a dividend overpayment).

### **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 NHS Improvement - the regulatory body for NHS foundation trusts and NHS trusts.

For the purposes of these accounts the Department of Health is deemed to be the parent of the Foundation trust. Other NHS entities which interact with the Trust are regarded as related parties. During the year the Trust had a number of material transactions with other NHS entities which are summarised below.

In 2016/17 related party transactions / balances were:

	Note	Expenditure to Related Party £000s	Income from Related Party £000s	Amounts owed to Related Party £000s	Amounts due from Related Party £000s
Board members	a)	250	-	-	-
Key staff members		-	-	-	-
Other related parties:					
-Department of Health		-	579	2,730	105
-Other NHS bodies		19,481	454,971	3,929	15,331
		<u>19,731</u>	<u>455,550</u>	<u>6,659</u>	<u>15,436</u>

Transactions / balances in 2015/16, the prior year, were:

	Note	Expenditure to Related Party £000s	Income from Related Party £000s	Amounts owed to Related Party £000s	Amounts due from Related Party £000s
Board members	a)	667	-	-	-
Key staff members		-	-	-	-
Other related parties:					
-Department of Health		-	1,081	-	401
-Other NHS bodies		16,567	412,309	3,190	10,357
		<u>17,234</u>	<u>413,390</u>	<u>3,190</u>	<u>10,758</u>

a) Certain members of the Board of Directors, or parties related to them, have connections with organisations which also have transactions with the Trust. The transactions are in the normal course of business and are on an arms length basis.

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.

## 35. Third Party Assets

The Trust held £5k cash and cash equivalents at March 31, 2017 (£5k - at March 31, 2016) 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 86 cases of losses and special payments (2015/16: 152 cases) totalling £410k (2015/16: £519k) accrued during 2016/17. 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.





