

ANNUAL REPORT AND ACCOUNTS 2011-12

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**University Hospital of South Manchester NHS Foundation Trust
Annual Report and Accounts 2011-12.**

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

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01 About the Foundation Trust and Summary of 2011-12

The Board of Directors of the University Hospital of South Manchester NHS Foundation Trust (UHSM) presents this, its sixth formal Annual Report, to its Members, Governors and other stakeholders. The Report describes the organisation – and the Board’s stewardship of it – from April 1, 2011 until March 31, 2012.

As a self-governing Foundation Trust, the Board of Directors has ultimate responsibility for the management of UHSM but is accountable for its stewardship to the Council of Governors and Members. UHSM performance is also scrutinised by the Foundation Trust regulator, Monitor, and the Care Quality Commission (CQC). UHSM is also accountable to Primary Care Trusts (PCTs) through legally binding contracts for both the level and quality of patient care services provided.

UHSM’s vision continues to become the best healthcare provider in the NHS – a centre of health and wellbeing for patients and the local population. The priority continues to be safe, high quality care and UHSM has delivered consistently against this crucial area, not only scoring one of the lowest mortality rates in the North West under the new Standardised Mortality Rates indicator, but by reducing the rate the organisation set itself by over 7 per cent.

UHSM is a major acute teaching hospital providing services for adults and children at Wythenshawe Hospital, Withington Community Hospital and other settings within the community. It is recognised as a centre of clinical excellence providing district general hospital services and specialist tertiary and community services to the local community and patients from across the north of England and beyond.

UHSM has a good reputation, and this is reflected in the way that more people are choosing its services than ever before. In 2011-12 almost 600,000 patients were treated by the A&E department, attended as inpatients or as day-cases, or needed outpatient services. UHSM wants every patient to experience the best quality of care it can offer, and so continues to value and seek out feedback from patients on their experiences. And, although awaiting the results of the National Inpatient Survey, internal feedback systems suggest 93 per cent of patients would recommend UHSM.

UHSM was able to report compliance with the key regulatory targets throughout 2011-12 and has maintained excellent and strong performance against all key access targets. The ‘Green’ rating from regulator ‘Monitor’ reflects these achievements in this regard, as well as our clean registration with the Care Quality Commission.

UHSM has continued its relentless fight against on infection with only one case of hospital acquired MRSA during the year against a regulatory target of no more than three, and 54 cases of *C. difficile* – 10 less than target. The limits for the coming year (2012/13) are challenging - no more than 3 MRSA bacteraemia and no more than 49 cases of *C.difficile*.

Meeting the challenge to do more for less has been difficult to deliver. However, through a programme of transformation, UHSM has seen many improvements in many areas of the hospital and community services. The outpatient remodeling work is nearly complete and is already delivering dividends with fewer numbers of patients cancelling appointments or simply not turning

up. Theatre improvement work continues and is seeing more patients treated on the same day as admissions, helping to avoid unsettling and costly overnight stays. Improvements to elective and emergency pathways are seeing patients stay reduced, helping them home earlier, which is where the vast majority of them would rather be.

From April 2011 UHSM took over the management of community services in South Manchester, welcoming 450 new colleagues into the organisation. Over the year we have worked hard to integrate community based teams with hospital based teams to better deliver integrated and seamless care for patients. At the same time UHSM has continued to push forward its 'Green Hospital' agenda, winning a number of national awards and reducing the carbon footprint by well over 30 per cent over the past five years.

UHSM has strengthened its research infrastructure, appointing an experienced and vibrant new Research Leadership Team and this is already paying benefits with an underlying increase in the number of patients recruited into research studies and a 34 per cent increase in the number of portfolio studies. UHSM is recognised as a centre of excellence for multidisciplinary research and development, and is proud to be a founding member of MAHSC (Manchester Academic Health Science Centre). Major research programmes focus on cancer, lung disease, wound management and medical education, and UHSM clinicians are considered among the best in their fields.

At UHSM, its people continue to be at the heart of success and, whilst there have been challenges for many this past year, with changes to workforce structures and roles, the organisation has succeeded in ensuring that over 80 per cent of our staff has an appraisal – placing UHSM in the top 20 per cent of Trusts in the country. In addition we have reduced expenditure on more expensive Agency staffing by 16 per cent.

Building stronger links with the community has been a priority for UHSM. The annual Open Day, held in September again attracted more than 1,500 visitors to the Wythenshawe Hospital site. Governors and volunteers continue to work with the Trust's engagement team to strengthen communications with local schools and organisations to share best practice on infection prevention and sustainability. And this summer the hospital is working with others to deliver the Wythenshawe Games, which is recognised as the only community event of its kind outside the London 2012 Olympic and Paralympic Games with a priority on health and wellbeing.

UHSM not only wants to deliver the highest levels of safe and quality healthcare but to act as a magnet for local employment, investment and innovation. In 2011-12 UHSM made a very significant step towards this by launching its 'MediPark' concept internationally. UHSM is unique amongst many healthcare organisations in that it owns a modest amount of land with easy access to the airport and motorway network. The Trust wants to use this land to generate income by encouraging businesses and organisations to consider this land for healthcare related activity. In partnership with Manchester City Council and Manchester Airport Group, UHSM is developing a plan for a new Science and Research Park, attracting new investment and income to the local area. This is a 5 – 10 year plan, but one which will be taken forward in the next 12 months.

In the rest of this Report the Board of Directors explain how UHSM has performed during 2011-12 and its wider plans for 2012-13.



02 Chairman's statement 2011-12

UHSM has delivered another successful year despite a challenging financial climate. UHSM was proud to be shortlisted as one of only six hospitals in the country for the prestigious Acute Healthcare Provider of the Year in 2011-12, a tribute to the many colleagues across the Trust who have worked long and hard to continue driving up the quality of care and treatment for patients whilst at the same time generating efficiencies and raising effectiveness. Over the past two years we will have treated more and more patients with complex conditions without raising costs. It has not been an easy or comfortable period and a number of colleagues across the hospital have had to embrace changes which affect both their work and remuneration. Throughout all the change and challenge, UHSM has met all its targets, maintaining its Green governance and level 3 financial risk ratings with Monitor.

On behalf of the Trust Board I would like to pay tribute to all colleagues for the hard work, professionalism and continuing innovation which has virtually eradicated hospital acquired MRSA infection and delivered one of the lowest mortality rates in the region. At the same time, UHSM has continued to expand its specialist services. The skills of our transplant team were acknowledged by the award of the new ECMO (Extra-Corporeal Membrane Oxygenation) service for the North and the team is already saving lives across the North of England. The high calibre of our A&E and intensive care teams, together with our range of specialists, will enable UHSM to move to a level one major trauma centre in partnership with two adjacent acute Trusts from the beginning of April. Twelve months ago we welcomed new colleagues from community health services in South Manchester. Their arrival has enabled us to re-design many services enabling us to help increasing numbers of patients stay out of hospital and to treat them in the community and their own homes as they much prefer.

Colleagues across UHSM have once again won a bewildering variety of awards. We retain our title as Britain's Greenest hospital and have been widely praised for cutting our carbon impact by nearly 30%, more than three times the NHS target. UHSM's reputation for good Governance was acknowledged this year with the much coveted national award for healthcare governance and our team leading the efficiency programme won an award too. To keep both patients and staff safe from 'flu, UHSM's Occupational health team succeeded in vaccinating 82% of front line healthcare workers, the highest rate in Greater Manchester and the third highest in the country.

2011-12 has been a year of major organisational redesign and change. Service improvement teams have focussed attention on a number of areas in which patients have experienced poor service in the past. The radiology department has been transformed. The entire radiology team came together to radically redesign the way they work and are now delivering one of the fastest and most efficient services in the country – work for which they too were shortlisted for a national award. Working with local GPs, our Choose and Book systems have been completely overhauled to provide a much quicker and more efficient service for GPs and patients who want to book an appointment. Theatre booking systems have also been under the microscope and a new admissions lounge makes the whole business of coming into hospital for planned procedures much more efficient and comfortable for the patient.

On the wards, we have further expanded our dining companion scheme, where trained volunteers assist patients at meals times; supported by a consultant- led team of nutritional experts, UHSM ensures that every patient is properly nourished.

The IT department has continued to innovate on behalf of colleagues and the electronic white board system pioneered for A&E is now providing real time information on patients to wards across the Trust.

UHSM's drive continuously to enhance to quality of care and treatment is heavily dependant upon the quality of our research and once again colleagues have made breakthroughs which are having a direct beneficial impact on patients. The Heart and Lung transplant service celebrates its 25th anniversary next year; fittingly it is able to claim the best outcomes in the country. The respiratory teams have made a pioneering breakthrough in the understanding of previously undiagnosed aspects of TB, a disease which although rare in this country is still a scourge globally; the work of our National Aspergillous centre has identified a million people at risk who can now be cured. Wounds, burns and plastics, another of UHSM's major specialties has pioneered a skin graft treatment which for the first time in the UK has successfully used donated skin to completely cure a previously incurable major leg ulcer, just one of many innovations which are changing people's lives.

Clinicians have been actively engaged in helping the Board explore an opportunity to develop land owned by UHSM into a MediPark to attract a variety of health, biotech and life science related commercial activity to support and take advantage of UHSM's research and educational expertise, the wider expertise of the Manchester Academic Health Science Centre and regional life science activity. In the course of the past financial year the Board has worked closely with Manchester City Council, the Manchester Airport Group and two adjacent landholders to develop a major project which has won recognition as a key driver of the new Economic Enterprise Zone for the Manchester City region and a significant contributor to the economic and social regeneration and wellbeing of neighbouring communities. 2012/13 will see further progress towards identifying potential developers, investors and anchor tenants.

Education and training continues to expand and grow to support the increasing ambitions of the Trust for its patients and communities. Among highlights this year at different extremes, an innovative course to prepare 13 year olds from one of our most challenging communities for work and a major trauma conference to share learning from the military in Afghanistan; overseas, our partnership with the new medical school in Gulu, Northern Uganda, produced the highest grades for their newly graduated young doctors in the country, and in the nearby hospital, where our staff have been teaching in the maternity unit, a 40% reduction in neonatal mortality.

UHSM's Governors have had another busy year ensuring that the Trust is kept well informed of the views of our members and communities and responds appropriately. Once again they have played an active role in helping to shape our new annual plan, keeping a close eye on our performance and taking advantage of the many opportunities which the Trust provides for helping their wider understanding of the scale and complexity of the Trusts' operations and challenges.

Challenges for the new financial year include our response to the increasing incidence of dementia among patients. Trust -wide training is underway but we have already identified a need for a much greater Trust- wide focus on how to care sensitively and effectively for those with, and without, this disease. Front line services on the wards and in the community have been protected from any of the cost - cutting measures which the financial challenges have imposed on the rest of the Trust. The Staff, Governors and Board of UHSM are united in our determination to continue producing ever increasing quality of care and treatment, despite the very real financial constraints under which UHSM is operating. We will do this by continuing to innovate and ensure we lose no opportunity to do more with less; we will seek to work collaboratively with as many partners as possible to improve our efficiency and effectiveness; we will look for new ways of income generation; above all, we will rely on the combined efforts of everyone who works at UHSM, under the leadership of our Chief Executive, Julian Hartley, to keep on delivering outstanding services. On behalf of the Trust Board I thank each and every one of them.



03 UHSM Strategy – ‘Towards 2015’

2011-12 was the third year of the delivery of our strategy ‘Towards 2015’ – a strategy designed to move UHSM towards becoming the best healthcare organisation in the NHS.

‘Towards 2015’ describes how UHSM is no longer simply a centre of healthcare, but as a pioneer of health and well-being, building on UHSM’s reputation for clinical excellence and working with local partners to improve and develop UHSM’s infrastructure. UHSM recognises that since this strategy ‘Towards 2015’ was developed in 2008/09, the operating environment in which UHSM finds itself has changed significantly. The NHS is facing the challenge of providing increasingly high quality care for less money; some of our partners, particularly in local government and the third sector, are facing even steeper challenges. Therefore in 2011-12 the Board spent some time reviewing our strategic direction in the context of changes to public sector spending and the introduction of the Health and Social Care White Paper. The result of this review was a affirmation that the key tenets of our ‘Towards 2015’ strategy hold true, but that we must narrow their focus onto three core strategic objectives.

Our overall vision, articulated through ‘Towards 2015’ and reaffirmed in 2011-12 through our strategic review, is unashamedly to become the **best healthcare organisation in the NHS**.

Our mission is to create a healthcare organisation that is recognised nationally, for delivering safe, high quality care and an outstanding experience for patients. We want our communities to have complete confidence and trust in our services, convinced that we provide the best care *any* healthcare establishment can offer.

This will be delivered through:

- **UHSM as the NHS Quality and Efficiency Leader**

UHSM will constantly improve on our current position to become a Quality and Efficiency leader, improving the delivery of frontline patient care through an open culture of engagement with our colleagues and partners. This is built from the absolute priority given in UHSM to the delivery of safe, high quality care, meeting all performance standards and abiding with the Terms of our Authorisation and registration with the Care Quality Commission. The Board continues to receive and, through its governance arrangements, scrutinise quality and performance information, accessing and reviewing external benchmarking and peer review when appropriate. At the same time the financial efficiency challenge faced by the NHS continues to grow. UHSM has reinvigorated our approach to efficiency through our ‘Fit for 15 – High Quality Care Can Cost Less’ programme in 2011-12, by emphasising the wider gain we can deliver through constantly challenging and improving all of our processes. This approach has ensured that we continue to deliver financial stability (with a Financial Risk Rating of 3), allowing UHSM to continue to invest to improve our services and facilities.

- **UHSM as a networked partner**

UHSM recognises that our future security and independence will also rely on a series of networked partnerships with neighbouring organisations and partners who share our values, goals and ambitions. In 2011-12 we have already started to develop these mutually beneficial relationships, across the public and private sectors, aiming to deliver

both financial and clinical benefits from these synergies. A key aspect of this is our ambition to create a world class Clinical, Education, Research and Science Park in partnership with others on our own and additional land, adjacent to UHSM. In 2011-12 we have launched the 'MediPark' concept internationally and believe that this opportunity, in partnership with Manchester Airport and Manchester City Council, articulates significantly our ambition to work in partnership with others to create a financial and clinical dividend for UHSM by utilising our physical and human assets more productively.

- **UHSM as an Education and Research and Development (R&D) Leader**

UHSM will continue to develop our position as a leading provider of education, training, research and development, particularly by building and protecting our areas of specialist strengths. To do this we will reinvigorate our Education and R&D strategies, the latter aligned to that of the Manchester Academic Health Science Centre (MAHSC). In 2011-12 we have already reinvigorated our approach to R&D. UHSM has made new appointments of a Director of Research and Development, together with a Manager; R & D.

Greater Manchester is a complex health economy with three major teaching hospitals, a tertiary cancer centre, together with a network of local District General Hospitals. In 2011-12, the Greater Manchester NHS Cluster announced a significant review of healthcare delivery across the conurbation. This review 'Safe and Sustainable' aims to –

- Deliver better care closer to home - making sure long term conditions are managed closer to home to ensure conditions do not deteriorate and require hospital care; Meaning hospitals will do less
- Deliver better specialist care in our hospitals – ensuring that hospital services are organised to meet clear quality standards and that patients have reliable access to senior clinical decision makers in very complex cases; Meaning that specialist care will be concentrated on fewer sites across the City
- Ensure health services are value for money and that the Greater Manchester health economy is both safe and sustainable whilst being financially viable in the medium and longer term; meaning that service reconfiguration is inevitable to save money in the medium term.

As part of our strategic review in 2011-12, UHSM has positioned a clear short and medium term strategy to meet the challenges this review will pose. UHSM will -

- **Protect and develop core business in our immediate locality** including A&E; General Medicine; surgical services; Diagnostics and therapy; community services. In 2011-12, UHSM took over the management of community services in South Manchester and accelerated the process of forging closer links with primary care into Trafford to counter a number of competitive threats related to the takeover of Trafford General Hospital by Central Manchester Hospitals NHS Foundation Trust. We are already collaborating with a range of partners for the delivery of some urgent care services and expect this to continue.
- **Grow and develop specialist services offer for specialist care** – particularly Cardiology/Cardiothoracic Surgery; respiratory; cancer; burns and plastics, gynaecology & Level 3 neonatology. In all of these areas we are pursuing strategies to protect and enhance our service offer. From collaboration with Central Manchester Hospitals on cardiology/Cardiothoracics to enhancing partnerships with District General Hospital neighbours in other areas, we are clear that as the 'Safe and Sustainable' review proceeds, there will be a shift of activity across the conurbation such as UHSM. UHSM will respond to these changes through a flexible approach to capacity utilisation and more efficient management of the demand placed on our non elective services.

- **Pursue developmental strategy for asset utilisation & commercial opportunities –**
We see a major strategic opportunity through the development of our MediPark concept and have started to galvanise this in 2011-12. Building on our excellent relationships within MAHSC and reinforced by our already strong relationships with Manchester and Trafford local authorities through our integration work on care for the elderly, we are convinced that developing the 'MediPark' as part of the Manchester Airport 'Airport City' concept offers us tremendous medium term opportunities to develop our own asset base. In 2011-12 we have launched MediPark internationally and will hold a more local launch in 2012/13. MediPark is a vision, built on using our existing land assets and that of our adjacent neighbours, to develop an income generating, clinically and research led Business Park of international stature. This will be coterminous with Manchester Airport's project offering unrivalled international transport and access links. We will build on development in 2011-12 to start to turn this vision into a reality.

When we developed 'Towards 2015' we spent a significant amount of time listening to our partners, Governors and Members, as well as our patients, carers and local population. They were overwhelmingly positive about UHSM and the services we offer – but articulated an ambition which we reflected in our strategy for further improvement and investment. This engagement continues through UHSM's active Council of Governors, the Membership and local population. We have asked them again in 2011-12 what they want from us through a series of communication events and methods. Their response has been an reaffirmation of our commitment to quality, efficiency and ensuring that our staff are motivated to deliver the highest possible standards of care, by providing them with the right skills and working environment in which to maintain high levels of morale.

UHSM continues to operate in a challenging environment – one which is testing every part of our ambitions. However UHSM continues to demonstrate – through our operational, clinical and financial performance – that we are well positioned to continue to meet these challenges in 2012/13 and beyond.



04 Introduction to UHSM's 2011-12 Quality Account

4.1.1 Overview

The Quality Account 2011-12 is an annual review of the quality of NHS healthcare services provided by the University Hospital of South Manchester NHS Foundation Trust (UHSM) during 2011-12. It also outlines the key priorities for quality improvement in 2012-13.

The Quality Account comprises four distinct sections. **Section 1** includes a brief overview of the Trust, a statement about what quality means to UHSM, signed by the Chief Executive, and highlights some of the Trust's key quality achievements in 2011-12. **Section 2** constitutes a review of the Trust's performance against the objectives set in the 2010-11 Quality Account and in relation to key national standards. **Section 3** includes the priorities for improving the quality of services in 2012-13 that were agreed by the Board of Directors in consultation with stakeholders. Each priority is sub-divided into specific indicators and initiatives, which have been chosen to address local and national quality challenges. **Section 4** includes legislated statements of assurance from the Board of Directors.

A draft version of the Quality Account 2011-12 was shared with our stakeholders in April 2012 as part of the assurance process. The stakeholders are: the host Primary Care Trust, NHS Manchester; Manchester Local Involvement Network (LINK); and Manchester City Council's Health and Wellbeing Overview and Scrutiny Committee. Each organisation was asked to review the draft report and provide a written statement for publication (unedited) in **Appendix One** of this Quality Account. In the case of NHS Manchester this is a statutory requirement. In addition, the Quality Account was shared with the governing council's Patient Experience Committee.

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

The external auditor has provided a Limited Scope Assurance Report on the content of the Quality Report, as required by Monitor, the Independent Regulator of foundation trusts. The auditor also gives a limited assurance opinion on the mandated indicators (MRSA and the 62-day cancer standard). The external auditor's report is included in **Appendix Three**.

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

About University Hospital of South Manchester NHS Foundation Trust

University Hospital of South Manchester NHS Foundation Trust (UHSM) is a major acute teaching hospital trust providing services for adults and children at Wythenshawe Hospital and Withington Community Hospital (the latter owned by NHS Manchester). We provide district general hospital services, specialist tertiary and community services to our local community.

Our fields of specialist expertise - including cardiology and cardiothoracic surgery, heart and lung transplantation, respiratory conditions, burns and plastics, cancer and breast care services - not

only serve the people of South Manchester and Trafford, but help patients across the North-West and, in some cases, nationally. We are also recognised in the region and nationally for the quality of our teaching, research and development. Our major research programmes focus on cancer, lung disease, wound management and medical education.

UHSM has approximately 6,080 valued staff, including those employed by our Private Finance Initiative partner South Manchester Healthcare Limited. In 2011-12, UHSM had an income of £385.8 m and, through sound financial management, generated a revenue surplus on our income that will be re-invested in our services. More people are choosing UHSM than ever before and, in 2011-12, 567,152 were treated in our Emergency Department, as inpatients, day cases and as outpatients; this represents a 2% increase in overall Trust activity.

4.1.2 Chief Executive's Statement

On behalf of myself, the Board of Directors, the Council of Governors, and the staff of the University Hospital of South Manchester NHS Foundation Trust, I am pleased to offer you the Quality Account for the year just ended, 2011-12.

Patient care is at the heart of The South Manchester Way ('the way we do business around here'), and fundamental to this principle is our continued desire to deliver and develop care which is of the highest quality, the safest, and offering the best patient experience.

We believe we have made, and will demonstrate in this Account, good progress on these goals during 2011-12. We are particularly proud of our continued reduction in mortality, the maintenance of our excellent performance on infection prevention, and a year in which we have been fully compliant with the new national standard for VTE (venous thromboembolism) assessment.

Whilst we believe we have a very positive story of quality improvement to share with you, we would wish to reassure you that we are fully committed to continuous improvement, and include in our account some of the goals we are pursuing in 2012-13.

I hope you enjoy reading about the progress on quality we are continuing to make here at UHSM, **'Your Hospital'**.

The Board of Directors has reviewed the 2011-12 Quality Account and confirms that it is a true and fair reflection of UHSM's performance. We hope that the Quality Account provides you with evidence of the Trust's commitment to quality and safety.

29 May 2012

Date



Signature

Julian Hartley, Chief Executive, UHSM NHS Foundation Trust

Signed for, and on behalf of the Board of Directors

4.1.3 Key Quality Achievements in 2011-12

Reducing rates of infection	80% reduction in hospital-acquired MRSA bacteraemia (1 case in 2011-12) 33% reduction in Clostridium difficile cases
Preventing medication errors	Over 96% of patients having medicines reconciled within 48 hours of admission
Venous thromboembolism (VTE)	92.2 % of adult inpatients risk assessed for venous thromboembolism
Hospital-acquired pressure ulcers	97.5% of all inpatients risk assessed for pressure ulcers
Advancing Quality	Excellent performance against the acute myocardial infarction (heart attack); coronary artery bypass graft; hip and knee replacement; and community- acquired pneumonia pathways
National priorities	Excellent performance against national priorities for Accident and Emergency, Referral-to-Treatment and cancer

4.2 Performance against the Quality Improvement Priorities in 2011-12

In the Quality Account 2010-11, UHSM presented its quality improvement priorities for 2011-12, which were agreed following extensive consultation with key stakeholders. Governors, managers and clinical staff were consulted in the development of the priorities for quality improvement in 2011-12. Feedback was received from Governors via the Trust's Patient Experience Committee and Council meetings. Information from patients was gathered from complaints, concerns, and other forms of feedback. UHSM's risk system provided an indication of the issues reported by staff. This consultation facilitated the development of the Trust's Patient Safety, Quality and Patient Experience programmes which describe a five-year programme of activity.

In this section the Trust's performance in 2011-12 is reviewed compared to the priorities that were published in UHSM's Quality Account in 2010-11. In addition, performance against key national priorities is detailed.

During 2011-12 UHSM has been delivering this programme of work and progress against the priorities has been shared on a monthly-basis with the Board of Directors and published monthly on the Trust's Website (since January 2011). Progress has also been discussed at every Council of Governors' Meeting and, via UHSM's Patient Experience Report, with the governing council's Patient Experience Committee.

A summary of the Trust's performance for each of the quality indicators is presented in **Table 4.1**. The time period of the results is April 2011 to March 2012 (referred to as 2011-12), unless otherwise stated in the text.

Table 4.1: Summary of performance against the quality improvement priorities in 2011-12

PATIENT SAFETY	2011-12 Quality goals	2011-12 Results	Achieved
Reducing mortality	<ul style="list-style-type: none"> achieve a 2% reduction in the Risk-adjusted Mortality Index (RAMI 2011) compared to a baseline of 97 (March 2010 to February 2011). 	RAMI of 89 (March 2011 to February 2012)	✓
Reducing rates of infection	<ul style="list-style-type: none"> no more than 3 cases of hospital-acquired MRSA bacteraemia; 	1 case	✓
	<ul style="list-style-type: none"> no more than 64 cases of <i>C. difficile</i>; 	54 cases	✓
	<ul style="list-style-type: none"> maintain 'excellent' PEAT scores across food/ hydration, Privacy & Dignity and cleanliness. 	'Excellent' in all 3 areas, on all 3 sites, except Dermot Murphy (rated as 'Good' for environment)	✓
National 'never events'	<ul style="list-style-type: none"> to undertake a review of those 'never events' applicable to UHSM to ensure that policies, systems and controls are in place and robust. 		✓
Recognising and responding to the signs of critical illness	<ul style="list-style-type: none"> a 50% improvement in adherence to the Trust's Modified Early Warning Score (MEWS) escalation policy in cases of cardiac arrest; 	50.5% improvement	✓

PATIENT SAFETY	2011-12 Quality goals	2011-12 Results	Achieved
Recognising and responding to the signs of critical illness <i>(continued)</i>	<ul style="list-style-type: none"> 10% reduction in serious incidents, particularly those occurring during weekends, evenings and night shifts where there has been a failure to recognise and act on the signs of clinical deterioration of the patient; 	Quality goal re-evaluated during 2011-12 <i>(a)</i>	—
	<ul style="list-style-type: none"> reduction in the number of cardiac arrests where patient care could have been improved prior to the cardiac arrest (including planning for 'End-of-Life Care'). 	18% reduction	✓
Preventing medication errors	<ul style="list-style-type: none"> aim to consistently achieve 95% of patients having medicines reconciled within 48 hours of admission; 	96.1%	✓
	<ul style="list-style-type: none"> perform clinical audits of high-risk medications via project groups; 		✓
	<ul style="list-style-type: none"> sustain efforts to improve medication error reporting and use of the Global Trigger Tool to improve data quality and identify problems. 	Reporting improved by 48%	✓
Reduce avoidable death, disability and chronic ill health from venous thromboembolism (VTE)	<ul style="list-style-type: none"> at least 90% of adult inpatients will be risk assessed for venous thromboembolism (VTE) on admission. 	92.2%	✓
	<ul style="list-style-type: none"> more than 90% of adult inpatients to have a falls risk assessment on admission; 	93.6%	✓
Preventing harm from falls	<ul style="list-style-type: none"> 85% of adult inpatients will have (evidence of) appropriate preventive intervention in agreed audit samples by Quarter 4; 	90.3%	✓
	<ul style="list-style-type: none"> more than 80% of patients considered to need a falls risk review will receive one; 	89.9%	✓
	<ul style="list-style-type: none"> the Trust will be able to demonstrate compliance with the falls intervention programme at case review for all patients who suffer or moderate or severe harms as a result of an inpatient fall. 		✓
	The World Health Organization's (WHO) Surgical Safety Checklist	<ul style="list-style-type: none"> 100% of UHSM patients in theatre settings to have the WHO Surgical Safety Checklist completed; 	Average audit data 88%
<ul style="list-style-type: none"> before the end of 2011 all relevant interventional areas will have adapted and introduced a version of the Surgical Safety Checklist. 			✓

PATIENT SAFETY	2011-12 Quality goals	2011-12 Results	Achieved
Global Trigger Tool	<ul style="list-style-type: none"> analyse two years of collected data in August 2011 to evaluate the effectiveness of UHSM's Patient Safety & Quality Programme and to assess whether the key interventions are helping to reduce harm. 	Level of harm stable over time and comparable to other trusts	✓
Preventing hospital-acquired pressure ulcers	<ul style="list-style-type: none"> 95% of all inpatients to be risk assessed for pressure ulcers; this will be documented according to the Trust's policy; 	97.5%	✓
	<ul style="list-style-type: none"> monthly monitoring of hospital-acquired pressure ulcers and feedback on learning; 		✓
	<ul style="list-style-type: none"> reduce the number of incidences of grade 3 and grade 4 pressure ulcers compared to 2010-11; 	2010-11 13 2011-12 6	✓
	<ul style="list-style-type: none"> conduct a baseline analysis of pressure ulcer incidence within the relevant community services. 		✓

CLINICAL EFFECTIVENESS	2011-12 Quality goals	2011-12 Results	Achieved
Advancing Quality Programme (b)	<ul style="list-style-type: none"> acute myocardial infarction (heart attack) (95.0%) 	97%	✓
	<ul style="list-style-type: none"> coronary artery bypass graft (95.0%) 	99%	✓
	<ul style="list-style-type: none"> hip & knee replacement (95.0%) 	99%	✓
	<ul style="list-style-type: none"> heart failure (75.08%) 	68%	✗
	<ul style="list-style-type: none"> community-acquired pneumonia (83.38%) 	86%	✓
	<ul style="list-style-type: none"> stroke (90%) 	81%	✗
<i>See note (c) for an explanation of how the performance scores are calculated for the Advancing Quality Programme</i>			
Nursing indicators, Clinical Rounds and Essence of Care	<ul style="list-style-type: none"> nursing indicators to be embedded in all ward areas with agreed tolerances; 		✓
	<ul style="list-style-type: none"> data included from the AUKUH Acuity & Dependency Tool to establish areas of concern that require action. 		✗

Improving the PATIENT EXPERIENCE	2011-12 Quality goals	2011-12 Results	Achieved
Gaining feedback from patients/ Responding to patient feedback	<ul style="list-style-type: none"> UHSM to be in the top 20% of trusts in the National Patient Survey results (d); 	national thresholds no longer used	—
	<ul style="list-style-type: none"> 80% of complaints responded to within 25 working days; 	82.4%	✓
	<ul style="list-style-type: none"> implement the first year of the 'Patient Care at our Heart, it's Everyone's Responsibility' Strategy; at least 96% of patients would recommend UHSM to others. 	94%	✗
Treating patients with dignity & respect	<ul style="list-style-type: none"> over 95% of respondents saying that they did not share sleeping areas with a patient of the opposite sex in local Patient Perception Survey (e); 	99%	✓
	<ul style="list-style-type: none"> the Trust's revised Privacy & Dignity Policy is operational in all departments; 		✓
	<ul style="list-style-type: none"> implement an electronic reporting process for identified ward areas to monitor patient flow and the placement of patients. 		✓

Notes to **Table 4.1**

- (a) A re-evaluation of the quality goal '10% reduction in serious incidents... where there has been a failure to recognise and act on the signs of clinical deterioration of the patient' during 2011-12 identified the need to consider all cases of failure to rescue a deteriorating patient and not just serious incidents alone. This approach is reflected in the Trust's 2012-13 quality improvement priorities.
- (b) Advancing Quality data for 2011-12 is un-validated.
- (c) Advancing Quality performance in acute myocardial infarction (heart attack), coronary artery bypass graft, hip and knee replacement, heart failure and community-acquired pneumonia is assessed by producing a denominator of the relevant audit criteria for the sample population against a numerator of the relevant audit criteria met. For example, audit criteria for the heart-failure indicator are: heart function assessed (if required); correct medication on discharge (if required/ not contra-indicated); smoking cessation advice given (if required); and provision of special discharge information (if required). For example, 268 criteria evidenced in clinical records (out of a total of 331 relevant criteria expected) indicate 80.97% composite performance.
- This is slightly different for the stroke indicator, as in addition to the composite performance, the Advancing Quality Programme also measures an Appropriate Care Score. For example, 52 patients in the population, 15 of whom had all the relevant criteria evidenced would produce an Appropriate Care Score of 28.85%.
- (d) The Care Quality Commission has moved away from using national thresholds (i.e. within the top 20% of organisations) in its analysis of the National Inpatient Survey 2011 results. It is not possible, therefore, to assess UHSM's performance against the 2011-12 quality goal 'UHSM to be in the top 20% of trusts in the National Patient Survey results.' Instead, the response to each survey question is categorised as being 'worse than', 'about the same' or 'better than' organisations that provide NHS services in England. In the 2011 National Inpatient Survey, UHSM was assessed as 'about the same' as other organisations for 76 of 77 survey

questions. The remaining question was reported as *'better than'* other organisations. No survey questions were assessed as being *'worse than'* other organisations.

- (e) Patients were asked the following question in the local Patient Perception Survey (note: the percentage relates to the number of patients that responded 'No' to the question):

"When you were first admitted to a bed on a ward did you ever share a sleeping area (e.g. bay/ room) with patients of the opposite sex?"

4.2.1 Review of the Quality Improvement Projects 2011-12

The section that follows details the work undertaken to deliver the results outlined in **Table 4.1**. For each of the 14 focus areas listed in **Table 4.1**, performance against headline measures is assessed alongside the main achievements and further actions identified.

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Reducing mortality

Inpatient mortality is the number of patients who die while they are in hospital, but because some patients have more serious illnesses than others, using the total number of deaths is not a useful method of measuring the quality of care. Instead, NHS hospitals utilise a calculation which takes into account the patient's age, type of illness and other factors. This helps the Trust to produce a mortality indicator, expressed as a simple number with the number 100 suggesting that mortality is as expected, a number greater than 100 that mortality is higher than expected and a number less than 100 that mortality is lower than expected.

Reducing avoidable mortality is a key aim for the Trust and a low mortality measure may be considered to be an indicator that the care offered is safe and of a high quality. There is a new national method used in England to measure mortality (SHMI - Summary Hospital-level Mortality Indicator) and this year UHSM is able to report one of the lowest mortality rates in England, meaning fewer patients died than could be expected.

The Trust has developed a structured system to review cases of inpatient mortality to ensure that patients received the best possible standards of care and to highlight any areas for improvement and learning. It is also considered best-practice for clinical teams to undertake their own review of cases and teams at UHSM are now using a standardised set of questions for each mortality review.

Goal: To reduce mortality as measured by RAMI mortality indicator by 2%.

By When: March 2012

Actual Outcome: Mortality indicator for 2010-11 was 95, for the period March 2011 to February 2012 the indicator was 89, which exceeded the target with a 6% reduction.

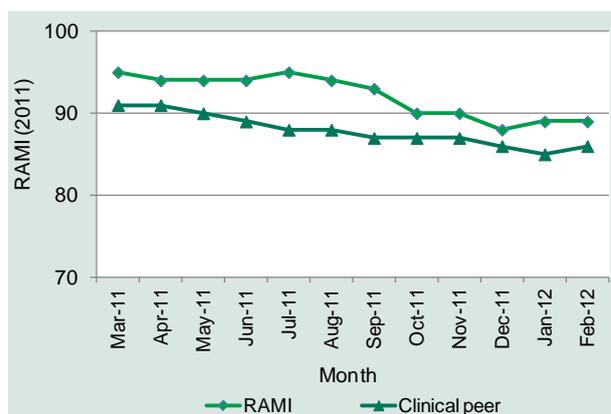
Improvements Made

- achieved the target for reducing the mortality indicator;
- undertook independent review of selected cases of inpatient death;
- introduced standardised method of reviewing mortality across clinical teams;
- lowest national mortality indicator (SHMI) in the North-West of England;
- regular multi-disciplinary reviews of mortality across all clinical teams.

Further Planned Improvements

- continue to focus on reducing mortality and further develop current processes to help identify avoidable mortality;
- further develop the multi-disciplinary review process, to ensure learning and best-practice are maximised.

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



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

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Reducing rates of infection

Infection prevention remains a high priority for UHSM and the Trust can report that excellent performance has continued throughout 2011-12. UHSM's belief that 'infection prevention is everyone's responsibility' is now an integral element of the organisation's culture. Ensuring that the environment is clean and well-maintained for its patients is essential and the Trust continues to work closely with its Private Finance Initiative (PFI) Partners to ensure that this agenda is progressed and that standards meet the requirements of the PEAT (Patient Environment Action Team) assessment.

Goals:

- A. No more than 3 cases of hospital-acquired MRSA bacteraemia.
- B. No more than 64 cases of *Clostridium difficile*.
- C. 'Excellent' scores for all three areas (Environment, Privacy and Dignity and Nutrition) of the PEAT assessment.

By When: March 2012

Actual Outcome:

- A. 1 hospital-acquired MRSA bacteraemia.
- B. 54 incidences of *Clostridium difficile*.
- C. 'Excellent' score in all three areas on all 3 sites except for Dermot Murphy, which scored 'Good' for the environment.

Improvements Made

- monthly Infection Prevention Performance Meetings have continued, which has further embedded the infection-prevention culture into Trust business;
- completion of the Infection Prevention Annual Audit Plan - regular audits are undertaken against a number of measures (e.g. compliance with the use of the MRSA and Infectious Diarrhoea integrated-care-pathway documents) and results are presented to the Infection Prevention Committee;
- further improvements made in partnership with clinical teams concerning the appropriate prescribing of antibiotics to patients;
- following agreement of the new Hotel Services Proposal, with the Trust's PFI Partners in 2011-12, implementation of the 2007 National Cleaning Standards;
- revision of the Infection Prevention and Control Manual in December 2011, which includes stand-alone organism-specific policies.

Further Planned Improvements

- implement Antimicrobial Care Bundle based on 'Start Smart and Focus' document;
- implement additional initiatives to improve the prescribing and management of antibiotics;
- continue to raise awareness of the infection-prevention agenda to all staff groups.

Table 4.2: Annual MRSA performance

Cases	11-12	10-11	09-10
Hospital-acquired	1	5	8
Community-acquired	6	5	10
Total	7	10	18
Threshold*	3	8	18

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

* Note: the threshold relates to the annual limit of hospital-acquired MRSA bacteraemia only

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National 'never events'

'Never events' are defined as 'serious, largely preventable patient-safety incidents that should not occur if the available preventative measures have been implemented by healthcare providers'. Their occurrence is an indication that an organisation may have not put in place the right systems and processes to prevent the incidents from happening and thereby prevent harmful outcomes. It is also an indicator of how safe the organisation is and the patient safety culture within that setting.

The Government wishes to maintain and increase the focus on safety in the NHS, especially through encouraging the reporting of patient-safety incidents and ensuring that lessons are learned and implemented. In 2011, the Department of Health published a new list of 'never events' including areas related to safer surgery and medication.

Goal: To undertake a review of those 'never events' applicable to UHSM to ensure that policies, systems and controls are in place and robust.

Actual Outcome: No national 'never events' identified in UHSM during 2011-12.

Improvements Made

- review and development of Trust guidance and pathways to prevent misplaced naso- or oro-gastric tubes in line with the National Patient Safety Agency (NPSA) safety alert for 2011;
- development of a Trust sedation group to support safer practice;
- medication safety programme focused on the high-risk medicines identified as part of the 'never events';
- peer review of safer-surgery processes supported by another acute trust.

Further Planned Improvements

- continue to reduce the risks associated with other high-risk medicines, in particular 'injectable' medicines;
- focus to ensure that all theatre and interventional areas are compliant and adhering to safer-surgery checks;
- continue to audit and monitor systems and processes for patient identification across the Trust.

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Recognising and responding to the signs of critical illness

In recognition that many people may be very unwell upon arrival at hospital, or may become critically ill during their inpatient stay, it is important to recognise the signs of critical illness early and respond appropriately to prevent further deterioration.

Goals:

- A. 50% improvement in adherence to the Trust's Modified Early Warning Score (MEWS) escalation policy in cases of cardiac arrest (*due to small numbers, it was agreed to measure the overall Trust compliance to the MEWS Escalation Policy rather than just cardiac arrest data*).
- B. 10% reduction in serious incidents, particularly those occurring during weekends, evenings and night shifts, when there was a failure to recognise and act on the signs of clinical deterioration of the patient.
- C. reduction in the number of cardiac arrests when care could have been improved prior to the cardiac arrest (including plan for 'end-of-life care').

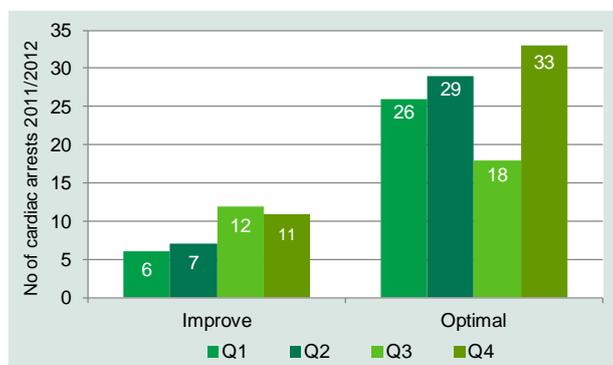
By When:

March 2012

Actual Outcome:

- A. 51% improvement was achieved from January to July 2011. Further audit during 2011-12 has indicated a fall in compliance and therefore this will remain an important area for focus during 2012-13.
- B. There has been a slight increase in the number of serious incidents in the year and a number of lower-harm incidents identified in 2011-12 when there have been unintentional omissions to understand, act upon or escalate signs of clinical deterioration. However, the total number of incidents is extremely small and may not be a useful method to measure progress in this area so further ways of measuring this will be explored. This will remain an important area for focus 2012-13.
- C. The number of cardiac arrests in 2010-11 when some aspects of management could have been improved prior to cardiac arrest was 44. In 2011-12 this figure improved to 36, a reduction of 18%.

Figure 4.2: Total number of cardiac arrests 2011-12



Data source: Local database maintained by the Clinical Audit Department. This data is not governed by standard national definitions

■ Safe ■ Effective ■ Patient Experience

Recognising and responding to the signs of critical illness

Improvements Made

- commencement of the Acute Care Management Group, which reviews the instances of cardiac arrests where improvements could be made. Matrons, ward managers and clinical teams help to address themes identified in reviews and implement action plans;
- ongoing review of all '2222' calls by the Resuscitation Department and Critical Care Outreach Team, supported by the Speciality Lead;
- Grand Round (education event) undertaken to promote the appropriate use of Do-Not-Attempt Resuscitation (DNAR) and learning from investigations.

Further Planned Improvements

- physiological observation charts to be redesigned; due for review and update 2012;
- develop an electronic RCA tool to include the patient's clinical team in reviewing all cases when it is identified that improvements could be made to prevent deterioration;
- continue to promote a multi-disciplinary approach to the appropriate use of DNAR (Do not Attempt Resuscitation) orders; the DNAR Policy and form is currently being reviewed;
- further implement the use of the Situation, Background, Assessment and Recommendation (S.B.A.R) communication tool to support escalation for deteriorating patients;
- review and update Observation and MEWS Escalation policies to include British Thoracic Society Guidelines.

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Preventing medication errors

Prescribing errors can result in harm to patients and the aim of medicines reconciliation (undertaken when patients are admitted to hospital) is to ensure that important medicines aren't stopped unintentionally and that all medicines are prescribed correctly. This requires the earliest possible involvement of pharmacists after admission.

Goal: Ensure that 95% of patients have their medicines reconciled within 48 hours of admission.

By When: March 2012

Actual Outcome: Average compliance was 96% between April 2011 and March 2012.

Further Planned Improvements

- explore options to allow 24/7 electronic access to patients' GP records and improve medicines-reconciliation process when patients are discharged back to the care of their GP.

High-risk medicines - the use of medicines can result in serious patient harm and the Trust's goal is to encourage improved reporting of medication incidents by staff, to help develop solutions to high-risk medication problems and change systems/ practices to prevent repetitive harms.

Goal: Improve medication-error reporting and use the Global Trigger Tool to improve data quality and identify problems.

By When: March 2012

Actual Outcome: Medication-error reporting improved by 48% between April 2011 and March 2012.

Improvements Made

- a new Insulin Prescription and Monitoring Chart has helped reduce the number of low blood sugars observed during hospital admission;
- the number of medication incident reports increased by 48% through improved education concerning the benefits of reporting;
- a new prescription chart to improve medication safety has been piloted and is planned for hospital-wide use from June 2012.

Further Planned Improvements

- reduce the risks associated with other high-risk medicines, in particular 'injectable' medicines.

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Reduce avoidable death, disability and chronic ill-health from venous thromboembolism (VTE)

In February 2005, the House of Commons Health Committee published 'The Prevention of Venous Thromboembolism in Hospitalised Patients'. This document highlights that many of the estimated 25,000 UK deaths each year caused by venous thromboembolism (VTE) could be prevented by safe and cost-effective measures.

Goal: At least 90% of adult inpatients (including day-cases) will be risk assessed for VTE on admission

When: April 2011 to March 2012

Actual Outcome: Target achieved consistently since April 2011 (92.9% overall)

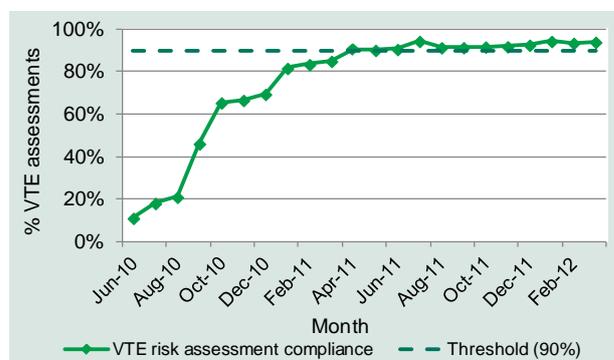
Improvements made by the Thrombosis & Thromboprophylaxis Committee

- launched a Trust-wide VTE prevention e-learning programme for clinical staff;
- delivered programme of training for staff that have to fit and apply mechanical thromboprophylaxis and produced a training video for applying compression stockings;
- reviewed and amended UHSM's surgical VTE assessment documents;
- produced guidance for the use of extended prophylaxis in hip and knee replacements;
- developed and launched the electronic Root Cause Analysis (RCA) document and process for investigating hospital-associated thrombosis;
- delivered pre-operative nurse education and competency training programme;
- produced guidance for the reversal of the new alternative oral anticoagulants;
- updated VTE cause group for the incident reporting system.

Further Planned Improvements

- continue to analyse Risk Cause Analysis data and report learning back to the clinical teams across the Trust;
- review of the procedure to be followed when a VTE is suspected and audit of performance;
- review and amend current risk assessment guidance for orthopaedic patients;
- produce protocol for extended prophylaxis in other high-risk orthopaedic procedures;
- finalise the VTE prescribing section of the new UHSM drug chart;
- audit the percentage of inpatients who receive VTE information in line with Trust policy.

Figure 4.3: VTE assessment, June 2010 to March 2012



Data source: UNIFY national reporting.
This data is governed by standard national definitions.

■ Safe ■ Effective ■ Patient Experience

Preventing harm from falls

Prevention of inpatient falls is an important safety challenge. The causes of inpatient falls are complex. Inpatients are likely to be vulnerable to falling as a result of medical problems including delirium, cardiac, neurological or muscular-skeletal conditions; side-effects from medication; or problems with strength or mobility. What happens after an inpatient fall is equally important, because detecting and treating injury from the fall as efficiently as possible will reduce the degree of harm caused to the patient.

- Goals:**
- A.** More than 90% of adult patients to have a falls risk-assessment completed on admission to the Trust.
 - B.** 85% of all adult patients will have (evidence of) appropriate preventative intervention in agreed audit samples.
 - C.** More than 80% of patients considered to need a falls risk review will receive one.
 - D.** The Trust will be able to demonstrate compliance with the falls intervention programme at case review for all patients who suffer moderate or severe harm as a result of an inpatient fall.

By When March 2012 (all goals)

- Actual Outcome:**
- A.** 93.0% over the 12-month audit period.
 - B.** 90.4% over the 12-month audit period.
 - C.** 89.6% over the 12-month audit period.
 - D.** Moderate and severe-harm injuries from inpatient falls are subject to root-cause analysis investigation and the learning shared with clinical teams.
- All 3 targets achieved**

Improvements Made

- continued to promote the falls-prevention programme;
- developed and distributed the 'Essential Care Following an Inpatient Fall' algorithm based on the National Patient Safety (NPSA) safety alert;
- identified and focused on the importance of neurological observations in the management of patients who experienced an un-witnessed fall or suffered a head injury as a result of an inpatient fall;
- established best-practice by purchasing moving-and-handling equipment for the movement of a patient with a spinal or hip injury as a result of an inpatient fall;
- implemented a change in practice, with respect to prioritisation of radiology investigations for inpatients who have sustained moderate or severe-harm injuries.

Further Planned Improvements

- to continue to learn from falls that result in moderate or severe harm, by undertaking root-cause analysis of incidents and disseminate findings;
- train relevant clinical staff to be competent in managing patients who could sustain spinal or femoral injuries;
- training for nursing staff on how to undertake neurological observations consistently and in line with National Institute for Health & Clinical Excellence (NICE) head-injury guidelines.

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

The UHSM Surgical Safety Checklist was initiated in 2010 and is based on the principles of the World Health Organization's 'Safe Surgery Saves Lives' challenge. The goal of the checklist is to improve patient safety with a systematic process of checks to prevent harm before, during and after surgery. This includes checking: patient identity; correct site and side; patient consent; patient allergies and medical conditions; VTE prevention; surgical team time-out; and instrument counts. The ultimate goal is to improve surgical and procedure outcomes and minimise the risk of incidents occurring. Use of the checklist is monitored monthly through observational and retrospective audits.

Goal: To improve patient safety through the use of the surgical safety checklist.

By how much: 100% compliance with all safety checks in theatres/ procedure rooms.

By When: April 2011 to March 2012

Actual Outcome: Average compliance across all surgical specialties - 88%
Average compliance across all interventional specialties - 89%

Progress: Behind schedule - some variation in practice in main surgical theatres; in interventional areas, there has been consistent improvement, but some areas require further development.

Improvements Made

- implementation of checklists in radiology, bronchoscopy, breast care, cardiac catheterisation and endoscopy - these areas demonstrated improvements in compliance; a revision of the radiology checklist is underway;
- the monthly quality audit is ongoing; reviewers attend theatre sessions to observe and to ensure that all safety checks and theatre time-out is conducted. This provides real-time feedback to theatre teams;
- exceptions have been monitored by the Safer Surgery Group and investigated by clinical and directorate leads.

Figure 4.4: Compliance with WHO Surgical Safety Checklist



Data source: UHSM observational audits. This data is governed by standard national definitions.

Further Planned Improvements

- review of the checking processes, standard operating procedures and the methods for monitoring performance will be undertaken by the main Strategic Theatre Group in 2012;
- revise and deliver the programme of education and training relating to safer checking procedures during 2012;
- root-cause analysis (RCA) investigations to be completed and the learning shared for any failure of adherence to the checklist;
- develop and introduce the checklist for other areas of the Trust (e.g. lithotripsy and Pain Clinic).

■ Safe ■ Effective ■ Patient Experience

Global Trigger Tool

The Institute for Health Improvement's (IHI) Global Trigger Tool (GTT) has been developed as a means of identifying harm events (unintentional harm). The use of 'triggers', or 'clues', to identify adverse events is an effective method for measuring the overall level of harm in a healthcare organisation. Monthly retrospective reviews of twenty healthcare records have been conducted in UHSM since August 2009 to measure the overall organisational level of harm. The reviews have been carried out in duplicate by an experienced clinical, multi-professional group consisting of medical, nursing and pharmacy staff. Surgical Trigger-Tool reviews have also evolved from the initial GTT reviews.

Goal: Analyse data from two years to evaluate the effectiveness of UHSM's Patient Safety & Quality Programme and to assess whether the key interventions are helping to reduce harm.

By When: May 2012

Actual Outcome:

The Team undertaking the analysis identified that the Global Trigger Tool (GTT), as a measurement tool, has the power to detect and improve harm events but should be used in addition to other ways of identifying patient harm i.e. incident reporting, mortality reviews, results of root cause analysis on incidents etc. Measuring with the GTT alone therefore, does not reduce the adverse event rate; it should be used as a way of identifying opportunities and exploring new and innovative ways of reducing the incidence of patient harm.

Triggers, when reviewed in depth, even if they do not lead on to harm events occurring, can generate a wealth of useful information which does not just focus on outcome measures. It provides an insight into quality issues in relation to the patient journey and triangulates the findings from the various patient safety projects undertaken in the Trust.

The GTT shows the real level of harm within an organisation. In UHSM, the GTT has shown that over the 24 month period studied, the levels of harm expressed in the traditionally accepted method of 'harm events per 1,000 patient days' ranged from the lowest level of 10 to 52. This is comparable to other trusts according to data submitted to the Institute of Healthcare Improvement. The rate of harm was stable over time, with a slight decrease which gives assurance to the Trust that the levels of harm are not increasing.

Improvements Made

- the Global Trigger Tool report has provided critical learning for the organisation;
- it has helped identify that the current Patient Safety, Quality & Experience Programme has the correct focus for our patients in helping to prevent infections, falls, VTE and medication errors;
- the analysis has helped provide further insight into the potential and actual harms experienced by a patient undergoing a surgical procedure and the importance of having clear pathways and procedures to support safer surgery.

Further Planned Improvements

- the continued use of the Global Trigger Tool is under review following completion of the project but is likely to be utilised to support further development of the Patient Safety, Quality & Experience Programme during 2012-13.

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Preventing hospital-acquired pressure ulcers

The development of a pressure ulcer can be detrimental to a patient's recovery; therefore, it is essential that all measures are put in place to detect, assess and prevent them.

Goal:

- A. 95% of all inpatients to be risk assessed.
- B. Monthly monitoring and feedback on learning.
- C. Reduction in Grade 3 and 4 pressure ulcers (the most serious grade of pressure ulcers).
- D. Baseline assessment pressure-ulcer incidences in the community setting.

By When: March 2012

Actual Outcome:

- A. 97.5% of all patients were risk assessed during 2011-12.
- B. Monthly audits undertaken and reported to clinical teams. Improved documentation and NICE guidance represent key learning points.
- C. **2011-12:** Grade 3 (6); Grade 4 (0). **Target achieved**
2010-11: Grade 3 (8); Grade 4 (5).
- D. A prevalence audit was undertaken during 2011 and pressure-ulcer prevalence was found to be 4.3% (compared with 3.5% in 2010). This provides the Trust with a baseline assessment.

Improvements Made

- regular ongoing ward audits of practice and learning, contributing to the reduction in the development of serious pressure ulcers;
- learning from root-cause analysis investigations, shared with all Matrons and teams; key themes being awareness of the NICE information leaflet and clinical documentation;
- development of a 'skin bundle', which is a list of measures staff put in place to further reduce incidences, to be used across ward areas;
- hospital pressure-ulcer reporting is integrated with ward Indicators and reported monthly;
- spot audits undertaken on the Senior Nurse Clinical Rounds and learning shared;
- Trust's reporting process now implemented for community incidents i.e. root cause analysis.

Further Planned Improvements

- further work is required to establish robust reporting and monitoring of pressure ulcers in the community setting (including the social and care context). This will be articulated in the Trust's revised policy on pressure ulcers;
- it is anticipated that further improvements will be demonstrated with the implementation of the national 'Harm-Free Care Programme';
- investigation and regular monitoring of Grade-2 pressure ulcers across both hospital and community inpatient sites.

Table 4.3: Reported pressure-ulcer incidents (caused since hospital admission)

Quarter 2011-12	Grade 3	Grade 4
Q1	2	0
Q2	2	0
Q3	1	0
Q4	1	0
Total	6	0

Data source: Hospital Incident Reporting System (HIRS) provided by the Safeguard Information System. This data is not governed by standard national definitions.

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The Advancing Quality Programme

Advancing Quality is a North-West quality initiative introduced by the Strategic Health Authority in October 2008 with the goal of enhancing the reliability and quality of care, and so improving patient outcomes, in 6 key-focus areas of care: Acute Myocardial Infarction (heart attack); Coronary Artery Bypass Graft; community-acquired pneumonia; heart failure; hip and knee replacements; and stroke. The initiative is based on clinical audit of all relevant cases against strict, evidence-based audit criteria, with external validation of data. Advancing Quality is now co-ordinated by the Advancing Quality Alliance (AQuA). It has been monitored as part of the Trust's CQUIN targets and will continue to be during 2012-13.

Goal: To achieve reliable care for patients in focus areas evidenced by Advancing Quality audit.

By how much: To meet targets set for individual focus areas.

By When: April 2011 to March 2012.

Actual Outcome: See **Table 4.4**

Progress: On schedule - targets being met in 4 of the 6 focus areas; further work is required to achieve success for heart failure and stroke.

Improvements Made

Improvements implemented for heart-failure patients:

- monthly feedback of performance/ missed opportunities has led to significant improvements concerning measures for evaluating the heart function of patients and for appropriately prescribing medication at discharge;
- creation of joint cardiology/ care-of-the-elderly multi-disciplinary ward rounds for elderly heart-failure patients has improved the care for this group of patients.

Table 4.4: Advancing Quality Programme

Focus area	2011-12	
	CQUIN target	UHSM Performance*
Acute myocardial infarction	95%	97%
Coronary artery bypass graft	95%	99%
Heart failure	75.08%	68%
Community-acquired pneumonia	83.38%	86%
Hip & knee replacement	95%	99%
Stroke	90%	81%

Data source: NHS North West Advancing Quality Programme. This data is governed by standard national definitions.

*2011-12 data is unverified at this time

Improvements implemented for stroke patients to improve compliance as follows:

- improvements made across all measures - greatest improvement in the screening of swallowing disorders, which increased from 75.3% in 2010-11 to 96.6% 2011-12 to-date;
- monthly feedback of performance/ missed opportunities has prompted clinicians to utilise stroke patient-mapping/ journey techniques which has enabled staff to identify influencing factors in all performance areas.

■ Safe ■ Effective ■ Patient Experience

The Advancing Quality Programme

Further Planned Improvements

Further improvements planned for Heart-Failure patients:

- new heart-failure link nurses identified on appropriate wards to identify heart-failure patients and deliver the correct discharge information;
- new stickers have been devised to ensure that heart-failure patients are receiving the correct care and information on discharge;
- the sample for the heart-failure audit has been increased in April 2012 to also include patients diagnosed with some types of cardiomyopathy (disease of the heart muscle);
- plans are being developed to ensure that these patients are also be reviewed by the heart-failure link nurses.

Further improvements planned for Stroke patients:

- weekly discussions of stroke-unit performance by clinical staff involved in the delivery of stroke care at UHSM;
- identification of key-link staff for each clinical measure-monitoring performance and action planning;
- implementation of high-visibility stroke aide-m´emoire to prompt staff awareness of the key-clinical targets;
- new stroke link nurses identified for the Emergency Department;
- education and training for Emergency Department staff on achieving the 4-hour target to admit stroke patients to the stroke unit and the use of the Rosier scoring system for assessing and identifying stroke patients;
- stroke specialist nurses able to access records of all Emergency Department patients and their clinical presentation to enable earlier identification of patients with a stroke;
- review and update of integrated stroke care pathway to incorporate Advancing Quality measures and to provide documented evidence of the care provided.

■ Safe ■ Effective ■ Patient Experience

Nursing Indicators, Clinical Rounds and Essence of Care

The delivery of high standards of care to patients is at the heart of what we do at UHSM on a daily basis. The measuring of these standards of care is essential in order to identify issues and to further improve standards. There are a number of ways in which we monitor and measure the fundamentals of care.

Goal:

- A. Nursing Indicators embedded into ward areas.
- B. Include data from the Association of UK University Hospitals (AUKUH) Acuity & Dependency Tool to establish areas for action.

By When: March 2012

Actual Outcome:

- A. Nursing indicators are developed across unscheduled-care and scheduled-care areas.
- B. Further development of the ward indicators is required; this is being reviewed in line with the implementation of the 'Harm Free Care Programme'. Acuity information has not, as yet, been fully integrated yet.

Patient Comment

"This was my first appointment at this hospital and I was very impressed with the efficiency and care from all staff - especially the nurse who treated me."

Improvements Made

- ward indicators are used across unscheduled and scheduled-care areas and are being adapted for clinical support services;
- monthly Senior Nurse Clinical Rounds include assessments of care and obtain patient and carer feedback - assessments are also undertaken at night time;
- an assessment of progress against all essence-of-care standards was undertaken during 2011-12. The following areas have action plans for further improvement: pain management; communication and clinical record keeping.

Further Planned Improvements

- further develop Clinical Rounds in the community setting;
- build upon existing Clinical Rounds process to include 'intentional rounding';
- review ward indicators to establish Ward-to-Board reporting;
- make ward data electronically available to ward staff and managers;
- monitoring of the effectiveness of the 'Productive Ward' programme;
- focus on improving: pain management; communication; and clinical record keeping.

Patient Comment

"From the moment I arrived to leaving everyone was very helpful and attentive. The procedure was painless and successful. I could not ask for anything else; excellent care throughout the day."

■ Safe ■ Effective ■ Patient Experience

Gaining feedback from patients and responding to patient feedback

'Patient Care at our Heart; it's Everyone's Responsibility' is the Trust's patient-experience strategy and a key element of this strategy relates to obtaining feedback in order to improve services and future experiences for our patients.

Goal:

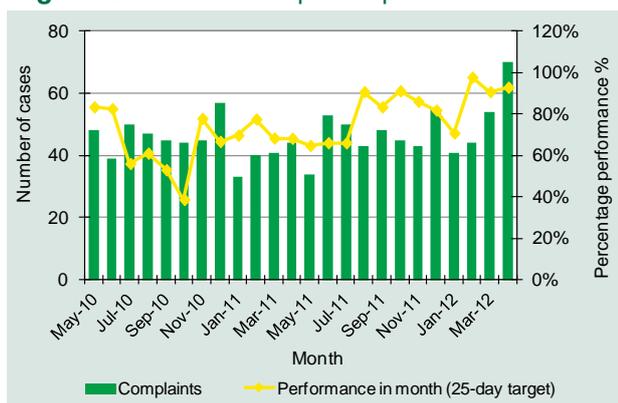
- A. UHSM to be in top 20% trusts in the National Inpatient Survey.
- B. 80% of complaints responded to within 25 working-days.
- C. Implement the first year of the Trust's Patient-experience Strategy.
- D. At least 96% of patients would recommend UHSM.

By When: March 2012

Actual Outcome:

- A. national thresholds no longer used in the National Inpatient Survey
- B. 82.4% of complaints responded to within 25 working days in 2011-12.
- C. First year of patient-experience strategy successfully implemented.
- D. 94% of patients would recommend UHSM (*measured using - Patient Experience Measures, part of the Advancing Quality Programme*).

Figure 4.5: Formal complaints performance



Patient Comment via 'NHS Choices'

"Having been initially admitted in May 2011 and again in July 2011 with the same problem, I have nothing but praise for the staff on wards A8, A10 and F14 and my consultant! Within 24 hours of being admitted it was clearly explained to me what was going to happen. Wythenshawe, you restored my faith in the NHS!"

Data source: Complaints reporting provided by Safeguard Information System. This data is not governed by standard national definitions.

Improvements Made

- complaints processes improved to increase clinical engagement and performance;
- performance in the last quarter of the year has been much improved achieving an average response rate of over 90% (January and February 2012);
- further develop mechanisms for gaining feedback from patients articulated in the Trust's quarterly 'What Our Patients Are Saying' patient-experience report;
- real-time patient feedback solution implemented using bedside electronic system;
- improved awareness of the Patient Experience Team's role in supporting teams in gaining feedback from patients and carers.

Further Planned Improvements

- improved use of the evidence gathered to generate changes to services in partnership with clinical and management teams;
- implement the second year of the patient-experience strategy, which will focus on communication and customer-care training;
- focused efforts across all elements of the patient-experience agenda so that at least 96% of patients recommend UHSM.

■ Safe ■ Effective ■ Patient Experience

Treating patients with dignity and respect

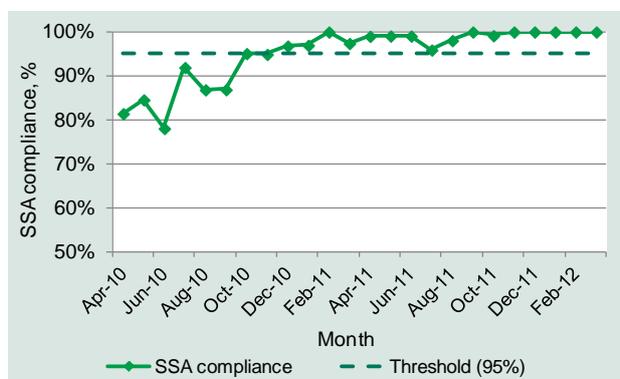
Maintaining privacy and dignity for patients is a fundamental element of providing a high standard of care and is a key priority for UHSM. This includes ensuring that the right patient is placed in the right place at the right time appropriate to their clinical need. Significant work has been undertaken during the year.

- Goal:**
- A.** At least 95% of patients say that they did not share sleeping areas with patients of the opposite sex.
 - B.** The Trust's Privacy & Dignity Policy is operational.
 - C.** Implement electronic reporting to identify and monitor placement of patients.

By When: March 2012

- Actual Outcome:**
- A.** Achieved more than 95% for each month in 2011-12 in the Patient-Perception Survey.
 - B.** Trust's Privacy and Dignity Policy reviewed during 2011-12 and fully-operational in all areas.
 - C.** Electronic reporting in place via the Trust's SMARTBoards.

Table 4.6: Same-sex accommodation compliance on admission



Data source: UHSM local Patient Perception Survey
This data is not governed by standard national definitions.

Patient Comment

"I spent time on Ward A1, then moved to Ward A2. The entire staff on Ward A2 were terrific in their care and attention to me. I felt that I was treated with compassion and respect, being reassured always by the Consultant and her staff as amputation was more than possible. I moved to Ward A3 where again I received excellent treatment. My leg is healing well. I have the greatest admiration of the hospital and the NHS and the dedication of the staff is outstanding."

Improvements Made

- robust electronic systems in place to monitor, aid investigation and learn;
- performance-management and clinical-engagement arrangements in place with relevant clinical teams to reduce mixed-sex occurrences;
- patients in the National Inpatient Survey (2011) score UHSM highly for maintaining privacy and dignity and maintaining segregation of sleeping areas.

Further Planned Improvements

- further improvements required in the critical-care units and medical-admissions unit regarding patient flow and placement of patients in a timely manner.

4.2.2 Performance against Key National Priorities in 2011-12

The Trust met the Emergency 4-hour waiting time for the year despite increased A&E attendances. During the same period, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients and met all the national cancer targets.

UHSM has, once again, reduced the number of hospital-acquired MRSA bloodstream infections or 'bacteraemia' (one case compared with 5 in 2010-11) and achieved a further significant reduction in cases of *Clostridium difficile*. The thresholds for next year (2012-13) are challenging, with no more than 3 MRSA bacteraemia and no more than 49 cases of *Clostridium difficile*.

Table 4.5: UHSM performance against key national priorities in 2011-12, and specifically, governance indicators published in Monitor's *Compliance Framework 2011-12*

Acute targets - national requirements	2011-12	2010-11	2009-10	Threshold*
<i>Clostridium difficile</i> year-on-year reduction	54	81	73	64 in 2011-12 148 in 2010-11 187 in 2009-10
MRSA - meeting the MRSA objective ^(a)	1	5	18 (8)	3 in 2011-12 8 in 2010-11 18 in 2009-10
Maximum one-month wait for subsequent treatment of all cancers:				
surgery	98.5%	99.7%	99.7%	94.0%
anti-cancer drug treatment	99.4%	100.0%	100.0%	98.0%
Maximum two-month wait from referral to treatment for all cancers:				
from urgent GP referral to treatment	88.4%	88.1%	86.1%	85.0%
from consultant screening service referral	98.0%	97.6%	98.0%	95% in 08-09 90.0%
18-week referral-to-treatment maximum wait ^(b) :				
Non-admitted patients	97.3%	98.0%	96.7%	95.0%
Admitted patients	91.4%	92.6%	84.1%	90.0%
Maximum one-month wait from diagnosis to treatment for all cancers	98.3%	99.4%	99.0%	96.0% 98% in 08-09
Two-week wait from referral to date first seen:				
all cancers	95.6%	96.7%	96.7%	93.0% 98% in 08-09
for symptomatic breast patients (cancer not initially suspected)	93.2%	94.9%	new target in 10/11	93.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	95.8%	96.7%	98.1%	95.0% since Jun-10 98.0% prior to Jun-10
Access to healthcare for people with a learning disability	94.7%	91.7%	87.5%	no threshold published

*threshold for achievement of standard

(a) In 2009-10 the MRSA thresholds included community-acquired cases. The figure in parenthesis refers to hospital-acquired MRSA bacteraemia and is comparable with 2010-11 and 2011-12;

(b) for consistency RTT data is reported as the percentage of patients treated within 18 weeks (in 2011-12 the standards in Monitor's Compliance Framework related to percentile waits).

4.3 Priorities and Proposed Initiatives for 2012-13

UHSM's three priorities for 2012-13, patient safety, clinical effectiveness and improving the patient experience, and the initiatives chosen to deliver these priorities, were established as a result of extensive consultation with patients, Governors, managers and clinical staff. UHSM has shared its proposed priorities for 2012-13 with NHS Manchester, Manchester Local Involvement Network (LINK), Manchester City Council's Health and Wellbeing Overview and Scrutiny Committee and the governing council's Patient Experience Committee. The Trust has taken the feedback received into account when developing its quality improvement priorities for 2012-13.

PRIORITY 1	Patient safety
PRIORITY 2	Clinical effectiveness
PRIORITY 3	<i>Improving the patient experience</i>

The South Manchester Way

Effective employee engagement is vital to the Trust's aspiration to become one of the safest and most effective NHS organisations in the country. Developed by UHSM staff in 2009-10, the South Manchester Way is 'the way we do things around here' and comprises five key overarching elements:

Patient Care is at Our Heart
We Lead, Learn and Inspire
We are Honest and Open
We Strive for Excellence
We are One Talented Team

The South Manchester Way articulates UHSM's determination to put the patient at the heart of the decisions that it makes and the actions that it takes. The South Manchester Way also characterises the behaviours which are required of individuals and teams if placing 'patient care at our heart' is to become the reality.

Patient Care is at Our Heart

In late 2010 UHSM developed its Patient-experience Strategy 'Patient Care is at Our Heart - it's Everyone's Responsibility'. This document expresses the Trust's desire to give its patients the best possible experience of care. It focuses on five elements considered fundamental to deliver the best experience for service users:

1. ***culture*** - implementing the principles of the South Manchester Way;
2. ***communication*** - communicate with UHSM patients in a respectful, polite and informative way, in all written and verbal communication;
3. ***colleagues*** - the Trust recognises that happy staff means happy patients; how the Trust supports, communicates with, and values its staff is, therefore, vital;
4. ***care we provide*** - when services are developed/ reformed the Trust must ensure that they are designed around patients' needs. The Trust is committed to providing the safest possible care in an excellent environment;
5. ***gaining patient feedback*** is essential if the Trust is to learn and improve.

The Quality Improvement Framework 2012-15

The Trust has developed a Quality Improvement Framework, which builds on the South Manchester Way and the Patient-experience Strategy 'Patient Care is at Our Heart - it's Everyone's Responsibility'. UHSM recognises the need to transform its services if it is to ensure that the vision expressed through the South Manchester Way and the patient-experience strategy is to come to fruition. The Trust is about to launch its three-year Quality Improvement Framework, which is designed to radically improve the service offered to both patients and staff. The Trust will work continuously to enhance its services ensuring excellence in delivery, teaching and research.

The Trust's Service Transformation Team will work collaboratively with staff to deliver measurable improvements in **safety**, **clinical effectiveness** and **patient experience**.

The Trust will deliver the Quality Improvement Framework through a programme of improvement projects, approved by the Executive Board, aligned to UHSM-core objectives (including those outlined in this section of the Quality Account), which will be patient and employee focused. Developing the service-improvement capacity and capabilities of UHSM will be essential in ensuring sustainability and continuous quality improvement. Each year the programme of work will be reviewed, refined and further developed.

The initiatives, chosen to deliver the priorities of **patient safety**, **clinical effectiveness** and **improving the patient experience** in 2012-13, are outlined in **Figure 4.7**.

Figure 4.7: Summary of quality initiatives to be implemented in 2012-13



The following 2011-12 initiatives are not included as initiatives in 2012-13:

- **national 'never events'** - will now be monitored through the Trust's root-cause analysis process;
- **reducing avoidable death, disability and chronic ill-health from venous thromboembolism (VTE)** - will be included as part of the National Safety Thermometer programme in 2012-13;
- **preventing harm from falls** - will be included as part of the National Safety Thermometer programme in 2012-13;
- **the Global Trigger Tool** - project completed.

The section that follows summarises the 2012-13 initiatives and the rationale for selection

PATIENT SAFETY

UHSM has chosen nine quality improvement initiatives in 2012-13 from the Patient Safety priority.

The Trust has consistently delivered lower than expected **mortality** but aims to further improve mortality performance through the initiatives of its Patient Safety & Quality Programme in 2012-13. UHSM has developed robust systems to independently review and learn from its mortality data and to support clinical teams in their local review of data so they can also reflect and learn from this. The Trust will continue to ensure that mortality data is monitored and benchmarked against other similar acute hospitals during 2012-13.

MRSA and *Clostridium difficile* can cause illness and sometimes death; **reducing healthcare-associated infections** will lead to improved outcomes for patients and provide cost savings for the Trust. The Trust has planned a number of new initiatives for the next year in order to further reduce infection rates and deliver the challenging 2012-13 thresholds.

Recognising and responding to the signs of critical illness will continue to be a core part of the Patient Safety & Quality Programme in 2012-13. Improving adherence to the Trust's Modified Early Warning Score (MEWS) and Escalation Policy for the detection and safe management of those patients at risk from deterioration will remain a key objective for 2012-13.

Medicines reconciliation will remain as part of the quality improvement priorities in 2012-13. Accidental errors in the dispensing, prescribing and administration of medication can cause harm to patients. The early involvement of pharmacists in the patient's stay, along with safe prescribing systems, can help reduce the chance of errors. The Trust plans to ensure that new prescription charts will help to reduce errors and that systems and practices are designed so that high-risk medicines cannot be given to patients in a way which causes harm. In addition, UHSM will continue to review patients' medicines before they leave the hospital and to ensure that learning from any medication errors continues as part of the medication safety programme.

UHSM will continue to focus on achieving full compliance with *the World Health Organization's (WHO) Surgical Safety Checklist* in all theatre and interventional areas. A review of the checking processes, standard operating procedures and the methods for monitoring performance will be undertaken by the main Strategic Theatre Group.

Nutrition is a fundamental element of care and although a significant amount of work has been undertaken during 2011-12 (i.e. the development of the Trust's Nutrition Team and the introduction of a new nutrition assessment tool) it is felt that this area requires further work and focus. In light of this, and to build upon good work already undertaken and also to support the Patient Environment Action Team (PEAT) agenda, this indicator will feature in monthly reporting in 2012-13.

Pain Management is an issue that has recently been highlighted in local patient feedback and in national surveys as requiring further improvement. Spot audits have been undertaken which have demonstrated that further change and education is required in order to improve the experiences of some of our patients. The plan will be to develop a pain assessment tool, which will be supported by a staff training programme.

The Trust introduced a number of measures to improve the detection and management of **pressure ulcers** in 2011-12. They included a review of the Trust-wide policy, the development of an ongoing programme of audit and the development of a robust performance-monitoring framework. This priority will remain in place in 2012-13, because the Trust acknowledges that further work is required, particularly in embedding reporting processes in the community setting. During 2012-13, the Trust will be part of the North West 'Transparency' project which, as well as monitoring the management of pressure-ulcer care, also seeks the views of ward staff. This indicator will be included in the 'Harm Free Care' programme and reporting will continue monthly.

During the last three years the Trust has focused on reducing harm and improving safety in a number of areas; this has included pressure ulcers, falls and VTE. One of the core objectives for the Trust in 2012-13 will be to deliver Quality Standards as included in the Commissioning for Quality and Innovation (CQUIN) scheme for local, regional, Greater Manchester and national targets within acute and community services. During 2012-13 UHSM will start to use the **National Safety Thermometer**, which is an acknowledged improvement tool for measuring, monitoring and analysing patient harms and harm-free care. The tool focuses on the measurement of four harms: **pressure ulcers; falls; catheters with urinary tract infections; and venous thromboembolism (VTE)**. The measurement will include an assessment for each inpatient of the four harms on a given day each month.

The use of the Safety Thermometer will enable staff to assess that patients are 'harm free' at the point of care, in a systematic way and not just focusing on the different types of harm in isolation. It will enable the Trust to introduce the measurement of harm into daily routines, providing real-time opportunities for senior nurses and clinicians to improve standards at the exact time when care is being delivered. This will be an integral part of the national and Greater Manchester CQUIN scheme for UHSM during 2012-13.

The Trust will commence submission of data from the Safety Thermometer in July 2012 with the intention of embedding the process over the year and then setting targets and interventions for reducing harm in the four key areas for 2013-14. Use of the tool will also allow the Trust to undertake local benchmarking, highlighting wards where improvements can be made, but also helping to identify areas of best-practice. UHSM will also look to sustain and improve upon the achievements made in 2011-12, in VTE risk assessment, by aiming to achieve and exceed the Greater Manchester target of 95% compliance.

The introduction of the Safety Thermometer initiative will allow the Trust to further build on work and improvements in 2011-12 to keep patients 'harm free' from falls, catheter associated urinary-tract infections, pressure ulcers and VTE incidents. Further focus and programmes of work will allow the Trust to sustain and improve upon the achievements already introduced by achievement of the Greater Manchester target of 95% compliance with **'harm-free care'**.

CLINICAL EFFECTIVENESS

UHSM has chosen four over-arching quality improvement initiatives in 2012-13 from the Clinical Effectiveness priority.

The Trust will continue with its participation in the regional programme of **Advancing Quality** and has again identified it as a key priority in 2012-13. The programme remains part of the regional CQUIN and will include 6 pathways: Acute Myocardial Infarction; Coronary Artery Bypass Graft;

community-acquired pneumonia; heart failure; hip and knee replacements; and stroke. During 2012, the Advancing Quality Alliance (AQuA) published its third annual results and examined the treatment given to patients suffering from the five common conditions. UHSM was praised for the way it treats heart-attack victims and, along with other neighbouring trusts, for the care given for hip and knee and pneumonia patients.

During 2012-13 UHSM will strive to improve standards in all areas of Advancing Quality, but has recognised the need to continue to drive improvements within heart failure and stroke where a number of targets have not been fully met in 2011-12.

The Trust will continue to focus on *nursing indicators, clinical rounds and Essence of Care* during 2012-13. The Trust's Senior Nurse Clinical Rounds have provided an invaluable source of assurance regarding the care that is delivered to patients and will continue to be developed (particularly in the community settings) in 2012-13. 'Intentional Rounding' (regular observation of patients by nurses to ensure that the 'fundamentals of care' are delivered) will be an addition to the programme of work. The Trust will continue to develop ward indicators, in order to ensure that wards are able to report effectively against a range of quality measures (this will include the elements of the 'Harm Free Care' Programme). A review of the revised 'Essence of Care Standards' was undertaken during 2011-12 to ensure that the Trust was addressing these core elements in practice.

The Trust continues to implement the *Productive Ward and Theatre* programme. An analysis of the implementation of the productive ward programme was undertaken in 2011-12 which demonstrated that all areas had commenced the programme, but that they were at varying stages of completion. In wards where all relevant modules have been completed, a further review is being undertaken to identify further opportunities for improvement. The plan for 2012-13 will be to integrate the work already implemented into Ward-to-Board reporting and to quantify the difference the programme has made to patients and staff.

Enhanced recovery is an evidenced-based approach to elective surgery. Enhanced recovery starts at the point of referral and progresses using a personalised pathway designed to ensure that individual needs are assessed, thus enabling patients to recover more quickly from surgery and leave hospital and get back to normal everyday activities sooner. It ensures that patients are in the optimal condition for surgery and have the best possible clinical management during surgery and post-operatively.

Enhanced recovery provides many benefits for the patient and the organisation. Patients can expect an improved patient experience, improved clinical outcomes and a reduction in the need for ongoing care and intervention. For the organisation it enables a reduced length-of-stay, shorter pathways/ reduced waits, increased capacity, improved cost efficiency and is aligned to the quality standards.

The UHSM enhanced recovery programme commenced with the development of enhanced recovery after surgery in colorectal surgery, and subsequently progressed to include urology. Having realised the benefits to patients and the organisation, the programme will be expanded to include gynaecology, musculoskeletal and upper-gastrointestinal surgery in 2012-13.

Improving the PATIENT EXPERIENCE

UHSM has chosen two over-arching quality improvement initiatives in 2012-13 from the *Improving the Patient Experience* priority. '*Patient Care at our Heart, it's Everyone's Responsibility*' was launched in 2010 and set out the Trust's vision for patient care. Year Two of the Patient-experience Strategy will be implemented in 2012-13, with an emphasis on communication and patient care (building upon the values of the South Manchester Way) and the development of the Trust's staff.

The Trust will continue to focus on **gaining feedback from patients and responding to patient feedback** with an emphasis on changes made to services and practices as a result of patient feedback and refining processes and reporting. Performance in respect of responding to complaints within 25 working-days has improved significantly, especially in the latter part of 2011-12. The plan is to further improve this by responding to complainants within a timescale agreed with them (target 90%). Another priority will be to further progress the project with the Patients' Association in critically analysing UHSM's complaints response-and-handling processes.

The eradication of mixed-sex accommodation (unless clinically justified) continues to be a key focus of the Trust and a critical element of its **treating patients with dignity and respect** agenda. The Trust will continue to work with commissioners on improving this area in 2012-13.

UHSM recognises that further improvements are required to ensure that patients with **dementia** and their carers have the best care and support. This has been recognised as an important priority by our Governors in their scrutiny of the Annual Plan Objectives. The plan for the next year is to develop a three-year health-economy strategy for dementia care for South Manchester, working in partnership with the local Clinical Commissioning Group, community representatives and carers (this will also reflect the Greater Manchester Cluster Strategy which is currently being developed). Implementation of the **National Dementia CQUIN** will further strengthen the planned work described above.

As part of the Commissioning for Quality and Innovation (CQUIN) arrangements the Trust has also worked with its main commissioner to establish an ambitious programme of local **CQUINs** for 2012-13 that will focus on improving the quality of care and treatment in **end-of-life care, safeguarding children and adults, enhanced-recovery pathways, stroke and continence**. Through the Greater Manchester CQUIN targets the Trust will also focus on enhancing the already established programme of Executive Team Safety Walk-rounds and the important delivery of patient stories and experiences to the Board of Directors.

The quality improvement initiatives for 2012-13 are detailed in **Table 4.6** together with the associated goals and methods for monitoring and reviewing progress through the year.

Table 4.6: Summary of quality initiatives to be implemented in 2012-13

PATIENT SAFETY	2012-13 Quality goals	Reviewed/monitored
Reducing mortality	<ul style="list-style-type: none"> achieve a 2% reduction in the Risk-Adjusted Mortality Index compared to 2011-12 data. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Healthcare Governance Committee (<i>monthly</i>); Patient Safety & Quality Board (<i>monthly</i>); Mortality Review Group (<i>monthly</i>).
Reducing rates of infection	<ul style="list-style-type: none"> no more than 3 cases of hospital-acquired MRSA bacteraemia; no more than 49 cases of <i>C. difficile</i>; achieve 'excellent' PEAT scores across food/hydration, Privacy & Dignity and cleanliness. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Infection Prevention Committee (<i>monthly</i>).

PATIENT SAFETY	2012-13 Quality goals	Reviewed/monitored
Recognising and responding to the signs of critical illness	<ul style="list-style-type: none"> 95% compliance to the minimum standards of Observations and Mews Escalation policies; develop an electronic Root-cause Analysis Tool to be utilised for review of those 2222 calls which identify areas for improvement; reduce the number of cases where patient care could have been improved prior to cardiac arrest (including planning for 'End-of-Life Care'). 	<ul style="list-style-type: none"> Board of Directors (<i>quarterly</i>); Patient Safety & Quality Board (<i>quarterly</i>); Healthcare Governance Committee (<i>monthly</i>).
Preventing medication errors	<ul style="list-style-type: none"> ensure 75% of patients have their medicines reconciled at discharge and documented in the discharge summary; roll out new inpatient and outpatient prescription chart to help reduce the risk of medication harms; improve the learning from medication incidents that caused or risked serious patient harm; review and improve systems/ practices to reduce the risks associated with high-risk medicines (in particular 'injectable' medicines and insulin). 	<ul style="list-style-type: none"> Board of Directors (<i>quarterly</i>); Healthcare Governance Committee (<i>quarterly</i>); Medicines Management Committee (<i>monthly</i>); Patient Safety & Quality Board (<i>quarterly</i>); Medication Safety Group (<i>monthly</i>).
Nutrition	<ul style="list-style-type: none"> 95% of patients to receive a nutrition risk assessment. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Nutrition Committee (every 6 weeks).
Pain Management	<ul style="list-style-type: none"> implementation of Pain Assessment Tool; develop a training strategy to support the implementation of a Pain Assessment Tool. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>).
National Safety Thermometer incorporating VTE, pressure ulcers, falls and catheters with urinary tract infections	<ul style="list-style-type: none"> commencing in July 2012 assess all inpatients once a month using the Safety Thermometer tool and submit to the national database; utilise the Safety Thermometer to assess and monitor performance in other Greater Manchester CQUIN targets and progress of the wider Patient Safety Programme across all four elements: <ol style="list-style-type: none"> 95% of all patients to be risk assessed, documented according to Trust policy; 95% of all patient requiring further care plans, documented according to Trust policy; undertake root-cause analysis where harm has been identified; monthly monitoring of hospital-acquired harms. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Healthcare Governance Committee (<i>monthly</i>); Patient Safety & Quality Board (<i>monthly</i>); Review by specialist groups for VTE, falls and pressure ulcers.

Note - awaiting final confirmation of CQUIN targets/ amendments for all four elements.

PATIENT SAFETY	2012-13 Quality goals	Reviewed/ monitored
Preventing hospital-acquired pressure ulcers (<i>objectives in addition to those included in the National Safety Thermometer Programme</i>)	<ul style="list-style-type: none"> monthly monitoring of hospital and community-acquired pressure ulcers and feedback on learning; reduce the number of incidences of Grade-3 and Grade-4 pressure ulcers compared to 2011-12; monitor feedback from Transparency Project and impact of changes in practice; embed reporting processes into the community setting. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Patient Safety & Quality Board (<i>every 8 weeks</i>).
The World Health Organization's (WHO) Surgical Safety Checklist	<ul style="list-style-type: none"> WHO Surgical Safety Checklist to be completed for 100% of UHSM patients treated in theatre and interventional settings; review of the checking processes, standard operating procedures and the methods for monitoring performance will be undertaken by the main Strategic Theatre Group in 2012; revise and deliver the programme of education and training relating to safer checking procedures during 2012; root-cause analysis investigation to be completed and the learning shared for any failure of adherence to the checklist. 	<ul style="list-style-type: none"> Board of Directors (<i>quarterly</i>); Healthcare Governance Committee (<i>quarterly</i>); Patient Safety & Quality Board (<i>monthly</i>); Directorate Governance Groups (<i>monthly</i>); Strategic Theatre Group (<i>monthly</i>).

CLINICAL EFFECTIVENESS	2012-13 Quality goals	Reviewed/ monitored
Advancing Quality Programme	<ul style="list-style-type: none"> acute myocardial infarction (heart attack) (95.0%) coronary artery bypass graft (95.0%) hip & knee replacement (95.0%) heart failure (81.9%) community-acquired pneumonia (90.7%) stroke (90%) 	<ul style="list-style-type: none"> Board of Directors (<i>3 times per year</i>); Healthcare Governance Committee (<i>3 times per year</i>); Patient Safety & Quality Board (<i>3 times per year</i>); Advancing Quality Group (<i>bi-monthly</i>).
Nursing indicators, Clinical Rounds and Essence of Care	<ul style="list-style-type: none"> nursing indicators to be embedded in all ward areas with agreed tolerances; data included from the AUKUH Acuity & Dependency Tool to establish areas of concern that require action; outcomes of clinical rounds and 'Intentional Rounding' reported and appropriate actions taken. 	<ul style="list-style-type: none"> Board of Directors (<i>quarterly</i>); Patient Experience Committee (<i>bi-monthly</i>).
Productive Ward/ Theatre	<ul style="list-style-type: none"> monitor programme and changes being made; monitor effectiveness of productive theatre programme. 	<ul style="list-style-type: none"> Board of Directors (<i>quarterly</i>).

CLINICAL EFFECTIVENESS	2012-13 Quality goals	Reviewed/ monitored
Enhanced Recovery	<ul style="list-style-type: none"> roll out enhanced recovery to gynaecology, musculoskeletal and upper-gastrointestinal surgery. 	<ul style="list-style-type: none"> Scheduled Care Board (<i>monthly</i>); Service Improvement Board (<i>monthly</i>).

<i>Improving the</i> PATIENT EXPERIENCE	2012-13 Quality goals	Reviewed/ monitored
Gaining feedback from patients & Responding to patient feedback	<ul style="list-style-type: none"> UHSM to be in the top 20% of trusts in the National Patient Survey results; 90% of complaints responded to within timeframe agreed with patient/ complainant; implement the second year of the <i>'Patient Care at our Heart, it's Everyone's Responsibility'</i> strategy; at least 96% of patients would recommend UHSM to others. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Patient Experience Committee (<i>bi-monthly</i>).
Treating Patients with Dignity & Respect	<ul style="list-style-type: none"> over 95% of respondents saying that they did not share sleeping areas with a patient of the opposite sex in the local Patient Perception Survey; reduce same-sex accommodation breaches to a minimum and work with clinical teams and commissioners to improve performance; develop a three-year health-economy strategy for dementia care for South Manchester, working in partnership with the local Clinical Commissioning Group, community representatives and carers develop. 	<ul style="list-style-type: none"> Board of Directors (<i>monthly</i>); Patient Experience Committee (<i>bi-monthly</i>); Privacy & Dignity Board (<i>monthly</i>).

4.4 Statements of Assurance from the Board of Directors

4.4.1 Review of Services

During 2011-12 UHSM NHS Foundation Trust provided and/ or sub-contracted 55 NHS services.

UHSM NHS Foundation Trust has reviewed all the data available to them on the quality of care in 55 of these services.

The income generated by the NHS services reviewed in 2011-12 represents 100 per cent of the total income generated from the provision of NHS services by the UHSM NHS Foundation Trust for 2011-12.

UHSM provided the Care Quality Commission (CQC) with a list of its services as part of its registration process in 2010. 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;
- internal audit activity;
- review of clinical outcome data (e.g. inpatient mortality, re-admissions, etc.); and
- risk management systems (Hospital Incident Reporting System, Root Cause Analysis, Serious Untoward Incidents).

A summary of the Trust's review of services for each of its 55 services is presented in **Table 4.7**. Each one of the Trust's 55 services was subject to at least one of the reviews highlighted above. 45 of the services were subject to clinical audit activity and 9 services were subject to Cancer Peer Review in 2011-12. Clinical outcome data was reviewed for 40 of the 55 services using the CHKS benchmarking tools. Internal audits carried out in 2011-12 covered cancer targets and decontamination across a number of specialty areas.

In addition, a number of the Trust's services were subject to external review, inspection or formal external evaluation during 2011-12, as follows:

(a) Audit of midwifery supervision	(May 2011)
(b) CQC inspection-privacy and dignity; and nutrition in older people	(April 2011)
(c) UNICEF baby-friendly initiative	(September 2011)
(d) HM Coroner, Greater Manchester, Rule 43 (2 responses)	(N/A)
(e) Health Protection Agency (North-West high skin dose policy)	(N/A)
(f) North West Deanery Postgraduate Education Monitoring Revisit to Obstetrics & Gynaecology	(November 2011)
(g) National Cancer Action Team - Cancer Peer Review	(September 2011)
(h) 2 visits of Clinical Pathology Accreditation (UK) Ltd	(November 2011, January 2012)
(i) North Western Deanery - Plastic Surgery Programme Review	(March 2012)
(j) Learning Disabilities Peer Review	(November 2011)

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

The Trust also made the following external submissions (service reviews without direct inspection/ evaluation) in 2011-12.

- (k) Dr Foster Hospital Guide 2011
- (l) Royal College of Physicians, Health & Work Development Unit - national audit of back pain management by NHS Occupational Health Services in England: Round Two incorporating a new record keeping audit section
- (m) Department of Health - Prevalence Audit of MRSA Screening
- (n) NHS Manchester Controlled Drugs Occurrence Report 2011
- (o) Human Tissue Authority - Research
- (p) Human Tissue Authority - Post Mortem
- (q) NHS Information Centre for Health & Social Care National Diabetes Audit - Paediatric Unit
- (r) National Dementia Audit (data submitted August 2011)
- (s) Royal College of Midwives
- (t) Survey Monkey - Safer Staffing
- (u) Department of Health: Information Governance Toolkit 2010-11: Deep Dive Review
- (v) Local Safeguarding Children's Board (Trafford Board)
- (w) Monitor Quarterly Returns
- (x) MHRA Hospital Blood Bank Compliance Report 01/04/10 to 31/03/11
- (y) NCEPOD Cardiac Arrest Procedures Study - Part 3
- (z) CQC - Meeting the physical health needs of those with mental health needs and learning disabilities (*data submitted quarterly throughout 2011-12*)

A number of Trust-wide external reviews were carried out in 2011-12. These reviews are not considered sufficiently focused to constitute a review of the quality of care for particular services. Nonetheless, they detail reviews which took place in 2011-12 and cover elements of the quality of care across the Trust.

- National Inpatient Survey 2011 (*July 2011*)
- National Outpatient Survey 2011 (*May 2011*)
- Internal PEAT assessment (*July, October, December 2011*)
- External PEAT assessment and external validation by a local hospital trust as per NPSA Guidance (*February 2012*)
- Same-sex accommodation ward estate return (*data submitted in May 2011*)
- Internal Audit review of Adult Safeguarding (*Mar 2012*)
- Same-sex Accommodation (Privacy & Dignity) - NHS Manchester Audit of Evidence against Self Declaration (*July 2011*)

The dates in parenthesis (unless stated otherwise) refer to the publication date of the report

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

Table 4.7: Summary of the quality of services review, 2011-12

Service	Clinical Audit activity	Cancer peer review	Internal Audit activity	Clinical outcome data	Risk management systems
1. Allergy	●			●	●
2. Anaesthetics	●		●	●	●
3. Anticoagulant service	●			●	●
4. Aspergillosis	●			●	●
5. Audiology (non-consultant)					●
6. Breast Surgery	●		●	●	●
7. Cardiology	●			●	●
8. Cardiothoracic Surgery	●		●	●	●
9. Chemical Pathology	●			●	●
10. Clinical Haematology	●			●	●
11. Clinical Immunology	●			●	●
12. Clinical Oncology					●
13. Clinical Psychology					●
14. Dermatology	●	●		●	●
15. Diabetic Medicine	●			●	●
16. Dietetics	●			●	●
17. Ear Nose and Throat	●	●	●	●	●
18. Endocrinology	●			●	●
19. Gastroenterology	●		●	●	●
20. General Medicine	●			●	●
21. General Surgery	●	●	●	●	●
22. Geriatric Medicine	●			●	●
23. Gynaecological Oncology	●	●	●	●	●
24. Gynaecology	●		●	●	●
25. Haematology	●		●	●	●
26. Medical Oncology	●	●		●	●
27. Midwifery	●			●	●
28. Nephrology					●
29. Neurology					●
30. Obstetrics	●		●	●	●
31. Occupational Therapy	●				●
32. Oral Surgery	●	●	●	●	●
33. Orthodontics	●		●		●
34. Orthotics					●
35. Paediatric Cardiology					●
36. Paediatric Neurology					●
37. Paediatric Surgery	●		●	●	●
38. Paediatric Urology					●
39. Paediatrics	●			●	●
40. Pain Management	●				●
41. Palliative Medicine	●			●	●
42. Pharmacy	●	●		●	●
43. Physiotherapy	●				●
44. Plastic Surgery (incl. Burns)	●	●	●	●	●
45. Radiology	●		●	●	●
46. Respiratory Medicine	●		●	●	●
47. Rheumatology	●			●	●
48. Speech & Language Therapy	●				●
49. Thoracic Surgery	●		●	●	●
50. Thyroid					●
51. Transplantation Surgery	●		●	●	●
52. Trauma & Orthopaedics	●		●	●	●
53. Urology	●	●	●	●	●
54. Vascular Surgery	●		●	●	●
55. Voice	●			●	●

4.2.2 Participation in Clinical Audits

During 2011-12 45 national clinical audits and 4 national confidential enquiries covered NHS services that UHSM NHS Foundation Trust provides. During that period UHSM NHS Foundation Trust participated in 100% of national clinical audits and 100% of 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 NHS Foundation Trust participated in during 2011-12 are detailed in the table below.

Table 4.8: The national clinical audit and confidential enquiries that the Trust was eligible to participate in during 2011-12

Name of audit/ focus area	
Peri-and Neo-natal	
1	Peri-natal mortality (MBRRACE-UK)
2	Neo-natal intensive and special care (NNAP)
Children	
3	Paediatric pneumonia (British Thoracic Society)
4	Paediatric asthma (British Thoracic Society)
5	Pain management (College of Emergency Medicine)
6	Childhood epilepsy (RCPH National Childhood Epilepsy Audit)
7	Diabetes (RCPH National Paediatric Diabetes Audit)
Acute care	
8	Emergency use of oxygen (British Thoracic Society)
9	Adult community-acquired pneumonia (British Thoracic Society)
10	Non-invasive ventilation -adults (British Thoracic Society)
11	Pleural procedures (British Thoracic Society)
12	Cardiac arrest (National Cardiac Arrest Audit)
13	Severe sepsis and septic shock (College of Emergency Medicine)
14	Adult critical care (ICNARC CMPD)
15	Potential donor audit (NHS Blood and Transplant)
16	Seizure management (National Audit of Seizure Management)
Long-term conditions	
17	Diabetes (National Adult Diabetes Audit)
18	Heavy menstrual bleeding (RCOG National Audit of HMB)
19	Chronic pain (National Pain Audit)
20	Ulcerative colitis and Crohn's disease (UK IBD Audit)
21	Parkinson's disease (National Parkinson's Audit)
22	Adult asthma (British Thoracic Society)
23	Bronchiectasis (British Thoracic Society)
Elective procedures	
24	Hip, knee and ankle replacements (National Joint Registry)
25	Elective surgery (National PROMs Programme)
26	Intra-thoracic transplantation (NHSBT UK Transplant Registry)
27	Coronary angioplasty (NICOR Adult cardiac interventions audit)
28	Peripheral vascular surgery (VSGBI Vascular Surgery Database)
29	Carotid interventions (Carotid Intervention Audit)
30	CABG and valvular surgery (Adult cardiac surgery audit)

	Cardiovascular disease
31	Acute Myocardial Infarction and other ACS (MINAP)
32	Heart failure (Heart Failure Audit)
33	Acute stroke (SINAP)
34	Cardiac arrhythmia (Cardiac Rhythm Management Audit)
	Cancer
35	Lung cancer (National Lung Cancer Audit)
36	Bowel cancer (National Bowel Cancer Audit Programme)
37	Head and neck cancer (DAHNO)
38	Oesophago-gastric cancer (National O-G Cancer Audit)
	Trauma
39	Hip fracture (National Hip Fracture Database)
40	Severe trauma (Trauma Audit & Research Network)
	Blood transfusion
41	Bedside transfusion (National Comparative Audit of Blood Transfusion)
42	Medical use of blood (National Comparative Audit of Blood Transfusion)
	Health promotion
43	Risk factors (National Health Promotion in Hospitals Audit)
	End of life
44	Care of dying in hospital (NCDAH)
	National confidential enquiries
45	NCEPOD (Cardiac Arrest Procedures, Bariatric surgery, Knowing the Risk, Subarachnoid Haemorrhage)
46	CMACH

The national clinical audits and national confidential enquiries that UHSM NHS Foundation Trust participated in, and for which data collection was completed during 2011-12, 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 4.9: Review of Trust participation in relevant national clinical audit and national confidential enquiries in 2011-12

	Name of audit/ focus area	% cases submitted
	Peri-and Neo-natal	
1	Peri-natal mortality (MBRRACE-UK)	100%
	Children	
2	Paediatric pneumonia (British Thoracic Society)	100%
3	Paediatric asthma (British Thoracic Society)	100%
4	Pain management (College of Emergency Medicine)	100%
5	Childhood epilepsy (RCPH National Childhood Epilepsy Audit)	100%
6	Diabetes (RCPH National Paediatric Diabetes Audit)	100%
	Acute care	
7	Emergency use of oxygen (British Thoracic Society)	100%
8	Adult community-acquired pneumonia (British Thoracic Society)	100%
9	Non-invasive ventilation - adults (British Thoracic Society)	100%
10	Pleural procedures (British Thoracic Society)	100%

11	Cardiac arrest (National Cardiac Arrest Audit)	100%
12	Severe sepsis and septic shock (College of Emergency Medicine)	70%
13	Adult critical care (ICNARC CMPD)	100%
14	Potential donor audit (NHS Blood & Transplant)	100%
15	Seizure management (National Audit of Seizure Management)	100%
	Long term conditions	
16	Diabetes (National Adult Diabetes Audit)	100%
17	Heavy menstrual bleeding (RCOG National Audit of HMB)	100%
18	Chronic pain (National Pain Audit)	100%
19	Ulcerative colitis and Crohn's disease (UK IBD Audit)	100%
20	Parkinson's disease (National Parkinson's Audit)	100%
21	Adult asthma (British Thoracic Society)	100%
22	Bronchiectasis (British Thoracic Society)	100%
	Elective procedures	
23	Hip, knee and ankle replacements (National Joint Registry)	100%
24	Elective surgery (National PROMs Programme)	100%
25	Intra-thoracic transplantation (NHSBT UK Transplant Registry)	100%
26	Coronary angioplasty (NICOR Adult cardiac interventions audit)	100%
27	Peripheral vascular surgery (VSGBI Vascular Surgery Database)	100%
28	Carotid interventions (Carotid Intervention Audit)	100%
29	CABG and valvular surgery (Adult cardiac surgery audit)	100%
	Cardiovascular disease	
30	Acute Myocardial Infarction and other ACS (MINAP)	70%
31	Heart failure (Heart Failure Audit)	100%
32	Acute stroke (SINAP)	100%
33	Cardiac arrhythmia (Cardiac Rhythm Management Audit)	100%
	Cancer	
34	Lung cancer (National Lung Cancer Audit)	100%
35	Bowel cancer (National Bowel Cancer Audit Programme)	100%
36	Head and neck cancer (DAHNO)	100%
37	Oesophago-gastric cancer (National O-G Cancer Audit)	90%
	Trauma	
38	Hip fracture (National Hip Fracture Database)	100%
39	Severe trauma (Trauma Audit & Research Network)	70%
	Blood transfusion	
40	Bedside transfusion (National Comparative Audit of Blood Transfusion)	100%
41	Medical use of blood (National Comparative Audit of Blood Transfusion)	100%
	Health promotion	
42	Risk factors (National Health Promotion in Hospitals Audit)	Survey only
	End of life	
43	Care of dying in hospital (NCDAH)	100%
	National confidential enquiries	
44	NCEPOD(Cardiac Arrest Procedures, Bariatric surgery, Knowing the Risk, Subarachnoid Haemorrhage)	100%
45	CMACH (ceased operation mid-2011)	100%

List of Acronyms to **Tables 4.8 and 4.9:**

DAHNO	Data for Head and Neck Oncology
ICNARC	Intensive Care National Audit & Research Centre Case Mix Programme Database
MBRRACE	Mothers and Babies Reducing the Risk through Audits and Confidential Enquiries
MINAP	Myocardial Ischaemia National Audit Project
NCDAH	National Care of Dying Audit - Hospital
NCEPOD	National Confidential Enquiry into Patient Outcome and Death
NHSBT	NHS Blood and Transplant
NICOR	National Institute for Clinical Outcomes Research
NNAP	National Neonatal Audit Programme
PROMs	Patient Reported Outcome Measures
RCOG	Royal College of Obstetricians and Gynaecologists
RCPH	Royal College of Paediatrics and Child Health
SINAP	Stroke Improvement National Audit Programme
UK IBD	United Kingdom Inflammatory Bowel Disease
VSGBI	Vascular Surgeons of Great Britain and Ireland

The reports of 11 national clinical audits were reviewed by the provider in 2011-12 and UHSM NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

<i>MINAP Public Report 2010-11</i>	<p>For Percutaneous Coronary Intervention the report indicated that for the Trust overall:</p> <ul style="list-style-type: none"> • better than national average and above critical level for door-to-balloon time; • less than national average but above critical level for call-to-balloon time; • less than national average and below critical level for call-to-balloon time.
<i>Report of the National Audit of Dementia 2011</i>	<p>UHSM performance is on a par with other participating hospitals in meeting the standards set by the National Dementia Audit. Since the audit, UHSM has implemented processes to improve dementia care. There is Board-level engagement and the aim is to develop a Trust-wide strategy for dementia. The main challenges will be engaging staff at ward level as this is where the impact on care is greatest, as well as the lack of a properly funded and configured psychiatry liaison service in the hospital.</p>
<i>Peri-natal Mortality 2009</i>	<p>The specific report for UHSM Trust indicates that the Trust's rate for still births and neo-natal deaths in 2009 was 4.3%; which was 2.4% lower than the regional rate and 2.5% lower than the National rate. Recommendations made in the report were to ensure consistency in approach to neo-natal deaths below 22 weeks and the Specialist Midwife is liaising with the local Coroner to progress this. Following 500 (national) intra-partum deaths per year, the report also recommended use of NPSA proformas in investigating intra-partum still-births and neo-nate deaths; the Trust is compliant with this. A final recommendation was for participating trusts to undertake national audit and reporting to help improve understanding nationally as to why twins have a 2.5% increased chance of still birth. Further studies will investigate whether these findings are due to prematurity and growth restriction or whether further twin specific neo-natal factors need to be identified.</p>

*National Lung
Cancer Audit
2010*

The report clearly states that the targets for the various measures do not apply to UHSM, as a tertiary trust, and the document states explicitly that our performance should not be judged from the data shown, because most patients are not 'first seen' at UHSM. However, UHSM does now fully participate in the audit and upload of data. The situation has improved significantly since 2009. One example in the last category of the report is the improved input into patient care by Clinical Nurse Specialists, which at UHSM is now very high.

*4th National Audit
Project of the Royal
College of Anaesthetists
and the Difficult Airway
Society 2011*

Data provided by UHSM highlighted no serious adverse event over the 12-month period. Inclusion criteria for event reporting included death, brain damage, need for an emergency surgical airway and/or unanticipated ICU admission or prolongation of ICU stay as a consequence of airway management. Areas for Development were identified as follows:

- maximise training opportunities on consultant lists, for both trainees and consultants, particularly where there is regular use of cricothyroidotomy;
- review where capnography has not been used in areas outlying theatres, and analyse and present findings at anaesthetic governance meetings;
- continue to include regular audit of airway management problems, recognising that these are not limited solely to the theatre environment.

*National Hip Fracture
Database National
Report 2011*

The report highlights areas of best practice at UHSM, which are better than (and often significantly better than) the national mean. The report also identifies areas requiring improvement. The report indicates that many elements of clinical care at UHSM are excellent including:

- bone-health assessment and treatment at discharge;
- the use of cement when conducting arthroplasties;
- pre-operative assessment;
- use of appropriate method of fixing the various types of fracture.

*Other national
clinical audits*

During 2011-12 the Trust's Healthcare Governance Committee received detailed reviews and actions plans from the following national clinical audit reports:

- National Sentinel Stroke Clinical Audit - Round 7
- UK Carotid Endarterectomy Audit Report - Round 3
- UK Inflammatory Bowel Disease Audit - Round 3
- Peer Review Report for Cystic Fibrosis Network Services
- National Audit of Angioplasty Procedures
- National Audit of Mastectomies and Reconstructive Surgery.

The reports of 143 local clinical audits were reviewed by the provider in 2011-12 and UHSM NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

*Stroke
Discharge
Planning*

Previous audit had identified some deficiencies in the provision of care for patients post-discharge and this has led to work being undertaken on the Stroke Unit to improve the discharge-planning process, involve families and carers more, consider social and health needs and plan further rehabilitation.

<i>Emergency Department Discharge</i>	Audit has enabled improvements to be made to ensure targets set by the College of Emergency Medicine in relation to appropriate senior medical review of high triage risk patients prior to discharge.
<i>Venous Thromboembolism (VTE) Assessment</i>	Audit of risk assessment of patients on admission to hospital has enabled improvements in compliance, with more than 90% of patients now being appropriately assessed and protected from the risk of VTE during their inpatient stay.
<i>Other local audits</i>	<p>In addition, clinical teams have discussed the following completed local projects at clinical governance and audit meetings during the year:</p> <ul style="list-style-type: none"> • Medication for Patients on the Liverpool Care-of-the-Dying Pathway • Emergency Department Mortality • Emergency Department Documentation • Falls Pathway - Pulmonary Embolus Risk Emergency Nurse Practitioner X-ray Interpretation • Re-audit of the General Surgical Blood Ordering Schedule (SBOS) • Patient Satisfaction Survey • Transplant Patients Attending MFU • Annual Cystic Fibrosis Review • Substance Use in Mothers and Drug Withdrawal • Sedation for Investigations • Hip Screening • Vitamin B12 and Folate Requesting • Management of Candidaemias against IDSA • Matching • Bacterial Contamination of Ultrasound Machines during Peripheral Nerve Anaesthesia • Nausea and Vomiting Post Intrathecal Diamorphine for Caesarean Section • Identifying Low Risk GI • Reducing Caesarean • Senior input in Gynaecology Emergency • The Management of Ultrasound of Fibroadenoma • Antibiotics Prophylaxis Prescribing • Screen Detected Cancers in Women • Audit NG Feeding Tube

4.4.3 Participation in Clinical Research

The number of patients, receiving NHS services provided or sub-contracted by UHSM NHS Foundation Trust in 2011-12, that were recruited during that period to participate in research approved by a research ethics committee was 18,558. This figure is based on the Comprehensive Local Research Network (CLRN) records, and data from our local researchers. This level of participation in clinical research has meant that UHSM is the second highest recruiter to NIHR (National Institute for Health Research) - portfolio studies nationally.

The Trust was involved in conducting 331 clinical-research studies in 2011-12. It used national systems to manage the studies in proportion to risk. These studies covered 11 medical specialties and were supported by 173 clinical staff. The average approval time for new studies through the Centralised System for Obtaining Research Permissions was 96 days.

Over 90 per cent of the commercial studies were established and managed under national model agreements and 100 per cent of the honorary research contracts issued were through the

Research Passport Scheme. In the last year, 297 publications have resulted from the Trust's involvement in NIHR research, helping to improve patient outcomes and experience across the NHS. This level of participation in clinical research demonstrates UHSM's commitment to improving the quality of care it provides to patients as well as making a significant contribution to wider health improvement.

4.4.4 Goals Agreed with Commissioners

A proportion of UHSM NHS Foundation Trust income in 2011-12 was conditional upon achieving quality improvement and innovation goals agreed between UHSM NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation (CQUIN) payment framework. Further details of the agreed goals for 2011-12 and for the following 12-month period are available electronically at:

http://www.institute.nhs.uk/world_class_commissioning/pct_portal/cquin.html .

A value of £3.9m of UHSM NHS Foundation Trust's income in 2011-12 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body that they entered into a contract, agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework (CQUIN). The Trust expects to receive £3.0m - £3.5m in income in 2011-12 for the associated CQUIN payment, subject to final agreement with commissioners.

4.4.5 Care Quality Commission Statement

UHSM NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is *registered to carry out regulated activities at the locations specified*. UHSM NHS Foundation Trust has two additional conditions of registration (listed below) which have been met in full:

1. under Section 12(3) of the Health & Social Care Act as the Care Quality Commission considers that the effective performance of the regulated activity at these locations requires an individual to manage it. This condition is met in full by having in place full-time Registered Managers accountable to the Care Quality Commission; and
2. limits on the maximum number of service users which can be accommodated at Buccleuth Lodge (RM214) - a maximum 14 service users, and Dermott Murphy Centre (RM2X2) - a maximum of 22 service users.

No compliance conditions were imposed upon UHSM NHS Foundation Trust during 2011-12 and up to the date of approval of the annual report and accounts.

The UHSM NHS Foundation Trust was subject to an unannounced inspection of dignity and nutrition during 2011-12 and was deemed to be compliant. Minor concerns were identified during the inspection which were immediately resolved.

4.4.6 Data Quality

NHS Number and General Medical Practice Code Validity

UHSM NHS Foundation Trust submitted records during 2011-12 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: 99.6% for admitted patient care; 99.9% for outpatient care; and 98.1% for accident and emergency care.

- which included the patient's valid General Practitioner Registration Code was 100.0% for admitted patient care; 100.0% for outpatient care; and 100.0% for accident and emergency care.

Information Governance Toolkit Attainment Levels

UHSM NHS Foundation Trust's Information Governance Assessment Report shows an overall score for 2011-12 was 80% and was graded 'satisfactory'. The Trust met at least Level 2 in all 45 requirements.

Actions to Improve Data Quality

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

- introduction and implementation of a new Data Quality Framework;
- development of data-quality reports for each directorate;
- review and update the Data Quality Policy;
- maintain and expand the Data Quality Scorecard and escalate issues to the Performance and Contract Monitoring Group as required;
- assimilation of appropriate community services data-quality measures into the Trust's existing data-quality monitoring processes;
- introduction of Patient-administration System back-to-basics training 'drop-in sessions';
- development of Patient-administration System training programmes for all UHSM community services;
- implement changes in accordance with the data-quality recommendations made by the Trust's internal auditors.

In 2011-12 the Trust received a Payment by Results (PbR) Follow up of Clinical Coding Audit Recommendations Report (published on 11 May 2012) which contains the findings from the follow-up of the most recent recommendations of previous audits and reviews (e.g. clinical-coding audit, the outpatients data quality review and the reference-costs review) delivered by the Audit Commission. The results of the follow-up audit were generally satisfactory with two outstanding coding recommendations and one outstanding outpatient recommendation from a total of seventeen recommendations.

Clinical Coding Error Rate

UHSM NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2011-12 by the Audit Commission. The error rates reported in an external audit carried out in January 2012 for clinical coding of diagnoses and treatment were as follows:

Table 4.10: error rates for clinical coding of diagnoses and treatment

Primary Diagnosis:	14.5%
Secondary Diagnosis:	11.4%
Primary Procedure:	13.2%
Secondary Procedure:	9.9%

Data source: External audit carried out by a Connecting for Health approved auditor, the Audit Commission. This data is governed by standard national definitions

The results of this external audit carried out by the Audit Commission should not be extrapolated further than the actual sample audited. In terms of clinical-coding accuracy, primary diagnosis, secondary diagnosis and primary procedure percentages are all above the national benchmark when compared to the latest Audit Commission's Payment by Results Assurance Framework results from 2009-10. The accuracy of secondary procedure coding is

slightly worse than the benchmark. An action plan is being implemented to address the shortfalls identified:

- full refresher training, delivered by a qualified clinical-coding trainer, for all clinical coders during July and August 2012;
- attendance at bespoke training courses at speciality level;
- recruitment of a qualified clinical-coding trainer/ auditor to develop a robust clinical-coding training and audit programme and responsible for monitoring and improving the quality of clinically-coded data at individual coder and specialty level;
- recruitment of a senior clinical-coding service improvement manager to work in collaboration with clinical and operational teams to improve documentation, case-note filing, and case-note flow;
- introduction of a 'know your coder' programme to develop and improve the relationship between coders and clinicians;
- mortality coder to work with clinicians to validate and 'sign off' every coded death;
- exploration of usefulness of electronic data systems to assist with the coding of clinical documentation;
- assessment of clinical-coding software to aid the clinical-coding process;
- all coders to have access to up-to-date guidance and training opportunities.

Appendix One

Statements from External Stakeholders

Statement from NHS Manchester

University Hospital of South Manchester NHS Foundation Trust (UHSM) has offered a comprehensive report on an ambitious quality and safety programme, which the organisation has worked on for the past few years. UHSM have achieved the majority of their targets, and we congratulate them on their achievements for the benefit of our patient population. NHS Manchester has driven a 'First do no Harm' approach for some time, and UHSM has rightly focussed its programme heavily on patient safety. In addition, the Trust pursued highly ambitious patient experience goals, and we would like to encourage the organisation to continue on this road.

Particularly commendable, for example, is the meticulous work on preventing 'never events', and the willingness to learn from other organisations. The Trust seems to not have set an explicit target of 'zero' never events, as this may be counter-productive to honest and open identification of such incidents; however, it is encouraging that there were no 'never events' in 2011-12. There is no guarantee that this will be the case in future years, but the organisation is clearly committed to continue this work, sharing experiences and learning with others. It is important to share and spread successes and solutions in quality improvement, in order for more patients to benefit faster, also in other places and care settings.

Similarly, the Trust has a mature work programme on preventing other harms, such as pressure ulcers, and has been successful in reducing their severity. The integration of community services means the organisation can spread this important work to community services, which will further benefit some of our most vulnerable community members. We very much welcome and encourage a growing emphasis on transferring the work and learning into the community care setting.

The Trust has endeavoured to demonstrate a review of quality of all its services. In future, we would like all services to be able to demonstrate quality review processes that go beyond the use of routine risk management systems. Currently a small number of services do not demonstrate this.

UHSM's research activity is impressive, even compared nationally. It will be important to demonstrate how this activity directly benefits the improvement of patient care more broadly within the organisation.

As Commissioners we have worked closely with UHSM over the course of 2011-12; meeting regularly to review the Trust's progress in implementing its quality improvement initiatives. UHSM and NHS Manchester agreed 8 CQUIN (Commissioning for Quality and Innovation) goals for acute services in 2011-12. UHSM has achieved 5 goals (4 fully, 1 partially) and failed to achieve 1 goal. At the time of this report the final position is still to be agreed for 4 goals but we are expecting UHSM to achieve (fully or partially) all of these. The goal not achieved was a national CQUIN on patient experience; performance on this indicator was below expectation across Greater Manchester, however NHS Manchester note that overall the UHSM's National Inpatient Survey results show patients having a good experience of care at the Trust. For community services, we had agreed 3 CQUIN goals, which UHSM has achieved.

Dr Tariq Chauhan
Medical Director, NHS Manchester
May 2012

Statement from the Manchester Local Involvement Network (LINK)

Manchester LINK's working relationship with key staff at UHSM NHS Foundation Trust (UHSM) has continued to prosper; regular liaison meetings are held with the organisation's Chief Nurse and Deputy Chief Nurse.

Manchester LINK conducted a series of Enter and View visits at the Medical Assessment Units during 2011-12 and would like to thank UHSM for their cooperation and responses to the subsequent report and recommendations that were published.

The 2011-12 Quality Accounts developed by UHSM remain clear, concise and provide an effective overall picture of the current status of the Trust and the areas that it wishes to improve for the benefit of its patients.

Manchester LINK is satisfied that the Quality Account appropriately focuses on:

- Patient safety
- Patient experience
- Clinical effectiveness.

Manchester LINK is satisfied that UHSM had set itself some very challenging targets for 2011-12, which have been overwhelmingly achieved. Further, we are equally satisfied with the targets UHSM has set itself for 2012-13 and we endeavour to continue working together in a positive manner.

The LINK urges the Trust to continue to work on a more reader-friendly version of the Quality Account, using the insights and techniques developed by such bodies as the Plain English foundation - we believe this would be an addition to the report, and would be well worth putting resources into it, given the increasing climate of accountability to patients and public of NHS Trusts.

Michael Kelly
Chair of the Manchester LINK Steering Group

May 2012

Statement from Manchester City Council's Health and Wellbeing Overview and Scrutiny Committee

Manchester City Council's Health Scrutiny Committee welcomes the opportunity to comment on the University Hospital of South Manchester NHS Foundation Trust Quality Account for 2011-12. Members of the Committee have been given the opportunity to comment and this statement includes a summary of their responses.

Last year, we noted that Quality Accounts are aimed at members of the public and we asked the Trust to provide a 'reader friendly' simple version of future Quality Accounts reports. We are pleased to note that your Quality Accounts are written clearly and each section is explained fully to make it easy for the public to identify where significant improvements have been made and also where further work is required.

Over the past year, we have received your monthly quality account reports. We appreciate this information and would like to continue to receive these reports.

On page 13 of your quality account, you provide a review of the Trust's performance against priorities set in 2010/11, as well as summarising performance against national indicators. We note that the Trust has achieved 31 out of 38 targets set in the areas of patient safety, clinical effectiveness, and patient experience. The Committee is pleased to note the progress in achieving targets in reducing mortality; reducing rates of infection; avoiding serious, largely preventable patient safety incidents; reducing serious harm from venous thrombolism; preventing harm from falls; and preventing hospital-acquired pressure ulcers. We hope that the Trust continues to maintain improvements to these areas.

As 7 of the 38 targets have not been met, we hope that the Trust will take appropriate action to address this over the next year. The Committee is concerned that broader targets relating to patient safety, in particular recognising and responding to critical illness, and improving surgical safety in some theatres have not been met. We note that the Trust has recognised that this is an area that needs further attention and that it has already implemented some measures to improve. We recommend that the Trust concentrates on making further improvements in these areas over the next year.

The Committee notes that the Trust has implemented the Strategic Health Authority's Advancing Quality Programme in six key areas which are being monitored as part of the Trust's CQUIN targets and payment scheme. Although the data is unverified, the figures indicate that the Trust has not achieved the targets for heart failure or stroke patients. The Quality Accounts document clearly recognise the need for further improvement in these areas and the Committee strongly recommends that the further planned improvements are implemented to ensure the care received by patients is effective and reliable. We also feel that the further planned improvements to nursing indicators and clinical rounds need to be implemented.

The Committee welcomes the positive feedback from patients about the care they receive. We also commend the Trust for setting ambitious targets (such as aiming to become in the top 20% of Trusts in the national inpatient survey). Although the Trust scores highly in patient surveys for maintaining privacy and dignity and maintaining segregated sleeping areas, the Committee is very concerned that a small percentage of patients are still in mixed sex ward or bathroom situations. We recommend that the Trust make it their priority to eliminate these occurrences, except where it is clinically essential.

On page 34 of your quality account, you set out your performance against the key national priorities for 2011-12 and compare the performance for the previous two years. Overall the Trust has performed well, by meeting or exceeding all of these targets over the past year. We

commend the Trust for their performance in achieving the Accident and Emergency four-hour waiting time; the referral to treatment waiting times for both non-admitted and admitted patients; the national cancer targets; and the reduction targets for hospital acquired infections.

The Committee welcomes the Trust's identified priorities of patient safety, clinical effectiveness and improving the patient experience for 2012-13. You have provided useful information about each of your priorities and clearly identified who within the Trust will be responsible for monitoring the individual improvement targets.

Overall this is a positive account of the measures the Trust has taken to improve quality over the past year, and we have identified some areas that require further attention. We look forward to working with the University Hospital of South Manchester NHS Foundation Trust over the next year.

Councillor Eddy Newman
Chair of the Health and Wellbeing Overview and Scrutiny Committee, Manchester City Council

May 2012

Appendix Two

Statement of Directors' Responsibilities in respect of the Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year.

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

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

- the content of the Quality Account meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2011-12;
- the content of the Quality Account is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2011 to March 2012;
 - papers relating to quality reported to the Board over the period April 2011 to March 2012;
 - feedback from the commissioners dated 28 May 2012;
 - feedback from governors dated 21 May 2012
 - feedback from LINKs dated 11 May 2012
 - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28 May 2012;
 - the latest national patient survey dated 24 April 2012;
 - the latest national staff survey dated 27 February 2012;
 - the Head of Internal Audit's annual opinion over the trust's control environment dated 29 May 2012;
 - CQC quality and risk profiles dated September, October, November, December 2011 and February, March 2012.
- the Quality Account presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Account is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and the Quality Account has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor-nhsft.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Account (available at www.monitor-nhsft.gov.uk/annualreportingmanual)).

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

By order of the Board

NB: sign and date in any colour ink except black

30 May 2012

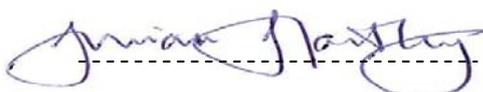
Date



Chairman

30 May 2012

Date



Chief Executive

Appendix Three

Limited Scope Assurance Report from the External Auditor

Independent Auditor's Report to the Council of Governors of University Hospital of South Manchester NHS Foundation Trust on the Annual Quality Report

I have been engaged by the Council of Governors of University Hospital of South Manchester NHS Foundation Trust to perform an independent assurance engagement in respect of University Hospital of South Manchester NHS Foundation Trust's Quality Report for the year ended 31 March 2012 (the "Quality Report") and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2012 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- MRSA; and
- Maximum waiting times of 62 days from urgent GP referral to first treatment for all cancers.

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

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

My responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to my attention that causes me to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual*;
- the Quality Report is not consistent in all material respects with the sources specified in section 2.1 of Monitor's Detailed Guidance for External Assurance on Quality Reports 2011-12; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Detailed Guidance for External Assurance on Quality Reports.

I read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual, and considered the implications for my report if I became aware of any material omissions.

I read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period April 2011 to May 2012;
- Papers relating to quality reported to the Board over the period April 2011 to May 2012; Feedback from the Commissioners dated May 2012;
- Feedback from LINKs dated May 2012;

- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2012;
- The latest national patient survey;
- The latest national staff survey;
- Care Quality Commission quality and risk profiles from 2011/12;
- The Head of Internal Audit's annual opinion over the trust's control environment dated 24 May 2012; and
- Any other information included in our review.

I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with those documents (collectively the "documents"). My responsibilities do not extend to any other information.

I am in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. My 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. I permit the disclosure of this report within the Annual Report for the year ended 31 March 2012, to enable the Council of Governors to demonstrate that it has discharged its governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, I 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 my work or this report save where terms are expressly agreed and with my prior consent in writing.

Assurance work performed

I 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'). My limited assurance procedures included:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- Making enquiries of management;
- Testing key management controls;
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- Comparing the content requirements of the *NHS Foundation Trust Annual Reporting Manual* to the categories reported in the Quality Report; and
- Reading the documents listed under responsibilities of the Directors and auditors.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially

different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

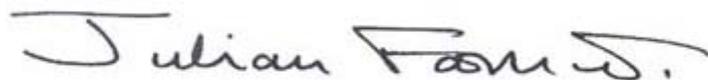
The nature, form and content required of Quality Reports are determined by Monitor. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

In addition, the scope of my assurance work has not included governance over quality or non mandated indicators which have been determined locally by University Hospital of South Manchester NHS Foundation Trust.

Conclusion

Based on the results of my procedures, nothing has come to my attention that causes me to believe that, for the year ended 31 March 2012:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual*;
- the Quality Report is not consistent in all material respects with the sources specified in section 2.1 of Monitor's Detailed Guidance for External Assurance on Quality Reports 2011-12; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual* and the six dimensions of data quality set out in the *Detailed Guidance for External Assurance on Quality Reports*.



Julian Farmer
Officer of the Audit Commission
Aspinall House
Aspinall Close
Middlebrook
Bolton
BL6 6QQ

29 May 2012



05 Directors' Report

Business Review and Management Commentary

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

UHSM is a complex healthcare organisation offering a wide range of specialist, district general hospital and local community based services. UHSM has major undertakings in research and education, alongside a variety of service specialisms, which attract patients from across the region and nationally. The majority of UHSM's patients come from the Public Membership area designated 'Areas 1-5' illustrated in Chapter 5. These areas are in the vicinity of South Manchester and Trafford.

UHSM contracts with a number of commissioners of healthcare services in the North West region. The commissioners, known as Primary Care Trusts or 'PCTs' establish legally binding contracts jointly with UHSM for specified quantities and quality of service. The Health and Social Care Act 2012 became law in March 2012. PCTs will cease to exist in April 2013 and many of their commissioning roles and responsibilities will be taken on by Clinical Commissioning Groups, led by local GPs.

The changes, together with the economic downturn, political uncertainty and forward looking focus of Monitor have warranted the Board to carefully consider possible scenarios for 2012-15 during a period of reduction in growth of NHS funding, or even a reduction in real funding itself for providers of acute and community services such as UHSM.

Demand for NHS services continues to increase as innovations make more treatments possible and life expectancy increases. UHSM is experiencing an increasing demand for acute and specialist services, which may be incompatible with the ability of commissioners to fund it over the next parliament. The Board recognises this as a strategic risk.

The Board reviews the major risks to the achievement of UHSM's objectives every month, using a scoring system based on best practice techniques. Scores are calculated using a combination of weightings for the likelihood of a risk materialising and the impact should it do so. The Chief Executive takes specific leadership responsibility for chairing the Risk Management Committee and reporting to the Board monthly on those significant risks which are scored above a threshold.

As described in the introductory sections of this report, the achievement of UHSM's performance targets has been a challenge for the organisation during 2011-12 but one that we have met constantly on a quarterly basis. The Board's very significant focus during the year has been on planning for and implementing changes which will enable the Trust to serve its patients and carers even better.

The risks relating to the achievement of 2012-13 indicators and targets are recognised. The focus on financial constraints, increasing demand and the resultant required efficiency improvements is increasing. The integration of community services acquired as of 1 April 2011, from NHS

Manchester has been implemented effectively. UHSM patients are already seeing the benefits of more community care being delivered by their acute provider.

The significant risks which concerned the Trust during 2011-12 are explained in greater detail in this Annual Report within the Annual Governance Statement. There the control systems used to reduce the potential harm to UHSM and its patients are explained. For 2012-13 the risks faced by UHSM and its patients remain very similar.

During 2011-12 UHSM's clinical leadership structure has been consolidated. This management structure has provided a new dimension to the shaping and planning of services.

The Board recognises the importance of working with stakeholders and partners in the healthcare economy to redesign services to improve efficiency, and this is a key focus of activity for the coming year. In the acute sector of the NHS there is an increasing need and an increasing will to collaborate with neighbouring providers as well as to compete. UHSM is developing plans to collaborate with local acute providers across a range of services, including pathology services.

Whilst the outlook remains tougher than for a generation, and more so than 12 months ago, the Board is making appropriate plans to secure the future for UHSM and to further improve the way UHSM cares for its patients and their carers. The Board reports elsewhere that in its view UHSM is considered a going concern.

PFI contract relationship

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

UHSM has a contract with the PFI Special Purpose Vehicle (SPV), South Manchester Healthcare Limited (SMHL), which ensures the delivery of all hard and soft estates and facilities services to the Trust "operational estate" through the management of two primary service providers. At the beginning of the year under review these service providers were Atkins Healthcare Asset Management (AHAM), who carry out planned and reactive maintenance to the estate, and Sodexo UK who provide the remainder of the soft facilities services.

During the year, AHAM was acquired by Sodexo UK and Ireland. Its staff were transferred to the new business under TUPE arrangements effective 1 November 2011.

During 2010 the Trust commenced a value-for-money benchmarking assessment of the services provided by Sodexo, as facilitated by the Concession Agreement every 10 years. Consequently, the Trust has completed negotiations with SMHL for a "Hotel Services Proposal" which provides for a number of significant revisions to the services delivered by Sodexo. This brings Sodexo service provision up-to-date in respect of meeting current industry standards but also helps ensure that services provided better meet the requirements of front line clinical services and patients. Integral to the delivery of these service enhancements is the realisation of a number of cost savings which have assisted the Trust in the delivery of its Fit-for-Fifteen cost efficiency and productivity improvement programme. The Hotel Services Proposal was fully mobilised from September 2011.

Information on health and safety and occupational health

UHSM has in place a very clear structure in respect of all matters relating to health and safety management, which discharges the requirement to have in place competent health and safety support, as defined and required in Regulation 7 of the Management of Health and Safety at Work Regulations 1999. The Chief Executive is responsible for UHSM's performance in relation to Health and Safety matters and the Board takes its Health and Safety obligations very seriously.

UHSM continues to demonstrate strong compliance in respect of the health and safety. This is based upon having in place an approved Fire and Health and Safety Policy and Strategy and a scheme of delegation is in place amongst Directors for Health and Safety matters. Health and Safety responsibilities are contained within job descriptions.

The Trust embarked upon a new approach in 2011-12 to measure and monitor health and safety performance culminating in the use across all directorates of a new suite of indicators. For the first time, and based on practices in the commercial sector, UHSM now has the capacity to (i) evaluate the number of accidents resulting in lost time from work; (ii) the number of days lost; and (iii) the staff accident rate per 1000 employees. The figures demonstrate that UHSM's priorities for colleague safety should be (i) minimising injury from moving and handling patients and loads; (ii) preventing physical assaults against colleagues; and (iii) preventing falls on wet, slippery or icy surfaces. The 2011-12 data provide baselines against which UHSM seeks to improve performance by at least 10% in 2012-13.

The Board has reviewed health and safety performance. This includes an overview of training activity, the Safety Management System and the status of health & safety policies. UHSM's system of health and safety management now includes the utilisation of unannounced safety inspections, including the use of new protocols to issue local improvement or prohibition notices where safety concerns or breaches are identified. There were no local prohibition notices issued in 2011-12; however, four local improvement notices were issued to address moving & handling, storage and general safety management concerns.

No changes to health and safety legislation are expected following the Löfstedt review, although the Health & Safety Executive are expected to introduce charges to duty holders for receiving enforcement notices, and for giving advice on how to remedy failures that do not warrant prosecution. The Reporting of Injuries, Diseases or Dangerous Occurrences Regulations (RIDDOR) have changed in so far as, to qualify for reporting to the HSE, the number of days of incapacity must reach 7 days or higher. UHSM therefore expects its RIDDOR reporting rate to reduce during 2012-13.

UHSM has made considerable progress towards the delivery of its health & safety action plan during 2011-12. Performance is summarised in [Figure 5.1](#) below.

Figure 5.1: Health & Safety Performance Summary March 2012

STRIVING FOR EXCELLENCE

Health & Safety Performance Summary: MARCH 2012 (FY 2011/12 YTD)



Mean Staff Accident Rate between 0.00 and 10.00 per 1000 employees (less than 1% of workforce)
 Mean Staff Accident Rate between 10.01 and 19.99 per 1000 employees (between 1 and 2% of workforce)
 Mean Staff Accident Rate greater than or equal to 20.00 per 1000 employees (2% of workforce)
 Rate decrease compared to previous month
 Rate = No change compared to previous month
 Rate increase compared to previous month

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

UHSM is committed to working in partnership with stakeholders within the community it serves. The Board does not assume these good relationships, but acknowledges the need to work at creating and sustaining them. The Board also recognises the importance of engagement and defines, alphabetically, those primary stakeholders pivotal to UHSM as:

Colleagues

The Board believes that the involvement and engagement of staff is important in the future development of the Trust, particularly because almost 70 per cent of the people who work at UHSM live in the Trust's catchment area. The programme of cultural change 'The South Manchester Way' is pivotal to the successful transformation of the way UHSM functions, and receives Executive Director focus continually.

UHSM has begun to develop a fresh strategy for people and organisation development and this complements a further investment in the Occupational Health team during the year under review. A new Occupational Health Manager was also recruited.

Fundraisers

UHSM has on site almost a dozen charities - some new, others long established - which consistently raise funds for equipment and projects in specific areas of the hospital. It is Board policy to actively promote their cause and success within UHSM, and to meet regularly with their committees to avoid duplication of effort and purpose.

Governors

The 32 UHSM Governors are elected or appointed by the constituents or whom they are representative (public, staff, community). It is Board policy to work closely with them to inform the decision-making process on issues which affect UHSM's safety, quality and patient experience agenda. The Board provides a comprehensive range of papers, reports, seminars and visits to ensure Governors and their committees are kept well informed. Governors are encouraged to attend Part 1 Board meetings and they receive a monthly detailed summary of business from the Chairman. Board papers for Part 1 meetings are published on the UHSM website, with some redactions of commercially sensitive content, within 3 weeks of each meeting. More information about the role and activities of Governors is provided within Chapter 5.

Local Involvement Networks ('LINKs')

UHSM engages regularly with both Trafford and Manchester LINKs. UHSM provides a summary of the monthly Quality Account to each as well as providing the opportunity required by Monitor for LINKs to comment on the annual Quality Account in order that their comments shall be incorporated within this document.

Local Authorities and their elected representatives

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

Media

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

Members

UHSM has over 6,000 public members, as well as a similar number of staff members. It is Board policy to ensure its membership is representative of the community it serves, to regularly

communicate with them on successes around new treatments and care, and to provide them with information and updates on services. Even more importantly, the Board is committed to listening to the voices of local people and stakeholder organisations so that the plans it makes will more closely deliver services that people need and want. In February 2012 UHSM held a 'Health Matters' event for local people to attend and to raise their priorities for UHSM to focus on in the coming year. A number of clear representations were made and these are reflected more clearly within the Annual Plan 12-13 as a result of this welcome engagement.

MPs

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

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

UHSM engages regularly with both Trafford and Manchester O & S committees. UHSM provides a summary of the monthly Quality Account to each as well as providing the opportunity required by Monitor for each O & S committee to comment on the annual Quality Account in order that their comments shall be incorporated within this document.

Patients

'Patient Care is at Our Heart' and it is Board policy to seek the views and canvass the opinions of UHSM patients, their families and carers to shape present and future services.

PCTs

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

Volunteers

The Board is extremely grateful to the 500 people (many of whom are current or former patients) who give their time to support services and the staff at UHSM. It is Board policy to welcome and reward them by acknowledging the enormous contribution they make.

Untoward incidents resulting in loss of personal data

The Trust has put in place information governance arrangements to protect patient and staff interests which meet with the requirements for a Public Authority. No serious untoward incidents involving data loss have occurred during the year 2011-12. The Office of the Information Commissioner does not require UHSM to inform it about other instances of loss of personal data which are not designated as serious untoward incidents. There were 36 such instances during 2011-12.

Further work is continuing to protect patient data from theft and unauthorised disclosure and to reinforce the information governance processes and procedures within the Trust. As part of this initiative, UHSM has updated mandatory staff training content.

A summary of incidents for the 2011-12 year is provided below.

Table 5.1: Serious Untoward Incidents involving Loss of Personal data during 2011-12

Summary of Serious Untoward Incidents Involving personal data as reported to the Information Commissioner's Office in 2011-12					
Date of Incident Month	Nature of Incident	Nature of data involved	Number of People affected	Notification Steps	
Nil	N/A	N/A	Nil	N/A	

Table 5.2: Other Personal Data Related Incidents during 2011-12

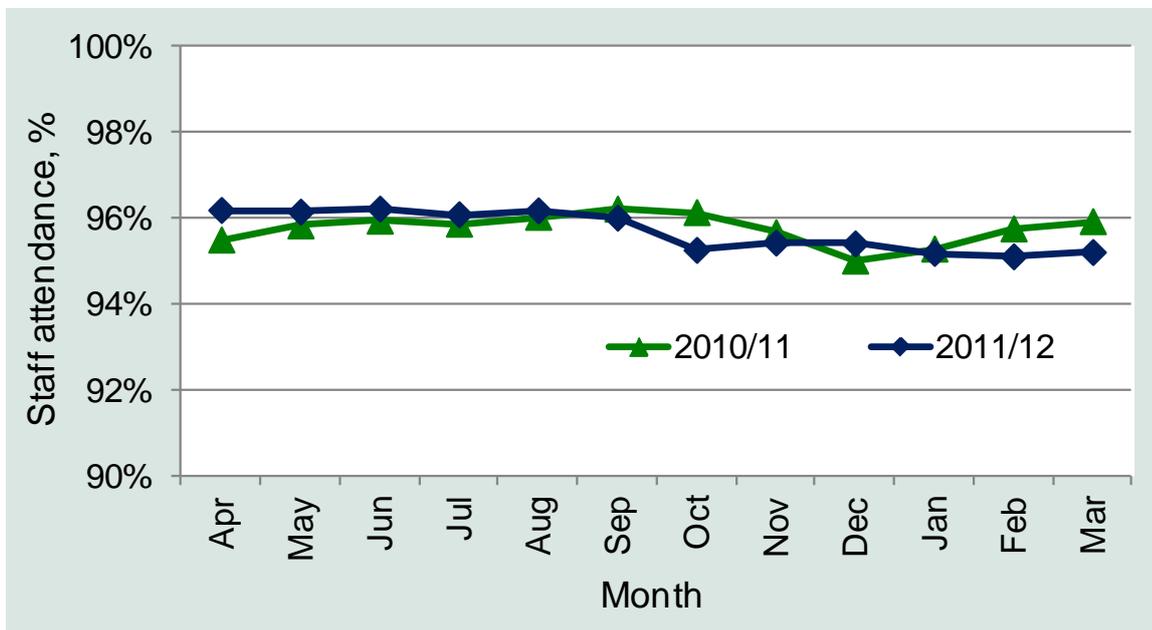
Summary of Other Personal Data Related Incidents (not reportable to the Information Commissioner)		
Category	Nature of Incident	Total
1	Loss/theft of inadequately protected electronic devices or paper documents from NHS secured premises	1
2	Loss/theft of inadequately protected electronic devices or paper documents from outside NHS secured premises	0
3	Insecure disposal of inadequately protected electronic devices or paper documents	7
4	Unauthorised disclosure	18
5	Other	10

Staff Attendance

Performance for the year was 95.6% which is a slight decrease in performance compared to the rate for 2010-11 which was 95.7% but better than the 94.7% achieved in 2009-10.

The Managing Attendance policy launched in April 2010 has proven to be an important element in supporting management in delivering the levels of attendance required to provide the services patients expect. These figures are illustrated in *Figure 5.2* below.

Figure 5.2: Monthly attendance by UHSM staff during 2011-12



Regulatory Ratings

Monitor is the Independent Regulator of Foundation Trusts. Monitor has devised a system of regulation described in its Compliance Framework, which is available from the Monitor web site. <http://www.monitor-nhsft.gov.uk/home/our-publications?id=932>. A brief description of Monitor's regulatory ratings is provided at Chapter 7, Appendix 1.

Monitor takes a proportionate, risk based approach to regulation. The assessment of risk by Foundation Trusts and by Monitor was articulated during 2011-12 by the application of two ratings, for financial risk and governance risk respectively.

Monitor has rated UHSM '3' for financial risk and 'green' for governance risk throughout 2011-12 and for 6 quarters in a row. These results are shown in the table below.

Table 5.3: UHSM's risk ratings based on annual plans and quarterly assessments during 2010-12

	Annual Plan 2010-11 ratings declared by UHSM	Annual Plan 2010-11 ratings determined by Monitor	Q1 2010-11	Q2 2010-11	Q3 2010-11	Q4 2010-11
Financial Risk rating	3	3	3	3	3	3
Governance Risk rating	Green	Green	Red	Amber/green	Green	Green

	Annual Plan 2011-12 ratings declared by UHSM	Annual Plan 2011-12 ratings determined by Monitor	Q1 2011-12	Q2 2011-12	Q3 2011-12	Q4 2011-12
Financial Risk rating	3	3	3	3	3	3
Governance Risk rating	Green	Green	Green	Green	Green	Green

These results have been achieved by a process of service transformation in a wide range of areas described later within this chapter. The Board records its thanks and appreciation to the staff who have achieved these excellent results.

Principal risks and uncertainties facing UHSM

UHSM has a statutory obligation to describe the principal risks facing the organisation. These are described within the annual governance statement, appearing at chapter 7.3.

Organ donation performance

There has been continuous improvement during the last financial year 2011-2012 in the referral of patients who may be potential organ donors. Eight families have opted to donate the organs of their deceased loved ones, resulting in life saving 2 heart, 4 liver and 13 kidney transplants, and many tissue transplants, such as tendon, skin, bone, eye and heart valves.

The UHSM Organ Donation Committee continues to meet every 3 months, and is well represented with staff from all critical areas of the Trust, as well as lay members, transplant staff, bereavement, Macmillan and theatre staff. The Organ Donation Committee strives to ensure organ and tissue donation is seen as a usual and not an unusual event, and to monitor and analyse performance data to support and develop strategies with the aim of improving donation rates.

A 'Required Referral' Policy has been written, for dissemination throughout the Trust, the aim of which is to ensure the referral and consideration of every patient who may be a potential organ donor, and to offer families the choice of donation during end of life discussions. An 'Emergency Department Support Group' has been formed to assist staff within the department in the referral of potential organ donors, and in their approach to families regarding their wishes regarding tissue donation.

5.1 Operational Performance & Service Developments

During the last twelve months the Trust has again consistently delivered the emergency (A&E) and elective access targets (Referral-to-Treatment and Cancer) despite the increases in demand highlighted in **Table 5.1**. In addition the Trust has also focused significant effort on further reducing the incidence of hospital-acquired infection.

Table 5.4: Trust activity for the period 2008- 09 to 2011- 12

Activity	2011-12	2010-11	2009-10	2008-09
Emergency Department attendances	88,062	86,344	85,321	82,977
Inpatients and day cases	84,493	84,666	78,736	76,588
Outpatients*	394,597	386,395	367,121	354,638
Total	567,152	557,405	531,178	514,203

* includes ward attendance

The Trust experienced a 2.1 percent increase in demand for outpatient attendances in 2011- 12 when compared to 2010- 11 and a 2 percent increase in Emergency Department attendances. Overall activity (calculated using the categories shown in **Table 5.1**) increased by 1.8% in 2011- 12 from the 2010- 11 position.

Summary of Service Performance 2011- 12

Table 5.4 sets out the Trust's performance against Monitor's *Compliance Framework 2011- 12*. The performance levels are colour-coded based on the performance thresholds; achieved (green) and failed (red). The Quarter 4 cancer performance is predicted at this time with some validation still to be completed. Finalised performance will be confirmed in May 2012.

UHSM was able to report compliance with the nearly all the key regulatory targets throughout 2011- 12. The Trust met the Emergency 4-hour waiting time for the year despite increases in attendance. During the same period, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients and met all the national cancer targets.

UHSM has, once again, reduced the number of hospital-acquired MRSA bloodstream infections or 'bacteraemia' (one case against a regulatory target of no more than three and an 80% reduction on 2010- 11) and achieved a further significant reduction in cases of *Clostridium difficile* (54 against a regulatory target of 64 and a 33% reduction on 2010- 11). The regulatory targets for next year (2012-13) are challenging; no more than 3 MRSA bacteraemia and no more than 49 cases of *Clostridium difficile*.

The Trust did underachieve against the two-week wait from referral to date-first-seen for symptomatic breast patients (cancer not initially suspected) in quarters 3 and 4 of 2011- 12. This target was not met as a result of a significant rise in referrals to the Trust's breast service as a consequence of concerns about PIP implants. The Trust expects to achieve this standard during 2012-13.

Table 5.5: UHSM Performance against the governance indicators in Monitor's *Compliance Framework 2011- 12*

	Q1	Q2	Q3	Q4	Threshold
<i>Clostridium difficile</i> year-on-year reduction	16	12	13	13	64 for year
MRSA - meeting the MRSA objective	0	1	0	0	3 for year
Maximum one month wait for subsequent treatment of all cancers:					
surgery	100%	100%	96.8%	98.9%	≥ 94.0%
anti-cancer drug treatment	100%	100%	100%	98.4%	≥ 98.0%
Maximum two month wait from referral to treatment for all cancers:					
from urgent GP referral to treatment	89.3%	89.1%	86.4%	89.1%	≥ 85.0%
from consultant screening service referral	97.9%	98.5%	96.7%	100.0%	≥ 90.0%
95th percentile of patients treated (non-admitted pathways)	14.06 weeks	15.67 weeks	16.33 weeks	16.39 weeks	≤ 18.3
95th percentile of patients treated (admitted pathways)	20.96 weeks	22.53 weeks	22.78 weeks	22.62 weeks	≤ 23.0
b) Acute targets - minimum standards					
Maximum one month wait from diagnosis to treatment for all cancers	99.2%	98.8%	97.2%	98.3%	≥ 96.0%
Two week wait from referral to date first seen:					
all cancers					
for symptomatic breast patients (cancer not initially suspected)	95.0%	95.0%	97.2%	95.4%	≥ 93.0%
	93.2%	95.5%	92.9%	91.6%	≥ 93.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	95.41%	95.59%	94.26%	94.21%	≥ 95.0
Access to healthcare for people with a learning disability	91.6%	95.8%	95.8%	95.8%	N/A

Healthcare-Acquired Infection

During 2011-12 UHSM continued to meet the challenges infection prevention. The Trust has again achieved considerable improvement with reported MRSA bacteraemia and Incidences of *Clostridium difficile* both remaining below the trajectories set by the Department of Health (1 case of MRSA bacteraemia against a trajectory of 3 and 54 incidences of *Clostridium difficile* against a trajectory of 64). This represents an 80% reduction in MRSA bacteraemia in 2011- 12 compared to 2010- 11 and a 33% reduction in *Clostridium difficile* incidence.

Improvements made:

1. monthly Infection Prevention Performance Meetings have continued which has served to further embed the infection-prevention culture into operational business;
2. an internal audit of the decontamination of equipment completed in January 2012 audited the decontamination of endoscopes and community-based podiatry equipment and gave 'significant assurance'.
3. the Trust has continued to engage with local GPs and now send notification letters when one of their patients is diagnosed with *Clostridium difficile* in order to improve future patient management regarding antibiotic prescribing thereby promoting patient safety;
4. following acceptance by UHSM of the Sodexo Healthcare Limited Hotel Services Proposal, Sodexo now delivers the 2007 National Standards of Cleanliness;
5. the Infection Prevention and Control Manual was revised in December 2011 and includes stand- alone organism-specific policies.

Emergency Access

The Trust achieved the emergency access standard in each quarter of 2011- 12. Several initiatives have been completed during the year to improve the management of emergency patients, including:

1. the development of ambulatory-care pathways that support the safe discharge of patients on the day of attendance and allow for follow up in an outpatient setting (e.g. transient-ischaemic attack (TIA) and deep-vein thrombosis);
2. the introduction of patient 'Smart Boards' across a number of wards that allow patients to be tracked by multi- disciplinary teams;
3. the introduction of early-supported discharge which allows patients to be discharged from UHSM with ongoing support by a consultant geriatrician, an active case manager and under the supervision of a nurse consultant, physiotherapist or occupational therapist;
4. the creation of a Paediatric Observation and Assessment Unit (POAU) within the Paediatric Department;
5. continued integration of community services and social care to ensure seamless pathways thus reducing duplication across services.

In 2012- 13 the Trust will continue to develop further ambulatory-care pathways to provide alternatives to admission and minimise length-of-stay. The Trust will work in close collaboration with Clinical Commissioning Groups to relocate the current Walk-in-Centre and develop pathways that allow patients to be re-directed to more appropriate services.

Elective Access

UHSM has achieved the referral-to-treatment targets for both non-admitted and admitted patients during 2011- 12. This performance has been delivered because of improved processes across the scheduled-care pathway. Some of these developments and other key successes are outlined below:

1. the Admissions Lounge, originally opened in November 2010, has taken on additional specialties to ensure that patients are safely prepared for surgery and transferred to theatre in a timely manner;
2. 2011- 12 saw the bed-reconfiguration programme continue in Scheduled Care. The Trust opened a dedicated ward for elective orthopaedic patients (previously this specialty had beds which were located on a shared ward). This has led to improved access to elective bed capacity in the specialty and patients being cared for by a nursing team with more relevant experience and expertise;
3. Ward F1S (Short Stay Surgery) has been used more effectively, admitting short-stay patients from a broader range of specialties. This supports more efficient management of short-stay patients and also releases some capacity on acute surgical wards for the treatment of more complex cases;
4. the Booking and Scheduling Team has developed and is now embedded in the organisation and supports the more efficient use of theatre sessions. The waiting list is managed firstly based on clinical urgency and chronologically, with capacity problems being identified at an earlier stage than was previously the case, enabling contingency plans to be developed;
5. the development of a pre-operative assessment service has continued and a new centralised location for this has been established. This supports better preparation of patients for surgery, thus potentially reducing risk and also improves efficiency by identifying those patients who otherwise may be cancelled on the day of surgery;
6. the Enhanced Recovery Programme has been extended in 2011- 12 from the initial specialty of Colorectal Surgery and is being implemented in other surgical specialties, including Gynaecology, Urology and Trauma & Orthopaedics. This is supported by a dedicated Specialist Nurse who is working with all specialties to implement the care pathways;
7. a service-improvement project focused on Cardio-Thoracic Theatres has identified the constraints to a more efficient and effective use of this theatre complex. Some of these issues

have been addressed and have supported an improvement in performance on the lung-cancer pathway;

8. there has been a focus on improving the Trust's Directory of Services within the Choose and Book system. This has led to services being made more easily accessible to GPs and patients.

Cancer Care

UHSM achieved all the national cancer standards during 2011-12. Some of the developments in cancer care delivered at UHSM during 2011-12 are detailed below:

1. a review of cancer-services processes has been undertaken during 2011-12, leading to improvements in patient tracking processes and information;
2. UHSM successfully implemented the 23-hour model for Breast Surgery in 2011-12, with 76% of patients who underwent mastectomy or wide-local excision having only one night's stay following surgery;
3. the trust began the development of an Acute Oncology Service, appointing Dr. Yvonne Summers as Acute Oncology Lead. The team will be expanded to include two consultant lung oncologists and visiting oncologists from The Christie Hospital, an Acute Oncology Lead Nurse and an administrator early in 2012-13;
4. the development of a system which links the Somerset Cancer Registry Database to the Accident and Emergency Smart Board and allows A & E teams to quickly identify any patients who have had chemotherapy at UHSM may be at risk from the side-effects of their treatment;
5. the National Peer Review Programme includes three methods of review: external validation; internal validation or self- assessment. Seven of 10 services/ MDTs (Multi-disciplinary Teams), which underwent some form of peer review during 2011- 12, achieved either the highest or second highest compliance against the review measures when compared with their peers across the Greater Manchester & Cheshire Cancer Network (GMCCN);
6. the Gynaecology service obtained an internally validated score of 100% compliance against the specialist MDT measures;
7. all upper gastro-intestinal services from the GMCCN underwent a full peer review visit from an external visiting team. The report for UHSM praised the 'clear leadership of this well motivated, enthusiastic and dynamic team';
8. the year-on-year research recruitment figures demonstrate how the number of patients recruited to randomised control trials (RCTs) has dropped since 2010- 11 which was expected as some large trials closed; however recruitment into overall National Cancer Research Network (NCRN) primary trials at UHSM has increased. UHSM recruited 8% of patients into RCTs and 64% of patients into all primary recruitment trials during 2011- 12;
9. UHSM achieved a score of 84% compliance against a target of 70% in relation to cancer staging data submitted to the North- West Cancer Intelligence Service for the calendar year 2011. UHSM was ranked as the fourth trust across the three northern cancer networks, Merseyside & Cheshire, Lancashire and South Cumbria and Greater Manchester & Cheshire;
10. the Macmillan Cancer Information Centre expanded its services during 2011-12 to support patients following holistic assessment:
 - A relate counselling service (pilot funded by Macmillan);
 - HOPE course (Help Overcome Problems Effectively) to help patients who have had cancer to get back to normal life or assist them in adapting to their changing lifestyle;
 - Vocational Rehabilitation service – helping people with work-related problems;
 - promotion of national cancer awareness initiatives (e.g. Bowel Cancer Month, Breast Cancer awareness);
 - the centre has also developed Learn and Share sessions for healthcare professionals.

Estates and Facilities

Facilities Services

2011-2012 saw the successful conclusion of the Trust's negotiations with its PFI partners with regards to the benchmarking of the provision of soft facilities management services (soft FM), as provided for within the Trust's Private Finance Initiative contract. This resulted in the agreement of a new "Hotel Services Proposal (HSP)" which was implemented from late 2011. The HSP brings a step-change in operational performance for all soft FM services, so that they now meet modern service-delivery standards, along with a £1.2m per annum cost saving to the Trust. UHSM is the first PFI hospital in the UK to negotiate such an improved deal under PFI benchmarking provisions.

Estates Strategy

In February 2012 the Trust Board approved a new Trust Estates Strategy. This important strategy document provides a completely new commercial and business-oriented model for the management of the Trust estate; one which is commensurate with the current business and service objectives of the Trust. This is of critical importance to further support the progression of the Trust and also to support its wider real-estate aspirations including those of Medipark.

The Estates Strategy establishes 8 new strategic objectives for the Trust's estate including ensuring that the Trust's buildings are:

1. **safe and secure**- it is essential that our buildings are compliant with relevant health-and-safety and statutory standards and are secure for our patients, staff and visitors insofar as a public-access organisation can be;
2. **flexible**- to accommodate changing functions and staff numbers. Where possible, buildings need to be future-proofed for uses and circumstances that cannot yet be foreseen;
3. **good value for money**- it is essential, particularly as public-spending faces tight constraints, that changes to the estate mean that our buildings cost less and deliver better value;
4. **modern**- the Trust has a proud legacy, and will retain its most iconic buildings. However, the Trust's estate needs to be modern and efficient;
5. **functional**- the Trust requires buildings that are fit-for-purpose and in the right location to best support clinical services;
6. **efficient**- we require efficient building footprints and more productive floor space, removing any surplus space that exists in the organisation;
7. **sustainable**- the Trust needs its buildings to comply with relevant sustainability goals, and they must comply with relevant environmental legislation; and
8. **a platform for the whole of the Trust's operations, including those of our partners**- the Trust has multiple stake-holder relationships and the estate must also be used as a catalyst to promote third-party working and collaboration.

A detailed delivery plan to help the Trust to achieve the new objectives will begin to be implemented in the next 12 months.

Britain's Greenest Hospital

The Trust's Estates and Facilities and Communication directorates continue to work closely to further develop the green credentials of the Trust. In particular, the Trust continues to closely monitor energy consumption and remains successful in being recognised nationally in respect of its wider green agenda. The Trust is currently in the finals of the Ashden Awards (rewarding green energy champions) and other recent awards successes include:

1. **Highly Commended**- Health Service Journal Efficiency Awards 2011
2. **Winner**- Climate Week Awards 2011
3. **Overall Winner**- The Guardian Public Services Awards 2010
4. **Winner**- The Guardian Public Sector Awards 2010, Sustainability Category

The Trust remains keen to develop its wider sustainability agenda and in 2012- 13 is expected to establish a range of further green objectives, not directly related to energy and direct carbon emissions, which the Trust will need to tackle in order to maintain its current class-leading status in this area.

Estates Developments

A number of significant developments to the Trust's estate were made during 2011- 12.

Making it Better

During 2011-12 construction continued on the £20 million maternity unit which radically upgrades the Trust's existing maternity facilities, provides a new midwife-led birth centre, hotel-style delivery rooms with birthing pools, fully refurbished clinics and wards and an expanded special-care baby unit.

In particular, the Trust continued to deliver Phase 3 of the project including the refurbishment of Ward C3 and the extension and refurbishment of the neo-natal unit. On the 18th January 2012 Serbian footballer Nemanja Vidic and his wife Ana officially opened the newly-refurbished Delivery Suite.

The work is an element of the implementation of 'Making it Better' (MiB) which is the Greater Manchester-wide scheme designed to improve standards of care and provide care closer to home for mothers-to-be and their families.

Ward Reconfiguration Work

The Trust commenced a challenging programme of ward reconfiguration work in 2011- 2012, designed to better support the delivery of clinical services. Specifically, the Trust's discharge lounge was successfully relocated from Ward F2 to a new purpose-built facility near to the Main Outpatient Entrance. The pre-operative assessment clinic has also been moved from Ward A3; works are progressing to move services from Ward F1N to Ward F2N by June 2012 in order to accommodate the Trust's Planned Investigations Unit (PIU); and Ward A3 will be converted to an orthopaedic ward to support the provision of a new ultra-clean theatre which is being developed in partnership with the Trust's PFI partners.

Backlog Maintenance and Infrastructure Improvements

In 2011-12 the Trust completed a total of 69 different maintenance projects at a cost of £3.2m in order to upgrade and replace key fabric elements of the Trust's estate including roofs, windows, lifts, decorations and flooring. This figure excludes some infrastructure maintenance, PFI lifecycle costs and expenditure on UHSM's 'F' Block of wards. The investment also provided for improved fire precautions, concrete repairs, energy-saving initiatives and essential electrical and mechanical system replacements / improvements.

National Institute for Health Research (NIHR)

Works to construct an NIHR grant-funded £2.4m extension to the Medicines Evaluation Unit are scheduled to be completed by the end of April 2012. This facility will further support the Trust's research agenda and provide much needed space for front-line research activities

Outpatient Department Refurbishment

The Trust has completely reconfigured its Main Outpatient Department at a total cost of £1.4m in order to improve its pre-operative assessment facilities, provide a more patient-focused discharge facility, improve outpatient reception and booking-in facilities, and refurbish selected outpatient clinics. This complete package of works will help make a significant improvement to the experience of patients at the hospital.

Ward Improvements

The Trust has continued to prioritise funding for its older wards in 2011- 2012, including spending £200k on refurbishing Ward F4 and £220k on Ward F2.

5.2 Financial Standing and Outlook

UHSM is pleased to report a good financial performance in 2011-12 in line with its plan for the year. This is evidenced by the fact that UHSM made a net surplus of £2.68m before exceptional items in 2011-12. This financial result provides a firm base for UHSM to continue to invest in improved facilities and benefit patient care. In addition, the Foundation Trust finished the year with a healthy cash position.

As part of Monitor's Compliance Framework the Foundation Trust is assessed against a Financial Risk Rating model (FRR), which is used to assess financial risk and more specifically to assess the likelihood of a financial breach of UHSM's terms of authorisation. The risk rating is on a scale of 1 to 5, with 5 being the strongest rating and 1 being the weakest. It was agreed at the start of the year by Monitor for UHSM to achieve a risk rating of 3, which has been achieved. This rating indicates solid financial performance and there are no concerns of a financial breach of the terms of authorisation.

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 2011-12, UHSM achieved a net surplus of £2.68m before exceptional items. The achieved surplus equates to 0.69% of UHSM's turnover. This modest surplus brings a level of financial stability and provides the ability to continue to make capital investments.

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

- capital investments in improving Outpatients, continued enhancements to the Maternity Unit and a development to facilitate increased levels of research at UHSM
- service investments in areas such as Extra Corporeal Membrane Oxygenation (ECMO), acute Oncology services, and the start up of a major trauma centre.
- the delivery of £16.5m Cost Improvement Schemes (4.5% of Operating Expenses), met through a range of efficiency measures including clinical and corporate restructuring, nursing workforce review and procurement savings
- maintaining strong operational performance in respect of the 18 weeks elective access target, the A&E 4 hours access target and cancer targets
- delivering strong performance in respect of the Commissioning for Quality and Innovation (CQUIN) quality targets which is a significant and important income stream for the Trust related to the quality of our patient services.

In 2011-12, operational performance with regard to earnings before interest, taxation, depreciation and amortisation (EBITDA) was £22.0m (5.7% of turnover). This was below the previous year (2010/11 EBITDA was £23.4m, 6.7% of turnover). As the turnover increased (mainly due to pass through funding) then the EBITDA would be expected to be a lower percentage of turnover, the percentage was further reduced as a result of EBITDA being £1.4m less than in previous year.

UHSM's income grew by £38.1m (11.0%) in 2011/12. The Trust acts as a host for research and training monies which it receives and passes onto other NHS bodies. In previous years the Trust has not included these funds in its Income and Expenditure statement. However, from 2011/12, arising from revised Department of Health accounting guidance, the Trust is required to show this income and expenditure as gross. This grossing up (which does not generate an EBITDA margin), together with the transfer in-year of a number of community services previously provided by NHS Manchester account for this increase along with implementing the ECMO service and growth in maternity activity.

Table 5.6 summarises the 2011-12 Statement of Comprehensive Income performance:

Table 5.6: 2011-12 Summarised Operational Financial Performance

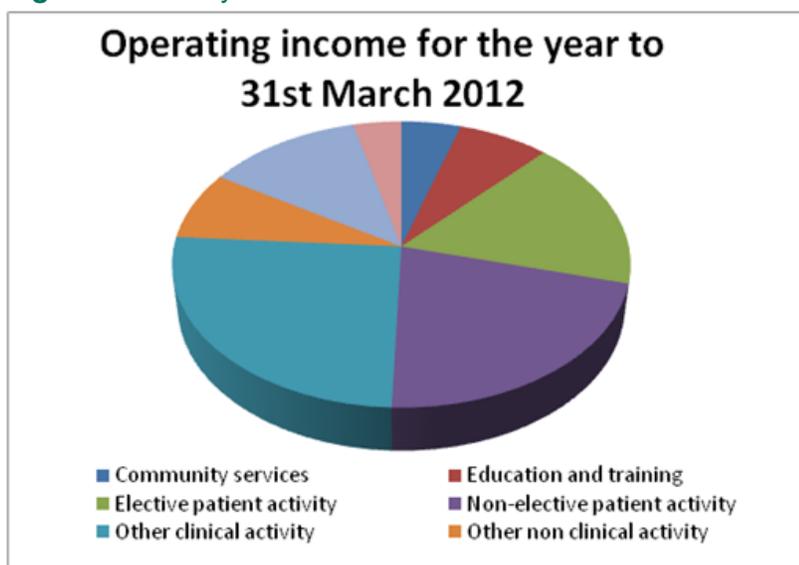
	2011-12 £m
Income	385.78
Operating expenses	(363.46)
EBITDA	22.32
Depreciation	(9.24)
Net interest	(9.15)
Surplus before Dividend	3.93
Public Dividend Payment	(1.25)
Exceptional items(Impairment of Fixed Assets, costs of reorganisation)	<u>(4.61)</u>
Net Surplus after exceptional items	(1.93)
Add back exceptional items	4.61
Net Surplus before exceptional items	2.68

In 2011/ 12 pay costs increased by nearly 10% whilst other non-pay cost increased by 16%. These increases reflect the impact of included hosted services such as research, training and the transfer of community services from NHS Manchester and other modest service developments.

The Trust's second year of savings under its "Fit for Fifteen" efficiency programme has generated savings of £16.5m (4.5% of operating expenses) whilst maintaining the delivery of high quality care. The key areas that were focused on were improved utilisation of our Estate, reduced length of stay, improved theatre productivity, improved diagnostic and outpatient services, skill mix reviews with our workforce, and drug and procurement savings.

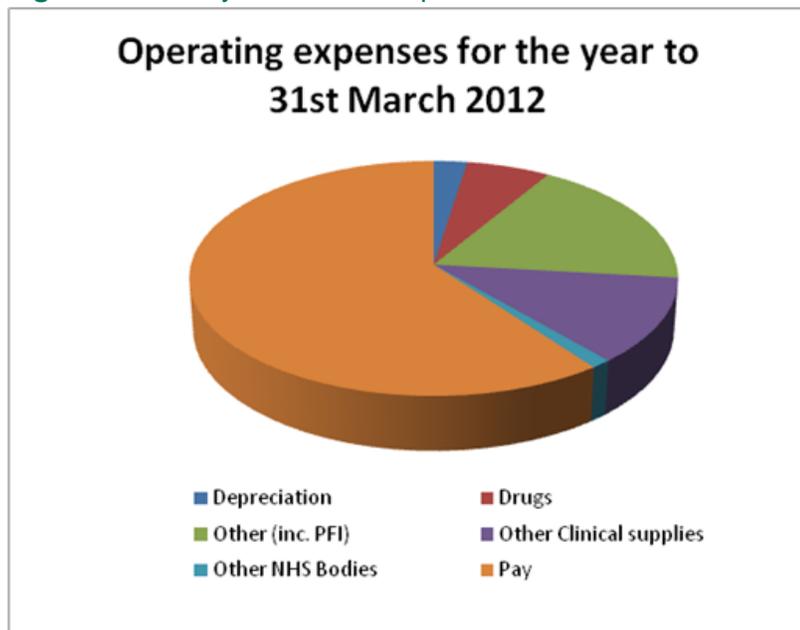
The following pie charts give a breakdown of the sources of income UHSM has generated and where the money has been spent.

Figure 5.3: Analysis of Trust income



As can be seen the largest proportion of UHSM's income is generated from patient related activities, the majority of this is derived from contracts with Primary Care Trusts.

Figure 5.4: 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 12%.

Management of the Trust's assets

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

Capital Investments

The Trust has a rolling capital programme to maintain and develop its capital infrastructure. In 2011-12 the Trust invested £14.1m of capital expenditure to enhance and expand the asset base.

This included;

- creation of a central research facility
- on-going redevelopment of Maternity and Neonatal services which is due to conclude in 2012
- refurbishing the out-patients department
- continued investment in IM&T to support improvements in patient services

The following table summarises the expenditure in 2011-12;

Table 5.7: Analysis of capital expenditure

	2011/ 12
	£m
Research Facility	2.0
Maternity development	3.7
Out-Patients refurbishment	1.2
Information Technology	1.5
Backlog maintenance	4.5
Medical equipment	1.2
Total	14.1

This programme of capital investment was funded by £3.7m loans, £1.9m government backed Public Dividend Capital (PDC) and the remainder from depreciation and retained surpluses.

UHSM plans to continue to invest in its assets with Phase 3 of investment in its Maternity redevelopment planned for completion in 2012-13 (£1.0m). The Trust also plans to increase its theatre capacity in 2012/ 13 enabling a more cost effective service whilst maintaining high quality patient care. UHSM plans to make further capital investment in its estate and replacement equipment. These developments will build upon previous investments in infrastructure and support the aim of improving the environment of the Trust's facilities and the patient care that is offered. However, in the context of NHS funding constraints the Trust's forward capital spending plans will be at a more moderate level.

Liquid Assets

At the end of March 2012 the Trust held £46.2m in cash balances. This is an increase on last year's cash and cash equivalents reflecting improved cash management; the impact of the Trust acting as host for a number of services such as the Comprehensive Local Research Network (CLRN) and the National NHS Top Leaders development programme.

Key Financial Risks

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

- the delivery of a challenging efficiency programme totalling £16.5m
- the affordability of further increases in activity for UHSM's commissioners
- delivery of a challenging range of new quality targets as part of the linkage between income and quality as outlined under the Commissioning for Quality and Innovation (CQUIN) national initiative
- contract penalties potentially chargeable in respect of non-achievement of key performance targets

Careful management of the Trust's finances since our authorisation as a foundation trust provides a solid base for UHSM in developing its financial plans going forward. There will continue to be financial challenges and the key financial risks as the Trust embarks on the 2012-13 financial year include:

- continuing to deliver the efficiency programme in the order of 5% per annum
- the potential application of contract penalties for non compliance with key performance targets such as readmissions within 30 days of discharge and referral to treatment standards
- managing the liquidity pressure arising from the cash flow phasing of the Trust's PFI contract

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

Forward Look

UHSM and the Board of Directors are engaged with the pressures facing the Trust in the current economic climate. Through prudent financial management and by building on the business improvement processes delivered in 2011-12 the Trust is in a good position to meet the considerable financial and performance challenges ahead of it. Our continued financial priority will be to improve productivity and efficiency whilst at the same time providing the very best quality of patient care.

5.3 Education, Research and Development

Since the approval of its five-year Business Development Plan in October 2010, the UHSM Academy has made considerable progress.

Key achievements delivered, against the eight strategic objectives are:

- 1. Develop the Academy as a Unique Entity and a novel market leader in health education**
The transfer of core education colleagues, such as The Learning and Development Department, Library, ERC Management, Medical Illustration, Head of Professional Practice and the Practice Educators to The Academy has taken place.
The triumvirate of the Director (Clinician), Associate Director (Manager and AHP) and Assistant Director (Nurse) has been established and key relationships with the departments of finance, HR, communications and estates are in place.
- 2. Institute robust education governance by having standards and structures in place for education which ensure control and accountability in order to achieve continuous improvement of quality and performance**
Education Governance structures are well embedded. These are the Academy Executive Group, the Education Governance Committee and the Academy Operational Management Group. The development of a suite of metrics is underway plus the development of strategies to engage the whole of UHSM in the work of The Academy.
- 3. Enhance and develop multi professional education to enhance the learning experience of all students and employees ensuring 'one talented team'**
All Academy committees, working groups and teams are multi-professional.
Processes are in place, within the Education Governance structure, for approving new education programmes which give a higher weighting to programmes with a multi-professional approach. A schedule of multi-professional events is published as part of the quarterly Academy Newsletter.
- 4. Impart local, national and Global influence through the growth and enhancement of academy-established primary care, schools and developing world activities**
The number of attendees at the monthly Primary Care education events has increased substantially from just 18 in Sept 2010 to 34 in Sept 2011 and 68 in January 2012. The following Primary care events have been held between Aug 2010 and January 2012: Women's health, Paediatrics, Orthopaedics, Pathology, Cardiology, Emergency Medicine, General Surgery, General Medicine, ENT, Diabetes, Mental Health, End of Life Care, Gastroenterology and Musculoskeletal.

Several community health education events have taken place, including: Newall Green secondary school engagement week; 'Celebration of Success' event for colleagues gaining vocational qualifications and their families and friends; venepuncture training for Manchester PCT; First Aid for local Scouts groups; the skills bus visiting Ringway Primary School for Healthy Living week, Newall Green and Baguley Hall Primary schools for science week and the delivery of Basic Life Support training for primary care colleagues. The skills bus attended the Manchester Run and community events at Gatley Festival and Heald Green Festival.

The Academy is a principal participant in the MediPark development and is working with Manchester Solutions/Chamber of Commerce on employment initiatives for local youth. It has also had discussions with Willow Park Housing Trust on the provision of health education for their residents.

The first Academy Prospectus is widely available both as an e-version and a printed version.

The Academy is now the host for the new MAHSC Global Health Centre and has been instrumental in the development of the North West Global Health Alliance and the Uganda-UK Healthcare Alliance

The Gulu-Man link continues to grow and has delivered several education programmes at the Gulu Regional Hospital in Uganda including a full Acute Illness Management (AIM) course and two major trauma courses. An in-depth risk assessment of the Gulu-Man link has been undertaken by the UHSM's Chief Risk Officer and actions have been taken as a result to reduce identified risks associated with colleagues travelling to and around Gulu.

5. Enhance our educational estates and facilities to allow the Academy to deliver state of the art, world class educational activity to its staff and external commissioners

A new room booking system has been installed for teaching facilities in the Education and Research Centre plus upgraded hardware and software for the Medical Illustration Department.

6. Recognise the contribution of our teachers and identify and reward teaching quality

TOPCAT – the Teaching Loads database has been piloted and will be rolled out as part of the new Academy IT Infrastructure called EduQate, which is in development.

Each Directorate produces an annual education and training report to the Education Governance Committee.

7. Capitalise on the business development opportunities that are arising within healthcare education particularly in the area of accredited course delivery, simulation and leadership development

Income has continued to grow including income from assessments, skills bus, courses, Sage & Thyme courses and licences, income to deliver apprenticeships and to host regional services, such as the Work Based Education Facilitators Network.

8. Ensure, with the changes in NHS and Higher Education that UHSM complies with its stakeholder requirements.

Reports on the records of compliance and external visits and assessments are regular agenda item at the Education Governance Committee.

Research and Development

In 2011-12 UHSM had 331 open clinical research projects supported by funding from Research Councils, charities, National Institute of Health Research (NIHR), international funders and industry, including commercial contracts to develop new medicines, devices and procedures. These studies covered 11 clinical specialties and were supported by 173 dedicated clinical research staff.

For 2011-12 there were 18,558 patients recruited to clinical trials which compares against 19,319 patients for the year 2010/11. This indicates a small fall in total recruitment. The bulk of this recruitment originates from the *Procas* study which involves 60,000 women, the largest research study in the UK for the detection and prevention of breast cancer. However when *Procas* figures are removed, there is an underlying increase of 12.3% in recruitment to studies from 2592 to 2953, which is a positive trend with new areas of activity beginning to emerge. During 2011-12 this level of participation in clinical research has resulted in UHSM being the second highest recruiter to NIHR portfolio studies nationally.

Greater Manchester Comprehensive Local Research Network (CLRN) is hosted by UHSM, and in 2011-12 UHSM was the highest recruiting organisation in Greater Manchester. UHSM was also amongst the best compared to equivalent organisations for turnaround of approvals of clinical trials within Greater Manchester.

In the last year, 297 publications have resulted from the Trust's involvement in quality research helping to improve patient outcomes and experience across the NHS. This level of participation in clinical research demonstrates UHSM's continued commitment to improving the quality of care it provides to patients as well as making a significant contribution to wider health improvement.

The UK National Aspergillosis Centre

UHSM hosts the UK National Aspergillosis Centre, commissioned by the Department of Health to provide long term care for patients with chronic pulmonary aspergillosis. This condition is one of several caused by the airborne fungus *Aspergillus*. The team is led by Professor David Denning. Most recently the team has been successful in being awarded grants from several prestigious bodies including the MRC and The Wellcome Trust. Expertise in the clinical management of chronic pulmonary aspergillosis and the sophisticated diagnostic testing and monitoring required to support high quality clinical care has contributed to the care of patients with all forms of aspergillosis.

NIHR Clinical Research Building

In August 2009 UHSM was successful in a bid for capital investment from the NIHR for £2.45m. The bid was to develop a clinical research building to increase the capacity of UHSM to deliver a substantial increase in recruitment in to clinical trials and other NIHR funded research activities. This building is nearing completion and will be handed over for use in late spring 2012.

Our overall strategy for the new build is to create an environment which will facilitate the rapid and effective translation of innovative basic science into the clinic. Our specific objective is to develop clinical innovations to improve outcomes for patients with food allergy and to maintain our excellence as one of the leading centres for experimental medicine in respiratory allergy.

PROCAS study

The PROCAS study aims to predict breast cancer risk for women who attend routine NHS breast screening in Greater Manchester. A woman's risk will be assessed by collecting extra information on each of the most important breast cancer risk factors – family history, lifestyle factors, breast density and genetics.

The results of this study could impact on the whole NHS Breast Screening Programme. By incorporating this process of personal risk assessment into routine screening practice, we can predict and prevent more breast cancers in the future.

The PROCAS study is the top recruiting study in the Greater Manchester Comprehensive Research Network and has contributed to UHSM's position as the top recruiting trust in the Network.

Manchester Academic Health Science Centre (MAHSC)

UHSM is one of the founder members of MAHSC, and there has been significant progress in the first three years of operation having focused on three building blocks to underpin and begin delivery of its seven strategic goals: Governance, Organisation and Management; Clinical Themes; and Enabling Infrastructure. Clinical and Enabling Sections leads have been appointed to improve the speed and breadth of translation of research to patient benefit thereby improving the health and wellbeing of our local communities and beyond. Established and effective organisation and management across the interface between research and clinical care has delivered early benefits to management and governance of research.

Professor Simon Ray, Consultant Cardiologist at UHSM, remains Clinical Academic Section Lead for Cardiovascular for MAHSC. He continues to take responsibility for the clinical, enabling and education and training themes that are essential to delivery of the MAHSC strategy within the cardiovascular theme.

Professor Ashley Woodcock, Consultant in Respiratory Medicine at UHSM, is the Clinical Academic Section Lead for Inflammation & Repair in MAHSC.

Respiratory and Allergy Clinical Research Facility (RACRF)

Professor Woodcock is the Director of the UHSM Respiratory and Allergy Clinical Research Facility (RACRF) which is a partnership between the University of Manchester (UoM) and UHSM. Their goal is to translate advances in laboratory and experimental research into improved lung health for individuals and the population as a whole. During 2011-12 the RACRF secured further funding of £2.5 million from the NIHR to support early phase research in the areas of personalised treatment of respiratory infections, asthma and allergy, chronic obstructive pulmonary disease and cough over the next 5 years.

The RACRF provides an infrastructure – people, space and equipment – which allows clinicians, scientists and researchers to undertake experimental research and early phase clinical trials. The RACRF is part of the North West Lung Centre (NWLC) which is a tertiary referral centre for a catchment area of over 5 million people. The Clinical Service is staffed by 25 sub-speciality Consultants including 10 Academic Professors.

Professor Woodcock works alongside Professor Dave Singh and MAHSC as founding members of the NIHR Translational Research Partnership (TRP) for Inflammatory Respiratory disease. They have been closely involved in establishing the rules of engagement and UHSM will be one of the four Centres carrying out the first study in collaboration with commercial companies. The management models within the RACRF provide the flexibility to enable rapid response and delivery to time and target, as new early phase TRP studies emerge.

5.4 Social Responsibility

UHSM continues to face significant challenges in meeting its efficiency targets. A number of work streams continued to focus on areas where it is thought that efficiencies could be made and this included such areas as Medical Workforce, Procurement, Outpatients and Diagnostics. Several workforce changes to particular staff groups were required as a result of reviews of staffing levels and requirements for the future. These included administrative and clerical staff, nursing and outpatients. In all cases, appropriate consultations were carried out with those who might have been affected by any draft proposals.

Following the successful transfer of services formerly provided by NHS Manchester in south of city to UHSM in April 2011 (Transforming Community Services) the Trust has been integrating and transforming services to ensure high quality and efficiency services are provided to all patients across the patient pathway. The transfer involved 450 staff transferring employment from NHS Manchester to UHSM and these staff have become part of UHSM's one talented team.

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

UHSM has continued to see an improvement in its appraisal rates following the revision to the appraisal documentation and the linkage with performance to incremental progression. The improvement has also been seen in the results of the Annual Staff Survey where the Trust continues to be in the highest (best) 20% compared against all other acute trusts nationally for percentage of staff appraised in the last 12 months and percentage of staff appraised with personal development plans in the last 12 months. UHSM is also ranked in the highest (best) 20% for the percentage of staff receiving health and safety training in the last 12 months; percentage of staff feeling valued by their colleagues; percentage of staff using flexible working options; percentage of staff agreeing that their role makes a difference to patients and staff feeling satisfied with the quality of work and patient care that they are able to deliver. Significant improvements have been seen in the attendance of Mandatory Training over the last twelve months with the target of 80% being achieved in all key areas.

Employee Engagement and Involvement

UHSM is committed to creating an environment where every employee feels involved, treated with respect and recognised in order to enable them to play their part in helping UHSM deliver excellent patient care. To this end we are continuing to develop the programme of open communication and engagement with our colleagues putting 'The South Manchester Way' at the centre of our business, transforming our working practices, including implementation of Hospital 24/7, workforce and culture. The Trust has a range of communication mechanisms in place already to ensure that employees receive communication which directly or indirectly affects them. Such information includes, Team Brief, the Daily Bulletin, Staff News and Start of the Week, which is a weekly news briefing undertaken by the Chief Executive. Further review of internal communications and engagement will be undertaken in 2012-13 with the development of a People and Organisational Development strategy which will reinvigorate the principles of 'The South Manchester Way.'

Staff Survey

UHSM has again participated in the annual NHS Staff Survey. As with the Staff Survey last year, UHSM again undertook to survey all its employees rather than the 850 random sample it has surveyed in previous years. The overall response rate of 41% was similar to the previous year.

Overall the results of the 2011 Staff Survey have been positive with no statistically significant differences compared to the previous year.

In summary, the Trust's rating compared to all other NHS Acute Trusts is as follows:
UHSM'S Top four ranking scores were as follows:

Table 5.9: UHSM'S Top four ranking scores

	Trust Score 2011	Trust Score 2010	National Average for Acute Trusts 2011
Percentage of staff appraised in the last 12 months	89%	90%	81%
Percentage of staff receiving health and safety training in the last 12 months	90%	88%	81%
Percentage of staff agreeing that their role makes a difference to patients	93%	91%	90%
Percentage of staff feeling valued by their work colleagues	80%	75%	76%

UHSM's bottom four ranking scores were as follows:

Table 5.10: UHSM'S bottom four ranking scores

	Trust Score 2011	Trust Score 2010	National Average for Acute Trusts 2011
Percentage of staff reporting errors, near misses or incidents witnessed in the last month	94%	94%	96%
Support from immediate managers (Maximum score 5)	3.46	3.49	3.61
<i>Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months (lower score better)</i>	17%	14%	15%
Percentage of staff saying hand washing materials are always available	50%	54%	66%

Overall, out of the 38 key areas – there were no statistically different changes.

In the coming years UHSM will continue to build on many very positive areas and also concentrate on those scores where the Trust is placed in the bottom four ranking areas. There are some clear messages about support from managers, effective team working and staff not feeling valued or supported which run through the theme of the results. It is therefore essential that this is addressed in the development of the People and Organisational Development Strategy.

Equality and Diversity

As a public authority the Trust has a statutory general duty under the Equality Act (2010) to eliminate discrimination, promote equality of opportunity and produce relevant schemes setting out how the Trust will meet these obligations. The Trust has in place a Single Equality Scheme. The scheme covers all aspects of diversity not just the statutory requirements of Race, Disability and Gender.

The Scheme's action plan is reviewed and monitored to ensure compliance in this particular area of work.

The Trust continues to honour its commitments as a *Positive about Disability* employer by ensuring that it continues to ensure good practice standards with regards to its practices with regards to Recruitment and Selection; maintaining people in work who become Disabled.

Recruitment practices are audited and reviewed to ensure compliance with the Equality Act and to ensure full and fair consideration to applications made by disabled candidates.

In accordance with the Trust's Single Equality Scheme the Trust undertakes annual monitoring against of black and minority ethnic groups (BME) statistics, the details of which are as follows:

Table 5.11: Equality

	Staff 31/03/2012		Staff 31/03/2011		Staff 31/03/2010	
		%		%		%
Age						
16-20	11	0.2	16	0.3	24	0.5
21-30	959	17.6	944	18.8	887	18.2
31-40	1371	25.2	1264	25.23	1201	24.7
41-50	1578	28.9	1435	28.6	1440	29.6
51-60	1226	22.5	1074	21.4	1050	21.6
61-70	298	5.5	268	5.4	253	5.2
70+	6	0.1	8	0.2	7	0.1
Ethnicity						
White	4509	82.7	4168	83.2	3993	82.1
Mixed	48	0.9	45	0.9	44	0.9
Asian or Asian	364	6.7				
British			380	7.6	361	7.4
Black or Black British	141	2.6	125	2.5	122	2.5
Other / Not Stated	388	7.1	291	5.8	342	7.0
Gender						
Female	4475	82.1	4093	81.7	3970	81.7
Male	974	17.9	916	18.3	892	18.3

The increase in staff numbers is largely due to the transfer in of Community staff from NHS Manchester. This data can be compared favourably to the makeup of UHSM's membership, as shown below.

Disability

2.1% of staff declared themselves to have a disability. It is thought that there is some under reporting.

UHSM does not keep data on sexual orientation or religion.

Recruitment

Information is available for the recruitment of all staff (apart from junior doctors in training posts) from April 2011 to March 2012 and the previous year.

Table 5.12: Recruitment

	Total Number		% BME		% Female		% Disabled	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Applicants	25970	19068	34	33	72	68	3.7	3.7
Short listed	5157	4567	25	23	77	77	4.6	4.7
Appointed	868	702	18	15	80	81	3.3	3.3

In relation to the employment of black and minority ethnic colleagues ('BME'), these figures do indicate a cause for concern in that the proportion of appointees from amongst the BME community is lower than the proportion of those applying or being shortlisted. UHSM has recently developed management training for those managers who are involved in Recruitment and Selection training with a particular module focussed on Recruitment and Selection. The training ensures that all our recruiting managers are fully training in the area of Equality of Opportunity for all in the recruitment process. However, the % appointed does reflect UHSM membership.

The recruitment of people with disabilities is in line with UHSM commitments under the Two Tick symbol, with a higher % being short listed than applicants without disabilities.

Sickness

During 2011, data was kept of all staff that had received a final warning or had been dismissed under the Trust Attendance Management Policy.

Table 5.13: Sickness

Stage	2011		2010	
	Number	% BME	Number	%BME
Short term sick - Final Warning	29	0	26	8
Short term sick - Dismissal	0	0	2	0
Total	29	0	28	7
Long term sick – redeployed	0	0	3	33
Long term sick – dismissed	7	0	12	0

Whilst the figures are small, no adverse impact on BME staff is apparent.

Discipline

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

Table 5.14: Discipline

Stage	2011		2010	
	Number	% BME	Number	%BME
Investigated – informal action	5	80	9	0
No case to answer	9	22	2	0
Verbal Warning	4	0	2	0
Written Warning	10	10	14	14
Final Written Warning	4	25	4	25
Dismissed	2	50	3	0
Resigned during process	3	33	2	0
Total	37	27	36	11

Whilst the figures are small, no adverse impact on BME staff is apparent.

Capability

Data has been collected of all employees who have are stage 1 and above of the Capability Procedure.

Table 5.15: Capability

Stage	2010	
	Number	% BME
Stage 2	2	0

In 2011 there were no cases taken to stage 2 of the Capability procedure.

The numbers are small and therefore it is difficult to draw any conclusions.

Grievances

Table 5.16: Grievances

Stage	2011		2010	
	Number	% BME	Number	%BME
Not upheld	3	0	3	0
Resolved	2	100	0	0

The numbers are small and therefore it is difficult to draw any conclusions.

Engaging with the local community and stakeholders

As a BW3 (Businesses in Wythenshawe) member, the Trust continues to engage with local schools by contributing to the Job Search Skills Events for high school students. Colleagues regularly visit schools on an ad-hoc basis and students attend the Trust to explore what careers are available within the NHS. This activity is complementary to the policy maintained by the Board for the engagement with the local community and other stakeholders.

A development programme was created during the week 13th-17th June 2011 when twenty 14 year old students from Newall Green high school attended the Trust to experience a series of activities as part of the successful pilot of the 'Healthy Futures: Delivering the big society' initiative. The students participated in events such as an African experience; getting your foot on the career ladder; clinical skills training; UHSM 'green' hospital and how to be a professional in the workplace. The sessions were delivered over the course of a week by teams from across the Trust, who gave up their valuable time to share their experiences and knowledge to inspire the students. It was an excellent opportunity for young people from our local community to experience the world of work in a healthcare setting and open their imaginations to a potential future career here at UHSM.

Vocational Qualifications

The UHSM Academy are working in partnership with local schools and funding agencies to increase the number of staff undertaking a work-based modern apprenticeship. The UHSM Academy has been granted Accredited Apprenticeship status and therefore we will be looking to expand the number of apprenticeships as part of our engagement with the local community, and increasing the number of local community members into its apprenticeship training programme.

NHS Constitution

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

Staff numbers referred to in this report

Within this report UHSM states various differing numbers for the staff complement. At the year end 5,061 were directly employed whole time equivalents. Others were employed by UHSM's PFI Partners, making a sum of 6,080. For the purposes of Membership, volunteers at UHSM also count as being within the Staff Constituency, as do employees of the PFI Partners. Taken as a whole the Staff Membership reached 6,387 at the end of 2011-12.

5.5 Sustainability Report

Commentary

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

In addition, carbon emissions for the budgetary period including the year 2050, must be such that the annual equivalent of the carbon budget for the period is lower than the 1990 baseline by at least 80%.

UHSM recognises many reasons to increase its commitment to reduce directly generated and consequential carbon emissions which include:

- Extreme weather events are becoming more common;
- The 10 warmest years on record have occurred since 1990;
- Warming of the climate system is unequivocal: 11 of the last 12 years rank among the 12 warmest years since records began in 1850;
- Most of the observed temperature increase is very likely to be due to the observed rise in greenhouse gas concentrations; and
- The projected global temperature increase over the next 50-100 years is likely to be in the range of 2 - 4.5°C, with a best estimate of about 3°C;

The overall sustainability strategy

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

The delivery of the CMIP has been broadly successful and, since March 2008, initial figures highlighted UHSM reduced its energy consumption from its original baseline by approximately 26%. More recent independent compiled figures indicate the current associated carbon reduction will exceed well over 30%.

At the July 2010 meeting of the Board of Directors, the Board acknowledged the need to implement and drive forward a wider Sustainability Strategy which adopts a similar approach to the delivery of the original CMIP to other areas of UHSM's activity that generate carbon emissions. Specifically, the following areas will be targeted:

- Energy and Carbon Management
- Procurement and Food
- Low Carbon Travel, Transport and Access
- Water Use and Waste
- Waste Minimisation and Recycling
- Designing and Maintaining the Built Environment
- Organisational and Workforce Awareness and Development
- The Role of Partners, Stakeholders and Networks
- Governance and Assurance

Carbon and Energy Reduction

Further to the approval of the CMIP in 2008, initial energy consumption reduction targets were set at 15% by 2010 and a further 5% by 2012.

Key Performance Indicators (KPIs) were established to robustly monitor progress against an initial energy consumption base line of 2006 / 2007. Energy consumption levels (degree day normalised) initially evidenced an actual 26% reduction against the 2006 / 2007 base position (excluding new developments). Consequently, during 2009 / 10 the carbon emissions emitted

associated with the use of fossil fuel reduced by some 2700 tonnes. The introduction of Biomass technology within UHSM's main energy centre offers a potential reduction in carbon emissions by a further 21% which is reflected in UHSM's 2011-12 fossil fuel consumption and carbon emissions.

UHSM is proud to be one of the first NHS Trusts to be awarded the Carbon Trust Standard by the Carbon Trust. We are equally proud of winning the Sustainability category of the Guardian Public Sector Awards, as well as securing and being declared the outright Overall Winner of the awards. UHSM was also overall winner at the prestigious Climate Change Week awards.

Future priorities and targets

Sustainability is central to the Trust's operations. The Trust is officially recognised as "Britain's Greenest Hospital" and has won many national awards in recognition of this over the previous 2 years. The Trust has a continued responsibility to:

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

The demands of operating in a sustainable way have a significant impact on the Trust estate.

The Board has approved an Environmental Policy and the Carbon Management Implementation Plan provides visible evidence of the Trust's commitment to tackle its own environmental impacts and adapt to the broader effects of climate change.

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

The Trust will achieve this Strategic Objective to improve sustainability by:

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

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

UHSM is aiming to produce an overarching Green Sustainability Strategy, which addresses the 9 core areas identified above. In support of this, it is proposed that a specific CMIP be produced for each of the 9 core areas, these then forming the basis of the FT's Green Sustainability Strategy.

Future Direction - Effectiveness of schemes, targets and benchmarks

The development of specific CMIPs will help establish a programme to reduce consumption and carbon emissions.

In respect of energy consumption, and in accordance with the Health Technical Memorandum (HTM) 07-02 enCO₂de 'Making Energy Work in Healthcare,' UHSM will benchmark using GJ/100m³ targets detailed within the HTM.

Adaptation Reporting

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

Assurance Process

Preceding 2011-12, UHSM propose to commission an audit of systems and processes currently utilised and employed to collect data used to calculate energy consumption and associated carbon emissions.

Summary of consumption performance

See **Table 5.18** for consumption details.

The results include a controlled approach to the portfolio controlled by other Trusts.

Table 5.18: Summary of Sustainability Performance 2008-12

Area		Non Financial data (applicable metric)	Unit	Non Financial data (applicable metric)	Unit	Non Financial data (applicable metric)	Unit	Type	Tonne CO2 (k)	Tonne Co2 (K)	Financial data (£K)	Financial data (£K)	Financial data (£K)
		2009-10		2010-11		2011-12			2010 -11	2011 -12	2009-10	2010-11	2011-12
Greenhouse Gas Emissions	Electricity	20,153,611	kWhs	20,248,109	kWhs	20,248,109	kWhs	Scope 2	10.9	11.1	1,936	1,704	1990
	Gas	34,471,111	kWhs	30,185,808	kWhs	31,185,508	kWhs	Scope 1	5.5	5.8	788	918	859
	Oil	707,778	kWhs	-	kWhs	175,672	kWhs	Scope 1		0.05	40	0	14
	Diesel			270,425		421,975	kWhs	Scope 1	1	0.1		33	46
	Biomass			6,188,267		10,266,901	kWhs	Scope 1	0.2	0.3		164	208
	Business Mileage			566.675		347,044	Miles	Scope 3	0.15	0.1		305	0
Waste Minimisation and Management	Absolute value for total amount of waste produced	1,838	Tonnes	1,659	Tonnes	1,859	Tonnes				495	455	502
	Methods of Disposal												
	High Temp	983	Tonnes	935	Tonnes	983	Tonnes	(a)			400	351	404
	Non Burn Treatment	0	Tonnes	0	Tonnes	0	Tonnes	(d)			0	0	0
	Landfill	684	Tonnes	720	Tonnes	876	Tonnes	(b)			83	102	98
WEEE	7	Tonnes	4	Tonnes	No data		(b)			1	1	0	
Finite Resources	Water	164,986	M3	161,821	M3	174,027	M3				490	467	500

Note: Data for recycled waste is unavailable

5.6 Board of Directors; how we work and remuneration report

The Board of Directors comprises six independent Non Executive Directors, including the Chairman and five Executive Directors, including the Chief Executive. The Board is of a unitary nature. Each director has a shared and equal responsibility for the corporate affairs of UHSM in strategic terms and for promoting the success of UHSM.

How the Board operates

The Board meets monthly and considers items under three themes:

- Strategy Implementation: including significant risks, current affairs and operational performance
- Strategy development: including policy formulation and decision making
- Regulatory and compliance matters

The Board takes strategic decisions and monitors the operational performance of UHSM, holding the Executive Directors to account for the Trust's achievements. The Board also meets informally regularly, to develop strategy and to consider specific issues in depth. Twice each year the Board also meets informally with the Council of Governors, as well as being invited to attend formal meetings of the Council of Governors on a quarterly basis.

The Chairman writes to the Council regularly, with a summary of the decisions taken and items discussed. Up to two nominated observers of the staff side representatives (recognised trade unions) and up to two nominated observers from amongst the Council of Governors are invited to attend the monthly 'Part 1' Board meeting. Governors are encouraged to attend at least once during their first term of office. The papers for the monthly Part 1 Board meeting and the approved minutes of the previous meeting are published on the Trust's website within three weeks of the meeting (<http://www.uhsm.nhs.uk/AboutUs/Pages/Board.aspx>). Items of a confidential nature are discussed by the Board in private in a monthly 'Part 2' meeting. Both the staff side representatives and the Council have welcomed these initiatives.

There is a clear division of responsibilities between the Chairman and the Chief Executive. The Chairman ensures the Board has a strategy which delivers a service which meets and exceeds the expectations of its served communities and an Executive Team with the ability to execute the strategy. The Chairman facilitates the contribution of the Non Executive Directors and constructive relationships between Executive and Non Executive Directors. The Chairman also leads the Council of Governors and facilitates its effective working. The effectiveness of both the Board and the Council and the relationships between the Board and Council are the subject of annual review, led by the Chairman.

The Chief Executive is responsible for executing the Board's strategy for the Trust, and the delivery of key targets; for allocating resources, and management decision making. The differing and complementary nature of the roles of the Chairman and Chief Executive has been set out in a Memorandum approved by the Board, and signed by both parties.

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

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

On a day to day basis the Chief Executive is responsible for the effective running of the hospital. Specific responsibilities are delegated by the Chief Executive to Executive Directors comprising the Director of Finance, who is also the Deputy Chief Executive; the Chief Operating Officer; the Medical Director; the Chief Nurse. In addition, the Director of Human Resources and Organisation Development and three additional senior managers; the Chief Risk Officer, Director of Communications and Foundation Trust Secretary report directly to the Chief Executive.

In the 2010-11 Annual Report it was reported that during 2011-12 the Chief Executive was absent for a period of more than four weeks due to being involved in a road traffic accident. The Board met to consider the resilience of the Executive Team within 3 days of the accident. The Trust's preparedness for such an eventuality was proven by the succession planning activity which had been undertaken by the Non Executive Directors in the previous month prior to the accident. The Board was very pleased to welcome the Chief Executive back to work, on a graduated return basis, from 13 June 2011, returning full time in September 2011. NoraAnn Heery, the Director of Finance, had acted up as Acting Chief Executive during the interim period. David Jago was appointed on 28 February 2011 as the Acting Director of Finance until 31 May 2011, when he left UHSM to join a neighbouring Foundation Trust as Director of Finance.

Board effectiveness, independence and evaluation

In 2011-12 the Board undertook its annual review by employing the good practice set out in the North West Leadership Academy's 'Board Development Guide'. External consultants had been retained to inform the review in 2009-10 and also 2010-11, so that with sufficient development progress being made, and regulatory assessments being favourable these arrangements were appropriate.

The methodology used in 2011-12 involved online responses to positive statements populated in an online survey tool. In addition to the Board as a whole, all directors were subject to appraisal in 2011-12, using a process which included feedback provided by Board colleagues. In the case of the Chief Executive the appraisal was led by the Chairman; for the Executive Directors by the Chief Executive; for the Non Executive Directors by the Chairman and for the Chairman by the Senior Independent Director. All members of the Council of Governors had the opportunity to contribute to the Chairman's evaluation.

The results of the respective evaluations were shared with each director. The results of the chairman's appraisal were also shared with the Remuneration Committee. The Chairman wrote to the members of the Council of Governors' Chairs' Advisory Committee confirming the outcome of the evaluations of the whole Board and also of the non executive directors. The Senior Independent Director also wrote confirming the outcome of the evaluation of the Chairman. All of the 2012 evaluations of the Board, its committees, individual directors and of the Council were deemed to be positive and to confirm good practice and performance.

This evaluation exercise undertaken by the Board to evaluate its collective performance and that of its committees showed that good progress had been made but that there remained further opportunity to continue to raise the collective performance of the Board.

The same arrangement was used by the Council to assess its own performance.

In accordance with the Code of Governance (provision A.3.1), UHSM Non Executive Directors are invited to consider whether they regard themselves to be independent in character and judgment, based on a number of criteria suggested by Monitor. Having made declarations effective at the end of the year under review, the Chief Executive and Chair of the Audit Committee reviewed the declarations made and reported the outcome to the Audit Committee. The declaration of the Chair of the Audit Committee has been reviewed by the Chairman and Chief Executive and the outcome was reported to the Board. The Board then considered the status of each Non Executive Director in turn at its March 2012 meeting.

The consensus of the Board was that all six of UHSM's Non Executive Directors are independent in character and judgement. This includes the Chairman, although Monitor stipulates that the test of independence does not apply to the Chairman except on appointment. All directors have made entries into the Register of Interests which is provided later within this chapter. The Board is aware of the significant other activities of the Chairman and is content that she continues to have the time to fulfil her duties at UHSM.

The Board maintains a UHSM Governance Manual available to all staff which sets out the scheme of reservation and delegation to senior individuals and committees, which provide for clarity of process and decision taking within UHSM. The Governance Manual includes terms of reference for all Board and Council committees.

Non Executive Director Appointments

During the year, no non executive directors left the Board and the Council had no need to make any appointments.

The removal from office of a Non Executive Director is a decision reserved for the Council of Governors and requires the approval of three quarters of the of the members of the Council of Governors. At the end of the 2011-12 year the Council comprises 32 Governors. A resolution for removal would require the approval of 24 Governors to be carried. No such resolution has been proposed or moved during the year.

In accordance with Monitor's Code of Governance for NHS Foundation Trusts, the terms of office of the Non Executive Directors are set out below:

Table 5.19: Terms of office of Non Executive Directors as at 31 March 2012

Non Executive Director	Appointed	Re-appointed	Expiry of Current Term
Roger Barlow * (Audit Chair)	01.11.09	-	31.10.12
Prof Graham Boulnois	01.01.10	-	31.12.12
Lorraine Clinton	01.01.10	-	31.12.12
Felicity Goodey (Chairman)	01.01.08	01.01.11	31.12.13
Prof Martin Gibson	15.11.10	-	31.10.13
Philip Smyth**	12.07.07	12.07.10	30.06.13

* *appointed Senior Independent Director 26.1.10*

** *appointed Trust Deputy Chairman 26.1.10*

Executive Director Appointments

There were no fresh appointments made to the Executive Team during the year. Anita Wainwright was appointed as Director of Human Resources and Organisation Development with effect from 1 January 2012. Anita joined UHSM from the North West Fire and Rescue Service where she held the position of Human Resources Director. Anita brings a wealth of experience in human resources and particularly organisation development. Anita will lead the further development of the South Manchester Way and UHSM's people and organisational development strategy.

A profile of current Board members is provided later within this chapter. In accordance with Monitor's Code of Governance for NHS Foundation Trusts, the terms of office for Executive Directors are:

Table 5.20: Terms of office of Executive Directors as at 31 March 2012

Executive	Director Position	Appointed	Notice Period
Mandy Bailey	Chief Nurse	01.01.07	6 months
Julian Hartley	Chief Executive	23.06.09	6 months
Nora Ann Heery	Finance Director & Deputy Chief Executive	06.03.06	6 months
Karen James	Chief Operating Officer	15.06.09	6 months
Brendan Ryan	Medical Director	01.01.00	6 months

Members of the Board are invited and attend quarterly meetings of the Council of Governors. The Chairman formally meets the chairs of Council of Governors' committees each quarter and sets the agenda for the Council in consultation with them. Attendance by directors at both Board meetings and Council meetings is shown in **Tables 5.6.3 and 5.6.4**. The Chairman also meets governors informally on a regular basis.

Board balance, completeness and appropriateness of membership

The Board is aware of importance of considering the skills, experience and attitudes of individual directors and of the Board collectively in determining the appropriate person specification to fill any vacancy arising, and as a part in constantly raising Board performance.

UHSM's Non Executive Directors bring a wide range of experience, from the private and public sectors. Their skills and experiences are set out in more detail in later in this chapter.

The Council of Governors has a consensus view that the new non executive directors joining the Board in 2009-10 have made a material difference to the breadth and depth of the skills and experience of the Board, which has resulted in raising the competence and effectiveness. The Board is of the view that it is well placed to develop and lead a successful organisation during 2012-13 and beyond.

Engagement with the Council of Governors

In addition to the role of listening to and reflecting back the view of the Membership to the Board and *vice versa*, the Council of Governors exercises statutory duties enshrined in law. These include the appointment of and if necessary the removal of non executive directors and determining their remuneration. The Council also appoints the External Auditor, and ratifies the appointment of the Chief Executive. The Council has the right to be presented with the Annual Report and Accounts and to be consulted on forward plans being made by the Board. These roles provide a clear context for the Board to run the hospital, the execution of which is achieved through the Chief Executive and his Executive Team.

The Council of Governors has an Annual Plan Advisory Committee which engages with colleagues undertaking the business planning process. The committee's work is described in Chapter 6. The Annual Plan reflects Governor priorities, which in turn are informed by the views of the local community, colleagues and other stakeholders.

The Board recognises the value and importance of engaging with Governors in order that the Governors may properly fulfil their role as a conduit between the Board and UHSM's stakeholders. Governors increasingly understand their non statutory role in listening to the views of stakeholders and reflecting them to the Board, and vice versa,

The Board of Directors is responsible for the effective running of the organisation, whilst the Council of Governors holds the Board to account for the stewardship of the organisation. The Council does not delegate any its statutory decision making to its committees or individual Governors, since its conventions provide for committees to undertake advisory work only, with all Council decisions requiring ratification in a general meeting.

Governors have continued to take up the opportunity to attend Part 1 Board meetings. Feedback provided by Governors after their attendance has been very positive, with all Governors finding the experience complementing their induction and ongoing development.

The Council and the Board reviewed data from the Membership and ensured that Governors' priorities are fully reflected in the Annual Plan following work with the Governors' Annual Plan Committee and a joint 'Away Day' between Governors and the Board in March 2012. This event was part of a bi-annual rhythm of such meetings and resulted in the identification of priorities for 2012-13 which are reflected in the Annual Plan 2012-13.

The Chairman writes to all Governors regularly providing a précis of the Part 1 Board meeting, keeping Governors informed of Board activity, together with relevant news from the preceding month. On a weekly basis, the Foundation Trust Office, which is the source of support and communication for Governors on a day to day basis, provides a summary of all relevant diary, committee and event information to Governors by email, or if preferred by post.

The Board and Council have agreed on a formalised induction for new Governors, which has been the basis of introducing the small number of new Governors to UHSM during the 2011-12 year. Existing Governors as well as Non Executive Directors have been involved in developing the content of the Induction and have used these sessions as opportunities for building effective relationships with Governors. Both second term and first term Governors have been encouraged to participate in the 2011-12 Induction Programme. For the first time, the UHSM FT office collaborated with Salford Royal Hospitals NHS FT to deliver a generic induction for governors from North West Foundation Trusts. One event has been run so far, with encouraging feedback and it is planned to repeat it twice during 2012-13.

Table 5.21 Attendance 2011-12 at Board and Council meetings

	Attendance 2011-12 at Board meetings												Attendance at 2011-12 Council meetings				
Non executives																	
Roger Barlow	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	A
Graham Boulnois	Y	Y	Y	Y	A	Y	Y	Y	Y	A	Y	Y	A	A	A	Y	
Lorraine Clinton	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Martin Gibson	Y	Y	A	Y	A	Y	A	A	Y	Y	A	Y	Y	A	A	A	
Felicity Goodey	Y	Y	Y	A	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	A	Y	
Philip Smyth	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Executives																	
Mandy Bailey	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Julian Hartley	A	O*	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	O*	Y	Y	Y	
Nora Ann Heery	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Karen James	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Brendan Ryan	Y	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Key																	
A denotes absent; Y denotes present; O denotes present as an observer																	
Note: David Jago, served as Acting Finance Director during 28 February 2011 to 31 May 2011, attending 3 Board meetings.																	

Committees

The UHSM Board has three statutory committees; the Audit Committee, Remuneration Committee and Nominations Committee.

A Healthcare Governance Committee and a Risk Management Committee are chaired by the Medical Director and Chief Executive respectively, and have a membership each comprising both directors and senior managers. Both committees work closely with Audit Committee but also report directly to the Board by way of exception reports and sharing of meeting minutes. The chairs of all three committees meet regularly, with the Chief Risk Officer and FT Secretary to ensure triangulation of issues is achieved.

These arrangements ensure that committees do not duplicate activity and their efforts are coordinated. Since March 2010 the Terms of Reference of the senior committees within UHSM, including those of the Board and the Council have been collated with the UHSM Governance Manual, which is available from the UHSM website.

These governance arrangements reflect a full implementation of independent advice received during in the 2009-10 year from KPMG LLP and Deloitte LLP on Board governance and effectiveness.

Audit Committee

The Audit Committee comprises three independent Non Executive Directors. It is chaired by Roger Barlow, a former senior audit partner at KPMG until 2000, for whom brief biographical details are provided in later in this chapter. The other members of the committee are Lorraine Clinton and Philip Smyth. Periodically, the Audit Chairman may invite other non executive directors to attend a specific meeting or item.

The priorities for the Audit Committee are to review management systems and controls and to scrutinise on behalf of the Board all assurances that the objectives of UHSM will be met.

The Audit Committee triangulates its work with that of the Healthcare Governance Committee and the Risk Management Committee. This system is designed to ensure that the Trust has a rigorous and seamless system of scrutiny across all aspects of the Trust's activities. The Healthcare Governance Committee is chaired by the Medical Director and has two independent non executive members, both of whom are distinguished medical scientists.

The Risk Management Committee is chaired by the Chief Executive and membership comprises Executive Directors, the Director of HR & OD and the Chief Risk Officer. All three committees report directly to the Board. The FT Secretary also attends all three committees to ensure seamless working.

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

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

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

In 2011, the Trust tendered the internal audit service. KPMG LLP were awarded the contract for internal audit and the supply of specialist local counter fraud service for the period 2011-14. The

system of internal control in operation at UHSM during 2011-12 reflects for the first time the involvement of KPMG as internal auditor. A wide range of internal stakeholders together with the members of the Audit Committee were involved in a workshop which led to the formation of the internal audit plan for the year. This was repeated in late 2011-12 for the forthcoming year 2012-13.

The Committee continuously reviews the structure and effectiveness of the Trust's internal controls and risk management arrangements. It also monitors progress against recommendations of reports from independent sources, particularly those provided quarterly by the internal auditor. Such reports summarise progress against the internal audit plan and the outcomes from all internal audit reports, to ensure that any remedial action has been or is being taken and completed by management in areas where weaknesses have been identified. The committee discusses the proposed introduction of and changes to accounting policies; any requirement for restatement of the accounts, such as the introduction of reporting to International Financial Reporting Standard conventions or the proposed consolidation of charity accounts within ultimate parent accounts; the external audit plan and progress updates with the external auditor, The Audit Commission.

During the 2011-12 year the Audit Commission has provided additional services to UHSM beyond the scope of the audit of the 2011-12 accounts. The Board maintains a policy on the engagement of the external auditor for the provision of non-audit services, which was approved by the Council of Governors, which is itself responsible for the appointment of the external auditor. The effect of the policy is that were the Executive Team to retain the external auditor for the supply of a non audit service with a value of more than one third of the annual audit fee, the express approval of the Council of Governors would need to be sought and obtained.

Monitor has required Foundation Trust auditors to provide additional audit services in relation to the Quality Account. The fee for this work in 2011-12 was an additional £7,000 plus VAT. The fee for the statutory audit was agreed at the beginning of the year at £41,300 plus VAT (2010-11: £41,300 plus VAT).

There have been no further commissions of the external auditor for non audit services other than those stated in this report. It is the policy of the Board not to commission non-audit work from the external auditor except in exceptional circumstances.

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

It is the policy of the Coalition Government to abolish the Audit Commission's Trust practice. UHSM received notice from the Audit Commission's Trust Practice during the year under review that whilst the audit for the financial year 2011-12 could be provided, the Audit Commission would not be able to deliver the services required under its contract with UHSM for the remaining period of the contract. The Audit Committee and the Council of Governors sought and received assurances on the ability of the Audit Commission to complete the 2011-12 audit. The Audit Committee reviewed the assurances provided by the auditor that there was no risk to UHSM's annual reporting compliance on account of the proposed abolition of the Audit Commission and reported its findings to the Board.

UHSM has initiated a procurement process following public procurement rules, for which the Audit Committee will lead to the identification of a preferred audit supplier in July 2012. Representative Governors are involved in this process. A recommendation for appointment will be made to the Council of Governors on 11 September 2012 for a fresh audit appointment to be made.

The Board records its gratitude to the Audit Commission for the provision of an effective audit service over recent years, and to the current Audit Engagement Lead and Manager for ensuring standards are maintained during a period of uncertainty for the Audit Commission.

Table 5.22: Attendance by Board Committee Members during 2011-12

	Audit Committee							Remuneration Committee		
	Apr	May	Aug	Sep	Nov	Feb	Mar	Jul	Dec	Mar
Non executives										
Roger Barlow	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Graham Boulnois	-	-	-	-	-	-	-	Y	Y	Y
Lorraine Clinton	Y	Y	A	Y	Y	Y	Y	Y	A	Y
Martin Gibson	-	-	-	-	-	-	-	Y	Y	Y
Felicity Goodey	-	-	-	-	-	-	-	A	Y	Y
Philip Smyth	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note: 'A' denotes absent with apologies provided prior

'Y' denotes present

'-' denotes not a member of the committee

Remuneration Committee

A description of the work of the Remuneration Committee can be found within the Remuneration Report at the end of this chapter. Attendance at meetings by its members is set out in the table above.

Nominations Committee

The Nominations Committee comprises all independent Non Executive Directors and the Trust Chairman, who chairs the committee. The committee is responsible for reviewing the size and structure of the Board, considering succession planning and in conjunction with the Chief Executive, preparing a description of the role and capabilities required for the appointment of an Executive or Non Executive Director. The committee last met on 17 March 2011, but did not meet during the financial year 2011-12.

Healthcare Governance Committee

The Executive Medical Director chairs the committee which has the responsibility for ensuring that an effective system of clinical governance is embedded across UHSM. The Clinical Directors attend the committee which has a membership including two Non Executive Directors as detailed above. The committee undertook a review of its own effectiveness at the end of the 11-12 year.

Risk Management Committee

The Risk Management Committee is chaired by the Chief Executive. The terms of reference for the committee are clearly established to be the promotion of patient safety through effective control systems, and to oversee the risk management activity across UHSM. Membership is restricted to the Executive Directors, Director of HR & OD and Chief Risk Officer. The Internal Auditor and a number of senior managers are regularly in attendance. Its relationship with Audit and the Healthcare Governance Committee are detailed above. The committee undertook a review of its own effectiveness at the end of the 2011-12 year.

Compliance and Regulation

UHSM has remained compliant with all key national targets throughout the year, with one exception. During the third and fourth quarters of the year, UHSM was non-compliant with the two week breast symptomatic cancer target. The main cause for failing to achieve the target was an unusual pattern of demand connected to the public anxiety over the quality of private sector breast implants. The NHS has received many referrals on account of this public health concern. UHSM is working with commissioners and providing assurances to the Regulator that it will be compliant during Q1 2012-13.

UHSM has been registered with the Care Quality Commission with no compliance restrictions during the year. During Q1 2011-12 UHSM was asked by the Care Quality Commission to address two restrictive registration conditions in respect of new sites from which community

services are delivered. In both cases, the actions required related to administration of human resources conventions, relating to two managers at community service sites acquired from NHS Manchester effective 1 April 2011. UHSM submitted all the requisite declarations during Q1 2011-12.

Remuneration Report

This report provides information on those persons in senior positions having authority or responsibility for directing or controlling UHSM's major activities. This includes all Executive and Non Executive Directors only. No other persons meet the definition of a person discharging managerial responsibility ('PDMR'). Financial data can be found at Note 7.1 and 7.2 to the accounts.

Remuneration of Non Executive Directors

In accordance with the National Health Service Act 2006 and UHSM's Constitution, the Council of Governors determines the terms and conditions of the Chairman and the Non Executive Directors. The Council of Governors has established a Remuneration Committee to consider the remuneration levels for Non Executive Directors. The committee is comprised solely of Governors. The FT Secretary is in attendance at its meetings.

During the year under review, the members of the committee were Peter Turnbull (Chair), Chris Laithwaite, Michael Connolly, Steve Cook, Gill Reddick and Paul O'Neill. Details of the constituencies which these Governors represent are provided in chapter 6. The committee met once during the year, with the purpose of developing and subsequently providing a recommendation on non executive remuneration to the Council of Governors for the 2011-12 year.

The Committee takes into consideration any relevant guidance or direction supplied by the Department of Health or any other relevant body and may seek, where appropriate, external advice for benchmarking purposes. During the year under review, the members of the committee chose not retain external remuneration consultants to provide independent advice. The committee did acquire comparable data from amongst the network of Foundation Trusts regionally and nationally.

The committee's recommendation to the Council of Governors in May 2011 for 2011-12 was that existing levels of non executive remuneration should be maintained at current levels. The Council accepted this recommendation.

Non Executive Directors' terms and conditions are set out in letters of appointment, the main headers being a three year term of office; remuneration, time commitment, duties, declarations of interest and independence. The terms and conditions of appointment of Non Executive Directors are available on request from the Foundation Trust Office 0161 291 2357 or foundationtrustoffice@uhsm.nhs.uk

The remuneration of Non Executive Directors is not pensionable. Non Executive Directors' terms and conditions do not include holiday accrual. UHSM does not operate a performance related remuneration scheme.

Remuneration of Executive Directors

The Board has established a Remuneration Committee which comprises the UHSM Chairman and all independent Non Executive Directors. The Constitution stipulates that the Board appoints the committee chair, and that it shall not be the chairman. The chair of the committee during the year was Philip Smyth.

During the year under review, all of the Non Executive Directors of UHSM were considered by the Board to be independent in character and judgement and were therefore members of the

committee. Further details about attendance at committee meetings are provided earlier within this chapter.

The committee is responsible for determining the terms and conditions of employment of all Executive Directors, including the Chief Executive; for assessing the performance of the Chief Executive and the Executive Directors and ensuring that their objectives are assessed at six monthly intervals. It is the policy of the committee to remunerate Executive Directors at a level affordable to UHSM and in order to attract the talent required to deliver the organisational objectives.

During 2011-12 the performance of the Executive Directors was assessed by way of formal appraisals, which included reviews of individual performance against personal objectives, feedback from Board colleagues on behaviours and style and contribution to the Board as a whole, as well as progress against personal development plans.

The committee also considered succession planning arrangements, which were implemented swiftly and found to be robust on the absence from work of Julian Hartley, following a road traffic accident on 16 February 2011. Julian Hartley was absent from work for a period of three months, during which time the Deputy Chief Executive NoraAnn Heery was formally appointed as Acting Chief Executive and David Jago, Deputy Finance Director, was formally appointed as Acting Director of Finance.

These arrangements ceased when Julian Hartley returned to work on 16 June 2011 and David Jago left UHSM to take up the post of Director of Finance at a neighbouring Foundation Trust on 31 May 2011.

The Committee takes into consideration any relevant guidance or direction supplied by the Department of Health or any other relevant body and may seek, where appropriate, external advice for benchmarking purposes. During the year under review, the members of the committee did not retain external remuneration consultants to provide independent advice. For the 2011-12 year, the committee determined that in the light of the financial downturn, and noting the restraint on pay progression within the NHS and amongst staff on Agenda for Change and the wider public sector generally, the Executive Directors would not receive remuneration increases related to either changes in the cost of living or performance achievements.

Notwithstanding this decision, the committee commended the excellent work by, and team working amongst the Executive Directors. Executive Directors received no performance related element of remuneration.

The Committee raised the salary of the Chief Operating Officer, effective 1 April 2011 by £5,000 p.a. to reflect her increased responsibilities for the incoming staff and business from NHS Manchester. Under the Transforming Community Services programme, UHSM acquired, (for no financial consideration) services with an annual turnover of £20m p.a. effective 1 April 2011. The Chief Operating Officer's portfolio was increased on that date, to ensure the effective management of the incoming services.

The Executive Directors are employed on contracts which do not state a specific term. The contracts are subject to six months' notice of termination by either party, and do not provide for termination payments. Pension arrangements for the Chief Executive and all Executive Directors are in accordance with the NHS Pension Scheme. The accounting policies for pensions and other relevant benefits are set out in the notes to the accounts. Details of the remuneration of senior employees can be found in Note 7 to the accounts.

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

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

Relevant numbers for UHSM in 2011-12 were:

Median remuneration in 2011-12:	£28,470
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Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director:	6.4
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Julian Hartley
Chief Executive

29 May 2012

5.7 Board of Directors

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

Mandy Bailey RGN, RSCN Chief Nurse Appointed January 2007

Mandy has held a variety of clinical and managerial roles in acute hospitals, most recently at Leeds Teaching Hospitals NHS Trust. She is a registered General and Children's Nurse. Mandy provides professional and clinical leadership to the nursing, midwifery and Allied Health Professional community and is responsible for the delivery of the infection prevention and patient experience agendas.

Roger Barlow BA, FCA, Independent Non Executive Director (Chair of Audit Committee and Senior Independent Director) Appointed November 2009

Roger is Chairman of the Marsden Building Society and Chairman of Impact Holdings (UK) plc. He is a former partner at KPMG and has held several directorships in both public and private companies. He studied Economics at Durham University and is a Chartered Accountant.

Professor Graham Boulnois BSc, PhD Independent Non Executive Director Appointed January 2010

Graham has board level and operational leadership roles in global businesses, and brings a combination of scientific (medical research), business (pharmaceuticals) and financial (venture capital) experience to UHSM. He was Senior Vice President (SVP) Discovery Research at Zeneca Pharmaceuticals and SVP Global Discovery Group at Aventis Pharma AG. He built one of the largest infectious disease research teams in the UK, the work of which has led to him publish more than 100 scientific publications. He has been on numerous national (e.g. The Advisory Panel on Dangerous Pathogens) and international (eg World Health Organisation Vaccines) committees.

Lorraine Clinton Independent Non Executive Director Appointed January 2010

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

Felicity Goodey CBE DL Chairman (Chair of Nomination Committee) Appointed January 2008

Felicity is a former senior BBC journalist and presenter. She combines business interests with a number of public appointments. She led the bid to create the UK's biggest purpose-built media hub, mediacity:uk which includes the relocation of national departments of the BBC from London to the North of England; she led the team which built and operates The Lowry, Britain's most successful arts-based millennium project, an international theatre and gallery complex. She co-founded the 'Unique' Group, a media production and corporate communication group of companies and was senior non-executive Director of NordAnglia PLC, an international education services specialist. She has lived and worked in the area for more than 30 years.

Professor Martin Gibson BSc PhD Independent Non Executive Director Appointed November 2010

Martin is a Consultant Physician in Diabetes & Endocrinology, and is the Director of Greater Manchester Comprehensive Local Research Network and the Clinical Lead for the Northwest Diabetes Local Research Network. 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.

Julian Hartley Chief Executive Appointed on 23 June 2009

Julian started his career in the NHS as a general management trainee working in the North East of England. Following his training, Julian worked in a number of NHS management posts in Middlesbrough, Durham and Newcastle working in hospital, health authority and regional level. His first Board Director appointment was at North Tees and Hartlepool NHS Trust where he was responsible for planning, operations and strategy. After two years in this post, Julian moved across the Pennines to take up his first Chief Executive post at Tameside and Glossop PCT.

Julian led the PCT for three years during which time he took it to three star status, developed new Primary Care Centres and managed the PCTs involvement in the Shipman inquiry. Julian stayed in the North West to move to his most recent post at Blackpool Teaching Hospitals NHS Foundation Trust. Julian joined the Trust in December 2005 since which time the Trust has achieved major financial turnaround, secured Foundation Trust status and was one of the first Trusts in the country to meet the 18-week target for treating patients. Julian also chairs the North West Leadership Academy which is developing NHS leaders across the region.

Julian joined UHSM as Acting Chief Executive in April 2009 and was appointed Chief Executive on 23 June 2009.

Nora Ann Heery BSSc Director of Finance and Deputy Chief Executive Appointed March 2006

Nora Ann joined UHSM as Director of Finance in April 2006. She has previously held Director of Finance posts in the NHS within acute, mental health and community health sectors. She joined the NHS as National Finance Trainee in 1983 after gaining a BSSc in Economics at Queens University, Belfast. She is a member of the Institute of Public Finance and Accountancy.

Karen James RGN, BSc (Hons), MSc Chief Operating Officer Appointed June 2009

Karen James joined the Trust as Chief Operating Officer in June 2009. She was previously Executive Director of Operations and Service Improvement for Aintree University Hospitals NHS Foundation Trust. Karen began her NHS career as a nurse and worked in a number of nursing and general management roles in Greater Manchester hospitals before becoming Executive Director of Operations and Performance at The Pennine Acute Hospitals NHS Trust, prior to moving to Aintree Hospitals NHS Foundation Trust.

Brendan Ryan Medical Director Appointed January 2000

Brendan has been with the Trust since 1987 and started work as a Consultant in Emergency Medicine (then A/E) in 1992. As well as continuing his work in emergency care, as the Trust's Medical Director, Brendan is the lead Director for Clinical Governance (Quality and Safety), and Education (including the Healthcare Academy).

Philip Smyth Independent Non Executive Director (Deputy Chairman and Chair of the Remuneration Committee) Appointed July 2007

Philip has extensive experience in marketing and held several General Management roles at PZ Cussons plc before joining the main Board in 1998. As a Main Board Director, he has run the Group's European business and, latterly has led Group-wide business change projects in the technical and supply chain areas. He retired from the company in 2007 and now holds a number of non executive roles in venture capital backed and privately owned companies as well as acting as a mentor for Business in the Arts.

Register of Directors' Interests

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

The Register of Directors' Interests was most recently presented to and noted by the Board in March 2012. The interests registered by directors who served for part of the year are shown in **Table 5.23**

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

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

Directors not in post at the year end

David Jago was appointed as Acting Director of Finance on 28 February 2011 until he left UHSM to take up a substantive role as Director of Finance at a neighbouring Trust effective 31 May 2011. A declaration of interests was made which did not declare any interests. His temporary membership of the Board of directors is therefore not reflected in **Table 5.23** below.

Table 5.23 Register of Interests of directors in post as at 31 March 2012

NAME	FELICITY GOODEY Chairman	PHILIP SMYTH Independent Non Executive Director Deputy Chairman	PROF. MARTIN GIBSON Independent Non Executive Director	ROGER BARLOW Independent Non Executive Director, Audit Chair, Senior Independent Director	PROF. GRAHAM BOULNOIS Independent Non Executive Director	LORRAINE CLINTON Independent Non Executive Director	JULIAN HARTLEY Chief Executive	NORA ANN HEERY Director of Finance & Acting* Chief Executive (*from 28.2.11 to 13.6.11)	MANDY BAILEY Chief Nurse	BRENDAN RYAN Medical Director	KAREN JAMES Chief Operating Officer
EMPLOYMENT, DIRECTORSHIPS AND REMUNERATION	Panel member, Regional Growth Fund; Non executive director, Ninelives Media Ltd (remunerated) Director, Greater Manchester Chamber of Commerce & Industry; Council Member, Salford University; Council Member, Manchester University; Member, Leadership Council, Manchester Business School; Trustee, Friends of Rosie; Hon.Vice President, North West Riding for the Disabled; President, Cheshire Wildlife Trust	Non executive director, Lornamead Ltd; (remunerated) Advisor to B3 International Ltd Trustee of the charity Make It Happen in Sierra Leone ; Non Executive Director of The White Room.	Consultant Physician, Salford Royal NHS FT Director of the Greater Manchester Comprehensive Local Research Network Clinical Lead for the North West Diabetes local research network Evaluation Section Lead for Manchester Academic Health Sciences Centre Associate Director for Industry; Comprehensive Clinical Research Networks	Chairman and non executive director of Marsden Building Society (remunerated); Non executive Chairman of Impact Holdings (UK) plc (remunerated); Partner in Sapien Partnership (my own consultancy, currently inactive)	Chairman of Oxagen Ltd Chairman of Kalvista Pharmaceuticals Ltd NED at Affinium Pharmaceuticals Inc NED of Vantia Pharmaceuticals Ltd Partner at SV Life Sciences LLP	Independent Director, Dept. of Social Development, Northern Ireland Civil Service Chair, MLC Pension Fund Non-Executive Director, ENTRUST Ltd Independent Non Executive Director, Agriculture & Horticulture Development Board Executive Committee member – Women of the Year, London Trustee of HGCA Pension Fund	Chair, NHS North West Leadership Academy (remunerated*); Chair, Greater Manchester Workforce Network Leadership Council Chair, North West Workforce Network Leadership Group Vice Chair, Skills for Health (remunerated*);	-	-	-	-

RELATED UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-
CONTRACTS HOUSES, LAND AND BUILDINGS	-	-	-	-	-	-	-	-	-	-	-	-
SHARES AND SECURITIES	-	-	-	-	-	-	-	-	-	-	-	-
NON-FINANCIAL INTERESTS												
	-	Wife is Chair of Bowdon District NSPCC	-	-	-	-	-		Husband Andrew Cannell is Chief Executive of Clatterbridge Centre for Oncology NHS FT	-	-	-
GENERAL	-		Occasional Member of pharmaceutical Advisory Boards. Occasional speaker at educational events organised by pharma companies. (honoraria paid)-	-	-	-	-			Member of the Royal College of Nursing	-	-

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

Note: A copy of the guidance issued to directors in making their entries into the Register of Interests is available on request from the Foundation Trust Secretary via the FT Office on 0161 291 2357 and by email: foundationtrustoffice@uhsm.nhs.uk

*denotes earnings are retained



06 Council of Governors

UHSM's Council of Governors was formed with effect from 1 November 2006 and membership was refreshed in 2009-10. UHSM's Council of 32 Governors consists of 20 elected Governors representative of the Public membership; 7 Staff Governors representative of the Staff membership and 5 Appointed Governors representing stakeholders.

As at 31 March 2012 there were two vacancies for Appointed Governors representing Manchester PCT and Manchester PEC to replace Brian Harrison who sadly passed away at the end of 2012 and Mary Karasu who transferred to UHSM on 1 April 2011 as part of the TCS acquisition. Nominations have been sought.

The composition of the Council of Governors is set out later within this chapter and a description of member constituencies is also provided.

General meetings of the Council of Governors are held in public. All elections to the Council are conducted by the Electoral Reform Services Limited on behalf of UHSM and in accordance with the Model Election Rules. During 2011-12 there was one election, for a Staff Governor in Nursing & Midwifery. The election was uncontested and won by Nicola Brennan.

The UHSM constitution provides for the next highest polling candidate in an elected contest for appointment as an elected Governor to be offered the post if and when it falls vacant. This provision has been used in two cases during the year. As a result Rosemary Trunkfield and Sheila Hallas have become Public Governors.

The Council has the following three main roles:

- **Advisory** – it communicates with the Board of Directors the wishes of members of the Trust and the wider community;
- **Guardianship** – it ensures that UHSM is operating in accordance with its Statement of Purpose and is compliant with its authorisation; and
- **Strategic** – it advises on a longer-term direction to help the Board effectively determine its policies.

The essence of these roles is elaborated on within Monitor's document '*Your Statutory Duties – A reference guide for NHS Foundation Trusts Governors*'. This is provided to all Governors.

The specific statutory powers and duties of the Council of Governors are to:

- *appoint and, if appropriate, remove the chair;*

This duty was not exercised during 2011-12.

- *appoint and, if appropriate, remove the other non-executive directors;*

This duty was not exercised during 2011-12.

- *decide the remuneration and allowances, and the other terms and conditions, of the chair and the other non-executive directors;*

The Council's Remuneration Committee made a recommendation to the Council at its meeting on 26 April 2012. The Council approved the recommendation, to maintain the existing remuneration of the non executive directors for the 2012-13 year.

- *approve the appointment of the chief executive;*

This duty was not exercised during 2011-12.

- *appoint and, if appropriate, remove the NHS foundation trust's auditor; and*

This duty was not exercised during 2011-12 but the process to appoint an external auditor in 2012-13 has been agreed by the Council.

- *receive the NHS foundation trust's annual accounts, any report of the auditor on them and the annual report.*

The Council received the annual report and accounts 2010-11 and the auditors report at its meeting on 13 September 2011.

In addition:

- *in preparing the NHS foundation trust's forward plan, the Board of Directors must have regard to the views of the Council of Governors.*

This duty has been exercised through direct engagement with the Council of Governors and the Governor led Annual Plan Advisory Committee in addition to communication with members. A Governor led session on members' views to support the annual plan was held in March 2012.

Other requirements of Governors include listening and reflecting to ensure that the voices and views of patients, the local population and staff are heard. Governors interact with their members informally on a daily basis; more formally at Health Matters monthly engagement events; external canvassing exercises and via UHSM newsletters.

There have been four general meetings of the Council of Governors (on 17 May 2011, 13 September 2011, 8 November 2011 and 7 February 2012) in 2011-12. There have also been two Board / Governor 'away days' in November 2011 and March 2012.

Executive and Non Executive Directors attended these meetings to support the Council in its development and to foster a good understanding of UHSM's affairs and the Governors' views. In turn, up to two nominated Governors are invited to attend Part 1 of meetings on the Board on a monthly basis and the approved minutes of the previous meeting are published on the Trust's website within three weeks of the meeting. In 2011-12, only 4 Governors attended Part 1 Board meetings.

The Council has had quarterly reports and presentations from the Chief Executive and Executive Team regarding Trust performance and risk.

A number of Council committees met during the course of 2011-12 and membership is shown below. Several Governors have also been involved in other work at UHSM, such as the annual PEAT assessment, preparations for the 2011 Open Day and 2012 Staff Awards. Public Governor John Churchill was part of the team that won the Green Award for 'Saving Planet Wythenshawe' – a sustainability event for local schools.

Table 6.1: Membership of Council Committees

Committee	Membership
'Committee of the Council and the Board' (Nomination Committee) Remuneration Committee	Chris Laithwaite (Chair), Colin Owen, Felicity Goodey, Julian Hartley Gill Reddick (Chair), Steve Cook, Peter Turnbull, Chris Laithwaite, Mike Connolly, Paul O'Neill
Annual Plan Advisory Committee	Peter Turnbull (Chair), Gill Reddick, Alex Watson, Clare Church, Cllr John Lamb, Jane Reader, Michael Kelly, Emma Hurley (Deputy Chair), Sidney Travers
Community Engagement Committee	Cliff Clinkard (Chair), Harry Lowe, Marguerite Prenton, Gill Reddick, Sharan Arkwright (Deputy Chair), Nicola Brennan
Membership Development Committee	Wendy Mannion (Chair), John Churchill, David Hird, Michael Kelly, Colin Owen (Deputy Chair), Cliff Clinkard, Jane Reader, Nicola Brennan
Patient Experience Committee	Steve Cook (Chair), Marguerite Prenton, Syed Ali, Michael Kelly (Deputy Chair), Sharan Arkwright, Clare Church, John Churchill, Wendy Mannion

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

Governor attendance at Council meetings is shown in **Table 6.2** (below). Governors are required to comply with UHSM's standards of business conduct and to declare interests that are relevant or material to the Council. All Governors declared such interests on appointment to the Council of Governors.

The Register of Interests is available for inspection by members of the public. Anyone who wishes to see the Register of Governors' Interests should contact the Foundation Trust Office at the following address: 2nd Floor, Tower Block, Wythenshawe Hospital, Southmoor Road, Manchester M23 9LT.

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

Table 6.2: Governor attendance at Council from April 2011 – March 2012

Name	Title	17.05.11 (formal)	13.09.11 (formal)	08.11.11 (formal)	07.02.12 (formal)
Marguerite Prenton	Public Governor (Area 1: part of Trafford)	A	Y	A	Y
Jane Reader	Public Governor (Area 1: part of Trafford)	Y	Y	Y	A
Peter Turnbull	Public Governor (Area 1: part of Trafford)	Y	Y	Y	Y
John Churchill	Public Governor (Area 2: part of South Manchester)	Y	Y	Y	A
Steve Cook	Public Governor (Area 2: part of South Manchester)	Y	X	Y	X

Sidney Travers	Manchester) Public Governor (Area 2: part of South Manchester)	Y	Y	Y	Y
David Hird	Public Governor (Area 2: part of South Manchester)	Y	Y	Y	Y
Wendy Mannion	Public Governor (Area 2: part of South Manchester)	Y	A	X	A
Syed Ali	Public Governor (Area 3: part of Central Manchester)	Y	Y	Y	Y
Michael Kelly	Public Governor (Area 3: part of Central Manchester)	X	A	Y	Y
Harry Lowe	Public Governor (Area 3: part of Central Manchester)	Y	Y	Y	Y
Gill Reddick	Public Governor (Area 3: part of Central Manchester)	Y	Y	Y	Y
Sharan Arkwright	Public Governor (Area 4: part of Stockport)	Y	A	A	Y
Penny Maher (deceased 30.08.11)	Public Governor (Area 4: part of Stockport)	X	N/a	N/a	N/a
Rosemary Trunkfield (effective 26.09.11)	Public Governor (Area 4: part of Stockport)	N/a	N/a	Y	A
Helen Kirk (resigned 10.05.11)	Public Governor (Area 5: part of Macclesfield)	N/a	N/a	N/a	N/a
Beryl Claber (effective 06.07.11 – 21.09.11)	Public Governor (Area 5: part of Macclesfield)	N/a	A	N/a	N/a
Sheila Hallas (effective 03.10.11)	Public Governor (Area 5: part of Macclesfield)	N/a	N/a	Y	A
Alex Watson	Public Governor (Area 6: Rest of England and Wales)	Y	A	Y	Y
Clare Church	Public Governor (Area 6: Rest of England and Wales)	Y	A	Y	Y
Christopher Laithwaite	Public Governor (Area 6: Rest of England and Wales)	Y	Y	Y	Y
Rev Shneur Odze	Public Governor (Area 6: Rest of England and Wales)	Y	Y	X	X
Chava Odze	Public Governor (Area 6: Rest of England and Wales)	Y	A	X	X
Emma Hurley (effective 21.4.11)	Staff Governor (Medical Practitioners & Dental Practitioners)	Y	Y	Y	Y

Michael Connolly	Staff Governor (Nursing & Midwifery)	Y	Y	Y	A
Sarah Newlove (resigned 30.10.11)	Staff Governor (Nursing & Midwifery)	X	Y	N/a	N/a
Nicola Brennan (elected 14.11.11)	Staff Governor (Nursing & Midwifery)	N/a	N/a	N/a	A
Carol Winter	Staff Governor (Other Clinical Staff)	Y	Y	Y	Y
Colin Owen	Staff Governor (Non-Clinical Staff)	Y	Y	Y	Y
Andrew Davey	Staff Governor (PFI staff)	Y	A	Y	Y
Cliff Clinkard	Staff (Volunteers)	Y	A	Y	Y
Vacancy	Appointed Governor (Principal Commissioning PCTs: Manchester PCT)	N/a	N/a	N/a	N/a
Tracey Rawlins (appointed 28.03.12)	Appointed Governor (Principal Local Councils: Manchester City Council)	N/a	N/a	N/a	N/a
John Lamb	Appointed Governor (Principal Local Council: Trafford Metropolitan Borough Council)	Y	Y	A	A
Paul O'Neill	Appointed Governor (Principal University: University of Manchester)	A	Y	Y	Y
Vacancy	Appointed Governor (Primary Care Clinicians: Manchester PEC)	N/a	N/a	N/a	N/a

Key: Y = attended
A = apologies given
X = no apologies given
N/a = not in post

6.1 Composition of the Council of Governors

The UHSM constitution requires the number of public Governors to be greater than the aggregate number of appointed and staff Governors. The Council of Governors comprises 20 Governors elected by public members, 7 Governors elected by staff members and 5 Governors appointed by stakeholder organisations. The composition of the Council of Governors has remained unchanged during 2011-12.

Table 6.3: Public Elected Governors

Elected Public Governors	No of Seats	Governor	Term of office	Term of office ends
Area 1 (part of Trafford)	3	Marguerite Prenton	3 years	31.10.12
		Jane Reader	3 years	31.10.12
		Peter Turnbull	3 years	31.10.12
Area 2 (part of South Manchester)	5	John Churchill	3 years	31.10.12
		Steve Cook	3 years	31.10.12
		Sidney Travers	Unexpired term of office	31.10.12
		David Hird	3 years	15.08.13
		Wendy Mannion	3 years	
Area 3 (part of Central Manchester)	4	Syed Ali	3 years	31.10.12
		Michael Kelly	3 years	31.10.12
		Harry Lowe	3 years	31.10.12
		Gill Reddick	3 years	31.10.12
Area 4 (part of Stockport)	2	Sharan Arkwright	3 years	31.10.12
		Rosemary Trunkfield	Unexpired term of office	31.10.12
Area 5 (part of Macclesfield)	1	Sheila Hallas	Unexpired term of office	31.10.12
Area 6 (Rest of England and Wales)	5	Alex Watson	3 years	31.10.12
		Clare Church	3 years	31.01.13
		Christopher Laithwaite	3 years	31.01.13
		Rev Shneur Odze	3 years	31.01.13
		Chava Odze	3 years	14.04.13

Table 6.4: Staff elected Governors

Elected Staff Governors	No of Seats	Governor	Term of office	Term of office ends
Class 1: Medical Practitioners & Dental Practitioners	1	Emma Hurley	Unexpired term of office	31.10.12
Class 2: Nursing & Midwifery Staff	2	Mike Connolly	3 years	31.10.12
		Nicola Brennan	3 years	13.11.14
Class 3: Other Clinical Staff	1	Carol Winter (unopposed)	3 years	31.01.13
Class 4: Non-Clinical Staff	1	Colin Owen	3 years	31.10.12
Class 5: Atkins & Sodexo employees working at the Trust under PFI arrangement	1	Andrew Davey (unopposed)	3 years	31.10.12
Class 6: Volunteers working with the Trust	1	Cliff Clinkard	3 years	31.10.12

Table 6.5: Stakeholder appointed Governors at the year end

Appointed Governors		No of Seats	Governor	Date appointed
Principal Commissioning Primary Care Trusts	Manchester Primary Care Trust	1	Vacant	-
Principal Local Councils	Manchester City Council	1	Councillor Tracey Rawlins	28.03.12
	Trafford Metropolitan Borough Council	1	Councillor John Lamb	01.11.09
Principal University	University of Manchester	1	Professor Paul O'Neill	01.11.09
Primary Care Clinicians	Manchester Professional Executive Committee	1	Vacant	-

Table 6.6: Register of Interests of Governors in post as at 31 March 2012

NAME	Any directorships, including non-executive directorships held in any company.	Ownership or part-ownership of private companies, businesses or consultancies likely to possibility seeking to do business with the NHS.	Employment with any private company, business or consultancy.	Significant share holdings (more than 5%) in organizations likely to possibly seeking to do business with the NHS.	A position of authority in a charity or voluntary organisation in the field of health and social care.	Any connection with a voluntary of other organisation contracting for NHS services.
Marguerite Prenton	None	None	None	None	None	None
Jane Reader	None	None	UK Anti-Doping	None	None	None
Peter Turnbull	None	None	None	None	None	None
John Churchill	None	None	None	None	None	None
Steve Cook	None	None	None	None	None	None
Sidney Travers	None	None	None – except occasionally as a Consultant Solicitor	None	None	None
David Hird	None	None	None	None	None	None
Wendy Mannion	None	None	None	None	None	None
Syed Ali	None	None	None	None	None	None
Michael Kelly	None	None	None	None	Chair, Manchester LINK	None
Harry Lowe	Director of Beechwood Court (Didsbury) Ltd	None	None	None	None	None
Gill Reddick	None	None	None	None	None	None
Sharan Arkwright	None	None	None	None	None	None
Rosemary Trunkfield	None	None	None	None	None	Voluntary work at St. Ann's Hospice – Fund Raising
Sheila Hallas	None	None	None	None	None	I am Honorary organizer of Combined Charities Christmas Shops alone
Alex Watson	None	None	None	None	None	None
Clare Church	None	None	Parpac Ltd	None	None	None
Christopher	None	None	None	None	None	None

Laithwaite							
Rev Shneur Odze	None	None	None	None	None	None	None
Chava Odze	None	None	None	None	None	None	None
Emma Hurley	None	None	None	None	None	None	None
Mike Connolly	None	None	None	None	None	None	None
Nicola Brennan	None	None	None	None	None	None	None
Carol Winter	None	None	None	None	None	Education Officer and Council Member of the Institute of Maxillofacial Prosthetists and Technologists Charity # 1013059	None
Colin Owen	None	None	None	None	None	None	I am on the events committee of the BCS Assist NW Branch, a member of the British Computer Society
Andrew Davey	None	None	None	None	None	None	None
Cliff Clinkard	None	None	None	None	None	Secretary of the Ticker Club at UHSM	None
Vacant							
Cllr. John Lamb	Managing Director – Raising Performance Ltd; Director – Trafford Housing Trust	See 1. Above re Raising Performance Ltd	Raising Performance Ltd; Associate – British School of Coaching; Associate – North West Employers Org	None	None	As an Associate with NW Employers (local governments association for the NW); Coordinator of elected member network for adult social car and children and young peoples services	None
Prof. Paul O’Neill	None	None	None	None	None	None	None
Vacant							

6.2 Trust Membership and Membership Constituencies

Members

UHSM has two membership constituencies:

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

How to become a member of UHSM

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

Public member: An individual can become a public member if he/she is aged 7 years or over and lives within the public catchment area (see map overleaf) or the rest of England and Wales.

Staff member: Employees automatically become staff members unless they choose to opt-out. In 2011-12, 3 staff members have chosen to opt-out of membership. Employees of UHSM's PFI partners may become members once they have worked on site for 12 months, as may UHSM's volunteers who have worked on site for 12 months.

At March 31, 2012 UHSM membership stood at 12,533. This consisted of 6,146 public members and 6,387 staff members. Members who wish to communicate with Governors of the Trust are able to do so via the Foundation Trust Office by telephone on 0161 291 2357 or by email to foundationtrustoffice@uhsm.nhs.uk.

Table 6.7: Membership size and movements

Public Constituency	2012/13 (estimated)	2011/12
At year start (April 1)	6146	5708
New members	682	636
Members leaving	215	198
At year end (March 31)	6613	6146
Membership churn	467 (7%)	438 (7%)
Staff Constituency	2012/13 (estimated)	2011/12
At year start (April 1)	6387	6157
New members	630	1058*
Members leaving	828	828
At year end (March 31)	6387	6387

* 428 Community Services staff transferred in on 01/04/11

Data source:

UHSM's public, and staff membership databases (as at 31 March 2012)

Membership Strategy

The Trust's Membership Strategy 2008-2011 was approved by the Council of Governors in April 2008 and the 2011-2014 strategy was approved as fit for purpose by the Board of Directors in December 2010 and ratified by the Council of Governors in February 2011.

The 2011-2014 strategy is based upon further achieving representative membership – to ensure UHSM's membership reflects, where possible, its socio-economic geography and the communities it serves. It aims to increase UHSM's public membership numbers by 2% each year over the period in accordance with directions from Monitor and the NHS Act 2006. Approx 9% new members are required each year in order to replace natural churn and improve

representation. This is expected to be possible without the need to hire external membership recruitment consultants.

UHSM recognises that recruitment of members who live in the local South Manchester area, particularly from the Wythenshawe area, is a particular opportunity for UHSM. The Membership Development Committee will be concentrating on this aspect of the strategy, to boost engagement with the local community. The existing strong membership amongst Trafford residents is testament to the long term links between Trafford and UHSM.

The Trust is largely representative across the community it serves. However, the Membership Development Committee has decided to focus its efforts during the year to recruit and engage members in slightly underrepresented areas by attending community events such as festivals. It will utilise the UHSM Academy Skills Bus to ensure that members of the public from less engaged groups have the opportunity to become members and Governors. Representatives from UHSM took part in last year’s Gatley Festival (part of the Stockport area), using the Academy’s Skills Bus to demonstrate first aid and recruit new members for the Trust.

The age of membership has been reduced from 16 years to 7 years. At the membership workshop held in November 2010 it was agreed that engagement with ‘junior members’ need not always require them joining the membership. Students aged 16 to 18 applying for work experience within the Trust will be expected to become members to be kept up to date with information at UHSM.

The 2011-14 membership strategy is a public document and is available on the UHSM website for members to view. UHSM values public membership and members play a crucial role in improving UHSM’s services and helping to plan future developments so that UHSM delivers what the local community wants.

The Public Constituency

Figure 6.1: Map of Public Constituencies

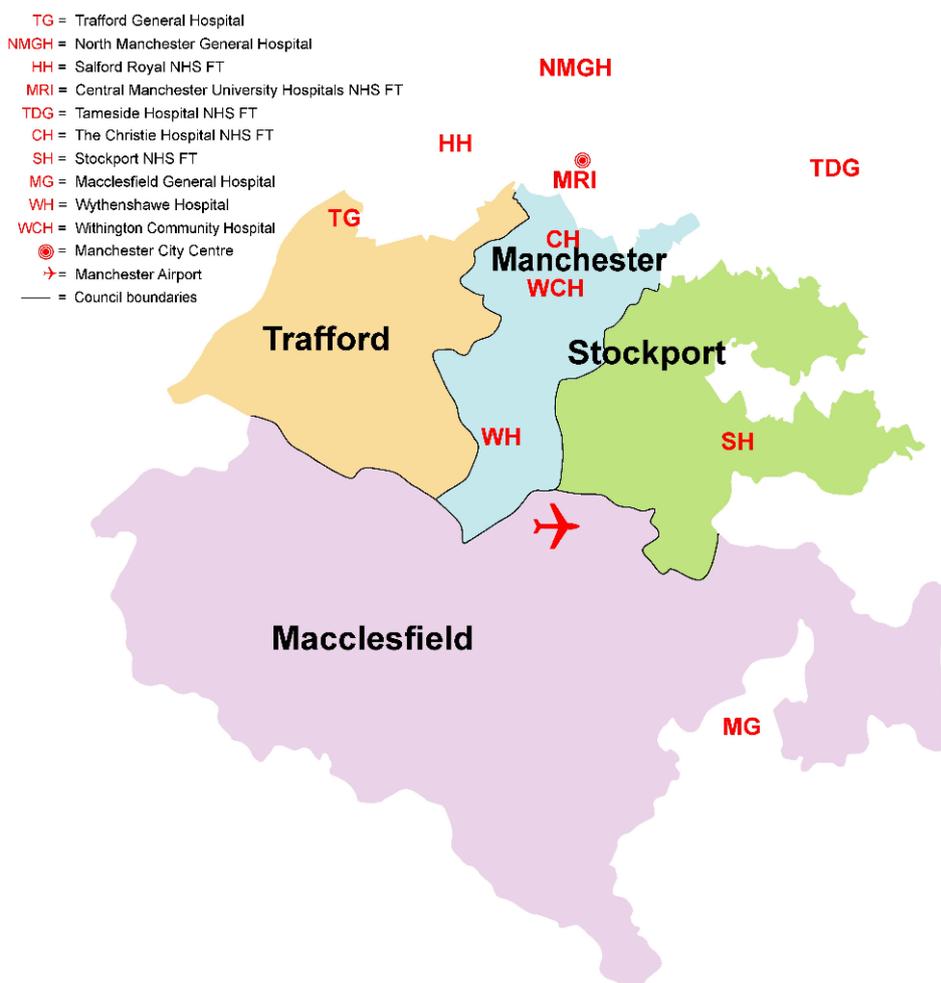


Figure 6.2: Localities assigned to membership areas.

Area 1 (part of Trafford)	Area 2 (part of Manchester)	Area 3 (part of Manchester)	Area 4 (part of Stockport)	Area 5 (part of Macclesfield)
Altrincham Ashton upon Mersey Bowdon Broadheath Brooklands Bucklow-St- Martins Clifford Davyhulme West Flixton Hale Barns Hale Central Longford Priory St Mary's Sale Moor Stretford Timperley Urmston Village	Baguley Brooklands Northenden Sharston Woodhouse Park	Burnage Chorlton Chorlton Park Didsbury East Didsbury West Fallowfield Gorton South Hulme Levenshulme Moss Side Old Moat Rusholme Whalley Range Withington	Bramhall North Bramhall South Bredbury and Woodley Brinnington and Central Cheadle and Gatley Cheadle Hulme North Cheadle Hulme South Davenport and Cale Green Edgeley and Cheadle Heath Hazel Grove Heald Green Heatons North Heatons South Marple South Reddish South	Alderley Edge Chelford Henbury High Legh Knutsford Bexton Knutsford Nether Knutsford Norbury Knutsford Over Mere Mobberley Plumley Prestbury Rainow Wilmslow Dean Row Wilmslow Fulshaw Wilmslow Handforth Wilmslow Hough Wilmslow Lacey Green Wilmslow Morley and Styal

Note: The sixth public sub-constituency 'Area 6' is '*The rest of England and Wales*'



07 Financial Statements

7.1 Foreword to the accounts

In 2011-12 the University Hospital of South Manchester NHS Foundation Trust (UHSM) achieved a surplus of £2.7m before exceptional items. The achieved surplus equates to 0.70% of the Trust's turnover.

This chapter contains:

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

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

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

Regulatory Disclosures

As a Foundation Trust, UHSM operates under licence from Monitor which includes:

- A limit on the amount of private patient work that the Trust can undertake
- Limits on the levels of borrowing that are permitted under the Prudential Borrowing Regime and
- A requirement that the Trust has in place sufficient liquid resources, which may include a Working Capital Facility.

Private Patient Cap

In accordance with its Terms of Authorisation, the Trust must not exceed its predetermined private patient cap. This is set at 0.1% of the Trust's total patient-related income. The Trust stayed within its private patient cap, as shown below.

Table 7.1: Private Patient Cap

	April 1, 2011 – March 31, 2012
Private Patient Income	£0.22m
Total Patient-Related Income	£313.36m
Proportion as a percentage	0.07%

Foundation Trust Borrowing Regime

The Trust is required to comply and remain within Monitor's Prudential Borrowing Limit set out in the 'Prudential Borrowing Code'. The code sets foundation trusts a long-term borrowing limit based on key ratios and also covers major investments including PFI schemes.

The Trust has a PFI scheme and approved loans to fund its Cystic Fibrosis extension and Maternity refurbishment schemes:

Table 7.2: Foundation Trust Borrowing Regime

Purpose of loan	Long term Borrowing Limit Agreed	Loan drawn down	Loan repaid	Loan outstanding
	£m	£m	£m	£m
PFI	66.1	66.1	3.1	63.0
Cystic Fibrosis	7.4	7.4	0.4	7.0
Maternity	20.0	19.4	0.0	19.4
Total	93.5	92.9	3.5	89.4

The compliance position is as follows:

Table 7.3: Prudential Borrowing Regime

	2011/12
Maximum prudential borrowing limit (Tier 2)	£93.5m
Long term borrowing at March 31, 2012	£89.4m

The Prudential Borrowing Code also sets foundation trusts a short-term borrowing limit for working capital facilities. UHSM has been set a £28m short-term borrowing limit for the year ended March 31, 2012, this remained unused.

The Trust has stayed within its Terms of Authorisation as required under the Prudential Borrowing Regime.

Public Interest Disclosures

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

Better Payment Practice Code

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

Management Costs

For the twelve months to March 31, 2012, the Trust incurred £13.7m on management costs (calculated on the basis of the Department of Health guidelines). This represents 3.55% of Trust income.

Other Disclosures

Post Statement of Financial Position Events

The annual financial statements have been prepared on a going concern basis. There were no material post Statement of Financial Position events following submission of the accounts to March 31, 2012.

Going Concern

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

Policies and Procedures with respect to Countering Fraud and Corruption

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

External Audit

The Audit Commission, as external auditors, received a fee of £41,300 + vat for the audit of the accounts to March 31, 2012 as set out in Note 7 to the accounts. The Trust's accounts also reflect a payment to the Audit Commission of £7,000 + vat in respect of work undertaken by the Audit Commission on the Trust's Quality Account.



Julian Hartley
Chief Executive

29 May 2012

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

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS foundation trust accounting officer Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

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

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

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS foundation trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

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

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



Signed

Julian Hartley, Chief Executive

29 May 2012

7.3 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 the 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 the University Hospital of South Manchester NHS Foundation Trust for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Directors provides leadership on the overall governance agenda. The Risk Management Committee is a committee of the Board of Directors and oversees all risk management activity and ensures the correct strategy is adopted for managing risk; controls are present and effective; and action plans are robust for those risks which remain intolerant. The Risk Management Committee is chaired by myself as Chief Executive and comprises of all Executive Directors, the Director of Human Resources & Organisational Development, Foundation Trust Secretary and Chief Risk Officer. Senior managers and specialist advisors routinely attend each meeting. The Trust has kept under review and updated the Risk Management Strategy and Policy which clearly describes the process for managing risk and the roles and responsibilities of staff. While the Risk Management Committee reports directly to the Board through me, it also works closely with the Audit Committee and the Healthcare Governance Committee. These three committees of the Board triangulate their work to ensure all significant risk is properly scrutinised and managed in accordance with the Board's appetite for risk.

Training is provided to relevant staff on risk assessment, incident reporting and incident investigation. In addition, the Board has set out the minimum requirements for staff training required to control key risks. A training needs analysis has been kept under review which sets out the training requirements for all members of staff and includes the frequency of training in each case. Risk is routinely monitored from ward to Board.

Incidents, complaints, claims and patient feedback are routinely analysed to identify lessons for learning and improve internal control. Lessons for learning are disseminated to staff using a variety of methods including newsletters, briefings and personal feedback where required. To enhance learning and improve governance, the Trust actively pursues external peer review of all serious untoward incidents.

I have ensured that all significant risks are reported to the Board of Directors and Risk Management Committee. All new significant risks are escalated to me as Chief Executive and subject to validation

by the Executive Team and Risk Management Committee. The escalation of risk is determined by the residual risk score.

The risk and control framework

The risk management process is set out in 5 key steps as follows:

1. Risk Identification

Risks are identified by assessing corporate objectives, work related activities, analysing incidents, complaints, claims and taking account of events outside the Trust.

2. Risk Assessment

Risk assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the impact and likelihood of each risk and determines the priority based on the overall level of risk exposure.

3. Risk Response

For each risk controls are ascertained or developed, documented and understood. Controls are implemented to *avoid risk*; *seek risk* (take opportunity); *modify risk*; *transfer risk* or *retain risk*. Gaps in control are subject to action plans which are implemented to reduce residual risk. In determining the Organisation's risk appetite, the Board has considered tolerances for the following dimensions (i) Reputation and Credibility; (ii) Clinical, Operational and Policy Delivery; (iii) Financial; and (iv) Regulatory and Legal. The Chief Risk Officer ensures each risk is recorded on the Trust's risk register and managed in accordance with the Board's appetite for risk.

4. Risk Reporting

All significant risks are reported at each formal meeting of the Board of Directors and Risk Management Committee. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and Executive Team. The level within the Trust at which a risk must be reported is clearly set out in the Risk Management Strategy and Policy. The risk report to the Board also details what action is being taken, and by whom, to mitigate the risk and monitors its effectiveness.

5. Risk Review

Those managing risks regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision making. Assurances on the operation of controls for all significant risks are kept under review by the Board. In addition, risk profiles for all directorates are kept under review as part of a rolling programme by the Risk Management Committee. The purpose of the Trust's risk review is to track how the risk profile is changing over time; evaluate the progress of actions to treat key risks; ensure controls are aligned to the risk; risk is managed in accordance with the Board's appetite; resources are reprioritised where necessary; and risk is escalated appropriately.

Quality Governance Arrangements

Strategy

Patient safety, quality and experience, alongside improving efficiency drive the Board's 'Towards 2015 Strategy' and provide the basis for annual objective setting. The potential risks to safety, quality and patient experience are identified and escalated to the Board in accordance with the process outlined in section 4.1 above.

Capabilities and Culture

The Board of Directors has ensured it has the necessary leadership, skills and knowledge to deliver of all aspects of the quality agenda. In addition, the Board has put in place a clinical leadership model which puts senior medical and nursing colleagues at the heart of decision-making and management. We continue to promote the *South Manchester Way*, 'the way we do things around here', which

places patient care at the heart of everything we do in addition to being honest and open; striving for excellence; leading, learning and inspiring others as part of one talented team.

Processes and Structure

Accountability for safety, quality, patient experience and improved efficiency are set out clearly within the Trust's policies and procedures, and within the job descriptions and objectives of the Executive Team, senior leaders and staff. The Board actively seeks feedback from patients, members, governors and other stakeholders in the pursuit of excellence and as part of the continuous improvement cycle. Directors participate in walk-rounds in clinical areas on a weekly basis to engage with frontline teams, patients and visitors, and to evaluate the safety, quality and experience of care for patients in real time. The Board commence each formal meeting with a patient story, reflecting on positive and negative experiences of patients using our services. The Board of Directors monitor quality by reviewing in detail the Quality Account on a monthly basis. In addition, safety, quality and patient experience are paramount in the proceedings of the UHSM's senior committees; namely Healthcare Governance Committee, Risk Management Committee and the Audit Committee.

Measurement

Information relating to safety, quality and patient experience is analysed and scrutinised by the Board on a monthly basis, and steps are taken to assure the robustness of data as part of the internal and external audit programmes. The information within the Quality Account is used to evaluate and drive accountability for performance and delivery.

Care Quality Commission Registration

Compliance with the provisions of the Health & Social Care Act 2008 (Registration Regulations) 2010 is coordinated by the Chief Risk Officer. For each regulation, an Executive Director is identified as responsible for compliance and for responding to any compliance actions required by the Care Quality Commission should a compliance action be deemed necessary. The Chief Risk Officer oversees compliance by:

- *reporting and keeping under review matters highlighted within the Care Quality Commission's Quality and Risk Profile (QRP);*
- *analysing trends from incident reporting, complaints, and patient and staff surveys;*
- *reviewing assurances on the operation of controls;*
- *receiving details of assurances provided by Internal Audit, and being notified of any Clinical Audit conclusions which provide only limited assurance on the operation of controls; and*
- *challenging assurances or gaps in assurance by attending meetings of the Executive Team, Board of Directors, Risk Management Committee, Healthcare Governance Committee and Audit Committee.*

The Trust is registered with the Care Quality Commission, has no compliance actions in force and is fully compliant with the *Essential Standards for Quality and Safety*. The Trust was inspected by the Care Quality Commission in April 2011 in respect of Dignity and Nutrition and was deemed to be compliant. Minor concerns were raised by the Care Quality Commission and these were immediately resolved.

Information Governance

The Trust has undertaken a self-assessment against the Information Governance Toolkit for 2011-12 and has achieved at least a minimum level 2 rating for all 45 Information Governance Toolkit requirements. The risks to data security are overseen by the Trust's Information Governance Committee which kept under review:

- *Engagement with Information Asset Owners and Administrators;*
- *Information Asset Register;*
- *IT Systems Risk Assessments;*
- *Password Management Procedures;*
- *Data Sharing;*
- *Confidentiality;*
- *Information Governance Training; and*
- *IT Security Policy and resilience procedures.*

In-Year Significant Risk

In the preceding 12 months, the Trust has taken effective action and reduced the overall risk of significant harm in the following areas:

- *recognising and responding to the signs of critical illness;*
- *decontamination of flexible endoscopes;*
- *provision of training on the use of high-risk medical devices; and*
- *arrangements for the assessment of self-harm risk.*

As at 31st March 2012, the Trust had the following potential significant risks Identified which are currently being mitigated, although they could have a direct bearing on compliance with the terms of Authorisation, CQC registration or the achievement of corporate objectives should the mitigation plans be ineffective:

- **Service performance (A&E, 62-day & 31-day Cancer targets)**

The Trust achieved the A&E, 62-day and 31-day cancer targets in 2011-12. However, uncertainty regarding the potential failure of demand management schemes within primary care settings, internal capacity, and the receipt of late referrals represented a risk to the achievement of the A&E 4-hour; 62-day and 31-day cancer targets during 2011-12. These risks were mitigated by structural reforms to scheduled and unscheduled care pathways within the Trust; engagement with other providers including the cancer network to address late referrals; ongoing data validation and improvements to data quality; and robust performance reviews with clinical teams. Outcomes remain under constant review by monitoring progress with national targets.

- **Infection Prevention (MRSA and Clostridium difficile)**

The Trust achieved the MRSA and Clostridium *difficile* targets during 2011-12. To mitigate the risk of breaching the Trust's infection prevention targets, we continued to deliver a wide ranging programme of work which emphasises to all staff that remaining compliant with the requirements of the Code of Practice for Healthcare Associated Infections is everyone's responsibility. Ongoing mitigation included: (i)

continuing to raise awareness and leading by example; (ii) ongoing audits of compliance to ensure all infection prevention and control policies and procedures continue to be implemented, including in particular hand hygiene, environmental and decontamination standards; and (iii) training on all aspects of infection prevention continue to be delivered and have been extended to include electronic learning opportunities. Outcomes were assessed by reviewing progress with the MRSA and *Clostridium difficile* targets, and auditing compliance with national standards/regulations.

The Trust improved the decontamination of flexible endoscopes by developing a centralised decontamination facility which came into operation in April 2011, subsequently reducing the risk associated with automated endoscope reprocessing.

Outcomes were assessed by reviewing progress with the MRSA and *Clostridium difficile* targets, and auditing compliance with national standards/regulations.

- **Financial risk**

The Trust maintained a Financial Risk Rating of 3 throughout 2011-12. In response to the potential stabilisation or fall in NHS income, and potential failure of PCT demand management schemes we identified a risk in respect of PCT affordability and this risk was adequately mitigated in 2011-12. A satisfactory outcome was achieved with a level-3 Financial Risk Rating which, under Monitor's Compliance Framework, indicates sound financial performance.

- **Colleague safety whilst working in Uganda**

The Trust provides medical education to the Gulu University Medical School and the Gulu Regional Referral Hospital in Northern Uganda. This involves the deployment of UHSM colleagues to Uganda to deliver teaching and facilitate clinical placements. Our risk assessment identified a number of potential risks to personal safety which were effectively mitigated during 2011-12. However, travel by car on Ugandan roads is hazardous and whilst every effort is taken to ensure safe passage, the risk of an accident whilst travelling by car remains significant. The Trust continues to explore alternative travel options that may reduce the risk of harm on Ugandan roads.

- **Gender appropriate accommodation**

Assurances demonstrated that UHSM's compliance in respect of Single-Sex Accommodation breaches had deteriorated during December 2011, January and February 2012. The risk was reviewed and escalated following consideration by the Executive Team. The main gaps in control relate to the facilities available within the Medical Assessment and Acute Intensive Care Units during periods of high demand for unscheduled care. Actions to further mitigate breaches include establishing whether any breaches were necessary to protect the patient's best clinical interests; review the model of urgent care to build-in same sex accommodation compliance; and engage with the Commissioner to review clinical exclusions criteria.

Principal Risks Facing the Organisation

In accordance with the risk management process the Trust keeps under constant review all potential significant risk exposures. The Trust's annual plan and 3 year strategy have been assessed to identify future risk exposure. These risks are reported within the Trust's Annual Plan which is reviewed by the Board of Directors and submitted to Monitor. In summary the significant risks facing the organisation relate to:

- **National Standards** (A&E; Cancer targets)
- **Infection Prevention** (MRSA ; *C. difficile* targets)
- **Finance** (Income volatility; CIP; Insufficient liquidity)
- **Compliance** (Gender-appropriate accommodation)
- **Global Health Uganda** (Colleague safety abroad)
- **Operations** (Insufficient Cardiothoracic Capacity; Industrial action; Loss of discretionary effort amongst colleagues; Insufficient social care capacity; Instability arising from changes in Trafford)
- **Market Share Decline** (Commissioner priority shifts or competitor influence)

Pensions

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.

Carbon Reduction

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

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

As Accounting Officer, I am responsible for ensuring that the organisation has arrangements in place for securing value for money in the use of its resources. To do this I have implemented systems to:

- *Set, review and implement strategic and operational objectives;*
- *Engage with patients, staff, members and other stakeholders to ensure key messages about services are received and acted upon;*
- *Monitor and improve organisational performance; and*
- *Deliver cost improvements.*

The Trust submits annually to Monitor a three year service strategy incorporating a supporting financial plan approved by the Board of Directors. This informs the detailed operational plans and budgets which are also approved by the Board. The views obtained from the Council of Governors are taken into account by the Board prior to approval.

The Board agrees annually a set of corporate objectives which are set out in the Annual Plan. This provides the basis for performance reviews at directorate level. Operational performance is kept under constant review by the Executive Team and Board of Directors. In order to keep under review the delivery of the corporate objectives, the Board has a monthly Quality Account report covering patient safety, quality, access and experience metrics in addition to a monthly finance performance report. I have overseen the development of the Trust's Quality Account in readiness for publication during 2012.

Assurances on specific issues relating to economy, efficiency, effectiveness, patient safety and quality are commissioned and reviewed by the Audit Committee and, where appropriate, the Healthcare Governance Committee as part of an agreed audit plan. The implementation of recommendations made by Internal Audit is overseen by the Audit Committee.

Effective performance management has been demonstrated through, for example:

- *Green Governance rating issued by Monitor the Independent Regulator of NHS Foundation Trusts;*
- *The Financial Risk Rating, issued by Monitor, has continued to be at planned level of 3;*
- *Maintaining NHSLA level 3 for Trust-wide services and a planned level 2 for Maternity services;*
- *Maintained registration with the Care Quality Commission; and*
- *Improvements against national priorities during 2011-12.*

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

UHSM has developed strong clinical leadership for the development of the Annual Quality Report during 2011-12 and this has been provided by the Executive Medical Director in close collaboration with the Chief Nurse and the Chief Operating Officer. Performance and outcomes highlighted within the Annual Quality Report are reviewed and acted on by the Healthcare Governance Committee (HGC) which is chaired by the Executive Medical Director. Membership comprising two other executive and two non-executive directors; the Director of Human Resources & Organisational Development and the Chief Risk Officer. There is a specific Quality Account Board, chaired by the Executive Medical Director with the Chief Nurse as a member, responsible for developing, assuring and monitoring indicators used within the Annual Quality Report and overseeing data quality. In order to maintain the completeness, accuracy, relevance, validity, reliability and timeliness of data, other members of this Board include the Deputy Chief Nurse, the Associate Medical Director, the Head of Patient Safety & Quality and the Director of Performance. A limited scope assurance report is provided by external audit on the content of the quality account and selected key performance indicators.

There are a range of committees and groups established under the leadership of the Healthcare Governance Committee to take forward and evaluate safety, quality and patient experience. Specific groups with strong clinical engagement are in place to focus on key initiatives, examples include: infection prevention; medication safety; safer surgery; thromboembolic prophylaxis; falls prevention; patient experience; and mortality review.

Each committee or group has a chair and membership comprised from a wide range of staff with a variety of clinical skills and backgrounds, including consultants, nurses, pharmacists, therapists and midwives. Support is also provided to these specific project groups through the Information, Performance and Communication Teams with regard to the production and presentation of performance data and the promotion of key safety initiatives.

Each element of the Patient Safety, Quality and Patient Experience programme is supported by a range of policies, procedures and safe systems to promote staff engagement and ensure the implementation of key safety initiatives. Examples of this include hand hygiene audits, safer surgery checklists, pressure ulcer audits and venous-thromboembolism risk assessment tools.

During 2011-12, there has been further development of the quality and safety metrics in the Board's monthly Quality Account report. Each monthly report received by the Board contains information in

relation to incidents and complaints trends and root cause analysis investigations, including notification of serious untoward incidents. On a monthly or quarterly basis, depending on the indicator, the Board regularly receives and reviews in detail the quality account metrics in relation to the Patient Safety, Quality and Patient Experience programme.

The Commissioning for Quality and Innovation Contract has provided the Trust with a process for external scrutiny of many elements of the data contained within the Patient Safety, Quality and Patient Experience programme during 2011-12. This information has been reviewed on a quarterly basis by NHS Greater Manchester, the Trust's main commissioning cluster.

The Trust has a contract with Comparative Health Knowledge System (CHKS) to provide quality and safety benchmarked data, including mortality, which is a routine component of the monthly Quality Report to the Board of Directors.

The Trust is working with the Patients Association to increase satisfaction with complaints handling and enhance capacity for organisational learning; furthermore, the Trust is collaborating with others, including the Macmillan cancer charity and Sir Donald Irvine, a leading opinion former on matters relating the improvement of patient experience to identify further improvements.

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 (i) the work of the Director of Finance, who was Acting Chief Executive and Acting Nominated Manager for Care Quality Commission Registration until my return to work on 13th June 2011; (ii) the work of the internal and external auditors; (iii) clinical audit; and (iv) letters of assurance from the executive directors and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by 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, Healthcare Governance and Risk Management Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Emergency Preparedness

As accounting Officer, I have responsibility to ensure the Trust has in place robust and effective arrangements for emergency planning. My review of the effectiveness of the system of internal control is also informed by the Trust's state of readiness to respond to emergencies. Three multi-agency exercises were carried out during 2011-12, in accordance with the requirements under the Civil Contingencies Act 2004 and NHS Emergency Planning guidance, to test arrangements for (i) a mass casualty event (Exercise Chin Chin); (ii) major incident involving burn trauma; and (iii) winter resilience plans. The results are being used to improve patient flow escalation plans. Relationships with partners in the healthcare economy have been strengthened as a result of these exercises.

The Board of Directors

The Board has set out the governance arrangements including the committee structure within the Governance Manual. The Board has an established Audit Committee, Healthcare Governance Committee and Risk Management Committee, the Chairs of which report to the Board at the first available Board meeting after each committee meeting. Urgent matters are escalated by the committee chair to the Board as deemed appropriate.

Audit Committee

The priority for the Audit Committee is to monitor the integrity of the Trust's financial statements and to review the Trust's financial and non-financial controls and management systems. The Committee's work has focussed on the register of risks, controls and related assurances underpinning the delivery of the Board's objectives. The Committee meets at least four times per year and comprises three Non-Executive Directors. Executive Directors, Chief Risk Officer, Foundation Trust Secretary, Chief Internal Auditor and External Audit are in routine attendance. The Chair of the Risk Management and Healthcare Governance Committees routinely report to the Audit Committee. The Chair of Audit Committee ensures that the Committee is kept informed of significant risks and reviews all disclosure statements that flow from the Trust's assurance processes as part of a programme of internal and external audit. In particular, these cover financial statements; the Annual Governance Statement; compliance with applicable standards and regulations; and assurances underpinning declarations to regulators such as Monitor and the Care Quality Commission.

Healthcare Governance Committee

The priority for the Healthcare Governance Committee is to be responsible for ensuring that an effective system of quality governance is embedded throughout the Trust. The Committee's work is focussed on the requirements of the Annual Quality Report and compliance with relevant clinical controls, standards and regulations in order to ensure patient safety, high-quality and high-levels of patient satisfaction. The Committee is chaired by the Executive Medical Director and comprises the Chief Nurse, Chief Operating Officer, two non-executive directors, Director of Human Resources & Organisational Development, and the Chief Risk Officer. Clinical leaders, Associate Medical Directors, Deputy Chief Nurse, Foundation Trust Secretary, and Head of Clinical Governance are in routine attendance. The Committee receives, reviews and provides assurances on the operation of controls to deliver the Quality Report, enhanced patient experience, patient safety, clinical effectiveness, and relevant standards from the Care Quality Commission and National Health Service Litigation Authority (NHSLA). In addition, the Committee routinely considers lessons for learning arising out of failures or investigations into NHS trusts or relevant healthcare industry entities.

Risk Management Committee

The priority for the Risk Management Committee is to champion and promote highly-effective risk management practices and ensure that the risk management process and culture are embedded throughout the Trust. The Committee is responsible for ensuring the effective management of all significant risk and will provide assurance on the operation of controls and compliance with relevant NHSLA standards to the Audit Committee. In addition, the Committee oversees the development and implementation of the Risk Management Strategy and Policy and related policies and procedures. The Committee is chaired by myself, as Chief Executive, and comprises Executive Directors, the Director of Human Resources & Organisational Development and the Chief Risk Officer with the Foundation Trust Secretary, Internal Audit and relevant operational leaders in routine attendance.

Joint Chairs Meeting

The Chairs of the Audit, Healthcare Governance and Risk Management Committees have met with the Chief Risk Officer and Foundation Trust Secretary on a quarterly basis to triangulate the principal issues arising within each committee in order to ensure risk is identified, addressed and reported effectively.

Clinical Audit

Clinical Audit is an integral part of the NHS Foundation Trust's internal control framework. An annual programme of clinical audit is developed involving all clinical directorates. Clinical audit priorities are aligned to the Trust's clinical risk profile, compliance requirements under the provisions of the Health & Social Care Act 2008 (Regulated Activities) Regulations 2010, and national clinical audit priorities or service reviews.

Internal Audit

With respect to the internal audits concluded during 2011-12, there were 4 assignments for which Internal Audit reported the level of assurance as limited for the year ended 31st March 2012. These audits provide limited assurance as a result of weaknesses in the design and/or operation of controls. Management action plans are designed and implemented to address these weaknesses and progress against these is reviewed by the Audit Committee.

External Audit

External audit provides independent assurance on the accounts, annual report, Annual Governance Statement and on the Annual Quality Report.

Statement of Compliance with the NHS Foundation Trust Code of Governance and other disclosure statements

Monitor's Code of Governance for NHS Foundation Trusts requires Foundation Trusts to make a full disclosure on their governance arrangements for the 2011-12 financial year. The Code can be found on the Monitor website:

<http://www.monitor-nhsft.gov.uk/home/our-publications/publications-z?keyword=C>

The Code requires the Directors' Report to explain how the main principles and supporting principles of the Code have been applied. The form and content are not prescribed. The information satisfying this requirement is found throughout this Annual Report and Accounts, particularly within chapter 5 Directors' report and chapter 6 Governors.

In the second part of the compliance disclosure, UHSM is required to provide a statement either confirming compliance with each of the provisions of the Code or where appropriate, an explanation in each case why the Trust has departed from the Code.

The UHSM Board confirms that UHSM complied with all provisions of the Code for the 2011-12 year, without exception.

For the avoidance of doubt, although the Code requires Foundation Trusts to nominate a *Lead Governor* to 'have a role to play in facilitating communication between Monitor and the NHS Foundation Trust', the Council of Governors at UHSM have considered this requirement and resolved to satisfy it not by the designation of a single individual Governor, but by the collective designation of the Chairs' Advisory Committee as *Lead Governor*. In the view of the Council this way of working provides Governors with more efficient, and representative, regular two-way communications with the Chairman and Board, and in exceptional circumstances with Monitor, should the need arise. This course of action has been accepted by Monitor. In the view of the UHSM Board, this arrangement, with which Monitor is content, does not constitute a non-compliance with the Code.

The Code also requires the directors to make specified information available in the annual report, or to provide certain descriptions of governance arrangements. This annual report addresses all these requirements without exception, placing much of the information and appropriate statements in relevant chapters of the report. Where any additional information or statements are required which do not fall into other chapters, it is provided below.

It is the directors' responsibility to ensure that proper accounts are kept and that annual accounts are prepared in accordance with the relevant legislation and guidance issued by Monitor. The responsibilities of the auditor are set out in its report to the Council of Governors in chapter 7.

Each of the directors who was a director at the time that the report was approved has confirmed that so far as the director is aware, there is no relevant audit information of which UHSM's auditor is unaware. Each director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information. Each director has made such enquiries of his/her fellow directors and of UHSM's auditors for that purpose and also taken such other steps for that purpose, as are required by his/her duty as a director of UHSM to exercise reasonable care, skill and diligence.

No expenses have been incurred in relation to political activity or political donations either within or outside England and Wales. UHSM has not made any charitable donations during the year under review.

UHSM has no subsidiary companies. There is one charity directly connected to UHSM, which is the UHSM NHS Foundation Trust Charitable Fund, charity number 1048916. In accordance with current reporting requirements, UHSM is not required to consolidate the results of that charity into those of its own for the 2011-12 year.

The directors have considered whether any important events have occurred since the end of the year under review which are currently or may in the future affect the Trust materially, in ways which could not be anticipated by a reader of this document. The directors do not believe that any further matters should be brought to the attention of the reader in this respect.

Concluding Remarks

As Accounting Officer with responsibility for maintaining a sound system of internal control at the University Hospital of South Manchester NHS Foundation Trust, I confirm that no significant issues of internal control arose during the financial year ended 31st March 2012 and up to the date of approval of the annual report and accounts.



Julian Hartley, Chief Executive
29 May 2012

7.4 Independent External Auditor's report

I have audited the financial statements of University Hospital of South Manchester NHS Foundation Trust for the year ended 31 March 2012 under the National Health Service Act 2006. The financial statements comprise the Foreword to Accounts, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out in note 1 to the accounts.

I have also audited the information in the Remuneration Report that is subject to audit, being the disclosure of the median remuneration of the reporting entity's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director.

This report is made solely to the Council of Governors of University Hospital of South Manchester NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My audit work has been undertaken so that I might state to the Council of Governors those matters I am required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust as a body, for my audit work, for this report or for the opinions I have formed.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of University Hospital of South Manchester NHS Foundation Trust's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts.

Opinion on other matters

In my opinion:

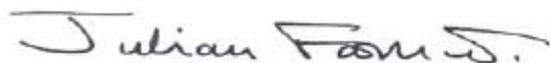
- the part of the Remuneration Report subject to audit has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if, in my opinion the Annual Governance Statement does not reflect compliance with Monitor's requirements. I have nothing to report in this respect.

Certificate

I certify that I have completed the audit of the accounts of University Hospital of South Manchester NHS Foundation Trust in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.



Julian Farmer
Officer of the Audit Commission
Aspinall Close
Middlebrook
Bolton
BL3 6QQ

Date 29 May 2012

7.5 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

March 31, 2012

	NOTE	2011/12 £000	2010/11 £000
Income from patient care activities	3	313,147	291,062
Other operating income	4	72,633	56,614
Operating expenses (excluding impairments of property and restructuring costs)	7	(372,554)	(333,536)
Exceptional item - impairments of property	7,13	(4,032)	(375)
Exceptional item - restructuring costs	7	(580)	(2,009)
OPERATING SURPLUS/ (DEFICIT)		8,614	11,756
Finance costs:			
Finance income	11	260	157
Finance expense - financial liabilities	12	(9,414)	(8,368)
Finance expense - unwinding of discount on provisions	26	(139)	(149)
Surplus/ (Deficit) for the financial year		(679)	3,396
Public dividend capital dividends payable	31	(1,253)	(1,735)
RETAINED (DEFICIT)/ SURPLUS FOR THE YEAR		(1,932)	1,661
Other comprehensive income			
Share of comprehensive income from associates and joint ventures		-	-
Revaluation (losses)/ gains and impairment losses on property, plant and equipment	15	-	(12,882)
Additions/(reductions) on other reserves		-	-
Other recognised gains/(losses)		-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-
TOTAL comprehensive (expense) /income for the year		(1,932)	(11,221)
RETAINED (DEFICIT)/ SURPLUS FOR THE YEAR		(1,932)	1,661
exclude exceptional losses - impairments of property	7,13	4,032	375
exclude exceptional losses - restructuring costs	7	580	2,009
Surplus for the year before exceptional items		2,680	4,045

The notes on pages 146 to 181 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT

March 31, 2012

	Note	March 31, 2012 £000	March 31, 2011 £000	April 1, 2010 £000
Non-current assets				
Intangible assets	14	213	641	1,088
Property, plant and equipment	15	182,267	181,028	186,693
Trade and other receivables	19	1,778	2,066	2,096
Total non-current assets		184,258	183,735	189,877
Current assets				
Inventories	17	5,274	5,611	5,272
Trade and other receivables	19	15,269	13,824	14,071
Cash and cash equivalents	20	46,241	44,650	30,435
		66,784	64,085	49,778
Non-current assets held for sale		-	-	-
Total current assets		66,784	64,085	49,778
Total assets		251,042	247,820	239,655
Current liabilities				
Trade and other payables	21	(40,702)	(43,311)	(36,113)
Borrowings	22	(4,201)	(3,549)	(2,438)
Provisions	26	(6,853)	(5,605)	(3,738)
Other liabilities	23	(17,445)	(13,718)	(9,880)
Net current liabilities		(2,417)	(2,098)	(2,391)
Total assets less current liabilities		181,841	181,637	187,486
Non-current liabilities				
Trade and other payables	21	-	-	-
Borrowings	22	(85,157)	(84,968)	(81,460)
Provisions	26	(4,475)	(4,882)	(5,159)
Other liabilities	23	(6,286)	(3,932)	(1,791)
Total assets employed		85,923	87,855	99,076
Financed by taxpayers' equity:				
Public dividend capital	SOCITE	117,472	117,472	117,472
Revaluation reserve	SOCITE	28,718	30,441	43,495
Donated asset reserve	SOCITE	-	-	-
Retained earnings	SOCITE	(60,267)	(60,058)	(61,891)
Total Taxpayers' Equity		85,923	87,855	99,076

The financial statements on pages 141 to 145 were approved by the Board on Directors on May 29, 2012 and signed on its behalf by:

Signed: (Chief Executive)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Note	Public dividend capital (PDC) £000	Income & Expenditure Reserve £000	Revaluation reserve £000	Donated asset reserve £000	Total £000
Balance at April 1, 2011		117,472	(60,058)	30,441	-	87,855
Changes in taxpayers' equity for 2011/12						
Total Comprehensive Income for the year:						
Retained (deficit) / surplus for the year		-	(1,932)	-	-	(1,932)
Share of comprehensive income from associates and joint		-	-	-	-	-
Impairment gains/(losses) on property, plant and equipment		-	-	-	-	-
Revaluation gains/(losses) on property, plant and equipment		-	-	-	-	-
Additions/(reduction) in other reserves		-	-	-	-	-
Other recognised gains and losses		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-	-
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	a)	-	1,723	(1,723)	-	-
New PDC received		-	-	-	-	-
PDC repaid in year		-	-	-	-	-
Other transfers between reserves		-	-	-	-	-
Balance at March 31, 2012		117,472	(60,267)	28,718	-	85,923

a) The transfer between reserves arises from balances previously held within the revaluation reserve which relate to fully depreciated plant and equipment as

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Note	Public dividend capital (PDC) £000	Income & Expenditure Reserve £000	Revaluation reserve £000	Donated asset reserve £000	Total £000
Balance at April 1, 2010						
As previously stated		117,472	(67,851)	43,365	6,090	99,076
Prior Period Adjustment	a)	-	5,960	130	(6,090)	-
Restated balance		117,472	(61,891)	43,495	-	99,076
Changes in taxpayers' equity for 2010/11						
Total Comprehensive Income for the year:						
Retained (deficit) / surplus for the year		-	1,661	-	-	1,661
Share of comprehensive income from associates and joint ventures		-	-	-	-	-
Impairment gains/(losses) on property, plant and equipment		-	-	(12,904)	-	(12,904)
Revaluation gains/(losses) on property, plant and equipment		-	-	22	-	22
Additions/(reduction) in other reserves		-	-	-	-	-
Other recognised gains and losses		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-	-
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve		-	172	(172)	-	-
New PDC received		-	-	-	-	-
PDC repaid in year		-	-	-	-	-
Other transfers between reserves		-	-	-	-	-
Balance at March 31, 2011		117,472	(60,058)	30,441	-	87,855

a) The prior period adjustment arises from a change in accounting policy outlined in the Treasury FREM for 2011-12, whereby a donated asset reserve is no longer maintained. Donated non-current assets are now capitalised at their fair value on receipt, with a matching credit to Income.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

March 31, 2012

	NOTE	2011/12 £000	2010/11 £000
Cash flows from operating activities			
Operating surplus/(deficit) from continuing operations		8,614	11,756
Non-cash income and expense:			
Depreciation and amortisation	7	9,236	8,968
Impairments	7	4,032	397
Reversals of impairments		-	-
Transfer from the donated asset reserve	4	-	-
Interest accrued and not paid		64	(86)
Dividends accrued and not paid or received		(285)	755
Amortisation of government grants		-	(13)
Amortisation of PFI credit		-	-
(Increase)/Decrease in Trade and Other Receivables		(1,157)	149
(Increase)/Decrease in Other Assets		-	-
(Increase)/Decrease in Inventories		337	(339)
Increase/(Decrease) in Trade and Other Payables		519	4,912
Increase/(Decrease) in Other Liabilities		6,081	5,992
Increase/(Decrease) in Provisions		702	1,441
Tax (paid) / received		(3,168)	4,250
Net cash generated from operating activities		24,975	38,182
Cash flows from investing activities			
Interest received	11	260	157
Purchase of financial assets		-	-
Sales of financial assets		-	-
Purchase of intangible assets	14	(1)	-
Sales of intangible assets		-	-
Purchase of Property, Plant and Equipment	15	(14,102)	(18,099)
Sales of Property, Plant and Equipment		-	-
Net cash generated from / (used in) investing activities		(13,843)	(17,942)
Net cash inflow before financing		11,132	20,240
Cash flows from financing activities			
Public dividend capital received		-	-
Public dividend capital repaid		-	-
The financial statements on pages 141 to 145 were approved by the Board on Dir		4,390	7,057
Other loans received		-	-
Loans repaid to the Department of Health		(421)	(420)
Other loans repaid		-	-
Capital element of finance lease rental payments		-	-
Other capital receipts		-	-
Capital element of Private Finance Initiative Obligations		(3,128)	(2,018)
Interest paid		(957)	(635)
Interest element of finance lease		-	-
Interest element of Private Finance Initiative obligations		(8,457)	(7,647)
PDC Dividend paid		(968)	(2,362)
Net cash used in financing activities		(9,541)	(6,025)
Net increase in cash and cash equivalents		1,591	14,215
Cash (and) cash equivalents (and bank overdrafts) at the April 1		44,650	30,435
Cash (and) cash equivalents (and bank overdrafts) at the March 31	20	46,241	44,650

7.6 Notes to the accounts

1. ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS foundation trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2011/12 NHS foundation trust Annual Reporting Manual (FT ARM) issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

1.1 Consolidation

The Trust has no subsidiaries, joint ventures, associates or joint operations requiring consolidation.

1.2 Income

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

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

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

1.3 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. Employers pension cost contributions are charged to operating expenses as and when they become due.

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

1.4 Expenditure on other goods and services

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

1.5 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised as tangible assets where:

- they are held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- they are expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.
- individually they have a cost of at least £5,000; or
- they form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- they form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

Measurement

Valuation

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

All land and buildings are revalued using professional valuations every five years. A three yearly interim valuation is also carried out. Valuations are carried out by the District Valuer, who is external to the Trust, and in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. In between these valuations the Trust considers whether assets are subject to significant volatility and, where this is the case, undertakes an annual revaluation.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. An interim valuation of all land and buildings was undertaken in 2011 using a valuation date of 1st April 2011 and using the modern equivalent asset basis (MEA) for assessing depreciated replacement cost. The valuation was carried out by the District Valuer, who is external to the Trust, and in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

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

Equipment assets are valued at depreciated historical cost basis.

Subsequent expenditure

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

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

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

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

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

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FREM, are accounted for as 'on-Statement of Financial Position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

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

1.6 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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

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

Software

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

Measurement

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

Subsequently intangible assets are measured at fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

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

Amortisation

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

1.7 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

De-recognition

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

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

Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the Statement of Comprehensive Income. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

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

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

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

Other financial liabilities

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

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision.

1.10 Leases

Finance leases

The Trust assesses the terms of each individual lease agreement to determine whether substantially all the risks and rewards of ownership are borne by the Trust.

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

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

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

Operating leases

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

Leases of land and buildings

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

1.11 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.9% in real terms. In April 2012 HM Treasury announced a change to the discount rate for pensions to be effective from 31st March 2012. As the impact of this change is not material it will be applied with effect from 1st April 2012.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 26 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

1.12 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.13 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) net cash balances held with the Government Banking Services, excluding cash balances held in GBS accounts held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts.

The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.14 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Corporation Tax

The Trust is a Health Service body within the meaning of the Income and Corporation Tax Act (ICTA) 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of a foundation trust (ICT Act 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000pa. There is no tax liability arising in respect of the current financial year.

1.16 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Resulting exchange gains or losses are recognised in income or expense in the period in which they arise.

1.17 Third party assets

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

1.18 Losses and special payments

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

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

1.19 Transforming Community Services (TCS)

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Community services in the South Manchester area, previously provided by Manchester PCT, transferred to the Trust on 1st April 2011. Such transfers fall to be accounted for by use of merger accounting. The Treasury *FReM* provides that where a transfer takes place in 2011-12, the recipient of the transfer will account for transferred activity in full for the period (and the original provider for none) to reflect the position had the transfer always applied.

For TCS transactions specifically, it is impracticable to adjust the prior period's revenue account in each body and so restatement is effected by an adjustment to 1 April 2011 opening balances rather than by full restatement of comparators.

2. Operating segments

The Foundation Trust operates in only one segment,

3. Income from patient care

3.1 Income from patient care activities - by source	note	2011/12 £000	2010/11 £000
Foundation trusts		-	37
NHS trusts		-	-
Strategic health authorities		-	1,325
Primary care trusts	a)	297,404	280,144
Local authorities		137	42
Department of Health - grants		-	-
Department of Health - other		-	-
NHS other	b)	14,041	8,073
Non-NHS: Private patients		215	149
Non-NHS: Overseas patients (non-reciprocal)		145	119
NHS Injury costs recovery scheme	c)	1,205	1,173
Non-NHS other		-	-
		313,147	291,062

a) Income from Primary care trusts in 2011/12 includes £18,270k income for the provision of community services. Responsibility for provision of these services transferred to the Trust on 1st April 2011.

b) The reason for increase in NHS other is the reclassification of National Specialised Commissioning income for Transplants and Ventricular Assisted Devices ('VADs') from Primary Care Trusts to Other and the reclassification of the NHS Blood and Transplant income for Organ Retrieval from Strategic Health Authority to Other.

c) Injury cost recovery income is subject to a provision for impairment of receivables of 8.2% to reflect expected rates of collection.

3.2 Income from patient care activities - by point of delivery	2011/12 £000	2010/11 £000
Elective income	65,986	68,032
Non-elective income	82,876	82,583
Out-patient income	40,154	39,429
A&E income	7,556	7,747
Other clinical activity income	96,658	91,716
Private patient income	215	150
Other non-protected clinical income	1,432	1,405
Community services	18,270	-
	313,147	291,062

3.3 Income from patient care activities - mandatory and non-mandatory

	2011/12 £000	2010/11 £000
Income from mandatory patient care activities	311,500	289,507
Income from non-mandatory patient care activities	1,647	1,555
	313,147	291,062

3.4 Private patient income

The NHS Act 2006 requires that the proportion of private patient income to the total patient related income of the Foundation Trust should not exceed its proportion whilst the body was an NHS Trust in 2002/03 (the 'base year').

	Base Year 2002/03 £000	2011/12 £000	2010/11 £000
Private patient income	169	215	150
Total patient related income	161,764	313,147	291,062
Proportion (as a percentage) not to exceed the base year cap	0.10%	0.07%	0.05%

4. Other Operating Income	NOTE	2011/12 £000	2010/11 £000
Research and development	a)	14,752	4,520
Education and training		28,048	26,203
Charitable and other contributions to expenditure		300	59
Non-patient care services to other bodies		12,524	13,394
Other	5	13,928	9,384
Rental revenue from operating leases	6	1,576	1,314
Income in respect of staff costs where accounted on gross basis		1,505	1,740
Profit on disposal of tangible fixed assets		-	-
Total		<u>72,633</u>	<u>56,614</u>

a) The Trust acts as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. In 2011/12 this research funding has been accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts.

5. Other Operating Income : Other Income		2011/12 £000	2010/11 £000
Car parking		1,601	1,720
Estates recharges		-	378
IT recharges		-	18
Pharmacy sales		960	936
Staff accommodation rentals		71	48
Crèche services		193	351
Clinical tests		1,198	1,142
Clinical excellence awards		2,056	2,259
Catering		2	-
Property rentals		645	324
Other	a)	<u>7,202</u>	<u>2,208</u>
Total		<u>13,928</u>	<u>9,384</u>

a) Other 'Other Income' includes income for hosted services, the most significant being the Top Leaders programme, which are now treated gross in the accounts but were previously treated net of income and expenditure.

6. Operating lease income		2011/12 £000	2010/11 £000
Operating lease income			
Rents recognised as income during the period		1,576	1,314
Contingent rents recognised as income during the period		-	-
Total		<u>1,576</u>	<u>1,314</u>
Future minimum lease payments due			
- not later than one year		1,606	1,576
- later than one year and not later than five years		6,443	6,548
- later than five years		13,338	14,072
Total		<u>21,387</u>	<u>22,196</u>

The Trust leases property to Manchester Mental Health and Social Care NHS Trust. This income is included in note 4 above as 'rental revenue from operating leases'.

7. Operating Expenses

	Note	2011/12 £000	2010/11 £000
Services from NHS Foundation Trusts		1,540	1,524
Services from NHS Trusts		-	23
Services from PCTs		-	229
Services from other NHS Bodies		2,903	1,725
Purchase of healthcare from non NHS bodies		2,432	2,852
Employee Expenses - Executive directors	7.1	913	898
Employee Expenses - Non-executive directors		129	127
Employee Expenses - Staff	9	223,172	203,186
Drug costs		23,121	22,063
Supplies and services - clinical (excluding drug costs)		41,707	39,972
Supplies and services - general	a)	28,934	24,763
Establishment		2,893	2,508
Research and development	b)	10,200	2,238
Transport		345	512
Premises		14,949	13,741
Increase / (decrease) in provision for impairment of receivables		698	(2)
Increase in other provisions		-	-
Inventories write down		-	19
Inventories consumed		-	-
Depreciation on property, plant and equipment		8,807	8,521
Amortisation on intangible assets		429	447
Impairments of property, plant and equipment	13	4,032	375
Impairments of intangible assets		-	-
Impairment of financial assets		-	-
Impairments of investment property		-	-
Impairments of assets held for sale		-	-
Audit fees		-	-
audit services- statutory audit	c)	50	49
audit services -regulatory reporting	d)	8	10
Other auditors remuneration		-	-
further assurance services		-	-
other services		5	8
Clinical negligence		5,288	4,368
Loss on disposal of investments		-	-
Loss on disposal of intangible fixed assets		-	-
Loss on disposal of land and buildings		-	-
Loss on disposal of other property, plant and equipment		-	-
Loss on disposal of assets held for sale		-	-
Legal fees		260	114
Consultancy costs		583	651
Training, courses and conferences		1,888	1,565
Patient travel		71	61
Car parking & Security		357	435
Redundancy		580	2,009
Early retirements		-	-
Hospitality		109	168
Publishing		-	-
Insurance		760	748
Other services, eg external payroll		-	-
Grossing up consortium arrangements		-	-
Losses, ex gratia & special payments		3	12
Other		-	1
Total operating expenses		377,166	335,920
Total operating expenses		377,166	335,920
Impairments of property, plant and equipment		(4,032)	(375)
Redundancy		(580)	(2,009)
Total operating expenses excluding impairments and restructuring costs		372,554	333,536

a) 'Supplies and Services- General' includes expenditure for hosted services, the most significant being the Top Leaders programme, which are now treated gross in the accounts but were previously treated net of income and expenditure.

b) The Trust acts as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. Funding distributed in 2011/12 to other Trusts is included as Research and development expenditure.

c) There is no limit on the Trust's auditors liability.

d) Costs shown as 'Audit Services- regulatory reporting' relate to external auditor's review of the Trust's Quality Report.

7.1 Salary and pension entitlements of senior managers

Note: It is the view of the Board of Directors that the authority and responsibility for controlling major activities is retained by the statutory Board of Directors who have voting rights and is not exercised below this level.

Figures below are for the 12 months from April 1, 2011 to March 31, 2012

Name and title	A	B	C	D	E	F
	Salary for 12 month period (Bands of £5,000) £ 000s	Other remuneration for period (Bands of £5,000) £ 000s	Golden hello £ 000s	Compensation for loss of office £ 000s	Benefits in kind (Rounded to the nearest £100) £	Amounts paid relating to the previous year £ 000s
2011/12						
Executive Board Members with Voting Rights						
Bailey A. - Chief Nurse	120 to 125	-	-	-	-	-
Hartley J. - Chief Executive	180 to 185	-	-	-	-	-
Heery NA. - Director of Finance / Acting Chief Executive	135 to 140	-	-	-	-	-
Jago D - Acting Director of Finance	15 to 20	-	-	-	-	-
James K.- Chief Operating Officer	135 to 140	-	-	-	-	-
Ryan B. - Medical Director	130 to 135	25 to 30	-	-	-	-
Non Executive Board Members						
Goodey F. - Chair	45 to 50	-	-	-	-	-
Barlow R.- Non Executive Director	15 to 20	-	-	-	-	-
Boulnois G.- Non Executive Director	10 to 15	-	-	-	-	-
Clinton L.- Non Executive Director	10 to 15	-	-	-	-	-
Gibson M - Non Executive Director	10 to 15	-	-	-	-	-
Smyth P. - Non Executive Director	10 to 15	-	-	-	-	-
2010/11						
Executive Board Members with Voting Rights						
Bailey A. - Chief Nurse	120 to 125	-	-	-	-	-
Hartley J. - Chief Executive	180 to 185	-	-	-	-	-
Heery NA. - Director of Finance / Acting Chief Executive	135 to 140	-	-	-	-	-
Jago D - Acting Director of Finance	5 to 10	-	-	-	-	-
James K.- Chief Operating Officer	125 to 130	-	-	-	-	-
Ryan B. - Medical Director	130 to 135	25 to 30	-	-	-	-
Non Executive Board Members						
Goodey F. - Chair	45 to 50	-	-	-	-	-
Barlow R.- Non Executive Director	15 to 20	-	-	-	-	-
Boulnois G.- Non Executive Director	10 to 15	-	-	-	-	-
Clinton L.- Non Executive Director	10 to 15	-	-	-	-	-
Gibson M - Non Executive Director	5 to 10	-	-	-	-	-
Smyth P. - Non Executive Director	10 to 15	-	-	-	-	-
Griffiths C. - Non Executive Director	0 to 5	-	-	-	-	-

- i) Temporarily absent from Chief Executive post with effect from 28th February 2011 to 13th June 2011 due to road traffic accident
ii) Acting up to Chief Executive commenced 28th February 2011 until 13th June 2011
iii) Acting up to Director of Finance commenced 28th February 2011 until 31st May 2011
iv) Other remuneration relates to clinical duties
v) Commenced with the Trust on 15th November 2010
vi) Left the Trust on 30th June 2010

7.2 Salary and pension entitlements of senior managers (continued)

Pension entitlements of senior managers in post at 31st March 2012

Note: As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members.

Name and Title	Total accrued pension at age 60 at March 31, 2012	Value of automatic lump sums at March 31, 2012	Real increase in pension during the period	Real increase in automatic lump sum during the period	CETV at March 31, 2011	CETV at March 31, 2012*	Real increase in CETV during the period*
	(Bands of £2,500)	(Bands of £2,500)	(Bands of £2,500)	(Bands of £2,500)	(Bands of £1,000)	(Bands of £1,000)	(Bands of £1,000)
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Bailey A. - Chief Nurse	35.0 to 37.5	110.0 to 112.5	0.0 to 2.5	0.0 to 2.5	508 to 509	611 to 612	84 to 85
Hartley J.- Chief Executive	37.5 to 40.0	115.0 to 117.5	0.0 to 2.5	5.0 to 7.5	476 to 477	613 to 614	121 to 122
Heery NA - Director of Finance/ Acting Chief Executive	45.0 to 47.5	137.5 to 140.0	0.0 to 2.5	0.0 to 2.5	722 to 723	830 to 831	83 to 84
James K.- Chief Operating Officer	45.0 to 47.5	135.0 to 137.5	0.0 to 2.5	2.5 to 5.0	691 to 692	813 to 814	98.0 to 99
Ryan B. - Medical Director	50.0 to 52.5	155.0 to 157.5	2.5 to 5.0	2.5 to 5.0	941 to 942	1,053 to 1,054	79.0 to 80.0

D Jago was Acting Director of Finance up until 31st May 2011 but finished his employment with the Trust at this date. Because he was not in post on 31st March 2012, his pension entitlements are not disclosed.

Source: NHS Pensions Agency

* A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

NHS Pensions have advised that since last year's disclosure exercise the factors used in their calculations have changed, the new factors are higher than last years and they have confirmed that the CETV's have increased more than expected.

7.3 Mutually Agreed Resignation Scheme and Redundancy Payments

Exit package cost band	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	0	0	8	38	8	38
£10,000 - £25,000	0	0	6	104	6	104
£25,001 - £50,000	0	0	4	154	4	154
£50,001 - £100,000	4	284	0	0	4	284
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
Total	4	284	18	296	22	580

The above table details the number of compulsory redundancies and MARS (Mutually Agreed Resignation Scheme) payments agreed within the financial year 2011/12. These redundancies were a consequence of the Trust's management restructure implemented as part of the Trust's cost efficiency savings plans. MARS schemes have had approval from Monitor.

8. Arrangements containing an Operating leases

8.1 As lessee

The Trust's leases include office and laboratory accommodation together with equipment (both clinical and non-clinical).

Payments recognised as an expense	2011/12	2010/11
	£000	£000
Minimum lease payments	1,285	1,114
Contingent rents	-	-
Sub-lease payments	-	-
	<u>1,285</u>	<u>1,114</u>
Total future minimum lease payments	2011/12	2010/11
	£000	£000
Payable:		
Not later than one year	722	961
Between one and five years	2,180	2,178
After 5 years	1,000	1,205
	<u>3,902</u>	<u>4,344</u>

The Trust has made payments in 2011/12 to Manchester PCT totalling £1,322k relating to use of community premises by the Trust's community services. These payments have been accounted for within total 2011/12 operating expenditure but are not included within the above analyses of operating lease expenditure and commitments.

9. Employee expenses and numbers

9.1 Employee expenses

Includes the costs of staff and executive directors, but excludes non-executive directors.

	Total	Permanently Employed	2011/12 Other	2010/11 Total
	£000	£000	£000	£000
Salaries and wages	181,427	162,348	19,079	165,965
Social security costs	15,188	13,576	1,612	13,464
Pension cost - defined contribution plans				
Employers contributions to NHS Pensions	21,815	19,512	2,303	19,271
Pension cost - other contributions	-	-	-	-
Other post employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Agency/contract staff	6,235	-	6,235	7,393
Employee benefits expense	224,665	195,436	29,229	206,093

Redundancy costs of £580k (2010/11 £2,009k) are included as part of salaries and wages costs.

9.2 Average number of people employed

	Total	Permanently Employed	2011/12 Other	2010/11 Total
	Number	Number	Number	Number
Medical and dental	638	414	224	614
Ambulance staff	-	-	-	-
Administration and estates	1,064	1,046	18	1,026
Healthcare assistants and other support staff	640	633	7	551
Nursing, midwifery and health visiting staff	1,794	1,788	6	1,553
Nursing, midwifery and health visiting learners	5	5	-	5
Scientific, therapeutic and technical staff	786	775	11	719
Social care staff	3	3	-	-
Bank and agency staff	131	-	131	175
Other	-	-	-	-
Total	5,061	4,664	397	4,643

Employee expenses and average number of people employed in 2011/12 increased as a consequence of the transfer of 392 staff (including 43 administration and estates) from Manchester PCT. This relates to the transfer of responsibility from the PCT to the Trust for the provision of Community Services with effect from 1st April 2011

9.3 Employee benefits

Other than the salary and pension costs detailed above, there were no material employee benefits in 2011/12 or the previous year. In addition to this there are no share options, money purchase schemes, nor long term incentive schemes in the University Hospital of South Manchester NHS Foundation Trust.

There were no director's benefits in respect of advances or credits granted by the Trust. Nor were there any kind of guarantees entered into on behalf of the directors of the Trust by the Trust.

10. Retirements due to ill-health

During the year to March 31, 2012 there were 11 retirements from the Trust agreed on the grounds of ill-health (in the previous year there were 5 retirements due to ill-health). The estimated additional pension liabilities of these ill-health retirements will be £890k (£309k in the previous year). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

11. Finance income	2011/12	2010/11
	£000	£000
Interest income:		
Interest on loans and receivables	260	157
Other	-	-
Total	<u>260</u>	<u>157</u>

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	2011/12	2010/11
	£000	£000
Interest expense:		
Loans from the Foundation Trust Financing Facility	957	721
Commercial loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Other	-	-
Finance Costs in PFI obligations		
Main Finance Costs	4,899	5,049
Contingent Rent	a) 3,558	2,598
Total	<u>9,414</u>	<u>8,368</u>

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	Note	2011/12	2010/11
		£000	£000
Impairments arising from UHSM's independent valuer's assessment of the depreciated replacement cost of newly constructed assets.	a), b)	4,032	375
Total		<u>4,032</u>	<u>375</u>

a) Where a revaluation reserve exists impairments are first charged against them and then to the Statement of Comprehensive Income. The above impairments are all charges to the Statement of Comprehensive Income.

b) Impairments in 2011/12 arose from the valuation of a new research unit and also valuations of enhancement works undertaken in the Trust's maternity and outpatient units.

14. Intangible assets

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

	Computer software - purchased 2011/12	Computer software - purchased 2010/11
	£000	£000
Gross cost at April 1	2,300	2,300
Impairments charged to revaluation reserve	-	-
Reclassifications	-	-
Revaluation surpluses	-	-
Additions purchased	1	-
Additions donated	-	-
Transferred to disposal group as asset held for sale	-	-
Disposals	-	-
Gross cost at March 31	<u>2,301</u>	<u>2,300</u>
Amortisation at April 1	1,659	1,212
Charged during the year	429	447
Impairments recognised in SOCI*	-	-
	-	-
Reversal of impairments recognised in the SOCI*	-	-
Reclassifications	-	-
Revaluation surpluses	-	-
	-	-
Transferred to disposal group as asset held for sale	-	-
Disposals	-	-
Amortisation at March 31	<u>2,088</u>	<u>1,659</u>
Net book value		
Purchased as at March 31	213	641
Donated as at March 31	-	-
Total at March 31	<u>213</u>	<u>641</u>

* SOCI= Statement of Comprehensive Income

The intangible assets held by the Trust were initially valued at cost and are amortised over their useful economic life. The Trust is not holding a revaluation reserve for these assets.

	Minimum life Years	Maximum life Years
Intangible assets purchased		
Software	1	5

The Trust has no intangible assets acquired by government grant.

15. Non Current Tangible Assets
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
2011/12:	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2011	23,287	137,923	458	437	51,791	498	4,334	1,834	220,562
Additions purchased	-	5,343	36	5,565	1,063	-	1,580	187	13,774
Additions donated	-	304	-	-	-	-	-	-	304
Additions government granted	-	-	-	-	-	-	-	-	-
Impairments charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reclassifications	-	5,763	-	(5,763)	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	(362)	-	-	(333)	-	-	-	(695)
At March 31, 2012	23,287	148,971	494	239	52,521	498	5,914	2,021	233,945
Accumulated depreciation as at April 1, 2011	-	-	-	-	34,712	259	3,449	1,114	39,534
Provided during the year	-	4,738	23	-	3,414	45	425	162	8,807
Impairments recognised in operating expenses	-	4,026	6	-	-	-	-	-	4,032
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	(362)	-	-	(333)	-	-	-	(695)
Depreciation at March 31, 2012	-	8,402	29	-	37,793	304	3,874	1,276	51,678
Net book value									
Owned at April 1, 2011	23,287	94,232	458	199	15,825	239	840	670	135,750
Finance lease at April 1, 2011	-	-	-	-	-	-	-	-	-
PFI at March 31, 2011	-	39,406	-	-	-	-	-	-	39,406
Donated at April 1, 2011	-	4,285	-	238	1,254	-	45	50	5,872
Total at April 1, 2011	23,287	137,923	458	437	17,079	239	885	720	181,028
Net book value									
Owned at March 31, 2012	23,287	98,164	465	-	13,785	194	2,022	707	138,624
Finance lease at March 31, 2012	-	-	-	-	-	-	-	-	-
PFI at March 31, 2012	-	38,253	-	-	-	-	-	-	38,253
Donated at March 31, 2012	-	4,152	-	239	943	-	18	38	5,390
Total at March 31, 2012	23,287	140,569	465	239	14,728	194	2,040	745	182,267

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
2010/11	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2010	38,062	335,410	3,501	825	50,005	572	3,951	1,657	433,983
Additions purchased	-	4,335	27	8,713	2,441	-	383	177	16,076
Additions donated	-	-	-	-	49	-	10	-	59
Additions government granted	-	-	-	-	-	-	-	-	-
Impairments charged to revaluation reserve	(14,775)	1,810	61	-	-	-	-	-	(12,904)
Reclassifications	-	8,562	-	(9,101)	539	-	-	-	-
Revaluation surpluses	-	(212,194)	(3,131)	-	-	-	-	-	(215,325)
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,243)	(74)	(10)	-	(1,327)
At March 31, 2011	23,287	137,923	458	437	51,791	498	4,334	1,834	220,562
Accumulated depreciation as at April 1, 2010	-	207,311	3,109	-	32,492	289	3,113	976	247,290
Provided during the year	-	4,508	22	-	3,463	44	346	138	8,521
Impairments recognised in operating expenses	-	375	-	-	-	-	-	-	375
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	(212,194)	(3,131)	-	-	-	-	-	(215,325)
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,243)	(74)	(10)	-	(1,327)
Depreciation at March 31, 2011	-	-	-	-	34,712	259	3,449	1,114	39,534
Net book value									
Owned at April 1, 2010	38,062	85,271	392	587	15,998	283	778	618	141,989
Finance lease at April 1, 2010	-	-	-	-	-	-	-	-	-
PFI at April 1, 2010	-	38,614	-	-	-	-	-	-	38,614
Donated at April 1, 2010	-	4,214	-	238	1,515	-	60	63	6,090
Total at April 1, 2010	38,062	128,099	392	825	17,513	283	838	681	186,693
Net book value									
Owned at March 31, 2011	23,287	94,232	458	199	15,825	239	840	670	135,750
Finance lease at March 31, 2011	-	-	-	-	-	-	-	-	-
PFI at March 31, 2011	-	39,406	-	-	-	-	-	-	39,406
Donated at March 31, 2011	-	4,285	-	238	1,254	-	45	50	5,872
Total at March 31, 2011	23,287	137,923	458	437	17,079	239	885	720	181,028

15.3 Property, plant and equipment (cont.)

	Minimum life Years	Maximum life Years
Land	-	-
Buildings (excluding dwellings)	1	70
Dwellings	4	33
Assets under construction	1	1
Plant and machinery	1	15
Transport equipment	1	6
Information technology	1	5
Furniture and fittings	1	10

The Trust received no compensation from third parties for assets impaired, lost or given up.

15.4 Protected and unprotected tangible non-current assets

	Land	Buildings (incl. Dwellings)	Assets under construction	Equipment	Total
	£000s	£000s	£000s	£000s	£000s
Protected tangible non-current assets as at March 31, 2011	23,287	138,381	-	-	161,668
Unprotected tangible non-current assets as at March 31, 2011	-	-	437	18,923	19,360
	23,287	138,381	437	18,923	181,028
Protected tangible non-current assets as at March 31, 2012	16,309	135,186	-	-	151,495
Unprotected tangible non-current assets as at March 31, 2012	6,978	5,848	239	17,707	30,772
	23,287	141,034	239	17,707	182,267

16. Capital commitments

Contracted capital commitments at 31st March not otherwise included in these financial statements:

	March 31, 2012 £000	March 31, 2011 £000
Property, plant and equipment	1,343	6,665
Intangible assets	-	-
Total	1,343	6,665

Capital commitments at 31st March 2012 related to a new research unit and improvements to the Trust's maternity facility.

At March 31, 2012 the Trust had no non-current assets for sale, assets held in disposal groups or liabilities in disposal groups. This was the same situation as March 31, 2011.

17. Inventories

17.1. Inventories

	March 31, 2012 £000	March 31, 2011 £000
Drugs	1,224	1,249
Work in progress	-	-
Consumables	3,920	4,204
Energy	130	158
Total	5,274	5,611

The Trust holds no non-current inventories.

17.2 Inventories recognised in expenses

	March 31, 2012 £000	March 31, 2011 £000
Inventories recognised as an expense in the period	45,785	45,428
Write-down of inventories recognised as an expense(including losses)	3	19
Reversal of write-downs that reduced the recognised expense	-	-
Total	45,788	45,447

Inventories recognised as an expense in the period are the total amounts that have been charged to the SOCI during the year from those significant inventories. Inventories are therefore 12% of annual expense (giving an average stock turn over of 6 weeks).

18. Investments

The Trust held no investments during either of the financial years ended March 31, 2011 or March 31, 2012.

19. Trade and other receivables

19.1 Trade and other receivables

	Note	March 31, 2012 £000	March 31, 2011 £000
Current			
NHS receivables		9,048	8,746
Other receivables with related parties		288	21
Provision for the impairment of receivables		(540)	(125)
Prepayments		3,434	2,363
PFI prepayments			
- capital contributions		-	-
- lifecycle replacements		-	-
Accrued income		72	107
Finance lease receivables		-	-
PDC receivables	a)	470	755
VAT receivable		1,238	814
Other receivables		1,259	1,143
Total		15,269	13,824

		March 31, 2012 £000	March 31, 2011 £000
Non Current			
NHS receivables		-	-
Other receivables with related parties		-	-
Provision for the impairment of receivables		(158)	(158)
Prepayments		-	-
PFI prepayments			
- capital contributions		-	-
- lifecycle replacements		-	-
Accrued income		1,936	2,224
Finance lease receivables		-	-
Other receivables		-	-
Total		1,778	2,066

		March 31, 2012 £000	March 31, 2011 £000
Total			
NHS receivables		9,048	8,746
Other receivables with related parties		288	21
Provision for the impairment of receivables		(698)	(283)
Prepayments		3,434	2,363
PFI prepayments			
- capital contributions		-	-
- lifecycle replacements		-	-
Accrued income		2,008	2,331
Finance lease receivables		-	-
PDC receivables		470	755
VAT receivable		1,238	814
Other receivables		1,259	1,143
Total		17,047	15,890

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

19.2 Provision for impairment of receivables

	March 31, 2012 £000	March 31, 2011 £000
At 1st April	283	603
Increase in provision	698	(2)
Amounts utilised	(283)	(318)
Unused amounts reversed	-	-
At March 31	698	283

19.3. Ageing of impaired receivables

	March 31, 2012 £000	March 31, 2011 £000
0 - 30 days	0	68
30-60 Days	18	0
60-90 days	18	0
90- 180 days	71	18
over 180 days	433	39
Balance at March 31	540	125

Receivables are due within 30 days of the date of invoice.

19.4. Receivables past due date, but not impaired

	March 31, 2012 £000	March 31, 2011 £000
0 - 30 days	7,308	6,669
30-60 Days	354	-
60-90 days	354	-
90- 180 days	648	1,173
over 180 days	132	800
Balance at March 31	8,796	8,642

20. Cash and cash equivalents

	March 31, 2012 £000	March 31, 2011 £000
Balance at April 1	44,650	30,435
Net change in year	1,591	14,215
Balance at March 31	46,241	44,650
Made up of		
Commercial banks and cash in hand	42	209
Cash with the Government Banking Service	46,199	44,441
Current investments	-	-
Cash and cash equivalents as in statement of financial position	46,241	44,650
Bank overdraft	-	-
Cash and cash equivalents as in statement of cash flows	46,241	44,650

21. Trade and other payables

	March 31, 2012	March 31, 2011
	£000	£000
Current		
NHS payables - capital	-	-
NHS payables - revenue	13,561	10,596
NHS Payables - Early retirement costs payable within one year	-	-
Amounts due to other related parties - capital	-	-
Amounts due to other related parties - revenue	-	350
Other trade payables - capital	1,718	1,742
Other trade payables - revenue	6,243	6,502
Social Security costs	0	0
VAT payable	0	0
Other taxes payable	4,230	7,938
Other payables	2,889	4,884
Accruals	12,061	11,299
PDC dividend payable	-	-
Total current	40,702	43,311
Non Current		
Other payables	-	-
Total Non current	-	-
Total		
NHS payables - capital	-	-
NHS payables - revenue	13,561	10,596
NHS Payables - Early retirement costs payable within one year	-	-
Amounts due to other related parties - capital	-	-
Amounts due to other related parties - revenue	-	350
Other trade payables - capital	1,718	1,742
Other trade payables - revenue	6,243	6,502
Social Security costs	-	-
VAT payable	-	-
Other taxes payable	4,230	7,938
Other payables	2,889	4,884
Accruals	12,061	11,299
PDC dividend payable	-	-
Total	40,702	43,311

At March 31, 2012 the Trust had no payables to buy out the liability of early retirements. This is the same as the previous financial year.

22. Borrowings

	March 31, 2012	March 31, 2011
Current	£000	£000
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from:		
Foundation Trust Financing Facility	977	421
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	3,224	3,128
Total Current	4,201	3,549
Non Current		
Loans from:		
Foundation Trust Financing Facility	25,418	22,005
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	59,739	62,963
Total Non Current	85,157	84,968
Total		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from:		
Foundation Trust Financing Facility	26,395	22,426
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	62,963	66,091
Total	89,358	88,517

The Trust currently has two loans outstanding.

1. £6.9m for a Cystic Fibrosis expansion (to be repaid by 2029).
2. £19.4m for work done to date on a Maternity refurbishment scheme. The full value of this scheme is £20m and the Trust has an approved loan facility allowing further borrowing up to this level.

23. Other liabilities

	Note	March 31, 2012 £000	March 31, 2011 £000
Current			
Deferred grants income		-	78
Other Deferred income	a), b)	17,445	13,640
Deferred PFI credits		-	-
Lease incentives		-	-
Net pension scheme liability		-	-
Total		17,445	13,718
Non Current			
Deferred grants income		-	-
Other Deferred income	b)	6,286	3,932
Deferred PFI credits		-	-
Lease incentives		-	-
Net pension scheme liability		-	-
Total		6,286	3,932
Total			
Deferred income		-	78
Other Deferred income		23,731	17,572
Deferred PFI credits		-	-
Lease incentives		-	-
Net pension scheme liability		-	-
Total		23,731	17,650

a) Current Deferred Income has increased in year as the Trust received income for the Collaborative Local Research Network and Emerging Leaders schemes.

b) In 2009/10 the Trust received £2.1m transitional funding to support the transfer of maternity services from Trafford General Hospital, and a further £2.0m in 2010/11. This funds additional expenditure associated with the transfer up to financial year 2016/17. The element relating to financial years 2013/14 to 2016/17 is therefore treated as a non-current deferred income liability. Elements of research funding have also been deferred within non-current liabilities.

24. Prudential Borrowing Limit

The Trust is given a prudential borrowing limit which it is not permitted to exceed.

The Trust is required to comply and remain within Monitor's Prudential Borrowing Limit set out in the 'Prudential Borrowing Code'. The code was amended at April 1, 2009 to allow for the changes in accounting treatment under the adoption of IFRS and with PFI schemes coming 'on-Statement of Financial Position'.

Further information on the NHS Foundation Trust Prudential Borrowing Code can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

	March 31, 2012	March 31, 2011
	£000	£000
Total long term borrowing limit set by Monitor (per Schedule 5 of Trust's terms of Authorisation)	93,500	95,900
Working capital facility limit agreed by Monitor (per Schedule 5 of Trust's terms of Authorisation)	28,000	27,000
	<u>121,500</u>	<u>122,900</u>
Actual (contracted) working capital facility	<u>28,000</u>	<u>27,000</u>
Long term borrowing at April 1	88,517	83,898
Net actual borrowing/(repayment) in year - long term	841	4,619
Long term borrowing at March 31	<u>89,358</u>	<u>88,517</u>
Working capital borrowing at April 1	-	-
Net actual borrowing/(repayment) in year - working capital	-	-
Working capital borrowing at March 31	<u>-</u>	<u>-</u>
Long Term Borrowing		
PFI	62,963	66,091
Foundation Trust Financing Facility		
-Cystic Fibrosis	6,948	7,369
-Maternity	19,447	15,057
Total	<u>89,358</u>	<u>88,517</u>

24.1 Finance lease obligations

Other than a PFI arrangement the Trust has no finance lease obligations.

25. Private Finance Initiative contracts

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.

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.

The Trust sublets the Mental Health Unit to Manchester Health and Social Care Trust. This agreement is treated as an operating lease and the income received is included within operating income.

25.2 Total obligations for on-Statement of Financial Position (SoFP) PFI contracts due:

	March 31, 2012 £000	March 31, 2011 £000
Gross PFI liabilities	157,258	163,203
Of which liabilities are due:		
Not later than one year	11,812	11,585
Later than one year, not later than five years	47,375	48,144
Later than five years	98,071	103,474
Less finance charges allocated to future periods	<u>(94,295)</u>	<u>(97,112)</u>
Net PFI liabilities	<u>62,963</u>	<u>66,091</u>
Not later than one year	3,224	3,128
Later than one year, not later than five years	15,856	16,354
Later than five years	<u>43,883</u>	<u>46,609</u>
	<u>62,963</u>	<u>66,091</u>

25.3 PFI Commitments

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

	March 31, 2012 Total £000	March 31, 2011 Total £000
Within one year	21,117	19,749
2nd to 5th years (inclusive)	84,469	78,999
Later than five years	<u>358,992</u>	<u>342,996</u>
Total	<u>464,578</u>	<u>441,744</u>
Present Value of Commitments		
Within one year	21,117	19,750
2nd to 5th years (inclusive)	77,565	72,542
Later than five years	<u>232,815</u>	<u>221,140</u>
Total	<u>331,497</u>	<u>313,432</u>

25.4. Private Finance Initiative Costs

	March 31, 2012 £000	March 31, 2011 £000
Service element	20,750	19,382
Interest costs	4,899	5,049
Contingent Rent	3,558	2,598
Lifecycle costs	709	578
Principal repayment	3,128	2,017
Total Payment	33,044	29,624

26. Provisions

	March 31, 2012 £000	March 31, 2011 £000
Current		
Pensions relating to former directors	7	7
Pensions relating to other staff	414	407
Other (see below)	6,432	5,191
Total current	6,853	5,605
Non Current		
Pensions relating to former directors	92	97
Pensions relating to other staff	4,164	4,649
Other (see below)	219	136
Total Non current	4,475	4,882
Total		
Pensions relating to former directors	99	104
Pensions relating to other staff	4,578	5,056
Other (see below)	6,651	5,327
Total	11,328	10,487

	Pensions relating to former directors £000	Pensions relating to other staff £000	Other Legal claims	Other (see below) £000	Total £000
As at April 1, 2011 restated	104	5,056	587	4,740	10,487
Arising during the year	-	-	12	3,454	3,466
Used during the year	(7)	(434)	-	(2,149)	(2,590)
Reversed unused	(1)	(173)	-	-	(174)
Unwinding of discount	3	129	-	7	139
At March 31, 2012	99	4,578	599	6,052	11,328
Expected timing of cash flows:					
- not later than 1 year	7	414	599	5,833	6,853
- later than 1 year and not later than 5	28	1,656	-	91	1,775
- later than 5 years	64	2,508	-	128	2,700
Total	99	4,578	599	6,052	11,328

	March 31, 2012 £000	March 31, 2011 £000
Other provisions include		
Public and employers insurance claims	210	297
Staffing issues	2,298	1,505
Miscellaneous contractual issues	3,544	2,938
Total	6,052	4,740

£17,729k is included in the provisions of the NHS Litigation Authority at 31/3/2012 in respect of clinical negligence liabilities of the Trust (31/03/11 £17,146k).

27. Revaluation Reserve

The Trust holds a revaluation reserve for property, plant and equipment, but not for intangible assets.

	Note	March 31, 2012 £000	March 31, 2011 £000
Reserves at April 1		30,441	43,365
Prior period adjustment		-	130
Reserves at April 1		30,441	43,495
Impairments		-	(12,904)
Revaluations		-	-
Transfers to other reserves		-	22
Asset disposals		-	-
Fair Value gains/(losses) on Available-for-sale financial investments		-	-
Recycling gains/(losses) on Available-for-sale financial investments		-	-
Other recognised gains and losses		-	-
Other reserve movements	a)	(1,723)	(172)
Reserves at March 31		28,718	30,441

a) The 2011/12 movement of £1,723k relates to a transfer to the Income & Expenditure reserve for balances previously held within the revaluation reserve in relation to fully depreciated plant & equipment assets.

28. Contingencies

The Trust has no contingent liabilities or contingent assets at March 31, 2012. This is the same position as at March 31, 2011.

29. Financial Instruments

29.1 Financial assets by category

The only financial assets held by the Trust are loans and receivables

	March 31, 2012 £000	March 31, 2011 £000
NHS Trade and other receivables excluding non financial	11,905	12,772
Non-NHS Trade and other receivables excluding non	-	-
Other Investments	-	-
Other Financial Assets	-	-
Non current assets held for sale and assets held in disposal	-	-
Cash and cash equivalents (at bank and in hand	46,241	44,650
Total	<u>58,146</u>	<u>57,422</u>

29.2 Financial liabilities by category

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

	March 31, 2012 £000	March 31, 2011 £000
Borrowings excluding finance leases and PFI obligations	26,395	22,426
Obligations under finance leases	-	-
Obligations under PFI contracts	157,258	163,203
Trade and other payables not including non-financial liabilities	36,472	35,373
Other financial liabilities	-	-
Provisions under contract	10,729	9,900
Total	<u>230,854</u>	<u>230,902</u>

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 primary care trusts and, as a result of the way these primary care trusts are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's policy agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust is permitted to borrow to fund capital expenditure, subject to affordability as confirmed by Monitor, the Independent Regulator of Foundation Trusts. To March 31, 2012, the Trust has borrowed funds for its expansion of accommodation for its Cystic Fibrosis service together with a loan for enhancements to its Maternity Unit. These loans are with the Foundation Trust Financing Facility at a fixed level of interest. UHSM therefore has a low exposure to interest rate risk.

Credit risk

As the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at March 31, 2012 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with primary care trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

30. Events after the reporting period

There have been no material events after the end of the reporting period.

31. 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%.

The average net relevant assets are the total assets employed by the Trust excluding donated assets and cash/ cash equivalents. The average between the opening and closing values for the period.

In 2011/12 dividends were paid on an estimated basis but then reviewed at year end and an adjustment was made based on actual performance. As a result of this adjustment the Trust has a current asset in its books relating to cash due for an overpayment.

32. The Late Payment of Commercial Debts (Interest) Act 1998

The Trust received no claims under The Late Payment of Commercial Debts (Interest) Act 1998

33. Related party transactions

University Hospital of South Manchester NHS Foundation Trust is a public interest body authorised by Monitor - the Independent Regulator for NHS Foundation Trusts.

For the purposes of these accounts the Department of Health is deemed to be the parent of the Foundation trust. The following are considered to be related parties of an NHS foundation trust:

- Any entity which controls the NHS foundation trust, or is under common control with the NHS foundation trust (this will include all bodies within the scope of the Whole of Government Accounts).
- Any entity over which the NHS foundation trust has control (including where appropriate, the NHS charitable
- Key management personnel.
- Any close family member of any individual within the categories above.
- Any entity controlled, jointly controlled, or significantly influenced by any member of key management personnel or a close family member.
- Any associate of the NHS foundation trust (within the meaning of IAS 28)
- Any joint venture in which the NHS foundation trust is a venturer (within the meaning of IAS 31).

The Trust maintains a register of interests. Staff and Non-executive Directors are required to declare any outside interests so that they may be recorded in this register. The register is available for inspection by the public.

In 2011/12 these transactions / balances were:

	Expenditure to Related Party	Income from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000s	£000s	£000s	£000s
Board members	-	-	-	-
Key staff members	-	-	-	-
Other related parties:				
-Department of Health	289	15,303	-	-
-Other NHS bodies	29,132	364,295	14,087	10,574
-Charitable Funds	-	304	-	-
Joint Ventures	-	-	-	-
Other	-	-	-	-

No security or guarantee is held against the amounts owed to UHSM by related parties, nor held by third parties where UHSM have amounts due to them.

The Trust has reviewed its accounts receivable from related parties as at March 31, 2012 for potential impairments. Where appropriate this is accounted for in note 19.

34. Third Party Assets

The Trust held £1k cash and cash equivalents at March 31, 2012 (£1k - at March 31, 2011) 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.

35. Losses and Special Payments

There were 272 cases of losses and special payments (2010/11: 189) totalling £241k (2010/11: £220k) accrued during 2011/12. 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 £100k.

08 Appendices

Appendix 1: Explanation of Monitor Risk Ratings during 2011-12

Table 8.1: Indicators used to derive the financial risk rating as shown in Monitor's Compliance Framework 2011-12

Financial criteria	Weight (%)	Metric to be scored	Rating categories				
			5	4	3	2	1
Achievement of plan	10	• EBITDA* achieved (% of plan)	100	85	70	50	<50
Underlying performance	25	• EBITDA* margin (%)	11	9	5	1	<1
Financial efficiency	40	• Return on Capital Employed** (%)	6	5	3	-2	<-2
		• I&E surplus margin net of dividend (%)	3	2	1	-2	<-2
Liquidity	25	• Liquidity ratio*** (days)	60	25	15	10	<10



Financial risk rating is weighted average of financial criteria scores

* EBITDA: Earnings before interest, taxes, depreciation and amortisation. EBITDA (and other financial metrics) may be adjusted by Monitor for any 'one-off' non-recurring revenue, costs or 'investment adjustments'

** Defined as EBIT divided by (fixed assets plus current assets less current liabilities). Denominator includes PFI liabilities and finance leases

*** The liquidity ratio is defined as cash plus trade debtors (including accrued income) minus (trade creditors plus other creditors plus accruals) plus unused committed working capital facility (up to a maximum of 30 days and excluding overdraft agreements) expressed as the number of days operating expenses (excluding depreciation) that could be covered

Table 8.2: Financial risk rating (Monitor's Compliance Framework 11-12)-

	Description and overrides	Financial monitoring	Regulatory activity
Rating 5	Weighted average of 5 across financial criteria	Quarterly/six-monthly monitoring ¹	None
Rating 4	Weighted average of 4 across financial criteria Override Maximum FRR of 4 if authorised within previous 12 months	Quarterly monitoring	None
Rating 3	Weighted average of 3 across financial criteria Overrides FRR = 3 if: • one financial criterion scored at '2' • plan submitted either incomplete, with errors or not on time • plan deficit ² forecast in years 2 or 3	Quarterly monitoring, however monthly monitoring in case of deteriorating trend or recovering from a 2 rating Supplementary information if required If liquidity <15 days Monitor may require forward liquidity analysis	If underperforming significantly from plan (FRR fall of at least 2), request analysis to understand
Rating 2	Weighted average of 2 across financial criteria Overrides FRR = 2 if: • Plan deficit forecast in years 2 and 3 • PDC ³ dividend not paid in full • unplanned breach of PBC ⁴ • two financial criteria scored at '2' • one financial criterion scored at '1'	Monthly monitoring The following may be required: • Supplementary financial information • Service-line information (previous & current year) • Remedial plan and updates • Liquidity recovery plan	Potential for escalation and consideration for significant breach Potential for intervention under section 52 of the Act
Rating 1	Weighted average of 1 across financial criteria Override FRR = 1 if two financial criteria scored at '1'	Monthly monitoring The following may be required: • Supplementary financial information • Service-line information (previous & current year) • Remedial plan and updates	Potential for escalation and consideration for significant breach Potential for intervention under section 52 of the Act

¹ At Monitor's discretion, for trusts authorised for at least 2 years, and after four consecutive quarters rated 5 for finance risk and green for governance risk

² Deficit: defined as an I&E deficit predicted in the annual plan, but after adding back any 'one-off' non-recurring revenue, costs or 'investment adjustments'

³ PDC (Public Dividend Capital), except in those cases where a foundation trust has provided Monitor with a statement from the Department of Health in which it states that it has (pre)agreed to a delay in payment until specific technical issues are resolved

⁴ PBC (Prudential Borrowing Code), except in those cases where the trust has approval from Monitor for an exemption to the PBC limit either on Authorisation, as part of the annual plan submission, or as part of a specific separate request

⁵ Assessment of immediate financial risks and suggested mitigating actions

Table 8.3: Governance risk rating (Monitor's Compliance Framework 11-12)-

	Description	Monitoring	Regulatory activity
Green	<p>No material concerns:</p> <ul style="list-style-type: none"> • governance score less than 1.0 • certifications complete and satisfactory 	<p>Quarterly/8 monthly submissions</p> <p>Exception reporting</p>	N/A
Amber-green	<p>Limited concerns surrounding Authorisation</p> <p>Examples include:</p> <ul style="list-style-type: none"> • moderate CQC concerns • other third party concerns with potential governance implications • certification concerns <p>Governance score ≥ 1.0, < 2.0, i.e. limited service performance concerns</p>	<p>Depending on nature of risk, some additional work/ supplementary information may be required to scope the issue in question, e.g.:</p> <ul style="list-style-type: none"> • quality governance review • CQC input <p>Once scoped, approach to address the issue of concern to be agreed with trust, with specific reporting on progress in resolving issue</p>	<p>Next steps depend on progress of this work and governance implications identified:</p> <ul style="list-style-type: none"> • if no material concerns, or if concerns addressed → back to Green • if trust continues to fail – e.g. breaching the same 1.0-weighted indicator, Monitor may decide to publicise the issue
Amber-red	<p>Material concerns surrounding Authorisation</p> <p>Examples include:</p> <ul style="list-style-type: none"> • multiple service performance concerns • failure to maintain CNST level of 1.0 • major CQC concerns, or compliance actions <p>Governance score ≥ 2.0, < 4.0, i.e. multiple service performance breaches</p> <p>Trusts triggering escalation consideration but deemed not currently in significant breach</p>	<p>Where trusts have met escalation criteria but are not found in significant breach, trusts may be required to set out a plan to return to compliance</p>	<p>Where trusts have met escalation criteria but are not found in significant breach, continuing breaches of the Authorisation may lead to further escalation</p>
Red	<p>Either:</p> <ul style="list-style-type: none"> • Potentially in significant breach, including: <ul style="list-style-type: none"> • significant governance issues emerging from CQC review, e.g. enforcement actions • governance score ≥ 4.0 • 3rd successive quarter failure against a 1.0-weighted governance indicator (see Diagram 12) <p>or</p> <ul style="list-style-type: none"> • trust in significant breach of Authorisation 	<p>Foundation trust may be required to:</p> <ul style="list-style-type: none"> • submit information • initiate third party review • attend a formal regulatory meeting to determine whether breach is significant <p>Subsequent requirements to depend on outcome of any meeting and other evidence, e.g.:</p> <ul style="list-style-type: none"> • detailed action plan • delivery updates 	<p>If found to be in significant breach, Monitor Board will consider use of statutory intervention powers under section 52 of the Act, including for example:</p> <ul style="list-style-type: none"> – changes to board – require adherence to action plan – require use of external advisors (financial, governance, clinical) <p>Monitor will publicise any intervention at the time it occurs.</p> <p>If not found in significant breach → de-escalate to Amber-red until situation addressed</p>

Appendix 2: List of Acronyms

A&E	Accident and Emergency
ADT	Admission Discharge and Transfer
AQuA	Advancing Quality Alliance
AUKUH	Association of UK University Hospitals
<i>C. difficile</i>	<i>Clostridium difficile</i>
CHKS	Comparative Health Knowledge System
CLRN	Comprehensive Local Research Network
CQC	Care Quality Commission
CQUIN	Commissioning for Quality and Innovation
DNA	Did Not Attend
DNAR	Do Not Attempt Resuscitation
DSC	Disablement Services Centre
EDD	Expected Date-of-Discharge
FReM	Financial reporting manual
GI	Gastro-intestinal
GP	General Practitioner
GTT	Global Trigger Tool
HCAI	Healthcare-associated Infection
HDU	High Dependency Unit
HIRS	Hospital Incident Reporting System
ICU	Intensive Care Unit
IHI	Institute for Healthcare Improvement
KPI	Key Performance Indicator
LINK	Local Involvement Network
MDT	Multi-Disciplinary Team
MESS	Mandatory Enhanced Surveillance System
MEWS	Modified Early Warning Score
MHRA	Medicines and Healthcare Products Regulatory Agency
MRSA	Methicillin Resistant Staphylococcus Aureus
NCEPOD	National Confidential Enquiry into Patient Outcome and Death
NHS	National Health Service
NICE	National Institute for Health and Clinical Excellence
NIHR	National Institute for Health Research
NLCA	National Lung Cancer Audit
NPSA	National Patient Safety Agency
NRLS	National Reporting and Learning Service
OP	Outpatient
PbR	Payment by Results
PCI	Percutaneous Coronary Intervention
PEAT	Patient Environment Action Team
PFI	Private Finance Initiative
PROMs	Patient Reported Outcome Measures
RAMI	Risk-adjusted Mortality Index
RCA	Root Cause Analysis
RTT	Referral-to-treatment
SBAR	Situation Background Assessment Recommendation
SUS	Secondary Uses Service
TARN	Trauma Audit and Research Network
UHSM	University Hospital of South Manchester NHS Foundation Trust
UNICEF	United Nation Children's Fund
VTE	Venous Thromboembolism
WHO	World Health Organization

