

# **ANNUAL REPORT AND ACCOUNTS 2014-15**



**University Hospital of South Manchester NHS Foundation Trust  
Annual Report and Accounts 2014-15**

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



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# 01 About the Foundation Trust and summary of 2014-15

The Board of Directors of University Hospital of South Manchester NHS Foundation Trust (UHSM) presents this, its ninth formal Annual Report, to its Members, Governors and other stakeholders. The Report describes the organisation – and the Board’s stewardship of it – from 1 April 2014 until 31 March 2015.

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

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

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

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

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

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

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

UHSM has 5,979 members of staff, as well as 600 colleagues employed by our Private Finance Initiative partner, South Manchester Healthcare Limited. We also have around 500 valued volunteers, who give up their free time to help our patients and visitors.

We have a good reputation, and this is reflected in the way that more people are choosing our services than ever before. In 2014-15 there were 96,746 attendances to our Emergency Department (A&E), 94,028 inpatient and day-case spells, and 508,254 attendances to our outpatient clinics.

At UHSM, we want every patient to experience the best quality of care we can offer, and so we continue to value and seek out feedback from patients on their experiences. We were delighted to be ranked in the top 5% nationally for patient experience and an impressive 99% of our patients said they would recommend us to their friends and family. Further information about UHSM’s key priorities for quality improvement are contained in the Quality Account on page 55.

Our Infection Control record remains strong. We had one case of hospital acquired MRSA during the year and 10 cases of *C. difficile* infection, deemed preventable against a target of 39.

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

UHSM was able to report compliance with almost all key regulatory targets throughout 2014-15 and has maintained a strong performance. In May 2014, Monitor placed the Trust in breach of its licence for three areas of concern: failing to consistently meet the four hour A&E waiting time target; concerns over financial sustainability; board effectiveness and corporate governance. The Trust did not meet the emergency four hour waiting time in quarters one, three and four due to very high number of attendances and an increase in acuity of patients attending the department. We embarked on a £50million cost improvement plan over two years, and successfully achieved £23million of savings during 2014-15 and plan to save a further £27m during 2015-16.

We appointed a new Chairman, Barry Clare, in March 2015, who has extensive experience in the healthcare industry sector. Barry has held a number of top roles at leading international companies and has a proven track record in developing and implementing strategy in healthcare, retail consumer products and financial services. The senior leadership team of the Trust was also strengthened during the year – making substantive, permanent appointments with a new Chief Operating Officer, Director of Human Resources and Organisational Development, Director of Strategy and two new Divisional Directors of Operations.

There is a strong focus on staff engagement at UHSM and we were ranked in the top 20% for staff engagement in the NHS Staff Survey 2014. We re-launched our staff awards programme and hosted a spectacular sponsored ceremony at the Palace Hotel in Manchester in March 2015 to acknowledge and recognise 12 individuals or teams who have delivered incredible patient care, or gone above and beyond for their patients or colleagues. In January 2015, UHSM launched a new initiative called Speak Out Safely. It's part of our continued commitment to patient and staff safety and wellbeing, which is the Trust's number one priority. Speak Out Safely brings together a number of existing Trust systems, along with a new service called Safecall, all of which are designed to help staff raise any concerns in a supportive environment.

UHSM officially opened its Specialised Ability Centre in September 2014 and it was named the best Disablement Service Centre in the country at the Limbless Association's annual awards in December 2014. Also in 2014-15, we began building work on exciting new developments which will further enhance patient experience and care. These projects include a £12million state of the art emergency village and two new hybrid theatres. The emergency village will upgrade our A&E facilities to meet increased patient demand, providing additional major and minor injury capacity and two additional resuscitation bays. Our new £5million operating theatres will allow us to treat more patients using the very latest technologies to boost our Cardiac and Vascular Surgery services. We also invested in two new cardiac scanners, allowing more patients to benefit from advanced scanning technology and higher quality images.

UHSM also introduced a dedicated Older People Assessment and Liaison (OPAL) multi-disciplinary team to its ED which consisted of a Consultant Geriatrician, Physiotherapist and therapy assistant. Patients over 80 years of age, who presented with geriatric symptoms such as frailty or falls, are reviewed by the OPAL team, undergoing a comprehensive geriatric assessment. Analysis of the data collected during the OPAL pilot showed that only 26% of the patients assessed by the OPAL team were admitted to hospital, against an average of 73% when reviewed by ED staff alone. Those patients admitted by the OPAL team also had a reduced length of stay.

OPAL aims to make sure that the appearance of anyone over 80 at ED triggers an alert, bringing them an assessment by an attending Consultant Geriatrician within 30 minutes. The OPAL team work closely with the ED team and medical doctors to decide if an admission to the hospital is required or if alternative support such as social care, medical intervention and rehabilitation can be provided in the community.

Ground breaking plans for Devolution Manchester were also revealed for the future of health and social care across our region this year. As part of the announcement to devolve the £6billion budget to Greater Manchester, Chancellor of the Exchequer George Osborne and Health Secretary Jeremy Hunt were joined by Chief Executive of NHS England Simon Stevens, at Buccleuch Lodge in Withington in February 2015. They chose this facility because they were keen to see a prime example of integrated care in Greater Manchester and met some of our patients and staff.

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

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

Postgraduate Medical Education is also one of our strengths and we have 13 of the Speciality Training Programme Directors for Health Education North West who lead, design and deliver with colleagues the training for their medical and surgical specialities. In January the Postgraduate Medical Education Department underwent a Health Education North West Monitoring visit. The Anaesthetic department received particularly outstanding feedback from the Dean stating that the training was exemplar and some of the best that the visiting team have ever come across.

The Core Surgical Teaching programme, hosted by UHSM, on behalf of the North West CST trainees, came number 1 in the GMC survey for a 3<sup>rd</sup> consecutive year. Jon Ghosh, Vascular surgeon at UHSM is the Lead for this programme.

Again this year, we hosted a successful Open Day in September which attracted more than 200 visitors from our local community and surrounding areas. The theme for this year's Open Day was our transplant service as we had recently undertaken our 1,000<sup>th</sup> transplant. Our survival rates continue to be the best of any transplant centre in the country. The Open Day event was followed by our Annual Members' Meeting.

In this report, the Board of Directors will explain how UHSM has performed during 2014-15 and its wider plans for the next 12 months.





## 02 Chairman's Statement 2014-15

As UHSM's newly appointed Chairman, I am proud to be bringing you my first Annual Report statement for 2014-15.

In my relatively short time as Chairman, what has struck me most about UHSM is that I have joined an organisation with a strong leadership team, a tremendously dedicated workforce and a Trust which provides exceptional patient treatment and care, every day. I want to take this opportunity to thank my predecessor Felicity Goodey CBE for all her dedication and commitment to UHSM throughout her chairmanship; Felicity retired from UHSM in January 2015 after seven years as Chairman.

UHSM has experienced a very mixed year; a year when we celebrated many achievements and successes, and a year where we stepped up to and faced some significant challenges and opportunities.

Throughout 2014-15, we continued to deliver safe, high quality treatment, services and care to the people of South Manchester and beyond. Our clinicians were regularly recognised in leading medical journals for their innovative approach to patient treatment and care and our record on clinical outcomes and infection control remained strong.

UHSM's services were ranked in the top 5% nationally for patient experience, and results from the NHS Friends and Family Test, coordinated across the Trust by our award-winning Patient Experience Team, regularly showed that more than 95% of our patients would be extremely likely to recommend UHSM to their friends and family.

Further to this aim, we were delighted to be voted the 'best hospital' in Greater Manchester by the readers of the Manchester Evening News, for the second year running. The newspaper conducted a survey of its readers in October 2014, and UHSM's Wythenshawe Hospital took the top spot in Greater Manchester.

The most significant challenge that we faced was at the beginning of the year. In May 2015 Monitor announced that it was placing UHSM in breach of its Foundation Trust licence because of three areas of concern. The three areas are: failing to consistently meet the four hour A&E waiting time target; concerns over financial sustainability; effectiveness of corporate governance arrangements.

As a team we immediately rose to the challenge and launched robust plans to address these three critical areas, whilst continuing to receive excellent feedback from the communities we serve. All our teams are working together to address those issues, implement improvements and realise our potential for the benefit of our patients and staff. As an advocate of effective partnerships, strong collaborative working with our stakeholders and other healthcare providers across the sector will be key to our continued improvement and success.

In terms of A&E, we did not consistently achieve the 95% four hour waiting time target in A&E for 2014-15 as we continued to experience unprecedented demand on our services following an extremely busy winter. We did make progress and achieve this target for quarter two, however, high volumes of attendances at our A&E, coupled with the high acuity of admissions, led to capacity issues across Wythenshawe Hospital. We have increased the clinical leadership response

to support improvements in this area and also have a “95 in 15” plan to support our drive to achieve 95% going forward. We are working closely and engaging with our partners within the wider health and social care economy and also implementing many developments to our systems and processes to ensure we see real improvement to patient flow throughout the hospital. In June 2014, we announced our plans to invest £12million to redevelop our existing A&E into a new ‘emergency village’ which will make a difference to both the patient and staff experience; this is due to complete in August 2016.

To get our finances in order, we embarked on a £50million cost improvement plan over two years, and successfully achieved £23million of savings during 2014-15. This is a significant achievement which deserves recognition and highlighted that we have real opportunities to transform the way we work in order to be more efficient and effective. One area we are progressing is reducing the length of patient stays with us – getting them back home, where they want to be, as safely and as quickly as possible.

The Trust worked with staff, stakeholders and external consultants to develop a number of work streams that will help UHSM achieve financial sustainability. Looking ahead we have a plan to achieve a further £27million during 2015-16.

Following an independent review of board effectiveness and governance arrangements at UHSM, against specific aspects of Monitor’s Well-Led Framework, a number of strengths and recommendations were highlighted to the Board. We worked hard on enhancing our strengths and focused on putting those recommendations in place. In addition to this, during the course of the year we strengthened our existing leadership team – making substantive, permanent appointments with a new Chief Operating Officer, Director of Human Resources and Organisational Development, Director of Strategy, Deputy Chief Nurse and two new Divisional Directors of Operations.

During 2014-15, we launched the UHSM Quality Diamond which set out our vision to become a top 10 NHS provider in the country. We aim to achieve our vision through our strategy, which is for every UHSM service to become a top 10 performer in the four areas of our Quality Diamond: patient safety and clinical outcomes; patient experience; staff engagement; and, value for money.

I joined UHSM in March 2015, at what is an incredibly important time for the NHS, just weeks after the historic ‘Devo Manc’ announcement; ground breaking plans to devolve the £6billion health and social care budget to Greater Manchester. Change has been on the agenda; during the summer months, UHSM responded to the Healthier Together public consultation which looked at how healthcare could be delivered across Greater Manchester in the future.

In addition to announcing the exciting plans to extend our A&E with a £12million investment, we began construction work on two new hybrid operating theatres which will boost our cardiac and vascular surgery services. We opened our new Specialised Ability Centre in Sharston and also continued to develop ‘MediPark’ by working with partners to bring investment into the South Manchester area.

UHSM is recognised as a centre of excellence for multidisciplinary research and development, and is proud to be a founding member of MAHSC (Manchester Academic Health Science Centre) and undertakes around 300 clinical studies a year; some of our leading work has been published in prestigious national and international journals.

We delivered very promising results as part of a new staff engagement programme. The true highlight of which was our Staff Awards ceremony at the Palace Hotel in Manchester in March 2015. More than 500 colleagues attended this spectacular sponsored event where we recognised individuals or teams who have delivered excellent care, or gone above and beyond for their patients or colleagues.

Following the results of the NHS National Staff Survey for 2014, it was incredibly encouraging to see that UHSM is in the top 20% nationally for staff engagement. This is great news, and we will carry on implementing new and different engagement initiatives to ensure all our colleagues feel supported, nurtured and proud to be part of the UHSM team.

As part of our continued commitment to patient and staff safety and wellbeing, in January 2015, UHSM launched a new initiative called Speak Out Safely. This brings together a number of existing Trust systems, along with a new service called Safecall, all of which are designed to help staff raise any concerns in a supportive environment whilst promoting an open and positive culture.

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

There is still much to do to realise our vision and mission; but I know working together as a team – and with our partners – we can continue to achieve success and make those improvements that our patients and staff rightly deserve. We will continue to reinforce our strengths through embracing transformation and a sound approach to collaboration. As Chairman, I look forward to playing a leading role in UHSM's continued journey of progress.

A handwritten signature in black ink, appearing to read 'Barry Clare', written in a cursive style.

**Barry Clare**  
Chairman



## 03 Strategic Report

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

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

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

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

**Dr Attila Vegh**  
Chief Executive

## 3.1 Trust strategy

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

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

### Strategic Excellence

UHSM is committed to strengthening its strategic position by developing core and supporting services. This element of the strategy is primarily delivered through the clinical services strategy. The Trust is also strengthening its Research & Development offering and delivering excellent clinical education through its status as a teaching hospital.

### Developing a Clinical Services Strategy

All current service offerings will be assessed to determine the strategic fit and future options. All service lines are aiming to be top 10 in each of the four areas of the Quality Diamond, but it is recognised that not all services can be provided, therefore this programme will help to identify priorities and transformational opportunities will be investigated where applicable.

### Heart Lung and Vascular Services development

The Trust will drive forward with its programme to develop Heart, Lung and Vascular services.

### Healthier Together

UHSM will actively participate with the Healthier Together programme on the proposed changing of hospital services to ensure that patients in South Manchester have access to high quality patient services.

### Southern Sector

The Trust will continue to investigate opportunities for collaboration with partners in the Southern Sector.

### South Manchester Health & Social Care Integration

Progress will be made on developing the integration strategy, which will include adult social care integration, new pathways agreed with commissioner and a new Directorate structure in support of this.

### Stakeholder engagement

Following recommendations made in the external Governance Review, a stakeholder engagement strategy has been developed to identify the key relationships to be developed and managed – this will be an important enabler to collaborative working across the local health economy, particularly with the GM devolution programme

### Strengthening Research & Development

The Trust will refresh its R&D strategy in 2015 to support its position of being one of the leading teaching and research hospitals in Manchester. As one of the of the largest respiratory service providers in England with a number of clinical academic posts, 2015/16 will see preparatory work for a BRU application in this area, with a project plan completed leading to application in financial year 2016/17.

### Excellent clinical education

Improvements in undergraduate and trainee satisfaction rates will be achieved by acting on feedback received and by increasing the percentage of consultants with teaching activity recorded in their job plans.

### Operational Excellence

The Trust's target is to meet the regulatory requirements of CQC and Monitor, achieve a 'good' rating following inspection and be out of breach by March 2016. This element of the strategy is delivered through the four areas of the Quality Diamond which provides a framework for how the Trust will improve services. The key operational objectives and actions for the Trust in 2015/16 are detailed below:

#### Patient Safety and clinical outcomes

The Trust will seek to deliver high quality care by improving patient safety and by pursuing high quality clinical outcomes. This will be achieved through developing a Quality and Patient Safety Strategy, extending ward accreditation programme to community services, developing and implementing plans for Making Safety Visible and Sign up to Safety programmes, reducing mortality rates and continued progress with the Electronic Patient Records programme.

#### Patient experience

Timely access for treatment and care will be delivered through implementation of a Referral To Treatment (RTT) Plan and the '95 in 15' programme will improve patient flow and help to achieve four hour emergency target. These programmes will be complimented by Improvement Programme work streams such as length of stay, theatre productivity and outpatient efficiency. Enhancing the patient experience will be achieved through improvements in the levels of patient feedback received, a review of the complaints process and performance in the patient-led assessments of the care environment (PLACE). Progress will continue on the construction of the Emergency Village development (expected completion early 2016/17), two new Hybrid Theatres and the introduction of a Long Term Ventilation Service.

#### Staff engagement

Key objectives for the Trust in this area are to improve staff engagement, recruitment and retention levels and to support leadership and development. Key actions include implementing a staff engagement programme, the introduction of a new employee recognition scheme, developing and implementing a Recruitment and Retention Strategy and continued implementation of a Leadership Strategy. Staff development will also be supported by the UHSM Academy. Redevelopment of the Wythenshawe Hospital Campus courtyard will improve facilities for staff, patients, families and carers. Actions identified in the Well-Led action plan will continue to be implemented and monitored.

#### Value for money

Achieving financial sustainability, improving productivity and efficiency levels and growing and developing our business are all key value for money objectives. The Trust intends to deliver an Improvement Programme to achieve a Continuity of Services Risk Rating of 2 by Quarter 4 (January – March 2016). This will be supported by increasing the usage and clinical awareness of service line reporting and expansion of tertiary service line and other clinical service opportunities. Progress will continue with the Private Hospital development on the Wythenshawe Hospital Campus.

The Trust's strategy has been influenced by a number of important external factors which will have a significant impact on the future landscape of the local health economy, wider NHS and social care. These include:

### Greater Manchester Devolution

On 27 February 2015, the Government, NHS England, the 12 CCGs and 10 local authorities, with support from all NHS providers in Greater Manchester signed a Memorandum of Understanding (MoU) to devolve all £6bn health and social care spending to Greater Manchester. The MoU sets priorities to improve health and wellbeing, increase prevention, reduce inequalities and move care out of hospital and into the community through increased integration. It also establishes frameworks for governance, collaboration and new relationships with regulators. During 2015/16 robust governance will be established and a Strategic Sustainability Plan developed.

Devolution is in line with much of the health and social care transformation already taking place in Greater Manchester, such as Healthier Together and “Living Longer, Living Better”. However, it offers an opportunity to bring more coherence to the programmes, to achieve greater collaboration between providers and to move further and faster. UHSM recognises the importance of the devolution agreement for Greater Manchester and is committed to supporting and leading its implementation, working closely with partners in commissioning and provision.

### Southern Sector

During 2014/15 the Trust continued to pursue opportunities for collaboration with Southern Sector partners on clinical pathways and pathology. A joint clinical director, programme manager and PMO manager are in place to support the work. Clinical work streams include general surgery, orthopaedics, cardiology, urology and respiratory.

### Five year forward view/Dalton review

As with Devolution, much of the health and social care transformation agenda in Greater Manchester is coherent with the strategy set out in the Five Year Forward View. The devolution agreement strongly reflects the Forward View in its focus on prevention, wellbeing, shifting the focus of care from hospitals into the community and on the economic contribution healthcare can make. UHSM is actively engaged in devolution, Healthier Together and the City of Manchester “Living Longer, Living Better” programme. In many ways, Devolution has created the largest “Vanguard” site in England (although there are a number of specific Vanguard sites in Greater Manchester).

The Dalton Review’s focus is on the most appropriate organisational forms to enable the changes envisaged in the Forward View. The Trust’s developing clinical services strategy will include consideration of what organisational form best suits different services and the Trust overall.

## 3.2 Business review and management commentary

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

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

As described in other sections of this Annual Report, the achievement of UHSM's performance targets has been a challenge for the organisation during 2014-15. The Board's significant focus during the year has been on planning for and implementing changes which will enable the Trust to serve its patients and carers even better.

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

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

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

### **Private Finance Initiative (PFI) contract relationship**

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

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



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

### **Health and Safety**

UHSM has in place a clear structure in respect of health and safety management and leadership, with key roles and responsibilities clearly set out in UHSM's Health & Safety Policy and Safety Management System.

During the year, the Trust carried out a complete review and update of UHSM's Health & Safety Policy. This new document, named UHSM's Health & Safety Policy and Safety Management System, focuses on an integrated approach, with health and safety included as part of everyday work, a link to other organisational strategies, and greater emphasis on proactive health and safety management and improving culture.

In addition, the Trust reviewed UHSM's 2013 Safety Strategy and developed this into UHSM's Health and Safety Strategy (August 2014), within which clear objectives have been set to be delivered over a two year period, based on four work-streams. Two new work-streams streams (i) health and safety inspections and (ii) health and safety incident investigations, and the reinforcement of two work-streams set out in the 2013 document (i) assurance and (ii) safety culture. This 2014 strategy provides an increased focus on achieving an open, responsive, inclusive and proactive safety culture, and empowering all staff to have a part in health and safety management.

To support the development of a proactive safety culture the Trust devised a Safety Culture Survey, available to UHSM staff and partner staff, active during February 2015. The results of the survey will be analysed, used to identify areas within the trust which require health and safety improvements, and findings will be fed back into the organisation during 2015/16. The Trust will continue to embed health and safety culture within the organisation through the recruitment of safety champions, and staff side representatives taking a more active role in health and safety management.

The Governance and Risk Department have increased the number of unannounced safety inspections being carried out per week, and provides clearly documented actions to department managers to improve health and safety within their work area when concerns or breaches in health and safety are identified. These inspections will continue into 2015/16, with Staff Side Safety Representatives and Specialist Advisors invited to join inspections.

The Trust monitors and reviews health and safety performance on a monthly basis. This data has enabled us to target areas requiring prioritisation, such as (i) reducing needlestick / sharps injuries (ii) reducing moving and handling incidents (iii) reducing violence and aggression incidents against staff (iv) preventing slips, trips and falls throughout the estate. Throughout the year the Governance and Risk team have worked with specialist advisors and Estates & Facilities to reduce and prevent work related injuries and staff absence due to these incidents, and worked with the Communications team to raise awareness of these issues to staff.

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

UHSM is committed to working in partnership with stakeholders within the community it serves. The Board acknowledges the need to work at creating and sustaining these good relationships,

and recognises the importance of engagement. Primary stakeholders pivotal to UHSM are defined as (in alphabetical order):

### Colleagues

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

### Clinical Commissioning Groups (CCGs)

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

### Fundraisers

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

### Governors

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

### Healthwatch

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

### Local authorities and their elected representatives

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

### Media

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

### Members

UHSM has over 7,500 public members, as well as almost 6,000 staff members. It is Board policy to ensure its membership is representative of the community it serves, to regularly communicate with them on successes around new treatments and care, and to provide them with information and updates on services.

### MPs

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

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

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

## Patients

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

## Volunteers

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

## Consultation with the Public

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

## NHS Constitution

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

## Untoward incidents resulting in loss of personal data

The Trust has put in place information governance arrangements to protect patient and staff interests which meet with the requirements for a Public Authority. One serious untoward incident involving data loss has occurred during the year 2014-15; this was reported to the Information Commissioner's Office (ICO) and they decided that no further action was necessary. See table 3.1 for details.

The ICO does not require UHSM to inform it about personal data incidents that are not designated as serious untoward incidents. There were 49 such instances during 2014-15, as detailed in table 3.2.

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

*Table 3.1: Summary of Serious Untoward Incident involving personal data as reported to the Information Commissioner's Office in 2014-15*

Date of Incident Month	Nature of Incident	Nature of data involved	Number of People affected	Notification Steps
Aug 2014	A mailshot advising of a change of address for the Disablement Services Centre was sent to some unaffected patients in error.	Non sensitive data	3572	ICO informed  (Decision: no further action required)..

*Table 3.2: Summary of other personal data related incidents during 2014-15 (non reportable to ICO).*

Category	Nature of Incident	Total
1	Loss/theft of inadequately protected electronic devices or paper documents from NHS secured premises	5

2	Loss/theft of inadequately protected electronic devices or paper documents from outside NHS secured premises	1
3	Insecure disposal of inadequately protected electronic devices or paper documents	1
4	Unauthorised disclosure	32
5	Other	10

Table 3.3: UHSM's risk ratings based on annual plans and quarterly assessments during 2014-2015

	Annual Plan 2014-15	Q1 2014-15	Q2 2014-15	Q3 2014-15	Q4 2014-15
<i>Under the Risk Assessment Framework</i>					
Continuity of service risk rating	1	1	1	1	1
Governance Risk Rating	Red	Red	Red	Red	Red

### Principal risks and uncertainties facing UHSM

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

### Organ donation performance

The financial year 2014-15 was the best year UHSM has had for organ donation, with 9 organ donors resulting in 25 organs available for live saving/enhancing transplant. This is the highest number of deceased organ donors we have had at UHSM and is a strong outcome for a non-specialist neurosurgical unit. In particular, this pleasing result demonstrates the effectiveness of collaborative working with NHS Blood and Transplant (NHSBT), the successful outcomes arising from the early identification and referral of potential organ donors by UHSM personnel and effective communications between hospital colleagues and the Specialist OD Nursing personnel. As recognised previously, a significant area for development at UHSM has been the referral rate for potential donors from all critical care areas. During the last financial year, the referral rate has improved significantly on the Acute Intensive Care Unit (AICU) where the rate at 78%, is now higher than the national average. The Cardiothoracic Critical Care Unit (CTCCU) referral rate has also significantly increased from 16% to 50%. These efforts will continue in 15/16 and additionally, there will be a key focus on the education and collection of an increased volume of suitable tissue donations.

Nationally, there is a recognised need to continue raising awareness and promote increased numbers on the Organ Donor Register as a revolution in public behaviour is needed to increase consent rates. There is additionally a focus on encouraging a supplementary dialogue between families and friends, to make their wishes around donation known. Meanwhile UHSM will continue to support local and national projects to target all staff, patients and visitors and public demographic groups, with particular attention to highlighted ethnic and minority groups whilst UHSM medical and nursing staff will continue to ensure that end of life care choices are given to families' and patients' wishes are followed.

## Research and development

UHSM is recognised nationally and globally for the quality of its research and development. Our major research programmes focus on breast cancer prevention, respiratory and cardiovascular disease.

With our Southern Sector partners we have established a joint research office to enable swift initiation of studies and have successfully supported 2 Medicines and Healthcare Products Regulatory Authority (MHRA) Inspections across the organisations. The development of one large research team to cover the whole sector has ensured staff development and stability. This has increased the resilience of the team allowing for over 8,000 patients to be recruited into research studies, including clinical trials, over the past year alone.

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

### 3.3 Operational performance and service developments

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

Table 3.4: Trust activity for the period 2011-12 to 2014-15

Activity	2011-12	2012-13	2013-14	2014-15
Emergency Department attendances	88,062	91,245	94,244	96,743
Inpatients and day cases	82,818	84,320	88,744	93,967
Outpatients	399,260	416,438	471,372	505,286
<b>Total</b>	<b>570,140</b>	<b>592,003</b>	<b>654,360</b>	<b>698,996</b>

The Trust experienced a 7.2% increase in outpatient activity in 2014-15 when compared to 2013-14, with some of this growth relating to changes in activity recording, and a 2.7% increase in Emergency Department attendances. Overall activity (calculated using the categories shown in Table 3.4) increased by 6.8% in 2014-15 from the 2013-14 position.

#### Summary of service performance 2014-15

UHSM achieved a 75% reduction in cases of *Clostridium difficile* (9 cases compared with 36 in 2013-14) in 2014-15. Unfortunately, the Trust reported one MRSA bacteraemia in 2014-15, having reported four in the previous year. The thresholds for next year (2015-16) are challenging, with a threshold of zero MRSA bacteraemia and of 39 cases of *Clostridium difficile*.

During 2014-15, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients and met all the national cancer targets. The Trust, however, did not achieve the referral-to-treatment admitted standard, at aggregate level, in Quarter 4 due to a number of factors including reducing the RTT backlog as part of a national waiting-time initiative; a large number of cancellations during January and early February as well as capacity issues in some specialties. Comprehensive plans have been developed to address capacity constraints. Specialty-level RTT performance will be monitored closely through the new Patient Access Board, with updates provided to the Trust's Operational Board and Executive Team meetings.

The Trust did not meet the emergency access four-hour waiting time in 2014-15, as a consequence of under-performance in quarters 1, 3 and 4. Key issues facing the Trust have been a mix of external factors such as delayed transfers of care as well as internal factors such as discharges from the wards not occurring early enough in the day. The Trust has launched a new plan ('95 in 15') that aims to improve flow within the Trust as well as across the wider health economy. Progress against this plan will be monitored at the '95 in 15' Delivery Group and the Urgent Care Board.

Table 3.5: UHSM performance against key national priorities in 2014-15, and specifically, governance indicators published in Monitor's Risk Assessment Framework 2014-15

Indicator	2014-15	2013-14	2012-13	Threshold <sup>(a)</sup>
<i>Clostridium difficile</i> year-on-year reduction	9	36	46	39 in 2014-15 36 in 2013-14 49 in 2012-13
MRSA - meeting the MRSA objective <sup>(b)</sup>	1	4	1	0 in 2014-15 0 in 2013-14 3 in 2012-13
Maximum one month wait for subsequent treatment of all cancers: surgery	98.3%	98.6%	97.6%	94.0%
anti-cancer drug treatment	100.0%	100.0%	100.0%	98.0%
Maximum two month wait from referral to treatment for all cancers <sup>(c)</sup> :				
from urgent GP referral to treatment	86.2%	87.3%	87.8%	85.0%
from consultant screening service referral	98.2%	98.4%	97.5%	90.0%
18-week referral-to-treatment maximum wait: <sup>(d)</sup>				
Non-admitted patients	95.9%	97.7%	97.3%	95.0%
Admitted patients	90.8%	91.8%	93.0%	90.0%
Patients on an incomplete pathway	94.9%	95.1%	94.9%	92.0%
Maximum one month wait from diagnosis to treatment for all cancers	98.7%	97.7%	97.6%	96.0%
Two week wait from referral to date first seen:				
all cancers	97.1%	97.3%	96.9%	93.0%
for symptomatic breast patients (cancer not initially suspected)	97.0%	98.5%	96.7%	93.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	91.9%	94.3%	92.3%	95.0% since June 2010
Access to healthcare for people with a learning disability	83.3%	83.3%	95.8%	no threshold published

Notes to Table 3.5:

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

## Service developments and improvements

### Emergency access

The Emergency Pathway Improvement Plan was implemented in 2014/15. The plan included a number of work streams aimed at improving performance against the four hour emergency access standard. A Perfect Week 'No Delays for 7 Days' was held in September 2014 and April 2015 to improve performance and lessons learnt from this initiative were implemented into service delivery. Quarterly health economy wide 'Perfect Weeks' will be held in 2015/16 to test processes and learn lessons.

2014/15 has also seen key elements of the Trust's winter planning being implemented; this includes commencement of the opening of 'Discharge to Assess' beds at Wellington House and the opening of the new Acute Medical Receiving Unit (AMRU).

### A&E expansion

Progress has continued on the development of the A&E/Emergency Village expansion, funded by £12m of Public Dividend Capital. This will lead to significant enhancements to the patient environment and provide additional capacity to meet increased demand. 2014/15 has seen completion of the detailed design phase, with a phased approach adopted leading to full completion expected by August 2016.

### Respiratory Medicine

In support of the Trust's Respiratory Medicine ambitions, approval has been made to develop a Long Term Ventilation Service (LTVS) and the creation of a North-West step-down weaning service. 2014/15 has seen work begin on the expansion of the Bronchoscopy service and unit in partnership with the Medical Evaluation Unit. Additional Respiratory Medicine business cases approved in year include the expansion of the Trust's Sleep Service.

### Vascular Surgery and Hybrid Theatres

Two Hybrid theatres are being constructed to support the Trust's strategic aims in relation to Vascular Surgery. Construction began in 2014/15 with the theatres expected to be operational in late 2015. In addition, a business case was approved to appoint a number of Vascular Interventional Radiologists.

### Cardiology

In partnership with Alliance Medical, the new cardiac imaging unit has been constructed in 2014/15 and will be commissioned in 2015/16, this will provide a dedicated Cardiac CT and an additional 3T MR Scanner.

### Withington Hospital

The Trust is developing a strategy to offer a wider range of services and increase utilisation at Withington Hospital has been developed for implementation in 2015/16. It is ideally located for repatriation of activity from other local trusts and can become an important enabler for the health and social care integration agenda and joint working with primary care.

### Productivity/Efficiency

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

### Improvements

In 2014/15 the Trust commenced a two year £50m improvement programme, details of which can be found in section 7.3.



## Medtronic

The Trust entered into a 7 year partnership with Medtronic Hospital Solutions in 2013 to provide a Managed Service for the Cardiac Catheter lab suites. Two of the existing labs are due for refurbishment in 2015/16, whilst discussions are taking place with MHS with regard to developing proposals for a 5<sup>th</sup> Cath Lab. MHS is working closely with the Trust to provide training and support in Lean management methodology in order to drive productivity and utilisation improvements within the department

## Integrated Care

Too often, care is fragmented with services reflecting professional and institutional boundaries when it should be coordinated around the needs of patients. Delivering truly integrated health and social care for the Manchester population is a priority for commissioners and providers within the City.

UHSM is one of eight commissioner and provider organisations taking a strong collaborative approach to integrated care, across Manchester. In Manchester, Living Longer Living Better (LLLBB) is the city's integrated care programme. LLLBB has been established to develop community based care to take a more coordinated and proactive approach to care delivery in order to keep people well and out of hospital.

Commissioners have adopted the Better Care Fund metrics to measure the achievements of this priority, which are:

- 1) Avoidable emergency admissions
- 2) Reduce permanent admissions into residential and nursing care homes
- 3) Reduce attendances to A&E
- 4) Delayed transfer of care

The Trust has systems to measure the impact of specific community teams as well as in urgent care and hospital wards to measure these metrics.

In addition, Commissioners across the three Manchester CCGs, published an 'Integrated Care Specification for 2020' in March 2015 that describes the integrated care outcomes required for Manchester by the year 2020 to which providers will submit their response through the Manchester Health and Wellbeing Board in July 2015. Further details of the programme are provided in section 4.3.2. Early work on the devolution programme includes the integration of Adult Social Care Services with UHSM community health services, leading to integrated placed based teams.

## Estates and Facilities

### Estates Developments

#### Energy Improvements

The Trust has continued to bolster our green credentials by completing a number of schemes to improve energy efficiency.

- Renewable Heat Incentives (RHI) Accreditation for the main biomass boilers and North West Heart Centre (NWHC) Boiler – this improves the financial sustainability of the heating supplied to the Estate
- Public Sector Sustainability Awards – Most Sustainable in Health/NHS Overall winner
- Green Apple Award – NHS & Health Sector Silver Award
- Completion of Department of Health Energy Efficiency Schemes have contributed to a 3% reduction in electricity consumption, despite increased activity
- Work to improve the reliability of the biomass boiler has contributed to a 6% reduction in gas consumption

The Trust continues to explore opportunities to reduce consumption and improve efficiencies via improved staff engagement and the introduction of new technologies as they become available.

### Capital Investments

The Trust continues to invest capital funds into major capital schemes and backlog maintenance works. Highlights from 2014/15 include:

#### Hybrid Theatre

Work has commenced on a state of the art Hybrid Theatre Suite. It is a two-storey building; the theatre suite is on the ground floor and the theatre plant is located on the roof above.

### Partnerships Schemes

#### Bronchoscopy Unit – Medicines Evaluation Unit

Work started in January 2015 to expand the capacity of the existing Bronchoscopy Unit from a single procedure room with six-bay recovery area to include three procedure rooms, four consulting/admission rooms and a recovery suite offering eight-bay recovery with two side rooms and seated recovery.

#### Alliance Medical - Cardiac Imaging Facility

The Trust is working with Alliance Medical to introduce a dedicated cardiac CT service at UHSM. The new facility is capable of delivering a NICE compliant service to chest pain patients from across the Greater Manchester & Cheshire Cardiac & Stroke Network (GMCCSN) and consolidating the position of UHSM as a major cardiothoracic centre.

#### Minor schemes

A variety of other schemes were completed ranging from internal alterations to schemes aimed at improving efficiency and aiding activity. A new Acute Medical Receiving Unit was created in the former Satellite Rehabilitation unit in the Acute block to assist in the Emergency Department patient flow. Engineering works were undertaken in addition to the energy schemes including High Voltage Switchgear replacement. A range of Fire Safety works, Health and Safety improvements including lighting upgrades have been undertaken, along with other works to prevent slips, trips and falls, and replacement roofing works in the Boiler house.

#### Facilities Services

Estates and Facilities have been working with PFI Hard and Soft FM Service Providers throughout 2014-15 through the creation of enhancement groups to improve the environment for patients. Information from a monthly staff perception survey supports the work of the groups and allows a focus on operational challenges and issues to be resolved.

### 3.4 Financial standing and outlook

UHSM generated a surplus of £0.8m in 2014-15 after adjusting for exceptional items of £5.0m, albeit behind planned levels (planned surplus of £1.9m). The reason for this underperformance is mainly due to a shortfall on the delivery of Cost Improvement Plans (CIPs).

As part of Monitor's Risk Assessment Framework, the Trust is assessed against a Continuity of Services Risk rating (CoSRR). This framework is used to assess financial risk and more specifically to assess the likelihood of a financial breach of UHSM's provider licence. The Trust has ended the 2014-15 financial year with a CoSRR of 1. The risk rating is on a scale of one to four, with four being the strongest rating and one being the weakest. UHSM's rating is at the lower end due to a relatively high level of debt servicing as a result of the Trust's PFI scheme, and historically low levels of liquidity.

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

#### Income and Expenditure performance (Statement of Comprehensive Income)

In 2014-15, UHSM achieved a net surplus of £0.8m after adjusting for exceptional costs of £3.7m relating to restructuring costs, and for exceptional gains of £8.7m relating to reversals of previous impairment losses following revaluation of the Trust's land and buildings. The achieved surplus equates to 0.2% of UHSM's turnover.

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

- The Trust has an overall strategic objective to provide safe and high quality clinical services for its patients and fit for purpose work environment for staff, with capital investment in 2014-15 aligned to this objective:
  - Investment in patient monitoring systems to support clinical decision-making and improved patient outcomes
  - Commencement of a scheme to provide two new hybrid theatres which will enhance vascular and respiratory services
  - Provision of mobile IT devices to community nurses
  - Upgraded technology through investment in the resilience of the Trust's Network and PC refresh.
- The delivery of nearly £23m of cost improvement schemes (5.1% of operating expenses).
- Delivering strong performance in respect of the Commissioning for Quality and Innovation (CQUIN) quality targets which is a significant and important income stream for the Trust related to the quality of our patient services. The Trust achieved 90% of the target for the financial year.

UHSM's income reduced by £23.3m (5%) in 2014-15 and this was largely due to the cessation in September 2014 of the Trust's hosting of the National Leadership Academy (NLA), and also the ending of previous hosting arrangements provided to the Greater Manchester Clinical Research Network. The loss of income from the cessation of these hosting arrangements was matched by reductions in associated expenditure. The reduction in income was partially offset by growth in demand for the Trust's clinical services.

In 2014-15, operational performance with regard to earnings before interest, taxation, depreciation and amortisation (EBITDA) was £22.4m (4.8% of turnover). This was an increase from the previous year (2013-14 when EBITDA was 4.3% of turnover). However, EBITDA was behind plan for 2014-15 reflecting the shortfall on the delivery of CIPs.

Table 3.6 summarises the 2014-15 Statement of Comprehensive Income performance:

Table 3.6: 2014-15 Summarised Operational Financial Performance

	Trust 2014-15 £m	Group 2014-15 £m
Income	466.3	467.3
Operating expenses	<u>(443.9)</u>	<u>(445.2)</u>
EBITDA	<b>22.4</b>	<b>22.1</b>
Depreciation	(10.0)	(10.0)
Net interest	(10.3)	(10.1)
Donation received	0.7	
Surplus before Dividend	<b>2.8</b>	<b>2.0</b>
Public Dividend Payment	(2.0)	(2.0)
Exceptional items*	<u>5.0</u>	<u>5.0</u>
Net Surplus/(Deficit) after exceptional items	<b>5.8</b>	<b>5.0</b>
Adjust for exceptional items	(5.0)	(5.0)
Normalised Net Surplus/(Loss) before exceptional items	<b>0.8</b>	<b>0.0</b>

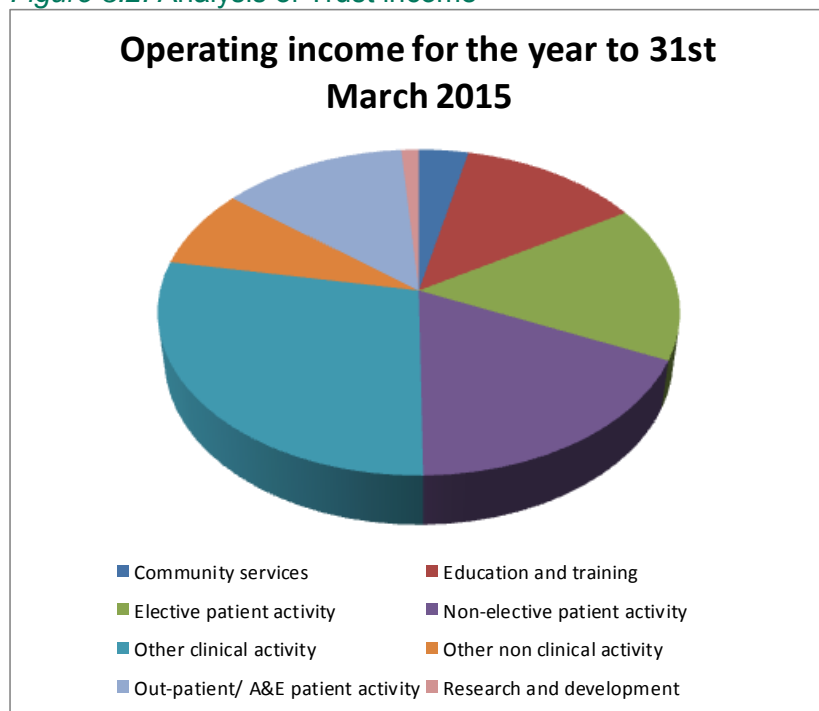
\*Exceptional items include restructuring costs and exceptional gains arising from reversal of previous impairment losses

In 2014-15 pay costs increased by just under 4%, reflecting increased medical bank and agency staff costs, the impact of a 1% pay award and incremental increases for staff on Agenda for Change terms and conditions, modest increases in staff associated with service developments, and higher than planned usage of medical and nursing bank and agency to cover vacancies. Non-pay costs excluding depreciation have reduced by 16%. This reduction reflects the cessation of the Trust's hosting of the National Leadership Academy (NLA) and the Greater Manchester Clinical Research Network, partially offset by increased costs of drugs associated with patient care and increased charges associated with the PFI contract.

The Trust's efficiency programme has generated savings of £23m (5.1% of operating expenses), whilst maintaining the delivery of high quality care. The key areas of focus were on maximising our productivity through quality initiatives such as improving day case rates, maximising income through improved recording of clinical activity, efficient management of non-pay through drug and procurement savings and the extension of materials management.

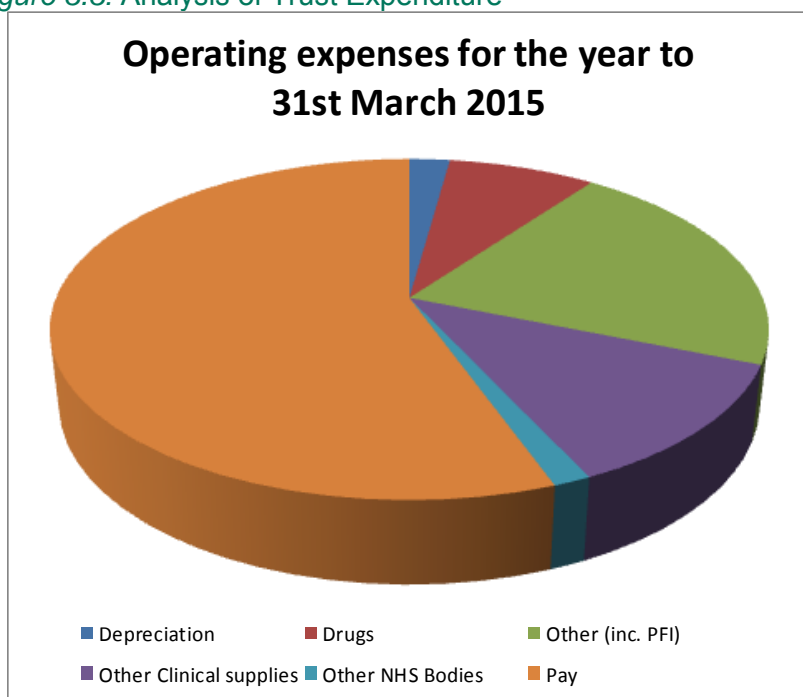
The following pie charts give a breakdown of the sources of income UHSM has generated and where the money has been spent.

Figure 3.2: Analysis of Trust income



As can be seen the largest proportion of UHSM’s income is generated from patient related activities which represent 78% of total income. The majority of this is derived from contracts with the Trust’s clinical commissioners, which has increased 7% in 2014-15 reflecting increased activity throughout the Trust. Education and training funding accounts for a further 13% of Trust income.

Figure 3.3: Analysis of Trust Expenditure



The largest proportion of UHSM's costs are spent on staff, accounting for 56% of operating expenses (51% in 2013-14) with clinical supplies and services the other material proportion accounting for 12% (11% in 2013-14). The increased proportion of expenditure on staff costs is largely a consequence of the reduced training expenditure within the Trust's accounts following the cessation of the Trust's hosting of the National Leadership Academy (NLA).

### 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 2014-15 the Trust invested £9.2m of capital expenditure to enhance and expand the asset base.

This included the following significant schemes:

- Investment in patient monitoring systems to support clinical decision-making and improved patient outcomes.
- Commencement of a scheme to provide two new hybrid theatres which will enhance vascular and respiratory services
- Upgraded technology through investment in the resilience of the Trust's Network and PC refresh.
- Provision of mobile IT devices to community nurses, improving the efficiency and effectiveness of care for patients
- Provision of enhanced cardiac diagnostic facilities through a development scheme in partnership with an external contractor.

In addition the Trust spent over £2.4m in maintaining and refreshing its building infrastructure to ensure compliance with modern standards and £2.7m on medical equipment to ensure the highest quality of patient care.

The following table summarises the expenditure in 2014-15:

*Table 3.7: Analysis of capital expenditure*

	<b>2014-15</b>
	<b>£m</b>
Estates Maintenance	2.4
Medical Equipment	2.7
Information Technology	1.4
A&E Expansion Scheme	0.7
Hybrid Theatres Development	0.6
Cardiac CT Development	0.7
Other	<u>0.7</u>
<b>Total</b>	<b>9.2</b>

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

UHSM plans to continue to invest in new assets through 2015-16 including:

- The expansion of the A&E facility to accommodate increased patient flow following the announcement of the downgrade of the facility at Trafford General Hospital. Preliminary work commenced on this scheme in 2014/15.
- Completion of the investment in two new hybrid theatres intended to enhance vascular and respiratory services.
- The development of electronic patient records systems to generate efficiency and effectiveness through transformational change.

## Liquid Assets

At the end of March 2015, the Trust held £41.1m in cash balances. This is a decrease on last year's cash and cash equivalents primarily, reflecting the reduction in cash balances held for the NHS Leadership Academy.

## Key Financial Risks

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

- Delivery of a challenging efficiency programme totalling almost £23m.
- Effective management of the cash flow pressure arising from the payment profile on the PFI.
- Pressure on income from commissioners due to demand management initiatives and the potential application of contract penalties, which were risk assessed and monitored throughout the year.
- Management and delivery of CQUIN targets and associated income.

The financial climate in the NHS is becoming ever more difficult and the Trust recognises sound financial management will be critical to meet these challenges through the next financial year and beyond. The key financial risks as the Trust embarks on the 2015-16 financial year include:

- Delivering a £27m efficiency programme in the next financial year.
- Working with CCGs to balance demand for services against flat funding.
- Continued development of integrated care to affect patient flows from the acute into community setting, and the associated pump prime funding challenge this represents.
- The potential application of contract penalties for non compliance with key performance targets such as referral to treatment standards and A&E waiting times.
- 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

In May 2014, following concerns about the Trust's financial stability, and having considered the Trust's plans and actions taken to deal with its financial challenges, Monitor instigated an Enforcement Undertaking at UHSM.

The Trust is currently in a two year £50m recovery programme which started in 2014/15. Success in the recovery programme is key to future sustainability and progress will be closely monitored. Savings of £23m were achieved in 2014/15 and savings of £27m have been targeted in 2015/16. There is a risk to full delivery and the Trust is developing a pipeline of additional savings schemes to mitigate this risk. To ensure the Trust is best placed to monitor recovery plan progress, and manage associated risks, a Programme Management Office has been established with a number of dedicated work stream leads offering project management support to key schemes and to the wider Trust.

Achieving financial sustainability and delivery of a CoSRR of 2 is a key strategic objective for 2015/16 and beyond. The Trust's current financial projections generate the achievement of a CoSRR 2 by the end of 2015/16.

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 2014-15, the Trust is in a good position to meet the considerable financial and performance challenges ahead of it. The Trust's continued financial priority will be providing the very best quality of patient care whilst at the same time doing all that it can to improve productivity and efficiency.

## 3.5 UHSM Academy

**In 2014-15 UHSM Academy has continued to expand, develop and enhance its reputation for delivering innovative and high quality education and training in healthcare.**

Key achievements delivered against its Business Development Plan are:

### **Develop the Academy as a unique entity**

UHSM Academy is now well established as a leader in education and training for healthcare. It also has a unique relationship with Health Education North West (HENW) as can be seen by its hosting of the North West Placement Development Network, the Work Based Education Facilitator (WBEF) Network and the hosting of the project manager for the Core Skills Framework (Junior Doctors) project.

Doctor Ilan Lieberman has been appointed as UHSM Academy Director and is in the process of developing the new UHSM Academy Strategy and Business Plan for the next five years until 2020. Whilst maintaining its externally facing activities and reputation, this new plan will give more focus to education and training within UHSM itself.

### **Education Governance**

A new Trust-wide multi-professional Education Group was formed in 14/15 which meets monthly and has provided an additional forum to focus on education and training in UHSM. It includes members from Nursing, AHPs, Healthcare Science plus UHSM Academy staff.

In January the Postgraduate Medical Education Department underwent a Health Education North West Monitoring visit. The initial verbal feedback was positive and the Anaesthetic department received outstanding feedback from the Dean stating that the training was exemplar.

### **Multi-Professional Education**

The Academy Library service for all staff and students continued to develop with the installation of the self-service system, 24/7 access to all library areas and upgrades to the public access computers in the Multimedia Room. Following a successful bid the Academy Library received funding from HENW via the North West Health Care Libraries Unit to build an enhanced quiet study area.

The new simulation suite has increased its multi-professional activity during 2014-15 with simulation programmes being delivered to all 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> year undergraduate medical students with non-medical Healthcare Professions students present in the majority of sessions. The simulation suite team also work with the Practice Educators (PE) in the fields of palliative care, dietetics and with HCA induction.

### **Local, national and global influence**

A multi-professional 'Team Mentorship' model, developed by UHSMs PEFs is being piloted and has been discussed at the Pan Manchester Practice Education group, as it has highlighted issues for the future development of the region's student assessment documentation.

The UHSM Academy GP, Primary Care Education Programme is now well established with increasing attendance and frequency of events. Over the twelve month period, in excess of twenty events have been run, with attendance figures of between 60 and 80 for each meeting. GPs are travelling from all over the North West to attend the increasingly popular Saturday morning mini-symposiums which were introduced eighteen months ago.

A continuing success for UHSM Academy in 2014-15 has been the further development and delivery of Apprenticeships through its accredited Apprenticeship Centre.

These Apprenticeships are quality assured/inspected by City and Guilds, Ofsted, Invest in Health and Skills Solutions. Apprenticeship programmes include apprenticeships at L2 and L3 in Health



Support, Business and Administration and Customer Service plus Functional Skills L2 and L3 in English, Maths and ICT.

As part of our Community Engagement activities, UHSM Academy has continued to recruit 16-18 year olds, from the local community, to its Junior Apprenticeship programme. One of our Junior Apprentices, in Healthcare Support, was nominated for and won the Trust Diamond award for learner of the year.

UHSM celebrated its seventh year of engagement in Gulu, Uganda with the CEO and Undergraduate Lead being invited, with Head of Global Health and other team members from the University of Manchester, to the 10<sup>th</sup> graduation of students at Gulu University. The CEO was guest speaker at the graduation and affirmed UHSM's commitment to the link for the next 3 years. The link is working in partnership with MAHSC, Salford University, Sheffield Mental Health and Social Care Trust, Greater Manchester Critical Skills Institute and the Ugandan Maternal and New-born Hub, Liverpool.

### **Compliance with stakeholder requirements**

In 14/15, UHSM's CEO signed a Workplace Agreement with The University of Manchester. This agreement explicitly states the Trust's responsibility as a Teaching Hospital and is the formal monitoring process for the Learning and Development Agreement with Health Education England. Compliance with this agreement is quality assured by the UHSM UGME team, University of Manchester and HEE. As a Sector Hospital, UHSM is also required to assess and monitor the compliance of this agreement, on behalf of HEE and the University of Manchester for undergraduate medical placements at Stockport, Macclesfield, Leighton, The Christie and Manchester Mental Health.

### **Social Responsibility**

In 14/15, UHSM Academy has worked closely with local schools and colleges, for example, attending careers workshops at the local Newall High School and Barlow RC High School. Several members of UHSM Academy attended a Careers Ambassadors event at MUFC, where pupils and careers tutors from local schools and colleges could meet representatives from different careers/work providers. Attendance at these events has generated increased interest in our apprentice schemes.

## 3.6 Our People

**In order to deliver high quality care and an excellent patient experience, the Trust must recruit and retain the right numbers of staff, with the requisite skills, and uphold the values the Trust believes will make UHSM a leading healthcare provider. To this effect, strategies for leadership development, staff engagement, recruitment, and workforce development have been refreshed and implemented.**

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

	Female	Male	Total
Directors	9	8	17
Other Senior Managers	50	20	70
Other Staff	4838	1052	5890
<b>Grand Total</b>	<b>4897</b>	<b>1080</b>	<b>5977</b>

### Employee engagement and involvement

Our vision to become a top 10 NHS provider is recognised and reflected in our Trust's Vision, Mission and Values. The contribution of our workforce, both individually and collectively, is fundamental to UHSM's success and creating a positive environment that maximises individual and collective discretionary effort is vitally important. The way that colleagues behave, lead, communicate and engage with each other is central to operating as one talented team, delivering excellent care for our patients. For this reason, during 2014/15, UHSM established a new staff engagement plan, renewing our commitment to being the best we can be.

During the past year our Change Champions group continued to be an active and productive forum – pursuing a number of projects and staff suggestions for improvement and change. The idea behind the Change Champions is to deliver quick fixes and to challenge those historical DO's and DON'Ts. The group works with the Chief Executive's delegated authority to ensure that suggestions made by colleagues become a reality. Other engagement channels also remain active, including regular weekly communications bulletins and the 'Ask Attila' (the CEO) facility available via the intranet home page. The CEO also facilitates an interactive monthly Leaders' Forum, from which managers and leaders cascade team briefs.

A formally established Workforce Partnership Forum and a Local Negotiating Committee both meet on a regular basis, enabling senior managers to meet with trade union representatives to consult on staffing matters, and enabling them to become involved and informed of Trust performance through the year. The Trust recognises the importance of effective communication and consultation with trade union colleagues and is committed to the principles and value of working in partnership. In 2014/15 a new Partnership Working Agreement was published, which outlined a shared understanding between management and staff side, on how we would work together at UHSM.

The Trust held its UHSM Staff Diamond Awards in March 2015, at which excellence across our talented workforce was formally recognised and celebrated. This sponsored event was attended by over 500 members of staff, bringing colleagues together to show their appreciation and support for each other. The Trust will now continue this recognition with monthly team and individual awards in 2015/16.

## Staff survey

UHSM has again participated in the annual NHS Staff Survey. We surveyed a random selection of 850 staff members with 296 questionnaires being completed and returned. This response rate of 35% compared with a response rate of 37% in 2013. Our response rate remains behind the national average of 42% for 2014.

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

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

**Table 3.8: UHSM top five ranking scores**

	<b>Trust score 2013</b>	<b>Trust score 2014</b>	<b>National average for acute trusts 2014</b>
% of staff feeling satisfied with the quality of work and patient care they are able to deliver	83%	86%	77%
% of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	30%	23%	29%
% of staff receiving job-relevant training, learning or development in last 12 months	82%	84%	81%
% of staff experiencing harassment, bullying or abuse from staff in last 12 months	21%	19%	23%
% of staff suffering work-related stress in last 12 months	30%	32%	37%

**Table 3.9: UHSM bottom five ranking scores**

	<b>Trust score 2013</b>	<b>Trust score 2014</b>	<b>National average for acute trusts 2014</b>
% of staff reporting errors, near misses or incidents witnessed in the last month	89%	85%	90%
% of staff experiencing physical violence from staff in last 12 months	2%	3%	3%
% of staff reporting good communication between senior management and staff	24%	26%	30%
% of staff experiencing physical violence from patients, relatives or the public in last 12 months	14%	15%	14%
% of staff agreeing that they would feel secure raising concerns about unsafe clinical practice	n/a	67%	67%

## Key Findings

### Appraisals and Performance Management

Whilst the percentage of staff reporting they have been appraised in the last 12 months has reduced slightly since 2013 (86%, down from 92%), the Trust continues to be ahead of the 2014 national average (85%).

It was noted in 2013 that improvements were required in the quality of appraisals offered to staff and, following training offered to help support managers, in 2014 there was an increase in the percentage of staff reporting having had a “well-structured” appraisal (42%, up from 37%). This is also ahead of the 2014 national average (38%).

The Trust has now established an appraisal working group in order to further improve the UHSM approach to appraisal and performance review, and monthly performance reports on appraisal completion levels are also regularly reviewed with divisional management teams.

### Employee Health and Wellbeing

Our biggest challenge in terms of employee wellbeing and our most significant reason for sickness absence continues to be stress. 32% of respondents to the staff survey reported suffering work-related stress in the last 12 months (up slightly from 30% in 2013). This is lower (better) than the national average of 37%.

The Trust has maintained its percentage of staff reporting “feeling pressure in the last 3 months to attend work when feeling unwell” at 24% - in comparison with other acute trusts whose average score is 26%.

The Trust continues to provide Employee Health and Wellbeing services, to which staff can either self-refer or be referred by their manager. During 2014/15, this service increasingly offered remote case management (telephone appointments) to improve access to support for staff. In addition, resilience training has been provided on a team basis in areas which have reported feeling high levels of work pressure.

In 2014, an Employee Assistance Programme was launched, giving staff a 24/7 helpline offering a wide range of advice not just limited to health. This programme includes a telephone-based counselling facility, which also provides an onward referral route to on-site counselling where required.

The new Absence Manager process has also been launched this year, with a number of departments now live as part of a phased implementation across the Trust through 2015. Absence Manager provides a single route through which all staff must report any unplanned absences and an online portal which guides managers to offer the most appropriate support in line with Trust policies and procedures.

### Errors and Incidents

The percentage of staff reporting that they would feel secure raising concerns about unsafe clinical practice is consistent with the national average for acute trusts (67%). In addition the survey results showed staff found our reporting procedures to be as fair and effective as others on average across the country.

Whilst the survey results show that staff at UHSM are slightly less likely to witness potentially harmful errors, near misses or incidents; of the number of staff who do witness errors, near misses and incidents 85% reported it, which was lower than the 90% national average for acute trusts. Our “Stop the Line” initiative has been promoted during 2014/15 to address this and encourage staff to raise alerts when they identify that safety is, or could be, compromised. During the latter part of 2014/15 there has also been promotion of the newly implemented “Safecall” facility, which provides

an independent place for staff to raise concerns about work, should they feel unable to do this through internal management structures.

### Equality and Diversity (E&D)

During 2014 the Trust introduced a mandatory requirement for employees to complete equality and diversity training. As a result the staff survey has reported a significant increase in the percentage of staff having equality and diversity training (from 42% in 2014, to 67% in 2015) – which continues to increase with improved compliance levels for statutory and mandatory training.

The survey results also show a higher than average belief amongst staff at UHSM that the Trust provides equal opportunities for career progression or promotion.

In 2015/16 the Trust plans to use the nationally recognised “Equality Delivery System” to assess its capacity to advance the equality, diversity and human rights agenda. In the meantime, a recent internal audit on Equality & Diversity, and close working with colleagues from our Clinical Commissioning Groups, is informing improvement activities in this area.

### Next steps

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

### Equality, diversity and human rights

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

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

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

*Table 3.10: Annual monitoring of BME statistics*

	<b>Staff</b>		<b>Staff</b>		<b>Staff</b>		<b>Staff</b>	
	<b>31/03/12</b>	<b>%</b>	<b>31/03/13</b>	<b>%</b>	<b>31/03/14</b>	<b>%</b>	<b>31/03/15</b>	<b>%</b>
<b>Age</b>								
16-20	11	0.2	18	0.3	21	0.4	13	0.22
21-30	959	17.6	1025	18.1	1093	18.7	1187	19.86
31-40	1371	25.2	1399	24.8	1418	24.3	1444	24.16
41-50	1578	28.9	1602	28.4	1595	27.3	1609	26.92
51-60	1226	22.5	1275	22.6	1365	23.4	1394	23.32
61-70	298	5.5	324	5.7	324	5.6	306	5.12
70+	6	0.1	7	0.1	19	0.3	24	0.4
<b>Ethnicity</b>								
White	4509	82.7	4528	80.1	4358	74.7	4273	71.49
Mixed	48	0.9	54	1.0	58	1.0	58	0.97
Asian or Asian British	364	6.7	360	6.4	341	5.8	360	6.02
Black or Black British	141	2.6	140	2.5	129	2.2	145	2.43
Other / non stated	388	7.1	569	10.1	950	16.3	1141	19.09

## Gender

Female	4476	82.1	4639	82.1	4808	82.4	4900	81.99
Male	974	17.9	1012	17.9	1028	17.6	1077	18.02

## Disability

1.70% of staff have declared themselves to have a disability. It is thought that there is some under reporting.

### Disabled persons Recruitment and Selection Policy

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

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

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

### Training, career development and promotion of disabled employees

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

## Recruitment

Table 3.11: Staff recruitment from April 2011 to March 2015

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

## Sickness

UHSM's sickness absence is reported to be 4.4% for the period January-December 2014 (data provided by the Health and Social Care Information Centre). This aligns UHSM with Treasury FReM requirements, that the Trust annual report should include sickness absence data in a format which permits aggregation across the NHS.

## Discipline

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

Table 3.13: Formal investigations under the Disciplinary Policy

Stage	2012		2013		2014	
	Number	% BME	Number	% BME	Number	% BME
Investigated: informal action	6	50	6	17	7	13%
No case to answer	3	0	2	0	9	17%

First Written warning	6	17	14	31	9	17%
Final written warning	7	14	4	0	13	25%
Dismissed	1	0	10	0	10	19%
Resigned during process	1	0	1	0	5	9%
Total	24		37		53	

### Capability

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

*Table 3.14: Stage 2 and above of the Capability Procedure*

Stage	2013		2014	
	Number	% BME	Number	% BME
Stage 2	0	0	1	0
Dismissal	1	0	1	0

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

### Grievances

*Table 3.15: Grievances*

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

### 3.7 Sustainability report

**Sustainability has become increasingly important as the impact of peoples' lifestyles and business choices are changing the world in which we live.**

To fulfil our responsibilities for the role we play, UHSM has the following sustainability mission statement located in our Carbon Management Plan (CMP):

*"UHSM NHS Foundation Trust aims to be a leading NHS organisation and on-going good energy management is a vital part of improving the efficiency of our organisation, for the benefit of patients and staff.  
By continuing the work we began in 2007 we will be able to act as an example of exceptional Carbon Management leadership within the NHS and the communities that we serve.  
We aim to achieve this by reducing the carbon emissions from our building energy use, fleet and business travel, refrigerant gas, waste and water by 20%, from a 2012/13 baseline by the end of March 2020."*

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

Climate change brings new challenges to our business both in direct effects to the estates, but also to patient health through heat waves and prolonged periods of cold, floods and droughts. As an organisation we have a responsibility to create a sustainable future, and we help achieve that goal by raising awareness of the benefits of sustainability to our staff through minimising waste, energy consumption and resource use, along with offering sustainable travel options.

#### Performance

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

Context info	2007/08	2012/13	2013/14	2014/15
Floor Space (m <sup>2</sup> )	126931	130762	132434	147341
Number of Staff	4646	5245	5529	5639

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

The Trust has also made a significant number of improvements to realise energy efficiencies and minimise energy consumption, which has included the installation of Super Low Loss Transformers and voltage optimisation equipment; LED lighting; energy efficient motors and drivers which reduce the carbon impact of supplying heating and cooling. New developments have been constructed to be as energy efficient as is economically feasible by utilising modern materials and designs.

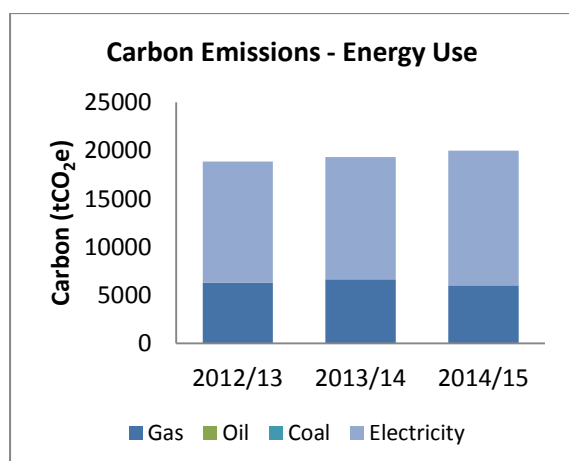


In recognition of its achievements, the Trust was awarded the Public Sector Sustainability Award for 'Most Sustainable Public Sector Organisation in Health/NHS' along with a 'Green Apple Award – NHS/Health Sector'.

## Energy

UHSM spent £4,240,741 on energy in 2014/15, which is a 2.3% increase on energy spend from last year.

Resource		2012/13	2013/14	2014/15
Gas	Use (kWh)	30946687	31249838	28634603
	tCO <sub>2</sub> e	6323.96	6629.34	6007.63
Oil	Use (kWh)	0	1400	123146.8
	tCO <sub>2</sub> e	0	0.45	39.41
Coal	Use (kWh)	0	0	0
	tCO <sub>2</sub> e	0	0	0
Electricity	Use (kWh)	21954249	22707831	22626285
	tCO <sub>2</sub> e	12528.84	12706.87	13966.30
Total Energy CO <sub>2</sub> e		18852.79	19336.66	20013.34
Total Energy Spend		£ 3,488,000	£ 4,143,779	£ 4,240,741



Overall CO<sub>2</sub>e associated with energy consumption has increased despite a considerable fall in actual kWh consumption of fossil fuels. This is due to the change in the conversion factor published by Defra.

Over the last 12 months a number of successful initiatives have enabled us to reduce energy consumption despite an increase in patient activity. These have included:

- Replacement of high voltage transformers serving the Acute Block, North West Heart Centre, Maternity, North West Lung Centre and a number of other areas.
- Roll out of LED lighting - Internally and Externally. Old inefficient lighting has been replaced with energy efficient LED lighting which, where possible, incorporates intelligent lighting controls to further minimise energy consumption while maximising opportunities to take full advantage of natural daylight. Due to the size and age of the overall estate a significant opportunity still exists to roll out this deployment further.

- Further use of Variable Speed Drives which will improve energy performance of motors and drives across the site. These will give a further energy reduction by eliminating surplus volumes of air and water being distributed. This project also improves the comfort levels of patients, visitors and staff.
- Improvements to the biomass boilers fuel feed system which has dramatically improved their reliability and further reduced the Trust's dependency on natural gas.

## Waste

Waste		2012/13	2013/14	2014/15
Recycling	(tonnes)	625.77	742.00	803.27
	tCO <sub>2</sub> e	13.14	15.58	16.87
Re-use	(tonnes)	0.00	0.00	0.00
	tCO <sub>2</sub> e	0.00	0.00	0.00
Compost	(tonnes)	0.00	0.00	0.00
	tCO <sub>2</sub> e	0.00	0.00	0.00
WEEE	(tonnes)	0.00	0.00	0.00
	tCO <sub>2</sub> e	0.00	0.00	0.00
High Temp recovery	(tonnes)	0.00	0.00	0.00
	tCO <sub>2</sub> e	0.00	0.00	0.00
High Temp disposal	(tonnes)	1047.36	1057.00	1076.75
	tCO <sub>2</sub> e	230.42	232.54	236.89
Non-burn disposal	(tonnes)	0.00	0.00	0.00
	tCO <sub>2</sub> e	0.00	0.00	0.00
Landfill	(tonnes)	179.92	83.00	80.33
	tCO <sub>2</sub> e	43.98	20.29	19.63
Total Waste (tonnes)		1853.05	1882.00	1960.35
% Recycled or Re-used		34%	39%	41%
Total Waste tCO <sub>2</sub> e		287.54	268.41	273.39

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

Work is underway to reduce the volume of clinical waste produced and also improve the recycling rate of non-clinical waste by raising awareness across the Trust of the various waste disposal options and routes.

## Finite Resource Use – Water

Water		2012/13	2013/14	2014/15
Mains	m <sup>3</sup>	217803	202600	202682
	tCO <sub>2</sub> e	198	185	185
Water & Sewage Spend		£ 570,000	£ 635,000	£ 684,394

While the volume of water consumed has remained static over the last 12 months it has fallen by nearly 7% since 2012/13. Work is on-going with the water provider to install automatic meter readers (AMR's) which will enable periods of water consumption to be tracked. This will assist in the identification of wastage and leaks. A number of items have

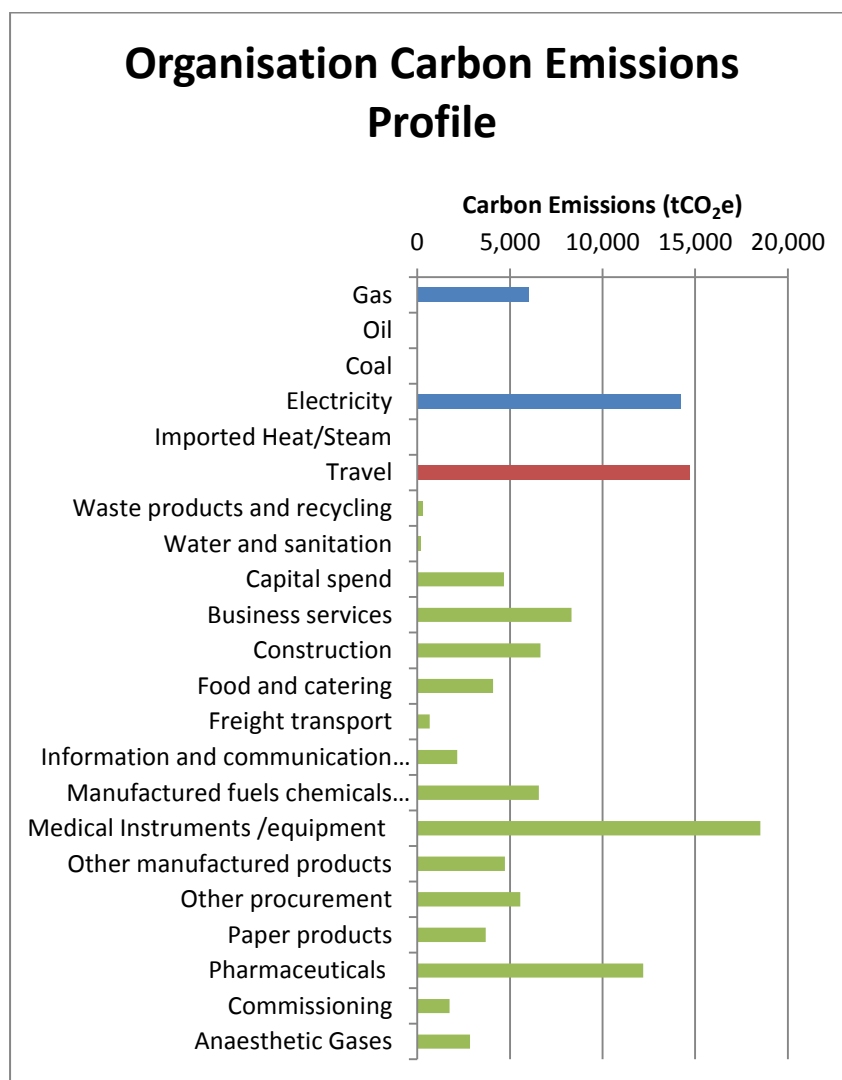
also been identified within the Board approved Carbon Management Plan to minimise consumption of potable water across the Trust.

### Modelled Carbon Footprint

The information provided in the previous sections of this sustainability report uses the ERIC returns as its data source. However, we are aware that this does not reflect our entire carbon footprint. Therefore, the following information uses a scaled model based on work performed by the Sustainable Development Unit (SDU) in 2009/10. More information available here: <http://www.sduhealth.org.uk/policy-strategy/reporting/nhs-carbon-footprint.aspx>

Resulting in an estimated total carbon footprint of 117,852 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e).

Category	% CO <sub>2</sub> e
Energy	17%
Travel	12%
Procurement	69%
Commissioning	1%





# 04 UHSM's Quality Account 2014-15

## Overview

**The Quality Account 2014-15 is an annual review of the quality of NHS healthcare services provided by the University Hospital of South Manchester NHS Foundation Trust (UHSM) during 2014-15. It also outlines the key priorities for quality improvement in 2015-16.**

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 2014-15. **Section 2** constitutes a review of the Trust's performance against the objectives set in the 2013-14 Quality Account and in relation to key national standards. **Section 3** includes the priorities for improving the quality of services in 2015-16 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 2014-15 was shared with our stakeholders in April 2015 as part of the assurance process. The stakeholders are: *South Manchester Clinical Commissioning Group; Healthwatch; 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. This year Healthwatch has decided not to issue a report. In the case of South Manchester Clinical Commissioning Group this is a statutory requirement. In addition, the Quality Account was shared with the governing council's Patient Experience Committee.

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

The external auditor has provided a Limited Scope Assurance Report on the content of the Quality Account, as required by Monitor, the Independent Regulator of foundation trusts. The auditor also gives a limited assurance opinion on two chosen mandated indicators (*percentage of incomplete pathways within 18 weeks for patients on incomplete pathways and emergency re-admissions within 28 days of discharge from hospital calculated using the Dr Foster Quality Investigator tool*).

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](http://www.nhs.uk)

About UHSM - it is a major acute teaching hospital trust providing services for adults and children at Wythenshawe Hospital and Withington Community Hospital. We provide district general hospital services, specialist tertiary and community services to our local community.

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

## 4.1 Chief Executive's Statement

In 2014-15 we launched our UHSM Quality Diamond which encapsulates and exemplifies our vision to become a top 10 NHS provider. Our Quality Diamond will help us raise our performance in every service area at UHSM through **patient safety and clinical outcomes**; **patient experience**; **staff engagement**; and **value for money**. Our Quality Account for 2014-15 sets out our key achievements against three of the four quadrants of our Quality Diamond and sets out our future priorities for 2015-16. Our key achievements in 2014-15 are set out below.

### PATIENT SAFETY & CLINICAL OUTCOMES

#### Key Outcomes

UHSM achieved a 75% reduction in cases of *Clostridium difficile* (9 cases compared with 36 in 2013-14) in 2014-15. Unfortunately, the Trust reported one MRSA bacteraemia in 2014-15, having reported four in the previous year.

97.8% of our inpatients were assessed as harm-free during 2014/15; placing UHSM just outside the top 20% of acute hospital Trusts for hospital acquired harms.

In 2014/15, the SHMI value of 0.964 placed UHSM in the top 30% nationally

#### Ward Accreditation

In January 2015, UHSM completed phase one of its successful Ward Accreditation Scheme and three UHSM wards achieved the gold standard; F15, C3 and the Burns Unit. The Ward Accreditation Scheme supports the quality of care delivered throughout the Trust in order to optimise patient experience. The scheme has now provided each ward with a baseline upon which they can mark and monitor their progression in pursuit of 'Gold', and ultimately, 'Diamond' status. Following the initial stage, the second phase of re-assessments has now begun. Throughout 2015, UHSM will also be introducing accreditation in the community setting.

#### Sign up to Safety: Listen, Learn, Act

In January 2015, UHSM signed the pledge to join the Sign up to Safety Scheme. This scheme is designed to help realise the ambition of making the NHS the safest healthcare system in the world by creating a system devoted to continuous learning and improvement. UHSM and others in the NHS will work together to give patients confidence that we are doing all we can to ensure that the care they receive will be safe and effective at all times.

### PATIENT EXPERIENCE

#### Key Outcomes

During 2014-15, UHSM achieved the referral to treatment targets for both non-admitted and admitted patients and met all the national cancer targets. The Trust, however, did not achieve the referral to treatment admitted standard, at aggregate level, in Quarter 4.

#### Specialised Ability Centre

UHSM's Specialised Ability Centre was named the best Disablement Service Centre in the country at the Limbless Association's annual awards ceremony in December 2014. The state of the art facility based at Ability House in Sharston, Wythenshawe, provides some of the most advanced care in the country for amputees and people born with limb deficiencies, caring for 2,600 patients requiring replacement limbs and rehabilitation across Greater Manchester and East Cheshire, as well as providing wheelchair and special seating services for approximately 11,000 people.

#### Patient Experience Network National Awards

At the Patient Experience Network National Awards and Conference in Birmingham on 11 March 2015, UHSM's Patient Experience team was named Team of the Year. UHSM's services are

ranked in the top 5% nationally for patient experience, and results from the Friends and Family

Test, coordinated across the Trust by the Patient Experience Team, regularly shows that more than 95% of our patients would be extremely likely recommend UHSM to their family and friends. This is just outside the Trust's target of being in the top 20% nationally (96.3% and above). Responses to inpatient and A&E surveys are both within top 60% nationally and UHSM achieved national response rate targets (40%).

### **Patientline**

A new patient 'Helpline' launched at UHSM in December 2014. All patients now have access to a 24/7 mobile telephone number if they urgently need to talk to someone. Patients will in the first instance be directed to the ward manager, matron or head of nursing for that area - contact details of all of these individuals are also to be displayed. The helpline is manned by senior staff, duty managers and matrons.

## **STAFF ENGAGEMENT**

### **Speak Out Safely**

In January 2015, UHSM launched a new initiative called Speak Out Safely. It's part of a continued commitment to patient and staff safety and wellbeing, which is the Trust's number one priority. Speak Out Safely brings together a number of existing Trust systems, along with a new service called Safecall; all of which are designed to help staff raise any concerns in a supportive environment. The Speak Out Safely campaign means we encourage any staff member who has a genuine patient safety concern to raise this within our organisation at the earliest opportunity.

We have set the following priorities in 2015-16, aligned to our Quality Diamond, and summarise some of the indicators, which will evidence our progress towards achieving them.

### **Patient Safety and Clinical Outcomes**

- meet all our infection prevention targets - zero MRSA cases and less than thirty-nine cases of *Clostridium difficile*;
- deliver our Sign up to Safety pledges covering pressure ulcers; nutrition and hydration; falls; sepsis and acute kidney injury;
- provide harm-free care by being in the top 20% of hospital Trusts nationally for newly-acquired harms;
- be in the top 20% of Trusts nationally for the Summary Hospital-level Mortality Indicator (SHMI);
- achieve 100% compliance in the Safer Surgery Checklist; and
- continue implementation of the Ward Accreditation Scheme, including the first assessment in our community services.

### **Patient Experience**

Feedback from our patients is vital to ensure we meet their needs. We will focus on a number priorities including our goal to become a truly dementia friendly organisation and consistently being in the top 20% nationally for positive recommendations received via the Friends and Family Test. We will also continue our commitment to respond to at least 90% of complainants within the agreed timescales.

### **Staff Engagement**

Receiving feedback from staff about the care they provide is an important priority for the organisation and we will continue to monitor feedback from staff on a quarterly basis. We will work hard to maintain our position in the top 20% of hospital trusts nationally for staff who would recommend UHSM as a place to be treated if they or their family required it.

Our Quality Account clearly sets out our vision to become a top 10 NHS provider, whilst delivering and meeting our operational and financial challenges as an organisation. I would like to thank our staff who always impress me and my Board colleagues on their commitment to our patients, and

their carers, and their desire to deliver excellent patient care. This was clearly demonstrated at our inaugural Staff Diamond Awards, in March 2015, and will continue to be recognised through our Diamonds of the Month Awards for individuals and teams who make an outstanding contribution to the care of our patients.

The Board of Directors has reviewed the 2014-15 Quality Account and confirms that it is a true and fair reflection of UHSM's performance. We hope that the Quality Account provides you with the evidence of the Trust's commitment to quality and safety.

28<sup>th</sup> May 2015      Date            Signature

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



## 4.2 Performance against the Quality Improvement Priorities in 2014-15


In the Quality Account 2013-14, UHSM presented its quality improvement priorities for 2014-15, which were agreed following extensive consultation with key stakeholders. Governors, managers and clinical colleagues were consulted in the development of the priorities for quality improvement 2014-15. 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 and Quality and Patient Experience programmes.

In this section the Trust's performance in 2014-15 is reviewed compared to the priorities that were published in UHSM's 2013-14 Quality Account. In addition, performance against key national priorities is detailed.

During 2014-15 UHSM has been delivering this programme of work and progress against the priorities has been shared on a monthly basis with the Board of Directors and published monthly on the Trust's website. Progress has also been discussed at every Council of Governors' Meeting and, via UHSM's Patient Experience Report,

A summary of the Trust's performance for each of the quality indicators is presented in **Table 4.2.1**. The time period of the results is April 2014 to March 2015 (referred to as 2014-15), unless otherwise stated in the text. Progress against the initiatives, during the year, is assessed in this Quality Account according to four classifications, as set out below.

### Assessment of progress against quality goals in 2014-15

target achieved	
close to target	
initiative is on-going	
target not achieved	

The Trust is currently validating the data in the table below at the end of the year.

**Table 4.2.1:** Summary of performance against the quality improvement priorities in 2013-14

PATIENT SAFETY	2014-15 Quality goals	2014-15 Results	Progress
Improve safety and patient experience by maintaining safe staffing levels across the Trust and ensure that this information is available to the general public	complete the Nurse Staffing Review;	Carried out Nurse Staffing Review	G
	implement 'Long Days' following a period of consultation;	Shift pattern of 'Long Days' introduced	G
	implement the Safe Staffing Plan;	Safe Staffing Plan is in place	G
	increase the nursing establishment by 18 WTEs;	Nursing establishment increased in line with target	G
	ensure all wards have Ward Co-ordinators in post; and	Ward Co-ordinators are in post	G
	achieve over recruitment of nursing posts.	Nursing recruitment events are planned throughout 2015-16	B
Improve safety and patient experience through reduction in avoidable harm to patients via monitoring of harm free care and internal monitoring of specific safety metrics	zero cases of <i>MRSA bacteraemia</i> ;	1 case of <i>MRSA bacteraemia</i> compared to 4 cases in 2013-14	R
	no more than 39 cases of <i>Clostridium difficile</i> ;	9 cases of <i>Clostridium difficile</i> reported due to 'lapses of care'	G
	10% reduction in <i>Meticillin-sensitive Staphylococcus aureus (MSSA) bacteraemia</i> ;	21 cases reported compared to target of 19	R
	10% reduction in <i>E. Coli bacteraemia</i> ;	31 cases compared to target of 54	G
	to be within the top 20% of acute hospital trusts for the National Safety Thermometer and within 98% hospital- acquired harm-free care; and	97.8% of patients surveyed were free from newly-acquired harms, placing the Trust just outside top 20%	R
	full implementation of the Safer Surgery Checklist to achieve an audit standard completion target of 90%.	98.2% Checklist compliance achieved during 2014-15	G
Improve the safety and clinical effectiveness of patient care via the Mortality Review Programme, with an aim of further reducing mortality indices and learning leading to improved practice	to be within the top 30% of acute hospital trusts for mortality as measured by the Summary Hospital- level Mortality Indicator (SHMI);	SHMI value of 0.964 places UHSM in the top 30% nationally	G
	complete a six month review of data and report findings to the Board of Directors;	Six month review of mortality data completed and presented to Board	G
	complete a one-year review of mortality; report findings to Board of Directors and provide feedback to consultants and wards;	Report presented to Board of Directors in October 2014 (see <a href="#">page 15</a> for details)	G
	review and develop the Trust's Mortality Review Process; and	Completed	G
	implement and review the revised Mortality Review Process.	Option appraisal is underway and due to report in June 2015	B

G target achieved  
 A close to target  
 B initiative is on-going  
 R target not achieved

CLINICAL EFFECTIVENESS	2014-15 Quality goals	2014-15 Results	Progress
Improve the safety and experience and quality of care on wards via development of a Ward Accreditation Scheme	pilot, plan, review and revise the Ward Accreditation Tool;	Formal accreditation process piloted	G
	implementation phase - achieve the first 'Gold' ward;	Three wards have achieved gold standard	G
	continued implementation of inpatient areas; and	Inpatient areas assessed using re-assess protocol	G
	all wards to be accredited by March 2015.	All wards accredited	G
Improve the safety and clinical effectiveness of patient care through the 'Learning Lessons Once' initiative	implement plan and baseline audit;	Completed	G
	agree quality improvement targets with commissioners;	Quality improvement targets agreed	G
	audit and feedback to wards; and	Monthly audits in place	G
	carry out a performance audit.	90% for all indicators	G

Improving the PATIENT EXPERIENCE	2014-15 Quality goals	2014-15 Results	Progress
Improve the safety and experience of patients by developing a strategy to support the integrated care agenda for the frail and elderly	Enhanced Neighbourhood Team business case approved;	Business case approved	G
	evaluate outcome of Neighbourhood Team pilot;	Pilot evaluated by Lancaster University	G
	mobilise the Enhanced Neighbourhood Team service;	Integrated Community Care Team established	G
	commence frailty assessments;	Assessments in place	G
	seven day palliative care service;	7-day service in place	G
	seven day rapid response service; and	7-day service in place	G
twelve hour palliative care provision.	Develop operational plan	B	
Improve the patient experience by utilising patient feedback methods across the hospital and community services, to ensure care and service changes support the needs of patients and carers	to be within the top 20% of acute hospital Trusts for the Friends & Family Test. Improve the response rate to the test in the Emergency Department (20% in Q4) and inpatient areas (40% in Q4);	Responses to inpatient and A&E surveys both within top 60% nationally. Achieved response rate targets	A
	implement the staff Friends & Family Test. Introduce the test to outpatient and day case settings;	Test introduced to staff, and outpatient and day case areas	G
	introduce monthly complaint investigation training for all staff that investigate and respond to complaints;	Complaint investigation training has been established	G
	develop resource materials for staff to deal more effectively with complaints;	Top tips for staff, letter templates in place	G
	monitor satisfaction with responses to complainants and monitor quality improvements through complaints review panels; and	Lean/ Six Sigma methodology utilised to learn from high performing areas	B
achieve 10% reduction in complainants dissatisfied with our response.	54 dissatisfied complainants in 2014-15	R	

G target achieved   
 A close to target   
 B initiative is on-going   
 R target not achieved

<i>Improving the PATIENT EXPERIENCE</i>	2014-15 Quality goals	2014-15 Results	Progress
Development of the Trust's Dementia Strategy with the aim of improving the experience of patients with dementia in hospital	provision of a dementia specific training programme;	Dementia training Tier-3 Programme rolled out. Awareness training is mandatory for all staff	G
	revision and implementation of a dementia strategy and clinical guidelines;	Dementia clinical guidelines implemented	G
	implementation of an electronic assessment tool; and	Electronic assessment tool implemented	G
	audit on mental illness services and compliance with adult safeguarding policies.	Monthly audit carried out by the Mental Health Team	G

G target achieved    
 A close to target    
 B initiative is on-going    
 R target not achieved

## 4.2.1 Review of the Quality Improvement Projects 2014-15

The section that follows details the work undertaken to deliver the results outlined in *Table 4.2.1*. For each of the eight focus areas listed in *Table 2.1*, performance against headline measures is assessed alongside the main achievements and further actions identified.

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### ■ Safe ■ Effective ■ Patient Experience

#### Improve safety and patient experience by maintaining safe staffing levels across the Trust and ensure that this information is available to the general public

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In response to the Francis Report and the government's response to this report ('Hard Truths') the Trust carried out a staffing review and nursing establishments have been reviewed in inpatient areas. As a result, the Board of Directors has committed to investing additional monies into some inpatient areas. A new Nursing Recruitment Strategy and plan have been developed to ensure that nursing posts are recruited to and that safe staffing levels are maintained. The Trust has committed to sharing staffing information publically on a shift-by-shift basis.

- Goals:
- A. Complete the Nurse Staffing Review.
  - B. Implement 'Long Days' following a period of consultation.
  - C. Implement the Safe Staffing Plan.
  - D. Increase the nursing establishment by 18 Whole Time Equivalent (WTEs).
  - E. Ensure all wards have Ward Co-ordinators in post.
  - F. Achieve over-recruitment of nursing posts.

By when: March 2015

Actual outcome: A-E **TARGETS ACHIEVED**  
F. **INITIATIVE IS ONGOING**

The Trust is successfully achieving safe staffing levels. An action plan has been developed for monitoring the recruitment and retention of nursing staff. An electronic real time Starters and Leavers Tool, populated by the wards, provides reports on vacancy numbers and trajectories across the Trust, down to directorate level. Six monthly reviews of patient dependency on each ward take place to ensure the appropriate skill mix of nursing staff in post. To meet the needs of patients we implemented a shift pattern of 'Long Days', where appropriate, to facilitate this and reduce handovers. Delivery of patient care is co-ordinated each shift by a designated ward co-ordinator.

To ensure we minimise the number of vacancies within the nursing workforce we have a continual nursing recruitment plan to over recruit nurses to posts; the Trust aims to achieve an average turnover rate of 15% or lower. Trust wide recruitment events are planned for registered and non-registered nurses throughout 2015-16.

## ■ Safe ■ Effective ■ Patient Experience

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

Reducing the incidence of avoidable harms is a key Trust objective. There are a number of indicators that the Trust monitors to ensure patient safety. This year, the Trust has selected three specific areas to focus on as part of its quality monitoring. Specific safety areas that have been chosen to monitor reduction of avoidable harm are as follows: infection prevention; Safety Thermometer and levels of harm-free care across pressure ulcers, falls, catheter associated urinary-tract infections and venous thromboembolism; and the Safer Surgery Checklist.

- Goals:
- A. Meet all infection prevention targets and see a 10% reduction in *Meticillin-sensitive Staphylococcus aureus (MSSA) bacteraemia* (often associated with soft tissue injuries) and *E. Coli bacteraemia* (often linked with catheter associated urinary tract infections).
  - B. To be within the top 20% of the National Safety Thermometer and within 98% hospital acquired harm free care.
  - C. Full implementation of the Safer Surgery Checklist to achieve an audit standard completion target of above 90%.

By when: March 2015

- Actual outcome:
- A. **CLOSE TO TARGET**
  - B. **TARGET NOT ACHIEVED**
  - C. **TARGET ACHIEVED**

One incidence of *MRSA bacteraemia* was reported in 2014-15 compared to four cases in 2013-14. The *MRSA bacteraemia* was confirmed as a contaminated sample rather than a true bacteraemia, but is still reported against the Trust which took the sample. Forty four cases of *Clostridium difficile* were reported in 2014-15. Following review with commissioners, nine cases were reported against the annual objective of thirty nine cases as 'lapses of care' (i.e. they were considered to be avoidable). In 2014-15, the Trust set an objective to reduce the number of cases of *MSSA bacteraemia* and *E. Coli bacteraemia* by 10% compared to the previous year. Whilst *MSSA bacteraemia* has exceeded its target by two cases (21 incidences vs. 19 trajectory), incidences of *E. Coli bacteraemia* have reduced significantly (30 incidences vs. 54 trajectory).

**Table 4.2.2:** Annual infection-prevention performance

Infection	Target	Cases	Status
<i>MRSA bacteraemia</i>	0	1	Not achieved
<i>C. difficile</i>	39	9	Achieved
<i>MSSA bacteraemia</i>	19	21	Not achieved
<i>E. Coli bacteraemia</i>	54	31	Achieved

97.8 % of all patients surveyed as part of the National Safety Thermometer were free from newly acquired harms placing the Trust just outside the top 20% of acute hospital Trusts in England, but within upper quartile performance. In order to achieve the Trust's objective, it was necessary to

reduce the number of existing and newly acquired pressure ulcers during the year. The Tissue Viability Team has carried out a number of initiatives to support this improvement goal:

- an increase in teaching for staff regarding pressure ulcer management and targeted ward teaching provided to areas where the prevalence of pressure ulcers is high;
- masterclass sessions have been made available for ward managers and senior sisters to improve skills in the correct verification of pressure ulcers;
- efforts have been made to encourage increased incident reporting for all harms and remind staff of the importance of assessing patients within six hours of admission/ transfer; and
- the Trust is developing relationships with other care providers to work in collaboration and now differentiates 'harms' that have happened within the community (prior to attending hospital) and recording them using the National Safety Thermometer.

The implementation of the Safer Surgery Checklist has been co-ordinated and monitored by the Theatres User Group. 98.2% Checklist compliance was achieved over the 12 month period April 2014 to March 2015, which exceeds the local target of 90%.

To further strengthen the application of the Safer Surgery Checklist, all theatres will be fitted with a Team Brief Board by the end of May 2015. The Team Brief Boards will help to formalise and standardise the way in which the clinical and nursing teams conduct a formal brief before the theatre list commences. They provide a visual aid of the clinical indicators/ concerns, special equipment required and alerts for every patient on the operating list. They also provide information about the point at which the patient needs to stop drinking to ensure that they are hydrated before surgery, which enhances their recovery afterwards.

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## ■ Safe ■ Effective ■ Patient Experience

**Improve the safety and clinical effectiveness of patient care via the Mortality Review Programme, with an aim of further reducing mortality indices and learning leading to improved practice**

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In 2013-14, mortality data from a number of sources alerted the Board of Directors to an increase in risk adjusted mortality indices. Work commissioned by the Board led to the appointment of a Mortality Review Group, so that all deaths are reviewed by a clinical team to look at care issues and potential preventability. This work has been on-going since July 2013 to ensure that every death in the Trust has been reviewed and accurately coded. In relation to mortality indices, the agreed measure is to be in the top 20% of acute hospital trusts, in England, as measured by the Summary Hospital-level Mortality Indicator (SHMI).

- Goal:
- A. To be within the top 30% of acute hospital trusts, in England, for mortality (as measured by SHMI)
  - B. Complete a six-month review of data and report findings to the Board of Directors.
  - C. Complete a one-year review of mortality; report findings to the Board of Directors and provide feedback to consultants and wards.
  - D. Review and develop the Trust wide mortality review process.
  - E. Implement and review the revised Trust wide mortality review process.

March 2015

By when: A-D **TARGETS ACHIEVED**

Actual outcome: E. **INITIATIVE IS ONGOING**

The Trust's SHMI value for the 12 month period July 2013 to June 2014 is 0.964 and places UHSM within the top 30% of acute hospital Trusts in England with a ranking of 38 out of 137 acute trusts in terms of the lowest-reported SHMI.

The Mortality Review Group is supervising the work of the mortality review, which has completed the full review of all inpatient mortalities for the period July 2013 to June 2014 and presented an analysis and conclusions to the Board of Directors in October 2014. The report concluded that the rate of potentially avoidable mortality compares very favourably with similar studies. Consultants and ward managers have received feedback from the review about individual cases, which will assist in their learning and reflection (to aid revalidation and appraisal) as well highlighting areas for potential improvement.

The Trust's Executive Team has directed an option appraisal for the Trust wide review process to be discussed in July 2015 and work is underway, linking proposals to developing national initiatives.



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## ■ Safe ■ Effective ■ Patient Experience

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

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The aim of a Ward Accreditation process is to improve patient experience and patient safety and provide a level of assurance about the quality of care and standards on our wards. The Ward Accreditation Scheme involves observing normal activities, checking standards, asking patients about their experience and talking to staff working on the ward in order to ensure a thorough assessment can be made. Wards are accredited as being 'Gold' - achieving the highest standards with evidence in the data and evidence of leadership excellence; 'Silver' - achieving the minimum standards, or above, and actively improving with evidence of impact in the data; 'Bronze' - achieving minimum standards and undertaking active improvement work. If a ward falls below the minimum standards they will be issued a 'White' ward status and will be considered a high-risk area.

- Goals:
- A. Pilot, plan, review and revise the Ward Accreditation Tool.
  - B. Implementation phase - achieve first 'Gold' ward.
  - C. Continued implementation of inpatient areas.
  - D. All wards to be accredited by March 2015.

By when: March 2015

Actual outcome: **A-D TARGETS ACHIEVED** - the formal accreditation process has now been successfully implemented and completed across all wards and continues to be implemented in other inpatient areas via the re-assessment protocol. The accreditation process has also been introduced into the community setting.

Ward accreditation has identified a number of themes so far including the need for further training covering, for example, Deprivation of Liberty and Adult Safeguarding, and pressure ulcer reporting. This has been acknowledged by the Safeguarding and Tissue Viability Teams. Three wards achieved Gold Accreditation.

## ■ Safe ■ Effective ■ Patient Experience

### Improve the safety and clinical effectiveness of patient care through the ‘Learning Lessons Once’ Initiative

Within healthcare there are times when staff and the Trust’s clinical services make mistakes and do not provide optimal care for patients. Key to understanding how these incidents can be prevented in the future is having robust investigation processes and making changes, which can prevent recurrence of the same/ similar incidents happening again. This quality priority has been identified with commissioners to look at how we ensure that we learn lessons when such an incident does happen. Commissioners identified the key area of nutrition and hydration across the Trust’s inpatient and community services. This is a priority area due to nutrition and hydration being one of the fundamental basics that supports patients to build resilience and improve overall health and wellbeing.

- Goals:
- A. Implement plan and baseline data.
  - B. Agree quality improvement targets with commissioners.
  - C. Audit and feedback to wards.
  - D. Carry out a performance audit.

By when: March 2015

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

This initiative has seen the Trust implement a number of actions to promote good nutrition across all areas including devising a CQUIN (Commissioning for Quality and Innovation) standard, incorporating compliance with nutritional screening into ward accreditation and making it one of the ‘Sign up to Safety’ campaign initiatives. Wards now collect data on nutrition screening, the use of nutrition care plans and dietician referrals each month, which has raised the profile of nutrition across the whole organisation. Collection of data from every ward, every month, has helped to identify areas where extra individualised training and support is required. Training is currently delivered at nursing induction and via Nutritional Link Nurse/ Nutrition Link Healthcare Assistant training sessions.

A number of resources to support provision of good nutritional care have been developed in 2014-15 including the Malnutrition Universal Screening Tool (MUST), care plans and pictorial menus. The Food Issues Group’s webpage is also widely used across the Trust. The inpatient menu has been revised in the last year to improve patient choice by increasing the number of options available at lunchtime. According to patient surveys carried out in the Trust, the new menu has been positively received.

**Table 4.2.3:** Annual performance for specific nutrition indicators

Nutrition indicator	Performance
Patients nutritionally screened within 24 hours of admission	99%
Patients at nutritional risk with a nutrition care plan in place	99%
Patients requiring input that have been referred to the dietician	94%
Patient seen by dietician within a week of referral	91%

Audit data for Quarter 4 indicates that the Trust met performance targets of 90% for all four indicators.

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## ■ Safe ■ Effective ■ Patient Experience

### Improve the safety and experience of patients by developing a strategy to support the integrated-care agenda for the frail & elderly

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Manchester's Health and Wellbeing Board has approved a Strategic Plan for the 'Living Longer, Living Better' Programme, which sets out the ambition for out of hospital services and to shift care from acute hospitals. The overall aim is to deliver excellent community-based co-ordinated health and social care for the people of Manchester. Our developing Clinical Services Strategy will include consideration of what organisational form best suits different services and the Trust overall.

- Goals:
- A. Enhanced Neighbourhood Team business case approved.
  - B. Evaluate outcome of Neighbourhood Team pilot.
  - C. Mobilise the Enhanced Neighbourhood Team service.
  - D. Commence frailty assessments.
  - E. Seven day palliative care service.
  - F. Seven day rapid response service.
  - G. Twelve hour palliative care provision.

By when: March 2015

Actual outcome: **A-F TARGETS ACHIEVED**  
**G. INITIATIVE IS ONGOING**

UHSM provides integrated acute and community services for South Manchester. As the predominant healthcare provider for South Manchester - with hospital sites at Wythenshawe and Withington - providing high-quality services for the local population is at the heart of our strategy. Through Manchester's 'Living Longer, Living Better' Programme, the Trust is working closely with local commissioners and the City of Manchester local authority to develop integrated community services, which work closely with primary care to keep people who are well out of hospital. During 2014-15, UHSM has started to work with the local authority to take responsibility for the provision of social care; the Trust expects to complete this in 2015-16.

The following initial priorities have been completed:

- frail older people and people with dementia, including care at the end of life;
- integrated care for adults with long-term conditions;
- formation of Integrated Community Care Team (ICCT) to deliver co-ordinated and integrated care (including Community Nursing, Rapid Response Service, Pharmacist, Occupational Therapy), Palliative Care Team, Mental Health and Social Workers);
- Frailty Assessment Tool (phased roll-out from March 2015 where 50 assessments were carried out in this month alone); and
- laptop roll out to the Integrated Community Care Team.

Opportunities for developing services exist in the following areas:

- fully integrated community health and social care services within the Integrated Community Care Team (ICCT) to include social workers and the re-ablement service as a minimum;
- integration of mental health services within UHSM ICCT;
- roll out of Frailty Assessment Tool across local population groups and primary care; and
- establish a fully integrated Community Services Directorate.

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## ■ Safe ■ Effective ■ Patient Experience

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

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Understanding the experience of patients and their relatives/ loved ones is fundamental to identifying areas for improvement, and highlighting good practice, which can be shared across other clinical areas. Listening to patients and people who use/ visit our services provides personal, accurate and timely feedback on the quality and effectiveness of care that we provide. The Trust encourages the development of a culture that continuously views care through the eyes of a patient by ensuring that patients are able to feedback as part of the care experience and that feedback is transparent and available for all to see.

- Goals:
- A. To be within the top 20% of acute hospital Trusts, in England, for the Friends & Family Test. Improve the response rate to the test in the Emergency Department (Quarter 4 - 20%) and inpatient areas (Quarter 4 - 40%).
  - B. Implement the staff Friends & Family Test and introduce the test to outpatient and day case settings.
  - C. Introduce monthly complaint investigation training for all staff that investigate and respond to complaints.
  - D. Develop resource materials for staff to deal more effectively with complaints.
  - E. Monitor satisfaction with responses to complainants and monitor quality improvements through complaints review panels.
  - F. Achieve a 10% reduction in complainants dissatisfied with our response.

By when: March 2015

Actual outcome:

- A-D **TARGETS ACHIEVED**
- E **INITIATIVE IS ONGOING**
- F **TARGET NOT ACHIEVED**

Although annual national benchmarking figures are not available until May 2015, data for the period April 2014 to February 2015 indicates that 94.9% of our inpatients would be extremely likely/ likely to recommend the Trust to their friends and family, which is just outside the Trust's target of being in the top 20% nationally (96.3% and above). Similarly, 86.8% of patients attending UHSM's Emergency Department would provide a positive recommendation compared to 92.5% in the top 20% of Trusts nationally. With Friends & Family Test response rates of 50.5% for inpatients and 21.2% for the A&E Department, the Trust achieved the Quarter 4 quality improvement targets.

The Friends and Family Test has been successfully rolled out to outpatient and day case areas using digital technology (i.e. hand held tablets) to provide real time patient experience feedback for UHSM services in these areas. The roll out has continued to other areas including community services and paediatrics.

Improvements in the quality of complaints responses have been facilitated by the Complaint Review Panel. The next stage is to focus on reducing the number of dissatisfied complainants and the Trust is employing Lean/Six-Sigma improvement methodology to understand what high performing areas of the Trust do so well in order to introduce a similar approach in areas that have relatively high rates of dissatisfied complainants. In addition, we are focusing on how we are facilitating cross organisational learning. The Patient Experience Team won the National Patient Experience Team of the Year at the Patient Experience Network Awards in March 2015.

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## ■ Safe ■ Effective ■ Patient Experience

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

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

- Goals:
- A.** Provision of a dementia specific training programme.
  - B.** Revision and implementation of strategy and clinical guidelines.
  - C.** Implementation of an electronic assessment tool.
  - D.** Audit on mental illness services and compliance with adult safeguarding policies.

By when: March 2015

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

**B & C** - The Trust continues to develop its Dementia Strategy and focus on extending the successful implementation of electronic screening process from the Acute Admissions Unit to the wider Trust. A Dementia Specialist Nurse, who started work in Trust in mid-March 2015, will take a lead in driving the efficiency in screening and the delivery of quality of care to people identified as having dementia.

**A & D** - The Dementia Training 3-Tier Programme has been constructed and rolled out. Training is comprised of Bronze, Silver and Gold levels that range from awareness to a face to face full day session. Awareness training is mandatory for all UHSM staff and compliance is reported to the Dementia Operational Group every two months. The Mental Health Team (Rapid Assessment Interface Discharge) completes a monthly audit of activity against key service performance indicators. There is a local data sharing arrangement between UHSM and Greater Manchester West Mental Health (GMW) to monitor partnership working and support service development. All policies are fully-compliance with UHSM safeguarding procedures.

In addition, the key issues identified in the CQC dementia themed review have been fully addressed, including the monthly recorded audit of mental health liaison and roll out of a project to ensure hospital transfer information is sent in with patients who come from care homes. The Trust has met the national FAIR (Find, Assess and Investigate, Refer) target for every month of the 2014-15.

## 4.2.2 Performance against key National Priorities in 2014-15

The Trust did not meet the emergency access four hour waiting time in 2014-15, as a consequence of under performance in quarters 1, 3 and 4. Key issues facing the Trust have been a mix of external factors such as increased attendances, more complex needs of the patients admitted, delayed transfers of care as well as internal factors such as discharges from the wards not occurring early enough in the day. The Trust has launched a new plan ('95 in 15') that aims to improve flow within the Trust as well as across the wider health economy. Progress against this plan will be monitored at the '95 in 15' Delivery Group and the Urgent Care Board.

During 2014-15, UHSM achieved the referral-to-treatment targets for both non-admitted and admitted patients and met all the national cancer targets. The Trust, however, did not achieve the referral-to-treatment admitted standard, at aggregate level, in Quarter 4 due to a number of factors including reducing the RTT backlog as part of a national waiting-time initiative; a large number of cancellations during January and early February as well as capacity issues in some specialties. Comprehensive plans have been developed to address capacity constraints. Specialty level RTT performance will be monitored closely through the new Patient Access Board, with updates provided to the Trust's Operational Board and Executive Team meetings.

UHSM reported forty four cases of *Clostridium difficile* during 2014-15. Following review with commissioners, nine cases were reported against the annual objective of 39 cases as 'lapses of care' (i.e. they were considered to be avoidable). The Trust reported one case of *MRSA bacteraemia* in 2014-15, having reported four cases in 2013-14. This case of *MRSA bacteraemia*, which was identified as a contaminant, is reportable against the Trust. The thresholds for next year (2015-16) continue to be challenging, with a threshold of zero *MRSA bacteraemia* and of 39 cases of *Clostridium difficile*.

**Table 4.2.4:** UHSM performance against key national priorities in 2014-15, and specifically, governance indicators published in Monitor's *Risk Assessment Framework 2015*

Acute targets - national requirements	2014-15	2013-14	2012-13	Threshold <sup>(a)</sup>
18-week referral-to-treatment maximum wait:				
Non-admitted patients	95.9%	97.7%	97.3%	95.0%
Admitted patients	90.8%	91.8%	93.0%	90.0%
Patients on an incomplete pathway	94.9%	95.1%	94.9%	92.0%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge		94.3%	92.3%	95.0%
Maximum two month wait from referral to treatment for all cancers <sup>(b)</sup> :				
from urgent GP referral to treatment	86.2%	87.3%	87.8%	85.0%
from consultant screening service referral	98.2%	98.2%	97.5%	90.0%
Maximum one month wait for subsequent treatment of all cancers:				
surgery	98.3%	98.6%	97.6%	94.0%
anti-cancer drug treatment	100%	100.0%	100.0%	98.0%
Maximum one month wait from diagnosis to treatment for all cancers	98.7%	97.8%	97.6%	96.0%
Two week wait from referral to date first seen: all cancers	97.1%	97.3%	96.9%	93.0%
for symptomatic breast patients (cancer not initially suspected)	97.0%	98.5%	96.7%	93.0%
<i>Clostridium difficile</i> year on year reduction <sup>(c)</sup>	9	36	46	39 in 2014-15 36 in 2013-14 49 in 2012-13
MRSA - meeting the MRSA objective <sup>(d)</sup>	1	4	1	0 in 2014-15 0 in 2013-14 3 in 2012-13
Access to healthcare for people with a learning disability	83.3%	83.3%	95.8%	no threshold published

Notes to **Table 4.2.4:**

March 2015 performance for the national cancer standards is indicative at the moment and will be finalised as soon as the CWT submission process is complete.

- (a) threshold for achievement of the national standard;
- (b) reporting of the national 62 day cancer standards is according to the Greater Manchester and Cheshire Cancer Network's (GMCCN) breach re-allocation rules from October 2011. Prior to October 2011, the 62-day cancer standards were reported using the national Cancer Waiting Times (CWT) database.
- (c) From 1 April 2014, hospital-acquired incidences of *Clostridium difficile* are reported against the annual objective if they are due to 'lapses of care' as agreed with commissioners. UHSM reported forty-four cases of hospital acquired *Clostridium difficile* in 2014-15. Following review, nine cases were reported against the annual objective of thirty-nine cases as 'lapses of care'. Prior to 2014-15, all hospital acquired *Clostridium difficile* cases were reported against the annual objective; and
- (d) the Department of Health target is zero; this target is no longer part of Monitor's *Risk Assessment Framework*.

### 4.2.3 National Benchmarking of specific Quality Indicators

The *NHS Outcomes Framework 2015-16* sets out the high-level national outcomes which the NHS should be aiming to improve. UHSM has benchmarked the following quality indicators against the national average for NHS acute trusts in England, where the data is available, for the last three reporting periods (see [Table 4.2.5](#)):

- SHMI;
- Patient Reported Outcome Measures (PROMs);
- Emergency re-admissions within 28 days of being discharged;
- Responsiveness to the personal needs of inpatients;
- Staff recommending the Trust as a provider of care (to their friends or family);
- Risk assessment of venous thromboembolism (VTE);
- *C. difficile* infection rate per 100,000 bed days; and
- Patient safety incidents that result in severe harm or death.

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

#### DOMAIN: PREVENTING PEOPLE FROM DYING PREMATURELY

##### Summary Hospital-level Mortality Indicator

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

UHSM considers that this data is as described and reflects the focus that the organisation gives to reducing mortality and also that improvements in care can be made. The data is consistent with that reported by the Health and Social Care Information Centre (HSCIC), which is checked prior to each quarterly publication and approved by the Executive Medical Director. The SHMI data in [Table 2.5](#) demonstrates a SHMI value below 100 for the period, which indicates less mortality than predicted, though the statistical band is 'as expected'.

UHSM intends to take the following actions to improve the SHMI value and so the quality of its services, by setting a corporate objective to achieve a SHMI ratio that is within the lowest (and so best) 25% of acute hospital Trusts in England. This improvement will be driven by a combination of measures to strengthen the underlying data through a clinical coding improvement plan, learning and improvements in care following independent care review of all inpatient mortalities and actions following recommendations of independent reviews of the care pathways (particularly for patients with pneumonia and stroke).

##### Palliative care coding

UHSM considers that this data is as described for the following reasons; it accurately reflects local reviews of clinical coding data. The data in [Table 2.5](#) indicates a palliative care coding rate that is more than a third lower than the national average. Whilst the Trust has an active and effective palliative care service, it does not have dedicated palliative care beds so would not expect to see a large volume of coded activity.

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



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

### Patient Reported Outcome Measures

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

UHSM considers that this data is as described for the following reasons; it is in line with the data monitored through the Trust's internal monitoring processes. The data reported in **Table 2.5** demonstrates that the Trust's PROMs rates are close to the national average. The Trust is aware that the barrier to high take-up rates is patients choosing not to participate.

UHSM to take the following actions to improve this percentage and so the quality of its services, by continuing to implement an action plan to increase take-up rate, by introducing clear data reporting processes to relevant surgical specialties and utilising pre-surgical assessment clinic staff to understand the reasons for patients declining to participate in the study.

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

UHSM considers that this data is as described. As the latest period reported by the Health and Social Care Information Centre, for emergency re-admissions within 28 days of discharge (indirect standardisation to persons in 2007-08) is 2011-12, the Trust has also provided data for emergency re-admissions *to any hospital* within 28 days of discharge using the Dr Foster Quality Investigator tool for the most recent 12 month period (i.e. October 2013 to September 2014). The Trust's emergency re-admission rate has is higher than the national average for both age ranges (0-15 years and 16 years and over) and has increased in the last (12 month) reporting period.

UHSM intends to take the following actions to improve this rate, and so the quality of its services; a clinically led re-admissions audit, carried out in collaboration with the Trust's commissioners, was completed in 2014-15. The audit concluded that the number of avoidable re-admissions at the Trust had reduced from 28% to 23%. UHSM is reviewing the findings of the re-admission audit and the reasons for re-admissions. A cross Health Economy Plan will be developed and implemented in 2015-16 with progress monitored by the Urgent Care Board. The Trust regularly monitors the re-admission indicators in the Care Quality Commission's Integrated Monitoring Report, using the latest data, and reports any 'alerts' to the Executive Team and Board of Directors.

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

### Responsiveness to inpatients' personal needs

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

### Staff who would recommend the Trust to friends or family

UHSM considers that this data is as described for the following reasons; it matches the data provided by the Annual Staff Experience Report. The data in **Table 2.5** demonstrates a score that is considerably above the national average, reflecting a workforce that appreciates the quality of care provided by the Trust.

UHSM intends to take the following actions to improve the score and so the quality of its services, by setting a corporate objective to be in top 20% of English acute Trusts by delivering staff listening events and by delivery of high quality safe care through the development and implementation of a Trust wide quality and patient safety strategy.

### Friends and Family Test for inpatients and A&E

UHSM considers that this data is as described for the following reasons; it is in agreement with the data produced by the Trust on a monthly basis to monitor responses and response rates. The data in **Table 2.5** indicates performance is close to the national average in terms of positive recommendations, though the Trust has a higher than average inpatient response rate and a lower than average response rate for A&E.

UHSM intends to take the following actions to improve these scores and so the quality of its services, by continuing the programme of work to improve overall patient experience and highlight specific data from patients who provide a negative response to better understand how the Trust can act on their response and improve services and enhance the patient experience. This will complement the Ward Accreditation Scheme in raising the standards of care for inpatients and other UHSM services; this will also be rolled out in the A&E Department. The Trust will also pilot a real time data collection solution to improve response rates and capture a wider range of patient feedback.

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

### Risk assessment of Venous Thromboembolism

UHSM considers that this data is as described for the followed reasons; it is in agreement with the data produced by the Trust on a monthly basis to monitor assessment rates. The data in **Table 2.5** indicates that the Trust is just below national averages though has exceeded the national target of 95%.

UHSM intends to take the following actions to improve this percentage and so the quality of its services, by continuing to review performance on a monthly basis, improve data quality through validation, use of ward-based data displays (Smart Boards) and by auditing and acting on assessment data through the NHS Safety Thermometer. An element on assessments (including VTE assessments) is included in the Trust's Ward Accreditation Scheme, which covers all inpatient wards.

### *Clostridium difficile* incidence

UHSM consider that this data is as described for the following reasons; the data from the pathology reporting system is validated every month against the record of positive samples that are reported on the Public Health England data capture system. The validated data is reviewed and approved by the Chief Nurse, on behalf of the Chief Executive, before the 15<sup>th</sup> day of each month when the data capture system closes.

UHSM intends to take the following actions to improve this incidence rate and so the quality of its services. The Trust has completed the proposed actions from last year's Infection Prevention Strategy and continues to make improvements to achieve the 2015-16 objective of thirty nine cases by continually reviewing and revising our extensive *Clostridium difficile* Infection (CDI)

action plan, completing a multi-disciplinary root-cause analysis following each incidence of Trust attributable CDI, meeting with our Greater Manchester leads on a monthly basis to validate each unavoidable case, supporting the implementation of the annual anti-microbial action plan, as well as delivering a robust audit programme for 2015-16 to support achievement of the new objective in the coming year.

### Patient safety incidents

UHSM considers that this data is as described for the following reasons; it is in line with the data produced through the Trust's internal monitoring processes and reflects the Trust's mechanisms for reviewing and validating reported incidents. The data in **Table 2.5** reports the Trust's rates for reporting and patient harm are close to national averages.

UHSM intends to take the following actions to maintain reporting rates and reduce harm and so the quality of its services by implementation of a Trust-wide Quality & Patient Safety Strategy, successfully implementing the Sign-up to Safety Programme, acting upon data and trends from the National Safety Thermometer Audit and through the improved standards of care delivered by the Ward Accreditation Scheme.

Table 4.2.5

Domain	Indicator	2014/15	National average	Best performer	Worst performer	2013/14	2012/13
Preventing people from dying prematurely	SHMI value and banding (July 2013 - June 2014)* <i>see note (a)</i>	<b>0.965</b> Band 2 (as expected)	<b>1.0</b> Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.541) Band 3 (better than expected)	Medway NHS Foundation Trust (1.198) Band 1 (worse than expected)		
	(April 2013 - March 2014)	<b>0.964</b> Band 2 (as expected)	<b>1.0</b> Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.539) Band 3 (better than expected)	Blackpool Teaching Hospitals (SHMI value: 1.197) Band 1 (worse than expected)		
	(January 2013 - December 2013)	<b>0.961</b> Band 2 (as expected)	<b>1.0</b> Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.624) Band 3 (better than expected)	Blackpool Teaching Hospitals (SHMI value: 1.176) Band 1 (worse than expected)		
Enhancing quality of life for people with long-term conditions	(October 2012 - September 2013)	<b>0.947</b> Band 2 (as expected)	<b>1.0</b> Band 2 (as expected)	The Whittington Hospital (SHMI value: 0.630) Band 3 (better than expected)	Wye Valley NHS Trust (SHMI value: 1.185) Band 1 (worse than expected)		
	% of admitted patients whose treatment included palliative Care (July 2013 - June 2014)*	<b>7.4%</b>	<b>24.6%</b>	N/A	N/A		
	(April 2013 - March 2014)	<b>9.1%</b>	<b>23.6%</b>	N/A	N/A		
	(January 2013 - December 2013)	<b>11.6%</b>	<b>22.0%</b>	N/A	N/A		
	October 2012 - September 2013)	<b>11.4%</b>	<b>20.9%</b>	N/A	N/A		
Helping people to recover from episodes of ill health or following injury	Patient reported outcome scores for groin hernia surgery: Case-mix adjusted average health gain (2013/14)* <i>see note (b)</i>	<b>0.071</b> Count of modelled records = 84	<b>0.085</b>	Wye Valley (0.132) Count of modelled records = 84	The Dudley Group (0.039) Count of modelled records = 150	<b>0.085</b> Count of modelled records = 46 (2012/13)	<b>0.101</b> Count of modelled records = 51 (2011/12)
	Patient reported outcome scores for varicose vein surgery: Case-mix adjusted average health gain (2013/14)* <i>see note (b)</i>	<b>0.095</b> Count of modelled records = 60	<b>0.093</b>	Wye Valley (0.5) Count of modelled records = 30	Imperial College Healthcare (0.023) Count of modelled records = 176	<b>0.129</b> Count of modelled records = 75 (2012/13)	<b>0.081</b> Count of modelled records = 34 (2011/12)

Domain	Indicator	2014/15	National average	Best performer	Worst performer	2013/14	2012/13
Helping people to recover from episodes of ill health or following injury	Patient reported outcome scores for hip replacement surgery: Case-mix adjusted average health gain (2013/14)* <i>see note (b)</i>	<b>0.431</b> Count of modelled records = 93	<b>0.436</b>	Chelsea and Westminster Hospital (0.483) Count of modelled records = 44	Royal Liverpool and Broadgreen University Hospital (0.342) Count of modelled records = 108	<b>0.385</b> Count of modelled records = 75 (2012/13)	<b>0.400</b> Count of modelled records = 109 (2011/12)
	Patient reported outcome scores for knee replacement surgery: Case-mix adjusted average health gain (2013/14)* <i>see note (b)</i>	<b>0.319</b> Count of modelled records = 104	<b>0.323</b>	Northampton General Hospital (0.4) Count of modelled records = 95	Homerton University Hospital (0.215) Count of modelled records = 40	<b>0.274</b> Count of modelled records = 82 (2012/13)	<b>0.305</b> Count of modelled records = 135 (2011/12)
	28-day readmission rate for patients aged 0-15 (2011/12)* <i>see note (c)</i>	<b>10.50%</b>	<b>8.65%</b>	The Princess Alexandra Hospital (5.10%)	The Royal Wolverhampton Hospitals (14.94%)	<b>8.74%</b> (2010/11)	<b>7.74%</b> (2009/10)
	28-day readmission rate for patients aged 16 or over (2011/12)* <i>see note (c)</i>	<b>11.04%</b>	<b>10.32%</b>	Weston Area Health (8.73%)	Epsom and St Helier University Hospitals (13.80%)	<b>11.48%</b> (2010/11)	<b>11.11%</b> (2009/10)
	28-day re-admission rate for patients aged 0-15 (Oct-13 to Sep-	<b>10.53%</b>	<b>8.50%</b>	The Princess Alexandra Hospital	Hinchingbrook e Healthcare (14.13%)	<b>9.82%</b> (Oct-12 to Sep-	<b>10.08%</b> (Oct-11 to Sep-
	28-day re-admission rate for patients aged 16 or over (Oct-13 to Sep-14) ** <i>see note (c)</i>	<b>8.32%</b>	<b>7.76%</b>	University College London Hospitals (5.08%)	Weston Area Health (11.23%)	<b>8.24%</b> (Oct-12 to Sep-	<b>7.46%</b> (Oct-11 to Sep-
Ensuring that people have a positive experience of care	Responsiveness to inpatients' personal needs: National Inpatient Survey score (2013/14)***	<b>65.9%</b>	<b>67.7%</b>	The Newcastle Upon Tyne Hospitals (77.3%)	Croydon Health Services (54.4%)	<b>68.0%</b> (2012/13)	<b>68.2%</b> (2011/12)
	Percentage of staff who would recommend the provider to friends or family needing care (2014)****	<b>79.4%</b>	<b>64.7%</b>	Frimley Park (89.3%)	Royal Cornwall Hospitals (38.2%)	<b>80.8%</b> (2013)	<b>78.7%</b> (2012)
	Percentage of inpatients who would be likely to recommend the ward to friends and family (April 2014 - February 2015)*****	<b>94.9%</b> 42.1% response rate	<b>94.0%</b> 36.4% response rate	Royal Berkshire (98.2%) 37.8% response rate	Medway (77.7%) 30.5% response rate	<b>93.8%</b> 28.6% response rate	<b>N/A</b>
	Percentage of patients attending A&E would be likely to recommend the A&E department to friends and family (April 14 - February 15)*****	<b>86.8%</b> 17.5% response rate	<b>86.7%</b> 19.5% response rate	Wirral University Teaching Hospital (98.8%) 24.3% response rate	Medway (66.9%) 17.6% response rate	<b>87.8%</b> 15.8% response rate	<b>N/A</b>

Domain	Indicator	2014/15	National average	Best performer	Worst performer	2013/14	2012/13
Treating and caring for people in a safe environment and protecting them from avoidable harm	Percentage of admitted patients risk-assessed for Venous Thromboembolism (April 2014 - December 2014)*****	<b>95.4%</b>	<b>96.0%</b>	Blackpool Teaching Hospitals (99.9%)	North Cumbria University Hospitals (87.7%)	<b>96.1%</b>	<b>94.0%</b>
	Rate of <i>C. difficile</i> per 100,000 bed days for specimens taken from patients aged 2 years and over (Trust apportioned cases) (2013/14)***** <i>see note (d)</i>	<b>14.0</b> Count of trust apportioned cases = 36	<b>14.5</b>	Homerton University Hospital (1.6) Count of trust-apportioned cases = 2	University College London (37.1) Count of trust-apportioned cases = 99	<b>16.6</b> Count of Trust apportioned cases = 46	<b>19.9</b> Count of Trust apportioned cases = 54
	Rate of patient safety incidents per 1,000 bed days (April - September 2014)***** <i>see note (e)</i>	<b>34.6</b> Count of incidents = 4,530	<b>35.9</b>	Doncaster and Bassetlaw Hospitals (0.24) Reported 35 incidents	Northern Devon Healthcare (75.0) <i>see note (f)</i>	<b>N/A</b>	<b>N/A</b>
	Percentage of patient safety incidents reported that resulted in severe harm or death (April - September 2014)*****	<b>0.4%</b> Count of incidents = 17	<b>0.5%</b>	Dorset County Hospitals (0%) Reported 0 incidents resulting in severe harm or death	Doncaster and Bassetlaw Hospitals (82.9%) Reported 29 incidents resulting in severe harm or death	<b>0.4%</b> Count of incidents = 13 (April - Sept 2013)	<b>1.0%</b> Count of incidents = 35 (April - Sept 2012)

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

Notes to **Table 4.2.5:**

- (a) OD banding: '1' where the trust's mortality is '*higher than expected*'; '2' where the trust's mortality rate is '*as expected*'; and '3' where the Trust's mortality rate is '*lower than expected*'.
- (b) Although the latest reporting period available for P ROMs is April to September 2014, the number of post-operative questionnaires sent out and returned by the date of publication (February 2015) is below the numbers required to calculate the adjusted average health gain (i.e. 30 modelled records). For the purposes of this report, the latest reporting period is therefore considered as April 2013 to March 2014.

The percentages listed identify the percentage of respondents who recorded an increase in their general health following their operation, based on a combination of five key criteria concerning their general health (EQ-5D index score) for each procedure.

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

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

Emergency re-admissions **to any hospital** within 28 days of discharge from hospital (ages 0-15 years and  $\geq 16$  years) is calculated using the Dr Foster Quality Investigator tool for a more recent 12 month period (i.e. October 2013 to September 2014). It is important to note that the Health and Social Care Information Centre and Dr Foster use different methodology to determine the re-admission rate within 28 days; the values calculate using each approach are not therefore directly comparable.

- (d) For up-to-date *Clostridium difficile* data for the most recent financial year performance, please see the specific Reducing Rates of Infection page within the Quality Account, on **page 13**.
- (e) The guidance provided by the Health and Social Care Information Centre states that the rate of patient safety incidents should be reported as a 'rate per 100 admissions'. In the latest publication (released on 8 April 2015), however, the rate of patient safety incidents is reported 'per 1,000 bed days'. As previous publications report the rate of patient safety incident per 100 admissions, it has not been possible to compare earlier reporting periods for this revised indicator.
- (f) The count of patient safety incidents is not provided because different trusts have reported data for a different number of months.

## 4.3 Priorities and Proposed Initiatives for 2015-16

UHSM's three priorities for 2015-16 are reflective of our Quality Diamond, and the initiatives chosen to deliver these priorities were established to build upon work

undertaken and the progress made in 2014-15.  
**Priority 1** Patient safety and clinical outcome  
**Priority 2** Patient experience  
**Priority 3** Staff engagement

UHSM has discussed its future priorities with South Manchester Clinical Commissioning Group (CCG) and Trafford CCG during 2014-15. The proposed 2015-16 priorities have been shared with, and are supported by, the Governors' Patient Experience Committee. The Trust has taken into account the feedback received on the Quality Account from Manchester Healthwatch and Manchester City Council's Health and Scrutiny Committee when developing its quality improvement priorities for 2015-16.

The following 2014-15 initiatives are not included as initiatives in 2015-16:

- **Learning lessons once in nutrition and hydration** - this initiative was completed and now is included in the Sign-up to Safety Programme; and
- **Integrated care** - the pilots have now been completed and the service is being integrated into the Integrated Community Nursing Team.

Please refer to section 2 with regard to the quality of health services, provided or sub-contracted by UHSM. Priorities for 2015/16 are noted in table 2.1, additional new KPI's for 2015/16 including Sepsis and AKI (Acute Kidney injury) do not have data for 2014/15.

### 4.3.1 Patient Safety and Clinical Outcome Priorities for 2015-16

*Priority  
for quality  
improvement*

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

#### Rationale for selection for this priority

'Sign-up to Safety' is a national patient safety campaign launched in 2014 with the mission to strengthen patient safety in the NHS and make it the safest healthcare system in the world. The Trust has committed to developing safety improvement plans (including driver diagrams), which will show how the organisation intends to save lives and reduce harm for patients over the next three years.

The five 'Sign-up to Safety' pledges are:

1. **Putting safety first** - commit to reduce avoidable harm in the NHS by half and make public our locally developed goals and plans;
2. **Continually learn** - make the organisation more resilient to risks, by acting on the feedback from patients and staff and constantly measuring and monitoring how safe our services are;
3. **Being honest** - be transparent with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong;
4. **Collaborating** - take a lead role in supporting local collaborative learning, so that improvements are made across all of the local services that patients use; and
5. **Being supportive** - help people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate progress.



The Trust will focus on the following five elements during 2015-16: pressure ulcers; nutrition and hydration; falls; acute kidney injury; and sepsis.

#### How progress to achieve this priority will be measured

To take this initiative forward the following will be delivered:

- development of a steering group to create and monitor the work plan for the whole initiative;
- identify clinical leads and develop improvement driver diagrams and safety improvement plans for each element; and
- agree metrics to measure progress and monitor harms through incident reporting.

#### How progress to achieve the priority will be monitored

These actions will be monitored on a regular basis by the steering group, which will provide quarterly reports to the Clinical Standards Sub committee and a half yearly report to the Quality & Assurance Committee.

**Priority  
for quality  
improvement**

**Improve the safety and experience and quality of care on the wards, in the Emergency Department, theatres and Community Nursing Teams using the Trust's Accreditation Scheme**

#### Rationale for selection for this priority

The aim of the Ward Accreditation Scheme, which was introduced across all inpatient areas of UHSM in June 2014 as a method to measure and monitor the standard of care delivering, is to improve patient experience and ensure patient safety. Phase one of the scheme has been successfully completed and phase two has commenced showing improvement in a number of areas. Following a review, the assessment documentation has been revised in accordance with the Care Quality Commission's (CQC) standards for inspection. Wards will continue to be accredited as *Gold, Silver, Bronze* or *White* and will be monitored using the agreed escalation process. Any ward that falls below the minimum standards will not be awarded accreditation status. Wards that achieve two consecutive *Gold* assessments will be awarded *Diamond* status.

#### How progress to achieve this priority will be measured

UHSM achieved the agreed performance indicator in 2014-15. The Scheme will continue to be implemented across inpatient areas in 2015-16. The agreed performance indicator for 2015 is to have implemented the Scheme in the nine community nursing settings that the Trust has responsibility for, by October 2015. The Ward Accreditation Scheme will also be introduced in the Emergency Department by December 2015 and a pilot in two operating theatres will take place in January 2016. The aim is for the Scheme to be fully implemented by July 2016.

#### How progress to achieve the priority will be monitored

A quarterly update will be provided to the Trust's Quality & Assurance Committee tracking progress and shared learning from the Ward Accreditation Scheme. Action plans will continue to be developed and will be reported through the agreed governance and divisional structure by the Heads of Nursing, Divisional Medical Director and Divisional Director of Operations, reporting to the Trust's Quality & Assurance Committee. This will also apply to the Emergency Department, community and operating theatre areas.

**Priority  
for quality  
improvement**

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

#### Rationale for selection for this priority

Reducing the incidence of avoidable harm is a key Trust objective. There are a number of indicators that the Trust monitors on an on-going basis to ensure patient safety. Incidence data

suggests that there are potential risks to patient safety during routine high volume surgical interventions and a review of pathways and safety procedures will be conducted. The five specific areas to focus on as part of quality-monitoring, to achieve reduction of avoidable harm, are as follows:

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

#### How progress to achieve this priority will be measured

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

- meet all infection-prevention targets - zero MRSA cases and less than 39 cases of *Clostridium difficile*;
- to be within the top 20% of acute hospital Trusts for the National Safety Thermometer results, achieving 98% hospital acquired harm free care and see reduction in harm levels;
- participate in the national Medication Safety Thermometer Programme and roll out audit to all appropriate ward areas;
- monitoring of the Safer Surgery Checklist and to achieve audit standards of 100% compliance in the monthly sample audits in theatre and interventional areas; and
- completion of pathway and safety procedures review of high volume routine surgical interventions.

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

#### How progress to achieve the priority will be monitored

Monthly data will be presented to the Board of Directors, as part of the Trust's Integrated Performance Report. Performance will also be monitored through Divisional Performance Review process, and at directorate and ward level. Separately, the Trust will develop a Safety Thermometer Working Group to strengthen data validation and drive improvements and reduction in harms.

**Priority  
for quality  
improvement**

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

#### Rationale for selection for this priority

Continuing the Trust's response to the *Hard Truths Report* the Trust will develop and implement a high level five year strategy (with appropriate performance indicators) to secure safe staffing levels and ensure that monitoring of this is visible to the public. Nursing recruitment is on-going and will be strengthened in the year to ensure that nursing posts are recruited to and safe staffing levels are maintained. The Trust has committed to compliance with NICE guidance and sharing staffing information publically on a shift by shift basis.

#### How progress to achieve this priority will be measured

The Trust will develop exit interviews to better understand the factors driving staff turnover; this will be monitored on a monthly basis. The Trust will also monitor the use of bank and agency staff. As per NICE (National Institute for Health and Care Excellence) Guidance, a staffing review will be

conducted and published twice yearly. Shift by shift the expected and actual numbers of staff will be posted on boards on the wards for staff, patients and members of the public to access. A staffing escalation plan will be supervised to ensure that the Trust can monitor and act on incidents where staffing establishments on occasion cannot be met. Staffing incidents will be monitored by the Board of Directors on a monthly basis.

#### How progress to achieve the priority will be monitored

- Shift by shift data on staffing numbers will be publically available on wards and available to access electronically;
- monthly information will be collated and provided to the Board of Directors on safe staffing numbers;
- incident data and staffing numbers will also be analysed and reported to the Trust's Quality & Assurance Committee within the Trust's Learning from Experience Report;
- staff turnover rate and learning from exit interviews will be monitored by the Education & Workforce Committee;
- staffing reviews will be completed and reported to the Quality & Assurance Committee every six months; and
- the Trust will develop metrics and reporting mechanisms to monitor compliance with KPIs contained in the safe staffing strategy.

#### *Priority for quality improvement*

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

#### Rationale for selection for this priority

The Trust is committed to achieving a Hospital Standardised Mortality Ratio (HSMR) of less than 100 in 2015-16 and has commissioned a number of initiatives to support this goal. For example, the Clinical Coding Steering Group is developing a plan to strengthen coding and The Mortality Review Group will carry out mortality reviews as well as an independent review of clinical pathways.

#### How progress to achieve this priority will be measured

In relation to mortality indices, the agreed measure is to be in the top 20% of acute hospital trusts, in England, for mortality (as measured by SHMI) and achieve a Hospital Standardised Mortality Ratio of less than 100. The Mortality Review Process will be developed to better suit the needs of clinical teams and ensure that learning from mortality reviews translates into reflective practice. The learning from the independent review of pathways will be incorporated into an improvement plan.

#### How progress to achieve the priority will be monitored

Progress on mortality indices is monitored at the Board of Directors and Operational Board meetings on a monthly basis, via receipt of the Trust's Integrated Performance Report. In addition, the Mortality Review Group will report on suggested developments and ensure learning is received at the Clinical Standards Sub-committee on a quarterly basis. The progress of the Clinical Pathway Improvement Plan will be monitored by the Board of Directors.

## 4.3.2 Patient Experience Priorities for 2015-16

### *Priority for quality improvement*

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

#### Rationale for selection for this priority

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

#### How progress to achieve this priority will be measured

There are a number of performance metrics - both existing and under development - to measure patient experience and satisfaction across the Trust. The Trust's goals for this important area are:

- to be within the top 20% of acute hospital Trusts in England for positive recommendations via the Friends and Family Test;
- develop real-time patient feedback mechanisms across all ward areas; and
- respond to at least 90% of complainants within the agreed time frames.

#### How progress to achieve the priority will be monitored

This quality priority will be reported to the Board of Directors and the Trust's Operational Board on a monthly basis and the Trust's Quality & Assurance Committee each quarter.

### *Priority for quality improvement*

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

#### Rationale for selection for this priority

UHSM's Dementia Strategy is the framework for achieving the objectives around service developments, pathway development and environmental improvements with the goal of UHSM becoming a truly dementia friendly organisation. The Trust has achieved national targets for Find Assesses, Investigate and Refer (FAIR); this has in part been made possible through use of an electronic assessment tool for clinicians. The Trust will widen the scope for assessment in the coming year. We will also develop the concept of shared care for our patients and their carers and implement a training programme to raise staff awareness.

#### How progress to achieve this priority will be measured

There are five key objectives within the Trust as follows:

- undertake a Trust wide service review and gap analysis against the National Strategy for Dementia - Living Well with Dementia;
- build upon the FAIR (Find Assess Investigate & Refer) work to enable wider recognition of patients with dementia;
- develop a shared care strategy to involve carers in decision making and care of patients with dementia;
- better understand the needs and views of carers by monthly surveys; and
- deliver the Staff Awareness Training Programme.

### How progress to achieve the priority will be monitored

The Trust will develop a Dementia Strategy Group to oversee this work and will report progress on a quarterly basis to the Quality & Assurance Committee.

## 4.3.3 Staff Engagement Priorities for 2015-16

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

The employee engagement strategy will integrate with our core values, The Macleod Report Engaging for Success 2009 and achieve our aim become a top 10 NHS provider.

Key deliverables in the action plan are:

**Employee voice** - An effective and empowered employee voice; views are sought out and they are listened to and see that their opinions count and make a difference. They speak out and challenge when appropriate. A strong sense of listening and of responsiveness permeates the organisation, enabled by effective communication.

- 'Pulse survey' approach and metrics
- Formal feedback from safety/ clinical walk rounds/ ward accreditation
- Leaders forum
- Improve transparency & feedback of incidents & near misses
- National NHS Staff Survey
- Change Champions
- Deliver staff engagement session in line with Listening in Action approach
- Establish partnership working with staff side

**Engaging managers** - At the heart of organisational culture they facilitate and empower rather than control or restrict their staff; they treat their staff with appreciation and respect and show commitment to developing, increasing and rewarding the capabilities of those they manage

- Exec Safety & Clinical walk rounds
- Health & wellbeing
- Coaching/ mentoring skills development
- Appraisal working group
- Implementation of OD interventions

**Leadership** - Provides a strong strategic narrative which has widespread ownership and commitment from managers and employees at all levels. The narrative is a clearly expressed story about what the purpose of an organisation is, why it has the broad vision it has, and how an individual contributes to that purpose

- Weekly blog
- New mechanisms priority 1
- Leadership & management development
- Clarity of DMD role
- Recognition

**Organisational integrity** - Behaviour throughout the organisation is consistent with stated values, leading to trust and a sense of integrity

- Communications messages
- Recognition & awards
- PEOPLE values disseminated through the Trust
- HR Workforce Scorecard

## 4.4 Statements of Assurance from the Board of Directors

### 4.4.1 Review of Services

During 2014-15 UHSM provided and/ or sub-contracted 72 relevant health services. The Trust has reviewed all the data available to them on the quality of care in 52 of these relevant health services. The income generated by the relevant health services reviewed in 2014-15 represents circa 95% of the total income generated from the provision of relevant health services by the Trust for 2014-15.

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

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

A summary of the Trust's review of services for each of its 72 services is presented in **Table 4.1**. 50 of the services were subject to clinical audit activity and 7 services were subject to Cancer Peer Review in 2014-15. Clinical outcome data was reviewed for 50 of the 72 services using the CHKS benchmarking tools.

Priorities for 2015/16 in section 3.1 (patient feedback and safer staffing) are appropriate for all services.

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 4.1:** Summary of the quality of services review, 2014-15

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

20.	Community Tissue Viability Service	●	N/A	●
21.	Dermatology	●	N/A	●
22.	Diabetic Medicine	●	N/A	●
23.	Dietetics	●	N/A	●
24.	District Nursing Service	●	N/A	●
25.	Ear Nose and Throat	●	●	●
26.	Endocrinology	●	N	●
27.	Gastroenterology	●	N/A	●
28.	General Medicine	●	N/A	●
29.	General Surgery	●	●	●
30.	Geriatric Medicine	●	N	●
31.	Gynaecological Oncology	●	N/A	●
32.	Gynaecology	●	N/A	●
33.	Haematology	●	●	●
34.	Intermediate Care Service		N	
35.	Macmillan Service	●	N/A	●
36.	Medical Oncology	●	●	●
37.	Midwifery	●	N	●
38.	Nephrology	●	N/A	●
39.	Neurology	●	●	●
40.	Obstetrics	●	N	●
41.	Occupational Therapy	●	N/A	
42.	Oral Surgery	●	N/A	●
43.	Orthodontics	●	N/A	●
44.	Orthotics	●	N/A	●
45.	Paediatric Cardiology		N/A	
46.	Paediatric Neurology		N/A	
47.	Paediatric Surgery		N/A	●
48.	Paediatric Urology		N/A	
49.	Paediatrics	●	N/A	●
50.	Pain Management	●	N/A	●
51.	Palliative Medicine	●	N/A	●
52.	Pharmacy	●	N/A	●
53.	Physiotherapy	●	N/A	●
54.	Plastic Surgery (including Burns)	●	N/A	●
55.	Radiology	●	N/A	●
56.	Respiratory Medicine	●	●	●
57.	Rheumatology	●	N	●
58.	Speech and Language Therapy	●	N/A	●
59.	Thoracic Surgery	●	●	●
60.	Thyroid	●	N	●
61.	Tier 2 Chronic Obstructive Pulmonary Disease		N/A	
62.	Tier 2 Falls	●	N/A	●
63.	Tier 2 Gynaecology		N/A	
64.	Tier 2 High Risk Foot Clinic		N/A	
65.	Tier 2 Musculoskeletal Conditions Service		N/A	
66.	Tier 2 Pain Clinic		N/A	
67.	Tier 2 Rheumatology		N/A	
68.	Transplantation Surgery	●	N/A	●
69.	Trauma and Orthopaedics	●	N/A	●
70.	Urology	●	N/A	●
71.	Vascular Surgery	●	N/A	●
72.	Voice		N/A	

## 4.4.2 Participation in Clinical Audits

During 2014-15, 35 of national audits and 6 national confidential enquiries covered relevant health services that UHSM provides. During that period the Trust participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in. The national clinical audits and national confidential enquiries that UHSM participated in during 2014-15 are listed in the table that follows.

**Table 4.2:** The national clinical audit and confidential enquires that the Trust was eligible to participate in during 2014-15

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



### NCEPOD studies participated in during 2014-15

NCEPOD study	Cases submitted
Tracheostomy	Organisation plus two clinical cases
Subarachnoid haemorrhage	Organisation plus two clinical cases
Lower limb amputation	Organisation plus six clinical cases
Alcohol-related liver disease	Organisation plus three clinical cases
Gastrointestinal haemorrhage	Organisation plus two clinical cases
Sepsis	Registration

The national clinical audits and national confidential enquiries that UHSM participated in, and for which data collected was completed during 2014-15, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

**Table 4.3:** Review of Trust participation in relevant national clinical audit and national confidential enquiries in 2014-15

Name of audit/ focus area		% of cases submitted
<b>Peri- and Neo-natal</b>	1. Neonatal Intensive and Special Care (NNAP)	100
	2. Maternal, New-born and Infant Clinical Outcome Review	100
<b>Children</b>	3. Childhood Epilepsy (RCoP and Child Health)	100
	4. Fitting Child Care in Emergency Departments (RCEM)	100
<b>Acute Care</b>	5. Adult Community Acquired Pneumonia (British Thoracic Society)	100
	6. ICNARC (CMP)	100
	7. Medical and Surgical Clinical Outcome Review Programme (NCEPOD)	100
	8. National Emergency Laparotomy Audit (RCoA)	100
	9. National Joint Registry (NJR)	100
	10. Pleural Procedure (British Thoracic Society)	100
<b>Long-term Conditions</b>	11. Non-Invasive Ventilation in Adults	100
	12. National COPD Audit Programme (RCP)	100
	13. Diabetes (National Adult Diabetes Audit)	100
	14. Diabetes (National Paediatric Diabetes Audit)	100
	15. Inflammatory Bowel Disease Programme (RCP)	100
<b>Elective Procedures</b>	16. Rheumatoid and Early Inflammatory Arthritis	100
	17. Elective Surgery (National PROMs Programme)	77*
<b>Cardiovascular Disease</b>	18. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	100
	19. Cardiac Rhythm Management (CRM)	100
	20. Coronary Angioplasty/ National Audit of PCI (NICOR)	100
	22. National Adult Cardiac Surgery Audit - NICOR	100
	23. National Vascular Registry	100
<b>Cancer</b>	24. National Heart Failure Audit - NICOR	100
	25. Bowel Cancer - NBOCAP	100
	26. Head and Neck Oncology (DAHNO)	100
	27. National Prostate Cancer Audit (CEU-RCSE)	100
<b>Trauma</b>	28. Oesophago-gastric Cancer (National O-G Cancer Audit)	100
	29. Lung Cancer (NCLA)	100
<b>Blood and Transplant</b>	30. Major Trauma (Trauma Audit and Research Network)	100
	31. National Comparative Audit of Blood Transfusion.	100

<b>Older People</b>	32. Falls and Fragility Fractures Audit Programme (RCP)	100
	33. Sentinel Stroke National Audit Programme (SSNAP)	100
	34. Care in Emergency Departments	100
	35. National Audit of Intermediate Care	100

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

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

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

**The reports of 12 national clinical audits were reviewed by the provider in 2014-15 and the Trust intends to take the following actions to improve the quality of healthcare provided. UHSM participates in all applicable national audits, but the following is a sample of some of the projects where comparison of Trust specific data to national figures was possible and the complete cycle of audit, feedback and improvement has been achieved.**

**Learning from National Clinical Audits**

**Audit: National Audit of Percutaneous Coronary Interventions**

**Objective:** To monitor the care and treatment of patients against a given benchmark, with a view to driving up the quality of care and improving outcomes for patients

**Results:**

Each hospital submits data that summarises local PCI (Percutaneous Coronary Interventions) activity. The Trust scored 'full assurance' on the recording of 'Date of Birth', 'Gender', 'Medical History', 'Pre- procedure shock', 'Procedure urgency', 'Vessels treated', 'discharge date', 'discharge status' and 'PCI hospital outcome'. The majority of the other key variables showed 'significant assurance'. High quality information is vital to improving the care, treatment and outcomes for patients undergoing PCI. Future plans in 2015-16 from the National Institute for Cardiovascular Outcomes Research (NICOR) include a plan to improve the variety of reports available to individual PCI consultant operators to allow them to monitor their own practices and outcomes.

**Audit: National Bowel Cancer Audit Report 2014**

**Objective:** To improve the quality of care and survival of patients with bowel cancer. This audit aims to continue comparing the performance of hospitals and Strategic Clinical Networks so that problems can be identified, causes looked at and corrected.

**Results:**

The audit results continue to show good practice for the number of patients who had an MRI (Magnetic Resonance Imaging) scan. The number of patients seen by a Cancer Nurse Specialist was scored at 74%. Furthermore, patients who had a CT (Computerised Tomography) scan scored a high percentage of 91%. Overall postoperative mortality has fallen to 4.6 per cent after major surgery for colorectal cancer. Two year patient survival was documented as 80% if the cancer was resected. The National Bowel Cancer Audit continues to be an on-going audit with national participation. All measures are reviewed annually by the Trust to ensure continuous service improvement. There is a new Consultant Check Report, which enables consultants to view their surgical cases submitted to the audit against their General Medical Council Code.

**Conclusions:**

The audit has changed the dataset to collect fewer, but important items. It hopes to link to other NHS databases, which could provide useful information on non-surgical treatments such as chemotherapy and radiotherapy. This should improve understanding about the treatment choices and how best they can be combined to benefit patient care and survival.

**Audit: National Paediatric Diabetes Audit Report**

**Objective:** Records from children and young people with diabetes are submitted to the National Paediatric Diabetes audit 2012-13. The data is used to benchmark our own centre against others and explore methods of driving up the quality of care of our patients.

**Results:**

The results from the 2012-13 report indicate that there has been a significant improvement in the recording of individual care processes.

**Good practice:**

Nationally (England and Wales) the percentage of children with HbA1C > 80mmol/mol was 25.9%. The percentage for UHSM in this category was 17% which is well above average. The national median was HbA1C 66 mmol/mol. UHSM median was 67.2mmol/mol. UHSM is the ninth highest performer out of the 23 Units that submitted data for the audit for mean HbA1C in the North West.

**Conclusions:**

The results of the audit are positive and indicate that our hospital is developing strategies that will lead to the delivery of better care and improved outcomes. These will continue to be measured by on-going participation in the National Paediatric Diabetes Audit.

**Audit: National Cancer Patient Experience Survey 2014 (Breast Cancer Section)**

**Objective:** The Cancer Patient Experience Survey is designed to monitor national progress on cancer care, to provide information that could be used to drive local quality improvements and to assist Multi-Disciplinary Teams, and NHS trusts in improving services to patients.

**Results:**

The survey gives a valuable insight into patient experience and the feedback is a measure required by National Peer Review. At UHSM, cancer patients continue to give positive responses about their treatment and care. 94% of patients rated their care as 'good' or 'excellent' and our hospital was ranked third in the top ten most improved trusts in the UK. It is clear that the presence of a Clinical Nurse Specialist working with the patient to support them is linked to good care as seen by the patient.

### What could we do differently?

Consider timing and staging of information:

- only 48% of patients were aware of receiving information on financial help and 85% were given information on cancer type;
- offer care plans/ treatment summaries to all patients; and
- only 27% of patients said they received one (22% national average).

### Conclusions:

- increase awareness of the cancer patient experience survey at UHSM;
- focus on strengthening information provision to cancer patients across the Trust;
- free prescriptions campaign to highlight awareness of this; and
- review of inpatient treatment (as part of a hospital-wide review).

### Audit: Paediatric Epilepsy 12 National Audit

**Objective:** The second round of the Epilepsy 12 Audit reflects the improvements in services to children with epilepsies and has allowed re-examination of the quality of care for children and young people.

### Results:

Twelve Clinical performance indicators were applied for this audit. UHSM scored 100% compliance on seven of the indicators which included:

- paediatrician with expertise in epilepsies;
- epilepsy specialist nurse;
- tertiary involvement;
- seizure classification;
- MRI;
- carbamazepine; and
- accuracy of diagnosis.

As a result of this audit a database is currently being designed to collect data on patients with epilepsy. This national audit of our services is an invaluable tool, which enables us to provide a high standard of care for all those who need it.

### Audit: National Neonatal Audit Report

**Objective:** To identify areas for quality improvement in Neonatal Units in relation to delivery and outcome of care

### Results:

Data is downloaded from the patient record systems used in Neonatal Units. A selection of the questions posed in the audit is included below:

- Do all babies of less than or equal to 28+6 weeks gestation have their temperature taken within an hour of birth? **UHSM 100%** (National average 93%)
- Are all mothers who deliver between 24+- and 34+6 weeks gestation given any dose of antenatal steroids? **UHSM 92%** (National average 83%)
- Are all babies with a gestational age at birth <32+0 weeks or <1501g at birth undergoing first Retinopathy of Prematurity Screening in accordance with the current national guideline recommendations? **UHSM 100%** (National average 94%)
- Is there a documented consultation with parent by a senior member of the Neonatal Team within 24 hours of admission? **UHSM 88%** (National average 84%)

### Conclusions:

Capturing the patient/ parent experience is an essential part of the assessment of the overall quality of a clinical service. The National Neonatal Audit Programme has agreed with HQIP to re-pilot a Parent Reported Experience Measure (PREM) in the form of a questionnaire to

parents of infants admitted to neonatal units participating in the audit.

**Audit:** **Intensive Care National Audit & Research Centre (ICNARC)**

**Objectives:** Review of Intensive Care services and outcomes

**Results:**

The audit examined all patients admitted to intensive care. UHSM's overall performance is good and several areas of good practice were identified. No unit-acquired MRSA were identified in intensive care. There were low 'low risk' mortality rates and low 'out-of-hours' discharge rates. There were also some opportunities for improvement. The audit demonstrated a trend in increasing numbers of delayed discharges and an increase in re-admissions to intensive care. There was also a slight increase in mortality in 'higher mortality' patients, which the Trust will continue to monitor by reviewing mortality cases at the mortality and morbidity meetings.

**Conclusions:**

The overall quality of care measures has significant assurance and problem areas highlighted are being examined further but remain within the confidence limits.

**Audit:** **Trauma Audit & Research Network - TARN Audit**

**Objective:** On-going review of the management of severe trauma and comparative assessment against quality standards used by the Network

**Results:**

The data submitted to TARN (Trauma Audit & Research Network) for 2014 demonstrated that the Trust had improved the data quality in a number of areas:

- following a review of the data gathering systems, the majority of eligible case notes are now being submitted within the 25-day deadline;
- the hospital data completeness has improved from 83.6% to 93.4%;
- a TARN database has been developed to improve data completeness and accreditation; and
- the yearly survival rate at UHSM has improved. In 2013-14 we had a survival rate of 0.5 additional survivors for every 100 patient, against 0.5 additional deaths in every 100 patients in 2011-12.

The data submitted generates the TARN dashboard that is reviewed quarterly by the Trauma Lead and disseminated to the relevant clinical teams to improve care in relation to major trauma patients.

**Audit:** **British Thoracic Society (BTS) Pleural Procedures**

**Objective:** Management of patients undergoing pleural procedures against the BTS (British Thoracic Society) standards of care

**Results:**

The data submitted for pleural procedures demonstrated that the Trust achieved 100% against the guidelines set out in the audit by BTS:

- all patients were verbally consented for the procedure;
- all chest drains were performed at the bedside;
- all chest drains were inserted by an adequately trained doctors; and
- all chest drains are being performed with ultrasound guidance.

**Audit:** **National Lung Cancer Audit - Mesothelioma**

**Objective:** This audit collected data on patients who first presented to secondary care in England and Wales

**Results:**

UHSM has exceeded the percentage rates given in 91% of the recommendations for this audit:

- 95% of patients submitted should be discussed at a Multi-Disciplinary Team (MDT) meeting (UHSM 96.1%); and
- histological/ cytological rates below 85% should be reviewed to determine best practice (UHSM 90%).

The report identified areas where care can be improved; in that more patients should be seen by a lung cancer specialist nurse at initial clinic appointment and at time of diagnosis. Actions have been put in place to improve this aspect of the service.

**Audit: National Diabetes Inpatient Audit**

**Objective:** This audit collected information on the make up of teams working in the Trust that care for people with diabetes, information on the care received and the patient experience of those in the Trust at the time of the audit.

**Results:**

The National Diabetes Audit identified 116 inpatients with diabetes at UHSM; this was equal to 13.9 per cent of the beds audited.

- of the inpatients at UHSM 4.4% had Type-1 diabetes and 39.5% had Type-2 diabetes treated with insulin. This compares to an average for England of 6.6% for Type-1 and 34.5 per cent for Type-2;
- 8.1% of patients with diabetes were admitted to hospital for the management of diabetes (8.0% England average). 55.9% were admitted for other medical reasons (66.1% England average) and 36% were admitted for non-medical reasons (25.8% England average);
- appropriate blood glucose testing was undertaken on 6.5 days out of 7 days. Historically there has been good diabetes day's values for UHSM; the overall England values were 6.4 days;
- 74.5% of patients reported that timing of meals was suitable. The value for England was 70.2%. However the choice of meals was 54% against an average for England of 63.7%;
- 63.9% of patients reported that they could take control of their diabetes control while in hospital. This is above the English value of 54.9%; and
- 91.1% of patients with diabetes reported that they received enough emotional support from staff to manage their diabetes. The overall value for England 84.4%.

UHSM has registered to participate in the 2015-16 National Diabetes Inpatient Audit.

**Audit: National Cardiac Arrest Audit (NCAA)**

**Objectives:** Monitor and report on the incidence of, and outcome from, in-hospital cardiac arrests.

**Results:**

The National Cardiac Arrest Audit (NCAA) examines all in-hospital '2222' cardiac arrest calls for individuals who receive chest compressions and/ or defibrillation and are attended by the hospital based Resuscitation Team. The results demonstrated that from 1 April to 31 December 2014 there were 105 inpatient '2222' calls solely for cardiac arrest and all were attend by the Resuscitation Team. 52 (49.5%) were successfully resuscitated, 24 (22.9%) of those resuscitated survived to hospital discharge and 2 (1.9%) remained as inpatients. Although 79 patients did not survive to hospital discharge, the number of actual survivors was 24 compared to a predicted survival of 20.5. The Resuscitation Training Department will continue to review the medical/ nursing notes from all '2222' cardiac arrest calls and escalate any areas of concern. Where issues are identified, an incident report is submitted or discussed with the clinical team/s involved. The data collected is reported locally as well as part of the NCAA.

**The reports of 9 local clinical audits were reviewed by the provider in 2014-15 and UHSM intends to take the following actions to improve the quality of healthcare provided.**

## Learning from Local Clinical Audits

### **Audit: Neonatal re-admissions**

**Objectives:** To establish factors affecting re-admission

### **Results:**

As a result of a Care Quality Commission alert indicating a high rate of admissions, a review of cases was conducted. A proportion of the neonates in the sample were at risk, with a higher incidence of low gestation and low birth weight than the national rate. Results were that the neonates had a range of risk factors, with at least one present in 80.0% of the cases. The majority (80.0%) of those babies admitted were breastfed on discharge from the postnatal ward and re-admission to the Paediatric Unit. Breastfeeding initiation rates continue to rise at the Trust, the figures for September 2014 equate to an 80% initiation rate. The reason for admission in the majority of babies was neonatal jaundice. Jaundice is one of the most common conditions requiring treatment in neonates. Approximately 60% of term and 80% of pre-term babies will develop jaundice in the first week of life. Actions following this are that the criteria for the

implementation of the Hypoglycaemic Policy for pre-term infants should be highlighted to maternity clinical staff through local mandatory training programmes including induction programmes for new staff and subsequent annual updates

### **Audit: Re-audit of care of patients following lower limb amputation in**

**UHSM Objectives:** To establish the impact of previous audit on patient experience

### **Results:**

The following actions have been put in place to improve the service provided to patients following lower limb amputation. The results showed improvement in length-of-stay and patient satisfaction. Exercise programs are increasing and evidence of teaching wheelchair use is improving. There was also better wound assessment and use of treatment plans. Action plans are being developed to further inpatient therapy provision to facilitate earlier discharge and the provision of an early supported discharge team to allow home access and visits from ward for all patients.

### **Audit: National Care of the Dying Audit**

**Objectives:** To benchmark against national best practice

### **Results:**

The Trust participated in the National Care of the Dying Audit and the general recommendations to all trusts advised that:

- trusts should have a seven day 9am to 5pm service;
- education and training should be mandatory for all staff that look after dying patients;
- an annual audit should be carried out including one of bereaved carers;
- a decision that a person is dying should be documented by a senior doctor and discussed with the family; and
- a senior doctor needs to record conversations regarding clinically assisted hydration and nutrition.

UHSM showed that adherence to these recommendations was already in place, as the results showed that UHSM were above the national average in 8 out of the 9 clinical key performance indicators (KPIs) in the audit, highlighting that communication with patients and carers, as well as within the clinical teams, is a priority, particularly when making decisions regarding the plan of

care, recognition of the patients clinical outcome, symptom care and review of nutrition and hydration. There were also six organisational KPIs in the audit; the results showed that UHSM didn't achieve the standard in 5 out of these 6 areas; however an e-learning package is currently in development which will increase adherence to the standards. The care of the dying process is currently being discussed with the Board to improve future planning and provision/ protocols promoting patient privacy, dignity & respect.

**Audit: Paediatric Blood Clinic**

**Objectives:** The aim of the audit was to find ways to improve the service and provide a child centred approach to minimise the distress of clients and families

**Results:**

Also a patient satisfaction survey was given to clients over a month's time period. Children over 13 years of age had the opportunity to complete it themselves. For children under 13 years of age the parent/ carer completed it on their behalf. Results indicated that there has been a positive response to the clinic. As a result of the audit, the Team has addressed the age appropriate distraction especially for adolescents. The Play Department is exploring the possibility of having a TV in the room and new furniture has also been purchased to provide more comfort and to replace the couch. Heat reflective film is to be placed on the windows, to improve the environment, because the room is very hot in summer.

**Audit: Clinical Record Keeping Audit**

**Objectives:** To establish the quality of written documentation within patient case notes

**Results:**

The audit is undertaken quarterly and the results reflect the last inpatient episode of care. Quarter 1 looked at a random selection of patients across Women's & Children's Directorate. An overall compliance of 71% was achieved. 91% of entries in the notes were timed and in chronological order and all entries were documented using the 24 hour clock, written in black ink with no correction fluid or tape used. Most clinical records were found to be legible and had identifiable clinician signatures. Areas for improvement included abbreviations which were not clearly explained and the location of the patient was not always clearly identified. Quarter 2 looked at a sample of the Surgery, Cardiothoracic and Specialist Surgery Directorates and overall compliance of 57% was achieved. 84% of note entries were in chronological order and documented using the 24 hour clock. All entries were in black ink and no correct fluid/ tap had been used. More than half of the entries did not have an identifiable clinician signature and the name and position grade was missing. 48% of entries in the notes were not timed. The quarterly reports with key findings and compliance are disseminated to the Health Records & Clinical Record Keeping Committee where areas for improvement are discussed and disseminated to the concerning clinical areas.

**Audit: National Comparative Audit (NCA) of Anti-D Ig Prophylaxis**

**Objectives:** To assess if rhesus D (RhD) negative women who present for antenatal care are managed in accordance with UK guidelines on anti-D immunoglobulin prophylaxis (RAADP) in pregnancy

**Results:**

The Maternity Unit has a duty of care to deliver anti-D Ig prophylaxis to resus D (RhD) negative women at the correct dose and time. Women must be made aware if they are eligible for the treatment and accurate patient information must be provided to support consent and decision making. Overall, UHSM had positive outcomes and the audit results have been disseminated to appropriate medical and nursing leads. Forty-one women (95%) received their routine antenatal RAADP (Routine antenatal anti-D prophylaxis) in the third trimester on time and the correct dose was administered, according to the regime in use. There was a national average of 89.8%. Twenty-one women (84%) of women delivering RhD positive babies received the treatment at the correct time and dose. There were two incidents of late administration after delivery and one entry not timed and another which the dose was not stated. 71% of expectant mothers received a patient information leaflet explaining the Rh factor and anti-D prophylaxis. This is another area to address although UHSM figures were much higher than the national average of 36%.



**Audit: Caesarean Section (Obstetrics)**

**Objective:** The maternity service has an approved system for improving care and learning lessons relating to caesarean sections that is implemented and monitored

**Results:**

In 2014, UHSM reported that ninety-one per cent of women who were indicated as a 'Grade 1' had their baby delivered in thirty minutes or less from the time of decision. The classification and indication of the caesarean section was either documented in the yellow notes or in the written notes in 94% of cases and the Consultant was aware of the 'Grade 1' decision in 97% of cases. Feedback and lessons learned are provided regularly at Labour Ward Forums and Clinical Governance meetings and the results are cascaded to all staff via posters and newsletters. This audit has improved communication and liaison between the multi-disciplinary teams and has provided opportunities for training and education.

**Audit: Handover of Care**

**Objective:** Improvements and standardisation of handover are vital keys to improvement in efficiency, patient safety and patient experience

**Results:**

A standardised proforma for written handover is essential, preferably in conjunction with a face to face verbal handover. A previous audit in July 2014 found that there was no formal handover between juniors in General Surgery before the weekend shift. It was recommended:

- handover should happen every Friday at 4.30pm and a handover sticker should be introduced;
- the Day Registrar is to be designated Leader and Chair; and
- team lists should be fully updated with clear weekend plans and latest bloods/ investigations results;
- handover is a teaching and learning opportunity for trainees and should be highlighted at Induction; and
- re-audit

A re-audit in November 2014 found that the introduction of the formal handover and 'handover stickers' has improved outcomes when compared to the agreed standards, including the seniority of members involved in the handover. All respondents felt that patient safety had improved and that the use of the 'handover stickers' had improved the ease of the weekend working.

**Audit: Enhanced Recovery Programme (Thoracic and Gynaecology Benign)**

**Objective:** The Enhanced Recovery Programme is about improving patient outcomes and speeding up a patient's recovery after surgery. It results in benefits to both patients and staff and the programme focuses on making sure that patients are active participants in their own recovery process. The two areas are measured against six quality standards for best practice

**Results:**

**Gynaecology benign** - A baseline was conducted in Quarter 2 to set standards and targets for Quarter 4. The Trust achieved 41% in Quarter 2 and the baseline indicated that there was room for improvement in four areas; the main issue being the requirements at pre-operative assessment. The

Gynaecology Team provided further education to the teams involved and regularly meets to review the progress and actions. The Quarter 4 data has shown that the improvement has been excellent we have exceeded the target achieving 95%.

**Thoracic** - A baseline was conducted in Quarter 2 to set standards and targets for Quarter 4. This has indicated that many elements of care at UHSM are excellent. The only issue was ensuring that the follow-up phone call was clearly documented and the Team have worked hard to ensure that this was resolved. The Trust has exceeded the target set for Quarter 4; achieving

87% in Quarter 2 and 95% in Quarter.

The data has identified that there is still slight room for improvement within the two areas; this is mainly focussed on making sure the information for each measure is being clearly documented in the case notes.

## 4.5 Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by UHSM in 2014-15, which were recruited to participate in research approved by a research ethics committee was 7,365. This figure is based on the Local Clinical Research Network records, and data from local researchers. This level of participation in clinical research has meant that UHSM is the third highest recruiter to NIHR portfolio studies in the North West of England, and one of the top 25 nationally.

The Trust was involved in conducting 158 clinical research studies in 2014-15. It used national systems to manage the studies in proportion to risk. These studies covered all medical

specialties and were supported by 125 dedicated clinical or academic research staff. The average approval time for new studies through the centralised system for obtaining research permissions was 15 days, a reduction of 13 days compared to 2013-14.

Over 97% of the commercial studies were established and managed under national model agreements and 99% of the honorary research contracts issued were through the Research Passport Scheme. In the last year, 287 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.

## 4.6 Goals Agreed with Commissioners

A proportion of UHSM's income in 2014-15 was conditional upon achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the CQUIN payment framework. Further details of the agreed goals for 2014-15 and for the following 12-month period are available electronically at: <http://www.uhsm.nhs.uk/AboutUs/Pages/CQUIN.aspx>

A value of £7.42m of the Trust's income in 2014-15 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body that they entered into a contract, agreement or arrangement with for the provision of NHS services, through the CQUIN. The Trust received £6.7m in income in 2014-15 for the associated CQUIN payment.

## 4.7 Care Quality Commission Statement

UHSM is required to register with the CQC and its current registration status is that the Trust is registered to carry out regulated activities at the locations specified. UHSM has the following conditions on registration in respect of two of the registered locations: Buccleugh Lodge Intermediate Care Unit: and Dermott Murphy Long Stay Unit. These conditions are as follows:

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

Unit (RM2X2) - a maximum of 22 service users.

The CQC has not taken enforcement action against UHSM during 2014-15.

UHSM has participated in special reviews or investigations by the CQC relating to the following areas during 2014-15: neonatal re-admissions; and pulmonary heart disease mortality. These were both identified as risk issues in the CQC's Intelligent Monitoring Report (IMR). The Trust intends to take the following action to address the conclusions or requirements reported by the CQC:

- an audit of neonatal re-admissions; and
- an audit of pulmonary heart disease mortality.

The Trust has made the following progress by 31 March 2015 in taking such action: A report of the audit of neonatal re-admissions was shared with CQC in November 2014. This showed a higher than national rate incidence of low gestation and low birth weight in those re-admitted, representing an increased risk. However, a number of actions were identified and a further audit undertaken in March 2015. This will be reported in due course, following analysis. A preliminary report of the pulmonary mortality audit was sent to CQC on 24 March 2015 in advance of being presented to the Clinical Standards Sub-Committee on 10 April 2015. The review did not identify evidence where deficiencies in care and treatment could have had a material impact on the eventual outcome for patients. The conclusion was that this was a one-off event and that outcomes are within expected ranges. This alert was subsequently closed by CQC.

Additionally, the action plan related to a special review of dementia care (undertaken in January 2014) was formally presented to the Board of Directors in May 2014, following publication of the report by CQC. This action plan has now been completed and will be signed off at the Quality and Assurance Committee in April 2015.

## 4.8 Data Quality

### NHS Number and General Medical Practice Code Validity

UHSM submitted records during 2014-15 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:

**4.8.2** which included the patient's valid NHS Number was: 99.3% for admitted patient care; 99.5% for outpatient care; and 95.2% for accident and emergency care; and

**4.8.3** which included the patient's valid General Practitioner Registration Code was 99.9% for admitted patient care; 99.7% for outpatient care; and 99.8% for accident and emergency care.

### Actions to Improve Data Quality

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

**4.8.4** strengthening its coding audit and training function;

**4.8.5** reviewing the data quality scorecard;

**4.8.6** reviewing the data quality escalation procedure;

**4.8.7** implementing a Clinical Coding Steering Group; and

**4.8.8** delivering the Clinical Coding Steering Group action plan.

During the course of 2014-15, the Data Quality Steering Group oversaw the delivering of the following actions to improve data quality:

- 4.8.9** reviewing policies and procedures;
- 4.8.10** strengthening tolerances on the data quality scorecard;
- 4.8.11** introducing indicators from additional Trust systems;
- 4.8.12** introducing more monitoring reports;
- 4.8.13** providing more targeted training;
- 4.8.14** supporting directorates with data quality advice; and
- 4.8.15** introducing a Clinical Coding Steering Group.

#### Information Governance Toolkit Attainment Levels

UHSM's Information Governance Assessment Report shows an overall score for 2014-15 of 68% and was graded green (satisfactory).

#### Clinical Coding Error Rate

UHSM was not subject to the Payment by Results clinical coding audit during 2014-15 by Capita (on behalf of the Audit Commission).

## Appendix One

### Statements from External Stakeholders

#### Statement from South Manchester Clinical Commissioning Group

South Manchester Clinical Commissioning Group (CCG) would like to thank University Hospital of South Manchester NHS Foundation Trust (UHSM) for their detailed and comprehensive account of their hard work to improve the quality and safety of services for the patients and communities they serve. The Quality Account for 2014/15 accurately reflects the national and local priorities of UHSM within the wider healthcare economy, and is reflective of the priorities that the CCG has identified for its local population. The Quality Account has included and commented on all the requirements as set out in the national guidance.

The diligence and commitment of staff at UHSM is a credit to the Trust. The Quality and Safety walkround at A+E provided an excellent opportunity for commissioners to talk to front line staff at the Trust. We were impressed by the standards of care delivered in A+E during the extremely busy period throughout winter pressures. Whilst A+E performance figures dipped on a national level, there was evidence that the staff at UHSM were doing all that they could do to meet patient's needs and remained motivated to deliver the highest standards of care. The CCG are looking forward to developing the programme of walkrounds of UHSM's acute and community services in 2015/16.

The CCG views the work UHSM has done on patient experience and their dedication to this area as a positive progression of their values and was pleased to see this highlighted in the Quality Account. We would particularly like to offer our congratulations to the Patient Experience Team on winning Patient Experience Team of the Year at the Patient Experience Network National Awards. This team have undertaken a lot of work around the development and implementation of the Friends and Family Test and have supported UHSM in meeting the national targets in relation to this. We would also like to acknowledge the outstanding work done by the Specialised Ability Centre which was named as the best Disablement Service Centre in the country at the Limbless Association's annual awards ceremony in December 2014.

The CCG welcome the introduction of the Complaints Review Panel which aims to facilitate improvements in the quality of complaints responses. We agree that the next stage is to focus on reducing the number of dissatisfied complainants and endorse the use of Lean-Six-Sigma improvement methodology to understand what high performing areas of the Trust do well in order to introduce a similar approach in areas that have relatively high rates of dissatisfied complainants.

UHSM have two different work streams for monitoring Equality, Diversity and Human Rights compliance; the separate streams are around staff and patients. The Trust have made good progress with regards to the staff element of Equality and Diversity, which sits within the human resources department and has a dedicated lead. UHSM have identified several work streams within Equality and Diversity relating to staff; they have joined a BME network with providers in Stockport to look at the requirements for meeting the Race Equality standard in their contract, they have developed their programme of training for staff to include Equality and Diversity as mandatory online training and they are in the process of developing a taught seminar for staff as part of the Leadership Programme which they aim to have this in place by June 2015. The CCG would hope to see a stronger focus on the Equality and Diversity Strategy with regards to patients, families and carers throughout 2015/16.

The CCG would like to highlight the strong focus on patient safety within the organisation and in its community services this year. UHSM have signed a pledge to join the 'Sign up to Safety' campaign which aims to reduce harm by 50% over the next 3 years. Sign up to Safety is designed for the NHS to become the safest health care system in the world, aiming to deliver harm free care for every patient, every time. The CCG acknowledges the safety goals that UHSM have set

themselves for the coming year through working towards achievement of their five Sign up to Safety pledges; Putting Safety First, Continually Learning, Being Honest, Collaborating and Being Supportive. Working together, the Trust and the CCG still have a long way to go with regards to the high priority, high risk areas such as pressure ulcers, nutrition and hydration, falls, sepsis and acute kidney injury however the CCG is pleased that the Trust plan to build on our work in reducing the harm in these areas in 2015/16. The CCG is pleased that this remains a priority for the Trust moving into 2015/16 will be monitoring this closely especially in light of the two Never Events that occurred in 2014/15.

The extensive audit programme and CQUIN programme at UHSM demonstrates the commitment to improving quality by front line staff of all disciplines. The CCG would like to thank UHSM for its work around the Ward Accreditation programme, in particular the three wards that gained Gold accreditation; F15, C3 and the Burns Unit. We are pleased that the work around the Ward Accreditation programme will be extended into the community throughout 2015/16.

UHSM has done a substantial amount of work around dementia this year building on their own strategy and in response to an inspection undertaken by the Care Quality Commission where weaknesses in this strategy were identified. The CCG is pleased to note that UHSM have achieved the three elements of the national incentive scheme in respect to Dementia and to see the progression of the three tier programme of dementia awareness training that has been put in place. The CCG is pleased that this remains a focus moving into 2015/16.

UHSM received a prevention of future deaths report in respect to their care of a patient presenting with a mental health illness. UHSM have responded to this, and it has had a big impact in relation to the plan of work in respect to mental health at the Trust. The CCG will monitor closely the progression of this work in relation to safeguarding and mental health including further work around the dementia strategy throughout 2015/16.

This has been a difficult year for UHSM in respect to their position with Monitor and their decrease in rating as published in the Care Quality Commission Intelligent Monitoring Report. Increasing pressures on the accident and emergency department has also had an impact on UHSM and the wider healthcare economy. UHSM has engaged positively with the CCG and NHS England in respect to these issues and developed and are implementing a robust programme of improvement in respect to all areas of concern that have been identified.

As commissioners, we have worked closely with UHSM over the course of 2014/15, meeting with the Trust regularly to review the organisations' progress in implementing its quality improvement initiatives. We are committed to engaging with the Trust in an inclusive and innovative manor and are pleased with the level of engagement from the Trust. We hope to continue to build on these relationships as we move forward into 2015/16.

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

Dr Naresh Kanumilli  
Clinical Lead for Quality and Performance- South Manchester Clinical Commissioning Group

### **Statement from Manchester City Council's Health Scrutiny Committee**

As Chair of the Health Scrutiny Committee I would like to thank you for the opportunity to comment on the University Hospital of South Manchester Foundation Trust Draft Quality Accounts for 2014/15. Copies of the draft quality accounts were circulated to members of the committee for consideration and comments received have been included below. We would like to submit the following commentary to be included within your final published version.

The Chief Executive's Statement outlines clearly what the Quality Account is to include and outlines achievements with regard to Patient Safety. This includes the implementation of the Ward Accreditation Scheme and the pledge to 'Sign up to Safety'. Further The Limbless Association Annual Awards identified UHSM as having the 'Best Disablement Service Centre' and the UHSM

Patient Experience Team was named team of the year by the Patient Experience Network. The Speak out Safely initiative, including Safecall, encouraging staff to raise concerns in a supportive environment is also referred to.

Performance against Key National Priorities shows that UHSM did not meet the MRSA target, nor the four hour A&E wait target, where the performance for 2014/15 is worse than for 2013/14. The Committee is concerned about the poor and worsening performance in relation to A&E waits and notes that the document does not offer any plans for improving the situation.

National benchmarking of specific quality indicators includes comment on activities mentioned elsewhere in the draft Quality Account, but identified a higher than average number of emergency re-admissions in 28 days, a figure which has increased since 2013/14. Overall though UHSM scores at or just below average in these comparative measures except for patient safety and patient experience measures where, in general, better than average performance is recorded.

The Committee notes that the targets around the implementation of the National Dementia Strategy were all met for 2014/15, however these are all 'procedural'. There are no comments in the draft Quality Accounts about criteria for clinical effectiveness or improved patient experience in relation to dementia.

The Committee further notes that UHSM is the third highest recruiter of NIHR portfolio studies in the North West and in the top 25 nationally. UHSM involvement in 158 clinical research studies and 287 publications as a result of the Trust's involvement in NIHR research may be a success, but no comparative data is given to demonstrate that. The performance against Quality Improvement Priorities generally show effective activity and targets, some very ambitious, met. However missed targets are revealed in relation to: MRSA, MSSA, and 97.8% of patients free from newly acquired harms, just outside the top 20% in England and 54 dissatisfied complainants.

In relation to safe staffing we note the initiatives in place to address this. The Tissue Viability Team have also introduced more staff training and ward based training for pressure ulcers and encouraged the reporting for all harms.

We also note that the SHMI 'score' of 0.964 (less than one indicating fewer deaths than expected) is from June 2014, so it is not up to date.

Several seemingly effective initiatives have been introduced, which include The Ward Accreditation Scheme implementation is a cause for pride; risks relating to Deprivation of Liberty, Adult Safeguarding and pressure ulcers reporting is identified; those issues being taken up by the relevant teams. Inspiring as the scheme is, it seems to be an internal process, with no external element to ensure an external perspective is sought and considered. The Committee also note the positive contribution to the Living Longer, Living Better initiative with enhanced neighbourhood teams, frailty assessments and rapid responses.

The Committee note the Learning from Clinical Audits (UHSM participated in 35 national audits [100% of those eligible] and 6 confidential enquiries) that is laid out carefully in the draft Quality Accounts, with the following risks being identified: Information to breast cancer patients could be improved; in intensive care there were more delayed discharges and increased re-admissions; more lung cancer patients could be seen at an earlier stage by a specialist nurse.

We note that at UHSM, although clinical performance indicators reported were above average, standards in five out of six organisational indicators were not met. In response an e-learning training package is in place and the Board is discussing the future plans for Care of the Dying. Furthermore the clinical record keeping audit revealed a varying range of compliance. This seems worrying, and is not followed up with any proposed action plan.

The Committee welcomes the priorities for 2015/16 that are laid out clearly and include: Zero MRSA and fewer than 39 cases of clostridium difficile; to deliver on 'Sign up to Safety' pledges with a steering group, work plan, metrics and clinical leads being identified. Being in the top 20% in

England for Newly Acquired Harms and 20% in England for SHMI; to achieve 100% compliance in the Safer Surgery Checklist; to continue to implement the Ward Accreditation Scheme to ensure that patients experience and quality of care on wards is guaranteed and to become a truly dementia friendly organisation.

These in broad terms follow the risks and missed targets identified elsewhere in the draft Quality Accounts and we note that these have been agreed with the CCG and the Governors' Patient Experience Committee.

Finally, there are a number of themes which recur throughout the draft Quality Accounts including the centrality of good recording of procedures and treatments, both to serve the patient and to provide comparative data for reviewing effectiveness linked to this; the key importance of sharing data across the system, handing over effectively and integrated working is evident in several places in the draft Quality Accounts.

The Committee thought that the Quality Accounts is laid out clearly and the initial statement by the Chief Executive acts as an effective Executive Summary. More or less all the 2014/2015 data is in place, offering a clear comparison with activity and achievement against 2013/14 performance and in comparison with other Trusts. This is an achievement.

Also the Quality Accounts is not just a backward facing document, but offers a view of continuity and proposed achievement by focusing on future plans.

The tables are well presented and understandable. The explanations of the data present challenges to the lay reader but indicate openness.

The Committee acknowledges that this is a positive draft Quality Accounts with evidence and external comment included so that chronological and organisational comparisons can be made. It is also forward looking identifying evidence of achievement or risk as the basis for future plans. But there are gaps; for instance, the poor and worsening performance in relation to A&E waits is noted, but no plans are identified for improving the situation.

It has been important to highlight areas of some concern where we expect UHSM to improve over the next year. Overall the Quality Accounts are positive and reflect the successful operation of a complex organisation serving many thousands of patients in an efficient and compassionate manner.

### **Statement from Healthwatch Manchester**

Healthwatch has written to the Trust to confirm they will not be providing feedback on this occasion.



## Appendix Two

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

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

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

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

- the content of the Quality Account meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014-15 and supporting guidance;
- the content of the Quality Account is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period 1 April 2014 to 28 May 2015;
  - papers relating to quality reported to the Board over the period 1 April 2014 to 28 May 2015;
  - feedback from commissioners dated 28 May 2015;
  - feedback from governors dated 19 May 2015;
  - feedback from Overview and Scrutiny Committee dated 19/05/2015
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2015;
  - the latest national patient survey dated February 2015;
  - the latest national staff survey dated May 2015
  - the Head of Internal Audit's annual opinion over the Trust's control environment dated 21 May 2015;
  - CQC Intelligent Monitoring Report (IMR) dated December 2014.
- the Quality Account presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Account is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Account has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at [www.monitor.gov.uk/annualreportingmanual](http://www.monitor.gov.uk/annualreportingmanual)) as well as the standards to support data quality for the preparation of the Quality Account (available at [www.monitor.gov.uk/annualreportingmanual](http://www.monitor.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 Report.

By order of the Board  
Date 28<sup>th</sup> May 2015

Date 28<sup>th</sup> May 2015



Chairman



Chief Executive

## Appendix Three

### 2014-15 Limited Assurance Report on the Content of the Quality Report and Mandated Performance Indicators

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

We have been engaged by the Board of Directors and Council of Governors of University Hospital of South Manchester NHS Foundation Trust to perform an independent limited assurance engagement in respect of University Hospital of South Manchester NHS Foundation Trust's Quality Report for the year ended 31 March 2015 (the 'Quality Report') and certain performance indicators contained therein.

#### Scope and subject matter

The indicators for the year ended 31 March 2015 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- 28-day readmission rate for patients aged 0-15 and 16 or over (October 2013 to September 2014) based upon Dr Foster Quality Investigator Tool
- 18 week referral-to-treatment maximum wait: Patients on an incomplete pathway

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

#### Respective responsibilities of the directors and auditor

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' issued by Monitor.

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

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2014/15', 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 2014/15'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual', and consider the implications for our report if we become aware of any material omissions.

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

- Board minutes for the period 1 April 2014 to 28 May 2015

- papers relating to quality reported to the board over the period 1 April 2014 to 28 May 2015
- feedback from Commissioners, dated 29 May 2015
- feedback from Governors, dated 19 May 2015
- feedback from Overview and Scrutiny Committee, dated 19 May 2015
- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2015
- the national patient survey, dated February 2015
- the national staff survey, dated May 2015
- Care Quality Commission Intelligent Monitoring Report, dated December 2014
- the Head of Internal Audit's annual opinion over the Trust's control environment, dated 21 May 2015.

We did not test the consistency of the Quality Report with feedback from the Local Healthwatch involved in the sign off of the Quality Report as the draft Quality Report was sent to them for comment, in accordance with the timetable specified in the Regulations, but no response has been received at the time the Quality Report was signed. We have considered the consistency with the other specified documents and are satisfied that there is no material risk of misstatement arising from this omission.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

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

This report, including the conclusion, has been prepared solely for the Council of Governors of University Hospital of South Manchester NHS Foundation Trust as a body and the Board of Directors of the Trust as a body, to assist the Board of Directors and Council of Governors in reporting University Hospital of South Manchester NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2015, to enable the Board of Directors and Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body, the Council of Governors as a body and University Hospital of South Manchester NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management
- testing key management controls

- analytical procedures
- 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.

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

### Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'.

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

### Basis for qualified conclusion

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

- Accuracy – the data used to compile the indicator was not supported in the underlying patient records, including uncertainty about waiting time starts
- Validity – the patient data used to compile the indicator did not comply with the relevant requirements because clock stops had been applied which did not comply with national clock stop guidance

### Qualified conclusion

Based on the results of our procedures, with the exception of the matter reported in the basis for qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2015:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'
- the Quality Report is not consistent in all material respects with the sources specified above
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual'.

Grant Thornton UK LLP, Manchester, 28 May 2015



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

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

Specifically, the role of the Board is to:

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

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

During 2014-15, nominated staff side representatives (recognised trade unions) and Governors were encouraged to observe the monthly public ('Part 1') Board meeting. Small numbers of staff and members of the public also observed on an ad hoc basis. The Health and Social Care Act 2012 provides for the Constitution of UHSM to exclude members of the public from observing Board meetings for special reasons. UHSM refers to these Board meetings as 'Part 2', and its directors have continued to meet regularly in 'Part 2' session. The agendas for Part 1 and Part 2 Board meetings are sent to Governors before the Board; plus the papers from the monthly Part 1 Board meeting with the approved minutes of the previous meeting, are published on the Trust's website within three weeks of the meeting.

Director attendance at Board meetings in 2014-15 is summarised in table 5.1.

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

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

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

*Table 5.1: Attendance at 2014-15 Board and Council meetings*

	<b>Board attendance 2014-15</b> (actual / eligible)	<b>Council attendance 2014-15</b> (actual / eligible)
Felicity Goodey	9/11	3/3
Roger Barlow	11/12	3/4
Philip Smyth	10/12	4/5*
Graham Boulnois	9/12	1/5*
Lorraine Clinton	10/12	3/4
Martin Gibson	9/12	0/4
Barry Clare	1/1	1/1
Attila Vegh	12/12	4/4
Mandy Bailey	12/12	4/4
Nora Ann Heery	11/12	4/4
John Crampton	10/12	2/4
Silas Nicholls	4/4	1/1

\* Mr Boulnois and Mr Smyth were eligible to attend a special meeting of the Council in February 2015 that other directors were not eligible to attend.

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

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

reviewed the declarations made. The declaration of the Chair of Audit Committee has been reviewed by the Chairman and Chief Executive. The outcome of the reviews was reported to Board, who then considered the status of each Non Executive Director in turn at its May 2015 meeting. The consensus of the Board was that all six of UHSM's Non Executive Directors are independent in character and judgement.

### Non Executive Director appointments

During the year, the Council of Governors considered the appointment of the Chairman of the Trust and appointed Barry Clare for a term of 3 years following the retirement of Felicity Goodey.

The appointment was subject to rigorous review by the Council of Governors in line with the Code of Governance. The Nominations Committee, which comprises three Governors and two Board Members and has a Governor chair, met to consider the appointment. Following a robust appointment process, that included stakeholder engagement, the Nominations Committee then made a recommendation for appointment to the Council of Governors.

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

*Table 5.2: Terms of office of Non Executive Directors as at 31 March 2015*

Non Executive Director	Appointed	Re-appointed	Expiry of current term
Roger Barlow* (Audit Committee Chair)	01.11.09	01.11.12	31.10.15
Prof Graham Boulnois	01.01.10	01.01.13	31.12.15
Lorraine Clinton	01.01.10	01.01.13	31.12.15
Barry Clare (Chairman)	16.03.15	-	15.06.18
Prof Martin Gibson	15.11.10	01.11.13	31.10.16
Philip Smyth**	12.07.07	12.07.10 and 01.07.13	30.06.16

\* appointed Senior Independent Director 26.01.10

\*\* appointed Deputy Chairman 26.01.10

### Executive Director Appointments

Silas Nicholls joined the UHSM on 15 December 2014 as Deputy Chief Executive and Chief Operating Officer, following the departure of Interim Chief Operating Officer Jim O'Connell who was in post 24 February 2014 to 14 December 2014.

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

*Table 5.3: Terms of office of Executive Directors as at 31 March 2015*

Executive	Director Position	Appointed	Notice Period
Mandy Bailey	Chief Nurse	01.01.07	6 months
NoraAnn Heery	Finance Director	06.03.06	6 months
Attila Vegh	Chief Executive	01.09.13	6 months
John Crampton	Medical Director	01.02.15	Fixed Term
Silas Nicholls	Chief Operating Officer	15.12.14	6 months

### Board balance, completeness and appropriateness of membership

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

### Engagement with Council of Governors

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

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

As noted above, Governors have continued to take up the opportunity to attend Part 1 Board meetings, and there has been attendance by at least one Governor in all but one Part 1 Board meetings during 2014-15. The Chairman writes to the Council monthly, with a summary of the decisions taken and items discussed by the Board; plus opportunities are provided for Governors to informally meet with two Non Executive Directors (the Chairman and any one other of the Non Executive Directors by rotation) on a bi-monthly basis. Governors receive all relevant press release information and, on a weekly basis, the Foundation Trust office (which is a source of support and communication for Governors on a day-to-day basis) provides a summary of all relevant diary, committee and event information to Governors by email, or if preferred by post. This weekly communication also provides the opportunity to signpost Governors to information (locally or nationally) that may be of interest.

### Committees

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

*Table 5.4: Attendance by Board Committee members during 2014-15*

	<b>Audit Committee Attendance</b>	<b>Remuneration Committee Attendance</b>	<b>Nominations Committee Attendance</b>
Roger Barlow	6/6	2/2	1/1
Graham Boulnois	N/A	2/2	1/1
Lorraine Clinton	5/6	2/2	1/1
Martin Gibson	N/A	1/2	1/1
Felicity Goodey	N/A	2/2	1/1
Philip Smyth	5/6	2/2	1/1



## Audit Committee

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

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

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

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

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

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

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

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

The Board maintains a policy on the engagement of the external auditor for the provision of non audit services, which was approved by the Council of Governors. The effect of the policy is that were the Executive Team minded to retain the external auditor for the supply of non-audit services with a value of more than one third of the annual audit fee, the express approval of the Council of Governors would need to be sought and obtained. There have

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

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

### Nominations Committee

The Appointments Committee comprises all independent non-executive directors including the Trust Chairman, who chairs the committee. The committee is responsible for reviewing the size and structure of the board, considering succession planning and in conjunction with the chief Executive, preparing a description of the role and capabilities required for the appointment of an Executive or non-executive director. The Committee met once during the year.

### Committee structure review

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

### Operational Board

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

### Quality and Assurance Committee

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

## Remuneration Report

### Remuneration of Non Executive Directors

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

The committee met in May 2014 to discuss and make a recommendation to the Council of Governors regarding the remuneration of the Chairman and Non Executive Directors. The Committee considered relevant guidance or direction supplied by the Department of Health or any other relevant body. During the year under review, the members of the committee chose not to retain external remuneration consultants to provide independent advice. The committee did acquire comparable data from amongst the network of foundation trusts regionally and nationally.

The committee's recommendation to the Council of Governors for 2014-15 was that existing levels of Non Executive Director remuneration should be maintained at current levels. The Council accepted this recommendation.

The Committee met in February 2015 to consider the level of remuneration for the new Non Executive Chair payable on appointment and the recommendation was subsequently accepted by the Council of Governors.

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

### Remuneration of Executive Directors

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

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

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

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

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

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

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

During 2014-15 the performance of Executive Directors was assessed by way of formal appraisals, which included reviews of individual performance against personal objectives and progress against personal development plans.

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

The Executive Directors are employed on contracts which do not state a specific term. The contracts are subject to six 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 7.1 – 7.2 to the accounts.

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

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

**Median Salary**

	<b>2013-14</b>	<b>2014-15</b>
Median remuneration	£30,845	£31,153
Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director	7.0	7.2

**Expenses of directors**

Expenses of £3,372 were paid amongst the directors of the Trust in 2014-15 – all expenses paid related to the reimbursement of travel costs. In 2013-14, total expenses of £11,400 were paid to four directors of the Trust related to the reimbursement of travel expenses, and also included relocation expenses for the Chief Executive.

## Off payroll

<b>Off-payroll engagements as of 31 Mar 2015, for more than £220 per day and that last for longer than six months</b>	<b>2014/15 Number of engagements</b>
<b>No. of existing engagements as of 31 Mar 2015</b>	14
<b>Of which:</b>	
Number that have existed for less than one year at the time of reporting	12
Number that have existed for between one and two years at the time of reporting	2
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0

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

<b>For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2014 and 31 Mar 2015, for more than £220 per day and that last for longer than six months</b>	<b>2014/15 Number of engagements</b>
Number of new engagements, or those that reached six months in duration between 01 Apr 2014 and 31 Mar 2015	18
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	18
Number for whom assurance has been requested	18
<b>Of which:</b>	
Number for whom assurance has been received	18
Number for whom assurance has not been received *	0
Number that have been terminated as a result of assurance not being received	0

<b>Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 01 Apr 2014 and 31 Mar 2015</b>	<b>2014/15 Number of engagements Number</b>
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	13

The one board member off-payroll engagement noted above was for an Interim Director of Operations and relates to the period from 10th February 2014 until 14th December 2014. This role is now covered by a substantive appointment.



**Attila Vegh**  
Chief Executive

28 May 2015

## 5.1 Biographical details and register of interests

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

### **Barry Clare**

**Chairman of UHSM; Chair of Nomination Committee**

**Appointed March 2015**

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

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

### **Philip Smyth**

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

**Appointed July 2007; reappointed July 2010 and July 2013**

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

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

### **Roger Barlow BA, FCA**

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

**Appointed November 2009 and reappointed November 2012**

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

### **Professor Graham Boulnois BSc, PhD**

**Independent Non Executive Director**

**Appointed January 2010 and reappointed January 2013**

Graham has had 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.

Graham was Professor of Microbiology, Chairman of the School of Biology and Pro-Dean of the Science Faculty at Leicester University. This was followed by a period in the pharmaceutical industry where he was Senior Vice President in global Research at Zeneca Pharmaceuticals and Aventis Pharmaceuticals. Most recently Graham was a Partner with SV Life Sciences LLP, a leading venture capital group investing in early stage companies discovering and developing novel medicines. He has served on the Boards of numerous biotechnology companies as either Non-Executive Director or Chairman.

He is Chairman and Founder of Axendos Pharmaceuticals, a biotechnology company based on his research findings at Leicester. He now has his own consultancy business offering strategic advice to entrepreneurs, biotechnology companies and venture capital groups around the world.

### **Lorraine Clinton**

#### **Independent Non Executive Director**

#### **Appointed January 2010 and reappointed January 2013**

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

### **Professor Martin Gibson BSc PhD**

#### **Independent Non Executive Director**

#### **Appointed November 2010 and reappointed November 2013**

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

### **Dr Attila Vegh MSc**

#### **Chief Executive**

#### **Appointed September 2013**

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

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



**Nora Ann Heery BSoc Sc**  
**Director of Finance**  
**Appointed March 2006**

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

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

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

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

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

**John Crampton MA MD FRCP**  
**Medical Director**  
**Appointed November 2013**

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

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

**Silas Nicholls**  
**Chief Operating Officer and Deputy Chief Executive**  
**Appointed December 2014**

Silas Nicholls joined UHSM in December 2014 as Chief Operating Officer, having previously been Deputy Chief Executive and Director of Strategy for four years at Wrightington, Wigan

and Leigh NHS Foundation Trust. Having worked in the NHS since 1993, Silas has a wealth of experience and knowledge and is a huge asset to UHSM.

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

### **Register of Directors' Interests**

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

The Register of Directors' Interests was most recently presented to and noted by the Board in March 2015. Please see table 5.5.

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

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

### **Directors not in post at year end**

None.

Table 5.5: Register of interests of directors in post as at 31 March 2015

NAME	BARRY CLARE Chairman	PHILIP SMYTH Independent Non Executive Director Deputy Chairman	ROGER BARLOW Independent Non Exec Director, Audit Chair, Senior Ind't Director	GRAHAM BOULNOIS Independent Non Executive Director	LORRAINE CLINTON Independent Non Executive Director	MARTIN GIBSON Non Executive Director	NORA ANN HEERY Director of Finance	MANDY BAILEY Chief Nurse/ Executive Director for Risk& Governance	SILAS NICHOLLS Chief Operating Officer	ATTILA VEGH Chief Executive	JOHN CRAMPTON Medical Director	JANET WILKINSON Director of HR & OD
GIFTS and HOSPITALITY*	-	-	-	-	-	-	-	-	-	-	-	-
EMPLOYMENT, DIRECTORSHIPS AND REMUNERATION	<p>Partner – Clarat Partners LLP</p> <p>Partner – Clarat Healthcare LLP</p> <p>Chairman – Vantage Diagnostics Ltd</p> <p>NED – Ingenion Medical Ltd</p> <p>Chairman – Crescent OPS Ltd</p> <p>NED – Walmark</p> <p>Chairman – Trimb Healthcare AB</p> <p>Chairman – Floback Ltd</p>	<p>Director, Community Integrated Care, a company limited by guarantee, which runs The Peele Centre</p> <p>Trustee of the charity Make It Happen in Sierra Leone ;</p>	<p>Chairman and non executive director of Marsden Building Society (remunerated) ;</p> <p>Non executive Chairman of Impact Holdings (UK) plc (remunerated) ;</p> <p>Partner in Sapien Partnership (my own consultancy, currently inactive)</p> <p>Independent Member of the Audit Committee at Information Commissioner's Office</p>	<p>Part-time Venture Partner at SV Life Sciences LLP</p> <p>Chairman of Kalvista Pharmaceuticals Ltd</p> <p>Chairman of Karus Therapeutics Ltd</p> <p>NED Vantia Pharmaceuticals Ltd ;</p> <p>Founder and Chairman, Axendos Therapeutics Ltd</p> <p>Founder and Managing Director, B-V Life Sciences Ltd</p> <p>Member Advisory Board of Biomotiv LLC (A US-based venture capital group)</p> <p>Member, Senior Advisory Council, Harrington Project</p> <p>Chariman, Precision Medicines Ltd</p> <p>Chairman, Endokyne Therapeutics Ltd</p> <p>Member, Investment Advisory Panel, Alderley Park Ventures</p>	<p>Chair, MLC Pension Fund</p> <p>Owner and Director of Clinton Consultants Ltd</p> <p>Non-Executive Director - Entu plc</p> <p>Associate Corporate Director – Capital for Colleagues plc</p> <p>Public member – Network Rail</p> <p>Executive Committee member – Women of the Year, London</p>	<p>Consultant Physician, Salford Royal NHS FT</p> <p>Director NIHR Clinical Research Network: Greater Manchester</p> <p>Executive Director for Research and Informatics: Greater Manchester AHSN</p> <p>Associate Director for Industry; Comprehensive Clinical Research Networks</p> <p>CEO NW e-Health</p>	<p>Independent t** Board Member – ForViva Group (w.e.f. 15.11.14)</p>	<p>Chair, Association of University Hospitals Nurses Forum</p>	<p>Eurohealth Limited (majority shareholder )</p>	-	-	-
RELATED UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-

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

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

\*\* NoraAnn Heery is an independent board member of ForViva Group, the position is remunerated at £6,000 p.a and the director retains the earnings



## 06 Council of Governors

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

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

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

- *Appoint and, if appropriate, remove the Chair.*

Barry Clare was appointed at a special meeting of the Council held on 24 February 2015 for a term of three years, with effect from 16 March 2015.

- *Appoint and, if appropriate, remove the other non-executive directors.*

This duty was not exercised in 2014/15.

- *Decide the remuneration and allowances and other terms and conditions of office of the chair and the other non-executive directors.*

The Council's Remuneration Committee made a recommendation to the Council at its meeting on 18 June 2014. The Council approved the recommendation to maintain the existing remuneration of the Non Executive directors and Chairman for 2014/15.

- *Approve the appointment of a chief executive.*

This duty was not exercised in 2014/15.

- *Appoint and, if appropriate, remove the NHS foundation trust's auditor.*

This duty was not exercised in 2014/15.

- *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 2013/14 and the auditors report at its meeting on 3 September 2014.

- *Hold the non-executive directors, individually and collectively, to account for the performance of the board of directors.*

The Council adopted the Stewardship Standard at UHSM in 2012, the application of which facilitates Governors' effective discharge of their duties. Governors have a number of opportunities to seek assurance from the Non Executive Directors about the performance of the Board, including NED attendance at Council meetings; joint Council / Board 'away days'; informal meetings with the Chairman and NEDs; observing Part 1 Board meetings; plus detailed briefings on specific issues, for example the Trust's recovery plan and transfer to Electronic Patient Records.

- *To represent the interests of the members of the trust as a whole and the interests of the members of the public.*

Governors interact with members and the public informally; via external engagement exercises; the members' newsletter; annual open day; plus the Membership and Engagement Committee's annual action plan seeks to advance engagement opportunities within the Trust and in the local community.

- *Approve 'significant transactions'.*

No items have been identified as significant transactions although there have been detailed discussions regarding Medipark.

- *Approve an application by the trust to enter into a merger, acquisition, separation or dissolution.*

This duty was not exercised in 2014/15.

- *Decide whether the trust's non-NHS work would significantly interfere with its principle purpose, which is to provide goods and services for the health service in England, or performing its other functions.*

This duty was not exercised in 2014/15.

- *Approve amendments to the trust's constitution.*

The Council approved amendments to the UHSM's constitution at its meeting on 9 December 2014 to adopt new model election rules.

Additional powers include:

- *In preparing the NHS foundation trusts forward plan, the board of directors must have regard to the views of the council of governors.*

The Governor-led Annual Plan Advisory Committee takes a lead, on behalf of the Council, in canvassing the views of members and of the public then discussing and providing feedback to the Trust about its objectives and plans.

- *The council of governors may require one or more of the directors to attend a governors' meeting to obtain information about performance of the trust's functions or the directors' performance of their duties, and to help the council of governors to decide whether to propose a vote on the trust's or directors' performance.*

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

The Health and Social Care Act 2012 also provided NHS foundation trusts with additional responsibility regarding governor capability: *'the trust must take steps to ensure that the governors have the skills and knowledge they require to undertake their role'*. The Governors have continued to have access to a range of development opportunities during 2014/15 on a wide range of subjects including the Trust's strategy; developments in the Southern Sector; maternity services; mortality measures; dementia awareness; community services; and research and development. Structured visits to services are planned via the Governors' Patient Experience Committee. Governors are also able to attend the NW Governors' forums, where they are able to network with fellow Governors from across the foundation trust community.

During 2014, the Council undertook an evaluation exercise to assess its own effectiveness – the results were presented and discussed at the Council meeting on 9 December 2014.

### Council of Governors meetings

General meetings of the Council are held in public. During the financial year 2014/15, the Council has met on five occasions:

- 18 June 2014
- 3 September 2014
- 9 December 2014
- 24 February 2015 (special meeting of the Council to consider the appointment of the Chair)
- 17 March 2015

The following table summarises Governor attendance at Council of Governor meetings from 1 April 2014 to 31 March 2015:

*Table 6.1: Governor attendance at Council from April 2014 to March 2015*

Name	Title	Attendance (actual / eligible)
Marguerite Prenton	Public Governor (part of Trafford)	5/5
Kaye Gardner	Public Governor (part of Trafford)	2/5
Peter Turnbull	Public Governor (part of Trafford)	3/5
Sue Burden	Public Governor (part of Trafford)	3/3
John Churchill	Public Governor (part of south Manchester)	5/5
Margaret Hughes	Public Governor (part of south Manchester)	5/5
Sidney Travers	Public Governor (part of south Manchester)	5/5
Sarah Judge	Public Governor (part of south Manchester)	1/3
Syed Ali	Public Governor (part of south Manchester)	5/5
Michael Kelly	Public Governor (part of south Manchester)	3/5
Martin Rathfelder	Public Governor (part of south Manchester)	4/5
Suzanne Russell	Public Governor (part of south Manchester)	4/5
Sharan Arkwright	Public Governor (part of Stockport)	4/5
Marcella Wilkinson	Public Governor (part of Stockport)	0/5
Chris Templar	Public Governor (part of east Cheshire)	2/5
Alex Watson*	Public Governor (rest of England and Wales)	2/2
Shneur Odze	Public Governor (rest of England and Wales)	1/5
Phil Martlew	Public Governor (rest of England and Wales)	2/3
Emma Hurley	Staff Governor (Medical and Dental practitioners)	4/5
Christine Bowyer	Staff Governor (Nursing and Midwifery)	1/3
Luke People	Staff Governor (Nursing and Midwifery)	1/3
Lesley Coates	Staff Governor (other Clinical)	3/5

Colin Owen	Staff Governor (non Clinical)	3/3
Alan Baker	Staff Governor (PFI employees working at the Trust)	0/3
Cliff Clinkard	Staff Governor (volunteers working at the Trust)	3/5
Cllr Tracey Rawlins	Appointed Governor (Manchester City Council)	5/5
Cllr Chris Boyes	Appointed Governor (Trafford Council)	5/5

\*Mr Watson resigned as Governor on 4 September 2014

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

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

The Council of Governors operates a number of Council committees, membership of which is shown below. Several Governors have been involved in other work at UHSM including PLACE assessments, preparations for the 2014 Open Day, and meeting new members of staff at 'One Great Day', the Trust's induction event.

*Table 6.2: Membership of Council Committees (as at 31 March 2015)*

<b>Committee</b>	<b>Membership</b>
Appointment Committee ('Committee of the Council and Board')	Tracey Rawlins (chair), Emma Hurley, Philip Smyth, Roger Barlow, Suzanne Russell
Remuneration Committee	Sidney Travers (chair), Peter Turnbull, Shneur Odze, Chris Templar, Lesley Coates, Colin Owen, Margaret Hughes
Annual Plan Advisory Committee	Phil Martlew (chair), Michael Kelly, Emma Hurley (deputy chair), Suzanne Russell, Margaret Hughes, Marcella Wilkinson, Peter Turnbull, Luke People, Syed Ali
Membership and Engagement Committee	Cliff Clinkard (chair), Marguerite Prenton, Sharan Arkwright, Margaret Hughes, Michael Kelly (deputy chair), Chris Templar, John Churchill, Phil Martlew
Patient Experience Committee	John Churchill (chair), Marguerite Prenton, Syed Ali, Michael Kelly, Sharan Arkwright (deputy chair), Margaret Hughes, Chris Templar, Cliff Clinkard, Suzanne Russell, Marcella Wilkinson, Christine Bowyer

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



## 6.1 Composition, governor expenses, and register of interests

The UHSM constitution requires the number of public governors to be greater than the aggregate number of appointed and staff governors. The Council of Governors comprises 20 governors elected by public members, seven governors elected by staff members and five governors appointed by stakeholders. In Autumn 2014 an election process was undertaken to fill vacant public and staff governor seats. The term of office for all new governors commenced on 1 November 2014 and is for 3 years.

*Table 6.3: Public elected governors as at 31 March 2015*

Elected public governors	No of seats	Governor	Term of office	Term of office ends
Area 1 (part of Trafford)	4	Peter Turnbull	3 years	31.10.15
		Kaye Gardner	3 years	31.10.15
		Marguerite Prenton	3 years	31.10.15
		Sue Burden	3 years	31.10.17
Area 2 (part of south Manchester)	8	John Churchill	3 years	31.10.15
		Sidney Travers	3 years	31.10.15
		Margaret Hughes	3 years	31.10.15
		Suzanne Russell	3 years	31.10.15
		Michael Kelly	3 years	31.10.15
		Martin Rathfelder	3 years	31.10.15
		Syed Ali	3 years	31.10.15
		Sarah Judge	3 years	31.10.17
Area 3 (part of Stockport)	2	Sharan Arkwright	3 years	31.10.15
		Marcella Wilkinson	3 years	31.10.15
Area 4 (part of east Cheshire)	1	Chris Templar	3 years	31.10.15
Area 5 (rest of England and Wales)	5	Shneur Odze	3 years	31.10.15
		Phil Martlew	3 years	31.10.17
		Vacant		
		Vacant		
<b>Total</b>	<b>20</b>			

*Table 6.4: Staff elected governors as at 31 March 2015*

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

*Table 6.5: Appointed governors as at 31 March 2015*

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

During the financial year, a number of Governors were paid expenses to reimburse their travel costs incurred whilst attending meetings and events at the Trust. Three Governors received expenses in the reporting period – the aggregate sum paid was £680.14.

*Table 6.7: Register of Interests of Governors in post as at 31 March 2015*

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

Name	Any directorships, including non-executive directorships held in any company	Ownership of part-ownership of private companies, businesses or consultancies likely or possible seeking to do business with the NHS	Employment with any private company, business or consultancy	Significant share holdings (more than 5%) in organisations likely or possibly seeking to do business with the NHS	A position of authority in a charity or voluntary organisation in the field of health and social care	Any connection with a voluntary or other organisation contracting for NHS services
						Database Committee
Syed Ali	None	None	None	None	None	None
Sharan Arkwright	None	None	None	None	None	Work as Matron for Quality Improvement in a neighbouring FT
Marcella Wilkinson	None	None	None	None	None	None
Chris Templar	None	None	None	None	None	None
Shneur Odze	None	None	None	None	None	None
Emma Hurley	None	None	None	None	None	None
Lesley Coates	None	None	None	None	None	None
Cliff Clinkard	None	None	None	None	Secretary of the Ticker Club Charity No. 519754 – cardiac support group based at Wythenshawe Hospital	None
Cllr Tracey Rawlins	None	None	None	None	None	Manchester Alliance for Community Care
Cllr Chris Boyes	CEO of Manchester Financial Services Limited; CEO of MEMS Internet Marketing Limited	None	Manchester Financial Services Limited and MEMS Internet Marketing Limited	None	None	None
Sue Burden	None	None	None	None	None	None
Sarah Judge	None	None	Community Organiser, Movement for Change	None	None	None
Phil Martlew	Director & Trustee St Georges Hall Charitable Trust	None	None	None	None	None

Name	Any directorships, including non-executive directorships held in any company	Ownership of part-ownership of private companies, businesses or consultancies likely or possible seeking to do business with the NHS	Employment with any private company, business or consultancy	Significant share holdings (more than 5%) in organisations likely or possibly seeking to do business with the NHS	A position of authority in a charity or voluntary organisation in the field of health and social care	Any connection with a voluntary or other organisation contracting for NHS services
Christine Bowyer	Lime Street Liverpool L1 1JJ None	None	None	None	None	None
Luke People	None	None	None	None	None	None
Colin Owen	Director, Wythenshawe Community Media (Wythenshawe FM), unpaid	None	None	None	None	None
Alan Baker	None	None	None	None	None	None

## 6.2 Trust membership and the public constituency

### Members

UHSM has two membership constituencies:

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

### How to become a member of UHSM

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

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

**Staff member:** employees automatically become staff members unless they choose to opt out. In 2014/15, three staff members have chosen to opt out of membership. Employees of UHSM's PFI partners may become members once they have worked on-site for 12 months, as may UHSM's volunteers who have worked on-site for 12 months.

*Table 6.8: Membership annual report 2014-15*

	Public constituency 2014-15	Staff constituency 2014-15
At 1 April 2014	6,956	5,840
New members	1,031	1,119
Members leaving	326	982
At 31 March 2015	7,661	5,977

*Table 6.9: Membership breakdown as at 31 March 2015*

Public constituency	Number of members	Eligible population
Part of Trafford	1,694	202,710
Part of south Manchester	2,355	282,083
Part of Stockport	1,074	229,588
Part of east Cheshire	494	73,345
Rest of England and Wales	2,044	-
<b>Age (years):</b>		
0 – 16	6	94,340
17 – 21	47	51,761
22+	6,531	641,625
<b>Ethnicity:</b>		
White	4,881	645,968
Mixed	64	24,196
Asian	316	75,786
Black	136	29,004
Other	21	12,772
<b>Socio-economic groupings:</b>		
AB	1,641	145,357
C1	4,136	173,165
C2	681	65,455

DE	1,023	178,825
<b>Gender analysis:</b>		
Male	2,500	391,637
Female	3,609	396,089

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

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

### Membership Strategy

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

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

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



# 07 Financial Statements

## 7.1 Foreword to the accounts

In 2014/15 the University Hospital of South Manchester NHS Foundation Trust (UHSM) achieved a surplus of £0.8m before exceptional items. The achieved surplus equates to 0.2% of the Trust's turnover.

The Trust incurred exceptional costs of £3.7m relating to the restructuring costs associated with its recovery plan. Reversals of previous impairment losses following revaluation of the Trust's land and buildings have resulted in an exceptional gain of £8.7m. The combined impact of these two exceptional items produces a net bottom line surplus of £0.8m.

This chapter contains:

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

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

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

### Regulatory Disclosures

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

### Public Interest Disclosures

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

### Better Payment Practice Code

UHSM continues to recognise the importance of prompt payment to its suppliers and paid 97% by volume and 96% by value of all its undisputed invoices within thirty days of the month of receipt, this is in line with the 95% target.



### Management Costs

For the twelve months to March 31 2015, the Trust incurred £17.1m on underlying management costs (calculated on the basis of the Department of Health guidelines). This represents 3.67% of Trust income (Management Costs in 2013/14 were 3.53%).

An additional £1.6m project management costs were incurred as part of the exceptional restructuring costs during the twelve months to March 31 2015.

### 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 2015.

#### Going Concern

After considering Monitor's Enforcement Undertaking, explained in note 1.21 of the accounts, and making enquiries the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

#### Policies and Procedures with respect to Countering Fraud and Corruption

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

#### External Audit

Grant Thornton, as external auditors, received a fee of £39k + vat for the audit of the accounts to March 31 2015 as set out in Note 7 to the accounts. The Trust's accounts also reflect payments made to the Grant Thornton of £7k + VAT in respect of work they undertook on the Trust's Quality Account.



**Attila Vegh**  
**Chief Executive**  
28 May 2015

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

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

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

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

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

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

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



Signed

Attila Vegh, Chief Executive  
Date: 28 May 2015

## 7.3 Annual Governance Statement

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the University Hospital of South Manchester NHS Foundation Trust (UHSM), to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UHSM for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

### 3. Capacity to handle risk

The Board of Directors is ultimately responsible for ensuring that there is a robust risk management strategy in place within the Trust and ensuring that this is implemented and monitored via the Trust's governance processes. In order to discharge its responsibilities, the Board ensures scrutiny of the strategic risk register and Board Assurance Framework (BAF) via: monthly review of the significant risks on the strategic risk register and the BAF at the Board of Directors, review of the strategic risk register and BAF at each Audit Committee; review of the strategic risk register and BAF at the bi-monthly Quality and Assurance Committee; and monthly review of strategic risks and operational performance and subsequent risks at the monthly Trust Operational Board. In addition, directorate and divisional level risks are managed through divisional governance processes. Leadership in respect of risk management processes from 1 April 2014 to 31 December 2014 was provided by the Trust's Director of Governance and Risk, reporting to the Board of Directors. The Board agreed that responsibility and leadership for Risk and Governance should be provided by an Executive Director; therefore, the Chief Nurse was also appointed Executive Director of Risk and Governance with a Deputy Director of Risk and Governance providing support.

During 2014-15, two reviews were undertaken into our governance and risk management arrangements:

- i) External review was undertaken into aspects of the Trust's governance arrangements using Monitor's Well Led Framework. An action plan arising from the recommendations to address concerns has been agreed with Monitor. Progress is monitored monthly at the Board of Directors and monthly review meetings also take place with Monitor who then provide appropriate feedback;
- ii) Internal audit of divisional governance arrangements was undertaken. It identified areas for improvement and actions have been planned to address this. However, this review and their previous audit work confirmed that the Trust has adequate arrangements in place for the escalation of significant risks and incidents from divisions to Trust Board.

Training is provided to relevant staff on risk assessment, incident reporting and incident investigation. This is provided to all new staff coming into post and to all staff who have

responsibility for updating the risk management systems within the Trust, or to those staff who have responsibility for undertaking investigations within the Trust.

Frameworks and support materials are available to staff to support the management of risk. Learning is facilitated via a number of ways within the Trust, including aggregate analysis of incidents, complaints and claims to identify themes, trends and actions, ensuring learning is disseminated via Trust communication channels and also ensuring learning links back into training and improvement continues.

#### **4. The risk and control framework**

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

##### **(i) Risk Identification**

Strategic risks are identified proactively by assessing risks against delivery of the Trust strategic plan, risks identified via impact assessments undertaken of any significant service developments and risks that are escalated from divisional risk registers. The Council of Governors helps to identify and review the risks within the annual plan. Risks are also identified reactively via performance monitoring and analysing incidents, complaints, claims etc.

##### **(ii) Risk Assessment**

Risk assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the impact and likelihood of each risk and determines the priority based on the overall level of risk exposure. Any specific risks which may impact upon public stakeholders are discussed with the relevant external partners, providers, commissioners or other bodies as necessary to develop, where appropriate, integrated plans to protect and maintain services for patients.

##### **(iii) Risk Response**

For each risk, controls are ascertained or developed, documented and understood. Controls are implemented to avoid risk; seek risk (take opportunity); modify risk; transfer risk or retain risk. Gaps in control are subject to action plans, which are implemented to reduce residual risk. In determining the organisation's risk appetite, the Board has considered tolerances for the following dimensions (i) reputation and credibility; (ii) clinical, operational and policy delivery; (iii) financial; and (iv) regulatory and legal. These are reflected on the risk register by the responsible director and monitored by our processes set out in Section 3.

##### **(iv) Risk Reporting**

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

##### **(v) Risk Review**

Those managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision-making. Assurances on the operation of controls for all significant risks are kept under review by the Board, Audit Committee, Quality and Assurance Committee and Operational Board.

In addition, risk profiles for all directorates are kept under review as part of the divisional governance processes, with appropriate escalation in place in accordance with the Trust's risk management strategy.

#### 4.1 Quality Governance arrangements

In relation to assessing the quality of performance information, the Board reviews an integrated performance report monthly, called the 'Quality Account'. This Quality Account includes a wide range of measures, including quality measures, performance measures, financial measures, regulatory matters and health and safety; and includes information on targets, year to date and monthly performance, a four month trend and a forecast for the following month. The Quality Account is backed up by a more granular exception report. This is scrutinised by Operational Board, ahead of the meeting of the Board of Directors to ensure Board members can be aware of any exceptions and what operational management is doing to improve performance as required. Non Executive Directors are invited to attend Operational Board and so can observe the scrutiny and challenge of the performance information. There are also internal and external audits to scrutinise independently data quality of performance information. These are presented routinely to the Audit Committee.

In 2014-15, the Trust was issued with Enforcement Undertakings (described in full in section seven of the Annual Governance Statement). One of those undertakings was to commission a review of effectiveness of Board governance. This review was completed and an action plan agreed with Monitor in October 2014. This action plan is being implemented and monitored monthly by the Board.

#### 4.2 Assurance with CQC registration

Assurance with CQC registration requirements is obtained in a variety of ways. As stated above, the Trust reviews quality information on a regular basis. The Trust also reviews and takes appropriate actions following on from publication of the Intelligent Monitoring Reports (IMR), formerly Quality Monitoring Reports (QMR), which is a risk based report on agreed indicators produced by the CQC on all trusts. There are a number of assurance reports, which are tracked through the Board as either direct assurance, for example presented to the Board as part of their business cycle; or indirect assurance, for example via the Trust's committee structure. These assurance reports are designed to ensure that the Trust is monitoring compliance with regulations / registration compliance. There also regular reports received at divisional / directorate level, as part of operational governance, to ensure compliance with regulations and to ensure that any areas of non compliance are escalated through the Trust's risk management processes. In addition to assurance reporting, the Trust has observational reporting in place. In 2014-15, the Executive Directors continued their safety walk rounds programme, where they undertook listening events with staff and also talked to patients about the care in the hospital. The Trust also worked with commissioners in 2014-15 to facilitate commissioner walk rounds of the services. Integrated assurance mechanisms are therefore in place, which include performance data, reporting, external benchmarking and observing clinical services and talking to staff and patients.

#### 4.3 Information governance

Risks to data security are managed via adoption and monitoring of the standards outlined within the Information Governance Toolkit. In 2014-15 the Trust declared compliance with requirements at level two outlined within the toolkit. Incidents of data security are discussed at the Trust's Information Governance Group, which is chaired by the Trust's Caldicott Guardian (the Chief Nurse/Executive Director for Risk and Governance).

#### 4.4 Significant Risks

In the preceding 12 months, the Foundation Trust has taken effective action and reduced the overall risk of significant harm in the following strategic risk areas:

1. A failure to maintain UHSM's Clostridium *difficile* infection rate within or below the set trajectory, caused by insufficient compliance with infection prevention procedures, may result in a risk to patient safety, CQC non-compliance, a deterioration of UHSM's Governance Risk Rating with Monitor and significant financial penalties (risk rating 12). It was agreed at end

of March 2015 to reduce this rating to 8 and remove it from the strategic risk register and the BAF due to meeting the 2014-15 target following a number of improvements put in place regarding antibiotic prescribing and working with contractors who provide cleaning services. The risk regarding *C. difficile* continues to be monitored.

2. During 2014, a new risk was identified relating to the increased incidence of *Carbapenemase-producing Enterobacteriaceae* (CPE) infection, which may result in a risk to patient safety and operational performance, whilst following national guidance. This risk was initially scored at 15 and was placed on our strategic risk register and BAF. An action plan was put in place to deliver by 31 March 2015 and the Board agreed to archive this risk from our strategic risk register and BAF due to the reduction in the number of cases. The risk is now rated at a 10, which was our target and remains on our risk register and is constantly monitored.

3. During 2014-15, we have been monitored on the risk of reducing quality of services to our patients during the implementation of the Trust's recovery plan. The risk was identified at the start of 2014 as being a risk of 15 and so was on our strategic risk register and BAF. This risk has been regularly monitored and as at 31 March 2015 the Executive Team have identified that this risk is now a 12 whilst remaining on our strategic risk register, it will be removed from the BAF in 2015-16.

4. During 2014-15 we have been monitoring the risk relating to the failure to recruit Trust grade doctors. As at 1<sup>st</sup> April 2014, this risk was identified as 12. Following ongoing action and monitoring, this has been reduced to 10.

As at 31 March 2015, UHSM has identified a range of significant risks, which have been recorded on the Board strategic risk register, have action plans in place to address gaps in control and assurance, and are being monitored via the Trust governance processes. These are as follows:

1. *The Trust does not meet a range of access targets, including A&E target, caused by increased demand and / or failure to discharge patients to manage demand, resulting in decreased patient experience and potential for the Trust being in significant breach of its licence (risk rating 20).* The Trust has an Emergency Pathway Improvement Plan in place. Performance is regularly monitored through the Trust's Operational Board as well as through the formal performance review process. Models of Care have been redesigned internally to ensure that patients spend the shortest amount of time in hospital. The planned expansion of the Emergency Department in 2015-16 will align with the new models of care and will provide additional capacity within the two year plan period. The Trust works closely with all of its external partners and there is regular system wide Urgent Care Board of which the Trust is an active member. Work continues with external partners on the creation of new integrated patient pathways designed to prevent hospital admission wherever appropriate.

2. *Failure to achieve the financial recovery plan, as outlined within the Trust's 5-Year Plan, which may result in a potential breach of the Trust's licence (risk rating 20).* The Trust has a recovery plan, agreed with Monitor in November 2014, setting out how the Trust will achieve £27m of savings in 2015/16. Additional efficiency schemes have been identified and regular monthly monitoring of progress takes place through the Trust's Improvement Board and Board of Directors.

3. *Failure to provide adequate nursing staffing levels in some wards caused by wards not having required establishments and inability to fill vacancies which may result in pressure on ward staff, potential impact on patient care and impact on Trust (risk rating 16).* The Trust reviewed its nursing establishments twice during 2014-15 and the Board of Directors has approved the establishments in line with the six monthly evidence based reviews. It has had

concerns regarding the ability to recruit nursing staff to the vacancies to these agreed establishments. Although this is a national issue, a risk has been logged on the Trust's strategic risk register with regard to meeting the safer staffing requirements, outlined within the NHS' Chief Nursing Officer's report of November 2013 and the published NICE guidance. In order to mitigate this risk, a nursing recruitment plan has been developed – this includes national and overseas recruitment, focused monthly recruitment events and target recruitment with local universities. From June 2014, staffing levels by ward were published externally and reported to the Board on a monthly basis. The Trust can draw upon bank / agency staff when clinically needed and associated activity levels will also be monitored.

4. *UHSM's IT infrastructure is insufficient to meet the needs of the Trust, its commissioners or major stakeholders such as GPs potentially leading to patient safety issues, inefficient clinical and working practices, loss of reputation and / or market share (risk rating 16).* This is recognised as an area in which the Trust needs to invest in infrastructure and training. Capital monies have been allocated to ensure the infrastructure is further developed e.g. procurement of an Electronic Patient Record system and the informatics investment / department is under review to ensure that it is able to meet these challenges.

5. *The potential for a negative working environment and the consequential loss of discretionary effort and productivity, or loss of talented colleagues to other organisations, associated with measures required to reduce UHSM's cost base (risk rating 16).* There are risks associated with the Trust's recovery plan in relation to maintaining Trust staff morale and effort through cost saving programmes. Key to this is communication, appropriate levels of consultation and ongoing work in relation to organisational development. Actions have been put in place to mitigate this.

6. *A failure to establish an effective Southern Sector partnership, caused by insufficient engagement and / or commitment of partners, disagreement between parties or insufficient models of care, resulting in benefits of the Southern Sector partnership not being realised (risk rating 15).* Despite good engagement and hard work by project teams, differing pressures and requirements of the partner trusts have meant that a number of the South Sector work streams have not come to fruition as expected. Clinical engagement on specialty pathways has been good and is likely to lead to improvements. But it appears that all trusts accept that the Southern Sector partnership is likely to be more limited than expected. A recommendation that this risk is downgraded because its impact is likely to be low will be considered by the Board of Directors in May 2015.

7. *Missed cancers and fractures, due to staff not correctly requesting, acknowledging and acting upon diagnostic investigations appropriately, which may result in poor outcomes for patients and impact on the Trust's reputation (risk rating 15).* This risk was identified through occurrence of incidents and subsequently an internal audit of the Trust's diagnostic review system. An improvement plan has been put in place resulting in audits, systems development and improved performance reporting. This improvement plan is being overseen by the Medical Director reporting to the Board and the Quality and Assurance Committee.

The Board has recently identified two new risks for entry onto the Risk Register.

8. *The risk to patients with mental health conditions who are in our care has been continually monitored by the Executive Director team. Following concerns raised and two inquests relating to patient suicides within UHSM, and a Prevention of Future Deaths report issued in February 2015, the Board of Directors have reviewed the risk rating and has reassessed the risk to a risk rating of 20. This risk is now within our strategic risk register and*

our BAF and is monitored monthly by the Board and the action plan to address this is monitored by the Quality and Assurance Committee.

9. *Inaccurate reporting of patients waiting more than 52 weeks on incomplete pathways (risk rating 20).* The Trust has recently identified a risk relating to inaccurate reporting of patients waiting more than 52 weeks on incomplete pathways. Immediate actions taken include amendment to data warehouse rules, training of all staff and the commencement of a data validation exercise. The Intensive Support Team has been invited in and Monitor has been made aware of the issue.

#### **4.5 Statement of Compliance with the NHS Foundation Trust Code of Governance and other disclosure statements**

Monitor's Code of Governance for NHS Foundation Trusts requires Foundation Trusts to make a full disclosure on their governance arrangements for the 2014-15 financial year.

The Code requires the Directors' Report to explain how the main principles and supporting principles of the Code have been applied. The form and content are not prescribed. The information satisfying this requirement is found throughout this Annual Report and Accounts, particularly within chapter five, Directors' report and chapter six, Governors.

In the second part of the compliance disclosure, UHSM is required to provide a statement either confirming compliance with each of the provisions of the Code or where appropriate, an explanation in each case why the Trust has departed from the Code. The UHSM Board confirms that UHSM complied with all provisions of the Code for the 2014-15 year, without exception.

For the avoidance of doubt, although the Code requires Foundation Trusts to nominate a Lead Governor to 'have a role to play in facilitating communication between Monitor and the NHS Foundation Trust', the Council of Governors at UHSM have considered this requirement and resolved to satisfy it not by the designation of a single individual Governor, but by the collective designation of the Chairs' Advisory Committee as Lead Governor. In the view of the Council, this way of working provides Governors with more efficient, and representative, regular two-way communications with the Chairman, the Non-Executive Directors and Board, and in exceptional circumstances with Monitor, should the need arise. In the view of the UHSM Board, this arrangement, with which Monitor is content, does not constitute a non compliance with the Code.

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust was inspected in 2013-14, as part of a dementia themed review. The Trust received a compliance action with a moderate concern regarding monitoring of the quality of services for patients with dementia. An action plan was implemented during 2014-15 to address the findings of the CQC inspection. The Quality and Assurance Committee monitor the action plan on behalf of the Board and agreed to the closure of this action plan in April 2015.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

In year the Trust recognised that it needed to strengthen control measures to ensure that all the organisation's obligations under equality, diversity and human rights legislation are



complied with. The Trust has an improvement plan in place which it is implementing and monitoring.

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

#### **4.6 Risk and control framework summary**

In summary the risk management and control framework is embedded in the activity of the organisation by ensuring that:

- There is a clear strategy and policy in relation to risk management on which staff are trained appropriately.
- Strategic risks are identified and monitored by the Board of Directors.
- Risk assessments are linked to core business as part of the quality monitoring process, planning and service development processes.
- Where risk assessments are conducted and any risks identified, that these are tracked through appropriate risk registers and governance frameworks, to monitor impact and effectiveness of mitigations.
- Quality governance framework assessments are in place and are assessed by internal audit to give further assurance on robustness and help identify areas for improvement.
- The Trust embraces and promotes a fair blame culture to incident reporting so that any issues can be identified and addressed, and lessons learned.
- Lessons are learned from incidents, Serious Incidents and Complaints.
- Information is available for colleagues to monitor all the aspects of service delivery, to ensure any areas for improvement can be identified.

#### **5. Review of economy, efficiency and effectiveness of the use of resources**

As Accounting Officer, I am responsible for ensuring that the organisation has arrangements in place for securing value for money in the use of its resources. To do this I have maintained systems to:

- Set, review and implement strategic and operational objectives.
- Seek external assurance that the Trust can demonstrate value for money.
- Ensure that plans are in place to deliver cost improvements.
- Engage with strategic partners / lead strategic agendas to ensure that use of resources is considered on a health economy scale.
- Engage with patients, staff, members and other stakeholders to ensure key messages about services are received and acted upon.
- Monitor and improve organisational performance.

Monitor, the regulator of foundation trusts, instigated an Enforcement Undertaking in relation to the Trust's short-term financial stability in May 2014. In response to this, the Trust has agreed a recovery plan with Monitor. The recovery plan sets out the arrangements in place to achieve financial balance through a programme of cost improvement savings across financial years 2014/15 and 2015/16. Efficiency savings of £23m were achieved in 2014/15 and plans have been developed to achieve further savings of £27m in 2015/16. The overall objective of this is to ensure financial sustainability is restored in 2015/16, with a level 2 Continuity of Service Risk Rating (CoSRR) achieved by the final quarter of 2015/16. UHSM's financial plans submitted to Monitor show that the Trust will generate a small normalised surplus in 2015/16 with sufficient cash balances to meet the repayment of its loans and PFI. The Trust acknowledges the difficult financial climate that faces the NHS and,

as a contingency, the Independent Trust Financing Facility has agreed to provide a £25m loan to address the challenges presented by the Trust's PFI payment profile.

Monitoring of the recovery plan is undertaken at the Trust's Improvement Programme Board, which reports to the Board of Directors.

Issues relating to economy, efficiency and effectiveness are reviewed in year via the Trust's internal audit plan, which is commissioned and reviewed by the Audit Committee. The Audit Committee also oversees the implementation of recommendations made by the Trust's internal auditors.

## **6. Annual Quality Report**

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports, which incorporate the above legal requirements, as set out within the NHS Foundation Trust Annual Reporting Manual.

UHSM has strived to embed strong clinical leadership for the development of the Annual Quality Report during 2014-15. This has been provided by the Medical Director, in close collaboration with the Chief Nurse/Executive Director for Risk and Governance and the Chief Operating Officer, along with clinical leads assigned to lead the quality improvements initiatives as set out within the Trust's Quality Accounts. Where delivery of the Trust's quality priorities has meant investing in people and / or training, the Trust has prioritised this investment, for example the appointment of a Dementia Nurse Specialist. Therefore quality priorities set for 2015-16 link into the Trust's annual plan to ensure the quality improvement initiatives are in alignment with national, commissioner and the Trust's strategic priorities.

In order to ensure the Trust's Quality Report presents a balanced view, the Trust has shared the report with third parties, for example commissioners, Health and Scrutiny Committees, and Healthwatch. The report has also been shared with the Trust Governors.

Performance and outcomes highlighted within the Quality Account are reviewed by the Clinical Standards Sub Committee, which is chaired by the Medical Director.

A monthly integrated performance report, outlining the targets within the Trust's Quality Account is presented to the Board of Directors. Any target, which is not meeting the required trajectory, is flagged as an exception, with a narrative provided to the Board.

Data quality audits are commissioned within the Trust, as part of the Information Governance Toolkit work and work is also undertaken by the Trust's internal auditors, the reports of which are received at the Trust's Audit Committee and any issues are then flagged to the Board. In relation to data quality issues in 2014-15, an example of an issue flagged to the Board was referral to treatment time (RTT). The Trust's internal auditor undertook a Data Quality Indicator Testing review in 2014/15 for which the Trust was rated amber/red due to the limited level of validation of the RTT indicator. The Trust has agreed an action plan to address this deficiency and progress against this will be reviewed by the Audit Committee.

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 2014-15. South Manchester Clinical Commissioning Group has reviewed this information on a quarterly basis.

The Trust has a contract with Comparative Health Knowledge System (CHKS) to provide quality and safety benchmarked data, including mortality, which is a routine component of the monthly Quality Report to the Board of Directors. During 2014-15 the Board of Directors approved and entered into a contract with Dr Foster, to provide additional information in

relation to quality and safety benchmarked data, including mortality. From January 2015, this is included in monthly analysis at Board.

In addition to internal monitoring and internal audits, an assurance report is provided by external audit annually on the content of the quality account and selected key performance indicators.

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

- Accuracy – the data used to compile the indicator was not supported in the underlying patient records, including uncertainty about waiting time starts
- Validity – the patient data used to compile the indicator did not comply with the relevant requirements because clock stops had been applied which did not comply with national clock stop guidance. A qualified conclusion has therefore been issued in this respect.

## **7. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, and the Quality and Assurance Committee, and the Operational Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Operational Board is chaired by the Chief Operating Officer, meets monthly, and has membership from senior clinical and managerial leaders within the Trust. Non Executive Directors are also invited to attend to observe the levels of scrutiny being undertaken at the committee level. The Quality and Assurance Committee is chaired by a Non Executive Director, meets bi-monthly, and has membership from senior clinical and managerial leaders within the Trust and one other Non Executive Director. Chairs of these committees provide the Board with a Chair's report following each meeting and the committee minutes are also presented to the Board.

The priority for the Audit Committee is to monitor the integrity of the Trust's financial statements and to review the Trust's financial and non-financial controls and management systems. The committee's work has focussed on the register of risks, controls and related assurances underpinning the delivery of the Board's objectives. The committee meets at least five times per year and comprises three Non-Executive Directors. Executive Directors, Director of Human Resources, Director of Risk and Governance (Chief Risk Officer) until 31/12/14, Director of Corporate Governance, Head of Internal Audit and External Audit are in routine attendance.

The Chair of the Audit Committee ensures that the committee is kept informed of significant risks and reviews all disclosure statements that flow from the Trust's assurance processes as part of a programme of internal and external audit. In particular, these cover financial statements; the Annual Governance Statement; compliance with applicable standards and regulations; and assurances underpinning declarations to regulators such as Monitor and the Care Quality Commission.

Clinical Audit is an integral part of the NHS Foundation Trust's internal control framework. An annual programme of clinical audit is developed involving all clinical directorates. Clinical audit priorities are aligned to the Trust's clinical risk profile, compliance requirements under the provisions of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010, and national clinical audit priorities or service reviews.

With respect to the internal audits concluded during 2014-15, there were seven assignments for which Internal Audit reported the level of assurance as limited for the year ended 31 March 2015. These audits provide amber-red assurance as a result of weaknesses in the design and / or operation of controls. Management action plans are designed and implemented to address these weaknesses and progress against these is reviewed by the Audit Committee.

External audit provides independent assurance on the accounts, annual report, Annual Governance Statement and on the Annual Quality Report.

As noted within this statement, there have been two significant gaps in internal control identified in 2014-15; these issues are in relation to not meeting financial targets and not meeting the A&E national standard to achieve a maximum waiting time of four hours or less from arrival to admission, transfer or discharge for 95% of patients during quarters one, three and four. In May 2014, Monitor issued the Trust with Enforcement Undertakings in relation to Finance and Board Governance, which required the Trust to:

- Undertake an external review of the Trust's recovery plan. Deloitte completed the review to provide external assurance of the recovery plan. Deloitte were then subsequently appointed to provide further support to the recovery plan submitted to Monitor in November 2014.
- Undertake a review of effectiveness of Board governance arrangements. Deloitte completed their external review of board governance as agreed with Monitor in October 2014 and action plan has been put in place to address recommendations.
- Commission the services of a Turnaround Director. A Turnaround Director was appointed from April 2014 to December 2014.

The achievement of the A&E four hour target also remains a significant risk going into 2015-16. An improvement plan has been put in place and this will continue to be monitored as a target on a daily basis and the improvement plan will be monitored at the Trust's Operational Board.

## **8. Improvement Programme**

The Trust is currently in a two year £50m improvement programme which started in 2014/15. Success in this programme is key to future financial sustainability and savings of nearly £23m were achieved in 2014/15 with a further £27m planned to be achieved in 2015/16. This will enable the Trust to achieve a sustainable Continuity of Service Risk Rating (CoSRR) of 2 by quarter 4 (January – March 2016).

A Programme Management Office (PMO) was established in 2014 to oversee delivery of the Improvement Programme. The PMO, together with staff and external consultants, have developed robust workstream plans which are coordinated, monitored, and reported by the PMO to ensure delivery of the programme's objectives. A bottom up approach using LEAN tools and techniques has been developed and this enables the delivery of these schemes and helps to facilitate the generation of new ideas. In addition to this, the PMO helps to develop tactical schemes to bridge any shortfall.

The PMO is supported by a Head of PMO, a dedicated programme management team and has recently been strengthened by a number of work stream leads offering project management support to key schemes and the wider Trust. The Trust also employed a Turnaround Director during April – December 2014 to help deliver the programme.

2015/16 will see changes to the programme governance structure with an Improvement Programme Board and Steering Group being established. This will provide high level executive oversight and assurance at the Programme Board and more detailed analysis and scrutiny at the Steering Group.

## **9. Conclusion**

As Accounting Officer with responsibility for maintaining a sound system of internal control at the University Hospital of South Manchester NHS Foundation Trust, I confirm that there are no significant issues of internal control, other than those highlighted above, that came to light during the financial year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

A handwritten signature in black ink that reads "Dr Attila Vegh". The signature is written in a cursive style with a large, stylized 'V'.

**Dr Attila Vegh**  
Chief Executive

28 May 2015

## 7.4 Independent External Auditor's report

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

#### **Our opinion on the financial statements is unmodified**

In our opinion the financial statements:

- give a true and fair view of the state of the financial position of the Group and University Hospital of South Manchester NHS Foundation Trust as at 31 March 2015 and of the Group and Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual and the directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

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

This report is made solely to the Council of Governors of University Hospital of South Manchester NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **What we have audited**

We have audited the financial statements of University Hospital of South Manchester NHS Foundation Trust ('the Trust') for the year ended 31 March 2015 which comprise the Group and Trust statement of comprehensive income, the Group and Trust statement of financial position, the Group and Trust statement of cash flows, the Group and Trust statements of changes in taxpayers' equity and the Group and Trust related notes.

The Group financial statements include the financial transactions of University Hospital of South Manchester NHS Foundation Trust and University Hospital of South Manchester NHS Foundation Trust Charitable Fund for the year ended 31 March 2015.

The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

#### **Our assessment of risk**

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

#### **Valuation of contract income from commissioning bodies and associated receivables**

The risk: The Group receives a large proportion of its income from commissioners of healthcare services. It invoices its commissioners throughout the year for services provided, and at the year-end estimates and accrues for activity not yet invoiced. Invoices for the final quarter of the year are not finalised and agreed until after the yearend and after the deadline for the production of the financial statements. There is therefore a risk that the income from commissioners (and associated receivables) recognised in the financial statements may be misstated. We identified the accounting for the contract arrangements with commissioning bodies (in particular the consistency of the income with contract terms) and the adequacy of contractual adjustments as risks that had the greatest impact on our audit strategy.

Our response: Our audit work included, but was not restricted to, assessing the Group's

accounting policy for revenue recognition, understanding management's processes to recognise this income in accordance with the stated accounting policy, performing walkthroughs

of management's key controls over income recognition (for example controls over contract billing, pricing and agreement of contract variations) to assess whether they were designed effectively and substantively testing the income and associated receivables.

Our substantive testing included:

- testing the reconciliation of the income figures in the financial statements for material contracts with commissioning bodies to signed contracts; and
- testing a sample of the contract variations to ensure they were accounted for appropriately and are not in dispute.

The Group's accounting policy on revenue recognition is shown in note 1.2 to the financial statements and its analysis of its total operating income is included in notes 3 to 5.

Our findings:

We did not identify any material errors in the valuation of income from commissioners from our testing, but we noted one non-trivial misstatement which we have reported to Those Charged with Governance at the Group (the Trust Audit Committee) in our Audit Findings Report. Management provided us with a written response to confirm why they had decided not to amend the financial statements for this non-trivial misstatement. We have confirmed with the Audit Committee that they agree with management that, because of the immaterial impact, no adjustment need be made.

### **Completeness of employee remuneration and operating expenses and associated payables**

The risk: The majority of the Group's expenditure relates to employee remuneration and operating expenses. Together they account for 98% of the Group's gross expenditure. The Group pays the majority of this expenditure through its payroll and accounts payable systems and at the year-end estimates and accrues for un-invoiced expenses. Invoices for the final weeks of the year are not received and processed until after the year-end and in many cases after the deadline for the production of the financial statements. There is therefore a risk that the expenses (and associated payables) recognised in the financial statements may be misstated. We identified the completeness of employee remuneration and operating expenses (in particular the understatement of accruals) as risks that had the greatest impact on our audit strategy.

Our response: Our audit work included, but was not restricted to, understanding management's processes to recognise payroll and accounts payable expenditure and year-end accruals for unprocessed invoices and expenditure incurred and not yet invoiced (GRNI), walking through management's key controls over recognition of expenditure (for example authorisation of expenditure subsystem interfaces, processing of adjustments and authorisation of payments) to assess whether they were designed effectively and substantively testing expenditure and associated payables.

Our substantive testing included:

- testing the reconciliation of employee remuneration expenditure in the financial statements to the general ledger and payroll subsystems;
- performing a trend analysis of payroll costs to identify any unusual cost variations for follow up;
- sample testing payroll expenditure to source documents;
- assessing whether the Group's processes for accruing for GRNIs were sufficiently

robust to ensure that uninvoiced expenditure had been accrued for appropriately;

- sample testing accruals to subsequent documentation; and
- testing significant post year-end payments to confirm the completeness of accruals.

The Group's accounting policy for recognition of expenditure is shown in notes 1.3 to 1.5, its analysis of employee remuneration costs is included in note 9 and its analysis of operating costs is included in note 7 to the financial statements.

Our findings:

We did not note any exceptions from our work on this expenditure.

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

### **Materiality**

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

We determined materiality for the audit of the Group financial statements as a whole to be £9,604,000, which is approximately 2% of the Group's gross operating costs. This benchmark is considered the most appropriate because users of the financial statements are particularly interested in how healthcare funding has been spent. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as related party transactions, cash balances, the audit fee, and senior officer remuneration disclosures in the Remuneration Report. We determined the threshold at which we will communicate misstatements to the Trust's Audit Committee to be £250,000. In addition we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

### **Overview of the scope of our audit**

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

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

Our audit approach was based on a thorough understanding of the Group's business and is risk based. Accordingly, our audit work was focused on obtaining an understanding of, and evaluating, relevant internal controls at the Group.

In order to gain appropriate audit coverage of the risks described above and of the Trust's charity, as an individually significant reporting component, we performed testing of the significant balances and transactions of the charity as part of our audit work on the Group financial statements.



We undertook substantive testing on significant transactions, balances and disclosures in the Group financial statements, the extent of which was based on various factors such as our overall assessment of the Group's control environment, the design effectiveness of controls over significant financial systems and the management of risks.

### **Other reporting required by regulations**

#### **Our opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts is unmodified**

In our opinion:

- the part of the Directors' Remuneration Report subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014-15 issued by Monitor and included in the Remuneration Report and in the accounts at note 7.1; and
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

#### **Matters on which we are required to report by exception**

Under Section 62(1) of the National Health Service Act 2006 and Monitor's Audit Code for NHS Foundation Trusts, we have a duty to satisfy ourselves that the Trust's Quality Report has been prepared in line with the requirements set out in in Monitor's published guidance and is not inconsistent with other sources of evidence.

Our testing of the mandated indicator '18 week referral-to-treatment maximum wait: Patients on an incomplete pathway' identified errors in the recording of referral and treatment dates. Our Limited Assurance report to the Board of Directors and Council of Governors of University Hospital of South Manchester NHS Foundation Trust on the Quality Report, is therefore qualified as we were unable to provide assurance that the indicators in the Quality Report, subject to limited assurance, had been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual.

As a result of the above matter, we have been unable to satisfy ourselves that University Hospital of South Manchester NHS Foundation Trust's Quality Report has been prepared in line with the requirements set out in Monitor's published guidance and is consistent with other sources of evidence.

We have nothing to report in respect of the following:

Under the Code we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual or is misleading or inconsistent with the information of which we are aware from our audit; or
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

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

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

## **Responsibilities for the financial statements and the audit**

### **What an audit of financial statements involves:**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **What the Chief Executive is responsible for as accounting officer:**

As explained more fully in the Chief Executive's Responsibilities Statement, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Direction issued by Monitor and for being satisfied that they give a true and fair view.

### **What are we responsible for:**

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

### **Certificate**

We certify that we have completed the audit of the financial statements of University Hospital of South Manchester NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

As set out above, we have been unable to satisfy ourselves that the Trust's Quality Report has been prepared in line with the requirements set out in the NHS Foundation Trust Annual Reporting Manual and is consistent with other sources of evidence.

Sarah Howard  
Partner  
for and on behalf of Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB  
28 May 2015

## 7.5 Financial Statements

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED March 31, 2015

	NOTE	Trust		Group	
		2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Income from patient care activities	3	371,058	346,298	371,058	346,298
Other operating income	4	95,911	144,031	96,260	144,765
Exceptional Income- Reversal of impairments of property, plant and equipment	13	8,711	-	8,711	-
Operating expenses (excluding impairments of property and restructuring costs)	7	(453,837)	(478,852)	(455,175)	(480,194)
Exceptional item - impairments of property	7,13	-	(1,893)	-	(1,893)
Exceptional item - restructuring costs	7, 7.3	(3,721)	(321)	(3,721)	(321)
<b>OPERATING SURPLUS</b>		<b>18,122</b>	<b>9,263</b>	<b>17,133</b>	<b>8,655</b>
<b>Finance costs:</b>					
Finance income	11	189	184	377	392
Finance expense - financial liabilities	12	(10,391)	(9,980)	(10,391)	(9,980)
Finance expense - unwinding of discount on provisions	26	(86)	(101)	(86)	(101)
<b>Surplus/ (Deficit) for the financial year</b>		<b>7,834</b>	<b>(634)</b>	<b>7,033</b>	<b>(1,034)</b>
Public dividend capital dividends payable	32	(2,000)	(1,005)	(2,000)	(1,005)
<b>RETAINED SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>5,834</b>	<b>(1,639)</b>	<b>5,033</b>	<b>(2,039)</b>
<b>Other comprehensive income excluded from the retained surplus/ (deficit)</b>					
Gain from transfer by absorption following the demise of Manchester PCT	SOCIE	-	24,371	-	24,371
Revaluation gains/(losses) and impairment gains/(losses) on property, plant and equipment	15	10,149	(1,772)	10,149	(1,772)
Fair Value gains on Available-for-sale financial investments	SOCIE	-	-	467	200
<b>TOTAL comprehensive (expense) /income for the year</b>		<b>15,983</b>	<b>20,960</b>	<b>15,649</b>	<b>20,760</b>
<b>RETAINED SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>5,834</b>	<b>(1,639)</b>	<b>5,033</b>	<b>(2,039)</b>
Exclude exceptional losses - impairments of property	7,13	-	1,893	-	1,893
Exclude exceptional gains - impairment reversals	7,13	(8,711)	-	(8,711)	-
Exclude exceptional losses - restructuring costs	7	3,721	321	3,721	321
Surplus for the year before exceptional items		<b>844</b>	<b>575</b>	<b>43</b>	<b>175</b>

The notes on pages 152 to 190 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION AS AT  
March 31, 2015**

	Note	Trust		Group	
		March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
<b>Non-current assets</b>					
Intangible assets	14	-	3	-	3
Property, plant and equipment	15	220,484	202,437	220,484	202,437
Other Investments	18	-	-	5,317	4,884
Trade and other receivables	19	198	298	198	298
<b>Total non-current assets</b>		<b>220,682</b>	<b>202,738</b>	<b>225,999</b>	<b>207,622</b>
<b>Current assets</b>					
Inventories	17	4,515	4,418	4,515	4,418
Trade and other receivables	19	18,569	21,584	18,580	21,605
Cash and cash equivalents	20	41,071	58,708	44,972	63,384
		<b>64,155</b>	<b>84,710</b>	<b>68,067</b>	<b>89,407</b>
Non-current assets held for sale		-	-	-	-
<b>Total current assets</b>		<b>64,155</b>	<b>84,710</b>	<b>68,067</b>	<b>89,407</b>
<b>Total assets</b>		<b>284,837</b>	<b>287,448</b>	<b>294,066</b>	<b>297,029</b>
<b>Current liabilities</b>					
Trade and other payables	21	(48,390)	(68,496)	(48,435)	(68,550)
Borrowings	22	(5,838)	(6,503)	(5,838)	(6,503)
Provisions	26	(19,444)	(12,218)	(19,444)	(12,218)
Other liabilities	23	(10,136)	(10,457)	(10,329)	(10,697)
<b>Net current liabilities</b>		<b>(19,653)</b>	<b>(12,964)</b>	<b>(15,979)</b>	<b>(8,561)</b>
<b>Total assets less current liabilities</b>		<b>201,029</b>	<b>189,774</b>	<b>210,020</b>	<b>199,061</b>
<b>Non-current liabilities</b>					
Trade and other payables	21	-	-	-	-
Borrowings	22	(67,870)	(73,707)	(67,870)	(73,707)
Provisions	26	(4,787)	(4,802)	(4,787)	(4,802)
Other liabilities	23	(4,540)	(4,166)	(4,578)	(4,166)
<b>Total assets employed</b>		<b>123,832</b>	<b>107,099</b>	<b>132,785</b>	<b>116,386</b>
<b>Financed by:</b>					
<b>Taxpayers' equity</b>					
Public dividend capital	SOCIE	120,205	119,455	120,205	119,455
Revaluation reserve	SOCIE	38,682	28,533	38,682	28,533
Retained earnings	SOCIE	(35,055)	(40,889)	(35,055)	(40,889)
<b>Others' equity</b>					
Charitable fund reserves	SOCIE			8,953	9,287
<b>Total Taxpayers' and others' equity</b>		<b>123,832</b>	<b>107,099</b>	<b>132,785</b>	<b>116,386</b>

The financial statements on pages 103 to 107 were approved by the Board on Directors on 28 May, 2015 and signed on its behalf by:

Signed:  (Chief Executive)

28 May,  
2015  
Date: .....

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
March 31, 2015**

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

Note d)

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

5,002

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

832

Trust retained surplus for the year

5,834

- b) The fair value gains/ (losses) on available for sale financial investments relates to an investment portfolio held by the University Hospital of South Manchester NHS Foundation Trust Charitable Fund.

- c) The new PDC received in the year is Department of Health funding received for investment in capital schemes to:
- develop A&E facilities
  - support the development of an Electronic Patient Record
  - develop the Safer Hospitals Programme

- d) The balance on the NHS Charitable Funds Reserve includes both restricted and unrestricted funds. Restricted funds must be used for specific purposes set by the donor at the point of donation, whereas unrestricted funds are those funds given to the charity without any restrictions imposed by the particular donor.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
March 31, 2014**

	Note	Trust				Charity	Group
		Public Dividend Capital (PDC)	Income & Expenditure Reserve	Revaluation Reserve	Total Trust	NHS Charitable Funds Reserves	Total Group
		£000	£000	£000	£000	£000	£000
<b>Taxpayers' and Others' Equity at April 1, 2013</b>		117,472	(58,492)	25,176	<b>84,156</b>	9,487	<b>93,643</b>
<b>Changes in taxpayers' equity for 2013/14</b>							
Total Comprehensive Income for the year:							
Retained deficit for the year	a)	-	(1,771)	-	<b>(1,771)</b>	(268)	<b>(2,039)</b>
Transfers by modified absorption: Gains/(losses) from demising bodies	b), 1.20	-	24,371	-	<b>24,371</b>	-	<b>24,371</b>
Transfers by modified absorption: Transfers between reserves		-	(5,129)	5,129	-	-	-
Impairments		-	-	(1,772)	<b>(1,772)</b>	-	<b>(1,772)</b>
Revaluation gains/(losses) on property, plant and equipment		-	-	-	-	-	-
Fair value gains on Available-for-sale financial investments	c)	-	-	-	-	200	<b>200</b>
Other recognised gains and losses		-	-	-	-	-	-
New PDC received	d)	1,983	-	-	<b>1,983</b>	-	<b>1,983</b>
PDC repaid in year		-	-	-	-	-	-
Other transfers between reserves		-	-	-	-	-	-
Other reserves movements - charitable funds consolidation adjustment	a)	-	132	-	<b>132</b>	(132)	-
<b>Balance at March 31, 2014</b>		<b>119,455</b>	<b>(40,889)</b>	<b>28,533</b>	<b>107,099</b>	<b>9,287</b>	<b>116,386</b>

Note e)

- a) Trust retained deficit for the year, excluding income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund (1,771)
- Trust income received from University Hospital of South Manchester NHS Foundation Trust Charitable Fund 132
- Trust retained deficit for the year (1,639)
- b) The gain on transfer from demising bodies relates to the transfer of net assets from former PCTs. The main element of this is the transfer of Withington Community Hospital from the former Manchester PCT.
- c) The fair value gains/ (losses) on available for sale financial investments relates to an investment portfolio held by the University Hospital of South Manchester NHS Foundation Trust Charitable Fund.
- d) The new PDC received in the year is Department of Health funding received for investment in capital schemes to:
- provide improved dementia care facilities
  - improve energy efficiency
  - further develop community IT systems
- e) The balance on the NHS Charitable Funds Reserve includes both restricted and unrestricted funds. Restricted funds must be used for specific purposes set by the donor at the point of donation, whereas unrestricted funds are those funds given to the charity without any restrictions imposed by the particular donor.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**March 31, 2015**

	NOTE	Trust		Group	
		2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Cash flows from operating activities</b>					
Operating surplus/(deficit) from continuing operations		18,122	9,263	17,133	8,655
<b>Non-cash income and expense:</b>					
Depreciation and amortisation	7	10,001	9,721	10,001	9,721
Impairments	7	-	1,893	-	1,893
Reversals of impairments	4	(8,711)	-	(8,711)	-
(Gain)/Loss on disposal		46	88	46	88
Non-cash donations/grants credited to income		-	-	-	-
Interest accrued and not paid		-	-	-	-
Dividends accrued and not paid or received		-	-	-	-
(Increase)/Decrease in Trade and Other Receivables		3,098	(7,445)	3,092	(7,390)
(Increase)/Decrease in Other Assets		-	-	-	-
(Increase)/Decrease in Inventories		(97)	959	(97)	959
Increase/(Decrease) in Trade and Other Payables		(21,292)	8,865	(21,292)	8,287
Increase/(Decrease) in Other Liabilities		53	(8,915)	53	(8,915)
Increase/(Decrease) in Provisions		7,125	1,773	7,125	1,773
Tax (paid) / received		-	-	-	-
Movements in operating cash flow in respect of Transforming Community Service transaction		-	-	-	-
NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		-	-	(2)	(18)
Other movements in operating cash flows		-	(1,056)	-	(528)
<b>Net cash generated from operating activities</b>		<b>8,345</b>	<b>15,146</b>	<b>7,348</b>	<b>14,525</b>
<b>Cash flows from investing activities</b>					
Interest received	11	189	184	189	184
Purchase of intangible assets	14	-	-	-	-
Sales of intangible assets		-	-	-	-
Purchase of Property, Plant and Equipment	15	(9,048)	(9,730)	(9,048)	(9,730)
Sales of Property, Plant and Equipment	15	-	289	-	289
NHS Charitable funds - net cash flows from investing activities		-	-	34	(468)
<b>Net cash used in investing activities</b>		<b>(8,859)</b>	<b>(9,257)</b>	<b>(8,825)</b>	<b>(9,725)</b>
<b>Net cash inflow before financing</b>		<b>(514)</b>	<b>5,889</b>	<b>(1,477)</b>	<b>4,800</b>
<b>Cash flows from financing activities</b>					
Public dividend capital received		750	1,679	750	1,679
Public dividend capital repaid		-	-	-	-
Public dividend capital received (PDC adjustment for modified absorption transfers of payables/receivables)		-	304	-	304
Loans received from the Foundation Trust Financing Facility		-	-	-	-
Loans received from the Department of Health		-	-	-	-
Other loans received		-	-	-	-
Loans repaid to the Foundation Trust Financing Facility		(1,564)	(1,566)	(1,564)	(1,566)
Loans repaid to the Department of Health		-	-	-	-
Other loans repaid		-	-	-	-
Other capital receipts		-	-	-	-
Capital element of Private Finance Initiative Obligations		(4,938)	(3,918)	(4,938)	(3,918)
Interest paid		(940)	(1,003)	(940)	(1,003)
Interest element of finance lease		-	-	-	-
Interest element of Private Finance Initiative obligations		(9,451)	(8,977)	(9,451)	(8,977)
PDC Dividend paid		(980)	(448)	(980)	(448)
Cash flows attributable to financing activities of discontinued operations		-	-	-	-
NHS Charitable funds - net cash flows from financing activities		-	-	188	207
Cash flows from (used in) other financing activities		-	-	-	-
<b>Net cash used in financing activities</b>		<b>(17,123)</b>	<b>(13,929)</b>	<b>(16,935)</b>	<b>(13,722)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,637)</b>	<b>(8,040)</b>	<b>(18,412)</b>	<b>(8,922)</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at April 1</b>		<b>58,708</b>	<b>66,748</b>	<b>63,384</b>	<b>72,306</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at March 31</b>	20	<b>41,071</b>	<b>58,708</b>	<b>44,972</b>	<b>63,384</b>

## 7.6 Notes to the accounts

### 1. ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the foundation trust Annual Reporting Manual (FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2014/15 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### Accounting convention

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

#### 1.1 Consolidation

The Trust is the corporate trustee to the University Hospital of South Manchester NHS Foundation Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the charitable fund.

The Charitable Fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

#### 1.2 Income

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

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

#### 1.3 Expenditure on Employee Benefits

##### Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by



employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

### **Pension costs**

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

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

#### **a) Accounting valuation**

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015 is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

#### **b) Full actuarial (funding) valuation**

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

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

#### **c) Scheme provisions**

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

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

- With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.
- Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12, the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
- Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.
- For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.
- Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

#### **1.4 Expenditure on other goods and services**

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

#### **1.5 Exceptional items**

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

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

#### **1.6 Property, Plant and Equipment**

##### **Recognition**

Property, Plant and Equipment is capitalised as tangible assets where:

- they are held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- they are expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.
- individually they have a cost of at least £5,000; or
- they form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- they form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

## Measurement

### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

All land and buildings are revalued by professional valuers every five years. A three yearly interim valuation is also carried out. Valuations are carried out by the District Valuer, who is external to the Trust, and in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. In between these valuations the Trust considers whether assets are subject to significant volatility and, where this is the case, undertakes an annual revaluation.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. Depreciated replacement cost is assessed on a modern equivalent asset (MEA) basis.

A full revaluation was last undertaken on April 1, 2013. The impact of this revaluation was recognised in the land and buildings values included in the March 31, 2013 Statement of Financial Position.

2014/15 was the second year in the revaluation cycle and therefore a full revaluation was not due. However, conditions in the construction industry and property market across the intervening two years indicated a potential material movement in asset values. An interim revaluation was therefore commissioned from the District Valuer. The impact of this revaluation is recognised in the land and buildings values included in the March 31, 2015 Statement of Financial Position.

VAT on Private Finance Initiative (PFI) transactions is recoverable. Therefore, in agreement with the Trust, the District Valuer's March 31, 2015 valuation of the Trust's Private Finance Initiative (PFI) buildings has excluded VAT from the valuation of these buildings. This is consistent with the approach used when the value of these buildings was first recognised within the Trust's Statement of Financial Position. However, subsequent valuations had included VAT as a cost within the calculation of depreciated replacement cost. The impact of now excluding VAT from the valuation of these buildings represents a change in estimation technique and reduces the valuation by £7,598k.

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 arise from a clear consumption of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve where the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **De-recognition**

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and

- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### **Donated assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

### **Private Finance Initiative (PFI) transactions**

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

## **1.7 Intangible assets**

### **Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

### **Internally generated intangible assets**

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;

- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

## Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

## Measurement

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

Subsequently intangible assets are measured at 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.

## 1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

## 1.9 Revenue government and other grants

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

## 1.10 Financial instruments and financial liabilities

### Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

### De-recognition

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

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

## **Classification and Measurement**

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

## **Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'**

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the Statement of Comprehensive Income. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

## **Loans and receivables**

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

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

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

## **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

## **Other financial liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective

interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

### **Impairment of financial assets**

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision.

## **1.11 Leases**

### **Finance leases**

The Trust assesses the terms of each individual lease agreement to determine whether substantially all the risks and rewards of ownership are borne by the Trust.

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

### **Operating leases**

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

### **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

## **1.12 Provisions**



The NHS foundation trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

### **Clinical negligence costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 26 but is not recognised in the Trust's accounts.

### **Non-clinical risk pooling**

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

## **1.13 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## **1.14 Public dividend capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as:

- the average of the opening and closing value of all liabilities and assets (excluding donated assets and any PDC dividend balance receivable or payable).
- less the average daily net cash balances held with the Government Banking Services (excluding cash balances held in GBS accounts that relate to a short-term working capital facility).

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### **1.15 Value Added Tax**

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.16 Corporation Tax**

The Trust is a Health Service body within the meaning of the Income and Corporation Tax Act (ICTA) 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of a foundation trust (ICT Act 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000pa. There is no tax liability arising in respect of the current financial year.

### **1.17 Foreign exchange**

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Resulting exchange gains or losses are recognised in income or expense in the period in which they arise.

### **1.18 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

### **1.19 Losses and special payments**

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

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

### **1.20 Transfers of functions from other NHS bodies**

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

In 2013/14 the net gain corresponding to the net assets transferred from Manchester PCT is recognised within the income and expenditure reserve under the principles of modified absorption accounting which applied to transfers where the transferring body ceased to exist on 1 April 2013.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

### **1.21 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying accounting policies**

Estimates and judgements have to be made in preparing the Trust's annual accounts. These are continually evaluated and updated as required, although actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant impact on the amounts recognised in the financial statements.

#### **Going Concern**

Monitor, the regulator of foundation trusts, instigated an Enforcement Undertaking in relation to the Trust's short-term financial stability in May 2014. In response to this, the Trust has agreed a recovery plan with Monitor. The recovery plan sets out the arrangements in place to achieve financial balance through a programme of cost improvement savings across financial years 2014/15 and 2015/16. Efficiency savings of £23m were achieved in 2014/15 and plans have been developed to achieve further savings of £27m in 2015/16. As a contingency, the Trust has also agreed a £25m loan with the Independent Trust Financing Facility to address the challenges presented by the Trust's PFI payment profile. After considering Monitor's Enforcement Undertaking, and recognising the 31 March 2015 cash balance of £41,071k and 2015/16 contracts agreed with commissioners, 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.

#### **Financial value of provisions for liabilities and charges**

The Trust makes financial provision for obligations of uncertain timing or amount at the balance sheet date. These are based on estimates using as much relevant information as is available at the time the accounts are prepared. They are reviewed to confirm that the values included in the financial statements best reflect the current relevant information. Where this is not the case, the value of the provision is amended. The current provisions are set out in note 26 on page 141 of these accounts.

#### **Provision for impairment of receivables**

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

### **Partially completed spells at the statement of financial position date**

Income relating to in-patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. This is based on estimated length of stay data that applies to the types of clinical activity being undertaken on an inpatient basis as at the statement of financial position date and totals £3,224k as at 31 March 2015 (£3,213k as at 31 March 2014). The estimated length of stay and the type of in-patient clinical activity may vary materially from one statement of financial position date to another.

### **Accruals for income and expenditure not invoiced at the reporting date**

At the end of the financial year, the Trust may have received goods and services which have not been invoiced at the balance sheet date. In these circumstances, an estimated value of the cost is included in the Trust's reported financial results. In some cases the estimated value is based on the quoted value provided by the supplier when the goods were ordered; in other cases, the charge may be estimated based on methods such as the number of hours of service provided or the last price paid for the same goods or service.

### **Impairments and estimated asset lives**

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

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

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

- 1) The use of estimated asset lives in calculating depreciation (see Note 1.6).
- 2) Provisions for early retirement pension contributions and injury benefit obligations are estimated using expected life tables and discounted at the pensions rate of 1.3% (1.8% 2013/14) (see Note 1.12).

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

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014/15. The application of the Standards as revised would not have a material impact on the accounts for 2014/15 were they applied in that year:

IFRS 9	Financial Instruments – effective date not yet known
IFRS 13	Fair Value Measurement – adoption delayed by HM Treasury, to be adopted from 2015/16.
IAS 36 (amendment)	Recoverable amount disclosures – to be adopted from 2015/16
IAS 19 (amendment)	Employer contributions to defined benefit pension schemes - effective from 2015/16 but not yet EU adopted
IFRIC 21 Levies	EU adopted in June 2014 but not yet adopted by HM Treasury

## 2. Operating segments

The Foundation Trust operates in only one segment, healthcare. The group also includes a Charity which benefits the staff and patients of the Trust and supports health research.

## 3. Income from patient care

### Trust and Group

<b>3.1 Income from patient care activities - by source</b>	<b>note</b>	<b>2014/15</b>	<b>2013/14</b>
		<b>£000</b>	<b>£000</b>
NHS Foundation Trusts		<b>1,363</b>	600
NHS Trusts		<b>321</b>	81
Strategic Health Authorities		-	-
CCGs and NHS England	a)	<b>361,829</b>	338,816
Local Authorities		<b>2,461</b>	2,040
Department of Health - grants		-	-
Department of Health - other		-	42
NHS Other		<b>3,488</b>	3,205
Non NHS: Private patients		<b>181</b>	109
Non-NHS: Overseas patients (chargeable to patient)		<b>179</b>	106
NHS injury scheme		<b>1,091</b>	1,092
Non NHS: Other		<b>145</b>	207
		<b><u>371,058</u></b>	<b><u>346,298</u></b>

a) The increased income from CCGs and NHS England reflects increased activity in outpatients and specialist services, and also includes additional funding received to address winter pressures.

<b>3.2 Income from patient care activities - by point of delivery</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Elective income	<b>73,651</b>	74,397
Non-elective income	<b>85,324</b>	82,622
Out-patient income	<b>53,191</b>	47,969
A&E income	<b>8,738</b>	8,778
Other clinical activity income	<b>132,165</b>	113,742
Private patient income	<b>181</b>	109
Other non-protected clinical income	<b>1,267</b>	1,207
Community services	<b>16,541</b>	17,474
	<b><u>371,058</u></b>	<b><u>346,298</u></b>

### 3.3 Income from patient care activities - commissioner requested services

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Income from commissioner requested services	<b>369,610</b>	344,982
Income from non commissioner requested services	a) <b>1,448</b>	1,316
	<b><u>371,058</u></b>	<b><u>346,298</u></b>

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

### 3.4 Income from overseas visitors

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Income recognised this year	<b>179</b>	106
Cash payments received in-year (relating to invoices raised in current and previous years)	<b>94</b>	56
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	<b>51</b>	19
Amounts written off in-year (relating to invoices raised in current and previous years)	<b>7</b>	14

#### 4. Other Operating Income

Trust and Group	NOTE	Trust		Group	
		2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Research and development	a)	5,825	19,790	5,825	19,790
Education and training	b)	60,787	98,311	60,787	98,311
Received from NHS charities		832	132	-	-
Non-patient care services to other bodies		10,574	8,384	10,574	8,384
Other	5	13,790	12,302	13,790	12,302
Rental revenue from operating leases - minimum lease receipts	6	1,957	1,754	1,957	1,754
Salary recharges		2,146	3,358	2,146	3,358
NHS Charitable Funds: incoming resources excluding investment income		-	-	1,181	866
<b>Total (excluding exceptional income)</b>		<b>95,911</b>	<b>144,031</b>	<b>96,260</b>	<b>144,765</b>
Reversal of impairments of property, plant and equipment	13	8,711	-	8,711	-
<b>Total (including exceptional income)</b>		<b>104,622</b>	<b>144,031</b>	<b>104,971</b>	<b>144,765</b>

a) The Trust previously acted as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. This research funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. These arrangements ceased on 31st March 2014 which has resulted in a reduction in research and development income in 2014/15. This reduction in income is matched by a corresponding reduction in research expenditure (note 7 - Operating Expenses).

b) The Trust was previously host organisation for the NHS Leadership Academy. This training funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. This arrangement ceased on 30th September 2014 which has resulted in a reduction in education and training income in 2014/15. This reduction in income is matched by a corresponding reduction in expenditure on training, courses and conferences (note 7 - Operating Expenses).

#### 5. Other Operating Income : Other Income

Trust and Group	2014/15 £000	2013/14 £000
Car parking	2,131	2,180
Estates recharges	175	179
IT recharges	173	569
Pharmacy sales	446	797
Staff accommodation rentals	93	78
Crèche services	486	472
Clinical tests	2,783	1,343
Clinical excellence awards	1,436	1,464
Catering	73	95
Property rentals	930	695
Other	5,064	4,430
<b>Total</b>	<b>13,790</b>	<b>12,302</b>

#### 6. Operating lease income

Trust and Group	2014/15 £000	2013/14 £000
<b>Operating lease income</b>		
Rents recognised as income during the period	1,957	1,754
Contingent rents recognised as income during the period	-	-
<b>Total</b>	<b>1,957</b>	<b>1,754</b>
<b>Future minimum lease payments due</b>		
- not later than one year	1,752	1,957
- later than one year and not later than five years	6,089	6,429
- later than five years	10,583	14,389
<b>Total</b>	<b>18,424</b>	<b>22,775</b>

The Trust leases property to Manchester Mental Health and Social Care NHS Trust. This income is included in note 4 above as 'rental revenue from operating leases'.

## 7. Operating Expenses

### Trust and Group

	Note	2014/15 £000	2013/14 £000
Services from NHS Foundation Trusts		1,782	1,717
Services from NHS Trusts		-	-
Services from CCGs and NHS England		-	-
Services from other NHS Bodies		1,979	2,905
Purchase of healthcare from non NHS bodies		898	1,081
Employee Expenses - Executive directors	7.1, 9	1,116	960
Employee Expenses - Non-executive directors		120	128
Employee Expenses - Staff	9	249,298	238,831
NHS Charitable Funds - employee expenses		-	-
Supplies and services - clinical (excluding drug costs)		56,362	51,943
Supplies and services - general		30,413	30,046
Establishment		2,799	2,884
Research and development - (Non- Employee costs)	a)	1,304	13,759
Research and development - (Employee expenses)	a), 9	4,229	5,335
Transport - business travel only		585	628
Transport - other		958	790
Premises	b)	14,331	15,528
Increase/(decrease) in provision for impairment of receivables	19	136	1,957
Increase in other provisions		527	10
Change in discount rate - early departure pensions provision		359	792
Drugs		36,348	32,216
Rentals under operating leases - minimum lease payments	8	1,284	1,345
Depreciation on property, plant and equipment		9,998	9,716
Amortisation on intangible assets		3	5
Audit services- statutory audit	c)	48	47
Audit services -regulatory reporting	d)	7	7
Other auditor remuneration		-	5
Clinical negligence premiums		3,928	4,050
Loss on disposal of property, plant and equipment		46	88
Legal fees		299	390
Consultancy costs		371	2,465
Training, courses and conferences	b)	32,711	57,500
Patient travel		71	85
Car parking & Security		755	739
Hospitality		115	121
Insurance		648	759
Losses, ex gratia & special payments		9	20
<b>Trust total operating expenses (excluding exceptional costs)</b>		<b>453,837</b>	<b>478,852</b>
Restructuring costs	e)	3,721	321
Impairments of property, plant and equipment	13	-	1,893
<b>Trust net operating costs including exceptional costs</b>		<b>457,558</b>	<b>481,066</b>
<b>Trust total operating expenses (excluding exceptional costs)</b>		<b>453,837</b>	<b>478,852</b>
Audit fees payable to external auditor of charitable funds		5	5
NHS Charitable Funds: other resources expended		1,333	1,337
<b>Group net operating costs before exceptional costs</b>		<b>455,175</b>	<b>480,194</b>
Restructuring costs		3,721	321
Impairments of property, plant and equipment	13	-	1,893
<b>Group net operating costs including exceptional costs</b>		<b>458,896</b>	<b>482,408</b>

a) The Trust previously acted as a host, on behalf of a number of NHS trusts and foundation trusts across Greater Manchester, for clinical research funding from the Department of Health. This research funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. These arrangements ceased on 31st March 2014 which has resulted in a reduction in research and development expenditure in 2014/15. This reduction in expenditure is matched by a corresponding reduction in research income (note 4 - Other Operating Income).

b) The Trust was previously host organisation for the NHS Leadership Academy. This training funding was accounted for gross in accordance with guidance from Monitor, the independent regulator of foundation trusts. This arrangement ceased on 30th September 2014 which has resulted in a reduction in expenditure on training and expenditure on premises in 2014/15. These reductions in expenditure are matched by corresponding reductions in income received for education and training (note 4 - Other Operating Income).

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

d) Costs shown as 'Audit Services- regulatory reporting' relate to the external auditor's review of the Trust's Quality Report.

e) Restructuring costs relate to the internal project management and external consultancy required to implement the Trust's financial recovery plan.

## 7.1 Salary and pension entitlements of senior managers

Note: It is the view of the Board of Directors that the authority and responsibility for controlling major activities is retained by the statutory Board of Directors who have voting rights and is not exercised below this level.

Figures below are for the 12 month period from April 1, to March 31.

Name and title	A	B	C	D	E	F	G
	salary and fees	taxable benefits	annual performance-related bonuses	long-term performance-related bonuses	sub-total	Increase in Pension-related benefits during the accounting period*	Total
	(Bands of £5,000) £ 000s	(Rounded to nearest £100) £ 000s	(Bands of £5,000) £ 000s	(Bands of £5,000) £ 000s	(Bands of £5,000) £ 000s	(Bands of £2,500) £ 000s	(Bands of £5,000) £ 000s
<b>2014/15</b>							
<b>Executive Board Members with Voting Rights</b>							
Bailey A. - Chief Nurse/Executive Director of Risk and Governance	120 to 125				120 to 125	60.0 to 62.5	180 to 185
Crampton J. - Medical Director	175 to 180				175 to 180	-	175 to 180
Heery NA. - Director of Finance	135 to 140				135 to 140	40.0 to 42.5	180 to 185
O'Connell J. - Interim Director of Operations	270 to 275				270 to 275		270 to 275
Nicholls S. - Director of Operations	40 to 45				40 to 45	37.5 to 40.0	80 to 85
Vegh A.- Chief Executive	195 to 200		25 to 30		220 to 225	72.5 to 75.0	290 to 295
<b>Non Executive Board Members</b>							
Clare B. - Chair	0 to 5				0 to 5		0 to 5
Goodey F. - Chair	35 to 40				35 to 40		35 to 40
Barlow R.- Non Executive Director, Chair of Audit Committee	15 to 20				15 to 20		15 to 20
Boulnois G.- Non Executive Director	10 to 15				10 to 15		10 to 15
Clinton L.- Non Executive Director	10 to 15				10 to 15		10 to 15
Gibson M. - Non Executive Director	10 to 15				10 to 15		10 to 15
Smyth P. - Non Executive Director, Deputy Chair	15 to 20				15 to 20		15 to 20
<b>2013/14</b>							
<b>Executive Board Members with Voting Rights</b>							
Bailey A. - Chief Nurse	120 to 125				120 to 125	32.5 to 35.0	155 to 160
Crampton J. - Medical Director	70 to 75				70 to 75		70 to 75
Griffiths A.- Interim Director of Operations	85 to 90				85 to 90		85 to 90
Heery NA. - Director of Finance	135 to 140				135 to 140	37.5 to 40.0	175 to 180
James K.- Acting Chief Executive	65 to 70				65 to 70		65 to 70
O'Connell J. - Interim Director of Operations	45 to 50				45 to 50		45 to 50
Ryan B. - Medical Director	95 to 100				95 to 100		95 to 100
Sutton D. - Interim Director of Operations	75 to 80				75 to 80		75 to 80
Vegh A.- Chief Executive	115 to 120		20 to 25		135 to 140		135 to 140
<b>Non Executive Board Members</b>							
Goodey F. - Chair	45 to 50				45 to 50		45 to 50
Barlow R.- Non Executive Director, Chair of Audit Committee	15 to 20				15 to 20		15 to 20
Boulnois G.- Non Executive Director	10 to 15				10 to 15		10 to 15
Clinton L.- Non Executive Director	10 to 15				10 to 15		10 to 15
Gibson M. - Non Executive Director	10 to 15				10 to 15		10 to 15
Smyth P. - Non Executive Director, Deputy Chair	10 to 15				10 to 15		10 to 15

\* In accordance with Monitor's Annual Reporting Manual the Pension-Related Benefits is calculated in line with the HMRC method as 20 times the Pensionable pay plus the lump sum. The Increase in Pension-Related Benefits are shown only for those individuals who were executive Board Members at the beginning and end of the accounting year. Non- Executive Directors are excluded as their pay is non-pensionable.

- i) Costs include salary for clinical duties and Clinical Excellence Awards.
- ii) Commenced position of Interim Director of Operations on 10th February 2014 and held this position until 14th December 2014.
- iii) Commenced as Director of Operations with effect from 15th December 2014.
- iv) Commenced as Chair with effect from 16th March 2015.
- v) Held position of Chair up until 31st January 2015.
- vi) Held position of Interim chair from 1st February to 15th March 2015
- vii) Commenced as Medical director on 1st November 2013.
- viii) Held position of Interim Director of Operations from 14th January 2013 to 13th October 2013.
- ix) Ended role as Board member 30th September 2013, this included a month overlap with the substantive Chief Executive.
- x) On secondment to another NHS organisation from 1st November 2013. Costs include salary for clinical duties and medical discretionary award.
- xi) Held position of Interim Director of Operations from 15th October 2013 to 2nd February 2014.
- xii) Began substantive role as Chief Executive 1st September 2013.



## 7.2 Salary and pension entitlements of senior managers (continued)

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

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, 2015	Value of automatic lump sums at March 31, 2015	Real increase in pension during the period	Real increase in automatic lump sum during the period	CETV* at March 31, 2014	CETV* at March 31, 2015	Real increase in CETV* during the period
	(Bands of £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	42.5 to 45.0	127.5 to 130.0	2.5 to 5.0	7.5 to 10.0	699.0 to 700.0	766.0 to 767.0	66.0 to 67.0
Crampton J. - Medical Director	60.0 to 62.5	185.0 to 187.5	0.0	0.0	1,457.0 to 1,458.0	1,457.0 to 1,458.0	0.0
Heery NA. - Director of Finance	50.0 to 52.5	155.0 to 157.5	0.0 to 2.5	5.0 to 7.5	942.0 to 943.0	1,007.0 to 1,008.0	64.0 to 65.0
O'Connell J. - Interim Director of Operations*							
Nicholls S. - Director of Operations	17.5 to 20.0	55.0 to 57.5	0.0 to 2.5	7.5 to 10.0	233.0 to 233.0	273.0 to 274.0	40.0 to 41.0
Vegh A. - Chief Executive	10.0 to 12.5	0.0	2.5 to 5.0	0.0	66.0 to 67.0	101.0 to 102.0	34.0 to 35.0

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

#### 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.

### 7.3 Mutually Agreed Resignation Scheme and Redundancy Payments 2014/15 (Trust and Group)

There were no MARS (Mutually Agreed Resignation Scheme) payments made within the financial year 2014/15.

There were a number of MARS applications received within the financial year 2014/15. Those which are agreed will be paid in 2015/16, and an accrual has been included for this.

### Mutually Agreed Resignation Scheme and Redundancy Payments 2013/14 (Trust and Group)

Exit package cost band	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	0	0	4	30	4	30
£10,000 - £25,000	0	0	2	29	2	29
£25,001 - £50,000	0	0	4	138	4	138
£50,001 - £100,000	0	0	2	124	2	124
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>321</b>	<b>12</b>	<b>321</b>

The above table details the number of MARS (Mutually Agreed Resignation Scheme) payments agreed within the financial year 2013/14. These redundancies were a consequence of the Trust's cost efficiency savings plans. MARS schemes have had approval from Monitor.

## 8. Arrangements containing an operating lease

### Trust and Group

#### 8.1 As lessee

The Trust's leases include office and laboratory accommodation together with equipment (both clinical and non-clinical).

<b>Payments recognised as an expense</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Minimum lease payments	<b>1,284</b>	1,345
Contingent rents	-	-
Sub-lease payments	-	-
	<b><u>1,284</u></b>	<b><u>1,345</u></b>
<b>Total future minimum lease payments</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Payable:		
Not later than one year	<b>1,463</b>	1,416
Between one and five years	<b>2,324</b>	1,996
After 5 years	<b>1,885</b>	959
	<b><u>5,672</u></b>	<b><u>4,371</u></b>

## 9. Employee expenses and numbers

### Trust and Group

#### 9.1 Employee expenses

Includes the costs of staff, research employee expenses and executive directors, but excludes non-executive directors.

	2014/15			2013/14		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	195,868	182,253	13,615	197,702	178,276	19,426
Social security costs	16,263	15,023	1,240	16,371	14,761	1,610
Pension cost - defined contribution plans, employers contributions to NHS Pensions	23,389	21,739	1,650	23,701	21,370	2,331
Pension cost - other	8	8	-	-	-	-
Other post employment benefits	-	-	-	-	-	-
Other employment benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Agency/contract staff	19,115	-	19,115	7,673	-	7,673
NHS Charitable Funds staff	-	-	-	-	-	-
<b>Employee benefits expense</b>	<b>254,643</b>	<b>219,023</b>	<b>35,620</b>	<b>245,447</b>	<b>214,407</b>	<b>31,040</b>

There were no redundancy costs in 2014/15 (2013/14 redundancy costs of £321k were included as part of salaries and wages costs).

#### 9.2 Average number of people employed

	2014/15			2013/14		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	Number	Number	Number	Number	Number	Number
Medical and dental	725	497	228	685	448	237
Ambulance staff	-	-	-	-	-	-
Administration and estates	1,171	1,155	16	1,177	1,157	20
Healthcare assistants and other support staff	726	726	-	724	709	15
Nursing, midwifery and health visiting staff	1,857	1,849	8	1,861	1,856	5
Nursing, midwifery and health visiting learners	5	5	-	8	8	-
Scientific, therapeutic and technical staff	866	849	17	811	798	13
Social care staff	-	-	-	-	-	-
Agency and contract staff	156	-	156	70	-	70
Bank staff	135	-	135	110	-	110
Other	-	-	-	-	-	-
<b>Total</b>	<b>5,641</b>	<b>5,081</b>	<b>560</b>	<b>5,446</b>	<b>4,976</b>	<b>470</b>

#### 9.3 Employee benefits

Other than the salary and pension costs detailed above, there were no material employee benefits in 2014/15 or the previous year. In addition to this there are no share options, money purchase schemes, nor long term incentive schemes in the University Hospital of South Manchester NHS Foundation Trust.

There were no directors' benefits in respect of advances or credits granted by the Trust. Nor were there any kind of guarantees entered into on behalf of the directors of the Trust by the Trust.

#### 9.4 Directors' Remuneration

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

	2014/15 £000	2013/14 £000
Remuneration including employers national insurance contribution for Executive Directors	1,047	901
Employers contribution to pension in relation to Executive Directors	69	59
	<b>1,116</b>	960
Remuneration including employers national insurance contribution for Non-Executive Directors	120	128
	<b>1,236</b>	1,088

In total, during the year, 4 individuals had benefits accruing under a defined benefits scheme (2013/14: 6 individuals), the costs of which are included in the 'employers contribution to pension' above. These are the Executive Directors listed in note 7.1 for the year to 31 March 2015.

Further details of Directors' remuneration can be found in notes 7.1 and 7.2 of these accounts and also in the 2014/15 remuneration report published as part of the Trust's Annual Report.

## 10. Retirements due to ill-health

During the year to 31 March 2015 there were 8 retirements from the Trust agreed on the grounds of ill-health (in the previous year there were 10 retirements due to ill-health). The estimated additional pension liabilities of these ill-health retirements will be £622k (£510k in the previous year). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

## 11. Finance income

### Trust and Group

	2014/15 £000	2013/14 £000
Interest income:		
Interest on loans and receivables	189	184
Other	-	-
<b>Trust Finance income</b>	<b>189</b>	<b>184</b>
NHS Charitable Funds - investment income	188	208
<b>Group Finance income</b>	<b>377</b>	<b>392</b>

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

## 12. Finance Costs- Interest expense

### Trust and Group

	2014/15 £000	2013/14 £000
Loans from the Independent Trust Financing Facility	940	1,003
Interest on late payment of commercial debt	-	-
Other	-	-
<b>Finance Costs on PFI and other service concession arrangements (excluding LIFT)</b>		
Main Finance Costs	4,138	4,428
Contingent Rent	a) 5,313	4,549
<b>Total</b>	<b>10,391</b>	<b>9,980</b>

a) Under the terms of the Trust's PFI contract, an annual inflation uplift is applied in full to the unitary charge payments made to the PFI contractor. The impact of inflation on PFI finance lease rental payments is accounted for as contingent rent and is a Finance cost charge against the Statement of Comprehensive Income. This accounting treatment is consistent with requirements published by the Department of Health manual "Accounting for PFI under IFRS – October 2009".

## 13. Impairments of assets

### Trust and Group

	Note	2014/15 £000	2013/14 £000
(Reversals of prior impairments) / net impairments arising from UHSM's independent valuer's assessment of assets.	a), b)	(8,711)	1,893
<b>Total</b>		<b>(8,711)</b>	<b>1,893</b>

a) Reversals of impairments are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the original impairments had never been recognised. The impairment reversals in 2014/15 relate to increases in valuations of certain buildings, where previous impairments on those buildings had been charged to operating expenditure. Further details on the approach used for valuation of land and buildings are provided in note 1.6.

b) Impairments in 2013/14 relate to reductions in valuation of land and buildings at the former Withington Hospital site and occurred because of plans to dispose of that site.

## 14. Intangible assets

### Trust and Group

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

	<b>Computer software - purchased 2014/15</b>	Computer software - purchased 2013/14
	£000	£000
Gross cost at April 1	2,301	2,301
Transfers by absorption	-	-
Additions - purchased	-	-
Impairments	-	-
Reversal of impairments	-	-
Revaluations	-	-
Disposals	-	-
<b>Gross cost at March 31</b>	<b>2,301</b>	<b>2,301</b>
Amortisation at April 1	2,298	2,293
Transfers by absorption	-	-
Charged during the year	3	5
Impairments charged to operating expenses	-	-
Impairments charged to the revaluation reserve	-	-
Revaluations	-	-
Disposals	-	-
<b>Amortisation at March 31</b>	<b>2,301</b>	<b>2,298</b>
<b>Net book value</b>		
Purchased as at March 31	-	3
Finance Leases as at March 31	-	-
Donated as at March 31	-	-
<b>Total at March 31</b>	<b>-</b>	<b>3</b>

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.

	<b>Minimum life Years</b>	Maximum life Years
<b>Intangible assets purchased</b>		
Software	1	5

The Trust has no intangible assets acquired by government grant.

## 15. Non Current Tangible Assets

### Trust and Group

#### 15.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
2014/15:	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2014	23,037	181,222	506	-	57,098	498	9,666	2,133	274,160
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions - purchased	-	2,723	-	2,068	2,637	-	1,803	-	9,231
Additions - Leased	-	-	-	-	-	-	-	-	-
Additions - donations of physical assets (non-cash)	-	-	-	-	-	-	-	-	-
Additions - grants/donations of cash to purchase assets	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating income	-	8,711	-	-	-	-	-	-	8,711
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reclassification of 2013/14 downward revaluation of land	(1,600)	-	-	-	-	-	-	-	(1,600)
Revaluations	(2,000)	(12,451)	-	-	-	-	-	-	(14,451)
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(181)	-	-	(181)
<b>At March 31, 2015</b>	<b>19,437</b>	<b>180,205</b>	<b>506</b>	<b>2,068</b>	<b>59,735</b>	<b>317</b>	<b>11,469</b>	<b>2,133</b>	<b>275,870</b>
Accumulated depreciation as at April 1, 2014	1,600	19,392	75	-	43,281	393	5,389	1,593	71,723
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	5,421	368	-	3,050	45	1,021	93	9,998
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating income	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reclassification of 2013/14 downward revaluation of land	(1,600)	-	-	-	-	-	-	-	(1,600)
Revaluation surpluses	-	(24,600)	-	-	-	-	-	-	(24,600)
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(135)	-	-	(135)
<b>Depreciation at March 31, 2015</b>	<b>-</b>	<b>213</b>	<b>443</b>	<b>-</b>	<b>46,331</b>	<b>303</b>	<b>6,410</b>	<b>1,686</b>	<b>55,386</b>
<b>Net book value</b>									
Owned at April 1, 2014	21,437	118,488	431	-	13,418	105	4,270	525	158,674
Finance lease at April 1, 2014	-	-	-	-	-	-	-	-	-
PFI at March 31, 2014	-	39,077	-	-	-	-	-	-	39,077
Donated at April 1, 2014	-	4,265	-	-	399	-	7	15	4,686
<b>Total at April 1, 2014</b>	<b>21,437</b>	<b>161,830</b>	<b>431</b>	<b>-</b>	<b>13,817</b>	<b>105</b>	<b>4,277</b>	<b>540</b>	<b>202,437</b>
<b>Net book value</b>									
Owned at March 31, 2015	19,437	137,873	63	1,368	13,205	14	5,053	438	177,451
Finance lease at March 31, 2015	-	-	-	-	-	-	-	-	-
PFI at March 31, 2015	-	37,987	-	-	-	-	-	-	37,987
Donated at March 31, 2015	-	4,132	-	700	199	-	6	9	5,046
<b>Total at March 31, 2015</b>	<b>19,437</b>	<b>179,992</b>	<b>63</b>	<b>2,068</b>	<b>13,404</b>	<b>14</b>	<b>5,059</b>	<b>447</b>	<b>220,484</b>

## 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
2013/14	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1, 2013	19,237	155,530	501	628	55,143	498	7,313	2,069	240,919
Transfers by absorption	3,800	19,834	-	-	1,139	-	70	55	24,898
Additions - purchased	-	5,620	5	-	2,064	-	1,893	9	9,591
Additions - Leased	-	-	-	-	-	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Additions - government granted	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	238	-	(628)	-	-	390	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,248)	-	-	-	(1,248)
<b>At March 31, 2014</b>	<b>23,037</b>	<b>181,222</b>	<b>506</b>	<b>-</b>	<b>57,098</b>	<b>498</b>	<b>9,666</b>	<b>2,133</b>	<b>274,160</b>
Accumulated depreciation as at April 1, 2013	-	11,987	52	-	40,845	349	4,533	1,447	59,213
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	5,340	23	-	3,307	44	856	146	9,716
Impairments charged to the revaluation reserve	279	1,614	-	-	-	-	-	-	1,893
Impairments recognised in operating expenses	1,321	451	-	-	-	-	-	-	1,772
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to disposal group as asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(871)	-	-	-	(871)
<b>Depreciation at March 31, 2014</b>	<b>1,600</b>	<b>19,392</b>	<b>75</b>	<b>-</b>	<b>43,281</b>	<b>393</b>	<b>5,389</b>	<b>1,593</b>	<b>71,723</b>
<b>Net book value</b>									
Owned at April 1, 2013	19,237	100,424	449	390	13,616	149	2,772	597	137,634
Finance lease at April 1, 2013	-	-	-	-	-	-	-	-	-
PFI at April 1, 2013	-	38,959	-	-	-	-	-	-	38,959
Donated at April 1, 2013	-	4,160	-	238	682	-	8	25	5,113
<b>Total at April 1, 2013</b>	<b>19,237</b>	<b>143,543</b>	<b>449</b>	<b>628</b>	<b>14,298</b>	<b>149</b>	<b>2,780</b>	<b>622</b>	<b>181,706</b>
<b>Net book value</b>									
Owned at March 31, 2014	21,437	118,488	431	-	13,418	105	4,270	525	158,674
Finance lease at March 31, 2014	-	-	-	-	-	-	-	-	-
PFI at March 31, 2014	-	39,077	-	-	-	-	-	-	39,077
Donated at March 31, 2014	-	4,265	-	-	399	-	7	15	4,686
<b>Total at March 31, 2014</b>	<b>21,437</b>	<b>161,830</b>	<b>431</b>	<b>-</b>	<b>13,817</b>	<b>105</b>	<b>4,277</b>	<b>540</b>	<b>202,437</b>



### 15.3 Property, plant and equipment (cont.)

The range of asset lives for all classes of property, plant and equipment assets held by the Trust are:

	<b>Minimum life Years</b>	<b>Maximum life Years</b>
Land	no minimum	indefinite
Buildings (excluding dwellings)	4	72
Dwellings	5	34
Assets under construction	1	1
Plant and machinery	1	15
Transport equipment	3	4
Information technology	1	10
Furniture and fittings	1	10

The Valuation Office provides the Foundation Trust with information on asset lives for buildings and dwellings.

The Trust received no compensation from third parties for assets impaired, lost or given up.

## 16. Capital commitments

### Trust and Group

Contracted capital commitments at March 31 not otherwise included in these financial statements:

	<b>March 31, 2015</b>	March 31, 2014
	<b>£000</b>	£000
Property, plant and equipment	<b>3,255</b>	623
Intangible assets	-	-
<b>Total</b>	<b><u>3,255</u></b>	<u>623</u>

Capital commitments at March 31, 2015 relate to construction schemes to expand theatre capacity and further develop facilities for long term ventilatory services (LTVS). These schemes were underway but not complete on 31st March 2015.

At March 31, 2015 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, 2014.

## 17. Inventories

### Trust and Group

#### 17.1. Inventories

	<b>March 31, 2015</b>	March 31, 2014
	<b>£000</b>	£000
Drugs	<b>1,982</b>	1,391
Work in progress	-	-
Consumables	<b>2,442</b>	2,924
Energy	<b>91</b>	103
<b>Total</b>	<b><u>4,515</u></b>	<u>4,418</u>

The Trust holds no non-current inventories.

#### 17.2 Inventories recognised in expenses

	<b>March 31, 2015</b>	March 31, 2014
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<b>(50,520)</b>	(48,597)
Write-down of inventories recognised as an expense (including losses)	-	-
Reversal of write-downs that reduced the recognised expense	-	-
<b>Total</b>	<b><u>(50,520)</u></b>	<u>(48,597)</u>

## 18. Investments

	<b>March 31, 2015</b>	<b>March 31, 2015</b>	March 31, 2014	March 31, 2014
	<b>Trust</b>	<b>Group</b>	Trust	Group
	<b>£000</b>	<b>£000</b>	£000	£000
Carrying value at April 1	-	<b>4,884</b>	-	4,216
Prior period adjustments	-	-	-	-
Carrying value at April 1 restated	-	<b>4,884</b>	-	4,216
Acquisitions in year	-	-	-	500
Fair value gains	-	-	-	-
Fair value losses (impairment)	-	-	-	-
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	-	<b>467</b>	-	200
Disposals	-	<b>(34)</b>	-	(32)
<b>Carrying value at 31 March 2014</b>	<b><u>-</u></b>	<b><u>5,317</u></b>	<u>-</u>	<u>4,884</u>

All non-current asset investments relate to a portfolio of equity and fixed interest investments held by the University Hospital of South Manchester NHS Charitable Fund. The Trust itself held no non-current asset investments during either of the financial years ended March 31, 2015 or March 31, 2014.

## 19. Trade and other receivables

### 19.1 Trade and other receivables

	Note	Trust		Group	
		March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
<b>Current</b>					
NHS receivables		13,813	16,477	13,813	16,477
Receivables from NHS charities		-	6	-	-
Other receivables with related parties		-	107	-	107
Provision for the impairment of receivables		(2,806)	(2,670)	(2,806)	(2,670)
Prepayments		2,082	1,255	2,082	1,255
PFI prepayments					
- capital contributions		-	-	-	-
- lifecycle replacements		-	-	-	-
Accrued income		933	1,424	933	1,424
Interest receivable		-	-	-	-
Finance lease receivables		-	-	-	-
PDC receivables	a)	-	17	-	17
VAT receivable		1,675	3,246	1,675	3,246
Other receivables		2,872	1,722	2,872	1,722
NHS Charitable Funds: trade and other receivables		-	-	11	27
<b>Total</b>		<b>18,569</b>	<b>21,584</b>	<b>18,580</b>	<b>21,605</b>
<b>Non Current</b>					
NHS receivables		-	-	-	-
Receivables from NHS charities		-	-	-	-
Other receivables with related parties		-	-	-	-
Provision for the impairment of receivables		(56)	(56)	(56)	(56)
Prepayments		-	-	-	-
PFI prepayments					
- capital contributions		-	-	-	-
- lifecycle replacements		-	-	-	-
Accrued income		254	354	254	354
Interest receivable		-	-	-	-
Finance lease receivables		-	-	-	-
VAT receivable		-	-	-	-
Other receivables		-	-	-	-
NHS Charitable Funds: trade and other receivables		-	-	-	-
<b>Total</b>		<b>198</b>	<b>298</b>	<b>198</b>	<b>298</b>
<b>Total</b>					
NHS receivables		13,813	16,477	13,813	16,477
Receivables from NHS charities		-	6	-	-
Other receivables with related parties		-	107	-	107
Provision for the impairment of receivables		(2,862)	(2,726)	(2,862)	(2,726)
Prepayments		2,082	1,255	2,082	1,255
PFI prepayments					
- capital contributions		-	-	-	-
- lifecycle replacements		-	-	-	-
Accrued income		1,187	1,778	1,187	1,778
Finance lease receivables		-	-	-	-
PDC receivables		-	17	-	17
VAT receivable		1,675	3,246	1,675	3,246
Other receivables		2,872	1,722	2,872	1,722
NHS Charitable Funds: trade and other receivables		-	-	11	27
<b>Total</b>		<b>18,767</b>	<b>21,882</b>	<b>18,778</b>	<b>21,903</b>

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

### 19.2 Provision for impairment of receivables

	March 31, 2015 £000	March 31, 2014 £000	April 1, 2013 £000	March 31, 2015 £000	March 31, 2014 £000	April 1, 2013 £000
At 1st April	2,726	809	283	2,726	809	283
Increase in provision	136	1,957	698	136	1,957	698
Amounts utilised	-	(40)	(283)	-	(40)	(283)
Unused amounts reversed	-	-	-	-	-	-
<b>At March 31</b>	<b>2,862</b>	<b>2,726</b>	<b>698</b>	<b>2,862</b>	<b>2,726</b>	<b>698</b>

### 19.3. Ageing of impaired receivables

	Trust		Group	
	March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
0 - 30 days	1,035	1,455	1,035	1,455
30-60 Days	383	242	383	242
60-90 days	382	244	382	244
90- 180 days	191	212	191	212
over 180 days	871	573	871	573
<b>Balance at March 31</b>	<b>2,862</b>	<b>2,726</b>	<b>2,862</b>	<b>2,726</b>

Receivables are due within 30 days of the date of invoice.

### 19.4. Receivables past due date, but not impaired

	Trust		Group	
	March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
0 - 30 days	9,245	12,153	9,245	12,153
30-60 Days	878	1,573	878	1,573
60-90 days	880	1,573	880	1,573
90- 180 days	1,072	187	1,072	187
over 180 days	121	96	121	96
<b>Balance at March 31</b>	<b>12,196</b>	<b>15,582</b>	<b>12,196</b>	<b>15,582</b>

Receivables are considered due at the date of invoice.

### 20. Cash and cash equivalents

	Trust		Group	
	March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
Balance at April 1	58,708	66,748	63,384	72,306
Net change in year	(17,637)	(8,040)	(18,412)	(8,922)
<b>Balance at March 31</b>	<b>41,071</b>	<b>58,708</b>	<b>44,972</b>	<b>63,384</b>
<b>Made up of</b>				
Commercial banks and cash in hand	78	22	78	2,360
Cash with the Government Banking Service	40,993	58,686	44,894	61,024
Current investments	-	-	-	-
<b>Cash and cash equivalents as in statement of financial position</b>	<b>41,071</b>	<b>58,708</b>	<b>44,972</b>	<b>63,384</b>
Bank overdraft	-	-	-	-
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>41,071</b>	<b>58,708</b>	<b>44,972</b>	<b>63,384</b>

## 21. Trade and other payables

Note	Trust		Group	
	March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
<b>Current</b>				
Receipts in advance	-	-	-	-
NHS payables - capital	-	-	-	-
NHS payables - revenue	5,887	11,350	5,887	11,350
NHS payables - Early retirement costs payable within one year	115	116	115	116
Amounts due to other related parties - capital	-	-	-	-
Amounts due to other related parties - revenue	-	-	-	-
Other trade payables - capital	2,054	1,871	2,054	1,871
Other trade payables - revenue	14,040	12,448	14,040	12,448
Social Security costs	-	-	-	-
VAT payable	-	-	-	-
Other taxes payable	4,367	4,424	4,367	4,424
Other payables	4,043	4,169	4,043	4,169
Accruals	16,881	34,118	16,881	34,118
PDC dividend payable	1,003	-	1,003	-
NHS Charitable Funds: Trade and other payables	-	-	45	54
<b>Total current</b>	<b>48,390</b>	<b>68,496</b>	<b>48,435</b>	<b>68,550</b>

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

At March 31, 2015 there were no non-current trade and other payables. Similarly, there were no non-current trade and other payables at March 31, 2014.

## 22. Borrowings

### Trust and Group

	March 31, 2015	March 31, 2014
	£000	£000
<b>Current</b>		
Bank overdrafts	-	-
NHS Charitable funds: bank overdraft	-	-
Drawdown in committed facility	-	-
Loans from:		
Independent Trust Financing Facility (ITFF)	1,565	1,565
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	4,273	4,938
NHS Charitable funds: other borrowings	-	-
<b>Total Current</b>	<b>5,838</b>	<b>6,503</b>
<b>Non Current</b>		
Loans from:		
Independent Trust Financing Facility (ITFF)	21,261	22,825
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	46,609	50,882
NHS Charitable funds: other borrowings	-	-
<b>Total Non Current</b>	<b>67,870</b>	<b>73,707</b>
<b>Total</b>		
Bank overdrafts	-	-
NHS Charitable funds: bank overdraft	-	-
Drawdown in committed facility	-	-
Loans from:		
Foundation Trust Financing Facility	22,826	24,390
Other entities	-	-
Obligations under finance leases	-	-
PFI liabilities:		
Main liability	50,882	55,820
NHS Charitable funds: other borrowings	-	-
<b>Total</b>	<b>73,708</b>	<b>80,210</b>

The Trust currently has two loans outstanding with the ITFF:

1. £5.7m for a Cystic Fibrosis expansion (to be repaid by 2029).
2. £17.1m for a Maternity refurbishment scheme (to be repaid by 2030).

The University Hospital of South Manchester NHS Foundation Trust Charitable Fund has no borrowings or PFI schemes.

### 23. Other liabilities

Note	Trust		Group	
	March 31, 2015 £000	March 31, 2014 £000	March 31, 2015 £000	March 31, 2014 £000
<b>Current</b>				
Deferred grants income	-	-	-	-
Other Deferred income	10,136	10,457	10,136	10,457
Deferred PFI credits	-	-	-	-
Lease incentives	-	-	-	-
NHS Charitable funds: other liabilities	-	-	193	240
Net pension scheme liability	-	-	-	-
<b>Total</b>	<b>10,136</b>	<b>10,457</b>	<b>10,329</b>	<b>10,697</b>
<b>Non Current</b>				
Deferred grants income	-	-	-	-
Other Deferred income	4,540	4,166	4,540	4,166
Deferred PFI credits	-	-	-	-
Lease incentives	-	-	-	-
NHS Charitable funds: other liabilities	-	-	38	-
Net pension scheme liability	-	-	-	-
<b>Total</b>	<b>4,540</b>	<b>4,166</b>	<b>4,578</b>	<b>4,166</b>
<b>Total</b>				
Deferred income	-	-	-	-
Other Deferred income	14,676	14,623	14,676	14,623
Deferred PFI credits	-	-	-	-
Lease incentives	-	-	-	-
NHS Charitable funds: other liabilities	-	-	231	240
Net pension scheme liability	-	-	-	-
<b>Total</b>	<b>14,676</b>	<b>14,623</b>	<b>14,907</b>	<b>14,863</b>

### 24. Finance lease obligations

Other than a PFI arrangement the Group has no finance lease obligations as at 31st March 2015.  
(This was also the position at 31st March 2014)

## 25. Private Finance Initiative contracts

### Trust and Group

#### 25.1 PFI schemes on-Statement of Financial Position

The Trust has a 35 year PFI contract with South Manchester Healthcare Limited which expires in 2033. The contract covers provision of two buildings at Wythenshawe hospital – the Acute Unit and the Mental Health Unit.

The Acute Unit consists of an Accident and Emergency department, a burns unit, coronary care unit, intensive care unit, six operating theatres, five medical and five surgical wards, an x-ray department, fracture clinic and renal department.

The Mental Health Unit provides adult and older people's outpatient and inpatient Mental Health services. The Trust sublets the Mental Health Unit to Manchester Mental Health and Social Care Trust. This agreement is treated as an operating lease and the income received is included within operating income.

In addition to provision and maintenance of the two buildings, under the terms of the contract the PFI operator also provides a range of essential facilities management services across the Wythenshawe hospital site. These include cleaning, catering, portering, laundry

In accordance with accounting standard IFRIC 12, the two buildings are treated as assets of the Trust and assets values are included in note 15. IFRIC 12 deems that the substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Service charges are included within operating expenditure and imputed finance lease charges are detailed in the table below.

In 2033, at the end of the PFI contract, the two buildings covered by the contract will transfer from South Manchester Healthcare Ltd to the Trust.

#### 25.2 Total obligations for on-Statement of Financial Position (SoFP) PFI contrac

	<b>March 31, 2015</b>	March 31, 2014
	<b>£000</b>	£000
<b>Gross PFI liabilities</b>	<b>135,462</b>	167,466
<b>Of which liabilities are due:</b>		
Not later than one year	<b>12,880</b>	14,389
Later than one year, not later than five years	<b>44,769</b>	47,275
Later than five years	<b>77,813</b>	105,802
Less finance charges allocated to future periods	<b>(84,580)</b>	(111,646)
<b>Net PFI liabilities</b>	<b>50,882</b>	55,820
	<b>4,273</b>	4,938
Not later than one year	<b>14,857</b>	14,454
Later than one year, not later than five years	<b>31,752</b>	36,428
	<b>50,882</b>	55,820

#### 25.3 PFI Commitments

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

	<b>March 31, 2015</b>	March 31, 2014
	<b>Total</b>	Total
	<b>£000</b>	£000
Within one year	<b>21,887</b>	21,675
2nd to 5th years (inclusive)	<b>87,548</b>	86,699
Later than five years	<b>306,419</b>	325,120
<b>Total</b>	<b>415,854</b>	433,494



## 25.4. Private Finance Initiative Costs

	March 31, 2015 £000	March 31, 2014 £000
Service element	22,421	21,664
Interest costs	4,138	4,428
Contingent Rent	5,313	4,549
Lifecycle costs	891	1,044
Principal repayment	4,938	3,918
Total Payment	<u>37,701</u>	<u>35,603</u>

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

## 26. Provisions

### Trust and Group

	March 31, 2015 £000	March 31, 2014 £000
<b>Current</b>		
Pensions relating to former directors	3	8
Pensions relating to other staff	448	451
Other legal claims	630	627
Other (see below)	18,363	11,132
NHS Charitable fund provisions	-	-
<b>Total current</b>	<u>19,444</u>	<u>12,218</u>
<b>Non Current</b>		
Pensions relating to former directors	102	97
Pensions relating to other staff	4,430	4,432
Other legal claims	1	-
Other (see below)	254	273
NHS Charitable fund provisions	-	-
<b>Total Non current</b>	<u>4,787</u>	<u>4,802</u>
<b>Total</b>		
Pensions relating to former directors	105	105
Pensions relating to other staff	4,878	4,883
Other legal claims	631	627
Other (see below)	18,617	11,405
NHS Charitable fund provisions	-	-
<b>Total</b>	<u>24,231</u>	<u>17,020</u>

### Provisions movement- year to 31st March 2015

	Pensions relating to former directors £000	Pensions relating to other staff £000	Other Legal claims £000	Other (see below) £000	Total £000
As at April 1, 2014	105	4,883	627	11,405	17,020
Change in the discount rate	2	350	-	7	359
Reassessment of existing provisions and new provisions arising during the year	-	-	4	8,038	8,042
Used during the year	(3)	(436)	-	(837)	(1,276)
Unwinding of discount	1	81	-	4	86
NHS Charitable funds: movement in provisions	-	-	-	-	-
At March 31, 2015	<u>105</u>	<u>4,878</u>	<u>631</u>	<u>18,617</u>	<u>24,231</u>

### Expected timing of cash flows:

- not later than 1 year	3	448	630	18,363	19,444
- later than 1 year and not later than 5 years	12	1,792	-	18	1,822
- later than 5 years	90	2,638	1	236	2,965
<b>Total</b>	<u>105</u>	<u>4,878</u>	<u>631</u>	<u>18,617</u>	<u>24,231</u>

	March 31, 2015 £000	March 31, 2014 £000
<b>Other provisions include</b>		
Public and employers insurance claims	224	260
Staffing issues	3,998	1,968
Miscellaneous contractual issues	14,395	9,177
	<u>18,617</u>	<u>11,405</u>

£28,029k is included in the provisions of the NHS Litigation Authority at 31/3/2015 in respect of clinical negligence liabilities of the Trust (31/03/2014 = £21,253k).

## 27. Revaluation Reserve

### Trust and Group

The Trust holds a revaluation reserve for land and buildings, but not for plant and equipment or intangible assets.

	Note	March 31, 2015 £000	March 31, 2014 £000
Revaluation reserve at 1 April		28,533	25,176
Transfers by absorption - modified	a)	-	5,129
Transfers by absorption - normal		-	-
Impairments		-	(1,772)
Revaluations	b)	10,149	-
Transfers to the I&E reserve for impairments arising from consumption of economic benefits		-	-
Transfers to other reserves		-	-
Asset disposals		-	-
Share of other comprehensive income/expenditure from associates and joint ventures		-	-
Other recognised gains and losses		-	-
Other reserve movements		-	-
<b>Reserves at March 31</b>		<b>38,682</b>	<b>28,533</b>

a) The transfer by absorption (modified) is the revaluation reserve associated with assets at Withington Community Hospital which was transferred to the Trust on 1st April 2013 following the demise of Manchester PCT.

b) The 2014/15 revaluation reflects an increase in value of the Trust's buildings, as assessed by the Trust's independent valuer, the District Valuer. Further details on the approach used for valuation of land and buildings are provided in note 1.6.

## 28. Contingencies

### Trust and Group

Neither Trust nor Group has contingent liabilities or contingent assets at March 31, 2015. This is the same position as at March 31, 2014.

## 29. Financial Instruments

### Trust and Group

#### 29.1 Financial assets by category

The only financial assets held by the Trust are loans and receivables.

The Charity has an investment portfolio held as available-for-sale financial assets, with any fair value gains recognised in other comprehensive income.

	<b>March 31, 2015 £000</b>	March 31, 2014 £000
NHS Trade and other receivables excluding non financial	<b>13,993</b>	15,942
Other Investments	-	-
Other Financial Assets	-	-
Cash and cash equivalents (at bank and in hand)	<b>41,071</b>	58,708
<b>Trust total</b>	<b>55,064</b>	74,650
UHSM NHS Charitable Fund: financial assets	<b>9,218</b>	9,560
<b>Group total</b>	<b>64,282</b>	84,210

#### 29.2 Financial liabilities by category

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

	<b>March 31, 2015 £000</b>	March 31, 2014 £000
Borrowings excluding finance leases and PFI obligations	<b>22,826</b>	24,390
Obligations under finance leases	-	-
Obligations under PFI contracts	<b>50,882</b>	55,820
Trade and other payables	<b>44,023</b>	64,072
Provisions under contract	<b>23,600</b>	16,393
<b>Trust total</b>	<b>141,331</b>	160,675
UHSM NHS Charitable Fund: financial liabilities	-	300
<b>Group total</b>	<b>141,331</b>	160,975

Management of the Trust consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in these Financial Statements, approximate to their fair value.

### 29.3 Financial risk management

Financial Reporting Standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The Trust has a continuing service provider relationship with clinical commissioning groups and NHS England, and, as a result of the way these commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's policy agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

#### Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### Interest rate risk

The Trust is permitted to borrow to fund capital expenditure, subject to affordability as confirmed by Monitor, the Independent Regulator of Foundation Trusts. To March 31, 2015, the Trust has borrowed funds for its expansion of accommodation for its Cystic Fibrosis service together with a loan for enhancements to its Maternity Unit. These loans are with the Independent Trust Financing Facility at a fixed level of interest. UHSM therefore has a low exposure to interest rate risk.

#### Credit risk

As the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at March 31, 2015 are in receivables from customers, as disclosed in the Trade and other receivables note.

#### Liquidity risk

The Trust's operating costs are incurred under contracts with NHS Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

#### Market risk

The assets of the Group includes a portfolio of equity and fixed interest investments held by the University Hospital of South Manchester NHS Charitable Fund. The market value of these investments at March 31, 2015 is £5,317k ( March 31, 2014 is £4,884k). The Group is exposed to market risk to the extent that these investments can fluctuate in value. The Group uses the advice of specialist asset management advisors to manage these investments in order to mitigate such risks.

### **30. Events after the reporting period**

There were no material post Statement of Financial Position events following submission of the accounts to March 31, 2015.

### **31. Going Concern**

After considering Monitor's Enforcement Undertaking, explained in note 1.21 above, and making enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **32. Public Dividend Capital Dividends Paid**

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

Details of the calculation of dividends payable are provided in note 1.14.

In 2014/15 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 liability in its books relating to dividend due for payment of £1,003k (in 2013/14 the Trust had a current asset of £17k in its books relating to cash receivable due to a dividend overpayment).

### **33. The Late Payment of Commercial Debts (Interest) Act 1998**

The Trust received no claims under The Late Payment of Commercial Debts (Interest) Act 1998.

## 34. Related party transactions

### Trust and Group

University Hospital of South Manchester NHS Foundation Trust is a public interest body authorised by Monitor - the Independent Regulator for NHS Foundation Trusts.

For the purposes of these accounts the Department of Health is deemed to be the parent of the Foundation trust. The following are considered to be related parties of an NHS foundation trust:

- Any entity which controls the NHS foundation trust, or is under common control with the NHS foundation trust (this will include all bodies within the scope of the Whole of Government Accounts).
- Any entity over which the NHS foundation trust has control (including where appropriate, the NHS charitable funds).
- Key management personnel.
- Any close family member of any individual within the categories above.
- Any entity controlled, jointly controlled, or significantly influenced by any member of key management personnel or a close family member.
- Any associate of the NHS foundation trust (within the meaning of IAS 28)
- Any joint venture in which the NHS foundation trust is a venturer (within the meaning of IAS 31).

The Trust maintains a register of interests. Staff and Non-executive Directors are required to declare any outside interests so that they may be recorded in this register. The register is available for inspection by the public.

In 2014/15 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	-	2,234	1,003	88
-Other NHS bodies	20,887	446,844	5,554	13,725
Joint Ventures	-	-	-	-
Other	-	-	-	-
NHS Shared Business Services	-	-	-	-

No security or guarantee is held against the amounts owed to UHSM by related parties, nor held by third parties where UHSM have amounts due to them.

The Trust has reviewed its accounts receivable from related parties as at March 31, 2015 for potential impairments. Where appropriate this is accounted for in note 19.

### 35. Third Party Assets

The Trust held £2k cash and cash equivalents at March 31, 2015 (£2k - at March 31, 2014) which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

### 36. Losses and Special Payments

There were 90 cases of losses and special payments (2013/14: 201) totalling £162k (2013/14: £353k) accrued during 2014/15. Losses and special payments are reported on an accruals basis with the exception of provisions for future losses. No individual case included a net payment in excess of £250k.

### 37. Prudential Borrowing Code

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been repealed with effect from 1 April 2013 by the Health and Social Care Act 2012 and therefore the disclosures previously provided are no longer required.



