



**City Hospitals Sunderland**  
NHS Foundation Trust

# **Annual Report & Accounts 2017/18**



**CITY HOSPITALS SUNDERLAND NHS FOUNDATION TRUST  
ANNUAL REPORT & ACCOUNTS  
2017/2018**

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Schedule 7, paragraph 25(4) (a)  
of the National Health Service Act 2006.



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## OVERVIEW

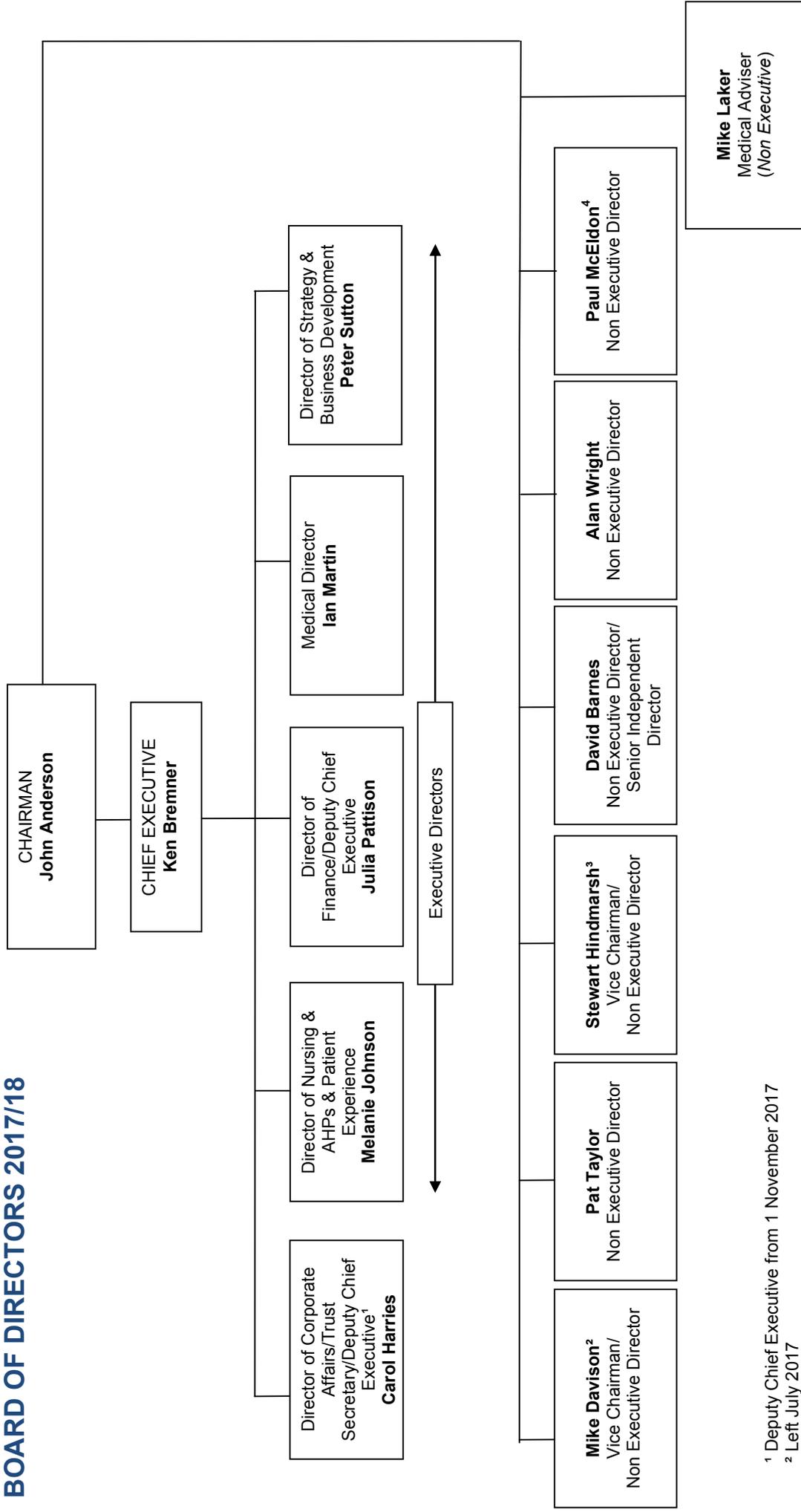
### YEAR AT A GLANCE

	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18
<b>Inpatients</b>	58,698	54,163	56,539	55,706	55,791	54,402
<b>Day Cases</b>	60,454	62,978	65,223	71,527	59,539	60,330
<b>Outpatients (Consultant led – New &amp; Review)</b>	332,443	330,965	344,014	373,429	393,316	378,325 <sup>1</sup>
<b>Nurse Led/Allied Health Professional/ Midwife Activity</b>	157,662	113,736	112,815	116,613	117,387	116,248
<b>A&amp;E Attendances</b>	125,477	127,226	136,513	144,001	152,162	159,413
<b>Patient Contacts in the Community</b>	239,172	230,251	248,753	242,736	234,854	233,712
<b>Income</b>	£309.55m	£324.32m	£336.37m	£343.36m	£362.76m	£363.13m
<b>Surplus (Deficit)</b>	£1.99m	(£373k)	(£7.896m)	(£12.500m)	£2.82m	£1.435m
<b>Average Staff Employed (Head- count)</b>	5,051	4,923	5,119	5,140	4,961	4,809

Notes:

- \* 2016/17 figures differ from last year's publication as a result of availability of final data.
- <sup>1</sup> Planned reduction in trauma and orthopaedic reviews and reclassification of outpatient reviews to day cases following implementation of the new oncology module.

# BOARD OF DIRECTORS 2017/18



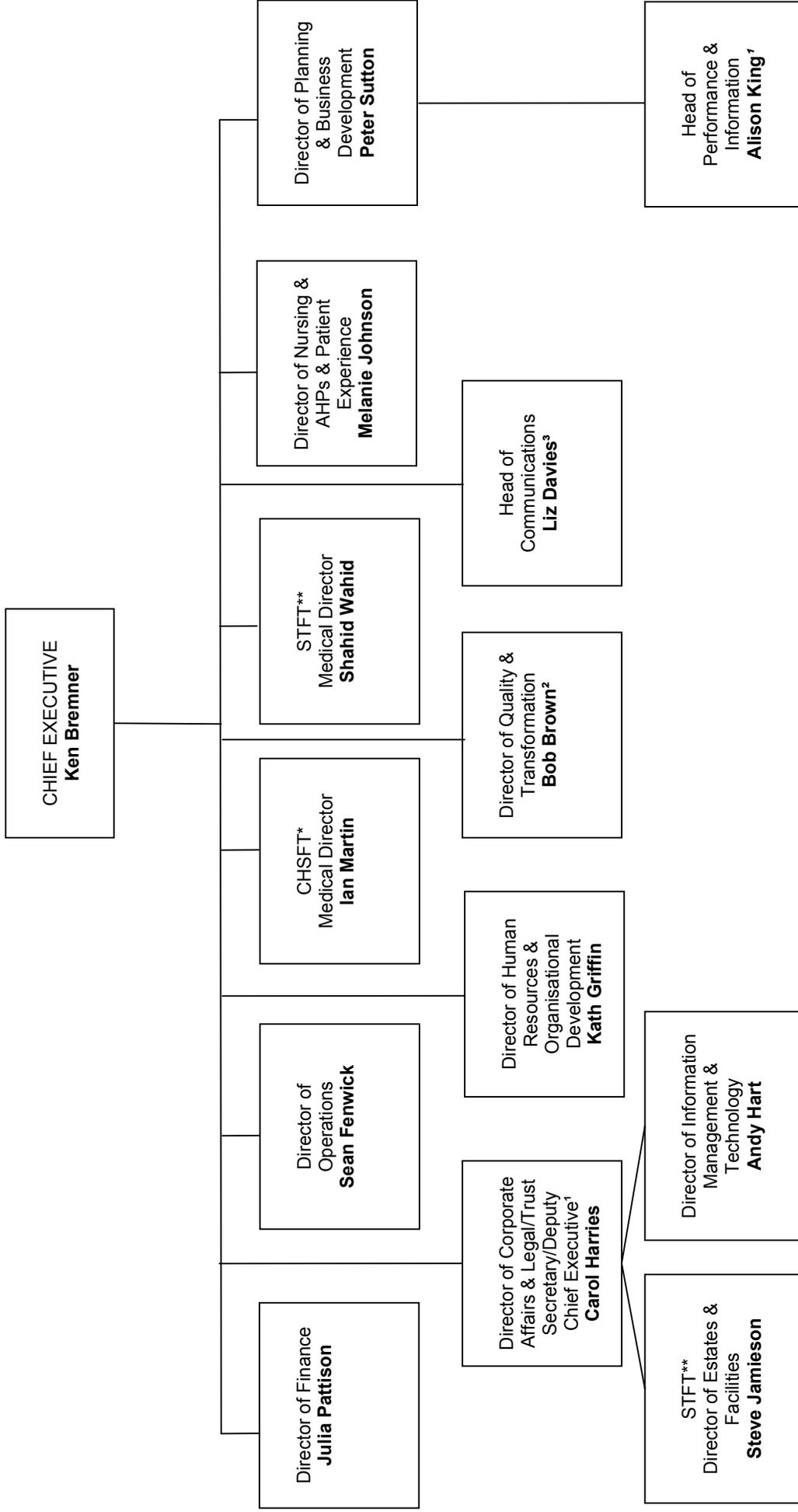
<sup>1</sup> Deputy Chief Executive from 1 November 2017

<sup>2</sup> Left July 2017

<sup>3</sup> Appointed Vice Chairman August 2017

<sup>4</sup> Appointed August 2017

# SINGLE EXECUTIVE TEAM 2017/18



<sup>1</sup> Deputy Chief Executive from 1 November 2017

<sup>2</sup> Left 1 September 2017

<sup>3</sup> From 3 July 2017

\* City Hospitals Sunderland NHS Foundation Trust

\*\* South Tyneside NHS Foundation Trust

## CHAIRMAN'S STATEMENT 2017/18

One of the main aims of an Annual Report is to describe what has, and has not been achieved over the preceding twelve months. This report examines the progress we have made not only against national targets and how we have performed financially, but importantly to demonstrate how we are working to put patient safety and service quality at the forefront of everything we do.

We strive at all times to improve the quality of the services we provide and to ensure they are delivered in the best possible way. Central to this approach are the staff we employ and it is their outstanding efforts, commitment and skills that make a real difference to our patients.

This has never been more evident than over the last winter when we faced significant rises in emergency attendances and increased demand for admissions.

All of this during one of the worst winters ever – the 'Beast from the East' really took its toll when staff struggled not only to get into work but also to get home – many 'camping' overnight in the hospital to make sure they could get on duty the next day. I would like to personally thank them for their dedication, perseverance and commitment during a very difficult and intense period.

The Trust continues to face financial challenges and the coming year will, unfortunately be no different. We must find a way to balance realistic and sound finances against delivering services with stringent targets. Like other Trusts we are focused on transformation and continuous improvement. However, these cannot be the only solutions and we must continue to work with partners developing a system-wide solution. We will have to face those challenges and make tough decisions but this will also give us great opportunities to change the way we deliver services to ensure that patients receive high quality, responsive care.

As I mentioned last year we have been working closely with South Tyneside NHS Foundation Trust and our strategic alliance has brought many benefits for our patients. As we look to the future my fellow Chair, Neil Mundy and I with both Boards of Directors have expressed a mutual desire to begin exploring the possibility of bringing both organisations together more formally.

It is important that we do this in an open and transparent way to see what a possible merger may look like and what further potential benefits there may be for our patients and staff in South Tyneside and Sunderland as we continue to meet the rising demands on our local NHS and workforce.

I see this very much as a positive step forward and a further signal of our commitment to working together across both organisations for the benefit of patient care.

Our Governors, who are representative of our patients and the public, are a driver to ensure that we respond to the challenges facing us and deliver the highest quality care. I must thank them for their commitment and they contribute to our discussions and debate with both rigour and enthusiasm.

It is important to remember that they do not get paid yet they are involved in a number of committees and assessment processes that are undertaken in the Trust to provide assurance of our services.

My thanks also to the Board of Directors and in particular the Non-Executive Directors who give so much of their time to ensure we have robust systems in place to give assurance about the quality and safety of the services we provide.

I was delighted to welcome Paul McEldon as a new Non-Executive Director in August 2017. Paul is no stranger to the work of a Foundation Trust having served as a Non-Executive Director at Northumberland Tyne and Wear NHS Foundation Trust – so he brings a wealth of experience.

I am proud to lead a Board that has never had the needs of our patients and staff more in their mind as it does today and that relishes the challenges to make the Trust the best it can possibly be and to drive forward our future plans and strategies.

I wanted to make special mention of our volunteers who provide such a valuable service to our patients and staff. The RVS with whom we have had a long standing arrangement generously donated in excess of £500k during 2017/18 which will help us to provide much needed equipment, to improve areas to be dementia friendly, and to provide a garden of reflection for patients and their relatives.

I would also like to thank June Waterstreet one of our volunteers who recently 'retired' although well into her seventies. June and her colleagues sold 'angel' items, many of which they made themselves and from the proceeds helped to furnish bereavement areas in the hospital. On behalf of everyone here at City Hospitals – thank you for your time and compassion.

My last words however, must go to the staff of City Hospitals whose dedication, professionalism and commitment defines everything we do.

I was privileged last year to welcome the Rt. Hon Jeremy Hunt MP, Secretary of State for Health when he came to visit the Trust who said, "Everyone I spoke to was clearly incredibly committed to delivering the highest possible standards of care for patients".

I and members of the Board do not underestimate the pressure on staff now, and in the future but City Hospitals Sunderland is extremely fortunate in having a workforce who consistently strive for excellence – so thank you to everyone for a job really well done.



**JOHN N ANDERSON QAEP CBE**  
**Chairman**

## CHIEF EXECUTIVE'S STATEMENT 2017/18

I've worked in Sunderland now since 1988, and have been Chief Executive of City Hospitals for the last 14 years and over that time seen it grow, and develop into the first class organisation it is today. I would say that of course, but I am seeing and hearing much more external evidence that would back up that claim.

It's been over two years since we announced our Alliance with South Tyneside NHS Foundation Trust and during 2017/18 that Alliance really started to take shape, helped by the fact that we now have one single executive team covering both organisations. There is no doubt that a large part of the year has been dominated by the Path to Excellence/Clinical Service Reviews and phase one in particular moved forward to public consultation. The responsibility to consult lies with the Clinical Commissioning Groups, who, in my opinion, have carried out a thorough, well managed process. However as we now know, that process has been referred to the Secretary of State for Health and we await his further instructions. This will inevitably mean some delay in being able to take forward the CCGs' recommendations on stroke, obstetrics and gynaecology and urgent/emergency paediatrics and also means we will have to ensure these services continue to be kept sustainable until a decision is reached. Not an ideal situation. Work on phase two has started, although progress on that over 2018/19 may be hampered if phase one decision making becomes protracted.

Undoubtedly the Alliance with South Tyneside NHS Foundation Trust has brought the two organisations much closer together, so much so that both sets of Directors agreed in early 2018 that the time was right to look properly at whether a formal merger would be in the interests of both organisations and more importantly patients. We should have the results of that work available sometime in 2018/19 (Q1) and clearly, depending upon the decision, we could be in for another exciting year or so ahead! Wider still the STP (Sustainability and Transformation Partnership) has now been rebranded into Integrated Care Systems and the North East and Cumbria (together with parts of North Yorkshire) still wish to be viewed as one system. It increasingly looks like this will come about but is not yet – at the time of writing – formally agreed. If it is then I believe it will give us greater strength in depth, autonomy and flexibility over how and where we use our resources. The balance between what's done at regional and local level still needs to be fully fleshed out, but I would expect that Foundation Trusts will remain at the forefront of healthcare delivery, perhaps covering different geographies to the ones covered today, with specialist work increasingly focused around the three main populations (and rivers!) in Newcastle, Sunderland and Middlesbrough.

Whilst all this has been going on around us, City Hospitals itself has continued to deliver great care for patients, despite the many pressures that have undoubtedly put strain onto our healthcare system. Performance has remained strong. The only national target to escape us has been the four hour target in A&E. Performance for the year has been 91.25% but that masks the very real pressures felt over winter and on an increasingly frequent basis we are seeing well over 550 attendances per day to A&E and record numbers of ambulance arrivals. Overall we saw a 6% increase in first A&E attendances in 2017/18. All other key performance metrics were met including the cancer measures (2 weeks, and 31 days) and Referral to Treatment (RTT) times – in most cases well in excess of the targets set. I should highlight here Urology's performance with the 62 day cancer target – which in previous years has not been delivered. I'm pleased to report that sustained focus and attention from the clinical team has improved this significantly in 2017/18. Well done!

Our Director of Finance will explain in more detail elsewhere in this report our detailed financial performance. Suffice to say here that we ended the year with a surplus, well ahead of the deficit control total (£5.7m) set for us by NHS Improvement at the start of the year. I have to say this was a tremendous result given the financial pressures we faced and testimony to the efforts put in by operational and corporate teams alike. We also exceeded our savings target and kept cash reserves under regular scrutiny. Next year looks like a mountain to climb at this stage, but we will be increasingly trying to focus attention on the need to plan longer term (3-5 years), as the pressures we face cannot continue to be addressed with short term measures and fixes, most of which we've already actioned. I am pleased to say that measures of our financial efficiency – model hospital, GIRFT reports and reference costs – all show that we use our resources well.

I said at the start I was increasingly seeing and hearing great feedback from outside the organisation. Our patient surveys – inpatients, A&E and Maternity – continue to highlight that, and I was very pleased that the GMC survey this year (focused on Doctors in training) ranked CHS as #1 (Acute Trust) in the North East and areas where we previously had concerns – notably acute medicine – received some fantastic feedback this time. I hope this will continue. The staff surveys too showed some significant improvements with our overall staff engagement score rising to 3.82%, one of the highest we've had.

My overall sense is that across almost all fronts we are seeing City Hospitals moving forward and consolidating its position as the 3<sup>rd</sup> centre in the North East, without forgetting its very significant local identity and heritage. Partners I believe would share that view too – and we are increasingly becoming a more prominent part of the AHSN, CRN and other significant regional groups. I should also mention links with our local University too. Not only did they honour me with a Honorary Fellowship last year but far more importantly they have now had the green light for a new Medical School in Sunderland, which will start in September 2019. No one should underestimate how important this is and how much effort the University put into it. My thanks go to Vice Chancellor/Chief Executive, Shirley Atkinson and her team who landed this despite the many cynics that doubted it would ever happen. What a great way to end the year!

Finally, as ever, a big thanks to all our staff, who have yet again seen us through a very challenging year with skill, dedication and loyalty. At the height of winter with all that snow, it was our organisation and staff who were featured in the national news showing their love and commitment for the job and their patients. That made me proud to lead this organisation.

To my Chair, John Anderson – thank you for your continued guidance, wisdom and support – it's much appreciated! The same goes to the other Non-Executive and Executive Directors on whom I particularly rely. This report will be the last I write with Carol Harries, as our Deputy Chief Executive/Director of Corporate Affairs and I want to take this opportunity to say how much we will all miss her after she retires later this year. I was delighted to be able to present her with a lifetime award at last year's Best of Health Awards – it was thoroughly well deserved. She has certainly left her mark in many ways on life at City Hospitals since the mid-1990s, and will be a very difficult act to follow.

As 2018/19 gets into full swing it is important we take a minute to reflect back on last year – both the highs and lows and I hope this report does that. We are, and always will be as long as I remain Chief Executive, a patient focused organisation and I for one would not want it any other way.

Thank you.

A handwritten signature in purple ink, appearing to read 'Ken Bremner', with a horizontal line underneath the name.

**KEN BREMNER**  
Chief Executive

## **A brief profile of the organisation**

City Hospitals Sunderland was established as an NHS Trust in April 1994 and under the Health and Social Care (Community Health and Standards) Act 2003 became an NHS Foundation Trust in July 2004.

Through our membership base and the Council of Governors the Trust plays an active part in our local community and, as a Foundation Trust, is accountable to the communities we serve. We also recognise that collaborative working with our strategic partners on the transformation of healthcare systems is essential for future sustainability and continued quality improvement.

The Trust provides a wide range of hospital services to a local community of around 340,000 residents along with an increasing range of more specialised services provided to patients outside this area, in some cases to a population as great as 860,000.

The Trust also provides a substantial range of community based services, particularly within Family Care and Therapy Services.

The Trust operates from:

- Sunderland Royal Hospital (owned by the Trust)
- Sunderland Eye Infirmary (owned by the Trust)
- The Children's Centre, Durham Road (owned by the Trust)
- Monkwearmouth Hospital (on a limited basis)

and provides outreach services at:

- Washington Galleries Health Centre
- Grindon Lane Primary Care Centre
- Bunny Hill Primary Care Centre
- Washington Primary Care Centre
- Houghton le Spring Primary Care Centre
- University Hospital of Hartlepool
- South Tyneside District Hospital
- Queen Elizabeth Hospital, Gateshead
- Bishop Auckland General Hospital
- University Hospital of North Durham
- Shotley Bridge Hospital

The Trust has around 799 acute beds, an annual income of £363.13m and non-current assets of £151.54m. It employs 4,809 people.

## KEY AIMS AND OBJECTIVES

For a number of years the ethos of the Trust has been based on:

### ***“Excellence in Health, Putting People First”***

The Trust has delivered its vision and aspirations by adhering to the following:

- ensuring our care is high quality, safe and personal;
- enabling our staff to use their skills to treat patients in clean, comfortable surroundings to the highest quality, offering choice as widely as possible;
- encouraging our patients to come here for their care because we aim for excellence in everything we do – our first priority is our patients; and
- setting high standards of behaviour and professionalism for all our staff.

The vision has been based on the following five values:

- **Best Quality**

To deliver the best quality we will:

- put patients at the centre of everything we do
- listen to our patients and staff and respond to their views promptly, openly and honestly
- respect and care for our patients whilst treating them with dignity
- improve our patients' health or quality of life
- deliver care that encourages patients and staff to recommend us to their friends and family

- **Highest Safety**

To provide the highest level of safety we will:

- ensure patients are safe in our care
- develop a culture of zero tolerance for failure and learn from all our mistakes
- guarantee all our staff are trained to care for patients

- **Shortest Lead Time**

To ensure the fastest service for our patients we will:

- treat patients as quickly as possible and not waste their time
- remove all unnecessary waits

- **Highest Morale**

To ensure the highest staff morale we will:

- ensure our staff are proud to work here
- develop and support staff to be the best at what they do
- provide staff with a good work life balance
- set high standards of professionalism and behaviour for our staff

- **Cost Leadership**

To provide the best value for money we will:

- manage our money well so we can invest in the things patients really need
- challenge the way we do things and innovate for the benefit of both patients and staff

During the latter part of 2017/18 the Trust, in collaboration with South Tyneside NHS Foundation Trust, looked to build on the alliance between the two organisations, and through the established Healthcare Group, developed one common vision and set of values.

The collective vision is:

***“To deliver nationally recognised, high quality, cost effective, sustainable healthcare for the people we serve, with staff who are proud to recommend our services.”***

To achieve our shared vision, we aspire to:

- provide a wide range of high quality, safe and accessible healthcare services;
- recruit, retain and motivate skilled and compassionate staff, who are proud to act as ambassadors of the service they provide;
- be the employer of choice in the North East of England;
- listen, learn and innovate; and
- ensure financial performance provides value for money.

This is supported by our values of:

- compassionate, dignified and high quality, safe patient care always the first priority;
- working together for the benefit of our patients and their families or carers;
- openness and honesty in everything we do;
- respect and encouragement for our staff; and
- continuous improvement through research and innovation.

Supporting the delivery of this vision and the objectives, the Trust has a robust planning framework in place which describes the **objectives** of the Trust, the specific **goals** that need to be achieved, the **strategies** that will be adopted and the **measurements** that will be in place to track progress. The OGSM framework is now used across the Trust (and the wider Healthcare Group) to ensure all plans are aligned to deliver the Trust’s key objectives.

The Trust is also committed to ensuring that our environment is of a high quality in which patients can receive treatment and staff can work. This has led to the completion of the following schemes during 2017/18:

- the completion of the new Paediatric Emergency Department and the Integrated Assessment Unit following the opening of the Adult Emergency Department in June 2017;
- a new two-storey Diagnostic and Treatment Centre in Durham, designed to give people across Durham easier access to key services such as renal dialysis, ophthalmology,

urology and day surgery. The specialist treatment centre is scheduled to be handed over in May 2018;

- the installation of a new water treatment plan in the Renal Dialysis Unit on the Sunderland Royal Hospital site. The unit has been refurbished and will open again in June 2018;
- development of a macular clean room at Sunderland Eye Infirmary to enable a one stop injection service for patients. The rooms are fitted with an air flow system reducing the risk of potential eye infections; and
- the continued investment in reducing backlog maintenance and improving the overall condition of the estate which has included:
  - a new steam boiler;
  - fire safety schemes;
  - medical gases; and
  - environment/ward moves.

## **Strategic Direction**

Our strategy is founded on our continued commitment to the delivery of high quality services for patients.

The Trust's strategic aim in relation to service provision has been highlighted in previous annual reports and is captured in the concept of 'the 3<sup>rd</sup> Centre'. The Trust has always provided a range of services over and above a standard District General Hospital – including Bariatric surgery, Ear, Nose and Throat, Oral and Maxillofacial Services, Urology, Ophthalmology and Nephrology which operate on a regional/sub regional basis for a larger population. These services are commissioned partly by the North of England Specialised Commissioning Group and partly by the local CCGs. The Trust's direction of travel to be the 3<sup>rd</sup> Centre supports our local CCGs in their efforts to demonstrate that they are delivering a key element of their plan to have specialised services concentrated in centres of excellence relevant to the locality.

It is also important to note that such services operate on a hub and spoke model, which ensures local provision of services where possible (outpatients and day cases). The advantage of Sunderland Royal Hospital as the hub is that, with the exception of Ophthalmology, all the key services are delivered on one site, thereby ensuring that patients have the benefit of immediate input from specialist teams at all times.

To achieve this goal we will align our investment in the workforce, technology, equipment and our capital plan to this strategic direction. This direction of travel is also aligned with local, regional and national strategies. The ambition to develop major emergency centres across England, as outlined in the national review of urgent and emergency care conducted by Sir Bruce Keogh is closely aligned to the Trust's vision.

More locally, the work between the Trust and South Tyneside NHS Foundation Trust and the regional plans as outlined in the Sustainability and Transformation Plans (STPs) support the Trust in taking this work forward, all of which should ensure the Trust delivers high quality, safe and sustainable care for our patients.

The Trust's investment strategy over recent years, including 2017/18, supports the delivery of this vision, with major investment in a new Emergency Department and a treatment centre in Durham (due to open in the summer of 2018).

The environment, in which NHS Trusts operate, particularly Foundation Trusts, has changed significantly over the past 10 years. Foundation Trusts, including CHS have used the freedoms available to them to establish new services, create new partnerships and take advantage of opportunities which are wider than the traditional hospital offering of 'outpatients and inpatients'.

Locally, CHS is increasingly recognised as a key partner in the development of the city and has a role to play as a 'good social neighbour'. The Trust has more active work streams and formal partnerships than ever before with the City Council, the University of Sunderland, and other local enterprises. There are frequent opportunities for further joint working with these and other partners and the Trust needs to be clear about what we want to achieve and what we have to offer in order to prioritise and capitalise as and when such developments arise.

Innovation is also being recognised both locally and nationally, and the wider NHS has now well established structures to promote and support innovation through Academic Health Sciences Networks (AHSN) and NHS Innovations North, who have a specific focus on supporting organisations getting new products and services to market. The Trust continues to develop the Research and Innovation (R&I) department recognising the importance and focus on innovation and the associated opportunities.

### **South Tyneside and Sunderland Healthcare Group**

The South Tyneside and Sunderland Healthcare Group (STSHG) is an alliance between City Hospitals Sunderland NHS Foundation Trust and South Tyneside NHS Foundation Trust. The two organisations have formally committed to collaborating to transform services to ensure that the local communities they both serve will continue to receive high quality, safe and sustainable hospital and community health services in the future.

Looking ahead it is clear that delivering sustainable, high quality services that are financially viable for our local populations is essential for patients and taxpayers alike. As a consequence one of the key priorities of the Healthcare Group is to jointly review and plan services, through a programme of Clinical Service Reviews.

### **Clinical Service Reviews**

The review of clinical services is a large-scale programme covering both CHSFT and STFT. The reviews continued during 2017/18 and it is expected that all mutual clinical services will be reviewed as part of the Clinical Service Review programme over the next two years. These reviews are clinically led and each team is asked to address 4 key issues:

- clinical efficacy and sustainability;
- accessibility and choice;
- deliverability and capacity; and
- affordability and financial sustainability.

The first phase of work covered stroke, urgent and emergency paediatrics, and obstetrics and gynaecology and these services were subject to an extensive consultation exercise over the summer of 2017 (over 14 weeks long). After receiving and considering feedback from members of the public and other key stakeholders, Sunderland and South Tyneside Clinical Commissioning Groups (CCGs) met in February 2018 to make their decisions on the future of these services.

For maternity (obstetrics) and women's healthcare (inpatient gynaecology) services both CCGs approved the following to be taken forward for implementation:

- a new midwife-led Birthing Centre at South Tyneside District Hospital for low risk deliveries;
- consultant-led maternity care for high risk deliveries and co-located midwifery-led care at Sunderland Royal (including Special Care Baby Unit and Neonatal Intensive Care);
- outpatient antenatal and postnatal care to continue at both sites;
- community midwifery care delivered through a joined up team across both South Tyneside and Sunderland; and
- Gynaecology outpatients to continue on both sites (with the majority of day case surgery at South Tyneside District Hospital and inpatient surgery at Sunderland Royal Hospital).

For stroke services both CCGs approved the following to be taken forward for implementation:

- to combine all hyper-acute and acute stroke care at Sunderland Royal Hospital; and
- to provide all hospital-based acute rehabilitation to be delivered at Sunderland Royal Hospital.

The decision on urgent and emergency paediatrics was more complicated with both CCGs approving the following to be taken forward for implementation:

- a day time nurse-led paediatric minor injury/illness service at South Tyneside District Hospital and 24/7 paediatric emergency department at Sunderland Royal Hospital as the most sustainable long-term model;
- both CCGs recognise however, that it will take a period of time for work to be done to develop the nursing workforce to make this option deliverable. Both CCGs have therefore also recommended that a day time medical-led paediatric emergency department and children's short stay assessment unit at South Tyneside District Hospital and 24/7 paediatric emergency department at Sunderland Royal Hospital, for implementation in the immediate short-term as a transitional step towards option two;
- amending the opening hours from 8am until 10pm (rather than 8am until 8pm) with a two hour period after 10pm (internally) to allow children to be treated, discharged or transferred following feedback gained from the consultation; and
- outpatient and community-based paediatrics services would continue locally in both Sunderland and South Tyneside.

These decisions are very important and mean we can now start looking to the future to build resilient models of care that will not only help safeguard local NHS services for many future generations, but also improve the quality of care and clinical outcomes for people living in Sunderland and South Tyneside today.

The original ambition was to work towards implementation by April 2019 and, in the case of paediatrics, to have the transitional model in place by April 2019 and work towards full implementation of the nurse-led model by April 2021. Disappointingly, the Trust is not yet in a position to start implementing any changes as both CCGs are currently being challenged on their process and decision making.

## The Wider Health Economy

The Trust's plans are fully supported by local commissioners and other key stakeholders, and have been discussed through various forums, including executive to executive sessions, and they fully support the Trust's direction of travel. Sunderland CCG has developed a 5-year strategy which describes their vision of achieving "Better Health for Sunderland" and which aims to transform care in and out of hospital through increased integration of services and more person centred care by:

- transforming out of hospital care (through integration and 7 day working);
- transforming in hospital care, specifically urgent and emergency care (7 day working); and
- enabling self-care and sustainability.

Sunderland is one of a small number of health and social care communities across the country to have been awarded national 'Vanguard'\* status by NHS England, and as a consequence will be shaping the future of community health and social care delivery for services across the rest of England.

Launched in 2015, 'All Together Better Sunderland' is one of 50 Vanguard sites across the country. Leading the way to test new ways of working, 'All Together Better' is designed to improve care standards for local people in the city while using NHS services in a more cost effective and targeted way. It is doing this by integrating health and social care staff with third sector partners to deliver care to people in the community, keeping them as well as possible and out of hospital.

Although the formal 'Vanguard' programme came to an end in March 2018 the integration of health and social care services will continue and there is a strong commitment amongst partner organisations (both providers and commissioners) to take forward alliancing arrangements and deliver the ambition that was originally described by Sunderland CCG as a Multi-specialty Community Provider (MCP) in Sunderland.

An MCP is about integration and involves redesigning care around the health of the population, irrespective of existing organisational arrangements. The underlying logic is that by focusing on prevention and redesigning care, it is possible to:

- improve health and wellbeing;
- achieve better quality;
- reduce avoidable hospital admissions and elective activity; and
- unlock more efficient ways of delivering care.

This new alliance will be an important piece of work during 2018/19 and both the Trust and South Tyneside NHS Foundation Trust are working closely with other partners, including Northumberland, Tyne and Wear NHS Foundation Trust, Sunderland Care and Support, Sunderland City Council and the recently established Sunderland GP Alliance to support the redesign of services and how a MCP could be established going forward.

\*The national Vanguard Programme was established in 2015/16 to provide a mechanism to allocate funding from the New Care Models team across a range of initiatives and to review progress on each of the projects.

The Trust is fully engaged in the wider health economy strategies, the Vanguard and MCP work outlined in relation to integrated care, and the requirement for appropriate patients to be managed outside of hospital. Cooperation within the local health economy is further evidenced by the Trust being represented and fully engaged in key planning forums such as the local Health and Wellbeing Boards and the local CCG's main planning groups in relation to transformational change, urgent care and integrated care.

### **Continuous Improvement**

The Trust developed a Lean Continuous Improvement Strategy covering 2014-2017 which outlined our approach to continuous improvement within the organisation. Good progress has been made against the goals and objectives of the strategy which are:

- to do things right, first time every time;
- to ensure continuous improvement programmes and projects are clearly linked and aligned to the Trust's vision and priorities identified within our annual planning cycle ensuring quality and performance measures are met;
- to utilise a programme management approach to ensure that new organisational capacity is delivered and benefits realised;
- to continue to build organisational capacity and capability in lean and programme management methodology across corporate and clinical services; and
- to support a culture where sharing of best practice and learning from each other is the norm.

During 2017/18 the Trust continued with a number of improvement initiatives and transformational programmes, including 'Red2Green Days', a visual management system to assist in the identification of wasted time in a patient journey.

There has also been the implementation of 'one stop' clinics for macular patients and ongoing work to improve theatre efficiency and outpatient utilisation.

Looking ahead, the Trust in partnership with South Tyneside NHS Foundation Trust will develop a joint continuous improvement strategy for 2018 and beyond.

## **RISK MANAGEMENT**

### **Financial Risks**

Key financial risks during 2017/18 included:

- delivering the challenging Cost Improvement Target on top of maintaining the achievements from prior years;
- managing the new financial cap process for agency workers;
- delivering against the quality (CQUIN) targets as agreed with the commissioners;
- minimising actions that would have resulted in the application of penalties;
- achievement of the financial Control Total set by NHSI and the conditions associated with the 'Sustainability and Transformation Fund' (STF); and
- managing costs within a block income arrangement.

### **Non-financial Risks**

Non-financial risks for the year included:

- maintaining the relevant performance standards including the 18-week target for 95% of admitted patients in year across all specialties and the maximum 4 hour wait for A&E patients and the 62 day cancer targets; at the end of the year the Trust did not achieve the A&E target (87.4%) but did declare achievement of the cancer targets;
- managing infection rate targets including the *C-Difficile* position which showed an improvement from the prior year at 22 cases by the end of the year; and
- maintaining the standards required by the Care Quality Commission to maintain compliance with licence requirements.

### **Directors' Approach to Risk Management**

Directors' Approach to Risk Management includes:

- a cost reduction plan to reduce the Trust's operating costs during 2017/18 to meet the efficiency target inherent in the national tariffs;
- working with Commissioners to plan service redesign and service capacity requirements including identifying all implications financial and non-financial; and
- managing the levels of actual activity and the costs associated in specialties with capacity constraints.

The Board of Directors is responsible for ensuring that the Trust's system of internal control and risk management is sound, and for reviewing the effectiveness of those systems.

The Trust has processes for identifying, evaluating, and managing the significant risks faced by the organisation. These processes cover all material controls, including financial, clinical, operational and compliance controls and risk management systems. These processes have been in place for the whole of 2017/18.

One of the key milestones in the Trust's Risk Management Strategy is to achieve progressive compliance with national, general and maternity NHS Resolution risk management standards. The Trust has updated the previously approved Risk Management Strategy with the aim of continuing to robustly mitigate and manage risks. At the same time the Trust has worked closely with the NHSLA to better understand the drivers for the growth in referrals and put in place actions to minimise clinical risk.

The Board of Directors has approved an assurance framework that meets national guidance which is managed by the Governance Committee. The framework is subject to annual review and approval by the Board of Directors. The framework is based on the Trust's strategic objectives and contains an analysis of the principal risks to achieving those objectives. It is underpinned by the detailed risks and associated actions set out in the Trust's risk register. During 2017/18 the Trust continued to report the key risks to the Board of Directors. This maintains visibility for the whole Board on an ongoing basis.

Each of the key objectives has been assigned a Board lead and the framework is utilised to ensure that the necessary planning and risk management processes are in place to deliver the annual plan and provide assurance that all key risks to compliance with the Trust's licence have been appropriately identified and addressed.

### **Service Line Reporting**

The Trust has been refining Service Line Reporting information over a number of years. During 2013/14 the automated process was put on hold due to problems with the information flows from the new patient information system. The Trust took part in a voluntary Patient Level Costing national working group as part of the 'Early Implementer' process in order to agree a standard approach for costing and better understand the risks and limitations of data capture. A new system was purchased during 2017/18 to manage the process for the Trust and is being implemented in 2018/19.

## **YEAR END POSITION**

Excluding the impact of the consolidation of Charitable Funds, City Hospitals has reported an operational surplus position of £1,435k for the financial year 2017/18. The Trust delivered cost improvements of £13.164m by the year end. The delivery of cost improvement targets was closely monitored in year by the Board Sub-Committee, the Finance and Performance Committee.

For 2017/18, the Trust signed legally binding contracts for its services provided to commissioners. These related to Payment by Results (PbR) activity and services subject to local prices where national tariffs had not been set.

The Trust's largest commissioners had set 2017/18 contract baselines predominantly based on the 2016/17 actual activity delivered with funding specifically relating to the maintenance of all of the relevant targets. For this year some of those contracts were on a 'block' basis to manage risk across the wider health system.

## **Going Concern**

Notwithstanding the uncertainty, after making enquiries, the Directors have a reasonable expectation that the services provided by the NHS Foundation Trust will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual accounts and annual report.



**K W BREMNER**  
Chief Executive

**Date: 22 May 2018**

## PERFORMANCE ANALYSIS

### Non-Financial Performance 2017/18

During 2017/18 the Trust has continued to achieve national operational and quality requirements across a number of key measures (as shown below), including waiting times for cancer and consultant-led treatment, and ensuring patients admitted to hospital are assessed for risk of developing a blood clot (VTE). The Trust also maintained a low number of cases of hospital acquired healthcare infections.

Performance against targets such as waiting times for consultant-led treatment, cancer, diagnostic procedures and time in A&E are taken into consideration by NHS Improvement, the regulator of Trusts, as part of their regular assessment to determine any support required. NHS Improvement also reviews performance against other areas such as quality of care, finance and use of resources. Trusts are segmented into four categories based on the level of support required in order to meet required standards from 1 (maximum autonomy/no support) to 4 (special measures/mandated support). The Trust has remained in segment 2 during 2017/18 with some targeted support in place in order to sustainably achieve the A&E and cancer 62 day standards as well as improve the financial position of the Trust.

For some indicators the Trust was below the standard set for 2017/18. However, across a number of indicators there has been an improvement (or reduction dependent upon the specific indicator) from the previous year, and areas where performance was marginally below/above the standard. This includes waiting times for diagnostic tests, ambulance handover delays and mothers who smoke at the time of delivery.

### Performance against key targets 2017/18

Indicator	2016/17	Target 2017/18	2017/18	Variance	Year <sup>1</sup>
<b>National Operational Standards</b>					
Referral to treatment waits % incomplete pathways waiting less than 18 weeks <sup>2</sup>	94.00%	92%	94.21%	2.21%	●
Diagnostic test waiting times <sup>2</sup>	2.14%	1%	1.32%	0.32%	●
A&E: Maximum waiting time of four hours from arrival to admission/transfer/discharge	92.97%	95%	91.25%	-3.75%	●
All cancer two week wait	94.41%	93%	96.53%	3.53%	●
All cancer 62 day urgent referral to treatment wait	83.10%	85%	83.62%	-1.38%	●
62 day wait for first treatment following referral from an NHS Cancer Screening Service	82.61%	90%	96.67%	6.67%	●
31 day standard for cancer diagnosis to first definitive treatment	98.48%	96%	98.32%	2.32%	●
31 day standard for subsequent cancer treatments - surgery	99.47%	94%	96.78%	2.78%	●
31 day standard for subsequent cancer treatments - anti cancer drug regimens	99.88%	98%	99.78%	1.78%	●
Cancelled operations not rescheduled within 28 days	34	0	58	58	●
Mixed sex accommodation breach	4	0	0	0	●

Indicator	2016/17	Target 2017/18	2017/18	Variance	Year <sup>1</sup>
<b>National Quality Requirements</b>					
HCAI - MRSA bacteraemia <sup>3</sup>	5	0	1	1	●
HCAI - <i>Clostridium Difficile</i> <sup>3</sup>	20	≤34	22	-12	●
Zero tolerance RTT waits over 52 weeks for incomplete pathways	0	0	0	0	●
Ambulance handover delays 30-60 minutes	1349	0	1,190	1,190	●
Ambulance handover delays 60+ minutes	381	0	271	271	●
Trolley waits in A&E no longer than 12 hours	0	0	0	0	●
No urgent operation should be cancelled for a second time	0	0	0	0	●
VTE risk assessment for inpatient admissions	98.50%	95%	98.68%	3.68%	●
Duty of Candour	118	N/A	107	N/A	N/A
Completion of a valid NHS number field in mental health and acute commissioning data sets submitted via SUS	99.97%	99%	99.97%	0.97%	●
Completion of a valid NHS number field in A&E commissioning data sets submitted via SUS	99.61%	95%	99.53%	4.53%	●
<b>Local Quality Requirements</b>					
eReferral - % utilisation	73.12%	85%	67.78%	-17.22%	●
A&E left without being seen	1.94%	5%	1.88%	-3.12%	●
A&E time to initial assessment (median)	9 mins	9 mins	12 mins	3 mins	●
A&E time to treatment (median)	52 mins	60 mins	54 mins	-6 mins	●
Serious incidents - % reported on STEIS <2 working days	94.29%	100%	84.62%	-15.38%	●
Serious incidents - % 24 hour reports received for a never event	100.00%	100%	100.00%	0.00%	●
Serious incidents - % Initial reports received <72hrs	63.64%	100%	100.00%	0.00%	●
Serious incidents - % action plans <60 days of reporting on STEIS <sup>4</sup>	16.18%	100%	36.00%	-64.00%	●
Serious incidents - % lessons learned entered on STEIS for all completed	74.19%	100%	100.00%	0.00%	●
Serious incidents - % requests for information received <1 month of deferral	57.14%	85%	60.00%	-25.00%	●
Ambulance diverts and deflections from the Trust	66	N/A	8	N/A	N/A
Ambulance diverts and deflections to the Trust	97	N/A	38	N/A	N/A
Maternity – smoking at the time of delivery	17.23%	≤18%	18.04%	0.04%	●
Maternity – breastfeeding initiation	54.35%	58%	49.56%	-8.44%	●
Cancer waits - % waiting longer than 104 days with no RCA	0.00%	0%	0.00%	0.00%	●
Cancer waits - % waiting longer than 104 days with RCA & clinical harm review <sup>5</sup>	97.87%	100%	100.00%	0.00%	●

<sup>1</sup> Rated as amber if performance is close to target i.e. within 2 percentage points or 5 individual cases / minutes

<sup>2</sup> Excludes non English commissioners as per NHS England published statistics

<sup>3</sup> Cases apportioned to Acute Trust only. *C. diff* cases also exclude cases agreed at local appeals panels as not being genuine CDI or Trust apportioned cases

<sup>4</sup> Performance relates to only 25 cases throughout the year

<sup>5</sup> April to December 2017

## **Diagnostic test waiting times**

The Trust was marginally above the target of less than 1% of patients waiting for a diagnostic test for more than 6 weeks. This was mainly due to an increase in demand for echocardiography as well as capacity issues which had arisen during 2016/17. Performance returned below the 1% standard in September 2017 and apart from one month has now remained under the target level.

## **Accident and Emergency (A&E)**

During 2017/18 the Trust has continued to receive an increasing number of patients through our A&E departments with a 6% increase in first attendances compared to 2016/17. As a result we did not achieve the national standard of 95% of patients spending a maximum of 4 hours in the department despite relatively good performance during quarters 1 and 2 of the year. Performance was also better than the national average for all months of the year apart from January.

Our ability to achieve the standard was impacted by increased operational pressures over the winter period with increasing attendances, more patients requiring admission to a hospital bed and an increase in patients with influenza. This has resulted in some delays in patients waiting in A&E for an inpatient bed. Despite this we saw a reduction in ambulance handover delays from 2016/17 with improvements made to processes and the environment in the new Emergency Department.

The Trust continues to work with our local commissioners and partners as part of the A&E Delivery Board to provide leadership and focus to improve access to urgent and emergency care services. Delivery of the 4 hour standard remains a risk for the Trust as we move into 2018/19.

## **Cancer Waiting Times**

The Trust has continued to achieve the national waiting time standards for the majority of cancer targets. The only standard not met was for patients treated after being referred from their GP. The Trust was marginally below this standard in 2017/18 however performance was consistently above the national average and the standard was achieved for all quarters apart from quarter 1 which is a significant achievement.

Work has been ongoing throughout the year to improve cancer pathways and ensure patients receive timely treatment. Investment has been made into Urology in particular to increase capacity and improve the pathway for patients. Whilst achievement of this standard remains a challenge due to complex pathways, the Trust is in an encouraging position as we go into 2018/19.

## **Approach to Measuring Performance – What and How We Measure**

The Trust measures performance across a wide range of indicators including:

- national indicators, Operational Standards and Quality Requirements – these are set by NHS Improvement, the regulator of Foundation Trusts and NHS England;
- local Quality Requirements – agreed with commissioners and included in our contract; and
- internal indicators – these are agreed as part of our annual planning process and KPIs are developed to measure progress against delivery of our corporate objectives.

To support performance improvement, a robust monitoring and reporting system is in place:

- monthly reporting of financial performance to the Executive Committee and Board of Directors measured against areas such as:
  - income and expenditure performance
  - cost improvement programme
  - risk rating metrics
  - balance sheet and working capital
  - cash and liquidity
- monthly reporting of cost improvement plan delivery by directorate to the Finance and Performance Committee, a formal subcommittee of the Board of Directors;
- monthly reporting of activity, waiting list and key performance indicators by directorate to the Finance and Performance Committee, a formal sub-committee of the Board of Directors;
- reporting of complaints and lessons learned to the Patient, Carer and Public Experience Committee, a formal subcommittee of the Board of Directors;
- root cause analysis meetings with the Rapid Review Group to understand in detail the reasons for healthcare acquired infections and serious untoward incidents;
- detailed monthly reports for divisional general managers, directorate managers and clinical directors;
- quarterly review meetings with directorate managers and representatives from the Finance and Performance teams to identify trends and areas of concern in time to plan ahead and agree action plans; and
- quality and contracting review meetings with the Clinical Commissioning Group.

These are reviewed annually and reported through our governance structures to the Board.

## PERFORMANCE ANALYSIS

### Financial Performance

#### Overview

Ahead of the start of the 2017/18 financial year, the Trust agreed block clinical income contracts with some of its major commissioners. The aim was to free capacity to focus on longer term financial recovery across a wider health 'system'. It was recognised that many acute hospitals were facing financial pressures as a result of continued tariff reductions and shortfalls in commissioner allocations. In order to therefore address the underlying system financial gap a different approach was required.

At the start of the financial year, the Trust was given the opportunity of accessing 'Sustainability and Transformation Funds' (STF) of £9.2m, if the Trust agreed to a financial 'Control Total', to be no worse than a £5.744m deficit (after the receipt of STF funding) by the end of the financial year. Despite the scale of the underlying challenge, the Board decided to agree to achieve the control total and therefore the Trust set an annual plan target of £5.744m deficit for the year. As part of achieving this, the Trust set a challenging £13m cost improvement target reflecting the impact of agreeing to the control total.

During the year, NHS Improvement introduced an additional scheme whereby those Trusts who were able to improve on their control total targets could access additional STF 'incentive' funds which were on the basis of a £1 for £1 match for every £1 improvement on the plan. A range of initiatives including cost improvement plans meant the Trust ended the year in a better position than had been envisaged and was therefore able to access the additional incentive funds equating to £1.51m. The Trust was also notified of additional funding of an STF bonus of £1.55m and a further 'incentive' of £2.97m linked to agreeing the control total at the beginning of the year. However, the original or 'core' STF funding of £9.2m was not fully achieved in-year due to non-achievement of the A&E target in quarters 3 and 4. In total the Trust received £13.471m of STF at the end of the year.

As part of delivering the financial position, the Trust delivered cost improvements of £13.164m. At the end of the year, taking account of the additional incentive funding and a number of technical adjustments relating to impairments, the net operational position was a £1,435m surplus.

The Trust ended the year with a 'Use of Resources' risk rating of '2', which was better than plan (see page 139)

The following sections will provide further information regarding the financial position for the year.

#### CHoICE Limited

From the end of 2016/17, City Hospitals Independent Commercial Enterprises Limited (CHoICE Ltd) took on responsibility for the management and operation of all estates services and the majority of Facilities services previously managed directly by the Trust. CHoICE is a wholly owned subsidiary of City Hospitals Sunderland NHS Foundation Trust and has been operational since 2014, originally managing outpatient pharmacy services. From 1 February 2017, CHoICE took on this wider responsibility with over 300 staff being transferred to the company under the TUPE regulations and now provides a fully managed service to City Hospitals Sunderland. In December 2017, the procurement team within the

Trust was also transferred to CHOICE under TUPE regulations. This now enhances the offer to the Trust and provides a more comprehensive managed service to the Trust. Given the material scale of the turnover of the company, the accounts are consolidated into the main NHS Foundation Trust's accounts as a wholly owned subsidiary of the Trust.

## **Income and Contracts Overview**

The complexity of the clinical income funding system is now such that system-wide approaches to service change and transformation are difficult to implement, with transactional engagement from some commissioners hindering those conversations. This started to be recognised with a change in approach for 2016/17, focusing on a 'place' based approach and the development of wider system 'Sustainability and Transformation Plans' (STPs) during the year.

Ahead of the start of the 2016/17 financial year, new national allocation formulas were released for the next 3 years, with indicative allocations for two further years beyond that. This puts increasing pressure on local CCGs who have seen at best a 'flat cash' position, but in real terms the allocations reflect a cut in funding. In addition to the allocation funding changes, additional funding has been provided for a 'Sustainability and Transformation Fund' (STF) of £1.8billion across the NHS. In 2017/18, this has continued to be predominantly focused on sustainability. The approach will continue into 2018/19. The Trust was notified that a share of the STF was available to support the Trust's financial position for 2017/18 equating to £9.2m. There were conditions associated with the receipt of this funding linked to the delivery of a number of key performance indicators and the delivery of the financial 'control total', with 70% linked to the financial control total and the remaining funding linked to delivery of the A&E targets. As a result of this approach penalties that commissioners could apply to Trusts under the normal PbR rules were removed to ensure Trusts did not suffer double penalties as a result of penalties from commissioners and loss of STF funding.

Pressure on commissioner funding was such that the Trust started with a variety of different contract approaches to mitigate risk for the Trust and its commissioners wherever possible. The 2017/18 contracts with some of our main commissioners, NHS Sunderland Clinical Commissioning Group (CCG) and NHS South Tyneside CCG, were on the basis of a 'block' arrangement with the intent to manage risk and focus on joint system-wide opportunities. For some other commissioners there was agreement to a lower contract reflecting the CCGs' savings target, but acceptance that the CCGs would not destabilise the Trust if those CCG savings plans did not come to fruition and would pay any over-performance. Some commissioners were also on a standard 'payment by results' (PbR) contract.

In January 2017, the Trust along with its group partner South Tyneside NHS Foundation Trust and the two local CCGs in Sunderland and South Tyneside, established a 'Local Health Economy Efficiency Steering Group' with the aim of overseeing all opportunities that needed joint support and effort. Linked to this a 'Risk Share Agreement' was signed by all partners in June 2017 which committed the four organisations to the sharing of some financial risk, supported by closer working and an open and transparent approach to the sharing of financial and other information to support longer term financial sustainability. In year, the Trust benefited from the receipt of funding as part of the risk share agreement.

Ahead of the contracting process for 2017/18 a new two year 'tariff' was released. This saw some significant moves between specialties reflecting more up to date costs for certain procedures or central challenges to deliver efficiencies within some services. The 'payment by results' (PbR) rules have remained predominantly consistent with prior years. This included the marginal rate for any emergency admissions seen over and above the 2008/09 level and no payment for any 'avoidable' readmissions within 30 days, both remaining unchanged. The principle is that NHS Trusts would be de-funded for any readmissions into the Trust within 30 days irrespective of the cause, subject to a small number of exclusions. The concept is to encourage appropriate support mechanisms for patients so where avoidable they did not return to hospital. With its commissioners, the Trust underwent a bidding process whereby commissioners agreed to invest in a series of schemes to target reductions in readmissions. In some cases this involved increased patient support arrangements in a community setting, whilst other investments supported developments undertaken within the Trust. To enable the Trust to forward plan and staff appropriately, main commissioners supported schemes over a number of years into 2017/18.

Within this environment, the Trust and commissioners agreed activity levels predominantly based on 2016/17 actual activity plus anticipated additional growth requirements to achieve the necessary targets as appropriate.

The national tariff assumed a net uplift of 0.1% which is the impact of assumed level of inflation funding to cover cost growth less assumed levels of cash releasing efficiency assumption for tariff services.

By the end of the financial year there was a mixture of some commissioners over performing against their contracts and some under-performing, with year-end financial agreements reached with most as part of the year end process. During the year there were challenges in the achievement of the A&E target due to a range of system wide pressures, increases in attendances and a particularly difficult winter. As a consequence the Trust did not achieve the A&E target in quarters 3 or 4 and lost the 30% of the STF income linked to A&E, which equated to £1.8m. However, additional 'incentive' and 'bonus' funding was received from the share of the balance of the national STF funds and the Trust received £13.471m against the originally planned £9.237m, so better by £4.234m.

## **Expenditure Overview**

During the year the Trust continued to recruit to funded nursing vacancies. However, recruitment proved difficult in some areas, with vacancies particularly on Care of the Elderly wards. The issue was one of ensuring the appointment of the right calibre of staff at the same time as many other local organisations were also recruiting or paying premium rates through agencies. Funding for the posts was not the issue as this had been agreed ahead of the start of the financial year.

Agency staffing continued to be a pressure for the Trust, spending £5.7m, an increase on the £4.9m position last year. Whilst this is an increase, it is a small percentage of the overall pay bill at 2.6% (2.3% in 2016/17). Work had been undertaken to target those high spending areas and identify alternative options such as locum recruitment or alternative means of providing a specific service. In addition, the tightening of the agency 'caps' scheme to provide a consistent approach across the country for in demand staff groups has continued to help stem what has been a steady price increase year on year.

The clinical negligence insurance costs again increased, with a total cost for the year of £14.26m, an increase of £1.35m, equating to a 10.5% increase on the previous year. This reflects the change of approach by NHS Resolution over the last few years whereby premiums reflect a combination of the exposure of the Trust to some of the nationally recognised high risk specialties and its previous claims record. The Trust has continued to work closely with the NHS Resolution to look at opportunities to manage this risk which resulted in a successful bid for funds in prior years to target those areas at highest risk of claims within the Trust, predominantly in obstetrics.

During the year the Trust undertook a revaluation exercise. Previously the Trust treated property assets as being individual buildings with individual components separately valued. The valuation determined that the hospital sites were the property assets and the components were land, buildings and external works. In addition the Trust updated the 'Modern Equivalent Asset' (MEA) model to reflect changes to services and how the Group's property assets would be re-provided in the future. The impact was a downward revaluation with £25.12m taken to the revaluation reserve and impairment of £32.93m being charged to operating expenses.

### **Cost Reduction Plans**

Divisional Plans for cost reductions were agreed at the start of the 2017/18 financial year. Included in the Annual Plan was a target of £13m. By the end of the year, the Trust had delivered £13.164m – an over achievement of the target. Considering the continuing difficulty around the delivery of CIPs year on year, this is an excellent achievement. Main areas of achievement included price benefits on the cost of products such as drugs or other consumables and non-recurrent vacancies.

### **Capital Funding**

Capital investment in 2017/18 was funded from internally generated funds and additional Public Dividend Capital (PDC) for the Global Digital Exemplar (GDE) Scheme and additional funds to support Emergency Care Departments. The total spend for the year was £6.75m. This included Information Technology spend linked to the GDE programme equating to £3.69m plus medical equipment of £979k and a variety of backlog maintenance and other build schemes such as the emergency care scheme, renal water treatment plant upgrade and boiler scheme replacement.

At the end of the year, the Trust had an outstanding balance on a number of Independent Trust Financing Facility (ITFF) loans of £53.1m.

### **Cash Flow Management**

The cash balances at the year-end were £7.38m (excluding charitable funds), ahead of the plan of £1m by £6.4m. This was predominantly due to the receipt of year end clinical income funds and in-year receipt of new funding streams such as PDC. NHS debtor balances were £16.9m, an increase on the prior year position of £14.2m predominantly due to the impact of STF funding. This includes STF core and incentive funding of over £8m which is unlikely to be settled until June 2018.

CHS has maintained the Public Sector Policy regarding payment of creditors during the year.

## Looking Forward

The financial agenda remains challenging. Without the benefit of STF funds this year, only 24% of Trusts with acute services would have been planning for a breakeven or surplus position, a reduction on the comparable position last year at 28%. Fundamentally this means that the current funding system for Trusts is not keeping pace with the costs they are incurring. As a result the NHS is at a crossroads in terms of making some critical decisions about the future and nature of service delivery nationally and locally.

The approach around joint working with partner organisations has continued into 2018/19. Building on the risk share agreement in 2017/18, by the end of May 2018 the four organisations are aiming to have a single 'strategic framework' detailing how they are going to work together over the next few years to deliver system wide financial sustainability. The aim would be to strengthen existing governance arrangements and have a single plan that builds on the successes of the current individual service review plans developed by each organisation. The existing system work such as the 'Path to Excellence', being undertaken by the two Trusts and supported by the CCGs will be incorporated into this plan. This will then produce a 3 to 5 year timeframe for financial recovery across the health system recognising that the scale of service changes required will not be delivered in one year. The plans will need to be ambitious and it will be necessary to look radically at how services could be provided within the resources available. A series of clinical engagement events involving senior clinical leaders in and outside of hospitals has taken place which will inform where the opportunities are to remove duplication for patients or where the traditional 'face to face' approach can be updated with the use of technology. This should then produce some significant benefits for patients and remove unnecessary costs.

The 2018/19 year is a refresh of the 2017/18 agreed contract and therefore the full impact of the NHS standard contract will apply. The 'Commissioning for Quality and Innovation' (CQUIN) payment scheme, has again been maintained at 2.5% of overall clinical income and gives an opportunity for the Trust to 'earn' additional funding by delivering a range of improved quality measures.

As a principle the Trust has set budgets for 2018/19 based upon anticipated activity for the year and the national funding uplift of 0.1%.

### Financial Risks 2018/19

The key financial risks facing the organisation in 2018/19 are expected to be significant. The Trust ended the 2017/18 financial year with a small operational surplus and whilst this was better than planned nevertheless was heavily dependent upon the receipt of STF 'incentive' funds which may not be available in 2018/19. The submitted plan for the year starts with the closing surplus position adjusted for non-recurrent items (such as STF) and new costs, offset by cost improvement plans (CIPs) of £13m. The Control Total before assumed STF is a £11.2m deficit compared to £15m in 2017/18, therefore an expected improvement of £3.8m. After taking account of these assumptions there remains a gap of £10.9m between the forecast position and the proposed control total. As a consequence the Board has submitted the plan for the year reflecting their view that the control total cannot be achieved. There is an acknowledgement that the Trust will not have access to the anticipated STF income stream equating to a loss of £12.99m.

As a consequence of the underlying deficit, the Trust faces challenges in relation to cash. The Trust has had a gradually reducing cash balance over the last few years, and during 2018/19 will be accessing working capital loans to support the underlying position. This has been factored into the plan, including the interest payments required.

The development of the financial recovery plan is crucial to the longer term sustainability of the Trust. At this stage the financial opportunities as a result of this work are yet to be quantified and therefore there is a risk the service review work will not deliver the longer term financial sustainability needed. Conversely there are minimal assumptions around additional savings in 2018/19 above the 'traditional' cost improvement assumptions, and therefore any additional opportunities could improve the in-year position.

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 NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent to which, performance occurs, eg when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Credit risk is the possibility that other parties might fail to pay amounts due to the Foundation Trust. Credit risk arises from deposits with banks as well as credit exposures to the Foundation Trust's commissioners and other debtors. Surplus operating cash is only invested with the National Loans Fund. The Foundation Trust's cash assets are held with Lloyds and the Government Banking Service (GBS) only. The Foundation Trust's net operating costs are incurred largely under annual contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament.

The NHS Foundation Trust receives cash each month based on the agreed level of contract activity and there are quarterly payments/deductions made to adjust for the actual income due under the tariff system. This means that in periods of significant variance against contracts there can be a significant cash-flow impact.

### **Related Party Transactions**

The Trust has a system in place to identify all new related party transactions. As NHS Foundation Trusts and NHS Trusts have common control through the Secretary of State, there is an assumption that Government Departments and agencies of Government Departments are related parties. The Department of Health is regarded as a related party. During the 2017/18 financial year the Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. In addition there are other transactions with other government bodies with the most material being the University of Newcastle for the funding of medical education. NHS bodies are summarised as:

Care Quality Commission  
 County Durham and Darlington NHS Foundation Trust  
 Gateshead Health NHS Foundation Trust  
 Health Education North East  
 NHS Blood and Transplant Service  
 NHS Business Services Authority  
 NHS Durham, Dales, Easington and Sedgefield Clinical Commissioning Group  
 NHS England  
 NHS Hartlepool and Stockton Clinical Care Commissioning Group  
 NHS Resolution  
 NHS Newcastle/Gateshead Clinical Commissioning Group  
 NHS North Durham Clinical Commissioning Group  
 NHS North of England Commissioning Support Unit  
 NHS Property Services  
 NHS South Tees Clinical Commissioning Group  
 NHS South Tyneside Clinical Commissioning Group  
 NHS Sunderland Clinical Commissioning Group  
 Northumberland Tyne and Wear NHS Foundation Trust  
 Northumbria Healthcare NHS Foundation Trust  
 Prescription Pricing Authority  
 South Tyneside NHS Foundation Trust  
 The Newcastle Upon Tyne Hospitals NHS Foundation Trust

## Financial Performance

For the financial year 2017/18 key headline financial indicators are as follows:

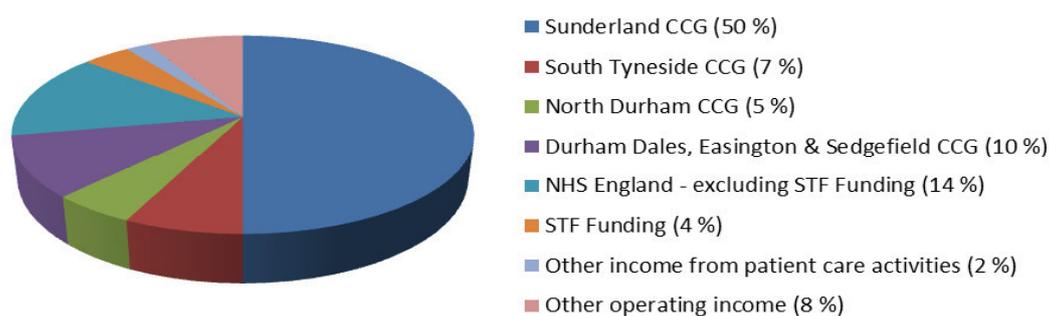
- The year ended with an operating surplus (excluding Charitable Funds of £426k) of £1,435k;
- The year ended with cash balances (excluding Charitable Funds) of £7,381k;
- Capital investment of £6.89m;
- Private Patient Income of £326k

## Financial Headlines

2017/18	Operational £ Million	Charitable Funds £ Million	Total £ Million
Operating Income	362.70	0.43	363.13
Operating Expenses	(355.53)	(0.09)	(355.62)
Financing Costs – including Dividends paid	(5.74)	0.09	(5.65)
<b>Surplus before Fixed Asset Revaluation</b>	<b>1.43</b>	<b>0.43</b>	<b>1.86</b>
Impairment/Revaluation Reduction	(58.04)	-	(58.04)
<b>Deficit following Fixed Asset Revaluation</b>	<b>(56.61)</b>	<b>0.43</b>	<b>(56.18)</b>
Capital Expenditure			6.75
Total Fixed Assets			148.24

All income totalled £363.13m. A breakdown of the key sources is shown overleaf:

## Sources of Income 2017/18



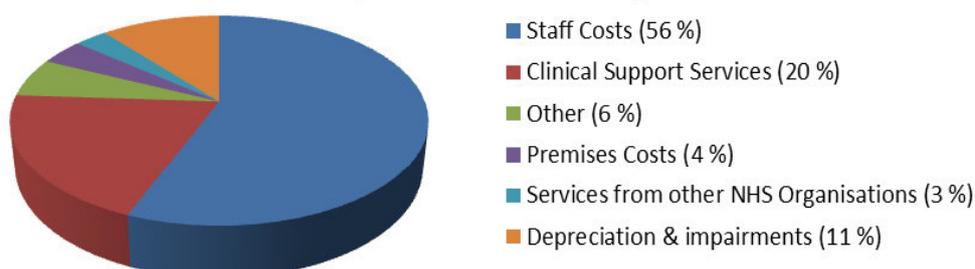
## Expenditure

Expenditure amounted to £388.54m (including impairment of £32.93m) an increase of £35.10m or £5.41m without impairments, an increase of 1.5% on the prior year.

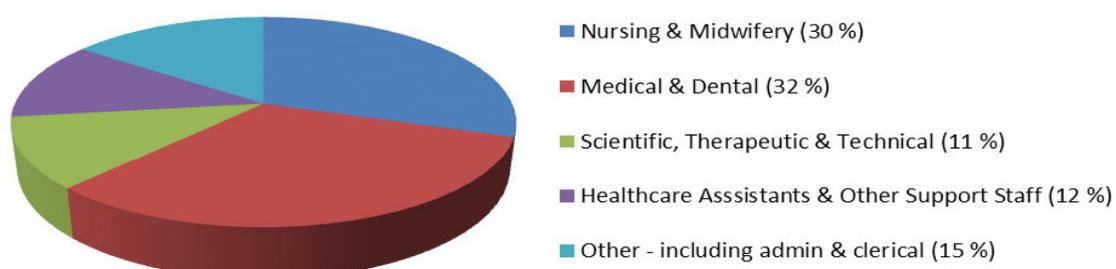
The majority of expenditure (56%) related to staff costs at £216.2m.

Full Details of Directors' Remuneration are included in the Annual Report on page 162.

## Expenditure 2017/18



## Staff Analysis 2017/18



## Planned Investment Activity

Capital expenditure in 2017/18 totalled £6.75m with investment in premises, medical equipment and information technology.

	£ Million
Premises (Inc. Backlog Maintenance, and the Emergency Department)	2.08
IT Systems (of which £0.83m is hardware)	3.69
Medical Equipment (£0.84m) and Medical Furniture	0.98

The value of the Trust's fixed assets, both tangible and intangible, at the end of 2017/18 was £148.24m.

## Charitable Funds

City Hospitals Sunderland NHS Foundation Trust is the corporate trustee to the City Hospitals Sunderland NHS Foundation Trust Charitable Funds. 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 fund.

The Trust is required to consolidate any material charitable funds which it determines to be subsidiaries. Prior to 2016/17 the Trust did not consolidate the charitable funds as the value of the fund is not material. From 2016/17 the Trust elected to consolidate the charitable funds to be consistent with the consolidation of its other subsidiary.

The City Hospitals Sunderland NHS Foundation Trust Charitable Funds is registered with the Charity Commission (registered number 1052366). As at 31 March 2017, the value of the funds was £4,176k. As at 31 March 2018 the value of the funds is estimated as £4,602k. This represents an estimated net increase in value of £426k.

The Board of Directors acts as the Corporate Trustee for all "Funds Held on Trust" which are registered with the Charities Commission as a single charity. The Trust continues to receive donations from a wide variety of benefactors for which it is extremely grateful, and continues to utilise these funds for the benefit of both patients and staff in accordance with the terms of the donation. The Charitable Funds Committee represents the Corporate Trustee in the day to day management of the funds.



**JULIA PATTISON**  
Director of Finance

**Date: 22 May 2018**

## Information Governance

Information Governance relates to the way organisations 'process' or handle information. It covers personal information, ie that relating to patients/service users and employees, and corporate information, eg financial and accounting records. Information Governance provides a way for employees to deal consistently with the many different rules about how information is handled.

The four fundamental aims are:

- to support the provision of high quality care by promoting the effective and appropriate use of information;
- to encourage responsible staff to work closely together, preventing duplication of effort and enabling more efficient use of resources;
- to develop support arrangements and provide staff with appropriate tools and support to enable them to discharge their responsibilities to consistently high standards; and
- to enable organisations to understand their own performance and manage improvement in a systematic and effective way.

The Information Governance Toolkit is a Department of Health (DH) policy delivery vehicle that the Health and Social Care Information Centre (HSCIC) is commissioned to develop and maintain. It draws together the legal rules and central guidance set out by DH policy and presents them in a single standard as a set of Information Governance requirements.

The Trust is required to carry out a self-assessment of its compliance against each of the 45 Information Governance requirements (Scoring 0, 1, 2 or 3). To be classed as 'Satisfactory – Green' an NHS organisation is required to be level 2 or above across all requirements.

In 2017/18 the Trust updated evidence against all requirements and achieved this 'Satisfactory – Green' rating, the results confirming 19 requirements showing evidence at Level 2, and 26 requirements at Level 3. The total percentage compliance for the 2017/18 submission was 85% (a slight reduction from the 2016/17 submission).

Work is continuing through 2018/19 to review and improve evidence to move, where possible, from a level 2 into a level 3 performance in relevant areas.

The Trust can confirm that it has systems and processes in place to ensure that information risks are reliably identified, prioritised and managed.

During 2017/18 there were no Information Governance breaches reported to the Information Commissioner.

In May 2017 the Trust's IT system and those of the NHS nationally, were tested as a result of the Wannacry ransom attack – a worldwide cyber-attack which targeted in particular computers running the Microsoft windows operating system by encrypting data and demanding ransom payments in the 'Bitcoin' cryptocurrency.

The attack began on Friday 12 May 2017, and within less than a day was reported to have infected more than 230,000 computers in over 150 countries. Parts of the NHS, Spain's Telefonica, Fedex and Deutsche Bahn (a German railway company) were hit, along with many other companies and countries worldwide.

As a precautionary measure, the Trust took the decision in the early evening of that day to disconnect our systems from all external links/agencies – to mitigate the risk of any infection.

This approach was subsequently followed by others locally, and indeed, NHS England and NHS Digital mandated that requirement later in the evening.

Although we had made the decision to disconnect the Trust from an IT perspective to the outside world, and took IT systems down as a precaution – the Trust thankfully was never infected by the ransomware.

The IT team, with support from many other Trust staff worked continuously introducing updated antivirus software to detect and stop the virus running locally. The latest software patches were verified across the entire IT estate to ensure they were in place to contain and prevent the virus from spreading had it been detected.

The Trust's IT systems were prioritised and re-introduced to staff as soon as possible but only when we were confident they would not be exposed to, or would not create inappropriate risk. Business continuity plans were tested during the attack and worked extremely well particularly during the IT downtime, ensuring our patients were treated safely and effectively.

During the week that followed a number of further precautionary measures were undertaken including reviewing and software patching all our medical devices and importantly, seeking assurance from the suppliers of those devices.

By Monday, 22 May 2017 it became business as usual as systems were gradually re-introduced, the last element being internet access for all staff.

'Wannacry' had a huge impact on the NHS with 28 Trusts being infected by the ransomware, and the rest of the NHS being affected by it. A review of events and more importantly the identification of lessons to be learned was undertaken locally, regionally and nationally.

Cyber security is a significant risk to the NHS and the Trust continues to be alert and to ensure that its technical infrastructure and associated systems/data are adequately protected.

## PART 1: STATEMENT ON QUALITY FROM THE CHIEF EXECUTIVE

The Quality Report is one of the key ways the Trust demonstrates to the public and its stakeholders its services are safe, effective, caring and responsive. It provides an open and honest overview of the last year, including our many successes but also the challenges we have faced.

Trusts up and down the country have once again experienced unprecedented demands for their services, including ourselves. These have not just been concentrated in the high profile 'front of house' emergency care areas but across the whole spectrum of clinical services. At the same time we continue to be challenged to deliver these as safely and as cost-effectively as possible and in ways patients and their families feel is given with professionalism and compassion. All of this takes place with one eye on creating the future and working transformatively with our partners and stakeholders.

We have heard and seen in the news those hospitals that have struggled to cope with these pressures and competing priorities. I am pleased to report that for most of the time, City Hospitals Sunderland has stood strong throughout and risen to the many performance and quality challenges. In fact, we can show we have often exceeded them. That is testimony to the leadership, systems and governance arrangements we have in place, and of course to the individual and collective efforts of our staff who frequently 'go that extra mile'. This was again evident during the recent prolonged period of severe winter weather, where tremendous pressure was placed on our urgent and emergency care services with only minimal disruption to some non-urgent planned clinics and theatre lists. We should all be proud of this.

I mentioned last year the excellent progress made with our joint health alliance with South Tyneside NHSFT. This has continued at pace throughout 2017/18 and has culminated in the recent public announcement of the outcomes from the first phase clinical service reviews. Work is now underway on the final phase (phase two) and once again we will offer a genuine opportunity for the public, stakeholders and staff to express their views and opinions on potential changes. Whilst needing to address and help shape the future it is also important that we take stock and reflect on what has happened during this year and, as previously mentioned, I believe we have achieved a great deal across the Trust. The Quality Report will summarise some of the more notable successes, acknowledging that many other examples exist throughout the Trust.

Another year has seen us achieve the vast majority of our Commissioning for Quality and Innovation (CQUIN) targets. This is an excellent achievement given the challenge of the national targets set, particularly around sepsis. Whilst we didn't always achieve our sepsis assessment and treatment targets, I know good progress was made and a tremendous amount of work continues in this area. Further details about what we have done this year are provided in the appropriate section in the report.

We are starting to see the benefits from improving some of our key patient priorities such as reducing hospital acquired pressure ulcers and preventing patients falling. This is encouraging and our joint working and sharing of knowledge and expertise with South Tyneside NHSFT will only consolidate this position. These important priorities are part of our new five-year strategy for quality, which sets out our 'road map' for patient safety and quality improvement. It describes the kind of organisation we aspire to be in terms of providing care which is safe, effective and given in a compassionate way. Next year, we will be able to report on its implementation and impact for the first 12 months.

We continue to participate in relevant national clinical audits and registries ensuring patients receive care that meets national standards. For most of the time, the outcomes show we are providing services that are safe and delivering care that is to a high standard. Where we find any variations in care then we will do our best to make changes to our practices. Examples of the many audits we have participated in are included in the report.

We continue to closely monitor and review our mortality. The national 'Learning from Deaths' programme has provided the background for strengthening our Mortality Review Panel process. We have published a new policy on how we review and learn from deaths. In addition, we now publish information on deaths and the outcome of reviews at our board meetings in public. Our mortality data continues to show that we are about the same as most other similar organisations, although with one particular measure (Hospital Standardised Mortality Ratio), we have a higher rate than we would like but we are comfortable in acknowledging that this is due, for the most part, to the nuances of our admission and recording systems rather than the corollary of poor clinical care. We are also pleased to receive notification from the Care Quality Commission that our mortality outlier alerts are now formally closed.

Last year's report highlighted that City Hospitals Sunderland was selected to be part of the new national Global Digital Exemplar (GDE) programme. This is a real accolade for the Trust and will help clinical staff to develop and transform the delivery of clinical services. Patients should also see and feel the difference as well. We continue to make significant progress with GDE and not only are we leading the field digitally but also playing a key role in supporting other sites as well. This includes South Tyneside NHSFT as our 'fast follower' partner.

The results of our many patient satisfaction surveys show that we are meeting patient and public expectations most of the time. We have strengthened the ways in which we reflect and act on the results so that we don't lose the opportunities to improve our services. We received positive feedback from patients who used our Emergency Department, from children and their parents who had an inpatient stay and from mums-to-be who had their babies at City Hospitals. In fact, City Hospitals was the best performing Trust across the whole of the North East and North Cumbria when it comes to the care and attention women received in hospital after the birth of their babies.

Our staff also provided positive comments when completing the annual NHS Staff Survey. The Trust scored above the national average on many areas including the number of staff recommending the Trust as a place to work or receive treatment. We will be looking in detail at the results to understand where we can improve staff engagement and experience even further.

We remain, as always, grateful for the ongoing commitment and contribution of patients, staff, governors, members, commissioners and other stakeholders in supporting our quality improvement activities and providing the oversight, scrutiny and constructive challenge that are essential to improving the quality of our services.

As 2017/18 comes to a close, we look forward to welcoming the Care Quality Commission who will be undertaking their routine inspection of our services in the spring 2018. We will also explore what further benefits a potential merger between ourselves and South Tyneside NHSFT might bring for our patients and staff. This thinking, which is still very much at an early stage, will involve extensive staff and stakeholder engagement at an appropriate time.

The content of this report has been subject to internal review and, where appropriate, to external verification. I confirm, therefore, that to the best of my knowledge and belief, the information contained within this report reflects a true, accurate and balanced picture of our performance.



**KEN BREMNER**  
**Chief Executive**

**Date: 22 May 2018**

## PART 2: PRIORITIES FOR IMPROVEMENT AND STATEMENTS OF ASSURANCE FROM THE BOARD

The Trust identified a number of key quality priorities for improvement in 2017/18. This section of the Quality Report shows how the Trust has performed against each of these priorities (shaded areas). In addition, there are a number of indicators of improvement that we have selected and these are described in more detail in Part 3.

		Improvement area	Objective	Rating
Patient Safety	Priority	Reduce the number of hospital developed pressure ulcers	Reduce avoidable category 2-4 hospital developed pressure ulcers by 25% in 2017/18 (part of a 3-year improvement plan)	
Clinical Effectiveness	Priority	Implement the recommendations from the national 'Learning from Deaths' programme	a. Develop a Trust-wide 'Learning from Deaths' policy	
			b. Implement a new quarterly mortality dashboard for review at public Board meetings	
			c. Strengthen the Trust Mortality Review Panel process	
			Summary of learning from reviews of death in the Quality Report 2017/18	
Patient Experience	Priority	Improve the in-hospital management of patients with dementia	Implement the priorities from the national audit of dementia care in general hospitals	
Staff Experience	Priority	Increase the number of staff participating in the staff Friends and Family Test (FFT)	Increase the number of staff participating in the staff FFT	

	Priority achieved
	Priority partially / mostly achieved or significant improvement achieved
	Priority not achieved

### 2.1 Review of Priorities for Improvement 2017/18

Each year, we work with our staff, healthcare partners and local stakeholders to agree a number of areas for improvement. These priorities provide our focus for raising standards and improving quality for the coming year and we have put plans in place to continually review and report the progress we are making. Each section summarises the priorities we set for 2017/18; this is followed by a detailed account of our progress and achievements.

## Patient Safety

We aim to be recognised as one of the safest healthcare organisations in the country. We want to treat and care for patients in a safe environment and promote 'harm-free' care.

### Reduce the number of hospital developed pressure ulcers (HDPUs)

Lead Contact:	Debbie Cheetham – Head of Patient Safety & Experience
Target:	Reduce avoidable category 2-4 HAPU by 25% in 2017/18 (part of a 3 year improvement plan)

Pressure ulcers (PUs) represent a major burden to the patient and to the NHS; they can have a life threatening and devastating impact on patients and their families. PUs are associated with an increased risk of secondary infection and are a major cause of morbidity, especially in older people. According to the literature, 95% of PUs are avoidable.

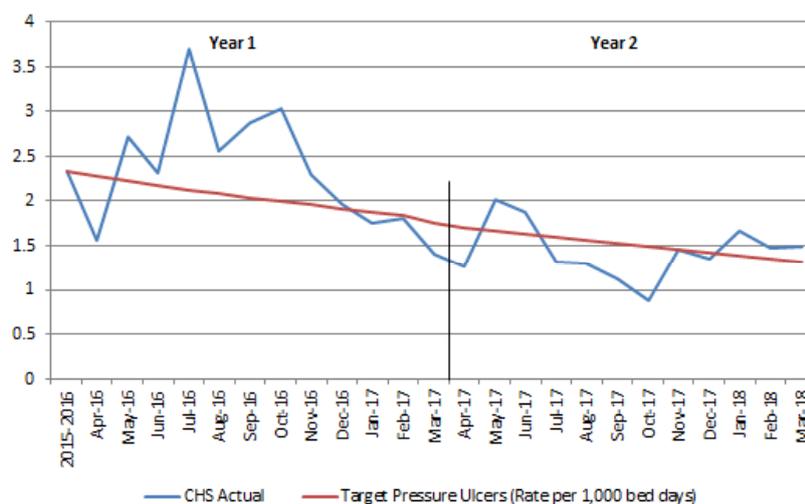
Over previous years the Trust has consistently appeared to be an outlier for Hospital Developed Pressure Ulcers (HDPUs), with a higher incidence than that reported by other Trusts. In order to address this, the Trust agreed a 3 year Pressure Ulcer Improvement Plan in June 2016 to outline strategies to reduce the incidence of avoidable HDPUs over 2016-2019. The improvement goal for City Hospitals was a 25% per annum reduction in avoidable category 2-4 HDPUs over the next 3 consecutive years (2016-2019). Using the metric of 'rate per 1,000 occupied bed days', this will amount to a gradual reduction from the baseline 2.33 (Trust 2015-2016 average) to 0.98 by 2019. The Trust's Ward Dashboard (WD) data indicating incidence and rate of avoidable category 2-4 HDPUs is utilised to map improvement.

The Trust's Tissue Viability Steering Group (TVSG) is leading on this quality priority. The purpose of the group is to promote patient safety and evidence-based harm free care, by making real improvements in tissue viability using a holistic approach in relation to the prevention and management of pressure ulcers and complex wounds.

### Summary of performance 2017/18

A detailed breakdown of the categories of HAPUs for 2017/18 from the Ward Dashboard data is shown below:

HAPUs	April 17	May 17	June 17	July 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18
<b>Category 2</b>	19	36	30	22	22	18	15	24	24	32	25	28
<b>Category 3</b>	1	0	1	0	0	0	0	0	0	0	0	0
<b>Category 4</b>	1	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	21	36	31	22	22	18	15	24	24	32	25	28
<b>Rate per 1,000 bed days</b>	1.27	2.01	1.87	1.32	1.29	1.12	0.87	1.45	1.35	1.67	1.48	1.50
	Q1 average = 1.67			Q2 average = 1.57			Q3 average = 1.46			Q4 average = 1.55		



HDPUs – actual performance against improvement trajectory (Ward Dashboard data)

The data demonstrates a downward trend in the incidence and rate of HDPUs over the previous 2 years. There was a notable increase in Q4 2017/18 which may be associated with ‘winter pressures’, increased patient acuities and staffing pressures across the Trust, however, the same pattern was not evident in 2016/17. At the end of the second year of the improvement plan, Trust performance is at 1.50 HDPUs per 1,000 bed days which is above the improvement trajectory of 1.31 HDPUs per 1,000 bed days. However, the average rate over 2017/18 is 1.43 compared to 2.33 over 2016/17, which is a significant reduction. So whilst the end of year position is above the target improvement trajectory, the average performance over the year has significantly improved, demonstrating a reduction of 38.6%.

### Plans for 2018/2019

The Trust’s TVSG will continue to lead on the improvement strategies outlined in the Pressure Ulcer Improvement Plan and monitor performance against this in order to achieve a further 25% in avoidable HDPUs over 2018/19 (the final year of the 3 year plan).

Clinical Effectiveness	
Clinical effectiveness is aimed at making the care we give or the service we deliver more explicitly evidence based, with the goal of achieving excellent outcomes. It is about doing the right thing, at the right time, for the right patient and when all this happens together we can be confident that we have provided quality.	
<b>Implement the recommendations from the national ‘Learning from Deaths’ programme</b>	
Lead Contacts:	Mr Ian Martin – Medical Director Dr David Laws – Consultant Anaesthetist and Chair Mortality Review Panel Gary Schuster – Clinical Governance Manager
Targets:	a) Develop a Trust-wide ‘Learning from Deaths’ policy b) Implement a new quarterly mortality dashboard for review at Board meetings in public. c) Strengthen the Trust Mortality Review Panel process d) Summary of learning from reviews of death in the Quality Report 2017/18

For some people who come into hospital death is an inevitable outcome despite advances in medical treatment and receiving high quality care. However, there are occasions when care falls short of the standards expected and mistakes happen which can compromise patient recovery and even contribute to death. Where these events occur it is important that cognisance is taken of what happened, what needs to change and how we can ensure they don’t happen again.

In December 2016 the CQC published its report 'Learning, Candour and Accountability: A review of the way NHS Trusts review and investigate the deaths of patients in England'. Commissioned by the Secretary of State for Health in response to the very low number of investigations and reviews of deaths at Southern Health NHS Foundation Trust, the report found that learning from deaths was not given sufficient priority in some organisations and consequently valuable opportunities for improvements were being missed.

In response, the National Quality Board (NQB) published guidance on a new learning from deaths framework <https://www.england.nhs.uk/wp-content/uploads/2017/03/ngb-national-guidance-learning-from-deaths.pdf>. One of the key requirements for Trusts was to publish a policy on how it responds to, and learns from, deaths of patients who die under its care. In addition, it mandated Trusts to publish information on deaths and reviews to be shared at board meetings held in public. We have responded to these requirements and made adjustments to our existing mortality review arrangements in the Trust. It is worth highlighting we are part of a long standing Regional Mortality Network and together with our peers have worked on improving our mortality review processes in advance of these national directives. This collaboration remains as relevant and supportive today as we look to introduce the Medical Examiner role into the NHS in 2019.

#### a) Develop a Trust-wide 'Learning from Deaths' policy

National guidance asked for all Trusts to have a policy in place setting out how they would respond to the deaths of patients who die under their care. In developing the policy for City Hospitals, the document included:

- the Trust's mortality review process, including the method used, how the scope of deaths for potential review is determined and how deaths are selected for review;
- how the Trust responds to the death of someone with a learning disability or severe mental health needs, of an infant or child, or a stillbirth or maternal death
- how the Trust decides which deaths – whether reviewed or not – require an investigation under the Serious Incident framework; and
- how the Trust engages with bereaved families and carers, including how they are supported by the Trust and involved in investigations where relevant.

The 'Mortality Review and Learning from Deaths' Policy was presented to the Board meeting held in public in September 2017 and is available on the Trust's website at [https://chsft.nhs.uk/application/files/9915/2465/4698/Learning\\_From\\_Death\\_Policy.pdf](https://chsft.nhs.uk/application/files/9915/2465/4698/Learning_From_Death_Policy.pdf)

#### b) Implement a new quarterly mortality dashboard for review at public Board meetings

Boards need to be assured that deaths are reviewed and changes are made in response to learning to improve patient care. Therefore Trusts are required to collect and publish quarterly reports with specified information on deaths and evidence of learning and action. The first Learning from Deaths Dashboard was published in November 2017 with the second in March 2018. We are working with our Communications Team to develop simple, textual infographics to accompany these reports to help the public better understand these complex data sets.

### c) Strengthen the Trust Mortality Review Panel process

We have a well-established process in place for reviewing patient deaths and have worked closely with other Trusts in the North East to develop this approach. We use an adaptation of PRISM methodology (Hogan and colleagues) for undertaking mortality reviews. This clinician-led approach helps to identify 'problems in care' and informs judgements on avoidability of death. The method also allows clinicians to provide an overall quality of care rating on those deaths where care during the last admission was graded as excellent or good.

During 2017/18, we have made changes to create an enhanced two-stage mortality process that includes;

- a stage 1 screening review against nationally set criteria in order to identify a sub-set of patients for a more in-depth stage 2 independent review;
- the stage 2 review process now includes a GP to provide the primary care understanding of clinical decisions made. In all these cases none of the reviewers will have been directly involved in the clinical care of the deceased;
- a specific review of end of life care, which is carried out separate to or in addition to a stage 2 mortality review. These specific reviews are based on the 5 core elements of care from the national implementation of "Care of the Dying Patient" documentation. The outcomes of these reviews are used to target staff awareness and training sessions in care of the dying.

During 2018/19, we will work with colleagues within the Regional Mortality Network to prepare for the introduction of the Medical Examiner role from April 2019. Medical Examiners will be appropriately trained senior doctors who will verify clinical information on death certificates, ensuring that these are completely accurate and include appropriate referral to the Coroner's Officer where appropriate.

### d) Summary of learning from reviews of death in the Quality Report 2017/18

Following an update on how Trusts produce their Quality Report, there was an additional requirement to publish information related to learning from deaths, including the number of patient deaths subject to case record review and whether any of these were more likely than not to have been due to problems in care. In addition, there is a narrative requirement to state what has been learnt from our mortality review process. The completed sections below meet the new requirements in full:

	Q1	Q2	Q3	Q4
During 2017/18 1534 of City Hospitals Sunderland patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:	357	310	381	486
By March 2018, 441 case record reviews and 0 investigations* had been carried out in relation to 1534 of the deaths. In 0 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was: *investigations – deaths reported and investigated as a 'Serious Incident'	130	111	80	120
≤ 5, representing 0.2%, of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient. In relation to each quarter, this consisted of:	0.8%	0%	0%	0%

These numbers have been estimated using an adaptation of PRISM methodology (Hogan and colleagues) for undertaking mortality reviews. This clinician-led approach helps to identify 'problems in care' and informs judgements on avoidability of death. The method also allows clinicians to provide an overall quality of care rating and our Trust Mortality Dashboard presented at Board meetings held in public captures those deaths whose care during the last admission was graded as excellent or good.

#### What we have learnt from case record reviews and investigations conducted in relation to the deaths.

Our mortality review process found ≤5 deaths that were more likely than not due to problems in care during the period. As an integral part of the Trust's mortality review process, individual minor issues regarding compliance with good standards of care were brought to the attention of the relevant departments in cases where care was deemed sub-optimal in the opinion of the reviewer.

#### An overview of actions taken

Our mortality review process is mature, having been in place for nearly four years. Therefore, unlike Trusts in the early implementation phase of a Structured Case Record Mortality Review process, simple impact measures have previously been identified and rectified by this Trust some years ago. Some examples of these include, improving the accuracy of death certification, resolving documentation issues through electronic systems such as discharge summaries, and improvements to the timeliness of specialty-led mortality reviews. We have also tried to improve the accuracy of Do Not Attempt Cardiopulmonary Resuscitation status and the process for notification of deaths to the coroner.

As we have a well-established and embedded process where action had already been taken on the simple impact measures, our learning focus is based on long-term multi-organisational issues. For example, we have identified potential for reviewing cases on a cross-organisational basis where a patient may have benefited from a formal Emergency Healthcare Plan (EHCP) prior to the admission leading to death.

In addition, given approximately half of deaths in hospital are expected, we now perform separate structured reviews of the quality of End Of Life Care in patients who are expected to die following admission. From these reviews, we have noted the difficulties health professionals experience when discussing resuscitation measures for the first time following an acute deterioration, despite clear indications that such discussions ought to have taken place during the weeks or months prior to the acute hospital admission. The Trust is liaising with community services to explore how these necessary discussions and decisions are conducted and recorded in a more timely and proactive way.

#### An assessment of the impact of these actions

We have employed an external reviewer to join the Mortality Review Panel. The mortality review panel identifies cases for cross organisational review of patients who might have benefited from an EHCP in the community. The Trust provides monthly reports to wards that have provided end of life care to support areas of improvement and to acknowledge excellence.

0 case record reviews and 0 investigations completed after 31 March 2017 which related to deaths which took place before the start of the reporting period.

0 representing 0 % of the patient deaths before the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient. This number has been estimated using an adaptation of PRISM methodology (Hogan and colleagues) for undertaking mortality reviews.

0 representing 0% of the patient deaths during [the previous reporting period] are judged to be more likely than not to have been due to problems in the care provided to the patient.

## Patient Experience

Ensure that we give compassionate care and people have a positive hospital experience.

### Improve the in-hospital management of patients with dementia

Lead Contacts:	Louise Burn – Deputy Director of Nursing & Quality (Corporate Lead) Dr Lesley Young – Consultant and Clinical Lead for Dementia
Target:	Implement the priorities from the national audit of dementia care in general hospitals

At least one in four people accessing acute hospital services are likely to have dementia and the number of people with dementia is expected to double over the next 30 years. City Hospitals Sunderland has taken part in both main rounds of the National Audit of Dementia (NAD), in 2010 and 2012. The NAD measures the performance of general hospitals against criteria relating to organisational processes, care delivery and carer experience which are known to impact upon people with dementia while in hospital. The 3rd round was completed in September 2016 with results published in 2017 and included: a survey of carer experience of quality of care; a case note audit of people with dementia, an organisational checklist and a staff questionnaire examining support available to staff and the effectiveness of training and learning opportunities.

City Hospitals is committed to improving the in-hospital management of patients with dementia, and the national audit results has informed a multidisciplinary action plan which is monitored by the Dementia Steering Group. The areas for improvement for the quality priority include:

- Identification and assessment of patients with dementia - ensure that cognitive screening takes place of all patients aged 65 and over (in line with NICE Guidelines);
- Information and communication - improve carer involvement with dementia patients; and
- Training - monitor the number of staff who receive dementia awareness training.

#### Identification and assessment of patients with dementia - ensure that cognitive screening takes place of all patients aged 65 and over (in line with NICE Guidelines)

In 2012, the Department of Health required all hospitals to assess people aged 75 years and over, admitted acutely to hospital, for the possibility of dementia. The Trust achieved this target throughout 2015/16. This assessment was expanded in 2016/17 to all patients aged 65 and over, to ensure compliance with NICE guidelines 103. Assessing all patients aged 65 and over for the possibility of dementia has required significant education of staff, changes to electronic documentation and since 2016/17, ward level performance against the target has been included on ward dashboards to drive improvements at ward level.

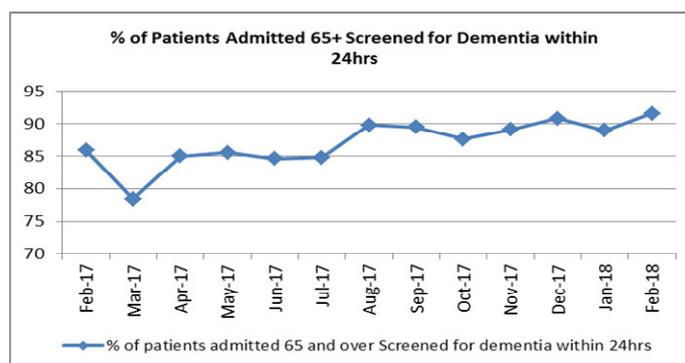


Table 1: % of patients screened for dementia

Table 1 above demonstrates month on month improvements in the number of patients, aged 65 years and over who have been admitted, who were screened for dementia within 24 hours.

### Information and Communication - Improve Carer Involvement with Dementia Patients

Whilst actions to improve involvement of carers are not limited to carers of patients with dementia, it is recognised that most patients with dementia have friends and family members who provide support, although often they do not identify themselves as carers. Our work has focused on identifying carers and empowering them to be as involved in the patient’s care as much or as little as they would like. Results from the latest round of the National Audit of Dementia (NAD) identifies that from a carer’s perspective there is still improvement required to support carers in carrying out their caring role.

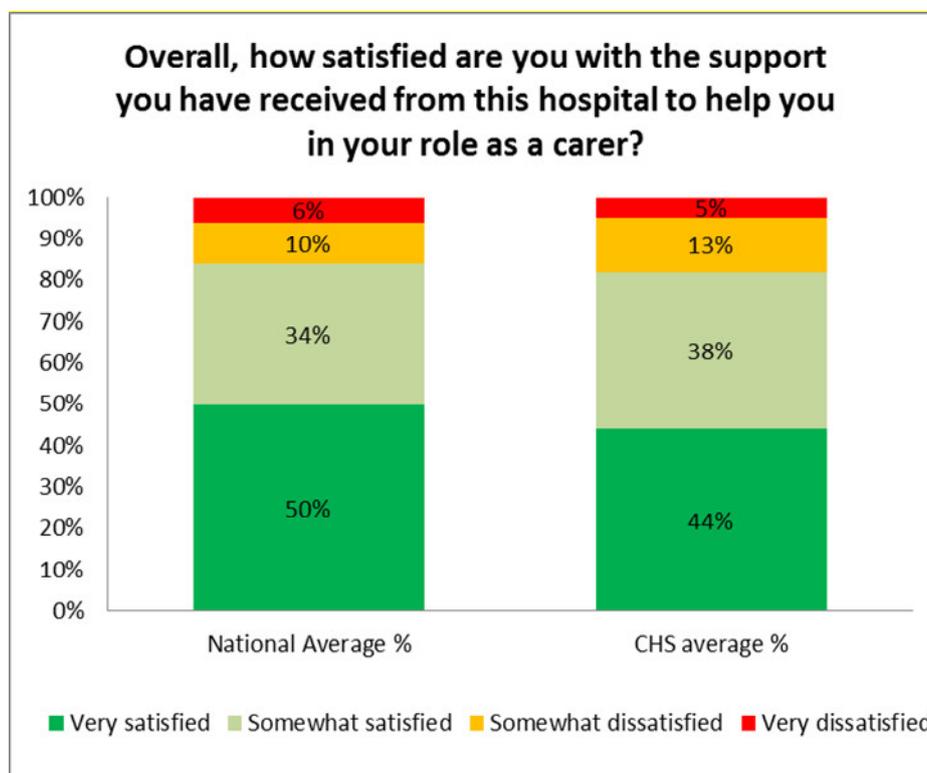


Table 2: Graph to show % of carers satisfied with the support received. Source: National Audit of Dementia.

**NHS**

City Hospital Sunderland NHS Foundation Trust  
South Tyneside NHS Foundation Trust

# Carers' Charter

*'A carer is someone who looks after a family member, partner, friend or neighbour who due to illness, disability, frailty or addiction is unable to manage alone'*

Our staff recognise the great value and importance of carers who provide care to people who use our services. We are strongly committed to supporting and working in partnership with carers in order to ensure that we can provide the highest quality and most effective care possible.

**Recognition and Value**

*We will recognise and value carers as 'experts' involving where appropriate in all aspects of care including; assessment, planning, treatment, and discharge. We will ensure that all carers are offered a 'Carer's Passport' to assist with easy identification and offer of additional entitlements.*

**Recognise Young Carers**

*We will recognise the vital role young carers play and signpost to the relevant support agencies and groups at the earliest stage possible.*

**Working in Partnership**

*We will work with carers and other care agencies to help inform, develop and evaluate services.*

**Help and Advice Service**

*We will work closely with carer organisations in promoting contacts in order to help carers obtain information and access support for themselves and the people they care for.*

**Carer Involvement**

*We will aim to involve carers with the delivery of care. In addition, carers will be invited to be involved in the future development of services.*

**Raising Staff Awareness**

*We will provide all frontline staff with appropriate and relevant awareness training to help them to develop an understanding of the role of a carer and recognise and respond to carers' individual needs.*

For more information visit [www.stft.nhs.uk](http://www.stft.nhs.uk) or [www.chsft.nhs.uk](http://www.chsft.nhs.uk)

Lifeline Project   Young Carers South Tyneside   JCG   Sunderland Carers' Centre

The Carers' Charter was updated in 2017 to reflect the alliance with South Tyneside NHS Foundation Trust and is displayed in all wards and departments as part of our ongoing initiatives to raise awareness and improve the experience of carers. It has also been reprinted to a larger A3 format to increase visibility for staff, patients and carers.

The key messages for City Hospitals staff are to:

- identify carers early;
- signpost and provide information about Sunderland Carers' Centre; and
- involve carers in delivery and discussions about the patient's care (as appropriate)

## John's Campaign and Carer's Passport

John's Campaign is a national campaign, which seeks to increase the number of hospitals where carers of people with dementia are welcome to continue supporting the person they care for outside regular visiting hours and, in some instances, 24 hours a day if they wish to do so.

City Hospitals was one of the first Trusts nationally to pledge support to deliver this campaign, and has actively promoted this during 2017/18, through the carer's passport. The passport encourages carers to "have a conversation" with staff about their caring role and their needs, to ask about visiting outside of normal hours and staying overnight if appropriate.

### Carers are welcome on our wards

**We welcome Carers and would like to work in partnership with you to:**

Have a better understanding of who the person really is by using the information held on the Patient Hospital Passport or "This is Me" document

Involve you in any care making decisions

Assist you to care for your loved one during their hospital stay if you would like to continue to do so

Enable you to visit outside of visiting hours if necessary

Have the option to stay overnight if required

If you are a Carer please ask a member of staff about the carer's passport and monthly parking permit discounts.



Sunderland Carers' Centre

City Hospitals Sunderland supports Johns Campaign

## Training - Monitor the number of staff who receive dementia awareness training

Dementia training underpins the delivery of high quality dementia care, and is key to the delivery of the Dementia Action Plan. Training is included in induction, has been incorporated into a number of existing courses. In previous years, much of the training has been delivered locally and it has been difficult to quantify with any certainty how many staff have attended. The National Audit of Dementia (NAD) audit results identify that 39% of staff feel better prepared to provide care and support to people with dementia.

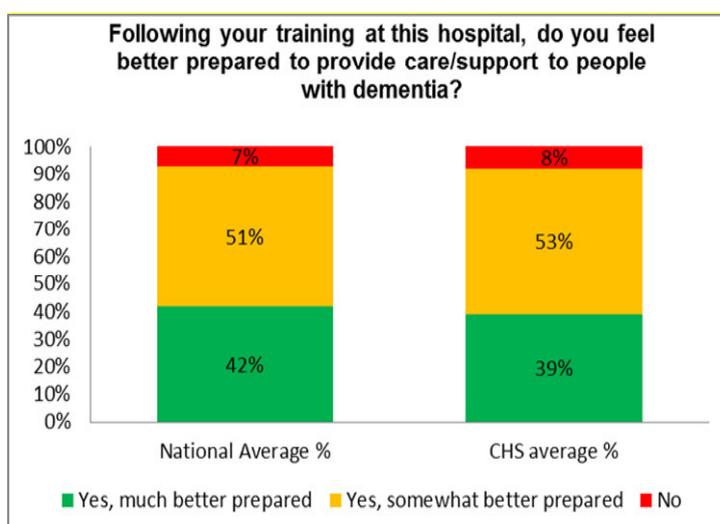


Table 3: Graph to show % of staff who feel better prepared to provide care /support to people with dementia. Source: National Audit of Dementia.

Throughout the winter period the Dementia Delirium Outreach Team (DDOT) team has been called on to provide support to the ward teams. This has impacted on the ability to deliver planned training sessions, as well as impacting on the clinical workload of the team.

### What we will do in 2018/19

Our plans and development work for 2018/19 will include the alignment of practices for patients with dementia across the South Tyneside and Sunderland Healthcare Group. Priorities for improvement include:

- Embedding the use of “This is Me” document - “This is Me” or Patient Passports are completed by the patient (if able) and their family members, and include personal information such as likes and dislikes, occupation and family information. This helps staff to get to know the patient on a personal level. Whilst this documentation is already available its use is not consistent in the Trust, and this will be reinforced throughout 2018/19;
- Development of Enhanced Care Guidance - Management of behavioural disturbances such as confusion, and memory problems as a result of delirium or dementia can stop patients from remembering to keep themselves safe, resulting in, for example, an increased risk of slips, trips and falls. This can be extremely challenging in prioritising patient care in relation to those patients who require additional observation. In such instances, risk management strategies must be used and an enhanced level of continuous observation may become necessary. A Standard Operational Procedure (basically a set of step-by-step instructions) is in the process of being developed to assist staff in delivering the least distressing and the most compassionate and safe level of care to patients.

### Staff Experience

#### Increase the number of staff participating in the staff FFT

The Staff FFT provides an important opportunity for staff to feed back their views on working in City Hospitals at least once a year. This feedback will help to make changes to the working environment for staff wherever they may work in the organisation. We want to increase the number of staff who engage in the survey and make a commitment that we listen and act on their views.

Evidence has shown that the extent to which staff would recommend their Trust as a place to work or receive treatment shows a high correlation with patient satisfaction. Therefore listening to the experiences of staff is also important for improving the patient experience. The Staff FFT consists of two questions through which organisations can take a ‘temperature check’ of how staff are feeling, by asking:

- how likely are you to recommend City Hospitals Sunderland to friends and family if they needed care or treatment?
- how likely are you to recommend City Hospitals Sunderland to friends and family as a place to work?

Trust level results are published each quarter by NHS England and made available on the NHS Choices website. Data for 2017/18 is highlighted below.

Note: For the Quarter 4 survey this was only sent to midwives/qualified nurses across the Trust so it is not possible to compare our results to any national average. This decision was taken by the Trust's Single Management Team.

Staff Friends & Family Test Question	Quarter 1		Quarter 2		Quarter 3*		Quarter 4	
	Trust rate	National Average	Trust rate	National Average	Trust rate	National Average	Trust rate	National Average
How likely would staff be to <b>recommend</b> their organisation to friends and family as a place to work (Number of staff responses - acute)	71% (409)	64%	70% (397)	63%	Annual staff survey	Annual staff survey	74% (106)	Not applicable
How likely would staff be to <b>recommend</b> the Trust as a place for their friends and family to receive care and treatment (Number of staff responses - acute)	85% (409)	81%	83% (397)	80%			88% (126)	Not applicable

\* No survey is undertaken in Quarter 3 as it coincides with the annual NHS Staff Survey  
Source – NHS England (<https://www.england.nhs.uk/fft/staff-fft/>)

Whilst the number of staff completing a survey has fallen compared to last year, it is pleasing to see an improvement in the outcome scores, particularly in terms of staff recommending the Trust as a place for their family and friends to receive care and treatment.



After listening to the views staff shared in the 2016 Staff Survey, work has begun to improve the working environment and culture across both City Hospitals Sunderland and South Tyneside NHS Foundation Trusts. Whilst we have made some progress in the past 12 months, we know there is still much to do. Over the summer we held a number of staff focus groups to ‘drill down’ beneath the survey results and find out what issues colleagues felt were having the most impact on their working lives. The Trust has produced a booklet (above) for staff summarising some of the steps we have already taken, the feedback from the focus groups and, most importantly, what we still need to improve moving forward. Some examples of what we have done already are highlighted below:

- implemented our 'Dignity at Work Policy' with 'Dignity at Work Advisors' in place to support colleagues who have concerns about bullying or harassment;
- strengthened our Team Brief process and introduced quarterly staff briefings/ roadshows;
- improved our social media presence on Twitter and Facebook to share good news and information;
- a new 'Leadership and Talent Management' strategy has been approved and an operational plan is being developed to improve leadership, development and training across both Trusts;
- Invested in apprenticeship opportunities across a number of areas, including administration, healthcare and leadership;
- continued to hold our annual 'Reward and Recognition Awards' event to ensure we have a formal way to recognise outstanding achievement and celebrate success;
- implemented a fast track physiotherapy service, health MOTs and ergonomic assessments for staff;
- provided an on-site Health and Fitness Centre for staff; and
- organised an annual Employee Benefits Day to give information on what staff benefits, discounts and support services are available.

## Priorities for quality improvement 2018/19

National guidance continues to state that we group our priorities and plans under the three main quality headings; patient safety, clinical effectiveness and patient experience. In choosing our priorities for the forthcoming year, we have reviewed and reflected upon our performance in 2017/18, which has included the following national and local information sources:

- Trust strategic objectives and service development plans, annual planning framework; outcomes from the Care Quality Commission Quality inspections;
- feedback from external reviews of Trust services, ie Reports from the Care Quality Commission, national clinical audits and registries, Commissioner intelligence etc;
- clinical benchmarking data and outcomes of Internal Assurance reviews;
- patient safety issues from the Trust incident reporting system;
- participation in national initiatives and campaigns;
- patient, carer and public feedback on Trust services, including Friends and Family Test, national patient surveys and our Patient Experience Surveys;
- learning from complaints, HAAS, incidents and quality reviews;
- feedback from patient safety initiatives and staff listening events;
- progress on last year's quality priorities; and
- feedback on last year's Quality Report.

Our approach this year has also been guided by the development of our new Quality Strategy which provides an overview of our strategic framework and plan of action to improve quality of care at City Hospitals Sunderland and South Tyneside NHS Foundation Trusts over the next five years. Our vision is to be an outstanding provider of healthcare for everyone who comes into contact with our services, both in hospital and in the community. Our quality priorities will form an integral part of the implementation and success of the Quality Strategy in 2018/19 and in subsequent years.

	Patient safety	Measured by	Monitored by	Reporting to
1	Reduce the number of hospital acquired pressure ulcers	Ward Dashboard data	Tissue Viability Steering Group	Clinical Governance Steering Group
<b>Target: Reduce the incidence of category 2-4 pressure ulcers which have developed in our care by 25%</b>				
<b>Reason why we chose this priority</b>				
The Trust has targeted a 3-year programme of improvement to reduce the incidence of hospital acquired pressure ulcers, which we started in 2016/17. Our aim was to reduce category 2-4 pressure ulcers (the most damaging and disabling ulcers) by 25% each year for the duration of the plan. Over that time a number of initiatives have been implemented across wards and departments which have been co-ordinated and evaluated by the Tissue Viability Steering Group. We now have a joint approach to improving the prevention, assessment and management of pressure ulcers with colleagues at South Tyneside and together we participate in a Regional Pressure Ulcer Reduction Collaborative.				

	Patient safety	Measured by	Monitored by	Reporting to
2	Reduce the incidence of patient falls that result in moderate or above harm	Incident reporting system	Falls Reduction Group	Clinical Governance Steering Group
<b>Target: To be in the lower quartile of reporting Trusts nationally</b>				
Reason why we chose this indicator We know that some patients fall whilst they are in our care and a small number of these do suffer harm as a consequence. This tends to be the most common incident that is reported by NHS Trusts, and this is also something which is part of our incident reporting profile. We have already implemented many national and local initiatives to improve the assessment and management of those patients most vulnerable to slips, trips and falling. This focus and consolidation into practice needs to continue so we are confident we are managing the risk of falling as much as possible. For 2018/19 our target is to reduce the incidence of severe harm from patient falls, such that we are in the lower quartile of reporting Trusts nationally.				
3	Improve the completion, documentation and visibility of 'Do Not Attempt Cardio Pulmonary Resuscitation' (DNACPR) orders across the organisation	Internal reporting and audit	Resuscitation Group	Clinical Governance Steering Group
<b>Target: 10% improvement on the previous year</b>				
Reason why we chose this indicator Although we have been able to report some improvements in our documentation and communication of DNACPR orders over the past few years, there is still further work required to be confident that we are getting it right all of the time. Therefore we intend to focus on this area as a Trust priority and our aim is to achieve a 10% improvement in DNACPR documentation based on delivery of an action plan.				
4	Improve the recognition and management of deteriorating patients	a) Local Systems of audit b) National Cardiac Arrest Audit	a) Matrons Group b) Resuscitation Group	Clinical Governance Steering Group
<b>Target: a) 100% of patients to have accurate and timely recording of Early Warning Scores b) 5% reduction in the number of preventable cardiac arrests</b>				
Reason why we chose this indicator Hospital staff are increasingly confronted with the challenge of providing acute care to an ageing population with multiple co-morbidities, who undergo complex medical and surgical interventions. Due to the higher acuity of these patients, they are at risk of deterioration, which may lead to cardiac arrest and death. We now know that antecedent signs of cardiac arrest are present long before the event. If these signs are identified and managed appropriately, these deaths may be preventable. a) The Trust uses the national early warning score system (NEWS) to help identify patients whose health may suddenly become worse. Information from incidents and audits have shown that sometimes patient observations were not always recorded in a timely manner and early warning scores were not acted upon in time to prevent further deterioration. We want to make sure that all our patients have accurate and timely recording of early warning scores; b) Similarly, timely response and intervention by the clinical team can prevent cardiac arrest and improve recovery. To date we have made only modest improvements in reducing preventable cardiac arrests and we need to do much better.				

	Patient safety	Measured by	Monitored by	Reporting to
5	Improve the standards of clinical documentation	Local assurance audits	Trust Nutritional Group	Clinical Governance Steering Group
<b>Targets:</b> a) Achieve at least 90% compliance with nutritional screening on admission to hospital b) Achieve at least 90% compliance with recording of fluid input and output				
Reason why we chose this indicator a) Evidence suggests we should identify those patients most at risk of malnutrition and put measures in place to improve nutritional status. The Malnutrition Universal Screening Tool (MUST) is one such screening tool that is proven to be effective in identifying adults, who are malnourished, at risk of malnutrition (undernutrition), or obese. Patients should be screened by a registered nurse within 24 hours of admission to hospital; however, audits have shown this does not always happen. We want to make sure that we carry out our MUST assessments in a timely and effective way; b) Information from our audits also shows the standard of some of our fluid balance recordings could be improved. There is also evidence that trends which give cause for concern are not escalated appropriately. The Trust has recently introduced a new fluid monitoring chart to help improve recording for those vulnerable patients that need it most.				
6	Improve medication management	Internal report and audit	Medicines Safety Group	Clinical Governance Steering Group
<b>Targets:</b> a) Ensure medicines reconciliation is achieved for 95% of patients within 24 hours of admission to our hospitals b) Reduce the incidence of missed doses of medicine by 50%.				
Reason why we chose this indicator Medication use has become increasingly complex in recent times and medication error is a major cause of preventable patient harm. This priority highlights two areas in which staff can make medication use safe: a) Medicines reconciliation is the process of ensuring that a hospital patient's medication list is as up-to-date as possible. It is usually undertaken by a pharmacist, and may include consulting several sources such as the patient, their relatives or carers, or their GP. Best practice guidance states that medicines reconciliation should be carried out within 24 hours of admission to hospital; b) When a medicine is prescribed there is usually the understanding that the patient will have the medicine administered according to the prescription schedule. Failure to do so can lead to, or has potential to lead to, patient harm. Missed doses of high-risk drugs are a potentially bigger risk to patients and may result in increased morbidity and mortality. We want to put in place a series of measures to reduce occasions where medications are missed, for whatever reason.				

Clinical Effectiveness		Measured by	Monitored by	Reporting to
1	Implement the recommendations from the National Maternity Safety Strategy	Maternity Indicators and Action Plan	O&G Clinical Governance Group	Clinical Governance Steering Group
<p><b>Target: Implement the 10 criteria for safer maternity care (agreed by National Maternity Champions)</b></p> <p><b>Reason why we chose this priority</b>  A new national Maternity Strategy was launched by the NHS in support of its ambition to halve the number of stillbirths, deaths and brain injuries by 2025. It is widely acknowledged that improvements need to be made in learning from mistakes to reduce the number of injuries and baby deaths in childbirth. The strategy is wide ranging and includes initiatives to provide better, and safer maternity care, improve the quality of information reviews and investigations and enhance opportunities for learning. In addition, the strategy sets out incentives for those maternity units to implement best practice. The Trust already has a high performing maternity service that is safe and effective and which is rated highly by women and their partners. We want to consolidate this position and become one of the safest maternity units in the country.</p>				
2	Improve the outcomes for patients with serious infection by ensuring timely identification and treatment of sepsis	National Unify reporting system	Sepsis Group	Clinical Governance Steering Group
<p><b>Targets: Sepsis assessment - 90% of screened cases</b>  <b>Antibiotic Administration - 90% of patients with sepsis treated within 1 hour</b>  <b>Antibiotic Review - Perform an empiric review for at least 90% of cases in the sample</b></p> <p><b>Reason why we chose this priority</b>  Evidence suggests that poor initial assessment and delays in treatment for sepsis can have a major negative impact on patient outcomes and can contribute to high mortality. Improvement in sepsis management forms part of the national CQUIN scheme with the requirement for hospitals to implement screening protocols for sepsis within emergency departments, medical and surgical admission units and in-patient wards. This includes adults and children where sepsis screening is deemed clinically appropriate. The focus is then to ensure that intravenous antibiotic treatment is initiated quickly in those with the most severe forms of sepsis and that these drug regimes are properly reviewed. We have set up processes aligning to national standards in assessing patients for sepsis and, if clinically necessary, to initiate treatment in a timely way. Monitoring of this priority will be overseen by the Trust Sepsis Group.</p>				
3	Improve quality, efficiency and reduce variations in our services by implementing recommendations from the GIRFT programme	Specialty Specific Action Plans	Operational Management Group	Clinical Governance Steering Group
<p><b>Target: Implement specialty-specific recommendations from GIRFT (according to agreed action plan)</b></p> <p><b>Reason why we chose this priority</b>  Getting It Right First Time (GIRFT) is a national programme designed to improve medical care within the NHS by reducing unwarranted variations. Fundamentally it is about improving quality and by doing so this leads to a reduction in costs. A national report highlighted that unwarranted variation affects patient outcomes, service costs and overall productivity. This does not mean all Trusts should be the same as local needs will shape services and priorities, however the programme is designed to identify changes that will help improve care and patient outcomes, as well as delivering efficiencies such as the reduction of any potentially unnecessary procedures. It is important to recognise that GIRFT is led by frontline clinicians who are expert in the areas they are reviewing. This means the data that underpins GIRFT is being reviewed by people who understand and manage those services on a daily basis. The GIRFT methodology is being rolled out nationally and will include most clinical medical specialties. City Hospitals has already been part of the process and is committed to using the intelligence within GIRFT to raise quality and standards.</p>				

Clinical Effectiveness		Measured by	Monitored by	Reporting to
4	Learn and act on the results from reviews of patient deaths	Mortality Review Outcomes	Mortality Review Group	Clinical Governance Steering Group
<b>Target: Review all deaths that meet national criteria for stage 2 independent review</b>				
Reason why we chose this priority Nationally it is recognised there are major limitations to hospital mortality statistics and how these can be interpreted. In response, the main method of assessing the safety and quality of care received by deceased patients is to undertake retrospective case note reviews. For some time, the Trust has undertaken systematic mortality reviews to better understand and learn from hospital deaths. Last year, we published the outcomes of this information in the form of 'Learning from Deaths Dashboard' which included evidence of learning and action as a result of any problems in care. We will continue to develop our processes and methods of sharing this important information with the public which will be overseen by the Trust Mortality Review Group.				
5	Integrate the four priority standards for seven day working.	Action Plan Updates	Operational Management Group	Clinical Governance Steering Group
<b>Target: Four priority standards to be implemented by 2020</b>				
Reason why we chose this priority The NHS has committed to providing a 7 day service by 2020. The expectation is that all in-patients admitted through emergency and urgent care routes have access to consistent and equal clinical services on each of the 7 days of the week, at the time of admission and throughout their stay in an acute hospital bed. The rationale for this ambition is to improve safety, quality and efficiency of care, ensuring senior decision makers are available to provide the same level of assessment, diagnosis, treatment and intervention on each day of the week. The expectation is that these senior staff will also be readily available to provide information to patients and relatives and to supervise junior staff. A number of standards have been set of which four are designated as priority standards as these are most closely linked to the improvement in safety and efficiency. It is these four standards that the NHS expects to be in place for all Acute Trusts by 2020.				

Patient Experience		Measured by	Monitored by	Reporting to
1	Learn from patient feedback	National and local surveys, NHS Friends & Family Test, complaints, compliments and online sources (eg NHS Choices)	Patient, Carer and Public Experience Group	Patient, Carer and Public Experience Committee
2	Ensure patients are involved as much as they want to be in decisions about their care and treatment by monitoring and audit		Patient, Carer and Public Experience Group	Patient, Carer and Public Experience Committee
3	Provide a safe, secure, clean and comfortable environment for our patients and their carers/families by monitoring hand hygiene compliance and infection rates	Audit of compliance and annual PLACE inspection results	Patient, Carer and Public Experience Group	Patient, Carer and Public Experience Committee
4	Ensure patients receive adequate information and support for safe discharge from hospital by monitoring and audit	National patient surveys and local real time feedback	Patient, Carer and Public Experience Group	Patient, Carer and Public Experience Committee

	Patient Experience	Measured by	Monitored by	Reporting to
5	<p><b>Ensure all patients, and specifically those with physical and mental disabilities, receive person-centred care based on their needs and preferences and that we work within the Mental Capacity Act (2005) and consult with others where appropriate. One of the key vulnerable groups will be patients with dementia</b></p>	<p>Local Dementia Group Action Plan</p>	<p>Patient, Carer and Public Experience Group</p>	<p>Patient, Carer and Public Experience Committee</p>
<p><b>Reason why we chose these priorities</b></p> <p>Whilst safe, high quality clinical care must always be guaranteed in the NHS, this isn't enough by itself. Patients want, and deserve, to be treated with compassion, dignity and respect in a safe and caring environment, with staff putting the needs of patients first to ensure a consistent positive patient experience. Our aim is to improve the patient and carer/family experience, from their very first contact with us right through to their safe discharge from our care.</p> <p>A range of feedback mechanisms will be used to help the Trust understand the patient experience whilst in hospital, particularly with regard to some of the key areas highlighted above. It will also provide a useful way to measure improvement following the actions that we will take. Our progress, achievements and challenges for making improvements will be monitored by the Patient, Carer and Public Experience Group.</p>				

## **Part 2.2 Statements of Assurance from the Board of Directors**

### **Review of services**

During 2017/18 City Hospitals Sunderland provided and/ or sub-contracted 40 relevant health services.

City Hospitals Sunderland has reviewed all the data available to them on the quality of care in 40 of these relevant health services.

The income generated by the relevant health services reviewed in 2017/18 represents 100% of the total income generated from the provision of relevant health services by City Hospitals Sunderland for 2017/18.

The Trust routinely analyses organisational performance on key quality indicators, benchmarked against national comparisons, leading to the identification of priorities for quality improvement.

The Board of Directors and the Executive Committee review the Service Report and dashboards monthly. There is a Quality, Risk and Assurance Report presented monthly to the Board of Directors from the Governance Committee to provide further assurance from external sources such as the Care Quality Commission's Insights Report, nationally reported mortality and outcomes data; information from the CHKS clinical benchmarking system; the results of national audits and external inspections; data from the NRLS, complaints, inquests and information from the Parliamentary and Health Service Ombudsman, the Trust Assurance Programme; and patient experience data such as the Friends and Family Test and the Patient Experience Survey, etc. The Governance Committee therefore provides assurance on the adequacy and effectiveness of risk management and integrated governance within the organisation.

### **Participation in Clinical Audit and the National Confidential Enquiries**

Clinical audit is an important and useful way to help improve standards of clinical care. The process involves evaluating patient care against expected standards and where necessary, making changes to improve outcomes for patients. A re-audit can then be used to confirm improvements have been effective. Clinical audits can look at care at a national level and compare practice with other hospitals or be more focused on what takes place in wards and departments in local hospitals and GP practices or indeed anywhere where healthcare is provided.

Participation in relevant national clinical audits (in a programme called the National Clinical Audit and Patient Outcomes Programme or NCAPOP) and national confidential enquiries (a form of national audit) is a mandatory requirement. The NCAPOP comprises more than 30 national audits related to some of the most commonly-occurring conditions. It involves the collection and analysis of data supplied by local clinicians to provide a comparative picture of performance against peers. NCAPOP also encompasses the national confidential enquiries. These are now known as Clinical Outcome Review Programmes (for consistency and clarity these will continue to be called national confidential enquiries in this report).

During 2017/18, 44 national clinical audits and 9 national confidential enquiries covered relevant health services that City Hospitals Sunderland provides.

During that period City Hospitals Sunderland participated in 91% of the national clinical audits and 100% of the 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 City Hospitals Sunderland was eligible to participate in during 2017/18 are as follows: (see table below).

The national clinical audits and national confidential enquiries that City Hospitals Sunderland participated in during 2017/18 are as follows: (see table below).

The national clinical audits and national confidential enquiries that City Hospitals Sunderland participated in, and for which data collection was completed during 2017/18, 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.

### National Clinical Audits and National Confidential Enquiries 2017/18

National Clinical Audits 2017/18	Eligible	Participation	Comment
<b>Older People</b>			
Falls and fragility fractures audit programme including (Royal college of physicians)			
- National hip fracture database	✓	✓	415 cases (100%) Jan–Dec 2017
- National fracture liaison service database	✓	✓	1,690 cases (99%)
- National inpatient falls audit	✓	✓	30 clinical cases submitted (100%) 1 organisational proforma
Sentinel stroke national audit programme (Royal College of Physicians)	✓	✓	778 cases (100%)
National audit of dementia (Royal college of psychiatrists)	✓	✓	Round 4 to commence April 2018
National audit of breast cancer in older people (Royal College of Surgeons of England)	N/A	N/A	
<b>Women and Children's Health</b>			
Neonatal intensive and special care (NNAP Royal College of Paediatrics and Child Health)	✓	✓	305 cases (100%)
Paediatric diabetes (Royal College of Paediatrics and Child Health)	✓	✓	194 children audited in 2017/18 based on 2016/17 patients
Paediatric intensive care (PICANeT)	N/A	N/A	
National maternity and perinatal audit (Royal College of Obstetricians and Gynaecologists)	✓	✓	Continuous data collection
<b>Acute Care</b>			
Adult critical care (CMP Intensive care national audit research centre)	✓	✓	943 cases (100%)
National emergency laparotomy audit (National College of Anaesthetists)	✓	✓	182 (100%)
National joint registry (Healthcare Quality Improvement Partnership)	✓	✓	992 cases

National Clinical Audits 2017/18	Eligible	Participation	Comment
Major trauma (Trauma audit and research network TARN)	✓	✓	311 cases (95.1%) January – December 17
Nephrectomy (British Association of Urological Surgeons)	✓	✓	159 cases Jan – Dec 2017
Percutaneous nephrolithotomy (British association of urological surgeons)	✓	✓	34 cases Jan – Dec 2017
Radical prostatectomy (British Association of Urological Surgeons)	✓	✓	84 cases Jan – Dec 2017
Cystectomy (British association of urological surgeons)	✓	?	39 cases Jan – Dec 2017
Urethroplasty (British Association of Urological Surgeons)	N/A	N/A	Currently not performed at SRH
Fractured neck of femur (Royal College of Emergency Medicine)	✓	✓	50 cases (50%)
Pain in children (Royal College of emergency medicine)	✓	✓	51 cases (100%)
Procedural sedation (Royal college of Emergency Medicine)	✓	✓	50 cases (100%)
National audit of seizures and epilepsies in children and young people	✓		Audit currently being undertaken
National bariatric surgery registry (NBSR British Obesity and Metabolic Surgery Society)	✓	✓	383 cases
<b>Cancer</b>			
Bowel cancer (NBOCAP Royal College of Surgeons of England)	✓	✓	164 cases (not able to determine percentage; audit submission deadlines not reached yet)
Head and neck cancer (HANA Saving faces-The facial surgery research foundation)	✓	✓	309 cases (not able to determine percentage; audit submission deadlines not reached yet)
Lung cancer (NLCA Royal College of Physicians)	✓	✓	352 cases (not able to determine percentage; audit submission deadlines not reached yet)
Oesophago-gastric cancer (NAOGC Royal College of Surgeons of England)	✓	✓	15 cases (not able to determine percentage; audit submission deadlines not reached yet)
Prostate cancer (Royal College of Surgeons of England)	✓	✓	478 cases (not able to determine percentage; audit submission deadlines not reached yet)
<b>Long term conditions</b>			
UK Parkinson's audit (Parkinson's UK)	✓	✓	44 cases – the minimum required by Parkinson's UK was 20
Inflammatory bowel disease – IBD registry	✓	X	Not able to participate due to resource issues
Endocrine and thyroid (British Association of Endocrine and Thyroid Surgeons)	✓	✓	107 cases

National Clinical Audits 2017/18	Eligible	Participation	Comment
<b>Long term conditions</b>			
Learning disability mortality review programme (LeDeR University of Bristol)	✓	✓	14 patients were eligible for LeDeR review (aged 4-74). Of these notifications, 6 reviews are complete, 6 reviews are in progress and 2 multi-agency reviews are pending.
National chronic obstructive pulmonary disease audit programme (Royal College of Physicians)	✓	✓	April 2017 – March 2018 – 635 (provisional). Organisational questionnaire also completed
National diabetes audit adults (NHS Digital)	✓	✓	2522 patients submitted July 2017 for the period January 2016 to March 2017
National ophthalmology audit (Royal College of Ophthalmologists)	✓	X	No data submitted to site - not IT compatible. Developing V6 as part of the GDE project.
Female stress urinary incontinence (British Association of Urological Surgeons)	✓	✓	22 cases January to December 2017
<b>Heart</b>			
Acute coronary syndrome or acute myocardial infarction (MINAP National Institute for Cardiovascular Outcomes Research)	✓	✓	448 cases (100%)
Adult cardiac surgery	N/A	N/A	
Cardiac rhythm management (National Institute for Cardiovascular Outcomes Research)	✓	✓	235 cases (100%) Jan-Dec 2017
Congenital heart disease (National Institute for Cardiovascular Outcomes Research)	N/A	N/A	
Coronary angioplasty/national audit of percutaneous coronary interventions (National Institute for Cardiovascular Outcomes Research)	✓	✓	761 cases (100%) Apr 2017 – Feb 2018
Heart failure (National institute for cardiovascular outcomes research)	✓	✓	236 cases (66%) Apr 2017 – Feb 2018
Cardiac arrest audit (Intensive care national audit and research centre)	✓	✓	123 cases (100%)
Vascular registry (Royal College of Surgeons of England)	✓	✓	205 cases (100%)
<b>Mental health</b>			
Prescribing observatory for mental health (POMH-UK Royal College of Psychiatrists)	N/A	N/A	
National audit of psychosis	N/A	N/A	
<b>Blood and transplant</b>			
National comparative audit of blood transfusion programme (NHS Blood and Transplant) - Serious hazards of transfusion: UK national haemovigilance scheme	✓	✓	13 cases (100%)

National Clinical Audits 2017/18	Eligible	Participation	Comment
- Red cell and platelet transfusion in adult haematology patients	✓	✓	42 cases submitted (100%)
- Use of FFP and cryoprecipitate in neonates and children	✓	✓	Audit commences spring 2018.
Other			
Elective surgery (National patient reported outcome measures programme NHS Digital)	✓	✓	2124 cases (71.1%) April 2016 to March 2017
Specialist rehabilitation for patients with complex needs following major trauma	N/A	N/A	
Neurosurgical audit programme	N/A	N/A	
National audit of anxiety and depression	N/A	N/A	
National audit of intermediate care (NHS benchmarking network)	N/A	N/A	

Source: Quality Accounts Resource 2010-2017 (Healthcare Quality Improvement Partnership)

### National Confidential Enquiries (Clinical Outcome Review Programmes)

As has been stated earlier these are collectively known as Clinical Outcome Review Programmes. These enquiries or types of audit are designed to help assess the quality of healthcare by reviewing the care provided to patients for specific conditions. City Hospitals continues to take part in all relevant enquiries.

The full list of current Clinical Outcome Review Programmes are noted below:

Enquiry title	Organisation	Acronym
Child death review database	National Perinatal Epidemiology Unit & University of Leicester	NPEU
Child health clinical outcome review programme <ul style="list-style-type: none"> <li>Chronic neurodisability</li> <li>Adolescent mental health</li> </ul>	National Confidential Enquiry into Patient Outcome and Death	NCEPOD
Learning disability mortality review programme	NHS England, the Healthcare Quality Improvement Partnership (HQIP) and the University of Bristol	LeDeR
Maternal, newborn and infant clinical outcome review programme	National Perinatal Epidemiology Unit and the Department of Public Health	MBRRACE-UK
Medical and Surgical programme: National Confidential Enquiry into Patient Outcome and Death	National Confidential Enquiry into Patient Outcome and Death	NCEPOD
National Confidential Inquiry into Suicide and Homicide by people with Mental Illness	Centre for Suicide Prevention, University of Manchester	NCISH
National retrospective case record review programme	Royal College of Physicians	RCP

A detailed overview of our specific contribution to the medical and surgical programme known as the National Confidential Enquiry into Patient Outcome and Death is highlighted overleaf.

## National Confidential Enquiry into Patient Outcome and Death

The National Confidential Enquiry into Patient Outcome and Death (NCEPOD) is concerned with maintaining and improving standards of medical and surgical care. During 2017/18 City Hospitals was eligible to enter data into 4 NCEPOD studies. The tables below provide a summary of our participation:

<b>Chronic Neurodisability</b> – reviews and identifies remediable factors in the quality of care provided to children and young people with chronic disabling conditions, focusing in particular on cerebral palsies						
	Cases included	Cases excluded	Clinical Q returned *	Excl. Clinical Q returned *	Case notes returned *	Excl. Case notes returned *
Admission Questionnaire	11	1	11	0	11	0
Lead Clinician Questionnaire	10	0	10	0	10	0

\*Number of questionnaires/case notes returned including blank returns with a valid reason, questionnaires marked NA = not available, and case notes missing with a valid reason.

<b>Young Person's Mental Health</b> – identify remedial factors in the quality of care provided to young people treated for mental health disorders							
Cases included	Cases excluded	Clinical Q returned *	Excl. Clinical Q returned *	Case notes returned *	Excl. Case notes returned *	Org. Q. requested *	Org. Q. returned*
Admission Questionnaire							
6	0	6	0	6	0	2	2

<b>Cancer in Children, Teens and Young Adults</b> – study the process of care of children, teens and young adults who died/or had unplanned admission to critical care							
Cases included	Cases excluded	Clinical Q returned *	Excl. Clinical Q returned *	Case notes returned *	Excl. Case notes returned *	Sites participating	Org. Q. returned*
Intensive Care Unit (ICU) Cases							
0	0	0	0	0	0	1	1
Systemic anti-cancer therapy (SACT) Cases							
0	0	0	0	0	0	Not applicable	Not applicable

(Please note this study is still open and the figures have not been finalised)

<b>Acute Heart Failure</b> – where the heart is unable to pump blood around the body effectively and efficiently causing breathlessness and reduced activity.						
Cases included	Cases excluded	Clinical Q returned *	Excl. Clinical Q returned *	Case notes returned *	Excl. Case notes returned *	
5	1	5	1	5	1	

<b>Perioperative Diabetes</b> – care of patients with diabetes undergoing surgery and elective procedures							
Cases included	Cases excluded	Clinical Q returned *	Excl. Clinical Q returned *	Case notes returned *	Excl. Case notes returned *	Sites participating	Org. Q. returned*
5	1	Surgical Qs. 4	1	2	1	2	0
		Anaesth. Qs 4	0				

(Please note this study is still open and the figures have not been finalised)

## National clinical audits

The reports of 9 national clinical audits were reviewed by the provider in 2017/18 and City Hospitals Sunderland intends to take the following actions to improve the quality of healthcare provided. These have been presented to Clinical Governance Steering Group although the reports of all national audits are reviewed through local clinical governance arrangements.

Audit title	Good outcomes / Actions taken
National Audit of Dementia (Round 3 2016/17)	<ul style="list-style-type: none"> <li>• This is a comprehensive audit involving a review of Organisational structure, patient care and a carers' and staff survey;</li> <li>• The Trust scored highly in areas such as initial screening for delirium/ dementia (better than twice the national average), clinical assessment, use of a standard mental test score (to assess elderly patients for dementia), and multidisciplinary assessment of mobility, continence and nutrition;</li> <li>• From a staff perspective, support was available to them from specialist dementia services (within the hospital);</li> <li>• The audit shows we need to improve the recording of information about patients' personal routines and those factors that cause distress and promote calm;</li> <li>• Carers felt they wanted to be involved more in decisions and to be kept better informed. The systems for coordinating discharge also needed to be improved;</li> <li>• The Trust Dementia Strategy Group will draw up a revised action plan using information from the audit.</li> </ul>
Myocardial Ischaemia National Audit Project ( <i>Heart Attacks</i> )	<ul style="list-style-type: none"> <li>• The audit looks at heart attack and its treatment from 1 April 2015 – 31 March 2016. It captures the patient journey from a call to the emergency services or self-presentation at an Emergency Department, through diagnosis and treatment at hospital, to the prescription of preventive medications on discharge;</li> <li>• National standards published by NICE were being met or exceeded in areas such as access to angiography, management by a cardiologist, being cared for on a specialist ward, prescription of secondary prevention medication and length of stay;</li> <li>• Performance standards around Primary Percutaneous Coronary Intervention (procedure used to treat the narrowed coronary arteries of the heart) are less than the national mean. The complex factors affecting performance were discussed at Clinical Governance Steering Group and with Commissioner colleagues.</li> </ul>
National Joint Registry	<ul style="list-style-type: none"> <li>• This provides a contemporary record of joint replacement surgery for hips, knees, elbows, shoulders and ankles in England and Wales;</li> <li>• Clinical outcomes data shows that for hip and knee replacement surgery over a 10 year period, the revision rate (surgery performed to replace or compensate for a failed implant) is consistently better than the national average. Revision rate is one of the most important outcome measures of joint replacement surgery;</li> <li>• All joint surgeons' standardised revision ratios are well within the funnel plot curves; this is the same for resurfacing procedures;</li> </ul>

Audit title	Good outcomes / Actions taken
National Heart Failure Audit	<ul style="list-style-type: none"> <li>• Mortality is at the national average, in spite of the demographic profile which shows that some patients are acutely unwell with multiple health problems.</li> <li>• The audit monitors the care and treatment of patients with acute heart failure (the heart fails as an effective pump);</li> <li>• Most performance indicators are in the top quartile, for example, the majority of patients receive an echocardiograph (99.7% compared with a national figure of 90.1%);</li> <li>• We have a very different model of care in Sunderland for managing patients with heart failure, which the national audit doesn't recognise ie input from a geriatrician with special interest in cardiology who works very closely with cardiology colleagues;</li> <li>• Input from a 'specialist', ie, cardiology consultant, medical consultant, specialist pharmacist was 94.5% which is much higher than the national average of 79%;</li> <li>• Use of modifying drugs prescribing is well above the national average;</li> <li>• Discharge planning is comparable to the national average, 84.8% compared to 87.3%.</li> <li>• Heart failure nurse follow-up is much better than average;</li> <li>• The Inpatient Heart Failure team is reviewing how they wish to develop the future state of the service as they work closer with South Tyneside.</li> </ul>
National Hip Fracture Database 2017	<ul style="list-style-type: none"> <li>• The database is a clinically led audit of hip fracture care and secondary prevention;</li> <li>• The current service model at City Hospitals for managing hip fractures benefits from having; orthogeriatric input as part of an integrated service (full time cover on wards including weekend), named consultant anaesthetics cover for each trauma list and a weekend trauma rota, true multidisciplinary clinical working, 7-day physiotherapy service with trauma commitment and a Fracture Liaison Service;</li> <li>• Clinical performance against peers shows many outcomes in the top quartiles, including; timely admission to appropriate ward, pre-op medical assessment, completed nutritional and delirium risk assessments, length of stay (16 days compared with 21.6 average NHFD), and follow up;</li> <li>• City Hospitals is also in the top quartile (81.3%) for meeting the best practice tariff criteria (which is an evidence-based plan of care);</li> <li>• There are only a couple of areas where the Trust is outside the top quartile: hip fractures sustained whilst an inpatient and documentation of pressure ulcers. Changes have been made to the clinical pathway to address these issues.</li> </ul>

### Local clinical audit

The reports of 210 local clinical audits were reviewed by the provider in 2017/18 and City Hospitals Sunderland intends to take the following actions to improve the quality of healthcare provided.

Audit title	Good outcomes / Actions taken
Neonatal Unit - analysis of term admissions to neonatal care	<ul style="list-style-type: none"> <li>• Term admission is considered a harmful outcome as it interrupts natural bonding between the mother and baby which can lead to mental health issues, trouble with</li> </ul>

Audit title	Good outcomes / Actions taken
	<p>breastfeeding and long-term morbidity. ATAIN (Avoiding term admissions in neonatal units) is a national quality improvement programme to prevent term admissions to neonatal unit;</p> <ul style="list-style-type: none"> <li>• The trends in term admissions to the Neonatal Unit show a decline in term admission numbers and are similar to previous audits;</li> <li>• Social admissions remain the same at 14% in spite of various measures in place and are expected to increase due to social deprivation in this area;</li> <li>• Term admissions due to respiratory causes have come down (46% vs 52% in previous years);</li> <li>• Term admissions due to infections and jaundice continue to be lower than national average.</li> </ul>
<p>Paediatrics - development of an electronic Paediatric Emergency Department Asthma Assessment Tool (PEDAAT) to identify high risk children</p>	<ul style="list-style-type: none"> <li>• 82.9% of applicable standards were recorded in the PEDAAT Group vs 51.9% when standard PED clinical documentation was used alone;</li> <li>• PEDAAT application resulted in receipt of a Personal Action Plan in 72.7% vs 30.8%;</li> <li>• PEDAAT was completed for only 13 of 548 (2.4%) PED attendances with wheeze/asthma due to lack of knowledge of tool existence, IT accessibility, practicality, and absence of guidance regarding follow up;</li> <li>• A revised, concise, user-friendly, click-box PEDAAT-2 was developed, automatically identifying and referring eligible children to a newly established Paediatric Respiratory Nurse-Led PED Asthma clinic; and</li> <li>• A re-audit is planned using this new tool.</li> </ul>
<p>Orthopaedics - an audit of patient outcomes after total ankle replacement</p>	<ul style="list-style-type: none"> <li>• Audit was undertaken to review functional outcomes following ankle replacement, including complications and morbidity;</li> <li>• STAR ankle replacement is associated with significant improvements in pain and function (especially after 1 year once the pain and swelling settled);</li> <li>• Sunderland's function/pain outcomes are comparable to other publications;</li> <li>• Sunderland has reduced complication rates compared to published data;</li> <li>• Ankle replacement outcomes improve with surgeon experience;</li> <li>• Longer follow up is required for more accurate analysis.</li> </ul>
<p>Pharmacy - an audit into whether medications administered during admission to the paediatric wards are prescribed on the Trust's electronic prescribing software</p>	<ul style="list-style-type: none"> <li>• The audit captured data on 45 patients who were admitted to Ward F64 (paediatric inpatient ward);</li> <li>• 117 different medications were administered in the paediatric emergency department and F64 collectively, of which 113 (96.6%) had a corresponding record on the electronic prescribing system;</li> <li>• Some other prescribing issues were identified during this audit related to drug dosing, the brand used and an inappropriate stop date for steroids;</li> <li>• In general, the audit showed that the majority of medications administered within the PED and F64 had an appropriate system entry, as per the guidance in the Medicines Management policy.</li> </ul>
<p>Pharmacy – is amitriptyline (<i>an antidepressant</i>) reviewed in elderly care patients admitted</p>	<ul style="list-style-type: none"> <li>• The number of patients identified as taking amitriptyline was lower than expected which may be due to a decrease in prescribing in the community;</li> </ul>

Audit title	Good outcomes / Actions taken
to City Hospitals with a fall?	<ul style="list-style-type: none"> <li>• There is scope for improving the identification of medications for review in a patient who is admitted with falls; at the time of the audit there was no specialist falls pharmacist in post but a post has since been created;</li> <li>• Future work includes the documentation of falls review on the hospital computer system, possibly with a dedicated document, and also communication of relevant information within the discharge letter.</li> </ul>
Intensive Care - compliance with venous thromboembolism (VTE) prophylaxis in the Integrated Critical Care Unit at Sunderland Royal Hospital	<ul style="list-style-type: none"> <li>• Critically ill patients are at an increased risk of venous thromboembolism (blood clots); adherence to VTE prophylaxis should be a priority for this clinical group;</li> <li>• Overall compliance with recommendations for drugs used to prevent VTE was high but lower than in the previous audit;</li> <li>• The audit highlighted the need for improvement with VTE prophylaxis, particularly in the first 24 hours admission to ICCU;</li> <li>• The specialty is to develop a checklist to improve compliance on admission.</li> </ul>
Rheumatology - Rituximab use in rheumatoid arthritis; an audit against NICE guidance	<ul style="list-style-type: none"> <li>• Audit of data collected between October and December 2017, which involved 85 patients and 169 treatments;</li> <li>• Review of management against NICE and British Society of Rheumatology standards;</li> <li>• In comparison to the previous audit undertaken in 2015, there were improvements in hepatitis screening and in the discussion of infection risk with relevant patients. There is a need to improve the Disease Activity Score assessment (DAS - a measure of disease activity) and appointments for DAS are now routinely made at 4-6 months.</li> </ul>
Trauma & Orthopaedics - preoperative anaemia in patients undergoing hip and knee arthroplasty (replacement of joint)	<ul style="list-style-type: none"> <li>• Evidence suggests that pre-operative anaemia is associated with poor clinical outcomes;</li> <li>• Specialty has developed a peri-operative IV iron service within PREP which is unique in the region and allows rapid correction of iron deficiency anaemia in patients undergoing major surgery for both urgent and elective cases;</li> <li>• Audit shows a reduction of transfusion rates for total knee/hip replacements (TKR/THR) from 7.4% to 1.7%;</li> <li>• Length of stay has fallen for both TKR and THR patients by over 1 day;</li> <li>• Patient feedback has been excellent and we have reduced the requirement for transfusion in colorectal, urology and gynaecology as well as orthopaedic surgery.</li> </ul>

## Research and Innovation

City Hospitals Sunderland is committed to providing quality healthcare which is supported by research and innovation. We have had another busy and exciting year as we continue to build our partnership with South Tyneside NHSFT and the integration of our research and innovation teams across the Healthcare Group.

Mr Kim Hinshaw is Clinical Strategic Theme Lead for financial resources for the National Institute for Health Research, Clinical Research Network North East and North Cumbria (NIHR CRN NENC) and is a member of their Executive Committee. A number of City Hospitals Sunderland consultants are also appointed to Specialty Group Lead (or Deputy Lead) roles for some of the 30 clinical specialties. Mrs Deepali Varma is Specialty Group Lead for Ophthalmology; Dr Nimantha De Alwis is Specialty Group Lead for Diabetes; Dr

David Coady is Specialty Group Lead for Rheumatology; Mrs Yitka Graham is Specialty Group Lead for Health Services and Delivery Research and Public Health; Mrs Amna Ahmed is Deputy Specialty Group Lead for Reproductive Health and Childbirth; Dr Sean Cope is Anaesthetic Specialist Group Lead; and Mr Neil Jennings has the role of Surgery (Endocrine and Upper GI) Sub Specialty Lead.

Research nurses Eileen Walton and Steve Dodds have also recently been awarded 'Greenshoot' research sessions to support them in Principal Investigator roles.

We have appointed two Patient Research Ambassadors (PRA), Mrs Valerie Bryant and Mrs Dorothy Peacock who have joined our longstanding PRA, Mr Steven Hogg. They have been involved in initiatives which aim to raise awareness of the benefits of research participation and are involved in planning a cross-unit Clinical Trials Day to be held May 2018. We aim to add to the team by appointing more PRAs to promote and increase research awareness across both Trusts.

The Obstetrics and Gynaecology Research Team has been recognised for increasing their patient recruitment this year and have actually been the highest recruiters nationally for several studies with numbers above those achieved by units more than double their size. Dr Scott Marshall (Haematology), Dr Min Myint (Stroke), Dr Shahid Junejo (Cardiology), Mr Arullendran Puveendran (Head and Neck), Mrs Deepali Varma and Mr Jonathan Smith (Ophthalmology) have all been awarded Certificates of Achievement from the NENC CRN for ensuring recruitment to time and target for commercially-sponsored studies, which is a high priority nationally. Sunderland Eye Infirmary has recently received two Ophthalmology Honours national awards; winner of the "Judges' Special Award 2017" for 'High Quality Clinical Research' using a collaborative team approach, with Research Nurse Steve Dodds receiving a National High Commendation.

2017/18 has been a successful year for the Trust in terms of innovation with four shortlisted entries in this year's Bright Ideas in Health Awards across three categories:

- Most Innovative NHS Education Provider (*South of Tyne SimMom® Maternity Training Collaborative* – Mr Kim Hinshaw – Consultant Obstetrician and Director of Research and Innovation and Denise Mace – Senior Midwifery Lead CHSFT as well as academics from the University of Sunderland);
- Innovative Technology or Device Category (*Laboratory Sample Storage* – Andrew Turner – Lean Innovator CHSFT, Quality Hospital Solutions and Charlotte Fox-Innovation Manager CHSFT as well as laboratory staff from Gateshead Health NHS Foundation Trust); and
- Outstanding Industry Collaboration with the NHS (*Tookie Vest* for Renal, Dr Saeed Ahmed – Consultant Interventional Nephrologist CHSFT, Dr Rachel Davison – Consultant in Renal Medicine CHSFT, Debbie Sweeney – Vascular Access Specialist Nurse CHSFT, Paul Corrigan – Research Nurse CHSFT and the SME Tookie Ltd and *Improved Test for Bladder Cancer* Mr Stuart McCracken – Consultant Urologist CHSFT and Sue Asterling – Urology Research Nurse CHSFT and other collaborators from NHS organisations across the country and Sunderland based SME Arquer Diagnostics Ltd).

The Trust won first prize for the Quality Hospital Solutions Laboratory Pallet - a collaborative project between the South Tyneside and City Hospitals Sunderland Healthcare Group and Gateshead NHS Foundation Trust's pathology department.

Mr Stuart McCracken has led a successful collaboration with Sunderland based company Arquer Diagnostics with the assistance of Research Nurse Sue Asterling to develop and

evaluate a non-invasive assay to detect bladder cancer. The collaborative project won first prize for outstanding collaboration with industry. Our consistent success at the annual 'Bright Ideas in Health' awards, which celebrate the achievements of individuals and teams working within the NHS, industry and academia, and other accolades received by staff are an endorsement of our commitment towards innovation in healthcare.

Dr Saeed Ahmed and the renal team saw their hard work and effort with Tookie Ltd recognised regionally and nationally by being successfully selected for the Venture Fest North East Innovation Showcase 2017. The vest, designed by patients for patients to enable them to live a better quality of life by securing a central venous catheter in place, required for haemodialysis, is now being manufactured to be evaluated formally with patients in the NHS. The City Hospitals Sunderland Shoulder Bench designed and produced by Dr Ala Mohammed has been implemented in the Emergency Department with fantastic results. Dr Philip Dowson has led the project which has seen a 29% reduction in time to discharge, 41% less procedural sedation required for patients, 34% reduction in time to successful treatment and 6 week reduction in specialist follow up.

This year the Innovation Department launched a series of innovation showcases to span the healthcare group to encourage staff to come to us with the bright ideas and for academia and local companies to collaborate with us in solving unmet needs within healthcare. With generous support from the Academic Health Sciences Network (AHSN) we are committed and passionate about making a difference to innovation, health and wealth within our economic region. We continue to work with universities across the region and have several collaborative projects underway. We have a formal partnership with the University of Sunderland and are in the process of formalising a relationship with Teesside University.

The number of patients receiving relevant health services provided or sub-contracted by City Hospitals in 2017/18 who were recruited during that period to participate in research approved by a Research Ethics Committee was 2540.

There are currently 240 research studies approved by the Health Research Authority (National Research Ethics Committee) registered at City Hospitals Sunderland, 37 are industry sponsored studies recruiting 307 participants of the total 2540.

Throughout 2017/18 the Research, Development and Innovation teams from Sunderland and South Tyneside have worked closely together with an aim to be an integrated team by 1 April 2019. There is confidence that an integrated team will provide increased opportunity and expansion for Research and Innovation. Both Trusts offer different strengths which complement one another. Sharing the success and expertise will undoubtedly further strengthen the position of the integrated team as a leader in research across North East and North Cumbria.

A joint event was held in May 2017 in recognition of International Clinical Trials Day. The event, attended by approximately 100 patients and staff, was held at City Hospitals Sunderland and was aimed mainly at the public. The day was a great success with positive feedback and a similar event will be held in 2018.

A joint Research, Development and Innovation meeting structure has been agreed. Going forward these meetings will oversee the development of our integrated Research and Innovation team. As previously mentioned, we are developing an integrated five year Research Strategy. This will clearly outline the key aims and objectives for research and innovation across both Trusts for the future.

## Information on the use of the Commissioning for Quality and Innovation (CQUIN) framework

The Commissioning for Quality and Innovation (CQUIN) framework enables commissioners to reward excellence by linking a proportion of the hospital's income to the achievement of local quality improvement goals.

A proportion of City Hospitals Sunderland's income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between City Hospitals Sunderland and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2017/18 and for the following 12 month period are available electronically at [www.chsft.nhs.uk](http://www.chsft.nhs.uk).

For 2017/18, approximately £6.3m of income (£6.25m in 2016/17) was conditional upon achieving quality improvement and innovation goals through the CQUIN framework. The Trust achieved the majority of these quality goals and has received a monetary total of £6.07m (96%) (£5.86m in 2016/17) for the associated payment in 2017/18 relating to delivery of these schemes.

The full CQUIN scheme 2017/18 and where we have achieved our targets are highlighted below:

No	Topic	Indicator	Priority	Achievement*
1	Improving the health and wellbeing of NHS Staff	Improvement of health and wellbeing of NHS staff	National	
		Healthy food for NHS staff, visitors and patients		
		Improving the uptake of flu vaccinations for frontline clinical staff		
2a	Reducing the impact of serious infections	i) Timely identification of patients with sepsis in the emergency department	National	
		ii) Timely identification of patients with sepsis who are inpatients		
2b		Timely treatment of sepsis in emergency departments and acute inpatient settings		
2c		Assessment of clinical antibiotic review between 24-72 hours of patients with sepsis who are still inpatients at 72 hours		
2d	Reduction in antibiotic consumption	i) % of antibiotics by DDD** per 1,000 admissions	National	
		ii) % of carbapenem by DDD** per 1,000 admissions		
		iii) % of piperacillin-tazobactam by DDD** per 1,000 admissions		
3	Improving services for people with mental health needs who present to A&E	Improving services for people with mental health needs who present to A&E	National	

No	Topic	Indicator	Priority	Achievement*
4a	Advice and guidance	Proportion of services available	National	
4b		Proportion of responses within 2 days		
4c		Proportion of responses within 5 days		
5	e-Referral	e-referrals	National	
6	Supporting proactive and safe discharge	Supporting proactive and safe discharge	National	

\* based on indicative position to be agreed with Sunderland Clinical Commissioning Group

\*\* Defined Daily Dose

Key

	Full achievement
	Partial achievement or further work on-going
	Not achieved

## Information relating to registration with the Care Quality Commission

The Care Quality Commission (CQC) is the independent regulator of health and adult social care services in England. From April 2010, all NHS Trusts have been legally obligated to register with the CQC. Registration is the licence to operate and to be registered; providers must, by law, demonstrate compliance with the regulatory requirements of the CQC (Registration) Regulations 2009. From April 2015 all providers had to meet the new Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (Part 3).

City Hospitals Sunderland is required to register with the Care Quality Commission and its current registration status is **without conditions** for all services provided.

Activities that the Trust is registered to carry out	Status	Conditions apply
Assessment or medical treatment for persons detained under the Mental Health Act 1983	✓	No conditions apply
Diagnostic and screening procedures	✓	No conditions apply
Family planning	✓	No conditions apply
Maternity and midwifery services	✓	No conditions apply
Surgical procedures	✓	No conditions apply
Termination of pregnancies	✓	No conditions apply
Treatment of disease, disorder or injury	✓	No conditions apply

The Care Quality Commission **has not** taken enforcement action against City Hospitals Sunderland during 2017/18.

City Hospitals Sunderland **has not** participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

City Hospitals Sunderland was visited by the CQC in September 2014 as part of their planned inspection programme. The CQC visit included services at Sunderland Royal Hospital, Sunderland Eye Infirmary Eye Infirmary and an assessment was made against the key questions; are services safe, effective, caring, responsive and well-led? The inspection report was published in January 2015 and ratings received were:

- |   |                      |
|---|----------------------|
| • <b>City Hospitals Sunderland (Overall Provider)</b> | <b>Good</b>          |
| • Sunderland Royal Hospital                           | Requires Improvement |
| • Sunderland Eye Infirmary                            | Good                 |

Following the visit improvement actions were agreed at the Quality Summit in January 2015. The action plan has been reviewed at regular intervals by the Governance Committee and Executive Committee. In view of the progress made and evidence of robust monitoring in place the action plan was considered as being complete in November 2016. Late 2017, the Trust was notified by the CQC that it would be undertaking a three day announced well led inspection in spring 2018. Furthermore, they also advised that an unannounced inspection of core services will take place prior to the announced visit. The outcomes of both visits and the actions taken by the Trust will be summarised in next year's Quality Report.

### Care Quality Commission Mortality Alerts

In May 2017, the CQC issued a formal mortality alert to the Trust which showed a higher than average mortality rate for pneumonia. An investigation report sent in response detailed the outcomes from the Trust Mortality Review Panel and those cases which had been subject to review and evaluation of the patient's management. The report included an action plan which highlighted areas requiring some improvement, for example, the need for appropriate counter-signing of DNACPR forms on admission by the senior clinician and completeness of relevant documentation after death. The original action plan was amended slightly following feedback from the CQC which also suggested that the local inspection team should follow-up on progress with implementation.

In November 2017, the Trust received notice from the CQC that they were now happy to formally close the pneumonia mortality alert in view of the progress made and assurance given. This notice of closure was also extended to a previous alert around intestinal obstruction. The information was shared with our Commissioners. At the time of reporting the Trust is in a position of having no active, 'open' mortality outlier alerts.

### NHS Number and General Medical Practice Validity

City Hospitals Sunderland submitted records during 2017/18 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data:

Which included the patient's valid NHS number was:		Which included the patient's valid General Medical Practice Code was:	
Percentage for admitted patient care	99.9%	Percentage for admitted patient care	99.9%
Percentage for outpatient care	100.0%	Percentage for outpatient care	99.9%
Percentage for accident and emergency care	99.5%	Percentage for accident and emergency care	99.9%

Actions taken to improve documenting the NHS number and General Medical Practice codes were:

- daily NHS Number batch trace process in place with manual validation of daily exceptions;
- all staff who register new patients now have access to the National Spine and are trained how to search for the NHS Number to always enter a complete record. This is monitored closely by the Data Assurance team;
- a daily report is generated to determine the NHS number for patients attending the Emergency Department. This is checked against the Spine and entered retrospectively by the admin. staff;
- The Data Quality Team runs weekly Master Patient Index reports and manually search and populate any records with blank NHS Numbers;
- patients are always asked to confirm their General Medical Practice and specified GP and the teams update the records appropriately at the point of patient contact; and
- prior to national data transmission, The Data Assurance Team 'bounce' all the General Medical Practice codes for all patient activity off the National Spine and add all exceptions to an error log which is then validated prior to submission.

### **Quality of data - Information Governance Toolkit**

The Information Governance (IG) toolkit is a mechanism whereby all NHS Trusts assess their compliance against national standards such as the Data Protection Act, Freedom of Information Act and other legislation which together with NHS guidance, are designed to safeguard patient information and confidentiality. As part of the annual year-end self-assessment exercise, City Hospitals has completed a review of all evidence against the IG requirements within the Toolkit. Each requirement is scored from level '0' (ie worst) to level '3' (best). The final submission of the Toolkit was made by 31 March 2018.

City Hospitals Sunderland's Information Governance Assessment Report overall score for 2017/18 was 85% and was graded Green (satisfactory). The breakdown of the level scores is highlighted below. This shows that of the 45 requirements, 45 were assessed as being at Level 2 or Level 3. In detail:

- 19 show evidence that complete to Level 2;
- 26 show evidence to Level 3.

The IG Toolkit has been substantially revised and updated, and from April 2018 will be known as the 'Data Security and Protection (DSP) Toolkit'. The emphasis of the new DSP Toolkit will be on organisational compliance with the National Data Guardian's 10 Data Security Standards, compliance with the General Data Protection Regulation, and ensuring Cyber Security within the organisation.

### **Quality of data - Clinical coding error rate**

From 2016/17 the clinical coding audit programme has applied a new methodology and there is no longer a standalone 'coding audit' with error rates as envisaged by the regulations. Therefore, City Hospitals Sunderland was not subject to the Payment by Results clinical coding audit during 2017/18.

## Statement regarding how City Hospitals is implementing the priority clinical standards for Seven Day Services

The Seven Day Services programme is designed to ensure patients that are admitted as an emergency receive safe, high quality, consistent care, whatever day they present at hospital. In 2013 the NHS Seven Days a Week Forum developed ten clinical standards describing the minimum level of service patients admitted through urgent and emergency hospital routes should expect to receive, on every day of the week. With the support of the Academy of Medical Royal Colleges (AoMRC), four of the ten clinical standards were identified as priorities on the basis of their potential to positively affect patient outcomes. These are:

**Standard 2:** Time to first consultant review;

**Standard 5:** Access to diagnostic tests;

**Standard 6:** Access to consultant-directed interventions; and

**Standard 8:** On-going review by consultant twice daily for high dependency patients, daily for other patients.

In line with the Government's Seven Day Services agenda, all Trusts must meet the four priority standards by 2020.

### Our vision

Our vision for Seven Day Services is to provide and deliver a more responsive and equitable service across seven days at City Hospitals Sunderland. A robust implementation plan has been developed to support delivery of the four priority clinical standards within affordable plans, and in line with the national perspective.

### What we have done in 2017/18:

- the Trust has participated in all five national Seven Day Services surveys (last survey autumn 2017);
- summary reports have been provided to Divisional General Managers and Clinical Directors to highlight local analysis of survey results and areas for ongoing action and improvements;
- attended and participated in national Seven Day Services events to support development against the four priority standards;
- participated in regional Action Learning sets chaired by NHS England/NHS Improvement to share learning and peer support on Seven Day Services improvements;
- strengthened our clinical leadership to support delivery of the clinical standards;
- on-going operational level improvement work to support patient flow and experience. Internal and external response standards have been developed which include the four priority standards. These are embedded into daily board and ward rounds to support effective flow of patients through our hospital. These response standards support staff in identifying when to escalate delays ie *if no consultant review has taken place*.
- the Trust has met three out of the four priority standards in **March 2017** (*last full survey against 4 priority standards*). Our results shown that further improvements against standard 2 are required in order to achieve all four priority standards;

**City Hospitals Sunderland - Results against 4 priority standards**

		Sept 2016	March 2017	Sept 2017	Target
<b>Standard 2</b> First consultant review within 14 hours of admission	Weekday	74%	70%	66%	90%
	Weekend	69%	59%	58%	
	Overall	72%	67%	64%	
<b>Standard 5</b> Diagnostics	Weekday		100%	NOT Measured	90%
	Weekend		100%		
	Overall		100%		
<b>Standard 6</b> Interventions	Weekday		100%	NOT Measured	90%
	Weekend		89%		
	Overall		94%		
<b>Standard 8 – Ongoing daily reviews</b>					
<b>Once daily reviews</b>	Weekday	99%	99%	NOT Measured  National focus on Standard 2	90%
	Weekend	74%	91%		
	Overall	93%	97%		
<b>TWICE daily reviews</b>	Weekday	100%	100%		90%
	Weekend	100%	100%		
	Overall	100%	100%		

- the fifth national survey was undertaken in September 2017. Focus for this survey was only against clinical standard 2, as this is the standard that is the least well achieved nationally. Results show a further slight decrease for standard 2 to 64% overall (67% March 2017). All results demonstrate a variation between weekday and weekend; and
- analysis of survey results have been shared with key clinical leads to agree improvements to help progress towards achievement of all four standards.

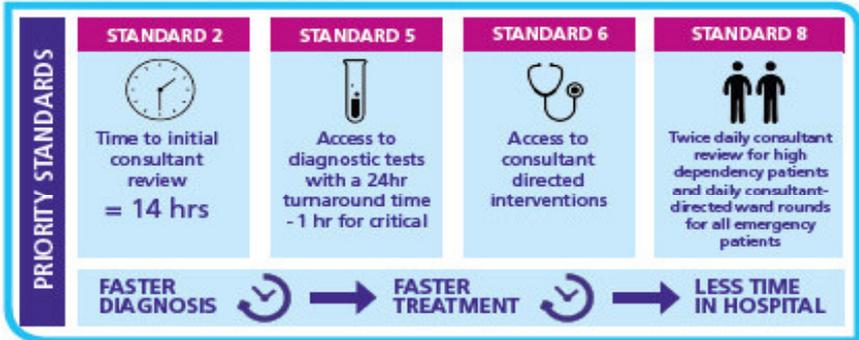
**Plans for 2018/19:**

- since our last survey the organisation has undertaken a phased programme of work to move to electronic inpatient documentation. As a result of this work we are working closely with our IT/Informatics colleagues to build a report to extract consultant assessments across inpatient specialty areas. This will allow the Trust to monitor assurance going forward;
- we are linking with a comparable size hospital which is succeeding in the move to achieving the four priority standards;
- ongoing national discussions are taking place around key specialty services ie Paediatric pathways;
- priority standards are being included in the Path to Excellence Clinical Service Reviews;
- we are engaging with junior doctors to support our next survey planned for spring 2018; and
- ongoing clinical leadership and frontline staff engagement - collaboration between clinical and operational leadership teams and other frontline staff engagement around the four priority standards.

# 7 DAY SERVICES IN HOSPITAL

## Background

The 7 Day Services national programme is designed to ensure patients admitted as an emergency receive safe, high quality, consistent care, irrespective of the day they present to hospital.



## Survey - Spring 2018

City Hospitals Sunderland is participating in the next national survey.  
This survey will incorporate patients admitted as an emergency;  
From: 00:01 hours on Wednesday 25th April 2018  
To: midnight on Tuesday 1st May 2018  
Clinical standard 2 & 8 will be assessed by reviewing in-patients electronic documentation across this 7 day period.

Focus is on providing consistent high quality care every day of the week

- patient safety
- patient experience
- clinical effectiveness

## 2.3 Reporting against core indicators

NHS Foundation Trusts are required to report performance against a number of core mandatory indicators using data made available by NHS Digital. For each indicator the number, percentage or scores for at least the last two reporting periods are presented. In addition, a comparison is made against the national average and those Trusts with the highest and lowest scores, where the information is publicly available.

### Domain 1: Preventing people from dying prematurely

#### (i) Summary hospital-level mortality indicator (SHMI)

SHMI is a hospital-level indicator which measures whether mortality associated with a stay in hospital was in line with expectations. SHMI is the ratio of observed deaths in a Trust over a period of time, divided by the expected number given the characteristics of patients treated. A score above 1 indicates a Trust has a higher than average mortality rate, whilst a score below 1 indicates a below average mortality rate, which is associated with good standards of care and positive outcomes. Each SHMI score reported is accompanied by a banding decision, either Band 1 (mortality rate is 'higher than expected'), Band 2 (mortality rate is 'as expected') or Band 3 (mortality rate is 'lower than expected').

This indicator is divided into two parts:

- SHMI values and banding for the reporting period; and
- percentage (%) of patient deaths with palliative care coded at either diagnosis or specialty level for the reporting period.

#### (a) SHMI values and banding

Indicator	Oct 15 – Sep 16	Jan 16 – Dec 16	Apr 16 – Mar 17	Jul 16 – Jun 17	Oct 16 – Sep 17
Month of release	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18
City Hospitals' SHMI	1.00	1.00	1.01	1.01	0.98
SHMI banding	Band 2				
National average	1.00	1.00	1.00	1.00	1.00
Highest SHMI value – national ( <i>high is worse</i> )	1.16	1.19	1.21	1.23	1.25
Lowest SHMI value – national ( <i>low is better</i> )	0.69	0.69	0.71	0.73	0.73

Data Source – NHS Digital <http://content.digital.nhs.uk/qualityaccounts>

#### (b) Percentage of patients whose treatment included palliative care

The coding of palliative care in a patient record has a potential impact on hospital mortality. The SHMI however makes no adjustments for palliative care coding (unlike some other measures of mortality). This is because there is considerable variation between Trusts in the coding of palliative care. Therefore all patients who die are included in the SHMI measure, not just those expected to die.

Indicator	% of provider spells with palliative care coding (at diagnosis level)					% of deaths with palliative care coding				
	Oct 15– Sep 16	Jan 16– Dec 16	Apr 16– Mar 17	Jul 16– Jun 17	Oct 16– Sep 17	Oct 15– Sep 16	Jan 16– Dec 16	Apr 16– Mar 17	Jul16– Jun 17	Oct 16– Sep 17
Trust	1.3	1.3	1.2	1.2	1.2	17.3	16.5	16.0	15.2	15.5
National average	1.5	1.6	1.6	1.6	1.7	29.6	29.9	30.5	30.8	31.5
Highest national	3.7	3.8	3.8	3.5	3.3	56.3	55.7	56.6	58.3	59.5
Lowest national	0	0.2	0.5	0.6	0.7	0.4	7.3	11.1	11.2	11.5

Data Source – NHS Digital <http://content.digital.nhs.uk/qualityaccounts>

City Hospitals Sunderland considers that this data is as described for the following reason:

- Trust mortality data is submitted in accordance with established information reporting procedures;
- To date, the SHMI for the Trust has remained consistent and not subject to significant variation. The Trust continues to view this in line with internal scrutiny of data quality; and
- SHMI data is provided through NHS Indicators and is formally signed off by the Medical Director.

The Trust acknowledges the low rate of palliative care coded at diagnosis level and is working with coding and palliative care colleagues to ensure rates going forward reflect the Trust's activity levels. This is being monitored closely and discussed quarterly at the Trust Mortality Review Group chaired by the Medical Director.

City Hospitals Sunderland has taken / intends to take the following actions to improve the indicator and percentages in a) and b), and so the quality of its services, by:

- Mortality cases are routinely reviewed by a Consultant-led Trust Mortality Group. The fundamental reason for undertaking reviews is to identify any cases of potentially avoidable mortality, formulate action plans and disseminate learning. Themes and trends are highlighted and have led to demonstrable quality improvements; and
- Consideration of the recommendations made by the CQC in its review of the way NHS trusts investigate the deaths of patients in England – *Learning, candour, accountability* – and how these are integrated into local processes.

## Domain 2: Enhancing quality of life for people with long-term conditions

Indicators within this domain are not relevant to City Hospitals.

## Domain 3: Helping people to recover from episodes of ill health or injury

### (i) Patient reported outcome measures (PROMS)

Patient Reported Outcome Measures (PROMs) aim to measure improvement in health following certain elective (planned) operations. This information is derived from questionnaires completed by patients before and after their operation. The difference between the two sets of responses are analysed to determine the amount of 'health gain' the surgery has delivered from the viewpoint of the patient. The greater the perceived health gain, the greater the associated PROM score. The notion of health gain is determined from the EQ-5D Index score. This is derived from a profile of responses to five

questions about health ‘today’, covering activity, anxiety/depression, discomfort, mobility and self-care. A weighting system is applied to the responses in order to calculate the ‘index’ score. All five questions have to be answered in order to do this. The higher the index score the better the patient feels about his or her health, with one (1) being the best possible score.

Information about our PROMS performance across the four elective procedures is highlighted below.

PROMS measure (EQ-5D index) Patients reporting improvement following:	2014/15 Adjusted average health gain	2015/16 Adjusted average health gain	2016/17 Adjusted average health gain	2017/18 Adjusted average health gain*	National England average 2017/18
Hip replacement	0.394	0.429	0.410 (P)	**	**
Knee replacement	0.331	0.334	0.327 (P)	**	**
Varicose vein procedures	0.079	0.075	0.044 (F)	**	**
Groin hernia procedures	0.054	0.045	0.063 (F)	**	**

Data source – NHS Digital – Dataset 18: PROMS

\* Reporting period covering April – Sept 2017 (data published 8 Feb 2018). (P) denotes provisional, (F) denotes final, and some of the data values have changed following final publication

\*\* Awaiting publication.

City Hospitals Sunderland considers this data is as described for the following reason:

- the Trust follows nationally determined PROMS methodology and the administration of the process is undertaken internally by the Clinical Governance Department working with Quality Health as our external provider. PROMS data shows that in some of our elective procedures we are below the national averages although patients are still reporting health benefits from their surgery.

City Hospitals Sunderland intends to take the following actions to improve these outcomes, and so the quality of its services, by:

- continuing to monitor our rate of participation for each procedure and, although we have less direct influence, response rates are similarly reviewed. The Trust continues to raise awareness of the importance of returning the questionnaires at pre-operative assessment;
- actively participating in review of its results and work with NHS Digital and others to understand the data in order to inform understanding of patient outcomes, and
- investigating outlier PROMS performance to establish whether changes in the patient pathway are required.

## (ii) Emergency readmissions to hospital within 28 days of discharge

Emergency readmission indicators help the NHS monitor success in avoiding (or reducing to a minimum) readmission following discharge from hospital. Not all emergency readmissions are likely to be part of the originally planned treatment and some may be avoidable. To prevent avoidable readmissions it may help to compare figures with, and learn lessons from, organisations with low readmission rates.

This indicator looks at the percentage of patients aged (i) 0 to 15 and (ii) 16 and over readmitted to hospital within 28 days of being discharged.

% of patients readmitted to hospital within 28 days of being discharged from hospital (Large acute or multi service)	City Hospitals	National average	Highest national	Lowest national
<b>2017/18*</b>				
0-15 years	6.42%	10%	19%	0%
16 and over	17.14%	17%	21%	10%
<b>2016/17</b>				
0-15 years	7.66%	12%	22%	0%
16 and over	25.25%	23%	32%	0%
<b>2015/16</b>				
0-15 years	7.1%	9.2%	18.7%	0.3%
16 and over	5.8%	6.6%	9.6%	3.2%
<b>2014/15</b>				
0-15 years	6.2%	8.5%	14.8%	0.6%
16 and over	5.3%	6.4%	9.3%	2.9%

Source – This indicator on the NHS Digital Indicator Portal was last updated in December 2013 and the next update is yet to be confirmed. Therefore, in the absence of national data, information has been provided from our Methods Analytics ‘Stethoscope’ benchmarking system. This uses different inclusion and exclusion criteria for the indicator which explains the marked increases in values compared to previous years.

\*April – Dec 2017

City Hospitals Sunderland considers this data is as described for the following reason:

- The figures presented are from the Trust’s electronic performance monitoring system in the absence of datasets from NHS Digital which have not been updated since December 2013.

City Hospitals Sunderland intends to take the following actions to improve this data, and so the quality of its services, by:

- continuing to review readmission data to identify emerging trends, ie the rate rising in a particular specialty, for a particular procedure or for a particular consultant. Where a trend occurs, we will undertake an audit of practice to see if we could have done anything differently to prevent the readmission;
- using our CHKS clinical benchmarking system to drill down to patient level data so individual cases can be reviewed in detail, if required; and
- discussing readmission activity data and plans to reduce unnecessary readmissions at quarterly performance reviews with relevant directorates.

## Domain 4: Ensuring people have a positive patient experience

### (i) Responsiveness to patients' personal needs

The measure is based on a composite score calculated on the average from five individual survey questions from the National Adult Inpatient Survey (Care Quality Commission). A high responsiveness rate suggests that a Trust is meeting the needs of its patients and acting effectively on their feedback.



The results are shown in the table below; the higher the score out of 100 the better the patient experience.

Composite score	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
City Hospitals Sunderland	68.9	64.4	68.8	68.1	63.8	Not yet available
National average	68.1	68.7	68.9	69.6	*	*
Highest national	84.4	84.2	86.1	86.2	*	*
Lowest national	57.4	54.4	59.1	58.9	*	*

Data source - National Adult Inpatient Survey 2017 (Care Quality Commission)

\* This information is no longer published

City Hospitals Sunderland considers this data is as described for the following reason:

- the Trust sample varies from year to year and difference in outcomes is to be expected; and
- where we have not achieved certain standards in the eyes of our patients we will do what we can, as quickly as we can, to address these issues.

City Hospitals Sunderland intends to take the following actions to improve this data, and so the quality of its services, by:

- monitoring of local and national patient survey results by the Trust's Patient, Carer and Public Experience Group and Committee;
- Implementation of the patient experience priorities within the Quality Strategy 2018-2023; and
- listening and learning from patient experiences via the Patient Experience Survey and taking action where necessary.

**(ii) Percentage of staff employed by, or under contract, to the Trust who would recommend the Trust as a provider of care to their family or friends**

How members of staff rate the standard of care in their local hospital is recognised as a meaningful indication of the quality of care and a helpful measure of improvement over time. One of the questions asked in the annual NHS Staff Survey includes the following statement: "If a friend or relative needed treatment, I would be happy with the standard of care provided by this Trust".

Indicator (Acute Trusts only)	2014	2015	2016	2017	National average	Highest national	Lowest national
"If a friend or relative needed treatment, I would be happy with the standard of care provided by this Trust"*	65%	70%	70%	71%	70%	86%	47%

Source – NHS Staff Survey 2017 (Picker Institute)

\* Percentage calculated by adding together the staff who agree and who strongly agree with this statement

City Hospitals Sunderland considers this data is as described for the following reasons:

- the data published by the Picker Institute is consistent with the staff survey results received by the Trust for the 2017 staff survey.

City Hospitals Sunderland intends to take the following actions to improve this percentage, and so the quality of its services, by:

- maximising staff participation in the Staff Friends and Family Test and the NHS Staff Survey and using the additional information provided to make changes to the work environment for all staff where possible;
- continuing to develop and monitor the Trust’s action plan in response to the findings of the staff survey with updates for staff available on the Trust Intranet and communicated through staff briefing sessions;
- improving the quality of leadership and line management through targeted learning and support;
- improving staff health and well-being through a range of health-promoting initiatives;
- improving the quality of staff appraisals and non-mandatory training and education;
- involving staff in the implementation of the Trust Quality Strategy and its work stream framework; and
- embedding our Trust vision, values and behaviours in key people processes such as staff recruitment, appraisal, learning and development.

Last year, two additional indicators from the NHS Staff Survey were required to be included in Quality Reports. We have provided the scoring for these specific indicators again which show very little change:

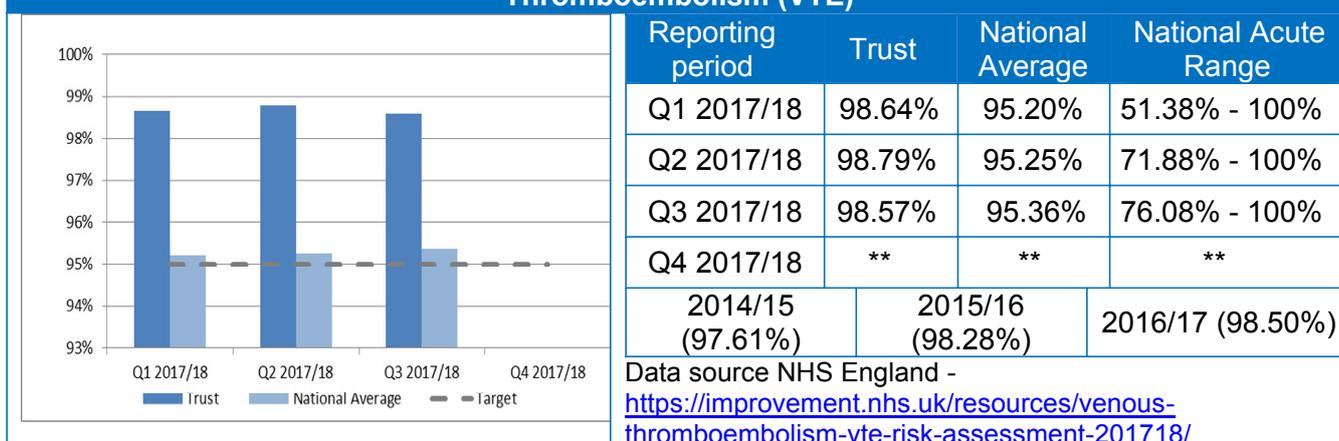
Indicator (Acute Trusts only)	2014	2015	2016	2017
KF21 – Percentage of staff believing that the Trust provides equal opportunities for career progression or promotion ( <i>higher score is better</i> )	88%	89%	87%	87%
KF26 – Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months ( <i>lower score is better</i> )	18%	21%	20%	21%

## Domain 5: Treating and caring for people in a safe environment and protecting them from avoidable harm

### (i) Percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism (VTE)

National guidance has advised healthcare professionals, that all adults (older than 18 years of age) who are admitted to hospital should have a risk assessment completed to identify those patients most at risk of developing a blood clot. A high level of VTE risk assessments show that a Trust is doing all it can to identify and address the factors that increase a patient’s risk.

## Percentage of patients who were admitted to hospital and who were risk assessed for Venous Thromboembolism (VTE)



\*\* Data not yet published

City Hospitals Sunderland considers this percentage is as described for the following reasons:

- the Trust has maintained compliance with the 95% NHS Standard Contract threshold. This compares favourably and indicates that clinicians are completing VTE risk assessments with appropriate VTE prophylactic measures.

City Hospitals Sunderland intends to take the following actions to improve this percentage, and so the quality of its services, by:

- strengthening the process of clinical review of all cases of hospital acquired thrombosis to see if any changes to VTE practice needs to take place;
- exploring opportunities to work closely with South Tyneside NHSFT in a joint audit of practice to ensure patients who are assessed as 'at risk' of developing venous thromboembolism are prescribed appropriate anti-coagulation therapy in a timely and safe way;

### (ii) Rate of *Clostridium difficile* infection

*Clostridium difficile*, also known as *C. difficile* or *C. diff*, is a bacterium that can infect the bowel and cause diarrhoea. The infection most commonly affects people who have recently been treated with antibiotics, but can spread easily to others. *C. difficile* infections are unpleasant and can sometimes cause serious bowel problems, but they can usually be treated with another course of antibiotics.

This measure looks at the rate per 100,000 bed days of cases of *C.difficile* infection reported within the Trust among patients aged 2 or over.

Rate per 100,000 bed days for specimens taken from patients aged 2 or over (Trust apportioned cases)\*

	2014/15	2015/16	2016/17	2017/18
City Hospitals	18.7	29.2	12.8	Not yet available
National average	15.0	14.9	13.2	Not yet available
Highest national	62.2	66.0	82.7	Not yet available
Lowest national	0.00	0.00	0.00	Not yet available

Source – NHS Digital Indicator Portal

\* Some of the data values have changed following final publication of the data and therefore may be different to those previously published

City Hospitals Sunderland considers this data is as described for the following reasons:

- the Trust has continued to work hard to reduce the numbers of *C.difficile* infection. This improving trend has continued into the current year as described later in the report.

City Hospitals Sunderland intends to take the following actions to improve this rate, and so the quality of its services, by:

- continuing with our initiatives to reduce *C.difficile* infection, monitoring of infection prevention practices, and continuing with our antimicrobial stewardship programme;
- promoting high standards of staff and patient hand hygiene, environmental cleanliness and the continued vigilance and awareness of staff; and
- undertaking root cause analysis of all hospital acquired cases in order to ensure opportunities to improve practice are identified and acted upon.

### (iii) Rate of patient safety incidents and percentage resulting in severe harm or death

All Trusts have a responsibility to ensure there are measures put in place to report and learn from incidents and near misses. The table below shows the comparative reporting rate, per 1,000 bed days, for acute (non-specialist) NHS organisations for the most recent data period (1<sup>st</sup> April – Sept 2017). This data is based on incidents submitted to the National Reporting and Learning System by the 30 November 2017.

CHS reporting	Rate*	National average	Highest national	Lowest national
1 April 2017 – 30 September 2017	49.78	42.8	111.7	23.5
1 October 2016 - 31 March 2017	49.95	42.8	88.2	11.2
1 April 2016 – 30 September 2016	62.51	40.8	71.8	21.2
1 October 2015 – 31 March 2016	63.54	39.6	75.9	14.8
1 April 2015 – 30 September 2015	74.52	39.3	74.67	18.07

Source – Organisation Patient Safety Incident Reports (acute – non specialist) via NHS Improvement (latest data published 21<sup>st</sup> March 2018)

\* Incidents reported per 1,000 bed days

Incidents reported by degree of	City Hospitals	National average	Highest national	Lowest national	
1 April 2017 – 30 September 2017	Severe Harm	4 (0.1%)	0.3%	1.5%	0.0%
	Death	0 (0%)	0.1%	0.5%	0.0%
1 October 2016 - 31 March 2017	Severe Harm	6 (0.1%)	0.3%	2.1%	0.0%
	Death	0 (0%)	0.1%	0.5%	0.0%
1 April 2016 – 30 September 2016	Severe Harm	16 (0.2%)	0.3%	1.4%	0.0%
	Death	3 (0%)	0.1%	0.5%	0.0%
1 October 2015 – 31 March 2016	Severe Harm	5 (0.1%)	0.3%	1.7%	0.0%
	Death	1 (0%)	0.1%	1.1%	0.0%
1 April 2015 – 30 September 2015	Severe Harm	9 (0.1%)	0.4%	2.9%	0.0%
	Death	3 (0%)	0.1%	0.7%	0.0%

Source – Organisation Patient Safety Incident Reports (acute – non specialist) via NHS Improvement (latest data published 21<sup>st</sup> March 2018)

City Hospitals considers this number and rate is as described for the following reasons:

- consistent reporting of all patient safety incidents to the National Reporting and Learning System (NRLS) against each of the required six month periods;
- the Trust is in the upper quartile of reporters for the last four reporting periods. According to the National Reporting and Learning System, organisations that report more incidents usually have a better and more effective safety culture; and
- an open and engaged culture to learn from incidents and improve the quality and safety of services.

City Hospitals Sunderland intends to take/has taken the following actions to improve this number and rate, and so the quality of its services, by:

- continuing to develop our programme of patient safety initiatives and frequent 'Lessons Learnt' seminars accessible to all hospital staff;
- maintaining and improving an open and transparent reporting culture, one which encourages all healthcare staff to report all adverse events and near misses; and
- appointment of a Freedom to Speak Up Guardian and a network of Ambassadors to provide confidential, independent advice and support to staff in relation to concerns about patient safety, care and treatment.

## PART 3: OTHER INFORMATION – REVIEW OF QUALITY 2017/18

Part 3 provides an opportunity for the Trust to report on progress against additional quality indicators. We agreed to measure, monitor and report on a limited number of indicators selected by the Board in consultation with key stakeholders. Some of the indicators are more difficult to provide a strict measure of performance than others, but nonetheless they are important aspects of improving overall quality for patients. Also some of these continue from last year given their scope, complexity and requirements for improvement.

In keeping with the format of the Quality Report, indicators will be presented under the headings of patient safety, clinical effectiveness and patient experience. Later in this section, performance will be summarised against key national priorities.

	Indicators	Target	Rating
Patient Safety	Reduce the number of patient falls that result in serious harm	To sustain our position of being below the regional and national averages	
	Improve the reporting and investigation of hospital associated Venous Thromboembolism (VTE) events	To strengthen the investigation and lessons learnt processes for cases of hospital acquired thrombosis	
	Improve the completion, documentation and visibility of Do Not Attempt Cardio Pulmonary Resuscitation (DNACPR) orders	10% improvement by Quarter 4	
Clinical Effectiveness	Improve the process of fluid management and documentation	To increase the percentage for each element of the annual assurance audit	
	Improve the assessment and management of patients with sepsis	<ul style="list-style-type: none"> <li>90% of patients who are screened for sepsis according to local protocol</li> <li>90% of patients who receive antibiotics within 1 hour</li> <li>90% of patients who have an empiric review (of their antibiotics) within 24-72 hours</li> </ul>	
	Reduction in the number of avoidable (predictable) cardiac arrests	Improvement of 5% for 2017/18	
Patient Experience	Reducing cancellations of outpatient consultations	10% reduction during 2017/18	
	Improve the timeliness of response to patient complaints	To consolidate improvement made in 2016/17	
	Increase the % of patients who reported they had a positive experience (Q74 - Overall.....)	Improve overall score against 2016 performance in the national adult in-patient survey 2017 (2016 = 7.9/10)	Data not yet published

### 3.1 Indicators for Improvement

#### Indicators for improvement

#### Focusing on Patient Safety

##### 1 Reduce the number of patient falls that result in serious harm

**Target – to sustain our position of being below the regional and national averages**

All in-hospital patient falls are reported as an incident in the Trust's Incident Reporting System. Over the last 4 years the Trust has been consistently below the reported peer average for patients suffering harm from a fall in hospital. The agreed target for City Hospitals in 2017/18 was to sustain this position of being below the regional and national

average for patients suffering moderate or above harm from a fall in hospital. The Trust's Hospital Falls Reduction Group is leading on this quality priority. The purpose of the group is to oversee the implementation of guidelines for the prevention and management of in-patient falls within the Trust.

The data for 2017/18 is presented in the table below and is sourced from the Trust Ward Dashboards. This shows the incidence of in-hospital falls each month and the rate of falls per month using the metric 'rate per 1,000 occupied bed days'. Please note up until September 2017, the Falls Group only collected and reviewed data for falls resulting in moderate or above harm (in line with the agreed Quality Priority). However, the group made the decision to expand this to include all falls, to include falls resulting in no harm or low/minor harm, as there are lessons to be learned in all cases, not merely those falls where the patient suffers significant harm.

	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18
<b>Total Falls</b>						103	124	120	138	158	115	136
<b>Rate/1000 bed days – All Falls</b>						6.41	7.23	7.24	7.79	8.25	6.70	7.30
<b>No Harm</b>						66	77	86	93	107	75	78
<b>Low Harm</b>						35	46	34	42	50	39	57
<b>Moderate Harm</b>	0	0	1	1	1	2	1	0	3	1	1	1
<b>Severe Harm</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Death</b>	1	0	0	0	0	0	0	0	0	0	0	0
<b>Total Falls ≥ Moderate Harm</b>	1	0	1	1	1	2	1	0	3	1	1	1
<b>Rate/1000 bed days – Falls ≥ Moderate Harm</b>	0.06	0	0.06	0.06	0.06	0.12	0.06	0	0.17	0.05	0.06	0.05

The national rate for falls with ≥ moderate harm = 0.19 / 1,000 bed days. Therefore, the data demonstrates that the Trust has successfully maintained its position of being below the national average for patients suffering moderate or above harm from a fall in hospital.

### Plans for 2018/19

- continue to reduce the incidence of patients suffering significant (moderate or above) harm from a fall in hospital, such that the Trust remains in the lower quartile of reporting Trusts nationally;
- participate in the next round of the Royal College of Physician's National Audit of Inpatient Falls; and
- the Hospital Falls Reduction Group will continue to monitor all falls data to learn lessons and drive improvements in relation to falls prevention and management within City Hospitals.

## 2 Improve the reporting and investigation of hospital associated Venous Thromboembolism (VTE) events

### Target – to strengthen the investigation and lessons learnt processes

National guidance states Trusts should undertake an investigation of all confirmed cases of thromboembolism acquired in hospital or occurring within 90 days after discharge following a hospital stay of at least 24 hours. The Trust VTE Group introduced a revised clinically-led process for investigating all cases of hospital acquired thrombosis. The responsible consultant for each confirmed case completes a review of care and a judgement is made on whether the episode could have been prevented. The outcomes of cases, and any lessons learnt for the organisation, are presented at VTE Group meetings. The table below shows the number of completed reviews:

	2017									2018		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Cases for review	4	4	10	3	3	3	2	5	9	Cases for review yet to be determined		
Actual cases reviewed*	2	3	5	3	1	1	1	2	1			

\*cases reviewed and documentation returned as at 9<sup>th</sup> April 2018

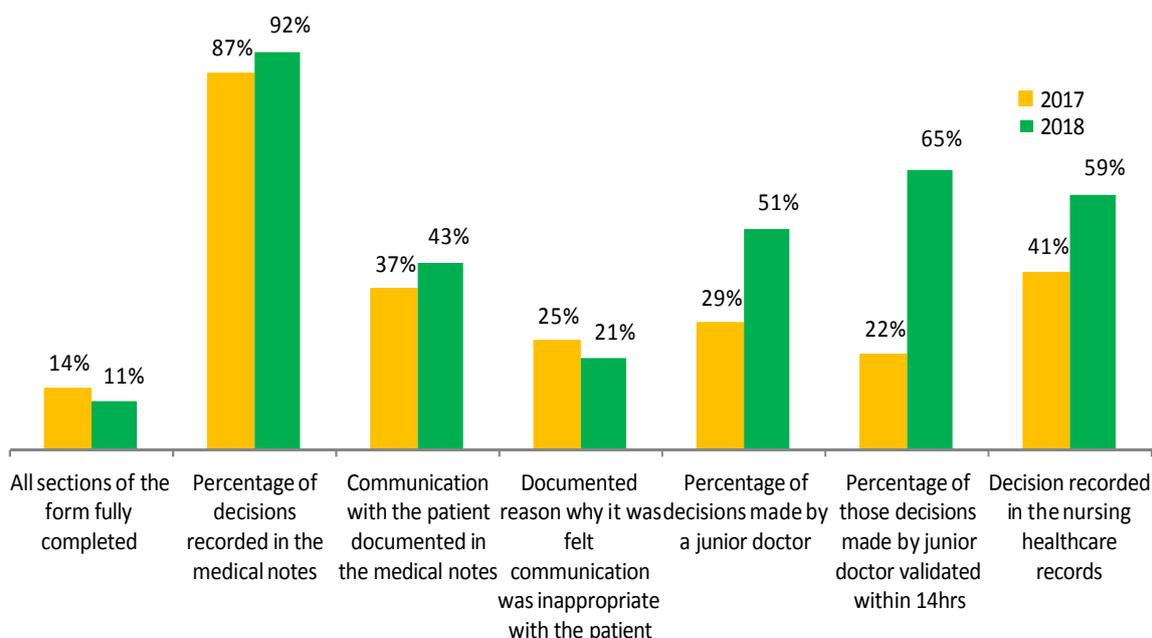
The number of returned, completed case reviews to date is not as high as we would have hoped. It shows the need for further strengthening of our process and this will include raising awareness among senior medical staff and introducing a reminder system into the communications with medical teams to act as a helpful prompt. The VTE Group will also challenge in a supportive way those who are having difficulties completing these important reviews of care. In 2018/19 we will be working closely with those responsible for leading VTE in South Tyneside as a way to align and harmonise local VTE assessment and management practices.

## 3 Improve the completion, documentation and visibility of Do Not Attempt Cardio Pulmonary Resuscitation (DNACPR) orders

### Target – 10% improvement in 2017/18

The Resuscitation Team undertakes audits of documentation in medical and nursing notes to assess whether all sections of the DNACPR form have been completed. This does not necessarily measure the effectiveness of the communication, only that it has taken place. The bar chart overleaf shows a comparison of the completeness of DNACPR documentation in 2017 and 2018 across wards within the Divisions of Medicine and Surgery. In total, 538 inpatient records were reviewed and 158 patients had a confirmed DNACPR decision.

The most recent audit shows evidence of improvement for some individual elements but the most disappointing outcome is when looking at whether DNACPR forms are fully complete, and where compliance with this standard remains stubbornly low. Further analysis shows some sections of the form were not fully completed by clinical staff; such as basic demographic details, clear rationale for the DNACPR decision, aspects of communication with key people and appropriate medical staff signatures.



Actions that will be undertaken and / or reinforced with staff to address these documentation issues include:

- DNACPR information given to all junior doctors during induction;
- DNACPR procedural information available on the Trust intranet site for all staff to access;
- Explore the possibility of mandatory DNACPR training for staff. This initiative is currently being piloted in a number of clinical areas;
- Continue the cycle of audit and direct feedback to clinical staff; and
- Feedback at relevant Trust groups to highlight what procedurally can be improved. This will also provide the opportunity to strengthen the involvement of medical and nursing leads.

## Duty of Candour

The Duty of Candour (DoC) is a legal duty on hospital, community and mental health Trusts to inform and apologise to patients if there have been mistakes in their care that have led to moderate or severe harm. DoC aims to help patients receive accurate, truthful information from health providers. Patients involved in incidents where harm has occurred receive an apology from staff and are provided with a full and clear explanation. The Trust Rapid Review Group (RRG) will commission an investigation into each incident and following completion patients are invited to receive feedback via a face to face meeting and receive a copy of the investigation report.

During 2017/18 the following incidents which require duty of candour have been reported:

	Q1	Q2	Q3	Q4
Incidents which require duty of candour 2017/18	8	8	10	2
Incidents which require duty of candour 2016/17	60	42	10	6

During the year, RRG has reviewed DoC practices and procedures in order to ensure they are clear and easy to follow and that there is an effective system for monitoring compliance. Guidance and reference documents have been provided to managers and governance leads to support practice as well as educational opportunities that has included:

- targeted training for Directorate Managers and all staff involved in incident investigation;
- presentations reinforcing the requirements of Being Open and DoC being delivered at specialty and directorate level governance groups and CG Leads Forum; and
- general awareness sessions delivered as part of the Trust scheduled Lessons Learned programme, which is open to all members of staff, that highlights their individual roles and responsibilities in the process. These sessions also used real case studies to demonstrate the effectiveness and benefits of the duty.

## Never Events

Never events are serious and largely preventable. An updated list of never events is published by the Department of Health and Social Care each year. This list includes a number of safety related incidents that should not occur if best practice guidance is followed. Each never event has the potential to cause serious patient harm or death. However, serious harm or death is not required to have happened as a result of a specific incident for that incident to be categorised as a never event. When a never event occurs it is essential to ensure learning takes place to mitigate any risk of a similar event occurring again. It is also important for the patient and/ or family affected to be kept fully informed and supported, in line with Duty of Candour.

The Trust declared 2 never events during 2017/18, but none of the patients came to serious harm or death. A brief description of what happened in each case is provided below:

<p><b>Issue – Foreign body left in-situ</b> A patient attended for Tenckhoff catheter exposure (a rubber tube used to drain fluid) under local anaesthetic. The interventionist was unable to expose the catheter as required as the plastic cover had been left in situ when the catheter was buried. The patient required a second incision which also extended the length of procedure. The patient was left with unnecessary scarring from this additional incision.</p>	
<p><b>Lessons identified</b></p> <ul style="list-style-type: none"> <li>• Technique for burying catheters is unique to Sunderland; and</li> <li>• Supervising consultant left theatre at the point where the catheter was being buried and the registrar was not aware that it was necessary to remove the cap.</li> </ul>	<p><b>Actions taken</b></p> <ul style="list-style-type: none"> <li>• Improved supervision of junior doctors during procedures which involve specific SRH protocols;</li> <li>• Consultant and Registrar reflection and inclusion within their learning portfolios; and</li> <li>• Development of clear SRH protocols to facilitate junior doctor training in this procedure.</li> </ul>
<p><b>Issue - Wrong Site Surgery</b> The patient was booked for elective left middle finger release; the surgeon made a 10cm incision at the elbow in error. This was recognised immediately after the incision was made which was subsequently sutured and the correct procedure completed. The patient was discharged with scarring due to unnecessary incision.</p>	
<p><b>Lessons identified</b></p> <ul style="list-style-type: none"> <li>• All WHO check list processes and procedures correctly completed which should have prevented this incident;</li> <li>• All present in theatre including surgeon very clear that surgery was for the hand and not the elbow; and</li> <li>• Root cause of incident – human error</li> </ul>	<p><b>Actions taken</b></p> <ul style="list-style-type: none"> <li>• Surgeon to reflect and include this incident within his appraisal portfolio.</li> </ul>

## Serious Incidents

Serious Incidents (SIs) in health care are adverse events, where the consequences to patients, families and carers, staff or organisations are so significant or the potential for learning is so great, that a heightened level of response is justified. The Trust is committed to identifying, reporting and investigating SIs, and ensuring that learning is shared across the organisation and actions taken to reduce the risk of recurrence.

SIs are reported via the Strategic Executive Information System (StEIS) and monitored through the North East Commissioning Support Unit (NECSU). Each incident is subject to a full root-cause analysis and the deadline for completing SI investigations is 60 working days from the date reported to StEIS. There are occasions when the Trust has not been able to meet this reporting standard and complete its investigations. The Risk team works closely with directorates to assist in completing all overdue SI investigations. Sunderland Clinical Commissioning Group has an established Serious Incident Panel in place to review all completed root-cause analysis reports, consider requests for 'downgrading' incidents and for closing investigations.

The tables below show the number of incidents logged onto StEIS by cause group and directorate. In total, 13 Serious Incidents have been declared by City Hospitals in 2017/18, this includes the two Never Events highlighted previously. This is a significant reduction on last year when we reported 35.

Cause Group	Number
Slips/Trips/Falls	4
Tissue Viability	3
Failure of handover(clinical)	1
Failure of follow up arrangements	1
Failure to act on observations/NEWS	1
Foreign body in situ	1
Wrong site surgery	1
Surgical/invasive procedures	1

Directorate	Number
Trauma and Orthopaedics	3
Rehabilitation and Elderly Medicine	3
Emergency Medicine	2
General Surgery	2
Head & Neck	1
Urology	1
Theatres	1

### Indicators for improvement

### Focusing on Clinical Effectiveness

#### 1. Improve the process of fluid management and documentation Target – increase the percentage (%) for each element of the audit

The Trust's Nutrition Steering Group provides strategic leadership and co-ordination for all aspects of nutrition and hydration across the Trust to facilitate best practice and a positive patient, visitor and staff experience. A Task and Finish Group was set up to drive improvements in the recording and monitoring of patient's fluid intake/output.

In November 2017 a new fluid monitoring chart was implemented across the Trust, during FAB Change Week. This was accompanied by a standard operating procedure for fluid monitoring which had been ratified at Matrons Forum and Nutritional Steering Group. A re-audit was undertaken after the introduction of the new chart, with the following results:

			Comparator with previous audit (Sep 17)
	Number	%	
<b>Number of patients included in audit:</b>	119		
<b>Does patient have a fluid balance chart?</b>	89	74.8%	-5.7%
<b>Any special instructions written?</b>	26	29.2%	+11.6%
<b>Chart completed fully over 24 hours?</b>	60	67.4%	+5.9%
<b>Drinking water available next to patient?</b>	98	99.0%	-1.0%
<b>If so, is drinking water within reach?</b>	93	94.9%	-3.0%
<b>IV infusions prescribed and given during time period?</b>	16	14.3%	+0.9%
<b>Were these IV infusions recorded on fluid balance chart?</b>	5	31.3%	-55.4%
<b>Output appears to be accurately recorded?</b>	33	27.7%	-1.5%
<b>Number where output <u>not</u> accurately recorded</b>	56	47.1%	-14.14%
<b>If no, is frequency of passing urine recorded rather than the volume?</b>	49	87.5%	+1.8%
<b>Balance box completed?</b>	9	7.6%	-7.4%
<b>Fluid balance summary chart in place?</b>	35	29.4%	-5.1%
<b>Does this cross check with fluid balance chart?</b>	19	54.3%	+3.0%

The re-audit shows once again a mixed set of results and it is clear further work with clinical staff is required to fully embed the new requirements of the new fluid monitoring chart. During the audit, there was a switch from paper to electronic recording of IV fluids and therefore the result and value for this particular element of the audit is no longer accurate.

## Plans for 2018/19

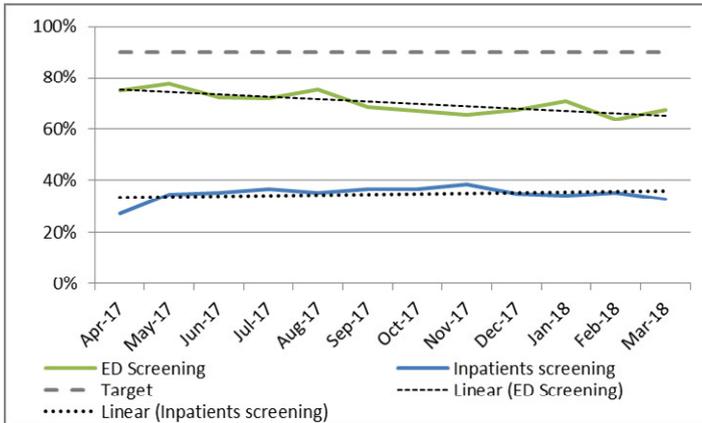
The Trust Assurance Team will review and amend the audit tool and undertake another audit during 2018/19. The Task and Finish Group will work with our Information and Technology staff to develop and pilot a fully electronic version of the fluid monitoring chart.

## 2. Improve the assessment and management of patients with sepsis

Sepsis is the body's extreme response to an infection. It is life-threatening, and without timely treatment, sepsis can rapidly cause tissue damage, organ failure, and death. The high death rate associated with sepsis is mainly due to poor identification and delayed intervention. Sepsis is part of CQUIN and guidance has been provided to hospitals to screen patients for sepsis and identify those who require rapid antibiotic treatment within 1 hour. The Trust has an electronic sepsis screening process now in place in adult and paediatric Emergency Departments, medical and surgical admissions units and across all in-patient wards. The targets set within CQUIN for 2017/18 are as follows:

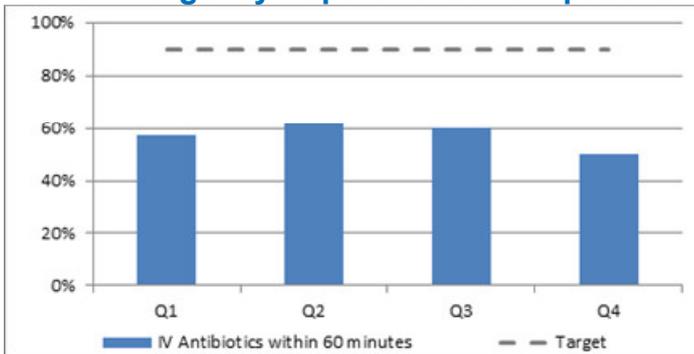
- 90% of patients are screened for sepsis (where clinically appropriate);
- 90% of patients are given intravenous antibiotics within 1 hour of arrival in the Emergency Department; and
- 95% of patients who receive antibiotics have an antibiotic review within 72 hours of first administration.

### Sepsis Screening - % of patients (adults & children) screened in the Emergency Department and in the In-patient Environment 2017/18



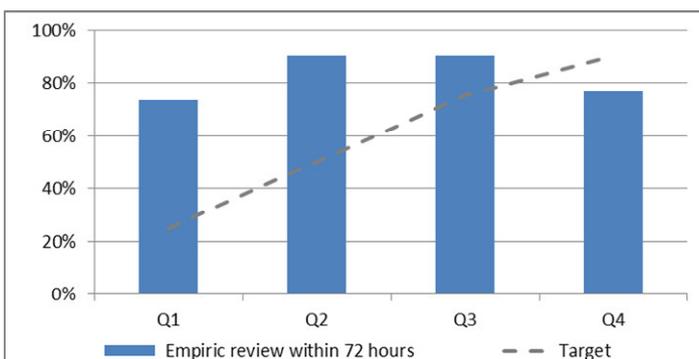
The Trust has been unable to maintain and improve performance within the Emergency Department. The downward trend shows the challenges faced by staff in this busy, demanding area, particularly over the winter period. There is a slight upward trend for the in-patients wards but it is still well short of the targets we want to achieve. The Trust Sepsis Group regularly monitors this performance and looks at ways to engage and support clinical staff in the process.

### Rapid Antibiotic Administration - % of patients (adults & children) given antibiotics in the Emergency Department and Inpatient wards within 1 hour of arrival 2017/18



CQUIN recognises partial achievement as above 50% throughout the year and full achievement would be 90%. Whilst we were able to meet the partial achievement threshold throughout the year, we have further work to do to elevate performance to the higher 90% standards.

### Antibiotic Review - % of patients (adults & children) with a senior antibiotic review in the Emergency Department and inpatient wards within 72 hours



The chart shows the Trust has achieved higher than the threshold of performance in all quarters except quarter 4. The decrease in reviews was due to winter pressures. Timely antibiotic review is important as it ensures patients are on the right drugs, the right dosage is given and at the most appropriate intervals.

## What have we done this year?

City Hospitals Sunderland held a Trust wide event for World Sepsis Day 2017 (September 13<sup>th</sup>). A number of activities were held which included; a month long competition to showcase the most improved and high performing wards (with regard to sepsis screening), various sepsis pledges signed by consultants and nurses and promotion of the importance of sepsis across social media.



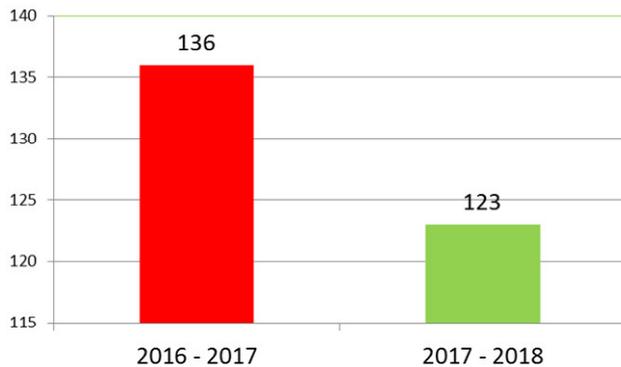
In addition, the Trust has developed and been involved with:

- educational events on the importance of the 'Sepsis 6 bundle';
- utilising the Trust 'Excellence Reporting' systems for highlighting wards with exceptional performance;
- continuing our participation in the Regional Sepsis Group;
- attended the Regional Deteriorating Patient Group as a mechanism for improving sepsis management for patients;
- publicising a 'real-time' report wards can use to review sepsis screening performance and determine the course of action for each patient;
- ensuring sepsis is included on the electronic status board on wards where this is available; and
- holding regular meetings of the Trust Sepsis Group which is tasked to lead the strategic direction of sepsis management across the Trust.

During 2018/19, the Trust will consolidate and embed improvements around sepsis recognition and treatment. Clinical areas will continue to have access to credible advice and expertise, particularly those wards where performance data suggests they are experiencing difficulties. We will continue to explore new and novel ways to raise awareness and further develop our intranet resources for staff. We will also continue our participation in the Regional Sepsis Group and provide a Trust-wide event in recognition of World Sepsis Day on 13 September 2018. This will likely involve our colleagues at South Tyneside NHSFT as we explore closer working between the two Trusts.

### **3. Reduction in the number of avoidable (predictable) cardiac arrests** **Target –Improvement of 5% for 2017/18**

When patients come into hospital they assume they are being monitored and any deterioration in their condition will be detected and acted upon quickly. Unfortunately, this is not always the case and evidence has shown staff can, on occasions, fail to spot or act on changes in their condition. Some patients who deteriorate experience a cardiac arrest and a high proportion of these are predictable events. The goal was to reduce avoidable cardiac arrests through appropriate management of acutely ill patients.



Number of cardiac arrests (National Cardiac Arrest Audit)

The chart shows a **9.5%** reduction in the number of cardiac arrest events were submitted to the National Cardiac Arrest Audit; this is a nationwide database of in-hospital cardiac arrest events which meet ALL the following criteria:

- the individual is an adult or child over 28 days;
- the resuscitation event commenced in-hospital;
- the patient received chest compressions(s) and/or defibrillation; and
- a 2222 cardiac arrest call was made and the individual was attended to by the hospital based resuscitation team.

The reasons for the reduction in cardiac arrest calls are complex but may in part be due to the appropriate use of NEWS (an early warning system for identifying acutely ill patients) and the earlier recognition and rapid response to deterioration. In addition, some wards and specialties have made progress in how they decide, document and communicate DNACPR decisions so patients are not subject to futile resuscitation attempts. Deterioration in acutely unwell patients can happen quickly with the corollary of cardiac arrest but in some patients this can be prevented through rapid recognition and timely treatment of their underlying medical condition.

### Other Information - Reducing Healthcare Associated Infection

The Infection Prevention and Control Team (IPCT) has continued throughout this year to drive strategies which promote a zero tolerance for preventable infection.

For a further year the target set by the Department of Health for 2017/18 remained zero for MRSA bacteraemia. This has proven to be another significant challenge for the organisation. Nonetheless we reported only one case of MRSA bacteraemia in 2017/18 which was deemed unavoidable and is a significant improvement on the five cases reported last year.

The IPCT continue to work closely with directorate teams to complete a detailed root cause analysis of each case of MRSA and Methicillin-susceptible Staphylococcus Aureus (MSSA) bacteraemia. There is currently no target for MSSA bacteraemia. Where lessons have needed to be learnt, these have been shared throughout the organisation, for example, ensuring staff consistently complete intravenous device assessments, that they always document the clinical reasons for having cannulas left insitu for longer than beyond 72 hours and reducing the incidence of contaminated blood culture samples. We will continue to drive improvement in these areas via our Healthcare Associated Infection (HCAI) Plan, with particular emphasis on best practice in the management of intravenous devices.

The target for *Clostridium difficile* infection (CDI) set by the Department of Health remained at 34 Trust apportioned cases. The total number of positive toxin tests reported externally for City Hospitals Sunderland in 2017/18 was 25. Following detailed examination of each case we have agreed via the appeals process with Sunderland CCG that 3 of these were

not genuine infection or infections developing in hospital. Therefore, the Trust apportioned cases is confirmed at 22 against the target of 34 cases which is comparable to last year. Despite this achievement we continue to identify some recurrent themes, for example; delays in submission of samples, delays in isolation of patients with suspected infection and failure to consistently complete the Bristol stool chart. These areas continue to form part of our HCAI Plan so that the organisation is focused on the appropriate infection prevention measures.

The IPCT can report a number of achievements during 2017/18, which include:

- the continued use of total room decontamination with hydrogen peroxide vapour or ultraviolet light which is known to be effective at reducing healthcare acquired infection;
- sustained screening of high risk patients who may have *C. difficile* colonisation;
- continued review and analysis of antimicrobial prescribing with particular reference to the 2017/18 antimicrobial stewardship CQUIN targets;
- increased engagement by IPCT staff with wards, departments and directorates;
- inclusion of peripheral cannula data on the IPC dashboard to monitor the success of infection prevention control measures and insertion, assessment and supporting documentation for cannulas that are left in-situ;
- introduction of root cause analysis for device related *E. coli* bacteraemia;
- significant contribution to the Trust flu vaccination programme
- the development of a multidisciplinary group to inform strategy for the reduction of gram negative bloodstream infections; and
- the development of a new care pathway for patients with diarrhoea.

Some of the key areas the IPCT will be involved with next year include; working with NHS Improvement / NHS England to inform the strategy for the reduction of gram negative bloodstream infections. The target for this is 50% reduction from 2016 to 2021. The Trust multi-disciplinary group for management of IV devices will continue to deliver a strategy to reduce bloodstream infections with particular emphasis on training, audit and surveillance.

The IPCT remain committed to driving the strategies which promote safe, effective infection prevention and control practices across the Trust, working closely with clinical staff to inform and deliver a robust plan for the management of outbreaks and serious infections.

## Indicators for improvement

## Focusing on Patient Experience

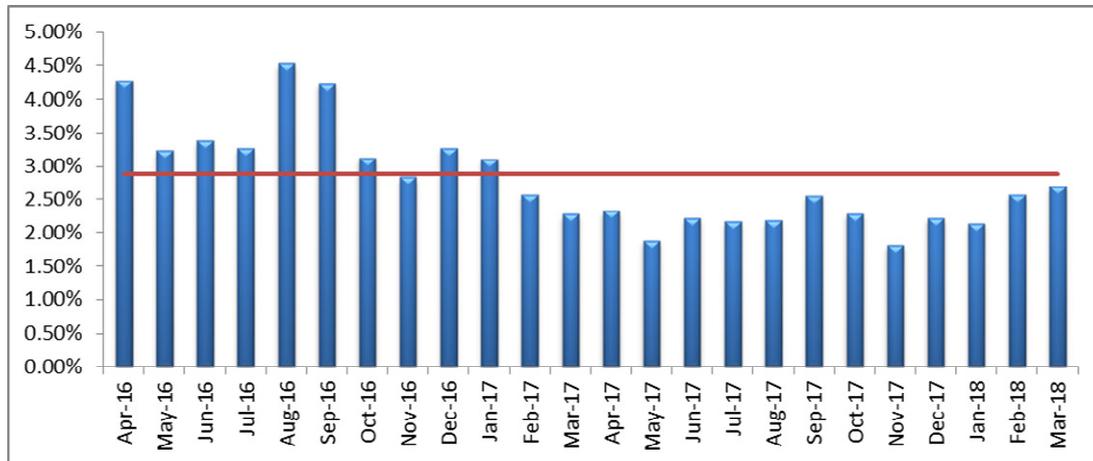
### 1. Reducing cancellations of outpatient consultations

**Target – reduce the number of outpatient cancellations by 10% during 2017/18**

This indicator was developed to reduce the number of outpatient appointments cancelled which impact patients. This builds on work undertaken as part of the Trust's scheduling improvement programme to provide efficient and effective outpatient services. The baseline cancellation rate was 3.21%, with a target set for a 10% reduction in 2016/17 and having achieved this at the end of that reporting period the same target has been extended in 2017/18.

Performance at Trust level for the 24 month period April 2016–March 2018 is shown in the chart below. Whilst the target has been reached in all of the last 12 months, increases in cancellations in February and March were due to the period of inclement weather.

The chart also shows that the Trust has been achieving the target of 2.89% consistently.



The target has been achieved due to a focus on ensuring that clinical teams plan more proactively with capacity and demand models now in place for the majority of specialties. It is now easier to see further ahead and plan for shortages of appointments so that we can better plan the service. This should reduce the number of cancellations due to annual leave and staff training. However, the consultant contract only requires 6 weeks' notice to be given by consultants and some services have longer waiting periods. It is more challenging to avoid cancellations in these services.

Further improvement actions planned for 2018/19 are:

- Monthly analysis is provided to Divisional General Managers, Directorate Managers and Scheduling Managers to identify shortcomings in processes leading to cancellations.
- A trial to protect some new capacity to better accommodate patients when they cancel or when the hospital cancels has proved successful. These processes are being applied in the other directorates. This will ensure patients can be rebooked within a reasonable timescale when we are unable to avoid the cancellation.

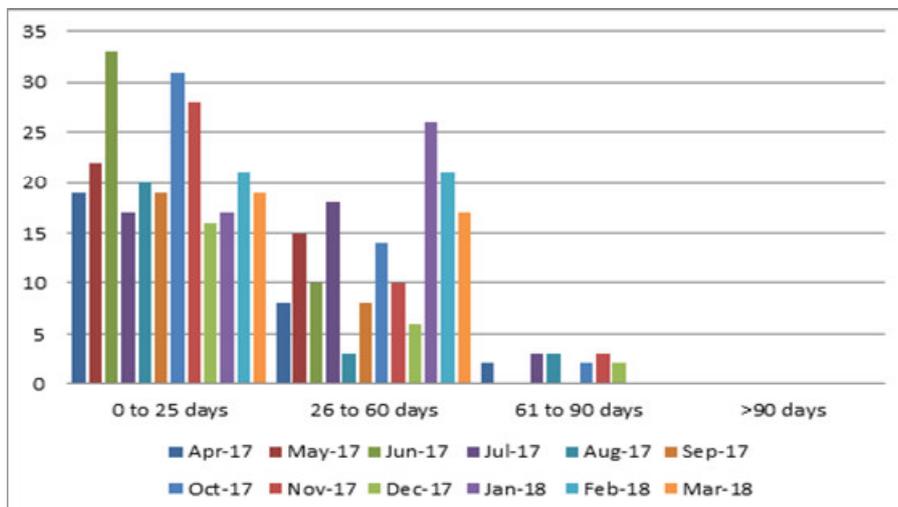
## 2. Improve the timeliness of response to patient complaints

**Target – to consolidate improvement with the timeliness of response to patient complaints**

The Trust recognised that a timely response to complaints will in many instances provide an effective investigation, learning of key issues and resolution for the complainant.

We aim to respond wherever possible to complaints within 25 working days and in the majority of cases within 60 working days, although we recognised that at times complaints are complex and that investigation and response times may be extended.

During 2017/18 no complainant waited longer than 90 working days for a response, in only a small number of cases the response time was beyond 60 working days and in many cases the response was received in less than 25 working days.



### 3. Patient experience - Increase the % of patients who reported they had a positive experience (Q74 - Overall.....)

The national survey of adult inpatients is one of the biggest surveys of its kind and is well established and trusted in the NHS. The aim of the survey is to understand more about patient experiences whilst receiving their care in hospital. It also helps us focus on the right issues as perceived by patients themselves.

The Quality Report has previously shown where we have acted on the results from this survey and made changes and improvements to our service. One of the concluding questions in the survey is about the patient's overall rating of their stay in hospital. We wanted to increase the percentage of patients who rate their care at the Trust as excellent, very good or good so that we achieve one of the highest composite scores in the North East.

The field work for the 2017 survey is now complete and we are waiting for the national release of the results and how we benchmark against our peers. Individual hospital survey reports are normally available in the Spring.

#### Other Information - National Patient Surveys

The thoughts, opinions and observations of patients and relatives who use our hospital services are very important to us. Our aim is that every patient's experience is a positive one and understanding what matters most to them and their families is a key factor in achieving this. We collect patient feedback in many different ways, including local patient experience questionnaires and through the Friends and Family Test; alongside this we also take part in the annual National Patient Survey Programme. These mandatory surveys allow us to compare our performance with other organisations and, equally as important, it allows us to see whether any actions we have taken in response to previous surveys have actually improved our services.

For 2017/18 City Hospitals participated in the following national patient surveys:

Type of survey	Published
Adult Inpatient 2016	May 2017
Emergency Department 2016	Oct 2017
Child & Young People's 2016	Nov 2017
Maternity 2017	Jan 2018
Adult Inpatient 2017	May / June 2018
Cancer Patient Experience Survey 2017 (in progress)	To be confirmed

### Adult Inpatient Survey 2016

*We asked patients about their most recent hospital stay*

The Adult Inpatient Survey gives patients the opportunity to give their views about their most recent stay in hospital. The questionnaire asks for feedback on a number of topics such as admission, contact with doctors and nurses, privacy and dignity, cleanliness, hospital food and their involvement in discharge planning. The results are used to identify and drive improvements where it is felt necessary.

The survey includes patients who were aged 16 years or over, who had spent at least one night in hospital during July 2016 and were not admitted to maternity or psychiatric units. Responses were received from 554 patients which is a response rate of 46% which is better than the national average. In terms of the findings, all 11 aggregated 'Section' scores are rated as 'Amber' (about the same as other Trusts). Out of the 65 individual questions measuring inpatient experience, the Trust achieved 60 (92.3%) scores in the 'as expected' category. There were 3 'worst' category rated questions relating to helping patients with their meals, the provision of privacy and information. However the Trust did achieve 2 'best performing' ratings around shorter delays in discharge than other hospitals.

#### Areas where scores have improved or remained the same as last year:

- The admission date for patients was less likely to be changed by the hospital in this year's survey;
- There have been some small improvements in patients' experience of the ward, ie less noise at night from hospital staff;
- Patients continue to feel safe in hospital;
- Patients continue to have confidence and trust in the medical staff looking after them and felt that neither doctors or nurses talked in front of them as if they weren't there; and
- Results show patients experienced shorter delays in discharge, particularly around waiting for medications, to see a doctor or waiting for an ambulance.

#### Areas where performance has declined from last year:

- Some patients felt that they wanted to be more involved in their care, or didn't feel that they had enough emotional support from staff during their stay. They also reported that they weren't given enough privacy when discussing their treatment;
- The findings show that sometimes patients didn't get answers from doctors and nurses that they could easily understand;

- Results for some questions that relate to patients' experience of being discharged from hospital have declined. Information about medications and their side effects was an area where there has been some deterioration. A smaller proportion of patients in 2016 said that their families were given all the information they needed before going home; and
- A greater proportion of patients said hospital staff did not discuss whether they might need any further health or social care services after leaving hospital even though they would have liked this to happen.

Our new Quality Strategy provides a framework for how we bring about improvements in patient experience. The work stream priorities will be monitored by the Patient, Carer and Public Experience Group which will report into the more strategic Patient, Carer and Public Experience Committee.

### **Emergency Department 2016**

*We asked patients about their recent contact with the Emergency Department*

Patients who took part in the Care Quality Commission's national survey of Emergency Departments reported a number of improvements across the main survey themes. Responses were received from 302 patients who attended a Type 1 accident and emergency department (a major 24-hour department that is consultant-led) during September 2016 and were not staying in hospital during the sampling period. This gives a response rate of 33% which is much better than the national rate of 28%. The survey covered a range of areas, including: arrival at the emergency department, waiting times, doctors and nurses, care and treatment, diagnostic tests, the hospital's environment and facilities, leaving the emergency department, respect and dignity and overall experience.

City Hospitals achieved an 'about the same' rating for each of the 9 section scores. Out of 35 individual performance questions 32 (91.4%) were in the 'as expected' category, 2 (5.7%) were rated 'better' than other Trusts; both related to waiting times. There was only one question given a 'worse' rating and this was in relation to the lack of availability of food or drinks within the department. It is important to acknowledge that the Emergency Department was undergoing a huge structural rebuild during the fieldwork and the service had to be temporarily relocated into alternative accommodation. Undoubtedly, patient experience was affected during this difficult and challenging period despite the best efforts from staff.

Given this background, it is encouraging to see the majority of patients who attended our Emergency Department were positive about their experience and had confidence in the care they received. In particular the survey notes that patients:

- experienced shorter waits in the department before being spoken to (90% of patients less than 60 minutes ) or examined by a doctor or nurse (80% of patients less than 60 minutes);
- felt they had enough time to discuss their health or medical problems with the clinical team (over 95% of patients said yes, definitely or to some extent);
- felt confident and had trust in the staff that were looking after them (94% said yes, definitely or to some extent);
- were given reassurance by staff if they felt distressed (82% said yes, definitely or to some extent);

- reported that the department was clean (95% said very clean or fairly clean);
- felt staff took into account the patient's family or home situation when leaving the department (63% said completely or to some extent); and
- felt overall that they had had a good experience whilst in the department (94% said yes, all of the time or some of the time).

As previously highlighted, the structural changes to the build environment probably had an impact on some feedback. On some occasions our facilities didn't always meet the expectations of patients and their families all of the time. Our action plan to improve services has focused on matters of patient privacy, provision of information on delays, making sure conversations about the patient includes the patient, making sure everything is done to manage patients pain and explaining to patients what medication side effects to watch out for.

We are confident that with the opening of the new Emergency Department most of these will have been addressed and our scores will reflect a better patient experience in the future.

### **Children & Young People**

*We asked our children and young people to tell us about their experiences of hospital*

The 2016 Children and Young People's Inpatient and Day Case survey asked about the quality of care for young patients in hospital during November and December 2016. It is made up of three separate questionnaires which capture the experiences of children at different ages and their family/carer experiences. Importantly, it specifically asks children and young people about their care, valuing their insight which can be different to the experiences of their parents and or carers.

Whilst there were many positive findings in the survey, for example in relation to information, communication, and staff interaction there were some areas that highlight where improvement is needed. The results also show some areas where experiences differ between different age groups, particularly around play and activities, and communications between healthcare staff and young patients.

Areas within the survey where City Hospitals did better than other hospitals:

- For most of their stay in hospital the child or young person was looked after on an appropriate children's ward;
- Before their child's operation or procedure, staff gave answers to questions that parents/carers could understand (for those 0-15 year old); and
- Parents/carers were given enough information about how their child should use their medications

The Trust did 'about the same' as other hospitals for making sure:

- Patients knew what would happen to them at the hospital;
- Patients liked the food;
- Someone at the hospital talked to patients about any worries they had;
- Patients had enough privacy when receiving care and treatment;
- Hospital staff helped patients with any pain they had;

- Someone from the hospital explained what would happen during the operation or procedure;
- Someone from the hospital told patients what to do or who to talk to if they were worried about anything when they got home;
- The people looking after patients were friendly; and
- Patients had a good overall experience of care in the hospital.

The Trust did have one score in the 'worse' category relating to children and young people (aged 8-15 years) feeling that they weren't given explanations about what would be done before their operation or procedure. The full set of survey results and additional analysis of any comments provided by children and their parents or carer will be discussed and actioned within the specialty.

## Maternity

*We asked mothers about their experience of our Maternity Services.*

Mums-to-be can be assured of excellent maternity care at Sunderland Royal Hospital following the results of a national survey which measures patient satisfaction in the NHS. The 2017 national survey of 'women's experiences of maternity care' has revealed City Hospitals Sunderland as the best performing Trust across the whole of the North East and North Cumbria when it comes to the care and attention women received in hospital after the birth of their babies.

Scoring the highest of any provider in the region for 'care in hospital after birth' maternity services at Sunderland Royal Hospital also scored amongst the very best in the entire NHS in two other key areas:

- women feeling staff responded quickly if attention was needed after the birth of their babies; and
- women feeling they received the information and explanations they needed after the birth of their babies

Some of Sunderland Royal Hospital's other highest scoring categories included:

- partners being involved as much as they wanted (9.8 out of 10);
- being treated with respect and dignity during labour and birth (9.5 out of 10);
- staff introducing themselves before examination or treatment (9.4 out of 10);
- being spoken to during labour and birth, in a way they could understand (9.6 out of 10); and
- thinking the hospital room or ward was clean (9.3 out of 10).

Sheila Ford, Head of Midwifery at Sunderland Royal Hospital said: "We are very proud of the feedback we receive about our maternity service here at Sunderland Royal and this is testament to the hard work and dedication of our amazing teams who provide such high quality, compassionate care for women and their families on a daily basis. "The birth of a baby is such an important time and it is always reassuring to hear such positive feedback about the care women have received in hospital with us. There are, of course, areas where we must improve further and we will be looking at the results in detail, alongside other sources of feedback to the Trust, to make sure we continue to listen, learn and develop the very best maternity services for local women in our area."

## Patient Experience Survey

Following introduction of the new Patient Experience Survey last year (poster below), we have continued to collect patient feedback across all our adult inpatient services using this design together with our well-established real time feedback questionnaire for Maternity Services, our Paediatric Wards and in our Intensive Care Unit.

Wards continue to be sent monthly reports highlighting their results, which include transcriptions of any additional free text comments. The results are also included in ward performance dashboards and are viewable to the public.

Altogether, we have received 8,533 completed patient surveys in 2017/18, which is only slightly down from last year (9602). The breakdown of individual survey groups are as follows:

- Patient Experience Survey (adult in-patients) – 7,808
- Maternity (real time feedback) – 180
- Paediatrics (parents) – 227
- Paediatrics (children) – 148
- Neonatal Unit – 97
- Integrated Critical Care Unit – 73

**chs** City Hospitals Sunderland **NHS**  
NHS Foundation Trust

# Patient Experience Survey

**Including the Friends and Family Test Question**

Your experience matters to us

This information will help us to understand what we do well and what we could do better.

Your responses will be combined with all other feedback for the service and shared with teams anonymously.

You will not be identifiable from the feedback and it will not affect the care you receive.

This form and the responses you give will not be linked to your personal record.

If there is anything you would like to discuss about your care and treatment please speak to a member of your care team or contact the Help and Advice Service:

- Telephone: **0191 569 9855** or **Freephone 0800 587 6513**
- Email: [helpandadvice@chsft.nhs.uk](mailto:helpandadvice@chsft.nhs.uk)
- Opening Hours: **8 am to 5 pm – Monday to Friday**

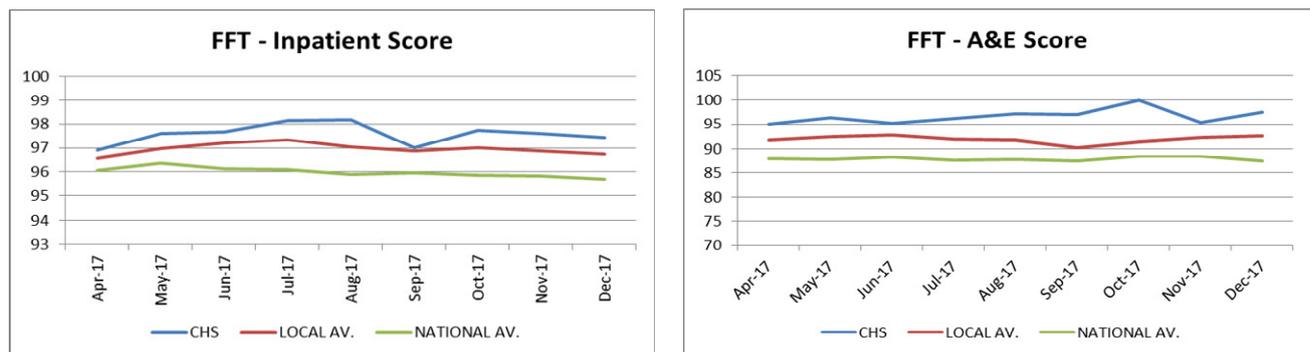
Please post in the Friends and Family box on the ward.

## Patient Experience Collaborative

City Hospitals (together with South Tyneside NHSFT) have signed up to participate in a national collaborative led by the Patient Experience Network. The project will run for 12 months and the aim will be to collect patient experience data from patients using a predetermined questionnaire. A number of wards across both organisations have been selected as pilot wards and the data collection, in the form of patient interviews, started in November 2017. Regular updates about our progress within the collaborative will be reported in the monthly Patient Experience Update.

## Friends and Family Test

The Friends and Family Test (FFT) gives every patient the opportunity to provide feedback on the services they have received, and enables the public to make better informed choices about the services they use. The FFT includes all our inpatient wards, including children and maternity, out-patients and day cases. The charts below show the patient scores (as a measure of whether they would recommend the hospital to family and friends) achieved in 2017/18 for adult in-patients and the Emergency Department (A&E). It shows performance above the national and local averages, although the response rates in both are below the national averages, which are in themselves low month by month.



There are no national targets for FFT response rates but nonetheless we have tried a number of ways to increase patient engagement in the process including; identifying FFT champions, displaying the FFT scores and patient free text comments in the main corridors, increasing the numbers of FFT post boxes, increasing the visibility of FFT communications/literature/posters for both patients and staff. The scores across the range of maternity services (Ante-Natal, Labour Ward, Post-Natal, Post-Natal Community) have remained consistently high during 2017/18 and either match or exceed national averages.

Benchmarking of satisfaction is reported to the Patient, Carer and Public Experience Committee on a quarterly basis. This report also includes a selected summary of patient comments; some examples are highlighted below:

 <p><b>What patients tell us was good about their care</b></p> <ul style="list-style-type: none"> <li>• Nursing care was great. Even though they are extremely busy they find time to help and talk to you (<i>Orthopaedic ward</i>);</li> <li>• All of the nurses helped as much as they could and made an extremely traumatic experience much more bearable. Nothing was too much trouble for them. Much appreciated (<i>Intensive Care Unit</i>);</li> <li>• Very well looked after, staff very helpful in all aspects of care, dietary needs, and could not do enough. (<i>General Surgery ward</i>);</li> <li>• Professionalism and dedication of the staff, they retained my dignity and privacy at all time (<i>Care of the Elderly Ward</i>);</li> <li>• First class when I arrived I was in a terrible state so afraid that soon calmed after your staff took charge, I was all at once feeling safe (<i>Care of the Elderly Ward</i>);</li> <li>• The attention shown by all the nursing staff, night and day, always smiling and good bedside manner (<i>Care of the Elderly Ward</i>); and</li> <li>• From my bed I could see very little that could be improved (<i>Intensive Care Unit</i>).</li> </ul>	 <p><b>What patients tell us could be improved</b></p> <ul style="list-style-type: none"> <li>• Nothing medically but free TV would have been nice (<i>Gynaecology ward</i>);</li> <li>• Maybe provide a hair net for surgery to prevent your hair from being dyed green!? (<i>General Surgery ward</i>);</li> <li>• Disturbed by rapid response cleaning team through the night (<i>General surgery ward</i>);</li> <li>• More staff needed. Could have done with more visits from physio (F61);</li> <li>• Wearing a gown instead of pyjamas (<i>Care of the Elderly ward</i>);</li> <li>• Staff doing one thing at a time rather than trying to do a lot (<i>General Medicine/Gastroenterology ward</i>); and</li> <li>• Vegetarian - not much choice (family bringing in food)(<i>Care of the Elderly ward</i>).</li> </ul>
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## Complaints and the Help and Advice Service

The Trust has an established complaints handling policy in line with the Department of Health's NHS and Social Care Complaints Regulations. This policy confirms the Trust has a robust system in place to allow patients (or their nominated representative) the opportunity to have their concerns formally investigated and to receive a comprehensive written response from the Chief Executive.

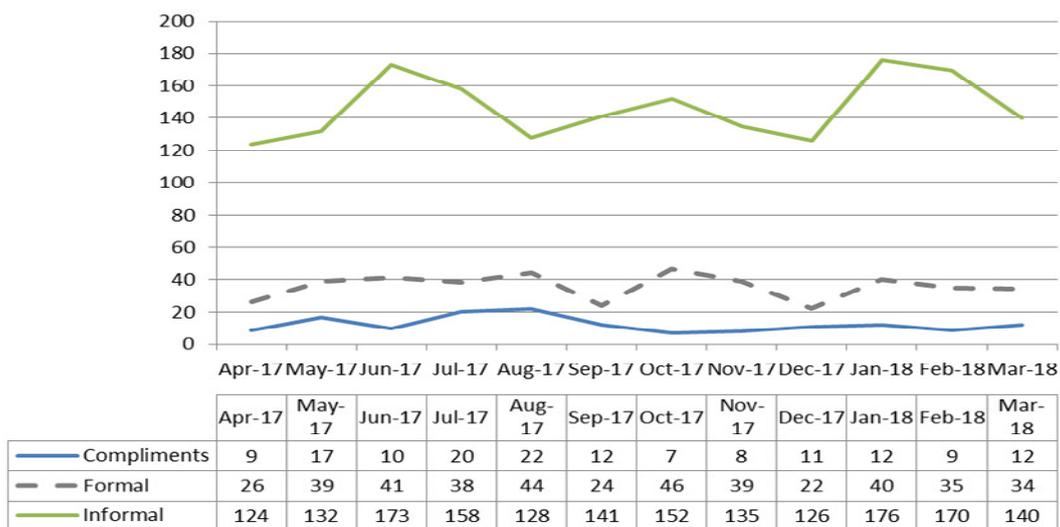
The Trust welcomes both positive and negative feedback from our patients as a contribution towards improving the services we deliver. To ensure the Trust is learning from experience, a Complaints Report is submitted to the Patient, Carer and Public Experience Committee regarding complaints activity. This data is also included in the Trust Quality, Risk and Assurance Report which is presented to the Governance Committee. Themed complaints are considered by the relevant organisational group for example, End of life, Dementia, etc., and this enables the Trust to identify and monitor trends and themes, and ensure organisational action to reduce the risk of recurrence.

The Help and Advice Service is an easily accessible service for families, providing support to resolve both informal and formal concerns in a timely way and hopefully reduce the number of complaints. The service incorporates the previous PALS and Complaints Service but also brings a new “customer care” approach to our patients and their families.

The service is open Monday to Friday between 8.30 am and 4.30 pm and is supported by volunteers who are able to assist the public with general enquiries, including signposting them to wards/departments, offering relevant information leaflets or escalating any concerns to the Help and Advice Service Assistants. If a concern cannot be resolved by the Help and Advice Service Assistants or the wards or departments, then the situation will be managed as a formal complaint by the Help and Advice Service Co-ordinators.

The Trust received 427 formal complaints in 2017/18, an average of 36 per month. In 2016/17 there were 445 formal complaints received, an average of 37 per month, demonstrating a 4% reduction this year.

The chart below shows a breakdown of feedback; compliments, formal and informal complaints. In 2017/18 there were 1,755 informal concerns received by the Help and Advice Service, which is a decrease from last year (1,961). There were 149 compliments recorded, which is less than last year, but it is recognised that many compliments received are not always recorded.



### What changes have been made in response to patients (and their families) raising concerns?

The following examples highlights where we have made changes to our services as a results of patients raising concerns.

What Patients/Carers Said	Changes We Have Made
They waited more than 90 minutes in the Phoenix Unit before being seen	A notice is now displayed in the Unit advising patients who have been waiting more than 30 minutes to bring this to the attention of the receptionist
They did not understand the care of their child who had non-verbal autism	The Paediatric Consultant responsible for the care of the child has provided the mother with a letter detailing the plan of care for any future attendances at the hospital

What Patients/Carers Said	Changes We Have Made
Urine bottles weren't available at the bedside for immobile patients	Regular audits and routine monitoring is now in place to ensure that they are always available for patients, particularly for those who are immobile
There was some problems with catheterisation in the Day of Surgical Assessment Unit (DOSA)	Staff refresher training sessions for catheterisation have now been put in place to address any issues regarding knowledge, skills and competence
There was some delay in a young child having their Echocardiograph (heart test)	Referrals for this test will now be made from consultant to consultant to ensure the urgency of clinical need is appropriately communicated

## Carers

City Hospitals is committed to giving carers the recognition, involvement opportunities and support necessary to improve the experience of the many patients and carers who have access to our services. A carer is someone who, without payment, provides help and support to a friend, neighbour or relative who could not manage otherwise because of frailty, illness or disability.

- [Carers' week 12-18 June 2017](#)

Carers' Week annually raises awareness of caring and the challenges carers face and recognises the contribution they make to families and communities throughout the UK. Three in four carers say they do not feel that their caring role is understood or valued by their community. During Carers' Week, City Hospitals raised awareness of the role of carers with an event in the main concourse, with contributions from the Day of Surgery Admission Unit (DOSA) showcasing their work involving carers of patients with learning disabilities, the Dementia and Delirium Outreach Team (DDOT), Staff Carer Coordinator who supports staff who are carers as well as external agencies who support carers. The event was so well received by both staff and visitors that it was repeated on Carers Rights Day on 24 November 2017.

- [Carers Reference Group Meeting](#)

The Carers Reference Group meet quarterly to provide a representative patient and carers involvement forum for participating, reporting, reflecting on and improving patient and carers' experience in hospital. The Group Terms of Reference have been reviewed and an invitation extended to include more staff and carer members to the group.

- [The Carers' Charter](#)

Information about the update to the Carers' Charter has already been included in the section on improving the experience of patients and their families with Dementia.

## Volunteers

Volunteers play an important role delivering our services and we know their hard work and friendliness enhance the patient and family/carer experience at City Hospitals. Our volunteers are not directly involved in patient care but help provide extra support to patients and staff and we are extremely grateful for all the support we receive. There are a number of reasons why people volunteer. For many it is a chance to do something positive and to help others. For others they simply have time to spare and they wish to give to something that matters to them. City Hospitals actively encourages local people to

volunteer their time and talents for the benefit of our patients, staff and visitors. Volunteering can be very rewarding and can be used to develop new skills, confidence and meet new friends

We had a successful recruitment drive in 2018 in order to increase our team of volunteers. All volunteers are asked to commit to at least one 2 hour shift per week and to engage in volunteer roles on a regular basis for a minimum period of 6 months. Some of the roles undertaken by our current hospital based volunteers include; helping vulnerable and frail patients on wards, acting as 'hospital navigators' to make sure visitors can get to the right place in time and supporting the work within the Help and Advice Service. Other volunteering opportunities exist within the Chaplaincy and the Macmillan Services. Members of our volunteer team have been actively involved in the PLACE inspections as well as participating in the Trust Nutrition and Hydration Week helping to serve afternoon tea to patients.

### **Patient-Led Assessment of the Care Environment (PLACE)**

PLACE provides an annual snapshot to organisations of how their environment is seen by those using it, and provides insight into areas for improvement. The assessments focus on how the environment supports service provision and patient care, looking at non-clinical aspects such as cleanliness, food, maintenance, as well as the extent to which the environment supports privacy and dignity and compliance with dementia standards. This round of inspections was the fifth year of PLACE and once again there were a number of minor changes to the process. The inspections took place at the Sunderland Royal Hospital and Sunderland Eye Infirmary between the 21 and 22 March 2017 and covered the following areas:

- Cleanliness;
- Condition and appearance;
- Privacy, dignity and wellbeing;
- Dementia environment;
- Disability; and
- Food.

City Hospitals continues to value the contribution of patient representatives and this year saw a number of new patient representatives, including volunteers, Trust Governors and Healthwatch volunteers joining the inspection team. As a quality improvement process, PLACE focuses entirely on the care environment and does not interfere with clinical care provision or compromise patient confidentiality. It extends only to areas accessible to patients and the public (for example, wards, departments and common areas) and does not include staff areas, operating theatres, main kitchens or laboratories.

The results from PLACE were published on 15 August 2017 and continue to show strong performance against national averages at both the Sunderland Royal Hospital and Sunderland Eye Infirmary sites. The dementia domain is the only area where one of the Trust sites (Sunderland Royal Hospital) was slightly below the national average. A summary of the results is shown overleaf by domain:

<b>PLACE Inspection Scores 2017</b>	<b>Cleanliness</b>	<b>Food</b>	<b>Privacy, Dignity and Wellbeing</b>	<b>Condition Appearance and Maintenance</b>	<b>Dementia</b>	<b>Disability</b>
<b>National Average</b>	<b>98.38%</b>	<b>89.68%</b>	<b>83.68%</b>	<b>94.02%</b>	<b>76.71%</b>	<b>82.86%</b>
Sunderland Royal Hospital	99.81%	95.83%	86.57%	94.83%	75.19%	83.86%
Sunderland Eye Infirmary	98.86%	99.33%	82.20%	93.23%	80.97%	84.98%

Due to the detailed and diligent approach of the inspection teams, a number of issues were identified, as would be expected from a very busy working environment, although none of the issues noted presented any immediate impact on the quality of the patient experience. In many cases, the issues identified were temporary incidents, due to daily routine activity, with arrangements already in place to resolve them.

Some members of the inspection team had been involved in previous inspections and the general feeling was that environmental standards across both sites had improved once again. There was an improvement in the Outpatients scores, a reflection of the developments that have taken place recently, most notably in Endoscopy, the Alexandra Unit (a multi-disciplinary specialist unit for patients with delirium and dementia) and the Phoenix Unit (our Chemotherapy Day Unit). There was an improvement in the dementia scoring from last year, mainly due to the introduction of large faced clocks, Ward Information boards, dementia-friendly decoration and handrails. Further Charitable Funds have been made available to roll this out across all Wards and Departments where dementia patients are likely to attend.

In terms of those areas requiring action, the Renal Unit was highlighted as requiring improvements across a number of domains. Refurbishment work is already underway as part of the Renal Water Plant replacement project, which should address and resolve many of the environmental issues.

The findings from the PLACE inspections have been shared with Divisional General Managers, Directorate Managers, Matrons and Ward and Departmental Managers. The report has also been discussed with the G4S Domestic Team and the Facilities Team is working with G4S to establish a follow up action plan, focusing on cleaning and environmental issues. Action is already underway on those areas of particular urgency, with follow-up visits by IPAC and the Domestic Monitoring Team, working closely with individual wards. The action plan will be measured for effectiveness against National Standards of Cleanliness and progress will be shared via the National Standards of Cleanliness Group with Matrons and Infection Control. Any food related issues will be addressed through the Nutritional Steering Group. All outcomes will also be discussed at the Strategic Infection Prevention and Control Group and Facilities Heads of Department meetings.

## 3.2 Performance against key national priorities 2017/18

### Performance against National Measures

During 2017/18 the Trust has continued to achieve national operational and quality requirements across a number of key measures (as shown below), including waiting times for cancer and consultant-led treatment, and ensuring patients admitted to hospital are assessed for risk of developing a blood clot (VTE). The Trust also maintained a low number of cases of hospital acquired healthcare infections.

Performance against targets such as waiting times for consultant-led treatment, cancer, diagnostic procedures and time in A&E are taken into consideration by NHS Improvement, the regulator of Trusts, as part of their regular assessment to determine any support required. NHS Improvement also reviews performance against other areas such as quality of care, finance and use of resources. Trusts are segmented into four categories based on the level of support required in order to meet required standards from 1 (maximum autonomy/no support) to 4 (special measures/mandated support). The Trust has remained in segment 2 during 2017/18 with some targeted support in place in order to sustainably achieve the A&E and cancer 62 day standards as well as improve the financial position of the Trust.

For some indicators the Trust was below the standard set for 2017/18. However, across a number of indicators there has been an improvement (or reduction dependent upon the specific indicator) from the previous year, and areas where performance was marginally below/above the standard. This includes waiting times for diagnostic tests, ambulance handover delays and mothers who smoke at the time of delivery.

Indicator	2016/17	Target 2017/18	2017/18	Variance	Year <sup>1</sup>
<b>National Operational Standards</b>					
Referral to treatment waits % incomplete pathways waiting less than 18 weeks <sup>2</sup>	94.00%	92%	94.21%	2.21%	●
Diagnostic test waiting times <sup>2</sup>	2.14%	1%	1.32%	0.32%	●
A&E: Maximum waiting time of four hours from arrival to admission/transfer/discharge	92.97%	95%	91.25%	-3.75%	●
All cancer two week wait	94.41%	93%	96.53%	3.53%	●
All cancer 62 day urgent referral to treatment wait	83.10%	85%	83.62%	-1.38%	●
62 day wait for first treatment following referral from an NHS Cancer Screening Service	82.61%	90%	96.67%	6.67%	●
31 day standard for cancer diagnosis to first definitive treatment	98.48%	96%	98.32%	2.32%	●
31 day standard for subsequent cancer treatments - surgery	99.47%	94%	96.78%	2.78%	●
31 day standard for subsequent cancer treatments - anti cancer drug regimens	99.88%	98%	99.78%	1.78%	●
Cancelled operations not rescheduled within 28 days	34	0	58	58	●
Mixed sex accommodation breach	4	0	0	0	●

Indicator	2016/17	Target 2017/18	2017/18	Variance	Year <sup>1</sup>
<b>National Quality Requirements</b>					
HCAI - MRSA bacteraemia <sup>3</sup>	5	0	1	1	●
HCAI - <i>Clostridium Difficile</i> <sup>3</sup>	20	≤34	22	-12	●
Zero tolerance RTT waits over 52 weeks for incomplete pathways	0	0	0	0	●
Ambulance handover delays 30-60 minutes	1349	0	1,190	1,190	●
Ambulance handover delays 60+ minutes	381	0	271	271	●
Trolley waits in A&E no longer than 12 hours	0	0	0	0	●
No urgent operation should be cancelled for a second time	0	0	0	0	●
VTE risk assessment for inpatient admissions	98.50%	95%	98.68%	3.68%	●
Duty of Candour	118	N/A	107	N/A	N/A
Completion of a valid NHS number field in mental health and acute commissioning data sets submitted via SUS	99.97%	99%	99.97%	0.97%	●
Completion of a valid NHS number field in A&E commissioning data sets submitted via SUS	99.61%	95%	99.53%	4.53%	●
<b>Local Quality Requirements</b>					
eReferral - % utilisation	73.12%	85%	67.78%	-17.22%	●
A&E left without being seen	1.94%	5%	1.88%	-3.12%	●
A&E time to initial assessment (median)	9 mins	9 mins	12 mins	3 mins	●
A&E time to treatment (median)	52 mins	60 mins	54 mins	-6 mins	●
Serious incidents - % reported on STEIS <2 working days	94.29%	100%	84.62%	-15.38%	●
Serious incidents - % 24 hour reports received for a never event	100.00%	100%	100.00%	0.00%	●
Serious incidents - % Initial reports received <72hrs	63.64%	100%	100.00%	0.00%	●
Serious incidents - % action plans <60 days of reporting on STEIS <sup>4</sup>	16.18%	100%	36.00%	-64.00%	●
Serious incidents - % lessons learned entered on STEIS for all completed	74.19%	100%	100.00%	0.00%	●
Serious incidents - % requests for information received <1 month of deferral	57.14%	85%	60.00%	-25.00%	●
Ambulance diverts and deflections from the Trust	66	N/A	8	N/A	N/A
Ambulance diverts and deflections to the Trust	97	N/A	38	N/A	N/A
Maternity – smoking at the time of delivery	17.23%	≤18%	18.04%	0.04%	●
Maternity – breastfeeding initiation	54.35%	58%	49.56%	-8.44%	●
Cancer waits - % waiting longer than 104 days with no RCA	0.00%	0%	0.00%	0.00%	●
Cancer waits - % waiting longer than 104 days with RCA & clinical harm review <sup>5</sup>	97.87%	100%	100.00%	0.00%	●

<sup>1</sup> Rated as amber if performance is close to target i.e. within 2 percentage points or 5 individual cases / minutes

<sup>2</sup> Excludes non English commissioners as per NHS England published statistics

<sup>3</sup> Cases apportioned to Acute Trust only. *C. diff* cases also exclude cases agreed at local appeals panels as not being genuine CDI or Trust apportioned cases

<sup>4</sup> Performance relates to only 25 cases throughout the year

<sup>5</sup> April to December 2017

## **Diagnostic test waiting times**

The Trust was marginally above the target of less than 1% of patients waiting for a diagnostic test for more than 6 weeks. This was mainly due to an increase in demand for echocardiography as well as capacity issues which had arisen during 2016/17. Performance returned below the 1% standard in September 2017 and apart from one month has now remained under the target level.

## **Accident and Emergency (A&E)**

During 2017/18 the Trust has continued to receive an increasing number of patients through our A&E departments with a 6% increase in first attendances compared to 2016/17. As a result we did not achieve the national standard of 95% of patients spending a maximum of 4 hours in the department despite relatively good performance during quarters 1 and 2 of the year. Performance was also better than the national average for all months of the year apart from January.

Our ability to achieve the standard was impacted by increased operational pressures over the winter period with increasing attendances, more patients requiring admission to a hospital bed and an increase in patients with influenza. This has resulted in some delays in patients waiting in A&E for an inpatient bed. Despite this we saw a reduction in ambulance handover delays from 2016/17 with improvements made to processes and the environment in the new Emergency Department.

The Trust continues to work with our local commissioners and partners as part of the A&E Delivery Board to provide leadership and focus to improve access to urgent and emergency care services. Delivery of the 4 hour standard remains a risk for the Trust as we move into 2018/19.

## **Cancer Waiting Times**

The Trust has continued to achieve the national waiting time standards for the majority of cancer targets. The only standard not met was for patients treated after being referred from their GP. The Trust was marginally below this standard in 2017/18 however performance was consistently above the national average and the standard was achieved for all quarters apart from quarter 1 which is a significant achievement.

Work has been ongoing throughout the year to improve cancer pathways and ensure patients receive timely treatment. Investment has been made into Urology in particular to increase capacity and improve the pathway for patients. Whilst achievement of this standard remains a challenge due to complex pathways, the Trust is in an encouraging position as we go into 2018/19.

## Approach to Measuring Performance – What and How We Measure

The Trust measures performance across a wide range of indicators including:

- national indicators, Operational Standards and Quality Requirements – these are set by NHS Improvement, the regulator of Foundation Trusts and NHS England;
- local Quality Requirements – agreed with commissioners and included in our contract; and
- internal indicators – these are agreed as part of our annual planning process and KPIs are developed to measure progress against delivery of our corporate objectives.

To support performance improvement, a robust monitoring and reporting system is in place:

- monthly reporting of financial performance to the Executive Committee and Board of Directors measured against areas such as:
  - income and expenditure performance
  - cost improvement programme
  - risk rating metrics
  - balance sheet and working capital
  - cash and liquidity
- monthly reporting of cost improvement plan delivery by directorate to the Finance and Performance Committee, a formal subcommittee of the Board of Directors;
- monthly reporting of activity, waiting list and key performance indicators by directorate to the Finance and Performance Committee, a formal sub-committee of the Board of Directors;
- monthly reporting of complaints and lessons learned to the Patient, Carer and Public Experience Committee, a formal subcommittee of the Board of Directors;
- root cause analysis meetings with the Rapid Review Group to understand in detail the reasons for healthcare acquired infections and serious untoward incidents;
- detailed monthly reports for divisional general managers, directorate managers and clinical directors;
- quarterly review meetings with directorate managers and representatives from the Finance and Performance teams to identify trends and areas of concern in time to plan ahead and agree action plans; and
- quality and contracting review meetings with the Clinical Commissioning Group.

These are reviewed annually and reported through our governance structures to the Board.

## **Annex 1: Statement from Coordinating Commissioners: NHS Sunderland Clinical Commissioning Group, NHS Durham Dales, Easington and Sedgefield Clinical Commissioning Group, NHS North Durham Clinical Commissioning Group and NHS South Tyneside CCG.**

Sunderland, Durham Dales, Easington and Sedgefield, North Durham and South Tyneside Clinical Commissioning Groups (CCGs) aim to commission safe and effective services that provide a positive experience for patients and carers. Commissioners of health services have a duty to ensure that the services commissioned are of high quality. This responsibility is taken very seriously and considered to be an essential component of the commissioning function. SCCG coordinates commissioning with City Hospitals Sunderland NHS Foundation Trust (CHSFT) on behalf of the other commissioners.

The CCGs would like to thank the Trust for sharing the 2017/18 Quality Report and for the opportunity to comment upon it. We would like to acknowledge the openness and transparency in the work the Trust has achieved to date, in the delivery of the 2017/18 priorities and in the on-going delivery of the quality measures.

Throughout 2017/18 Quality Review Group (QRG) meetings with representation from the CCGs have taken place with CHSFT on a bi-monthly basis. These are a well-established mechanism to monitor the quality of the services provided by the Trust and aim to encourage continuous quality improvement. The QRG has remained sighted on the Trust's priorities throughout the year for improving the quality of its services for its patients, and have continued to provide robust challenge and scrutiny at the QRG meetings with the Trust.

SCCG has conducted a programme of clinical quality assurance visits to the Trust in 2017/18. The purpose of these visits is to gain further insight and assurance into the quality of care and experience provided for patients. This has resulted in valuable partnership working with the Trust and given the CCGs the opportunity to make recommendations for suggested areas of improvement to services. A programme of joint CCG visits between Sunderland CCG and South Tyneside CCG across the South Tyneside and Sunderland Healthcare Group is being planned 2018/19.

There are a number of areas where the Trust has made quality improvements in 2017/18 that have been important for patient care. We would like to congratulate the Trust on the implementation of measures to reduce the incidence of Hospital Acquired Pressure Ulcers and note the improvements to date, particularly the 38.6% decrease in the rate per 1000 bed days. The CCGs acknowledge the plan for continuous improvement as a quality priority for 2018/19 and will continue to monitor the Trust's position on this through the Quality Review Group (QRG) alongside the Trust's position documented on the Safety Thermometer.

The CCGs wish to thank the Trust for their openness regarding the issue of mortality and commend the Trust on their continued commitment to Regional Mortality Group. The CCGs are assured by the mortality review processes implemented by the Trust, and this continues to be monitored by the QRG.

We would like to commend the work carried out to date with regards to improving the hospital experience of patients with dementia and the implementation of the priorities from the national audit of dementia care within the Trust. The CCGs agree that this continues to be a priority for improvement for 2018/19 and look forward to receiving updates in respect of this priority at QRG.

The commissioners would like to congratulate the Trust on the organisational development work carried out to date and on their positive Staff Friends and Family Test results. We note that the number of staff completing the survey has decreased compared to the previous year and look forward to receiving an update at the QRG that details the Trust plans to improve response rates to continue to ensure meaningful results.

We would like to acknowledge and commend the Trust on their contribution to regional and national research projects, which is recognised by the number of short-listed entries and first prize for the collaborative project between South Tyneside and Sunderland Healthcare Group and the pathology department of Gateshead Health NHS Foundation Trust.

The CCGs would like to note the Trust's progress in implementing three out of the four priority standards for Seven Day Services, which is encouraging, and the CCG supports the inclusion of the implementation of these standards as one of the quality priorities for 2018/19.

The commissioners would like to highlight the work carried out to date to improve the completion, documentation and visibility of Do not Attempt Cardio Pulmonary Resuscitation (DNACPR) orders and would support the inclusion of mandatory DNACPR training for staff to ensure full compliance with the Trust standard.

We would like to highlight the positive results of the process to improve fluid management, and acknowledge the Trust's findings that further work is required, so look forward to receiving updates at the QRG.

Whilst it is disappointing that the Trust has not been able to fully achieve all the Sepsis Commissioning for Quality and Innovation (CQUIN) indicators, the CCGs would like to acknowledge the work the Trust has undertaken such as the Trust wide event for World Sepsis Day, promotion and education on the Sepsis 6 Bundle, the innovative use of information technology as well as participation in regional work streams. We look forward to an improvement in the attainment of the 2018/19 Sepsis CQUIN indicators.

We would like to congratulate the Trust on again being below their trajectory for Clostridium Difficile following the appeals process agreed with Sunderland CCG. It is disappointing that for the fifth year, the Trust has not achieved the zero tolerance target for MRSA bacteraemia with 1 confirmed case recorded in 2017/18, however acknowledge that this is a reduction on the 5 cases reported in 2016/17. It is however, encouraging that the Trust has a proactive approach for reviewing each case and is analysing themes arising from these investigations, identifying key learning and improvements. The Joint Health Care Associated Infection Improvement (HCAI) group will continue its positive contribution to this agenda and remain sighted on the issues.

The CCGs wish to recognise and commend the work of the Trust on the focus on patient experience and the results of the national patient surveys. We would like to congratulate the Trust on the results of the 2017 Maternity Survey, with the Trust noted as the best performing Trust in the region for the care and attention women received after the birth of their babies.

The Trust has highlighted their Quality Strategy which provides a framework for improvements in patient experience, and we look forward to seeing the results of this in subsequent Quality Reports.

The CCGs acknowledge the Trust's ongoing work in respect of Duty of Candour and look forward to further updates throughout 2018/19. The Trust continues to be a high performer in reporting incidents to the National Reporting & Learning System. The Trust reported a further 2 Never Events in 2017/18; which is disappointing as these are serious, largely preventable patient safety incidents that should not occur if providers have appropriate preventative measures in place. However, we are satisfied to see that following the Trust's root cause analysis investigations, there is no theme to the incidents and prompt identification of learning has taken place. The CCGs would like to acknowledge the work done to date by the Trust in reducing the backlog of outstanding Serious Incident Root Cause Analysis reports and this will continue to be monitored by the CCG Serious Incident Panel and QRG

The CCGs welcome the Trust's specific quality priorities for 2018/19 and consider that these are appropriate areas to target for continued improvements, which align to the CCG's commissioning priorities. We recognise the value of all of the priorities identified and appreciate the continuation of targets from 2017/18. We look forward to sustained improvements in the reduction of Hospital Acquired Pressure Ulcers, reduction in patient falls with harm and improved documentation in respect of Do Not Attempt Cardio Pulmonary Resuscitation orders. We are pleased to see that for each priority, a dedicated group will have responsibility for driving forward the changes with a clear reporting structure.

In the coming year, the CCGs will be working with the South Tyneside and Sunderland Healthcare Group to implement transformation whilst ensuring the goal of ensuring that quality and safety of care remain at the heart of the partnership.

Much of the information contained within this Quality Report is routinely used as part of the quality monitoring process as described above. As required by the NHS Quality Reports regulations, the CCGs have taken reasonable steps to check the accuracy of this information and can confirm that it is believed to be correct. To conclude, the CCGs remain committed to working closely with City Hospitals Sunderland NHS Foundation Trust, in an open and transparent way, to ensure that the care provided for patients and carers is maintained at the highest possible quality standard in the most cost effective way.



**ANN FOX**  
Director of Nursing, Quality and Safety  
NHS Sunderland CCG



**CLAIRE BRADFORD**  
Medical Director  
NHS Sunderland CCG

**Date: 15 May 2018**

## Statement from Sunderland City Council's Health and Wellbeing Scrutiny Committee

Sunderland City Council's Health and Wellbeing Scrutiny Committee are once again pleased to be afforded the opportunity to comment on this year's Quality Report. The report provides a detailed account of the quality of services and the key priorities for the year ahead. The Health and Wellbeing Scrutiny Committee Members continue to have a constructive relationship with City Hospitals Sunderland NHS Foundation Trust while at the same time ensuring a critical friend challenge, voicing the concerns of the public and acknowledging good practice and improvements in service delivery.

The Health and Wellbeing Scrutiny Committee acknowledges the significant performance improvements against the 2017/18 priorities, in particular the reduction in the number of hospital developed pressure ulcers and the development of a trust-wide 'Learning from Deaths' policy. The Committee are also encouraged by the work that is being undertaken on the patient and staff experience. It is extremely important that both patients and staff are provided with suitable opportunities, and encouraged, to express their views about City Hospitals.

In looking at the priorities for quality improvement in 2018/19, the Health and Wellbeing Scrutiny Committee acknowledges the key aspects of patient safety, clinical effectiveness and the patient experience that national guidance instructs the Trust to focus on. The Committee recognises the importance of the work on the identification and treatment of sepsis, the reduction in the incidence of patient falls that result in severe harm and the improvement of medication management in order to reduce preventable patient harm.

The Health and Wellbeing Scrutiny Committee is also satisfied that the Trust continues to perform well against national CQUIN targets and that work is ongoing to improve those areas of performance that are identified as below the national standard. The Committee also acknowledges City Hospitals Care Quality Commission (CQC) ratings and in particular the work that has been done to address the 'Requires Improvement' judgement for Sunderland Royal Hospital. The Health and Wellbeing Scrutiny Committee would request that the outcome of the proposed CQC inspection in spring 2018 is reported to the Committee at an appropriate juncture.

The Joint Health Scrutiny Committee established between Sunderland and South Tyneside Local Authorities continues to work with the Trust and partners on its ambitious programme of reform 'The Path to Excellence'. The Joint Health Scrutiny Committee will continue to represent and voice the concerns of the public throughout this programme.

Sunderland City Council's Scrutiny function values its relationship with the Trust and City Hospitals and will continue, through a variety of means, to challenge and engage with the Trust over key health issues that face the city. The Health and Wellbeing Scrutiny Committee are therefore satisfied in endorsing this quality report for 2017/18.

**Date: 10 May 2018**

## **Annex 2: Statement of directors' responsibilities for the Quality Report**

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.

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

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

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance;
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period April 2017 to March 2018;
  - papers relating to quality reported to the Board over the period April 2017 to March 2018;
  - feedback from commissioners dated 15 May 2018
  - feedback from Overview and Scrutiny Committee dated 10 May 2018
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 10 May 2018;
  - the 2016 national patient survey dated 20 July 2017;
  - the 2017 national staff survey dated 6 March 2018;
  - the Head of Internal Audit's annual opinion over the Trust's control environment dated 22 May 2018; and
  - CQC inspection report dated 20 January 2015.
- the Quality Report presents a balanced picture of the NHS Foundation Trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts Regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the Board



**J N ANDERSON**  
Chairman

**Date: 22 May 2018**



**K W BREMNER**  
Chief Executive

**Date: 22 May 2018**

## **Limited assurance report on the content of the Quality Report and mandated performance indicators**

We have been engaged by the Council of Governors of City Hospitals Sunderland NHS Foundation Trust ('the Trust') to perform an independent assurance engagement in respect of City Hospitals Sunderland NHS Foundation Trust's Quality Report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

This report is made solely to the Trust's Council of Governors, as a body, in accordance with our engagement letter dated 7 May 2018. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018 to enable the Council of Governors to demonstrate that 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 Trust and the Trust's Council of Governors as a body, for our examination, for this report, or for the conclusions we have formed.

Our work has been undertaken so that we might report to the Council of Governors those matters that we have agreed to state to them in this report and for no other purpose. Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission. This engagement is separate to, and distinct from, our appointment as the auditors to the Trust.

### **Scope and subject matter**

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Referral to treatment waits % incomplete pathways waiting less than 18 weeks (see page 114 of the Quality Report); and
- A&E: Maximum waiting time of four hours from arrival to admission/transfer/discharge (see page 114 of the Quality Report).

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

### **Respective responsibilities of the directors and Ernst & Young LLP**

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 2017/18' issued by NHS Improvement.

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

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual 2017/18', which is supported by NHS Improvement's 'Detailed Requirements for Quality Reports 2017/18';
- the Quality Report is not consistent in all material respects with the sources specified in detailed in Section 2.1 of the 'Detailed guidance for external assurance on Quality Reports 2017/18'; 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 2017/18' and supporting guidance and the six dimensions of data quality set out in the 'Detailed Guidance for External Assurance on Quality Reports 2017/18'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual 2017/18' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the other information sources detailed in Section 2.1 of the 'Detailed Guidance for External Assurance on Quality Reports 2017/18'. These are:

- Minutes of the Board of Directors for the period April 2017 to March 2018;
- Papers relating to quality reported to the Board over the period April 2017 to March 2018;
- Feedback from commissioners, dated 15 May 2018;
- Feedback from Sunderland City Council's Health and Wellbeing Scrutiny Committee dated 10 May 2018;
- The Trust's annual complaints report 2017/18;
- 2017 National NHS Staff Survey Results from City Hospitals Sunderland NHS Foundation Trust;
- Survey of Adult Inpatients 2016 – City Hospitals Sunderland NHS Foundation Trust;
- Care Quality Commission Quality Reports on Sunderland Eye Infirmary and Sunderland Royal Hospital published 20 January 2015; and
- The Head of Internal Audit's annual opinion over the Trust's control environment, dated 22 May 2018.

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 City Hospitals Sunderland NHS Foundation Trust as a body, to assist the Council of Governors in reporting City Hospitals Sunderland 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 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and City Hospitals Sunderland 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, but were not limited to:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- 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 2017/18’ to the categories reported in the Quality Report; and
- reading the documents.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on the Quality Report. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Inherent 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 2017/18’ and supporting guidance. The scope of our assurance work has not included governance over quality or non-mandated indicators, which have been determined locally by City Hospitals Sunderland NHS Foundation Trust.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- 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 2018 and the ‘Detailed requirements for Quality Reports 2017/18’ published in January 2018 (updated in February 2018) issued by NHS Improvement;
- the Quality Report is not consistent in all material respects with the sources specified above; and

- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with NHS Foundation Trust Annual Reporting Manual 2018 and the Detailed requirements for Quality Reports 2017/18 published in January 2018 (updated in February 2018) issued by NHS Improvement.

Ernst & Young LLP

**Ernst & Young LLP**  
**Newcastle upon Tyne**

Notes:

1. The maintenance and integrity of the City Hospitals Sunderland NHS Foundation Trust web site is the responsibility of the directors; the work carried out by Ernst & Young LLP does not involve consideration of these matters and, accordingly, Ernst & Young LLP accept no responsibility for any changes that may have occurred to the Quality Report since it was initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# ACCOUNTABILITY REPORT

## DIRECTORS' REPORT

The Companies Act 2006 requires the company to set out in this report a fair review of the business of the Trust during the financial year ended 31 March 2018 including an analysis of the position of the Trust at the end of the financial year and a description of the principal risks and uncertainties facing the Trust.

### Business Review

The information which fulfils the business review requirements can be found in the following sections of the Annual Report which are incorporated into this report by reference:

- Chairman's statement on page 9
- Chief Executive's statement on page 11
- Board of Directors on pages 141 to 149
- Income disclosures on page 36
- Register of Interests on page 174

### Quality Governance

It is vitally important the Board ensures that governance arrangements remain fit for purpose. Good governance is essential in addressing the challenges the Trust faces and the Board must ensure it has oversight of care quality, operational matters and finance. The Board achieves this through detailed discussion at its various formal sub committees of the Board of Directors.

The Trust has an independent assurance function which reports directly to the Governance Committee.

Details of how the Board ensures arrangements are in place are identified within the:

- performance report;
- quality report;
- annual governance statement; and
- assurance report.

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury. There has been no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

The Trust can confirm that it has made no political donations during 2017/18.

The Trust has complied with all relevant guidance relating to the better payment practice code, calculation of management costs and declaration of the number and average pension liabilities for individuals who have retired early on ill health grounds during the year. The relevant declarations are detailed in the Annual Accounts.

In addition the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

So far as each Director is aware there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware. All Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

This section, together with the sections of the Annual Report incorporated by reference constitutes the Directors' report that has been drawn up and presented in accordance with the guidance in the Foundation Trust Annual Reporting Manual (FT ARM).

### **Key Constraints on Trust Activities**

Neither NHS Improvement, the Care Quality Commission, nor any other regulatory body has placed any restrictions on the activities of the Trust.

The Directors consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. It also provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

## **ARRANGEMENTS FOR MONITORING IMPROVEMENTS**

### **Assurance Programme**

The Assurance function within City Hospitals Sunderland provides an independent test of the organisation's compliance against regulatory and evidence based standards through a structured and responsive programme with four main streams of work plus emerging issues as required.

The four work streams group together the elements of the Assurance Framework and schedule projects against these for the coming year. The Assurance Programme is agreed by the Governance Committee and is updated in line with the revised Assurance Framework. It includes: assurance visits, lessons learnt, clinical action plans, and corporate action plans.

- Assurance Visits

These are conducted by the Assurance Manager and Programme co-ordinator on a regular basis and involve a visit to a ward or department to talk to patients, question staff and perform an environmental check against an agreed proforma. Any issues which are identified during the visit and any positive feedback are discussed with the person in charge at the time of the visit and this is followed by a written report to the directorate team.

All wards and the majority of departments received an assurance visit in 2017/18 and most were revisited at least once to check that actions had been taken.

The visits have been effective in identifying:

- environmental issues;
- patient feedback on their care; and
- staff knowledge.

Common themes which have emerged have been incorporated and checked as part of the wider Assurance Programme.

The feedback from patients has been overwhelmingly positive in that they feel cared for and safe with overall satisfaction about staff communications, pain control and food quality. There have been some suggestions that communications with regard to keeping patients informed as to the plan of care could be improved on some occasions, but generally patients feel that staff are polite and caring.

Going forward, the intention is to build upon this positive response for 2017/18 and the programme will be refreshed in the near future. The follow up of actions from other visits including the CCG, patient safety walkabout visits, and the findings of the CQC inspection will now also be included in the revisits

- Lessons Learnt

This part of the programme has been completed during the year and involved looking at a sample of complaints, claims and incident investigations to identify agreed actions and check if they have been completed as planned. This is an area that continues to be challenging and lessons learnt are not always clearly identified and even then, they are

difficult to measure if it is some time after the event. Disappointingly the quality of actions identified remains quite poor.

The intention for 2017/18 is to explore the action planning capabilities within the Ulysses system to make it easier for teams to identify actions and measure progress towards completion. This will in turn make the review and assurance of these actions clearer and easier to complete.

- Clinical action plans

A number of key elements of patient care have been reviewed in collaboration with clinical staff. These have included:

- pressure area care;
- suction units;
- fluid balance charts; and
- drug security.

Details of the outcomes of this assurance work are included within the Quality Report.

- Corporate Plans

The Assurance Programme has been effective in identifying areas where improvements are necessary and then checking the effectiveness of those improvements.

The Governance Committee, a formal sub-committee of the Board of Directors receives regular reports from the Assurance Manager.

## **Complaints Handling**

City Hospitals Sunderland NHS Foundation Trust strives to provide the highest level of service to our patients. However, we recognise there may be occasions when things go wrong and patients/relatives may not be entirely satisfied with the level of service they have received.

The Trust has an established complaints handling policy in line with the Department of Health's NHS and Social Care Complaints Regulations. This policy confirms the Trust has a robust system in place to allow patients (or their nominated representative) the opportunity to have their concerns formally investigated and to receive a comprehensive written response from the Chief Executive.

The Concerns and Complaints policy is based on the principles of Good Complaints Handling published by the Parliamentary and Health Service Ombudsman. The key principles are as follows:

- getting it right;
- being customer focused;
- being open and accountable;
- acting fairly and proportionately;
- putting things right; and
- seeking continuous improvement.

Whilst the current regulations stipulate a maximum timescale of six months to respond to a complaint, the Trust aims to respond to complaints wherever possible within 20 days but not more than 40 working days of receipt of a complaint. If the Trust is unable to respond within 40 working days it will contact the complainant to agree a revised response time.

The aim is that all complainants receive early contact by telephone to agree the issues, expected outcome, response time and response format. We do recognise however, that this does not always happen and work is ongoing to improve the new process. If a complaint is complex, additional time can be negotiated to allow a thorough and comprehensive investigation to be undertaken.

Complainants are also given information about the Independent Complaints Advocacy (ICA), who can support them in making a complaint if that were necessary.

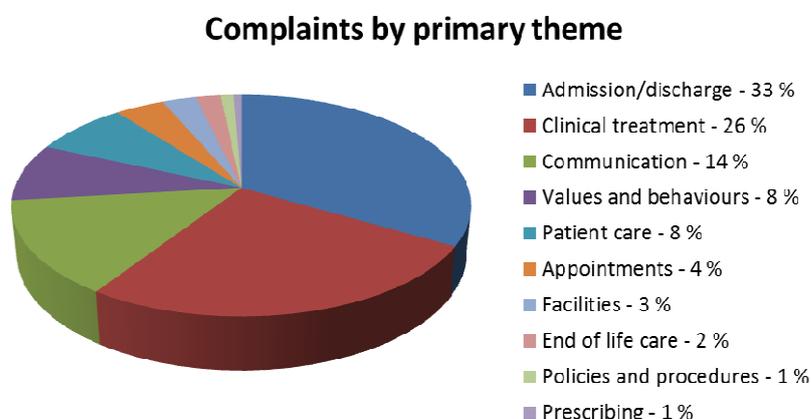
During 2016/17 significant action was undertaken to review the complaints handling process and as a consequence the timeliness of responses significantly improved and this improvement has continued to be maintained throughout 2017/18.

From 1 April 2017 to 31 March 2018 the Trust received 427 formal complaints from patients or their representatives, a decrease of just over 4% on the 445 received in 2016/17.

### Categories of Complaints

Most complaints have more than one theme and during 2017/18 the following themes were attributed to the complaints received and investigated:

Primary Themes	Total	%
Admission/discharge	214	33
Clinical treatment	167	26
Communication	89	14
Values and behaviours	54	8
Patient care	50	8
Appointments	26	4
Facilities	18	3
End of life care	13	2
Policies and procedures	7	1
Prescribing	4	1



It is a requirement that the Trust reports the number of complaints that are 'well founded'. In 2017/18 we have attempted to make a judgement, following investigation, as to whether complaints were justified. Of the 427 complaints responded to:

- 65 (15%) were upheld;
- 146 (34%) were partially upheld; and
- 216 (51%) were not upheld.

The 216 not upheld complaints related to perceived delays in treatment or failure to recollect information already provided. We were however able to reassure complainants that we had provided treatment within reasonable timescales, or that the responsibility was not of this Trust but of another healthcare organisation and that we had provided information when it was necessary to do so. In these instances we were able to provide clarity to the complainants that we had achieved our contractual responsibility and there was no further redress.

## **Complaints Investigation**

Formal complaints are allocated to an Investigating Officer within a Directorate, usually the directorate manager, who has responsibility for ensuring that a comprehensive investigation is undertaken, a key role being carried out by our Quality Risk facilitators. The Directorate Manager, in conjunction with his/her colleagues is, however, responsible for highlighting areas for improvement and ensuring appropriate action is taken.

The Chief Executive provides a formal written response to the complainant who is given the opportunity should they wish to contact the Investigating Officer to discuss any outstanding concerns. If complainants remain dissatisfied following this conversation, they are offered the opportunity to attend a formal meeting with appropriate staff members to allow a more personal and open discussion in an attempt to provide further clarification and resolve any outstanding concerns.

## **Parliamentary and Health Service Ombudsman**

Where complainants remain dissatisfied after conclusion of the meeting, and the Investigating Officer feels we have provided the complainant with as much information as possible then local resolution has been exhausted. In such cases, we would suggest the complainant contacts the Parliamentary and Health Service Ombudsman who may agree to undertake an independent review of their complaint.

During 2017/18, the Ombudsman requested information from the Trust in relation to 9 complaints, a decrease of 39% compared to 14 in 2016/17. The outcomes of these referrals are awaited from the PHSO.

## **Learning from Complaints**

To ensure that the Trust is learning from experience, a complaints report is submitted to the Patient, Carer and Public Experience Committee, a formal sub-committee of the Board regarding complaints activity and outcomes.

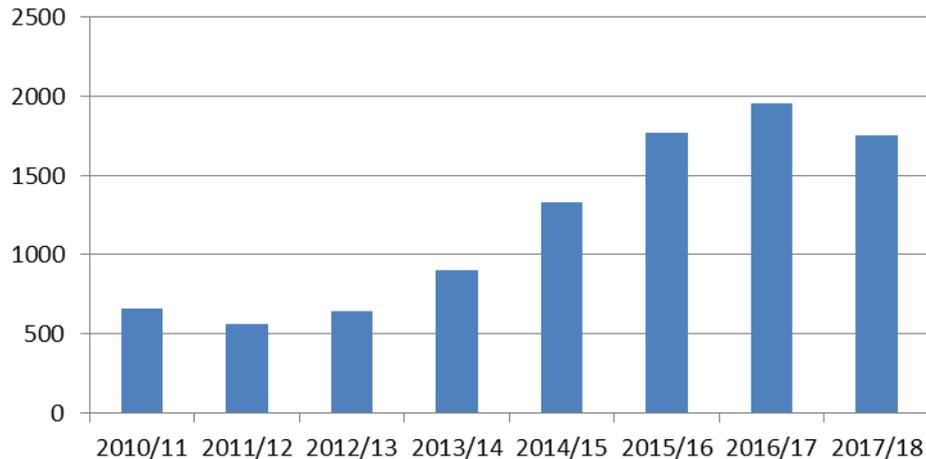
The Complaints data is also included in the Trust's Quality, Risk and Assurance report which is presented to the Governance Committee to triangulate with the patient safety data enabling it to identify and monitor trends and themes, and ensure organisational action is taken to reduce the risk of recurrence.

A number of initiatives which have been introduced as a result of complaints have been highlighted on pages 110 and 111.

## Help and Advice Service

The Help and Advice Service (HAAS) is available to provide advice, support and to signpost patients, relatives and/or carers on a wide range of issues. HAAS is responsible for dealing with enquiries which can be resolved by liaising with staff to reach a quick and effective resolution. During 2017/18, HAAS received 1,755 contacts compared to 1,961 in 2016/17 which reflects a 10.5 % decrease.

### HAAS Contacts



We continue to encourage feedback either positive or negative so that we can ensure that when things go wrong, or are not as they should be, lessons can be learned.

It is also important to share what is working well and during 2016/17, the Trust launched an online system for 'Excellence Reporting' - a system whereby staff can report what they have observed as being excellent practice of another staff member or team so that this can be celebrated, captured and the learning shared.

The new system, which has been welcomed by all staff has been well supported with over 600 staff having already submitted a report. The system has been shortlisted for a Health Service Journal award, the results of which will be known in the summer.

## Consultation and Involvement

The Trust continues to develop the work of the Patient, Carer and Public Experience Committee, a formal sub-committee of the Board of Directors. The committee is chaired by one of the Non-Executive directors and has Governor, Healthwatch and the Carer Centre representation. Its key responsibilities are to ensure patient, carer and public involvement is integral to the Trust's overall strategy and to ensure the Trust takes account of the NHS Constitution in its decisions and actions – in particular the rights and pledges to which patients, carers, the public and staff are entitled.

The committee also monitors the outcomes and resulting actions from national surveys such as the inpatient survey, maternity services survey, and the cancer patient experience survey. These provide valuable feedback from patients on how services are being delivered but more importantly how they can be improved.

In April 2016 the South Tyneside and Sunderland Healthcare Group was established – an alliance between City Hospitals Sunderland NHS Foundation Trust and South Tyneside NHS Foundation Trust. The two organisations have formally committed to collaborating in the transformation of services to ensure that the local communities they both serve will continue to receive high quality safe and sustainable hospital and community health services in the future.

Both Trusts recognise the importance and value of having a local hospital providing a range of emergency and planned services, but equally recognise the urgent need to rebalance services across South Tyneside and Sunderland. As a result an ambitious programme of reconfiguring services across South Tyneside and Sunderland has begun in a way that delivers the best patient outcomes.

The need to communicate and engage well with patients, staff, governors and members of both City Hospital Sunderland NHS Foundation Trust and South Tyneside NHS Foundation Trust, as well as members of the public, partners and stakeholders is central to the success of the work of the Healthcare Group.

The first elements of the three year clinical service review programme were scheduled to commence consultation in March 2017 led by the North East Commissioning Support Unit on behalf of Sunderland and South Tyneside Clinical Commissioning Groups.

Following discussion at the Joint Overview and Scrutiny Committee consultation was deferred until further work regarding transport and access could be undertaken. The announcement of a forthcoming General Election also meant that the revised May date was deferred until July 2017.

Key objectives going forward will be:

- to provide a robust programme of engagement to ensure that all external stakeholders are aware and informed about changes in progress;
- to ensure that all those with an interest have an effective opportunity to give their views on proposals and plans when consultation is required; and
- to raise awareness of the developing potential solutions of care arising from the individual clinical service reviews.

The 'Path to Excellence' public consultation was launched on 5 July 2017 until 15 October 2017, a slightly extended period to ensure people had the opportunity to consider the options.

The Trust, with South Tyneside NHS Foundation Trust worked closely with South Tyneside and Sunderland Clinical Commissioning Groups – working together as the South Tyneside and Sunderland NHS Partnership.

The consultation focused on particular areas of hospital care:

- Stroke services – particularly hospital acute care and hospital-based rehabilitation services;
- Maternity services;
- Gynaecology; and
- Children and Young People's Urgent and Emergency services.

Through reviewing our services we want to deliver long-term effective solutions to secure improved health outcomes across the area by focusing on five key areas:

- providing a wide range of safe, high quality and accessible healthcare services;
- making the best use of senior medical staff at all times;
- providing value for money;
- further investing in services that are of most benefit to patients; and
- sharing resources and services in areas where patient numbers are low.

The recommendations from the consultation which were approved by the two CCG Governing Bodies are outlined on pages 18 and 19.

Following the outcome of the consultation process the Joint Health and Overview Scrutiny Committee has formally referred their concerns about the decisions made to the Secretary of State for Health in April 2018.

The grounds for the referral are that the committee considers several aspects of the proposed changes will not be in the interests of the health service in South Tyneside and Sunderland.

Meetings of the Board of Directors and the Council of Governors are all held in public and members of the public are very welcome to attend. The meetings are advertised in the local press, the Trust's website and in members' newsletters.

A number of regular attendees are mailed papers in advance of any meeting.

Governors and Directors are available at the end of every meeting to discuss any issues or concerns.

Communication and consultation with employees has been detailed in the staffing report.

## Significant Partnerships

The Trust has worked hard to develop strong and effective partnerships not only within the health and social care economy in Sunderland but also across NHS North East.

Within the South of Tyne and Wear area there has always been a strong track record of partnership working, clinical networks and a general willingness to engage with each other to help overcome the many challenges that arise when working within the NHS.

In December 2015 the NHS planning and guidance outlined a new approach to help ensure that health and care services were built around the needs of local populations. As a result working with colleagues from South Tyneside NHS Foundation Trust, South Tyneside and Sunderland Clinical Commissioning Groups and the two local authorities we have developed a Sustainability and Transformation Plan (STP) across that geographical patch.

In forming the STP the following factors were taken into account:

- geography (including patient flow, travel links and how people use services);
- scale (the ability to generate solutions which will deliver sustainable, transformed health and care which is clinically and financially sound);
- fit with footprints of existing change programmes and relationships;
- the financial sustainability of organisations within the area; and
- leadership capacity and capability to support change.

In parallel with the STP approach the Trust and South Tyneside NHS Foundation Trust have formed a health alliance, working together as “South Tyneside and Sunderland Healthcare Group” embarking on an ambitious programme of reconfiguring services across South Tyneside and Sunderland in a way that delivers the best patient outcomes. This approach builds on previous collaboration to jointly provide a range of clinical services, (stroke and paediatrics for example), in a way in which the local communities get the best and safest healthcare using the resources and specialist skills available.

This new approach is predicated on a range of clinical service reviews between both organisations. The work of the Healthcare Group is also supported by the introduction of a single Executive Management team across the two sites.

We continue to have a strong relationship with our main commissioner, Sunderland Clinical Commissioning Group, and now South Tyneside Clinical Commissioning Group, who like ourselves want to achieve better health for the people of Sunderland and South Tyneside. Our challenge will be to do that by not only improving the integration of services across health and social care but also by underpinning any developments with more effective clinical decision making.

Partners in the local health economy were successful in becoming one of the national “Vanguard” sites and as a consequence the CCG launched “All Together Better”. This is a trailblazing partnership that brings together health and social care professionals with a range of local support. The aim is to improve the lives of people in Sunderland who need the most help and support to live independently – usually people with several complex conditions or who are too frail to look after themselves fully. The Trust is one of the organisations working in partnership to make sure that “All Together Better” is the best service it can be for local people.

The Trust has also continued to work closely with the Sunderland City Council and is an active member of a number of city wide groups:

- Sunderland Partnership Board (chaired by Ken Bremner, Chief Executive of CHS);
- Sunderland Innovation and Improvement Group;
- Economic Leadership Board;
- Adult Partnership Board;
- A&E Delivery Board;
- Local Safeguarding Children's Board and associated sub committees;
- Safeguarding Adults Partnership Board and associated sub committees;
- NHS Provider Forum (advisory committee of the Health and Wellbeing Board);
- Sunderland City of Culture 2021 Steering Group; and
- Sunderland City Tall Ships Steering Group.

The Trust is a member of Durham County Council's Health and Wellbeing Board and has been since its inception. The Board promotes integrated working between commissioners and providers of health services and public health and social care services, with the main purpose being the advancement of health and wellbeing of the people in County Durham.

## Regulatory Rating Performance

The Trust is required to submit performance information to the Foundation Trust regulatory body 'NHS Improvement' on a monthly basis in line with their requirements. At the start of each financial year, the Trust is required to submit an annual plan identifying the expected performance against financial targets and a range of national targets set by the Department of Health and other regulatory bodies.

The financial performance is assessed over a range of metrics including liquidity and in-year income and expenditure performance. The Use of Resources risk rating ranges from 1 to 4 with 1 being the best. In the prior year 2016/17 the previous 'Financial Sustainability Risk Rating' was reversed with 4 being the best and 1 being the worst.

The Trust submits actual performance information compared to the plan and NHSI assesses this performance with formal feedback provided each quarter on the rating of the Trust. The planned versus actual performance for the 2017/18 and the 2016/17 financial years is detailed in the tables below. The quarter 4 position detailed in the table is based on submitted information and is subject to confirmation by NHS Improvement.

The A&E performance has been a challenging target all year and subject to close scrutiny within the Trust, with Commissioners and with NHSI. Trajectories were submitted as part of the Annual Plan process and these were monitored every month as part of the STF requirements.

In terms of financial reporting, the Trust had planned to deliver an overall deficit of £5,744k and a planned Use of Resources metric of 3. However as the actual position improved to £412k surplus (against the control total), this improved the overall rating to a '2'.

2016/17					
	Annual Plan	Q1	Q2	Q3	Q4
<b>Financial Sustainability Risk Rating</b>	2	2	3		
<b>Use of Resources</b>			2	3	2

2017/18					
	Annual Plan	Q1	Q2	Q3	Q4
<b>Use of Resources</b>	3	3	3	3	2

### Notes:

'Financial Sustainability Risk Rating' (FSRR) relates to financial performance, with a score of 4 being the best, 1 being the poorest.

'Use of Resources' was introduced from quarter 3 2016/17 and replaces FSRR. In this system a score of 1 is the best, with 4 being the poorest.

## Single Oversight Framework

The Single Oversight Framework (SOF) came into effect on 1st October 2016 which outlines the approach of NHS Improvement to regulate and support NHS providers. It is designed to help NHS providers attain, and maintain, Care Quality Commission ratings of 'Good' or 'Outstanding', with providers segmented, based on the level of support each Provider requires across the five themes of: quality of care; finance and use of resources; operational performance; strategic change; and leadership and improvement capability. The latest segmentation report published in March placed the Trust in segment 2. The definitions of the supported required for each segment is:

- **Segment 1** – Providers with maximum autonomy: no potential support needs identified. Lowest level of oversight; segmentation decisions taken quarterly in the absence of any significant deterioration in performance
- **Segment 2** – Providers offered targeted support: there are concerns in relation to one or more of the themes. We've identified targeted support that the provider can access to address these concerns, but which they are not obliged to take up. For some providers in segment 2, more evidence may need to be gathered to identify appropriate support
- **Segment 3** – Providers receiving mandated support for significant concerns: there is actual or suspected breach of licence, and a Regional Support Group has agreed to seek formal undertakings from the provider or the Provider Regulation Committee has agreed to impose regulatory requirements
- **Segment 4** – Providers in special measures: there is actual or suspected breach of licence with very serious and/or complex issues. The Provider Regulation Committee has agreed it meets the criteria to go into special measures

In addition to this, the financial performance of Trusts will be assessed using the use of resources score (scoring providers from 1 (best) to 4 (worst)) using metrics relating to: capital service capacity; liquidity; I&E margin; variance from financial plan; and agency spend. As at 31<sup>st</sup> March 2018, the Trust's use of resources rating is 2.

Area	Metric	2017/18 Q3 score	2017/18 Q4 score
Financial Sustainability	Capital service capacity	4	3
	Liquidity	3	3
Financial Efficiency	I&E margin	4	2
Financial Controls	Distance from financial plan	2	1
	Agency spend	1	1
Overall Scoring		3	2

## STATEMENT OF COMPLIANCE WITH THE NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Board of Directors and the Council of Governors of the Trust are committed to the principles of good corporate governance as detailed in the NHS Foundation Trust Code of Governance.

City Hospitals Sunderland NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. The area where the Trust this year has not complied with the Code is section C.2.2 and the reasons are explained on pages 145 and 146.

### BOARD OF DIRECTORS 2017/18

#### **John Anderson QAEP CBE, Chairman**

*Initial Appointment:* October 2008  
*Reappointed:* September 2011 (3 yrs)  
*Reappointed:* September 2014 (3 yrs but renewable on an annual basis)  
*Reappointed:* September 2017 (1yr)

Mr Anderson sold his main business (Mill Garage Group) in 1993 and has since devoted his time to Public/Private Partnerships. He is Regional Chairman of Coutts & Co (Private Banking) RBS Group, Sun FM and Durham FM Radio. He is Executive Chairman of Milltech Training Ltd, a company that assists young people into work through apprenticeships. He is Chairman of the North East Business and Innovation Centre.

#### *Committee Member:*

Board of Directors; General Purposes Committee.

#### **David Barnes, Non-Executive Director & Senior Independent Director**

*Initial Appointment:* January 2012 (9 mths) Shadow Appointment  
*Substantive Appointment:* September 2012 (3 yrs)  
*Reappointed:* September 2015 (3 yrs)

Mr Barnes is a Chartered Accountant and retired Non-Executive Chairman of TTR Barnes Ltd based in Sunderland. He was a Trustee and Audit Chair of United Learning, a national group of schools and academies until his retirement on 31 March 2013. He was a Non-Executive Director of Sunderland Teaching Primary Care Trust and also held its appointed Governor position to the Trust's Council of Governors until December 2011.

He is currently Chair of AuditOne who provide internal audit, counter fraud and advisory services to the public sector in the North of England.

Mr Barnes was appointed Senior Independent Director in August 2017.

#### *Committee Member:*

Board of Directors; General Purposes Committee; Finance & Performance Committee; Charitable Funds Committee; Audit Committee. *Counter Fraud Champion, Security Champion*

## **Mike Davison, Vice Chairman, Non-Executive Director and Senior Independent Director**

<i>Initial Appointment:</i>	<i>April 2007</i>
<i>Reappointed:</i>	<i>April 2009 (18 mths)</i>
<i>Reappointed:</i>	<i>September 2010 (2 yrs)</i>
<i>Reappointed:</i>	<i>September 2012 (1 yr)</i>
<i>Reappointed:</i>	<i>September 2013 (1 yr)</i>
<i>Reappointed:</i>	<i>September 2014 (1 yr)</i>
<i>Reappointed:</i>	<i>September 2015 (1 yr)</i>
<i>Reappointed:</i>	<i>September 2016 (1yr)</i>
<i>Left:</i>	<i>25 July 2017</i>

Mr Davison is a qualified Chartered Management Accountant and until his retirement at the end of March 2008 was Finance Director at the Port of Tyne Authority from 1995 and has recently been appointed as a Trustee of the Pension Scheme. He is a lay member of the Newcastle University Council and Chairman of the Audit Committee. He is also a Church Elder. Mr Davison was appointed Vice Chairman and Senior Independent Director in October 2012.

### *Committee Member:*

Board of Directors; General Purposes Committee; Tendering Committee; Governance Committee; Policy Committee; Audit Committee; Remuneration Committee.  
*Revalidation Champion.*

## **Stewart Hindmarsh, Vice-Chairman, Non-Executive Director**

<i>Initial Appointment:</i>	<i>January 2012 (2 yrs and 9 mths)</i>
<i>Reappointed:</i>	<i>September 2014 (3 yrs)</i>
<i>Reappointed:</i>	<i>September 2017 (1yr)</i>

Mr Hindmarsh is Chairman and Managing Director of SHA Advertising and Marketing in Sunderland. He is also Chairman and Managing Director of The Cedars Nursery Ltd, Chairman and Managing Director of A and R Healthy Living and Grainger CD, Chairman and Director of JG Windows, the music store and Managing Director of Cedar Grove Developments.

Mr Hindmarsh was appointed Vice Chairman in August 2017.

### *Committee Member:*

Board of Directors; General Purposes Committee; Finance & Performance Committee; Remuneration Committee; Strategy Committee; Workforce Committee.  
*Safeguarding Champion, Control of Infection Champion.*

## **Paul McEldon, Non-Executive Director**

<i>Initial Appointment</i>	<i>August 2017 (3yrs)</i>
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Mr McEldon is a Chartered Accountant and Chief Executive of the North East of England BIC Ltd since 2001. He was previously a Non-Executive Director for Northumberland, Tyne and Wear NHS Foundation Trust until July 2017. Mr McEldon is a member of the North East LEP Business Support Board and Sunderland Economic Leadership Board. He is Vice Chair and a Governor at Sunderland College since 2013.

### *Committee Member:*

Board of Directors; General Purposes Committee; Audit Committee; Finance and Performance Committee; Governance Committee.  
*IM&T Champion, Mortality Champion, Revalidation Champion.*

## **Pat Taylor, Non-Executive Director**

*Initial Appointment*

*April 2017 (3yrs)*

Mrs Taylor is a qualified Accountant and was a Director of Finance within the NHS, most recently being Joint Director of Finance at County Durham PCT and Darlington PCT Cluster until PCTs were abolished in 2013.

She went on to become a lay member of Sunderland CCG with responsibilities for audit, risk and governance as well as being Vice Chair of the Governing Body. She also held its appointed Governor position to the Trust's Council of Governors until March 2017.

### *Committee Member:*

Board of Directors; General Purposes Committee; Audit Committee; Governance Committee; Joint Policy Committee; and Tendering Committee.

*Health and Safety Champion; Equality and Diversity Champion; Research and Innovation Champion.*

## **Alan Wright, Non-Executive Director**

*Initial Appointment:*

*June 2012 Shadow Appointment*

*Substantive Appointment:*

*September 2012 (3 yrs)*

*Reappointed:*

*September 2015 (3 yrs)*

Mr Wright is chair of Soundswright Ltd which has built a national reputation for its work on media training and consultancy. He was previously Chief Executive of Durham County Cricket Club and a founder member of the Advisory Committee for England for Ofcom. He is Chairman of UK Regions and Nations for the leading children's charity the Lord's Taverners.

### *Committee Member:*

Board of Directors; General Purposes Committee; Patient, Carer and Public Experience Committee; Tendering Committee.

*Emergency Planning Champion.*

## **Mike Laker, Medical Adviser (Non-Executive)**

*Initial Appointment*

*November 2014*

*Reappointed:*

*November 2015 (1 yr)*

*Reappointed:*

*November 2016 (1yr)*

*Reappointed:*

*November 2017 (1yr)*

Dr Laker was Medical Director at Newcastle Hospitals NHS Foundation Trust from 1998 until 2006. He was also an adviser in Patient Safety for the North East Strategic Health Authority until 2010. He was lead clinician in the Independent Case Note Reviews at the Mid-Staffordshire NHS Trust.

### *Committee Member:*

Board of Directors; General Purposes Committee.

## **Ken Bremner Chief Executive**

From February 2004

**Chief Executive of City Hospitals Sunderland NHS Foundation Trust (CHSFT) and South Tyneside NHS Foundation Trust (STFT)**

From September 2016

Mr Bremner is a qualified accountant and joined the Trust in 1988 becoming the Finance Director in 1994. He became Deputy Chief Executive in 1998 and Chief Executive in 2004. Mr Bremner is a member of the SAFC Foundation of Light Development Board and chairs the Sunderland Partnership Board. He is also a Non-Executive Director of the Academic Health Science Network for the North East and North Cumbria.

*Committee Member:*

Board of Directors; General Purposes Committee; Remuneration Committee (for Executive Directors only); Finance Committee.

**Melanie Johnson    Director of Nursing and AHPs and Patient Experience**

From January 2016

**Director of Nursing and Patient Experience – CHSFT and STFT**

From November 2016

Ms Johnson is a registered nurse who has worked in the NHS since 1983 and joined the Trust in January 2016. She has held a variety of clinical and management posts in London, Leeds and was Director of Nursing in Newcastle and Edinburgh. Ms Johnson recently became a Visiting Professor at the University of Sunderland. She is also Chair of the RCN UK Professional Nursing Committee.

*Committee Member:*

Board of Directors; General Purposes Committee; Governance Committee; Policy Committee; Patient, Carer & Public Experience Committee; Workforce Committee.

**Ian Martin            Medical Director (CHSFT only)**

From January 2013

Mr Martin joined City Hospitals in 1993 as a Consultant Oral Maxillofacial surgeon and was appointed Medical Director in 2013. He has previously held the posts of Deputy Medical Director and Clinical Director for Head and Neck within the Trust. Mr Martin was Lead Clinical Co-ordinator for NCEPOD and is now a Trustee. He is President of the British Association of Oral and Maxillofacial Surgeons and Council Member of the Royal College of Surgeons of England. He is past President of the Federation of Surgical Specialty Associations, the European Association for Cranio-Maxillofacial Surgery and the British Association of Head and Neck Oncologists. He is also Civilian Consultant Advisor to the Royal Air Force.

*Committee Member:*

Board of Directors; General Purposes Committee; Governance Committee.

**Julia Pattison      Director of Finance**

From July 2008

**Director of Finance – CHSFT and STFT**

From November 2016

Mrs Pattison is a qualified accountant and has worked in the NHS since 1989. She joined the Trust in May 2006 as Head of Finance and Contracting previously working as Head of Finance and Service Level Agreements at North of Tyne Commissioning Consortium. Mrs Pattison became Director of Finance in July 2008.

*Committee Member:*

Board of Directors; General Purposes Committee; Governance Committee; Tendering Committee; Finance & Performance Committee; Charitable Funds Committee.

**Peter Sutton        Director of Strategy and Business Development**

From September 2013

**Director of Planning and Business Development – CHSFT and STFT**

From November 2016

Mr Sutton has worked in the NHS since 1995. He joined the Trust in 1999 and previously held the post of Director of Service Transformation working on behalf of NHS South of

Tyne and Wear, South Tyneside NHSFT, Gateshead NHSFT and City Hospitals Sunderland NHSFT. Mr Sutton became Director of Strategy and Business Development in September 2013.

*Committee Member:*

Board of Directors; General Purposes Committee; Finance & Performance Committee; Strategy Committee.

**Carol Harries Trust Secretary, Director of Corporate Affairs**

From 1999

**Director of Corporate Affairs & Legal/Trust Secretary\* – CHSFT & STFT**

From November 2016

**Deputy Chief Executive – CHSFT&STFT**

From November 2017

Mrs Harries has worked in the NHS since 1971 and joined the Trust in 1996 from the post of Unit General Manager at South Durham Healthcare Trust. Mrs Harries became Trust Secretary in 1999. She is a Trustee of Age UK Sunderland. Mrs Harries was appointed Deputy Chief Executive in November 2017.

\* Trust Secretary at CHSFT only

## **Register of Interests**

A Register of Interests for the Board of Directors is maintained by the Trust Secretary. The format of this register was agreed by the then Board of Governors in August 2004. The register is available for inspection by members of the public via application to the Trust Secretary.

## **Appointment of the Chairman and Non-Executive Directors**

It is for the Council of Governors at a general meeting to appoint or remove the Chairman and other Non-Executive Directors. Removal of a Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

The Chairman, John Anderson, was appointed to the Trust on 1 October 2008 for an initial three year term. The Council of Governors extended Mr Anderson's appointment in September 2011 for a further three years. His appointment was extended for a further three years (renewable on an annual basis) in September 2014.

The Council of Governors approved a further one year appointment until September 2018.

Although this extension was outwith the NHS Foundation Trust Code of Governance, the Council of Governors felt this approach was important to both organisations at this particular time.

Mr David Barnes, Non-Executive Director, was appointed in a 'shadow' capacity from 18 January 2012 and then took up the substantive appointment from 1 October 2012 for an initial period of 3 years. His appointment was extended for a further 3 years in September 2015.

Mr Mike Davison, Non-Executive Director, was appointed in April 2007 for an initial period of two years. Mr Davison was re-appointed in January 2009 for a further eighteen months until September 2010 and again for a further two years until September 2012 and an additional year until September 2013. Mr Davison was re-appointed for a further one year until September 2014 and a further year until September 2015. Mr Davison became Vice

Chairman and Senior Independent Director in October 2012. Mr Davison was reappointed for a further one year until September 2016. Given the due diligence work involved in the alliance with South Tyneside NHS Foundation Trust, Mr Davison was re-appointed for a further final year until September 2017 but left the Trust on 25 July 2017 to take up a Non-Executive Director position at South Tyneside NHS Foundation Trust.

Mr Stewart Hindmarsh, Non-Executive Director, was appointed in January 2012 for an initial period of two years and nine months. He was reappointed by the Council of Governors for a further three year period until September 2017. His appointment was extended for a further year until September 2018.

Dr Mike Laker, Medical Adviser (*Non-Executive*), was appointed in November 2014 for an initial period of one year. He was reappointed for a further year until November 2016. Dr Laker was re-appointed for a further year until November 2017 and a further year until November 2018. It is a non-voting position to provide challenge and assurance alongside the Medical Director's role.

Mr Paul McEldon, Non-Executive Director, was appointed in August 2017 for an initial period of 3 years.

Mrs Pat Taylor, Non-Executive Director, was appointed in April 2017 for an initial period of 3 years.

Mr Alan Wright, Non-Executive Director, was appointed in a 'shadow' capacity from June 2012 and then took up the substantive appointment from 1 October 2012 for an initial period of 3 years. He was reappointed by the Council of Governors for a further three year period until September 2018.

All appointments are made for a period of office in accordance with the terms and conditions of office decided by the Council of Governors. At its meeting in January 2009, the Council of Governors agreed that renewal dates would be adjusted for approval at future AGMs held in September to allow orderly succession.

The Board as of April 2018 is at full strength following Mr Davison's departure and the appointment of Mr Paul McEldon as a new Non-Executive Director. It has a balance of skills and experience for the business of the Trust. The Board, excluding the Chairman, has a 50/50 split of Executive and Non-Executive Directors.

The Non-Executive Directors bring an independent judgement on issues of strategy, performance, risk, quality and people through their contribution at Board and workshop meetings.

The Board has concluded that each of the Non-Executive Directors is independent in accordance with the criteria set out in the NHS Foundation Trust Code of Governance. At the time of his appointment, the Chairman, Mr John Anderson, was considered independent in accordance with the Code of Governance.

The Chairman and the Non-Executive Directors meet regularly without the Executive Directors being present.

The roles of the Chairman and the Chief Executive are separate.

All Directors, both Executive and Non-Executive, meet the "fit and proper" persons test as described in the provider licence.

## **Board Evaluation**

Individual evaluation of both the Executive and Non-Executive Directors was undertaken in 2017/18. As part of this process the Chairman undertook one-to-one sessions with the Non-Executive Directors and Chief Executive.

The Chief Executive carried out formal appraisals of each of the Executive Directors. The Vice Chairman met all Non-Executive Directors and the Lead Governor individually to review the Chairman's performance.

Following this evaluation, the Directors have concluded that the Board and its Committees operate effectively and also consider that each Director is contributing to the overall effectiveness and success of the Trust and demonstrates commitment to the role.

## **Board Purpose**

The Board of Directors provides entrepreneurial leadership of the Trust within a framework of prudent and effective controls, which enables risk to be assessed and managed. It determines the strategic direction of the Trust and reviews and monitors operating, financial and risk performance.

A formal schedule of matters reserved to the Board includes:

- approval of the Trust's Annual Plan;
- adoption of policies and standards on financial and non-financial risks;
- approval of significant transactions above defined limits; and
- the scope of delegations to Board Committees and the senior management of the Trust.

The Executive Committee of the Trust is responsible to the Board for:

- developing strategy;
- overall performance of the Trust, and managing the day to day business of the Trust

The matters reserved to the Council of Governors are:

- to appoint, or remove the Chairman and the other Non-Executive Directors of the Trust;
- to decide the remuneration and allowances of the Chairman and Non-Executive Directors;
- to appoint or remove the Trust's auditor;
- to be presented with the annual accounts and annual report;
- to approve an appointment by the Chairman and Non-Executive Directors of the Chief Executive;
- to give the views of the Council of Governors to Directors for the purpose of preparing by the Directors, the Trust's Annual Plan;
- to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors;
- to represent the interests of the members of the Trust as a whole;
- to approve "significant transactions";
- to approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- to decide whether the Trust's non-NHS work would significantly interfere with its principal purpose; and
- to approve amendments to the Trust's constitution.

## Meetings of the Board of Directors

Board of Directors		Number of Meetings	Actual Attendance
John Anderson	Chairman	6	5
David Barnes	Non-Executive Director	6	5
Ken Bremner	Chief Executive	6	4
Mike Davison <sup>1</sup>	Non-Executive Director	2	2
Stewart Hindmarsh	Non-Executive Director	6	4
Melanie Johnson	Director of Nursing & Patient Experience	6	5
Ian Martin	Medical Director	6	4
Paul McEldon <sup>2</sup>	Non-Executive Director	4	4
Julia Pattison	Finance Director	6	5
Peter Sutton	Director of Planning & Business Development	6	6
Pat Taylor	Non-Executive Director	6	5
Alan Wright	Non-Executive Director	6	6
Mike Laker	Medical Adviser (Non-Executive Director)	6	4
General Purposes Committee		Number of Meetings	Actual Attendance
John Anderson		4	4
David Barnes		4	3
Ken Bremner		4	4
Mike Davison <sup>1</sup>		2	2
Stewart Hindmarsh		4	2
Melanie Johnson		4	2
Ian Martin		4	1
Paul McEldon <sup>2</sup>		2	2
Julia Pattison		4	4
Peter Sutton		4	3
Pat Taylor		4	4
Alan Wright		4	2
Mike Laker		4	4
Audit Committee		Number of Meetings	Actual Attendance
David Barnes, Chair		6	5
Mike Davison <sup>1</sup>		1	1
Paul McEldon <sup>2</sup>		5	5
Pat Taylor		6	6
Charitable Funds Committee		Number of Meetings	Actual Attendance
David Barnes, Chair		4	4
Julia Pattison		4	3
Alan Wright		4	3
Finance & Performance Committee		Number of Meetings	Actual Attendance
David Barnes, Chair		11	9
Ken Bremner		11	7
Stewart Hindmarsh		11	9
Paul McEldon <sup>2</sup>		3	3
Julia Pattison		11	11
Peter Sutton <sup>3</sup>		6	6
Governance Committee		Number of Meetings	Actual Attendance
Mike Davison, Chair <sup>1</sup>		4	3
Melanie Johnson		11	8
Ian Martin		11	10
Julia Pattison		11	7
Pat Taylor		11	10
Paul McEldon <sup>2</sup>		7	7

<b>Nominations Committee</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
John Anderson, Chair	1	1
Ken Bremner	1	1
Chris Colley, Governor	1	1
Mike Davison	1	1
Michael McNulty, Governor	1	1
Susan Pinder, Governor	1	1
<b>Patient, Carer and Public Experience Committee*</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Alan Wright, Chair	2	2
Melanie Johnson	2	2
<b>Policy Committee*</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Mike Davison, Chair <sup>1</sup>	1	1
Melanie Johnson	7	6
Pat Taylor	6	5
<b>Remuneration Committee</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Stewart Hindmarsh, Chair <sup>1</sup>	2	1
Paul McEldon	2	2
Ken Bremner (for Executive Directors only)	2	2
<b>Strategy Committee*</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Stewart Hindmarsh	3	2
Ken Bremner	3	3
Julia Pattison	3	1
Peter Sutton	3	3
<b>Tendering Committee</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Pat Taylor, Chair	6	6
Julia Pattison	6	6
Alan Wright	6	3
<b>Workforce Committee*</b>	<b>Number of Meetings</b>	<b>Actual Attendance</b>
Stewart Hindmarsh, Chair	3	2
Melanie Johnson	3	0

<sup>1</sup> Left 25 July 2017

<sup>2</sup> Joined 1 August 2017

<sup>3</sup> Joined Committee September 2017

\* Joint Committee with South Tyneside NHS Foundation Trust with effect from May 2017

## **AUDIT**

### **Audit Committee**

The Audit Committee has reviewed and commented upon the internal and external audit plans and the Local Counter Fraud plan. With regard to internal audit and Local Counter Fraud Service (LCFS) reports it has reviewed their reports and updates on the basis of the report recommendations, and on a sample basis, the complete report.

The Committee has reviewed in detail the Annual Accounts of the organisation.

For the 2017/18 financial year, the external auditors of the Trust are Ernst and Young (EY) who were appointed in April 2016 for a period of three years, with a possible extension for a further two years at a value of £42.5k per annum for the financial and quality audits.

Internal audit services are provided by 'AuditOne' as part of Northumberland, Tyne and Wear NHS Foundation Trust. The arrangements are run as a consortium contract with all members having formal voting rights in relation to the running of the service.

The Audit Committee works with the Finance and Performance Committee to ensure overall probity around financial resources within the Trust. The Finance and Performance Committee includes some members of the Audit Committee. The Chair of the Audit Committee, the Finance and Performance Committee and the Governance Committee discuss areas of joint work and ensure a common understanding and overview by Board members in the management of risk. The membership of the Audit Committee and the Finance and Performance Committee includes the Chair of the Governance Committee which strengthens the assurance process around risk management throughout the organisation.

The Audit Committee has reviewed the Annual Governance Statement and the Governance Committee, Audit Committee and Board of Directors have reviewed the Assurance Framework, both of which are part of the framework for managing and mitigating risk for the organisation as a whole, on the basis of systems of internal control being put in place, but also regarding the identification of potential risks, so that action can be taken proactively to address them.

The Audit committee considered the risks highlighted in the external audit plan and concluded that these risks were in line with the committee's understanding of the organisation.

### **Charitable Funds Committee**

The Committee has reviewed in detail the Charitable Accounts relating to funds held on Trust for the 2016/17 financial year. The Committee will consider the 2017/18 Charitable Funds accounts ahead of the formal submission to the Charities Commission.

### **External Audit**

There were no non-audit services purchased during 2017/18.

The Audit Committee reviews the independence of the external auditors and considers any material non-audit services to ensure that independence is maintained.

## **Fraud**

The Trust has an active Internal Audit programme that includes counter fraud as a key element. It participates in national counter fraud initiatives/checks and employs counter fraud specialists to follow up any potential issues identified. In addition, during the year, AuditOne has provided a number of events for Audit Committees, Directors or Finance and other key staff including an event specifically on cyber security. A communications strategy has been developed to raise the profile of counter fraud as the responsibility of all staff.

## **Other Income**

The accounts provide detailed disclosures in relation to “other income” where “other income” in the notes to the Accounts is significant. (Significant items are listed in Note 3 to the Accounts).

## **Audit Information**

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company’s auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

## **STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF CITY HOSPITALS SUNDERLAND NHS FOUNDATION TRUST**

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

NHS Improvement, in exercise of the power conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require City Hospitals Sunderland NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of City Hospitals Sunderland NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

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

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



**K W BREMNER**  
Chief Executive

**Date: 22 May 2018**

## **ANNUAL GOVERNANCE STATEMENT**

### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of City Hospitals Sunderland NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in City Hospitals NHS Foundation Trust for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

### **Capacity to handle risk**

The Trust is committed to a risk management strategy, which minimises risks to patients, staff, the public and other stakeholders through a common framework of internal control, based on an ongoing risk management process.

The strategy identifies the key principles, milestones and operational policies governing the management of all types of risk faced by the organisation. This strategy is subject to regular review.

The Audit Committee meets regularly and is well represented ensuring scrutiny, monitoring, discussion and input. The Finance and Performance Committee reports to the Board and includes reporting on internal Cost Improvement Programmes, which are examined in detail by the Finance and Performance Committee. Finance Reports are presented in a format consistent with those submitted to NHS Improvement. The Governance Committee leads the work of the Clinical Governance Steering Group and Corporate Governance Steering Group. The Board receives appropriate, timely information and reports from the Governance Committee via a monthly 'Quality and Risk Assurance' (QRA) report enabling adequate and appropriate assessment of risk and management of performance.

As part of the on-going process of review, the Trust's top risks (previously adopted by the Board) were scrutinised to ensure that they properly reflected the risks which were identified in the departmental risk registers. During the year, the Board formally signed off the Assurance Framework. In addition the South Tyneside and Sunderland Healthcare Group Board (comprising the Chair, Vice Chairs of City Hospitals Sunderland and South Tyneside NHSFTs, plus the joint Chief Executive) signed off a Group risk register,

recognising that some risks were wider than an individual Trust and were related to the process of working more closely together.

The Trust's risk management programme comprises:

- a single incident reporting process for all risks and hazards identified by systematic risk assessment, risk management review and adverse incidents reporting. The system has been upgraded and improved with training provided to managers who use the system;
- real time assessment of all risks and mitigating actions within the system;
- a common grading framework and risk register / risk action planning process applied to all types of risk across the organisation;
- a comprehensive programme of multi-level risk management training for all new and existing staff;
- ongoing monitoring and review of both internal and external risk management performance indicators at all levels across the organisation; and
- a communication strategy which ensures appropriate levels of communication and consultation with both internal and external stakeholders.

### **The risk and control framework**

The Trust's framework:

- identifies the principal objectives of the Trust and the principal risks to achieving them;
- sets out the controls to manage these risks;
- documents assurances about the effectiveness of the operation of the controls; and
- identifies to the Board where there are significant control weaknesses and/or lack of assurance.

These high level objectives and the principal risks to achieving them are underpinned by the detailed risks and associated actions set out in the Trust's risk register. Responsibility for the overall Framework lies with the Board of Directors. The Board uses the framework to ensure that the necessary planning and risk management processes are in place to provide assurance that all key risks to compliance with licence requirements have been appropriately identified and addressed.

The use of a common grading structure for incidents and risks ensures that relative risks and priorities are assessed consistently across all directorates. No risk is treated as acceptable unless the existing situation complies with relevant guidance and legislation (eg Control of Infection, National Patient Safety Agency, Health and Safety, Standing Financial Instructions).

The establishment of a dedicated risk management team and programme of risk management training, including use of the intranet, ensures that the strategy is co-ordinated across the whole organisation and progress is reported effectively to the Board and its Governance Committee and other relevant sub committees.

The Trust's Assurance Framework incorporates the need to achieve compliance with the Care Quality Commission's requirements. This is assessed in year by the Clinical Governance Steering Group and the Corporate Governance Steering Group reviewing in detail compliance against the relevant standards.

The Assurance Framework is based on the Trust's strategic objectives and an analysis of the principal risks to the Trust achieving those objectives. The key controls, which have been put in place to manage the risks, have been documented and the sources of assurance for individual controls have been identified. The main sources of assurance are those relating to internal management controls, the work of internal audit, clinical audit and external audit, and external assessments by outside bodies such as the Care Quality Commission, NHS Resolution and the Health and Safety Executive.

The involvement of external stakeholders in the Trust's risk management programme is a key element of the Trust's Risk Management Strategy. This involves timely communication and consultation with external stakeholders in respect of all relevant issues as they arise.

This process applies in particular to the involvement of external stakeholders in patient safety and the need to co-ordinate how risks are managed across all agencies, including the National Patient Safety Agency, the Medicines and Healthcare Products Regulatory Agency, Local Authority Adult and Children's Services, the Coroner, the emergency services, representative patient groups and local Clinical Commissioning Groups.

The risk to data security is being managed and controlled through the monthly Information Governance Group, with quarterly updates to Corporate Governance Steering Group. The Information Governance Toolkit assessments are conducted as required, and an annual report is produced confirming the outcome in readiness for the submission by 31 March. This report is presented to the Executive Committee, Board of Directors and Council of Governors for approval. For the submission on 31 March 2018, all IG requirements were assessed at Level 2 or above (19 at level 2 and 26 at level 3) which resulted in the Trust being classified as Satisfactory – Green, with a total score of 85%. Internal audit has independently substantiated this assessment.

Key risks facing the Trust during 2017/18 included:

- working closely with NHS Improvement during 2017/18 to review the financial position of the Trust in year, working closely with its alliance partner South Tyneside NHS Foundation Trust;
- delivering the challenging Cost Improvement Target on top of maintaining the achievements from prior years;
- managing the spend level for agency workers within the financial 'cap' set by NHS Improvement;
- managing the delivery of the financial Control Total;
- managing the partial delivery of the Sustainability and Transformation Fund (STF) including the financial and performance requirements in year;
- managing the capacity challenges of a 'Single Management Team' across City Hospitals Sunderland and South Tyneside NHS Foundation Trust during the year;
- maintaining the relevant performance standards including the 18-week target for 95% of admitted patients in year across all specialties and the maximum 4 hour wait for A&E waits and the 62 day cancer targets;
- managing infection rate targets including MRSA and the *C-Diff* targets; and
- maintaining the standards required by the Care Quality Commission to maintain compliance with licence requirements.

The Trust has considered the requirements of FT condition 4 relating to governance arrangements and is required to comply with the requirements detailed within this condition, specifically relating to:

- the effectiveness of governance structures;
- the responsibilities of Directors and sub-committees;
- the reporting lines and accountabilities between the Board, its sub-committees and the Executive Team;
- the submission of timely and accurate information to assess risks to compliance with the Trust's licence; and
- the degree of rigour of oversight that the Board has over the Trust's performance.

The Board sub-committees include the Governance Committee, Audit Committee, Finance and Performance Committee and Patient Carer Public Experience Committee (PCPEC). Each has a distinct role around governance or performance management and provides opportunities for Board members at Executive and Non-Executive level to review in detail the key risks for the organisation and actions being taken to mitigate these risks. The PCPEC includes patient representative membership to support better understanding of these risks from a clinical and patient perspective. Minutes from all Committees are presented to the Board during the year. The Board receives monthly information relating to progress on performance, finance and quality metrics, with actions to address any areas of concern.

A 'Quality Risk and Assurance Report' (QRA) was originally developed in 2013/14 and has continued to be developed during 2017/18 to provide a more visual approach to the management of quality metrics. The report is a standing monthly report at the Executive Committee, Governance Committee and Board of Directors and also includes a 'patient story' demonstrating Trust performance at individual patient level. The report also includes the work of the Mortality Review Panel who undertake a review of deaths to better analyse the quality of care prior to expected death and whether there are any improvements required in clinical or organisational care. The process is consistent across the Northern region and has been recognised as good practice.

The QRA report is the first formal item on the Board of Directors agenda recognising the importance placed on quality governance. The report focuses on clinical effectiveness, patient experience, patient safety, risk management and assurance, drawing upon the work of relevant Committees and Groups including the Governance Committee, the Patient, Carer and Public Experience Committee, Clinical Governance Steering Group and the Mortality Review Group, and includes feedback from independent external benchmarking, audit or other sources of information about the Trust's performance.

The Executive Committee, Finance and Performance Committee and the Board or Directors receive a monthly Performance report detailing the performance against national, local and CQUIN indicators. The report identifies areas of concern and the lead Director highlights action undertaken to manage the areas of concern.

The Corporate Governance Statement is presented to the Board of Directors for formal sign-off each year. The Board considers the proposed submission and associated evidence ahead of submission to NHS Improvement including work undertaken in year to improve compliance with relevant standards.

The 2017/18 financial year was the first full year of a single Executive Team working across the City Hospitals Sunderland and South Tyneside NHS Foundation Trust as part of the South Tyneside and Sunderland Healthcare Group. A Memorandum of Understanding and Terms of Reference with membership from the Chief Executive, Chairs from both Trusts and Non-Executive Directors from both Trusts was previously developed for the Group. A joint Strategy Committee has been established across both Trusts to oversee the development of a joint strategic vision. The appointment of a Communications lead is part of the development of a communications strategy to ensure that staff, governors and other stakeholders across both organisations are supported with robust communications and engagement processes.

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission.

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 deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

The Foundation Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

### **Review of economy, efficiency and effectiveness of the use of resources**

The Trust's strategic planning and performance management arrangements ensure that all directorates are fully engaged in the continuous review of business objectives and performance.

The Trust uses an Objectives, Goals, Strategies and Measures (OGSM) framework as its strategic planning tool to provide a cascade process for the Trust's priorities and ensure optimal alignment of Trust resources to deliver its priorities.

Key elements of the Trust's arrangements for ensuring value for money in the delivery of its services are:

- an Annual OGSM planning process, which sets out priorities for the coming business year and reflects the requirements of, and feedback from, our major Commissioners and stakeholders;
- performance management through regular reporting against the key deliverables set out in the corporate, Directorate and departmental OGSMs and against national and local targets; and
- the achievement of efficiency savings through the Trust's cost improvement programmes with regular review by the Trust's Finance and Performance Committee.

Given the continuing financial pressures on the public sector, this year has been a particularly difficult one for all public sector organisations with the focus on delivering the financial Control Total, reducing costs, coping with peaks in demand and improving the quality of patient care. As we have been working more closely under an Alliance arrangement with South Tyneside NHSFT, this year the OGSM was not revisited in detail as there is a longer term goal to work more closely together and gradually align key strategic objectives. The development of a joint vision across the Alliance under the badge of 'Path to Excellence' is the start of a longer term process and the OGSM and planning processes will be updated to reflect this approach in future years.

The focus on cost reduction has been led by the Finance and Performance Committee which ensures detailed scrutiny of Cost Improvement Programmes as well as gaining an in depth knowledge of the underlying financial position of the Trust. The continuation and development of the 'Programme Management Group' to support the Finance and Performance Committee in its review of detailed programmes and individual projects has been welcomed by the Committee.

The Executive Committee, the Board of Directors and Council of Governors are actively involved in the business planning and performance management processes established by the Trust and in maintaining strong links with stakeholders.

During 2017/18 the Trust has:

- embedded the work of the Programme Management Office (PMO);
- opened the new Emergency Department building scheme;
- delivered a financial position better than the planned 'Control Total' resulting in access to incentive and bonus funds from the national 'Sustainability and Transformation Fund' (STF);
- contributed to the development of a region wide 'Sustainability and Transformation Plan';
- worked closely with partners South Tyneside NHS Foundation Trust, Sunderland Clinical Commissioning Group and South Tyneside Clinical Commissioning Group to develop an approach to manage the financial risk across the 'local health economy'; and
- engaged with clinical leaders to start the development of a longer term financial sustainability plan.

Additional assurance in respect of the Trust's arrangements for ensuring economy, efficiency and effectiveness in the use of resources is provided to the Board of Directors through the conduct of regular reviews undertaken by Internal Audit and by external audit work undertaken in accordance with the Audit Code.

As part of reviewing the financial sustainability of the organisation, the Trust has worked more closely with partners within the local health economy (Sunderland and South Tyneside) but also across the wider STP area, to assess joint opportunities to reduce costs but maintain quality of services that we provide. To facilitate these discussions the Trust agreed 'block' contracts with its major commissioners to minimise financial risk across the system. Provider sustainability funding will continue to be received in 2018/19 linked to the achievement of the financial control total and A&E performance. This is a risk for 2018/19 which has been recognised by the Board of Directors in the Annual Plan submission to NHS Improvement.

## 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. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Over the past year, the Clinical Governance Steering Group has reviewed progress against a range of 'quality' issues on a regular basis. This group, the data previously reported and external reports (eg national clinical audits, peer reviews etc) have shaped our clinical quality improvement plans. The group has also reviewed trends and themes in relation to incidents, complaints and litigation and used the data to inform quality improvement of services.

The Clinical Governance Steering Group as our key group for the monitoring of clinical quality, provides reports to the Governance Committee which in turn is a sub-committee of the Board. The Governance Committee receives these reports which provide assurance or highlight any risks to quality. The Corporate Governance Steering Group in parallel with the Clinical Governance Steering Group reports to the Governance Committee on any non-clinical risks or quality issues eg in facilities. In turn, risks to quality identified through these mechanisms, are escalated through to the Board.

Quality Report metrics are also regularly reported throughout the year to the Board of Directors and Executive Committee. These indicators are all reported (along with a number of other metrics) as part of the Trust's Performance Report.

Most of the data used for these metrics is extracted directly from the hospital's information system (Meditech). Where applicable, the system has been designed to conform to national data standards so that when the data is extracted it is already in a format consistent with national requirements and coding standards. The data is coded according to the NHS Data Model and Dictionary, which means that any performance indicators based upon this data can be easily prescribed and that the Trust is able to provide data that is both consistent nationally, and fit for purpose.

Internally, standard operating procedures are used consistently by staff involved in the production of the Trust's performance against national, local and internal indicators. This ensures that the process meets the required quality standards and that everyone uses a consistent method to produce an output. Wherever possible, our processes are fully or at least, partially automated to make certain that the relevant criteria are used without fail. This also minimises the inherent risk of human error.

Data quality and completeness checks are built into processes to flag any erroneous data items or any other causes for concern, usually as part of the automated process. In addition, further quality assurance checks are performed on the final process outputs to confirm that the performance or activity levels are comparable with previous activity or expected positions. Where applicable, our performance against key indicators is also evaluated against available benchmarking data or peer group information to help understand at the earliest opportunity whether or not the Trust is likely to be an outlier, which in itself may prompt further investigation.

A rolling programme of data quality audits is in place in relation to Referral to Treatment Time indicators to ensure reporting is in line with national guidance and data quality issues are highlighted and acted upon. This is in addition to an annual training programme on waiting list and pathway management with key staff groups and regular data quality reports which are already in place. Acknowledging prior year issues flagged in the external report and in relation to the cancer 62 day waiting time standard the following actions were in place ahead of the year:

- implemented data quality audits around cancer waiting time standards in our rolling programme of data assurance audits; and
- implemented further sample quality assurance checks at the final stage of the process before performance is reported.

For most of the data, specific criteria and standards have to be used to calculate performance which is based on national data definitions where appropriate. To further ensure accuracy the report has been reviewed by two separate internal departments, Clinical Governance and Performance Management, both of which are satisfied with the accuracy of the information reported.

In summary, a substantial proportion of the data used as part of this Quality Report has been previously reported to Board of Directors, Governance Committee, Clinical Governance Steering Group and Executive Committee throughout 2017/18 and feedback from these forums has been used to set future priorities. These arrangements have ensured that a balanced view on quality can be provided through the Quality Report for 2017/18.

With respect to setting the priorities for 2018/19 a consultation exercise has been undertaken. Consultation has taken place with the Clinical Governance Steering Group, Executive Committee, Council of Governors, Board of Directors, and local commissioners, to ensure that the Quality Report includes views from key stakeholders.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and governance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board and its committees have a key role in maintaining and reviewing the effectiveness of the system of internal control.

The Executive Committee and Board of Directors have received regular reports on the development of the Trust's risk management framework, in particular through the work of the Governance Committee. The Governance Committee receives reports from the Clinical Governance Steering Group and Corporate Governance Steering Group and coordinates the implementation of action plans through the Trust's risk register mechanism.

The Governance Committee has received regular reports on sources of external assurance including evidence from the CQC, national reviews and other independent evidence.

The Finance and Performance Committee have played an important scrutiny role and helped to ensure that efficiency plans are maximised by robust challenge and escalation of key issues to the Board.

The outcome of internal audit reviews has been considered throughout the year through regular reports to the Audit Committee. The Board of Directors receives and considers the minutes of the Audit Committee where necessary. The Head of Internal Audit provides a separate report to me as Accounting Officer of the work undertaken during the year.

### **Conclusion**

My review confirms that no significant internal control issues have been identified.



**KEN BREMNER**  
Chief Executive

**Date: 22 May 2018**

## REMUNERATION REPORT

The Remuneration Committee for the Chief Executive and Executive Directors is chaired by the Vice Chairman of the Trust. Other members include two Non-Executive Directors and the Chief Executive. The Remuneration Committee agrees the remuneration, allowances and other terms and conditions of office, ensuring Executive Directors are fairly rewarded for their individual and collective contribution to the organisation, having proper regard to the organisation's circumstances and performance and to the provisions of any national arrangements or guidance where appropriate. Membership of the Committee and attendance at the meetings is identified on page 149 of the report. The Chief Executive is not part of the deliberation in relation to his performance or remuneration but joins the committee after this has taken place. The Director of Human Resources attends in an advisory capacity.

In determining the remuneration levels a range of benchmarking evidence is used including:

- NHS-wide governance ie Pay and Contractual Arrangements for NHS Chief Executives and Directors;
- local comparisons from other Trusts (where information is shared);
- posts advertised; and
- salary survey for NHS Chief Executives and Executive Directors.

City Hospitals' information is benchmarked against the salary for the relevant individuals and recommendations based thereon. To enable the Trust to recruit and retain staff of the highest calibre, salaries are normally linked to the upper quartile of the benchmarks.

There are three Directors whose salary is above the £142,500 threshold used in the Civil Service. These reflect:

- a clinical PA and a national clinical excellence award; and
- salaries being competitive compared to peers in similar sized Trusts.

The Chief Executive and Executive Directors are on permanent contracts with notice periods that range from 3-6 months.

Each Executive Director and the Chief Executive have annual performance plans against which they are assessed on a mid-year and then end-of-year basis. Whilst their salary is not strictly performance related, the Remuneration Committee will discuss performance when considering any changes to remuneration levels.

The Chairman appraises the performance of the Chief Executive on a mid-year and then end of year basis.

Senior Managers' remuneration and pension benefits are detailed in the tables on pages 164 to 171. Accounting policies for pensions and other retirement benefits are set out in Note 1.4 to the accounts. No compensation for loss of office paid or receivable has been made under the terms of an approved Compensation Scheme. This is the only audited part of the remuneration report.

The key components of the remuneration package for senior managers include:

- salary and fees;
- all taxable benefits;
- annual performance based bonuses where applicable;

Some terms are specific to individual senior managers, which are assessed on a case by case basis such as:

- lease cars; and
- on-call arrangements.

Salaries are determined in line with the Agenda for Change scheme. Notice periods are standard within the Trust depending on the level of the role:

Agenda for Change Band	Notice Period
Bands 1 – 4	1 month
Bands 5 – 7	2 months
Bands 8+	3 months

The Council of Governors decides on the remuneration and terms and conditions of the office of the Non-Executive Directors. The Council of Governors, in line with best practice and NHSI guidance, will market test the pay levels and other terms and conditions.

The Chairman agrees objectives with each Non Executive Director and a formal appraisal is undertaken annually.

The Lead Governor and Senior Independent Director have a role in the assessment and appraisal of the Chairman on an annual basis.



**K W BREMNER**  
Chief Executive

**Date: 22 May 2018**

### Salary and Pension Entitlements of Senior Managers – Total Single Figure 2017/2018 (AUDITED)

	Salary (bands of £5,000)	Taxable Benefits (nearest £100) Note 1	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	All Pension Related Benefits (bands of £2,500) Note 2	Total Remuneration (bands of £5,000)	Recharges salary (bands of £5,000)	Recharge Taxable Benefits (nearest £100)	Recharge Pension Related Benefits (bands of £2,500)	Remuneration Net of Recharges (bands of £5,000) Note 3
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
MR KW BREMNER Chief Executive	255-260	12.0	10-15	0	0	280-285	(125-130)	(5.5)	0	145-150
MRS C HARRIES Deputy Chief Executive (From 08 11 17)	45-50	7.0	0	0	30-32.5	80-85	(20-25)	(3.5)	(15-17.5)	40-45
MRS J PATTISON Director of Finance	155-160	7.0	5-10	0	37.5-40	210-215	(75-80)	(3.5)	(17.5-20)	105-110
MRS M JOHNSON Director of Nursing & Patient Experience	140-145	7.0	0-5	0	62.5-65	210-215	(70-75)	(3.5)	(30-32.5)	105-110
MR P SUTTON Director of Planning & Business Development	135-140	7.0	0-5	0	102.5-105	245-250	(65-70)	(3.5)	(50-52.5)	125-130
MR I C MARTIN <sup>†</sup> Medical Director	140-145	7.0	25-30	0	0	180-185	0	0	0	180-185
MR J N ANDERSON Chairman	50-55	0	0	0	0	50-55	0	0	0	50-55
MR M DAVISON Non-Executive Director (To 25 07 17)	0-5	0	0	0	0	0-5	0	0	0	0-5
MR D C BARNES Non-Executive Director	15-20	0	0	0	0	15-20	0	0	0	15-20
MR S HINDMARSH Non-Executive Director	15-20	0	0	0	0	15-20	0	0	0	15-20
MR P MCELDON Non-Executive Director (From 01 08 17)	10-15	0	0	0	0	10-15	0	0	0	10-15
MRS P TAYLOR Non-Executive Director (From 01 04 17)	15-20	0	0	0	0	15-20	0	0	0	15-20
MR G A WRIGHT Non-Executive Director	15-20	0	0	0	0	15-20	0	0	0	15-20
DR M F LAKER Medical Adviser (Non-Executive)	5-10	0	0	0	0	5-10	0	0	0	5-10

## Notes

- <sup>1</sup> All benefits in kind relate to either lease cars provided under the Trust's Lease Car Scheme or car allowances.
- <sup>2</sup> Pension related benefits represent the annual increase in pension entitlement determined in accordance with the 'HMRC method', they do not represent payments made to senior managers in the year. The annual increase will vary from manager to manager depending upon the number of years accrued pension they have, any pensionable pay increases received in the year and the rate of inflation. Where there is a decrease in the benefits in the year this is recorded as "Nil" in the previous table (page 164). In accordance with guidance received from NHS Pensions the inflation figures used over the two years were 1% (2017/18) and 0% (2016/17).
- <sup>3</sup> Joint Executive Team in place during year with South Tyneside FT
- <sup>4</sup> Remuneration details for Mr I C Martin, Medical Director include payment for clinical work between £135k per annum

Performance related elements of remuneration were awarded to the Chief Executive and Director of Finance and were set at a maximum of 5% of salary. The performance targets reflect the strategic objectives of the organisation.

The performance targets and relevant weighting (where applicable) together with actual performance are identified in the table below:

### Chief Executive

Objectives 2016/17		% Weighting	Achievement
1	Delivery of Control Total - CHSFT - STFT	60	
2	Delivery of agreed agency spend ceiling - CHSFT - STFT	10	
3	STP – Provide CHSFT/STFT Input to NTW STP (October 2016)	5	
4	Clinical Service Reviews – Progress Phase 1 review to point of consultation – Stroke/O&G/Urgent & Emergency Paediatrics	10	
5	Key Performance Metrics - A&E (March performance combined as agreed with NHS England/Improvement - RTT - Cancer – 2 Weeks/31 Days/62 Days	10	
6	Other – Secure Global Digital Exemplar Status for CHSFT	5	

The Committee agreed to award 4.83 % on the basis of objectives achieved above.

## Director of Finance

	Objectives 2016/17	% Weighting	Achievement
1	Manage 2016/17 Clinical Income contracts to ensure maximisation of income	-	
2	Deliver the 2017/18 contracting round, maximising organisational engagement to increase income opportunities.	10	
3	Revisit the requirements of SLR and re-implement to enable utilisation for decision making purposes.	-	
4	Deliver a financial position and overall risk rating no lower than plan.	60	
5	Working with other organisations and colleagues, develop a STP plan to deliver an improving financial position across the Sunderland/South Tyneside 'place' for the medium to long term.	5	
6	Develop a 3-5 year Financial Strategy for the Trust taking account of the requirements of the STP submissions	5	
7	Work with the PMO to ensure delivery of the Trust wide CIP requirements.	5	
8	Deliver capital schemes within approved plan	-	
9	Review, tender (as applicable) and implement a number of Trust wide services.	-	
10	Maximise the opportunity afforded by CHOICE.	-	
11	Review the requirements of the National Procurement Strategy and deliver the internal requirements for the Trust.	5	
12	Deliver mandatory departmental requirements.	-	
13.	Linked to the requirements for a single Director of Finance across CHS and STFT, from quarter 3 or 4 (tbc), review & where applicable, implement for own areas of responsibilities: <ul style="list-style-type: none"> <li>• Staffing requirements</li> <li>• Reporting requirements</li> <li>• Key priorities for the remainder of the year and for 2017/18</li> </ul>	10	

The Committee agreed to award 4.8 % on the basis of objectives achieved above.

Performance related elements of remuneration were awarded to the Medical Director, Director of Nursing and Patient Experience and Director of Planning and Business Development and were set at a maximum of 2.5% of salary. The performance targets reflect the strategic objectives of the organisation.

The performance targets and relevant weighting (where applicable) together with actual performance are identified in the tables overleaf:

## Medical Director

	Objectives 2016/17	% Weighting	Achievement
1	Increase alignment of consultant medical workforce with service delivery.	10	
2	Promote closer alignment with STFT.	10	
3	Provide medical revalidation.	10	
4	Reduce unnecessary harm by enhancing clinical governance.	10	
5	Reduce unnecessary harm by reducing HCAs.	10	
6	Improve quality of medical training.	10	
7	Improve CD engagement and accountability.	10	
8	Reduce unnecessary bureaucracy.	5	
9	Increase involvement in clinical research.	5	
10	Ensure safe and sustainable acute care.	10	
11	Increase effectiveness and efficiency of Medical Directorate.	10	

The Committee agreed to award 2.32 % on the basis of objectives achieved above.

## Director of Nursing and AHPs and Patient Experience

	Objectives	% Weighting	Achievement
1	Ensure CHSFT provides safe nurse staffing to deliver safe and effective person centred care.	25	
2	Improve the quality and safety of nursing care.	30	
3	Ensure robust CHSFT safeguarding children and adults systems and processes are in place and lead development of the service with multiagency partners.	25	
4	Improve risk and assurance management systems and processes to support staff and protect the organisation	15	
5	Lead and manage own team in line with CHSFT Vision, Values and Objectives	5	

The Committee agreed to award 2.38 % on the basis of objectives achieved above.

## Director of Planning and Business Development

	Objectives 2016/17	% Weighting	Achievement
1	Further integrate clinical services with neighbouring Trusts.	40	
2	Ensure delivery of all agreed CQUIN targets and ensure no contractual penalties.	5	
3	Robust Trust-wide capacity and demand planning.	5	
4	All service lines to achieve their agreed financial target.	45	
5	Provide high quality clinical accommodation for relevant services operating in Durham.	5	

6	CHSFT to be one of three vascular centres in the North East.	-	
7	CHSFT to lead and provide a 24/7 interventional radiology service.	-	
8	CHSFT to be commissioned to provide primary PCI 24/7	-	
9	CHSFT to be one of three Level 3 neonatology centres in the North East	-	

The Committee agreed to award 2.19 % on the basis of objectives achieved above.

## Remuneration of Senior Managers - 2016/2017

	Salary (bands of £5,000)	Taxable Benefits (nearest £100) Note 1	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	All Pension Related Benefits (bands of £2,500) Note 2	Total Remuneration (bands of £5,000)	Recharge s salary (bands of £5,000)	Recharge Taxable Benefits (nearest £100)	Recharge Pension Related Benefits (bands of £2,500)	Remuneration Net of Recharges (bands of £5,000) Note 3
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
MR K W BREMNER Chief Executive	235 - 240	11.0	5 - 10	0	72.5 - 75	325 - 330	(65 - 70)	(3.0)	(20 - 22.5)	235 - 240
MRS J PATTISON Director of Finance	150 - 155	7.0	5 - 10	0	57.5 - 60	220 - 225	(25 - 30)	(1.3)	(10 - 12.5)	180 - 185
MRS M JOHNSON Director of Nursing	130 - 135	7.0	0	0	22.5 - 25	165 - 170	(25 - 30)	(1.3)	(2.5 - 5)	130 - 135
MR P SUTTON Director of Strategy & Business Development	130 - 135	7.0	0 - 5	0	0 - 2.5	140 - 145	(20 - 25)	(1.3)	(0 - 2.5)	115 - 120
MR I C MARTIN Medical Director	220 - 225	7.0	0 - 5	0	42.5 - 45	275 - 280	0	0	0	275 - 280
MR J N ANDERSON Chairman	50 - 55	0	0	0	0	50 - 55	0	0	0	50 - 55
MR M DAVISON Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0	0	0	15 - 20
MR D C BARNES Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0	0	0	15 - 20
MR S HINDMARSH Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0	0	0	15 - 20
MR G A WRIGHT Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0	0	0	15 - 20
DR M F LAKER Medical Adviser (Non-Executive)	5 - 10	0	0	0	0	5 - 10	0	0	0	5 - 10

## Directors Remuneration Review (Audited)

	2017/18	2016/17
Band of Highest Paid Director's Total Remuneration (£'000)*	180 – 185	255 – 260
Median Total Remuneration (£)	27,707	26,958
Ratio	6.59	9.55

\* A proportion of the remuneration was recharged to South Tyneside NHSFT. In 2016/17 the full remuneration amount has been used for the calculation, however in 2017/18 guidance was updated and only the element of remuneration incurred by the Trust was used for the calculation.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. In this disclosure the median remuneration has been derived using the cumulative gross pay for all directly employed staff, including those staff employed on flexi-bank contracts and payments to other NHS bodies for staff that perform services for the Foundation Trust. The median remuneration calculation has not been adjusted to 'annualise' part year leavers' gross pay as it has been assumed that vacant posts have been recruited to. The banded remuneration of the highest paid director in the Foundation Trust in the financial year 2017/18 was £180k to £185k (2016/17, £255k to £260k). This was 6.59 times (2016/17, 9.55) the median remuneration of the workforce, which was £27,707 (2016/17, £26,958). The ratio has decreased due to a change in the basis of the calculation from the previous year. In 2017/18, 11 employees received remuneration in excess of the highest-paid director (2016/17, 2). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include as severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Directors' and Governors' Expenses

	2017/2018			2016/2017		
	Headcount	Number receiving expenses	£'00	Headcount	Number receiving expenses	£'00
Executive & Non-Executive Directors	12	7	55	12	7	47
Governors	16	1	0.24	16	1	1

Expenses claimed include mileage, parking fees and course and conference fees where they have been booked and paid for personally by the Director or Governor.

## Pension Entitlements of Senior Managers - 2017/18 (Audited)

	Real Increase in Pension at Pension Age	Real Increase in Pension Lump Sum at Pension Age	Total Accrued Pension at Pension Age at 31 March 2018	Lump Sum at Pension Age related to accrued pension as at 31 March 2018	Cash Equivalent Transfer Value at 1 April 2017	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2018	Employer's contribution to stakeholder pension
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	(Nearest £1000) £000	(Nearest £1000) £000	(Nearest £1000) £000	(Nearest £1000) £000
<b>MR KW BREMNER</b> Chief Executive*	0	0	85-90	265-270	1,856	87	1,961	0
<b>MRS C HARRIES</b> Deputy Chief Executive (From 08 11 07) *	0-2.5	2.5-5	50-55	155-160	0	0	0	0
<b>MR I C MARTIN</b> Medical Director	0	105-107.5	75-80	360-365	1,947	0	0	0
<b>MRS J PATTISON</b> Director of Finance*	2.5-5	0-2.5	55-60	145-150	943	64	1,016	0
<b>MRS M JOHNSON</b> Director of Nursing & Patient Experience *	2.5-5	10-12.5	50-55	155-160	1,036	107	1,154	0
<b>MR P SUTTON</b> Director of Planning & Business Development*	5-7.5	7.5-10	35-40	95-100	442	103	549	0

### Notes

\* Posts are shared between South Tyneside NHS Foundation Trust and City Hospitals Sunderland NHS Foundation Trust. Full pension figures attributed to the employee have been disclosed in the table above pro-rated for the period in post rather than the amount chargeable to the Trust.

As Non Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised 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 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.

CETV calculation is not applicable for C Harries as over NRA in existing scheme.

CETV calculation is not applicable for IC Martin as left the scheme during 2017-18

## COUNCIL OF GOVERNORS

### Composition of the Council of Governors

The Council of Governors of City Hospitals Sunderland NHS Foundation Trust comprises seven public Governors for Sunderland and two public Governors for the North East, two patient Governors and five staff Governors. It also includes a stakeholder representative from the City of Sunderland and the Council of Governors agreed that a further stakeholder representative would be sought from the Sunderland Clinical Commissioning Group. The Council of Governors is chaired by Mr J N Anderson, Chairman of the Trust.

<b>Council of Governors From 1 July 2016</b>	
<b>Patients Constituency:</b> Sue Cooper Gillian Pringle	<b>Staff Constituency – Clinical Class:</b> Lindsey Downey Tom Harris
<b>Public Constituency – North East:</b> Danny Cassidy Ruth Richardson	<b>Staff Constituency – Medical:</b> Shahid Junejo
<b>Public Constituency – Sunderland:</b> Chris Colley John Dean Margaret Dobson Liz Highmore Michael McNulty Susan Pinder Pauline Taylor	<b>Staff Constituency – Other:</b> Jackie Burlison Kay Hodgson
	<b>Appointed Governors:</b> <b>City of Sunderland</b> Councillor Graeme Miller (Cabinet Member with Portfolio for Health and Social Care)
	<b>Sunderland Clinical Commissioning Group</b> Vacant

Details of the constituencies are given in the Membership section.

**Meetings of the Council of Governors  
1 April 2017 – 31 March 2018**

<b>Governor</b>	<b>Constituencies</b>	<b>Meetings in Public</b>	<b>Actual Attendance</b>
Sue Cooper	Patient	6	4
Gillian Pringle	Patient	6	5
Chris Colley	Public - Sunderland	6	5
John Dean	Public – Sunderland	6	5
Margaret Dobson	Public – Sunderland	6	4
Liz Highmore	Public - Sunderland	6	6
Michael McNulty	Public – Sunderland	6	5
Susan Pinder	Public – Sunderland	6	5
Pauline Taylor	Public – Sunderland	6	6
Danny Cassidy	Public – North East	6	6
Ruth Richardson	Public – North East	6	6
Jackie Burlison	Staff - Other	6	5
Kay Hodgson	Staff – Other	6	5
Lindsey Downey	Staff – Clinical	6	5
Tom Harris	Staff - Clinical	6	3
Shahid Junejo	Staff – Medical & Dental	6	3
Cllr Graeme Miller	Appointed – City of Sunderland	6	4
Vacant	Appointed – Sunderland CCG	-	-
John N Anderson	Chairman	6	6
Carol Harries	Trust Secretary	6	6
<b>The following Directors have attended a number of Governor meetings:</b>			
Ken Bremner	Chief Executive		
Melanie Johnson	Director		
Julia Pattison	Director		
Peter Sutton	Director		
David Barnes	Non-Executive Director		
Stewart Hindmarsh	Non-Executive Director		
Pat Taylor	Non-Executive Director		
Alan Wright	Non-Executive Director		

Throughout the year a number of joint workshops have also been held for both the Board of Directors and the Council of Governors so that Non-Executive Directors in particular are able to understand the views of Governors and members.

## **Governor Involvement**

Key areas where the Council of Governors have been involved during 2017/18 have included:

- Membership of the Nominations Committee to appoint a new Non Executive Director;
- input into our Annual Plan;
- involvement in our PLACE inspections;
- ensuring arrangements are in place for the 'day to day' control and management of charitable funds;
- assuring themselves of the Trust's overall approach to reducing the level of Hospital Acquired Infection;
- contributing to the Trust's approach to Clinical and Corporate Governance;
- assuring themselves of the Trust's approach to Information Governance;
- giving their views on the Trust's approach to Patient and Public Involvement;
- involvement in the city-wide Maternity Services Liaison Committee;
- involvement in the Trust's approach to Organ Donation;
- assuring themselves of the actions taken as a result of real time patient feedback;
- involvement in the Trust's approach to Medical Revalidation;
- involvement in the Trust's approach to nutrition;
- involvement in the Trust's approach to disability; and
- involvement in the Path to Excellence Stakeholder Reference Group.

## **Register of Interests**

A Register of Interests for the Council of Governors is maintained by the Trust Secretary. The format of this register was agreed by the Council of Governors in August 2004. The register is available for inspection by members of the public via application to the Trust Secretary.

## **MEMBERSHIP**

### **The Foundation Membership Community**

The Trust's Membership Community is made up of local residents, patients, carers and staff. Its Membership Community structure comprises four constituencies. Members may join the appropriate constituency depending on the eligibility criteria as outlined below. People who are eligible to become a member of the Community as a whole are:

- over 16; or
- a member of City Hospitals Sunderland staff; or
- living in the electoral wards of Sunderland or the North East of England; or
- a registered patient of the Trust since 1 January 2003 (or carer of such patient).

### **Public Constituencies**

Any member of the public living in Sunderland or the North East electoral wards may become a member of the Public Constituency (Sunderland) or the Public Constituency (North East). Staff living in these areas will remain in the Staff Constituency.

### **Patients' Constituency**

The Patients' Constituency consists of patients registered with the Trust on or after 1 January 2003 (or carer of such patient). They may have completed a membership application form or may have been added to the membership by the Trust without an application being made. For those members who are randomly chosen by the Trust to become members they are informed of their membership by letter and are provided with an opt out form which can be completed and returned at no cost to themselves should they not wish to be a member. Staff who are patients and live outside Sunderland and the North East will remain in the staff constituency.

### **Staff Constituency**

There are three classes within this constituency, namely Medical and Dental, Clinical and Other. Staff who are patients and live outside Sunderland and the North East will remain in the Staff Constituency. Staff who have worked for the Trust for 12 months automatically become members of the Staff Constituency with the provision that they may choose to opt out. Members of the Staff Constituency can also include workers who are not directly employed by the Trust but who exercise functions for the purpose of the Trust. These members need to opt in. Staff are removed from the Staff Constituency when they leave the Trust but are invited to transfer their membership to another constituency provided they meet the eligibility criteria.

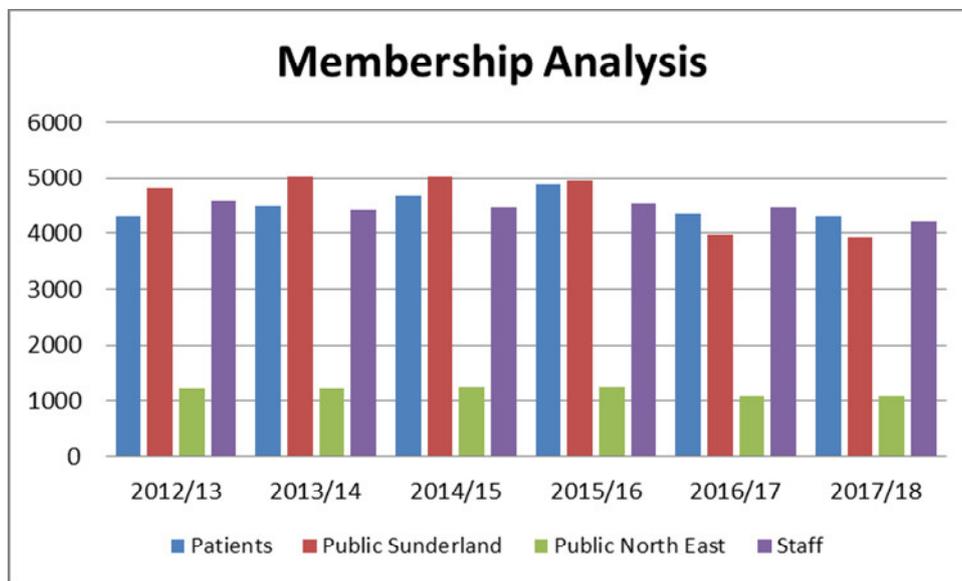
### **Assessment of the Membership**

The membership figures for each of the constituencies and classes are given in the table overleaf:

Class/Constituency	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Patients</b>	4,312	4,508	4,687	4,889	4,369	4,310
<b>Public - Sunderland <sup>1</sup></b>	4,824	5,019	5,031	4,952	3,968	3,939
<b>Public - North East<sup>2</sup></b>	1,240	1,151	1,253	1,342	1,097	1,098
<b>Staff:</b>						
<b>Medical &amp; Dental</b>	320	330	334	338	351	334
<b>Clinical</b>	1,949	1,883	1,993	2,063	2,082	2,047
<b>Other</b>	2,337	2,224	2,159	2,155	1,870	1,849
<b>Total</b>	<b>14,982</b>	<b>15,115</b>	<b>15,457</b>	<b>15,739</b>	<b>13,737</b>	<b>13,577</b>

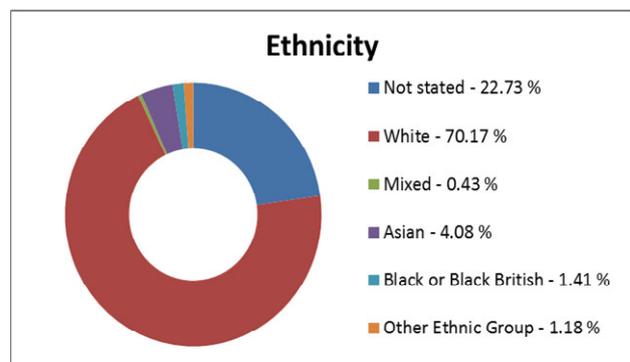
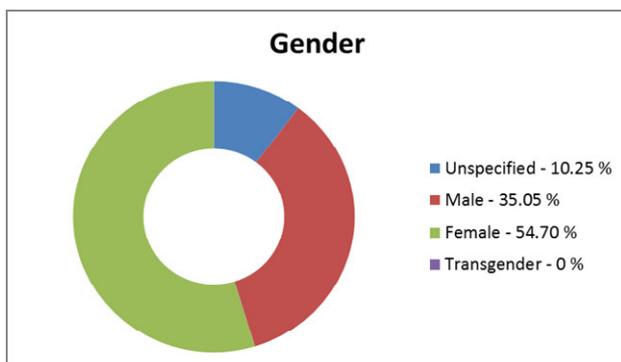
<sup>1</sup> Residents of the electoral wards of Sunderland Council.

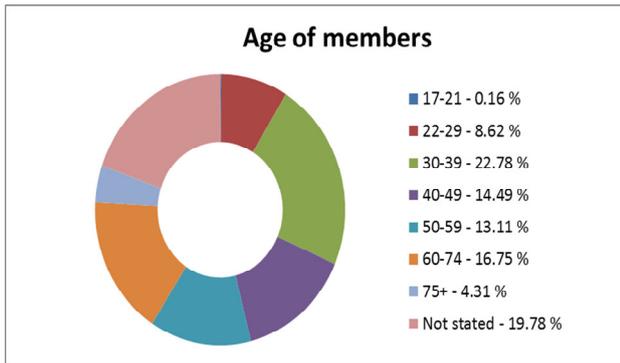
<sup>2</sup> Residents of the electoral wards of the North East of England (excluding Sunderland).



The Trust’s public and patient membership has decreased slightly during 2017/18, largely as a result of improved and more frequent data cleansing actions undertaken by the Trust’s new membership database provider.

The following information illustrates the composition of the total membership in terms of gender, ethnicity and age.





## Membership Strategy Summary

The Trust has a membership database which has ensured that the database is more accurate. It also allows us to target individual age groups and geographical areas where membership is low by giving generic addresses so that we may write to households identifying the benefits of membership.

The Trust did not set specific targets for membership recruitment over the last year as we wanted to concentrate on improving the quality of the information contained in the Trust's membership database in preparation for the forthcoming General Data Protection Regulation.

Mechanisms continue to exist for members of the public to join the Trust and these include:

- active recruitment of members by our Governors;
- membership forms located in GP surgeries, City Libraries, AgeUK and the Carers' Centre as well as Trust premises.
- members of staff who leave the Trust are invited to become a public or patient member;
- social media;
- electronic membership form on the Trust website; and
- a membership form is included with:
  - "Your Stay in Hospital" booklet
  - The Sunderland Partnership's document, "Your Community.....Your say".

## Ensuring a Representative Membership

The Trust has a local population of around 340,000 with a relatively small, although increasing ethnic population (the Office of National Statistics identifies a population of 4.1%). Historically within the City engagement with the Health and Social Care Sector has been relatively poor although the development of the city-wide Compact is beginning to identify greater opportunities for engagement.

The city-wide Inclusive Communities Group is developing much more meaningful systems of engagement. Despite a number of initiatives however, we still continue to attract a relatively small number of new public members from BME groups.

Generally our membership continues to broadly mirror the demographic of the City which has an ageing profile from which it has always been possible to attract members. Whilst

we recognise that it is important to grow the membership and to encourage diversity the Trust believes it is more important to ensure that members feel engaged and involved thereby making a real difference within the overall governance arrangements of the Trust.

### **Communicating with the Membership**

If members of the public or patients wish to contact a Governor or Director they can do so in a number of ways:

- at the end of meetings held in public;
- by contacting the Trust Secretary;
- by writing to Governors at the following freepost address:  
City Hospitals Sunderland NHS Foundation Trust  
FREEPOST NAT 21669  
Sunderland  
SR4 7BR
- by emailing [corporate.affairs@chsft.nhs.uk](mailto:corporate.affairs@chsft.nhs.uk)

## STAFFING REPORT

### Workforce Numbers and Staffing Costs as at 31 March 2018 (AUDITED)

FOUNDATION TRUST											
Staff Group	FTE			Headcount			Cost (£000s)				
	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total		
Medical and Dental <sup>1</sup>	117.22	434.38	551.6	121	448	569	£12,250	£52,256	£64,506		
Administration and Estates	44.21	852.70	896.61	48	1,006	1,054	-	£24,637	£24,637		
Healthcare Assistants and other support staff	78.20	835.16	913.06	81	966	1,047	-	£4,061	£4,061		
Nursing, Midwifery and health visiting staff	50.11	1,432.65	1482.76	53	1,571	1,624	-	£81,739	£81,739		
Scientific, therapeutic and technical staff	25.56	571.92	597.48	27	636	663	-	£24,577	£24,577		
Bank and agency staff	-	171.66	171.66	-	-	172	£5,711	-3,817	£9,528		
<b>Total</b>	<b>315.30</b>	<b>4,298.47</b>	<b>4,613.77</b>	<b>330</b>	<b>4,627</b>	<b>5,129</b>	<b>£17,961</b>	<b>£191,087</b>	<b>£209,048</b>		
GROUP*											
Staff Group	FTE			Headcount			Cost (£000s)				
	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total		
Medical and Dental <sup>1</sup>	117.22	434.38	551.6	121	448	569	£12,250	£52,256	£64,506		
Administration and Estates <sup>2</sup>	51.21	1,103.67	1154.88	56	1,290	1,346	£0	£32,451	£32,451		
Healthcare Assistants and other support staff <sup>2</sup>	78.20	838.85	917.05	81	971	1,052	£0	£4,061	£4,061		
Nursing, Midwifery and health visiting staff	50.11	1,433.65	1483.76	53	1,572	1,625	£0	£81,784	£81,784		
Scientific, therapeutic and technical staff	25.56	582.54	608.1	27	647	674	£0	£24,577	£24,577		
Bank and agency staff	-	171.66	171.66	-	172	172	£5,711	£3,817	£9,528		
<b>Total</b>	<b>322.30</b>	<b>4,564.75</b>	<b>4,887.05</b>	<b>338</b>	<b>5,100</b>	<b>5,438</b>	<b>£17,961</b>	<b>£198,946</b>	<b>£216,907</b>		

<sup>1</sup> Includes junior doctors employed by the Lead Employer Trust (LET).

<sup>2</sup> Includes Estates and Facilities staff, support staff and scientific staff who are employed by CHOICE Facilities Services.

\* Group includes City Hospitals Sunderland Commercial Enterprises Ltd (CHOICE Ltd) and City Hospitals Sunderland NHS Foundation Trust. Costs are broken down in to salaries and wages, social security costs and pension costs within note 5 of the accounts.

Staff Group	Female	Male	Total
Add Prof Scientific and Technic	162	59	221
Additional Clinical Services	916	131	1047
Administrative and Clerical	866	129	995
Allied Health Professionals	307	69	376
Estates and Ancillary	46	13	59
Healthcare Scientists	42	24	66
Medical and Dental	145	273	418
Nursing and Midwifery Registered	1,493	132	1,625
Students	2		2
<b>Total</b>	<b>3,979</b>	<b>830</b>	<b>4,809</b>

Staff Group	Permanent	Other	Total
Add Prof Scientific and Technic	217	4	221
Additional Clinical Services	965	82	1,047
Administrative and Clerical	951	44	995
Allied Health Professionals	359	17	376
Estates and Ancillary	55	4	59
Healthcare Scientists	60	6	66
Medical and Dental	286	132	418
Nursing and Midwifery Registered	1,572	53	1,625
Students	0	2	2
<b>Total</b>	<b>4,465</b>	<b>344</b>	<b>4,809</b>

The total headcount including directors is as follows:

Headcount	Male	Female
All Employees	817	3,965
Directors (including CEO)	5	4
Senior Managers*	8	10

\*The above figure is taken in accordance with occupation code guidance – include as senior managers those staff at executive level and also includes those who report directly to the members of the executive team  
Staffing numbers exclude non-executive directors

The Trust is organised into six main divisions and the departments of Trust Headquarters. Within the six main divisions are a series of clinical directorates and departments.

### Division of Clinical Support

- Therapy Services (including Physiotherapy, Occupational Therapy, Speech and Language Therapy, Podiatry and Dietetics)
- Pharmacy
- Diagnostic Imaging (including Radiology, Medical Physics and Medical Photography)

### **Division of Family Care**

- Obstetrics and Gynaecology (including Genito Urinary Medicine)
- Paediatrics and Child Health

### **Division of Medicine**

- Emergency Medicine (including Emergency Department, Cardiology and Acute Medical Unit)
- General Internal Medicine (including Gastroenterology, Metabolic Medicine and Thoracic Medicine)
- Medical Specialties (including Renal Medicine, Clinical Haematology and Rheumatology)
- Rehabilitation and Elderly Medicine (including Care of the Elderly, Neurology, Neuro-Rehabilitation and Neurophysiology)

### **Division of Surgery**

- General Surgery
- Urology
- Head and Neck Surgery (including Ear, Nose and Throat, Oral and Maxillofacial Surgery and Orthodontics)
- Ophthalmology
- Trauma and Orthopaedics

### **Division of Theatres**

- ICCU
- Anaesthetics
- Day Case Unit
- Theatre Sterile Supplies
- Clinical Sterile Services Department

### **Division of Trust Headquarters**

- Chairman and Chief Executive
- Clinical Governance
- Corporate Affairs
- Finance & Information Services
- Human Resources
- Information Technology & Information Governance
- Medical Director
- Nursing and Quality
- Performance
- Strategy and Business Development

### **Staff Engagement and Involvement**

We know the importance of staff being kept informed and involved in developments at the Trust. We are committed to engaging with all staff to achieve a common awareness of issues and matters affecting the organisation and involving employees in decision making as appropriate.

We have a trade union recognition agreement with a wide range of organisations including the Royal College of Nursing, the British Medical Association, Unison and Unite with arrangements for consultation and negotiation with staff side representatives, through regular Joint Consultative Group (JCG) meetings. During the year the JCG has been involved in regular discussions surrounding a number of key Human Resource policies and initiatives.

Formal mechanisms to ensure staff are informed and involved include:

- new starter induction;
- staff newsletters;
- the weekly 'Grapevine' bulletin published on CHSnet, the Trust's intranet;
- regularly updated intranet and internet sites, providing information on a range of subjects including Trust policies, procedures and guidelines, and giving staff the latest news on key Trust and/or NHS issues and local directorate/departmental news;
- formal monthly team briefings following Executive Committee meetings to cascade key strategic messages including regular updates on finance, performance and quality issues across the Trust and more importantly to encourage feedback;
- the Chief Executive holding a number of regular forums with clinical directors, senior managers, consultants, key nursing staff and allied health professionals;
- clinicians contributing to policy and clinical practice guidelines by actively engaging in various national and local clinical networks across a range of specialties;
- patient safety walkabouts;
- quarterly staff briefing sessions covering a range of topics; and
- regular visits by Board members to wards and departments.

We have continued to undertake a great deal of work this year in order to achieve a common awareness on the part of all staff of the financial and economic factors affecting the Trust's performance, including staff engagement events/road shows and special briefings. Employee engagement remains absolutely critical for us and this has been demonstrated during the year through the Trust's financial recovery programme and Programme Management Office and the Clinical Service Review process which has put staff at the heart of decision making and service improvements.

Importantly, we also want staff to feel comfortable raising any concerns they may have, whether that be about patient care, health and safety, a breach of a professional code or any other wrongdoing. The Trust therefore has a Freedom to Speak up Guardian and a team of Ambassadors from a cross section of staff who are available for concerns to be raised openly and confidentially.

### **Role of the Trust as a Local Employer**

City Hospitals is one of the largest employers in the North East and certainly in the city of Sunderland, offering excellent employment opportunities to new and existing staff.

We aim to be a model employer and are constantly working hard to further develop links with local strategic partners, educational and voluntary organisations across Sunderland and the surrounding area, looking for ways to engage with communities and improve the working lives of our staff. We pride ourselves on offering good working conditions, job security, lifelong learning, fair pay, an excellent range of benefits, staff involvement and a balance between work and personal life.

During 2017/18 the Trust has continued to drive forward work to create a future workforce to care effectively for the patients to whom we provide services. We have worked closely with Sunderland College, the University of Sunderland and local schools. This work has included:

- leading on the annual 'Discover Health' careers event where pupils are encouraged to take up a career in health. Pupils have the opportunity to experience simulated care scenarios. They also are able to meet a number of different healthcare professionals to learn more about their role and the educational pathways available;
- targeting occupational 'Discover' teams including Discover Medicine, Nursing and Apprenticeships, enabling local pupils and students to learn more about specific professions and the route into them;
- providing quality work placements to sixth form and college students who intend to apply for professional training programmes. During 2017/18, an accelerated work experience programme has been piloted aimed at students intending to apply to Medical School. Working with Health Education England, the programme is designed to give students increased knowledge of the university recruitment practices whilst enhancing their key skills;
- supporting Sunderland University graduates through funded internships with a particular focus on graduates wishing to gain healthcare and business experience. Participants have included media, business management and psychology graduates;
- supporting Civil Service Fast Stream placements offering visibility in a different organisation and the opportunity to gain a new perspective on the impact of Government policy; and
- continuing to provide a vocational input into the education programmes of health related students at Sunderland College. Some students have undertaken volunteer duties on wards to gain a better understanding of how care is provided in a hospital setting. This route also provides a pipeline to the Trust's pre-nursing experience and apprenticeship programmes.

The Trust continues to recruit apprentices into vacancies and train young people to take on entry level roles in Healthcare support work, Business administration, Estates and Pharmacy support work.

We have continued to struggle to recruit particularly to registered nursing vacancies although following a series of initiatives the situation is beginning to improve. Initiatives we have undertaken include:

- the continued development of promotional material and social media (now including Facebook);
- monthly generic band 5 recruitment and 'one stop shop' interviews to speed up start dates;
- overseas recruitment trip to Philippines in June 2017;
- attendance at job fairs both locally and in Dublin;
- supporting registered nurses from overseas who are working in the UK but not NMC registered. To date there are five overseas RNs working as HCAs in the Trust with plans being developed to support them to meet NMC requirements;
- a structured recruitment campaign throughout the year to include apprentices, job seekers, and Sunderland College students for Band 2 roles;

- working with the University of Sunderland to develop pre-registration adult nursing apprenticeships, offering an alternative route into nursing, and increasing students numbers; and
- continued development of new roles such as Associate Nurse and Advanced Clinical Practitioner to support succession planning and retention.

As a result of these initiatives we have seen a significant increase in registered nurse recruitment and although there is still a gap we are in a much better place.

The Trust has pledged its support to the 'Step into Health' initiative, a national programme designed to support those leaving military life or their dependents to gain an insight into the NHS and the career opportunities it offers.

His Royal Highness the Duke of Cambridge officially launched the programme at a ceremony in London in January 2018. As part of this initiative the Trust in March 2018 hosted a visit of wounded and sick service personnel from the Armed Forces Recovery Centre based at Catterick Garrison.

Having received a silver award in the Defence Employer recognition scheme in 2016, the Trust was delighted to be among 33 UK employers and the only Trust in the North East to be presented with a Gold award by His Royal Highness Prince Henry of Wales.

The awards are given to employers who pledge, demonstrate or advocate support to defence and the armed forces community and align their values with the Armed Forces Covenant.

The aim of the scheme is to ensure that members of the armed forces community receive the support they need in their local areas in recognition of their dedication and sacrifice, to nurture public understanding of the issues affecting the armed forces community and to encourage activities which help to integrate the armed forces community into local life.

The Trust continues to drive forward work to create a future workforce to care safely and effectively for patients to whom we provide services.

## **Medical Education**

Medical education continues to be an important element of developing our future workforce divided between postgraduate and undergraduate education.

The Trust currently supports 87 Foundation Programme trainees, 180 specialty trainees, 29 Trust doctors and 20 specialty doctors.

In the 2017 Foundation Programme, "Your School, Your Say" survey results the Trust was second in the region for trainees confirming they would recommend the Trust to a friend. Further positive results were:

- Clinical supervisors awareness of the Foundation Programme and support; and
- Being best in the region for consultants being good role models.

These results were also enhanced by the 2017 GMC national trainee survey where the Trust was ranked third in the region and 25<sup>th</sup> out of 205 Trusts nationally.

The results of both surveys are used to inform areas of development for Foundation training across the Trust.

Our undergraduate education manages and delivers the Newcastle Medical School undergraduate curriculum across the Trust to approximately 250 students. The Trust has a long history of delivering high quality medical teaching employing senior clinicians, teaching fellows and nurse lecturers to lead on specific elements of the teaching required.

The Trust was delighted when the University of Sunderland was successful in its bid to open a new Medical School, one of only five new Medical Schools, established to address the regional imbalance of medical education places across England.

The first cohort of 50 medical students will join in 2019/20, rising to 100 the following year and whilst they will enjoy placements across many organisations in the North East, it is hoped that having some of their training in City Hospitals Sunderland they will become our consultant medical staff of the future.

## **Equality and Diversity**

The Trust is committed to a policy of equality of opportunity not only in our employment and personnel practices for which we are all responsible, but also in all our services. To ensure that this commitment is put into practice we adopt positive measures which seek to remove barriers to equal opportunity and to eliminate unfair and unlawful direct or indirect discrimination.

The Trust is a Disability Confident Employer which demonstrates our commitment to ensuring that people with disabilities have full and fair consideration for all vacancies. If employees become disabled during employment we will endeavour to adjust their workplace environment whenever possible to allow them to maximise their potential, and to return to work. We also support disabled employees in terms of access to training, career development and ensuring that they are not discriminated against in relation to career progression.

All policies within the Trust are subject to an Equality Impact assessment which illustrates that as an organisation we do not disadvantage minority groups because of gender, race, religion/beliefs, age, sexuality and disability. If a policy is found to be high impact it must be taken through a full Impact process and be evidenced with appropriate information, which must be collated both for quantitative and qualitative results.

## Exit Packages

There were 23 staff exit packages agreed in 2017/18 that were subject to external audit amounting to £153,000 as follows:

Exit package cost band	2017/18			2016/17		
	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
<£10,000	0	20	20	0	0	0
£10,000 - £25,000	0	0	0	0	0	0
£25,001 - £50,000	3	0	3	0	0	0
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
<b>Total by type</b>	<b>3</b>	<b>20</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total resource cost</b>	<b>£113,000</b>	<b>£40,000</b>	<b>£153,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

## Non-Compulsory Departure Payments

	2017/18		2016/17	
	Agreements Number	Total Value of Agreements	Agreements Number	Total Value of Agreements
<b>Voluntary redundancies including early retirement contractual costs</b>	0	0	0	0
<b>Contractual payments in lieu of notice</b>	20	£40,000	0	0
<b>Non-contractual payments requiring HMT approval</b>	0	0	0	0
<b>Total</b>	<b>20</b>	<b>£40,000</b>	<b>0</b>	<b>0</b>

## Consultancy

During 2017/18, the Trust incurred £234k in consultancy fees involving:

- reviewing duplicate payments;
- capital goods transaction between the Trust and its subsidiaries;
- data warehouse; and
- procurement within CHOICE.

## Employee Health and Wellbeing

We are fully committed to the health and wellbeing of our staff. As a large health service provider, health and wellbeing applies as much to our employees as it does to our patients, their carers and the local population. We want to do as much as we can to help individuals to be at their best and to feel motivated and committed to their work, so that they can reach their full potential.

Our 'Employee Health and Wellbeing Strategy' sets out our approach to addressing and improving the health and wellbeing of employees. Our commitment to support staff is also demonstrated through our Human Resources Strategy and the two strategies are closely linked to provide a working environment that enables employees to meet their full potential both in and outside of work, which inevitably has a positive impact on patient care.

As part of our strategy we offer an extensive range of employee health and wellbeing benefits including:

- a dedicated childcare co-ordinator providing advice and support to staff who are carers for children, partners and/or other family members;
- a dedicated on-site occupational health and wellbeing department;
- access to rapid physiotherapy for musculoskeletal problems;
- access to local primary care mental health services supporting staff with moderate to severe mental health concerns;
- mediation to help staff to deal with difficult workplace issues, incidents and/or conflict;
- preventive interventions eg stress risk assessments;
- coaching and guidance for managers concerning psychological and practical support for staff, including workforce adjustments;
- training and communication about workplace stress and handling conflict;
- staff benefits, including salary sacrifice schemes;
- a staff fitness centre providing a range of classes and activities;
- access to 24-hour counselling support through our Employee Assistance Programme provided by Care First. This service provides telephone and face to face counselling, stress awareness training, a range of health and wellbeing resources, and legal and financial advice; and
- a health surveillance service.

During 2017/18 our occupational health and wellbeing department has further developed the range and quality of services that staff can access to improve their health and wellbeing.

The team attended Employee Benefits Day displaying a theme of, 'At the Movies' featuring the yellow brick road which illustrated how occupational health and wellbeing services impact on the employment journey of staff.

The musculoskeletal team has increased the delivery of bespoke moving and handling training sessions in areas where the risks and equipment may differ from that of a ward environment, such as portering, radiology, medical physics and the Integrated Critical Care Unit.

In July 2017, health MOTs were introduced for staff which focus on aspects of health and/or lifestyle to improve the health and wellbeing of our staff. So far, 107 members of staff have taken up the opportunity to have a health MOT.

Our sickness absence rate during 2017/18 was an average of 4.13% against a national target of 4%. Whilst not achieving the target we have seen the absence rate continuing to reduce as a result of more targeted work to support managers in better managing sickness as well as our health and wellbeing initiatives previously outlined.

The estimates shown in the table below are calculated from statistics published by the Health and Social Care Information Centre (HSCIC), using data drawn for January 2017 to December 2017 from the Electronic Staff Record (ESR) national data warehouse. The Department of Health considers the resulting figures to be a reasonable proxy for financial year equivalents.

Year	Average FTE	Adjusted FTE sick days	FTE – days available	FTE – days recorded sickness absence	Average annual sick days per FTE
2017	4,257	39,650	1,553,894	64,321	9.3
2016	4,494	47,347	1,640,330	76,807	10.5

We will continue with our efforts to support staff to maintain and improve their health and wellbeing and ultimately attendance levels

A number of targets have been retained and/or revised in the 2017/19 CQUIN Guidance relating to improving staff health and wellbeing some of which will be measured via responses to the annual NHS Staff Survey.

The requirement is to achieve a 5% improvement over the 2017/18 and 2018/19 years in two of the three staff survey questions regarding health and wellbeing, musculoskeletal and stress related illness.

The areas identified are:

Percentage of staff saying the Trust takes positive action on health and wellbeing			
2016 score	2017 target score	2017 actual score	2018 target score
32 %	>36 %	33 %	>37 %
(1 % improvement but 3 % below target)			

Percentage of staff saying they have experienced work-related risk problem			
2016 score	2017 target score	2017 actual score	2018 target score
29 %	<20 %	27 %	< 24 %
(2 % improvement but 7 % below target)			

Percentage of staff saying they had work-related stress			
2016 score	2017 target score	2017 actual score	2018 target score
32 %	<24 %	33 %	<27 %
(1% increase and 9 % below target)			

Improvement in these targets will be a key area of focus during 2018/19.

The Trust once again achieved the national target for delivering flu vaccinations to staff. At the end of the campaign 79.3% of frontline staff had been vaccinated, which was an increase of 2.1% on the previous year (77.2%).

The campaign drew on the expertise of health care professionals such as pharmacists and physiotherapists to support the ward based vaccinators. We will continue this approach during the next campaign.

We recognise that any adverse impact on staff that affects their ability to function at their best in the workplace needs active steps to provide support and take a preventative stance where possible.

We also last year recognised those staff who had demonstrated dedication, innovation and commitment to excellent patient care at our annual Reward and Recognition event held at the Stadium of Light in November 2017. We celebrated the work of individual members of staff and teams, highlighting the very best that City Hospitals has to offer.

The awards recognised those staff and teams who go the extra mile in their everyday work to put patients at the centre of everything they do. The winners in each category can be found in the table below.

Category	Winner
Customer Service Award – Individual	Brian Laws, Occupational Therapy Assistant
Customer Service Award – Team	Day of Surgery Admissions Unit
Service Improvement and Innovation Award	ICCU and Renal Teams
Care and Compassion Award	Amanda Wardle, Paediatric Physiotherapist
Excellence Award	Margaret Robertson, Healthcare Assistant
Leadership Award	Naomi Chamberlain, Consultant in Respiratory Medicine
Clinical Team of the Year Award	Neurophysiology Team
Non Clinical Team of the Year Award	Emergency Department Build Team
Outstanding Contribution Award	Scott Davison, IT Infrastructure Engineer David Steel, Consultant Ophthalmologist
Council of Governors' Award	Michael Schuster, Pharmacist
Chief Executive's Award	Ann Clay, Switchboard Manager/Unison Lead

## Staff Engagement

The Trust's vision and values recognise that meaningful, two-way dialogue with people at all levels in the organisation is key to ensuring that we deliver the highest quality of care for patients and improve the work experience for all our staff.

By engaging and communicating clearly and regularly with staff, the Trust aims to maintain and improve staff morale, especially during periods of difficulty and change.

Engagement happens when our staff feel their work is valued and meaningful and when they are engaged in activities that support a common purpose – one which embodies quality and care for colleagues and patients alike.

We do this in a number of ways, including involving them in decision making, giving staff freedom to voice ideas and, encouraging them to perform well through regular feedback, all culminating in an annual appraisal which supports their personal and professional development.

During 2017/18, 82.79% of staff had an appraisal recorded in the Electronic Staff Record (ESR) system. An effective appraisal is a vital expression of staff engagement and helps equip our staff to do their job well.

The table overleaf shows how the Trust compared with other acute Trusts on an overall indicator of staff engagement as identified within the NHS National Staff Survey.

Possible scores range from 1-5, with 1 indicating that staff are poorly engaged (with their work, their team and the Trust) and 5 indicating that staff are highly engaged. The Trust's score of 3.82 was average when compared with Trusts of a similar type (a slight increase from 2016).

2016 Response Rate		2017 Response Rate		Trust Improvement/Deterioration
Trust	National Average	Trust	National Average	
3.81	3.81	3.82	3.79	0.01

## Staff Survey Results

The Trust values the hard work of our staff and their dedication to providing safe and high quality healthcare services to our local population. We are committed to supporting and developing our staff as a key strategic priority.

During the year we undertake regular checks to try and measure both staff experience and wellbeing by the use of the quarterly staff Friends and Family Test, which complements the annual NHS National Staff Survey conducted by the Care Quality Commission. We invite our staff to respond to both surveys to enable us to gain the best insight into staff experience.

Feedback from staff is vital in helping to improve the quality and experience of everyone's working life and in supporting us to deliver better patient care.

The results of the 2017 survey were published in March 2018. This year our response rate was 42% of staff responding which is an increase of 7% from the 35% who responded in 2016.

The overall response rates from the survey are summarised below:

2015/16 Overall Response Rate		2016/17 Overall Response Rate		2017/18 Overall Response Rate		Trust Improvement/ Deterioration
Trust	National Average	Trust	National Average	Trust	National Average	
31%	41%	35%	44%	42%	45%	+7%

## Top 5 Ranking Scores

These scores highlight the five key findings for which the Trust compares most favourably with other acute Trusts in England.

Percentage of staff working extra hours (the lower the score the better)			
2016/17 Response Rate	2017/18 Response Rate	National Acute Trust Average	Trust Improvement/Deterioration
64%	64%	72%	-
Staff confidence and Security in reporting unsafe clinical practice (the higher the score the better)			
2016/17 Response Rate	2017/18 Response Rate	National Acute Trust Average	Trust Improvement/Deterioration
3.74	3.78	3.65	0.04

<b>Staff satisfaction with the quality of work and care they are able to deliver</b> (the higher the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
4.08	4.06	3.91	- 0.02
<b>Percentage of staff satisfied with the opportunities for flexible working patterns</b> (the higher the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
53%	55%	51%	+2%
<b>Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months</b> (the lower the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
20%	21%	25%	-1%

## Bottom 5 Ranking Scores

These scores highlight the five key findings for which the Trust compares least favourably with other acute Trusts in England and have therefore formed the starting point for our actions as an employer.

<b>Staff motivation at work</b> (the higher the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
3.92	3.89	3.92	- 0.03
<b>Percentage of staff reporting errors, near misses or incidents witnessed in the last month</b> (the higher the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
95%	89%	90%	- 6%
<b>Percentage of staff experiencing physical violence from staff in the last twelve months</b> (the lower the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
1%	2%	2%	-1%
<b>Percentage of staff appraised in the last twelve months</b> (the higher the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
87%	84%	86%	-3%
<b>Percentage of staff experiencing physical violence from patients, relatives or the public in the last twelve months</b> (the lower the score the better)			
<b>2016/17 Response Rate</b>	<b>2017/18 Response Rate</b>	<b>National Acute Trust Average</b>	<b>Trust Improvement/Deterioration</b>
14%	16%	15%	-2%

## Key changes since the 2016 survey

The key findings where staff experience had changed were:

- “There are enough staff at this organisation for me to do my job properly” was 37% in comparison to 30% in 2016;
- percentage of staff witnessing errors, near misses or incidents in the last month that could have hurt staff was 23% in comparison to 26% in 2016; and
- percentage of staff agreeing “I would feel secure raising concerns about unsafe clinical practice” was 76% in comparison to 71% in 2016.

The key findings where staff experience compared least favourably with other acute Trusts were:

- percentage of staff satisfied with “my level of pay” was 36% in comparison to 41% in 2016 although higher than the national average of 30%;
- percentage of staff not experiencing physical violence at work from other colleagues was 98% slightly higher than the 99% in 2016; and
- percentage of staff saying they had received an appraisal or performance development review in the last 12 months was 85% in comparison to 87% in 2016.

## Workforce Race Equality Standard

All NHS organisations are required to demonstrate through the Workforce Race Equality Standard (WRES) how they are addressing race equality issues in a range of staffing areas. Together with the Equality Delivery System (EDS) they form part of the mandatory requirements in the 2017/18 standard NHS contract.

Overall there are nine indicators that make up the WRES – these comprise workforce indicators (1-4), staff survey indicators (5-8), and an indicator focused on Board representation.

Where the respondent group in the staff survey is 2 or more, the standard compares the responses from white and BME staff for each survey question.

	White	BME	White	BME	National Trust Average	
	2016		2017		White	BME
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months	29%	28%	28%	35%	27%	28%
Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months	19%	26%	20%	32%	25%	27%
Percentage believing that the Trust provides equal opportunities for career progression or promotion	89%	74%	89%	74%	87%	75%
In the last 12 months have you personally experienced discrimination at work from managers, team members/other colleagues?	4%	14%	6%	19%	7%	15%

Overall there are many areas where staff feedback has improved including:

- the number of staff recommending the Trust as a place to work or receive care/treatment; and
- staff feeling confident and secure in reporting unsafe practice.

There are however, a number of areas where staff experience has not improved and need more attention going forward:

- health and wellbeing – the number of staff experiencing musculoskeletal problems and work-related stress;
- behaviour – particularly bullying, harassment and physical violence from staff, managers and patients/public;
- equality issues – particularly the experience of BME colleagues;
- appraisals – the number of staff who have had an appraisal; and
- reporting of incidents and near misses.

A number of engagement events are currently taking place with a particular focus of listening to staff experience and developing ideas/actions to address the issues identified.

The Organisational Development team will be undertaking a number of initiatives/interventions designed to give a better understanding of our culture, people, needs and challenges, such as a behavioural standards framework, leadership training and better engagement with BME colleagues.

We want City Hospitals Sunderland to be a great place to work and for patients to receive high quality, compassionate care and everyone has a part to play in achieving this.



**KEN BREMNER**  
Chief Executive

**Date: 22 May 2018**

## **PUBLIC INTEREST DISCLOSURES**

### **Health and Safety**

The effective management of health and safety remains a key priority within the Trust. Health and safety initiatives within the Trust continue to focus on key health and safety risk areas as identified by the Trust's Health and Safety risk profile:

- COSHH;
- sharps;
- violence against staff;
- slips, trips and falls;
- asbestos management;
- manual handling; and
- training.

The Trust's current Health and Safety work plan includes:

- the implementation of identified initiatives to manage and reduce the risk of sharps incidents to staff by the continued use of safer sharps devices, staff training and post-incident investigation resulting in action to prevent a recurrence;
- continued provision of health and safety management training for nominated workplace and COSHH risk assessors;
- reviewing the arrangements and measures in place to mitigate and reduce incidents of reported violence against staff; and
- the continued monitoring and review of key health and safety standards and initiatives to seek assurance of organisation wide compliance.

All reportable incidents to patients, visitors, staff and contractors are reported to the Health and Safety Executive (HSE) as required by the Reporting of Injuries Diseases and Dangerous Occurrence Regulations 2018 (RIDDOR) and we are pleased to report that we have had no HSE interventions or inspections in 2017/18 as a result of any reportable incidents.

The Trust has had one pro-active HSE visit this year with regard to an asbestos removal project which gave us good assurance that both the Trust and its asbestos contractor were managing the removal project in line with their strict expectations.

An established Health and Safety Group is in place whose membership includes both management and staff side representatives chaired by the Deputy Chief Executive providing a forum for the discussion and management of health and safety initiatives.

The Health and Safety Executive has indicated that for the purposes of analysing the levels of stress in hospitals, the output from the national staff survey can be used as a substitute for undertaking a separate survey. The results of two specific questions from the survey are summarised below and show some improvements and better than average scores against all other acute Trusts.

% of staff satisfied or very satisfied with the following aspects of their job	2017	2016	2015	National average
The support I get from my immediate manager	68%	68%	68%	67%
The support I get from my work colleagues	82%	82%	80%	81%

## Fire Safety

The fire safety legislation for NHS Trusts is contained in the Regulatory Reform (Fire Safety Order) 2005 and detailed in the appropriate Hospital Technical Memorandum (HTM) which covers all aspects of healthcare fire safety.

In 2017/18 we have continued to work in partnership with both our internal and external stakeholders to seek assurance that fire safety within the Trust remains a high priority and is properly managed.

The responsibility for the management and upkeep of all the Trust's building stock is now looked after by the Trust's wholly owned subsidiary 'CHOICE Facilities Services' whose working relationship with the Trust is proving to be both professional and productive.

Following the aftermath of the tragic events in London regarding the Grenfell Tower fire in June 2017, the Trust liaised with NHS Improvement to confirm and give assurance that all the external cladding used on our buildings fully complied with expected fire safety standards.

In addition to the extensive fire risk assessment programme the Trust also works closely with Tyne and Wear Fire and Rescue Service (TWFRS) who carry out at least 10 fire safety audit visits during the year. These pro-active and constructive liaison visits continue to support the Trust in meeting its fire safety responsibilities and duties.

During 2017/18 the false fire alarms from system faults, accidental activations and local environmental issues have again significantly reduced.

Unfortunately, real fires can and do happen in hospitals and our fire strategy focuses on the prevention of fires in the first instance.

## **Sustainability/Climate Change**

As an NHS organisation, and as a spender of public funds, City Hospitals Sunderland NHS Foundation Trust has an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money effectively, efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of the rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

The Trust acknowledges this responsibility to our patients, local communities and the environment by working hard to minimise our carbon footprint.

Being part of the NHS, public health and social care system, CHS looked to contribute in achieving the target 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.

The Trust produced a Carbon Reduction Strategy in 2009, and direction provided by recent Sustainable Development Unit (SDU) and NHS England guidance, has now seen this become the Sustainable Development Strategy 2017 which sets out how carbon reduction will be measured, monitored and reported. It has now been updated to reflect changes in legislation. Alongside this there is a detailed Sustainable Development Management Plan documenting the actions required to deliver a sustained reduction in emissions which focuses on the following ten key areas:

- Energy and Carbon Management
- Procurement and Food
- Travel and Transport
- Waste
- Water
- Designing the Built Environment
- Organisational and Workforce Development
- Partnerships and Networks
- Governance
- Finance

### **Carbon Footprint**

The latest NHS England carbon footprint published by the SDU in 2016 for the Trust is estimated at 22.8 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e) and includes emissions from four main areas:

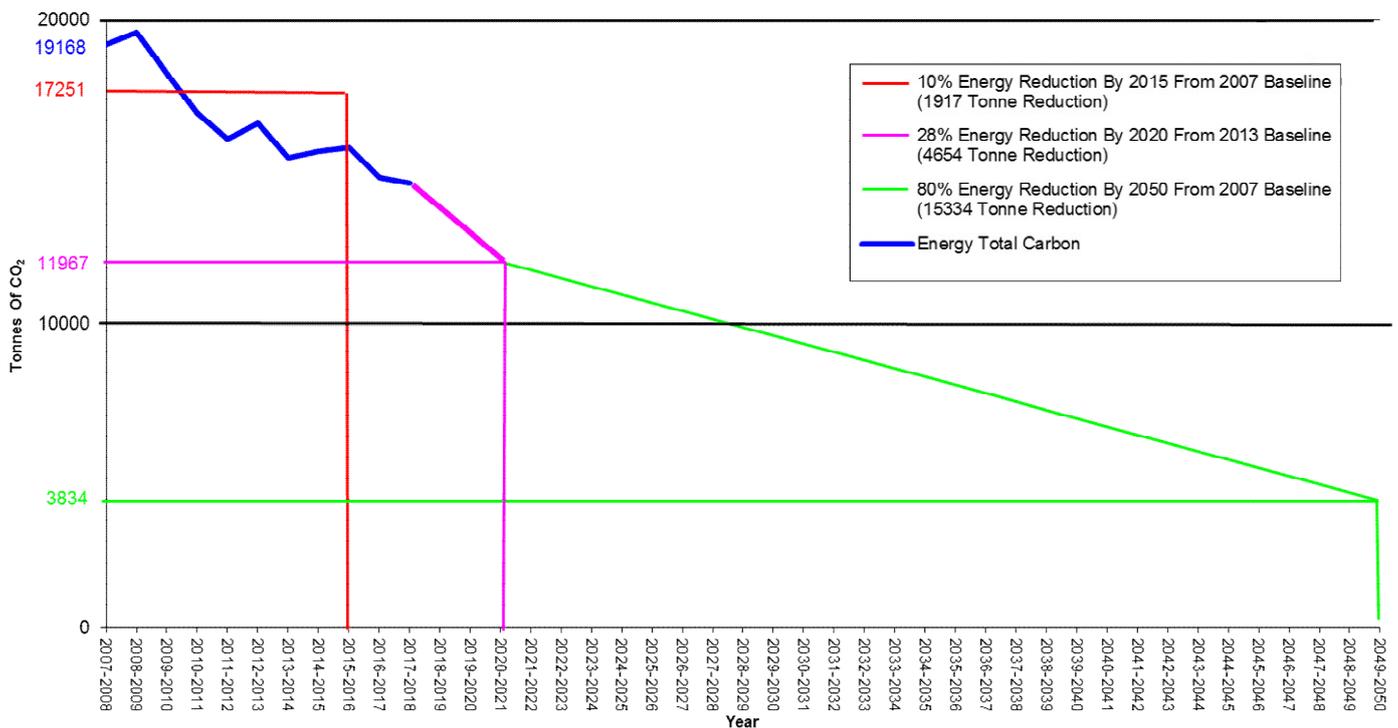
- Energy use 19%;
- Travel 13%;
- Procurement of Goods and Services 57%; and
- Commissioned Services 11%.

The Trust's carbon footprint has been calculated based on measured energy data and by using the accepted split between these four activities.

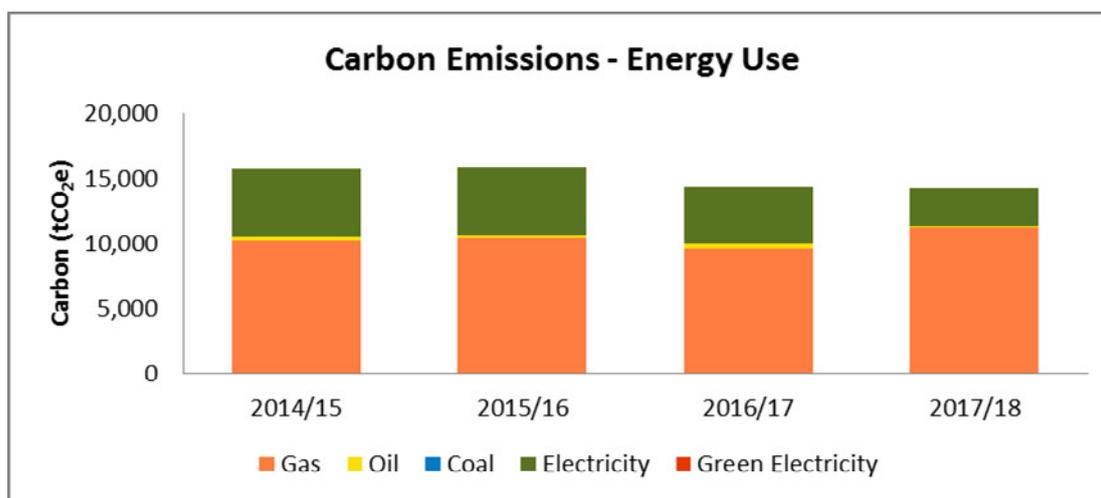
The Trust has already successfully met the 2015 NHS target of a 10% reduction and, the next potential target set for the Trust is to reduce our emissions, based on a 2013 baseline, by 28% by 2020. This target has been set by NHS England and although it does not have any financial penalties, the following target is to look towards an 80% reduction required by 2050.

The graph below represents direct energy carbon (which is the basis of the carbon footprint) data for Sunderland Royal Hospital, Sunderland Eye Infirmary and the Children's Centre. The graph shows the performance of the Trust since 2007 in the steady reduction in energy carbon output. The graph also shows the targets and reductions required for us to meet the NHS England targets imposed in 2014.

### City Hospitals Sunderland Energy Carbon 2007 - 2050



Resource		2014/15	2015/16	2016/17	2017/18
Gas	Use (kWh)	48,659,454	50,003,399	45,862,899	53,004,787
	tCO <sub>2</sub> e	10,209	10,465	9,585	11,238
Oil	Use (kWh)	1,165,824	543,076	1,131,704	158,102
	tCO <sub>2</sub> e	373	173	359	52
Coal	Use (kWh)	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0
Electricity	Use (kWh)	8,342,212	8,987,515	8,533,014	6,726,546
	tCO <sub>2</sub> e	5,167	5,167	4,410	2,998
Green Electricity	Use (kWh)	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0
Total Energy CO <sub>2</sub> e		15,749	15,805	14,353	14,288
Total Energy Spend		£ 2,468,917	£ 2,878,324	£ 2,121,567	£ 2,228,810



The table above represents the use of finite resources consumed by the Trust. It indicates the direct carbon emissions due to the combustion of gas and oil and the indirect carbon emissions due to the use of grid electricity. The Trust also uses electricity from its own combined heat and power unit (CHP) which this year produced 10,619,845 kWh of electricity, saving 2,481 tonnes of carbon compared to consuming grid supply electricity. In August 2017 the CHP unit was updated from 1200kWe to 1500kWe, which is an increase of 300kW per hour of electrical energy output with a total of 1,728,000kWhrs additional electricity since August 2017. This has also contributed to an additional reduction in carbon output of 403 tonnes and a monetary saving of approximately £138,000.

This year, reversing the past trend of year on year reductions, energy usage has increased overall. Comparing last year's overall energy consumption to this year's, including CHP electricity, consumption has risen from 63,488 MWh to 70,509 MWh. Energy consumption has risen to 0.571 MWh/m<sup>2</sup> from 0.514 MWh/m<sup>2</sup>. Overall gas usage has increased by 15.6% and electricity usage has risen by 2.2%. We have generated 62.3% of our total electricity from our CHP unit. This generated electricity is higher than the previous year due to the increase in rating of the CHP as mentioned earlier.

Despite the fact the Trust has used increased energy this year it can take positives from the figures reported. It can be seen that CHS has reduced its carbon emissions by 65 tonnes. This looks to be a small reduction but had it not been for the increase in the generation from our CHP, installation of more efficient plant and controls and careful management of the Estate, this small reduction could have been a large increase instead. Given the fact there has been an overall 10% increase in energy usage, the reduction signifies the Trust's commitment to the ongoing reduction in carbon despite increasing services and floor area. Two large capital schemes became fully operational, the opening of a new Emergency Department (ED) and Endoscopy Department, both of which have increased floor areas and both have increased technology and services putting significant pressure on our energy usage. The ED has added circa 3,000m<sup>2</sup> to our heated volume and also has increased use of services within the department itself such as a dedicated CT and X-Ray facilities, both of which are major energy users. It can be noted that the new ED has used over 1,700,000kWh of electricity since it was opened last year. However, our overall electricity usage has only risen by 397,994kWh, over 1,300,000kWh lower than the potential increase of the newly opened department. This in part is due to the replacement of old, obsolete plant in the former A&E Department but also to work that has been carried out to lighting around the CHS sites.

However, gas usage has risen to a higher level than has been seen over the past few years. This is down to two main factors. Firstly, the opening of our new ED, which has increased heated volume by 2.2% and secondly, the weather. This year has seen some extremes of weather particularly, in the months of December 2017 to March 2018, which have been statistically much colder than the corresponding months last year. Our gas usage has also been increased by the generation of our own electricity from the CHP unit which has added another 1,296,000kWh to our gas usage alone (the CHP plant is gas driven and drives a turbine to generate electricity we use on site saving the Trust money importing from suppliers).

In the past year CHS has again undertaken the following carbon saving projects many of which are ongoing;

- an intensive housekeeping exercise targeting all areas within the hospital to ensure effective environmental controls (ongoing);
- complete recalibration of temperature sensors, enabling accurate measurement of heating levels in all clinical and non-clinical areas (ongoing);
- checking of timetables to make sure heating and cooling match occupancy times (ongoing);
- continued replacement of obsolete plant controls (ongoing);
- a reduction in occupied temperatures where appropriate (ongoing);
- further installation of Automated Meter Readings (AMR) at the Sunderland Royal Hospital site, Sunderland Eye Infirmary site and the Children's Centre site complete with software analysis system (ongoing); and
- installation of new boiler plant at Sunderland Royal Hospital.

### **Short and Long Term Goals**

Short term goals (for 2018) for sustainability within the Trust are set to include:

- formulation of a sustainability group to target and identify better methods of carbon measurement, establishing the Trusts own Key Performance Indicator's for effective measurement of success;
- mobilisation of stakeholders to look at more efficient ways of recording and reporting carbon for scope 3 emissions (those emissions not directly controlled by CHS ie from contractors and suppliers). Procurement and Finance to play a significant role via the Sustainability Management Group; and
- choosing and educating staff leaders from all departments to enable the promotion and delivery of sustainability initiatives within the workplace. (A major action from the SDMP is the creation of a Sustainable Development Group with board level responsibility for sustainability. This would include representative staff from a range of departments who would then choose and educate staff leaders in every department to deliver sustainability actions, and feed progress back to the group).

Long term goals (over the coming 5 years) for sustainability within the Trust are set to include:

- validation of environmental management with recognised British standards. (Not a legal requirement but considered best practice to be working towards raising our green profile. The implementation of the actions and targets set out in the SDMP would go a

long way to fulfilling many of the criterion for an Environmental Management System which could then be achieved more easily and be externally verified);

- greater engagement with stakeholders to promote and use the Sustainable Development Assessment Tool formerly the Good Corporate Citizen scheme;
- establishment of an ongoing rolling programme of detailed energy audits and implementation of recommended improvements to actively engage staff in recognising and achieving carbon goals;
- developing 'Spend to Save' Schemes;
- increased use of renewable technologies where viable;
- the application of BREEAM to be considered on all new commissioned buildings;
- replacement of boilers and de-steaming at the Sunderland Eye Infirmary site; and
- de-steaming of Sunderland Sterile Services, Pharmacy and Cardiology.

## European Emission Trading System (EUETS)

The Trust is legally bound to report carbon emissions from fossil fuel usage in the form of participation in the EUETS. The Trust must meet specified targets within the system to avoid penalties and to prove that carbon is being managed effectively.

Last year the Trust recorded a decrease in emissions regarding the scheme and this reporting year, 2017, has submitted a slightly higher total of 8,840 tonnes of carbon in comparison to 8,766 tonnes in 2016. It should be noted that the increase has been directly attributable to the increased gas used for the production of electricity from the CHP. However, this increase has been minimised by the Trust using far less oil than 2016 and thus emitting 307 tonnes less carbon due to this alone. Despite the increase in overall emissions, CHS are still comfortably under the allowance of carbon for this reporting year and in the scheme overall, achieving compliance for this reporting year.

## Water

2017/18 has seen a decrease in water usage. Following an increase in water usage last year, there has been an overall reduction in the use of water on the Sunderland Royal site. This has been due to repair of a number of challenging leaks on site which had previously contributed significantly to an increase in usage. Considerable effort and resource has been made to put management in place to rectify the leaks and effect repairs. Automatic meter reading and remote alarm trigger points continue to be used to alert maintenance staff to potential problems.

In accordance with statutory guidance we have an extensive flushing regular regime that contributes to an above average water consumption. Despite this it is still recognised that further work needs to be done to ensure water levels are reduced and the Trust maintains its better water consumption performance this year.

Water		2014/15	2015/16	2016/17	2017/18
Mains Water	m <sup>3</sup>	195,406	207,168	238,296	185,034
	tCO <sub>2</sub> e	178	189	217	168
Water & Sewage Spend		£ 448,619	£ 460,484	£ 545,276	£ 522,054

## Waste

Municipal waste segregation continues to improve within all waste streams allowing recycling to improve. All municipal waste that cannot be recycled on site is transferred to a materials recycling facility and energy from waste plant ensuring waste is diverted from unsustainable landfill.

The Trust's total mixed recycling rate now stands at 100% (79% recycling on site, a further 19% off site at the contractor's facility). The remaining 2% is also diverted from landfill and sent to energy from waste plant in Teesside). Recycling continues to be boosted by the use of an equipment/furniture reuse system which enables equipment to be redistributed throughout the organisation rather than buying new, saving on carbon and cost.

Confidential waste (after shredding) is recycled, as is non clinical glass, cardboard and batteries alongside the majority of Waste Electronic and Electrical Equipment (WEEE) waste. Scrap metal is also recycled.

Waste		2014/15	2015/16	2016/17	2017/18
Recycling	(tonnes)	887.00	921.00	990.00	1015.00
	tCO <sub>2</sub> e	18.63	18.42	20.79	22.09
Other Recovery	(tonnes)	0.00	0.00	0.00	8.00
	tCO <sub>2</sub> e	0.00	0.00	0.00	0.17
High Temp Disposal	(tonnes)	0.00	0.00	0.00	43.00
	tCO <sub>2</sub> e	0.00	0.00	0.00	9.46
Landfill	(tonnes)	390.00	204.00	0.00	0.00
	tCO <sub>2</sub> e	95.32	49.86	0.00	0.00
Total Waste (tonnes)		1,277	1,125	990	1,066
% Recycled or Re-used		69%	82%	100%	95%
Total Waste tCO <sub>2</sub> e		113.95	68.28	20.79	31.72

Offensive waste continues to be segregated successfully from the infectious clinical waste stream in line with Environmental Agency best practice guidelines, generating both environmental and financial savings and is also sent to the "energy from waste" plant. A comprehensive programme of waste audits, including sharps, covering every department in the Trust continues and a yearly pre-acceptance audit is sent to the waste contractors. This ensures compliance with legislation and provides advice, education and improved staff awareness of safe waste practices and sustainability.



## **Travel**

Green travel has long been a priority for the Trust with the car share and cycle scheme running successfully for many years. The Trust is planning to change its transport fleet this year to include electric and low carbon emissions vehicles. The Trust continues to collaborate with Sustrans and the 'Wear Moving' campaign to promote and support an improved and sustainable approach to a healthier lifestyle by encouraging staff to walk to and from work, cycle use, public transport and car share where feasible.

Home working and the use of webinars are on the increase and serve to promote lower levels of non-essential travel and discounted bus fares are available with Go North East and Nexus transport. Facilities are available on site to encourage the use of electric vehicles with a total of 22 charging points now available. These points have provided 4,944 charging sessions using 29,342 kWh of electricity which has saved approximately 14 tonnes of carbon as opposed to the miles being driven in a normal diesel car.

## **Procurement**

The largest section in the NHS carbon footprint is procurement and is at present the area where most work needs to be done. Although environmental and sustainability should be key to any purchasing decisions made, the principle of whole life cycle costing for all supplies should be adopted. City Hospitals' Procurement Department and the National Procurement Organisations and their suppliers, who work on our behalf, have a major part to play in embedding carbon improvement measures into all CHS contracts and procurement processes.

The Trust will endeavour always to follow Government guidance and avoid unsustainable substances, products and product types at all costs where value for money can be demonstrated. Procurement of goods and services by the Trust is based on value for money (VFM), having due regard to current legislation governing EU procurement law as well as reducing our impact on the environment. Value for money in procurement is defined as the optimum combination of whole life cycle cost and quality (or fit for purpose) to meet the customer's requirements.

The Procurement Team will:

- ensure that where Government's environmental policies apply, they are taken into account and followed appropriately in framing the specification, in selecting tenders through the evaluation criteria and in awarding contracts;
- ensure the standard NHS terms and conditions of contract (which includes specific reference to environmental issues) are incorporated in all procurement of goods and service;
- ensure the tendering process includes environmental policies and compliance questions for the supplier and evidences their environmental audit throughout the supply chain for example our tendering portal has standard capability and capacity questions which include environmental questions (where appropriate). This ensures that suppliers are vetted during the tendering process and meet environmental policies and compliance (including government legislation) before any contracts are awarded. All suppliers are required to accept the NHS standard terms and conditions with every tender advertised on the tendering portal;

- ensure the carbon footprint and CO<sub>2</sub> emissions are minimised through consolidation of orders and delivery to the Trust through NHS supply chain;
- stimulate and support innovation which provides more sustainable solutions and reduces the impact on the environment;
- use the most energy efficient, and where applicable ,water efficient electrical domestic appliances (energy efficiency rated 'A' or above);
- execute efficiency in use – items which consume less or have a lower environmental impact during their 'in use' life and their disposal and recycling;
- substitute and innovate – understand the environmental and social impact of goods, look into appropriate alternative products, materials or approaches that can be used with less impact. For example, one of the requirements within our electrical consumables contract is that the supplier of goods to the Trust must not only be CE marked but should be A+ rated. This ensures the Trust uses products that have a low carbon footprint. Our current laryngoscopes are modular and the battery pack can be separated from the single use blade and handle. This makes it easier for the Trust to recycle the materials and minimise sending potentially harmful materials to landfill. The Trust has a compare and save work stream that continually analyses products bought through the NHS supplies chain. This programme seeks to introduce alternative, innovative products into the Trust, which are economically advantageous;
- minimise pollution and adverse impacts on the environment resulting directly and indirectly from procurement decisions;
- reduce demand – question whether products that will last longer or can be used differently would be more appropriate; and
- ensure that procurement adopt a whole lifestyle approach by assessing the products environmental impact from its production to its disposal. End of life products are disposed of correctly eg IT disposal through authorised third party disposal companies. When we decommission equipment some of the options that we consider include; for all capital equipment and medical devices, the lifespan of the equipment and look at the cost over this lifespan including maintenance costs. Trade in old equipment and offset the revenue against the cost of new capital equipment. Auction the equipment which allows other organisations, particularly in the third world, to still benefit from the product and prolong the useful life of the asset rather than disposing to waste/landfill.

## Summary

Energy consumption has increased overall but this has not meant an increase in carbon emissions which have in fact again reduced this year. However, we have revised our carbon reduction target in line with NHS England and the NHS SDU guidance which has called for a target of a 28% reduction from a 2013 baseline. This has changed our target energy emissions for 2020 from 14,184 tonnes to 11,967 tonnes. We use the direct correlation between energy emissions and our overall emissions to assess our overall carbon reduction performance. As previously mentioned, we have seen an increase in gas which has largely been down to the change in output of our Combined Heat and Power (CHP) unit which has caused us to consume more gas this year. However, due to us producing more of our own electricity, we have seen the benefit of a reduction in carbon by not using more carbon intensive grid electricity. We have also suffered with a statistically colder year compared to last year which has seen our heating requirement increase by 2,753,896kWh in comparison to last year due to weather conditions.

Looking forward to next year, we can expect another drop in carbon in our electricity usage as the CHP will have run for a full year rather than the 8 months of this reporting year.

Again there has also been extensive work done on lighting including better control and more efficient lighting including LED lighting, replacing approximately 10% of the current lighting stock. The installation of new, more efficient air handling plant in the new Emergency Department and Endoscopy units will also have had a positive effect in reduction of both heating and electrical usage in their respective areas. Finally, water usage has decreased considerably, a reduction in usage of 53,262 cubic metres of water. We have continued to monitor our usage and actively react to any deviations from normal usage, which indicates leaks, to respond quickly and effectively to minimise water loss. As in previous years, CHS continue to have a comprehensive regular flushing of water services which increases consumption but is vital in the role of protecting staff and patients from dangerous water borne diseases.

Greater sustainability continues to be a target for CHS and this has resulted in the production of a new Sustainable Development Management Plan which details the actions the Trust will need to undertake to realise their vision of a more sustainable way of working for the Trust. Aside from the environmental and longer term financial benefits of promoting sustainability, increasing pressure from NHS legislative bodies are making more sustainability issues mandatory such as having a board approved SDMP/SDS, being in line with meeting NHS specific targets by 2020 and the UK binding 2050 carbon reduction target of an 80% reduction in emissions from a 1990 baseline. Moving forward, it is a priority for CHS to further improve the Health Care Environment and meet the targets which have been imposed upon the NHS as a whole. CHS actively encourage staff at all levels to contribute positively and take responsibility for their part in improving the environment and sustainability credentials of the Trust.

## **Fraud**

The Trust has an active internal audit programme that includes counter fraud as a key element. It participates in national counter fraud initiatives/checks and employs counter fraud specialists to raise awareness and follow up any potential issues identified. One of our Non-Executive Directors has also been appointed as “Counter Fraud Champion”.

# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF CITY HOSPITALS SUNDERLAND NHS FOUNDATION TRUST

## Opinion

We have audited the financial statements of City Hospitals Sunderland NHS Foundation Trust ('the Foundation Trust') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes<sup>1</sup> to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and HM Treasury's Financial Reporting Manual ('FRM') to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of City Hospitals Sunderland NHS Foundation Trust and Group's affairs as at 31 March 2018 and of its income and expenditure and cash flows for the year then ended; and
- ▶ have been prepared in accordance with the Department of Health Group Accounting Manual 2017/18 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard and the Comptroller and Auditor General's ('C&AG's') AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Use of our report

This report is made solely to the Council of Governors of City Hospitals Sunderland NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors, for our audit work, for this report, or for the opinions we have formed.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Foundation Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> <li>• Risk of fraud in revenue and expenditure recognition</li> <li>• Valuation of land and buildings</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of £7.6m for the Group and £7.7m for the Foundation Trust which represents 2% of operating expenditure.</li> </ul>

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Risk of fraud in revenue and expenditure recognition</b></p> <p><b>Group operating revenue £363.1m (2016/17 - £362.8m)</b>  <b>Group operating expenditure £388.5m (2016/17 - £353.5m)</b></p> <p><i>Refer to the Audit Committee Report (page 149); Accounting policies 1.4 and 1.6 ); and Notes 2 to 6 of the Consolidated Financial Statements</i></p> <p>The Foundation Trust was set a control total of a £5.7m deficit for the year by NHS Improvement. The pressure of meeting this financial target, as well as the significant financial pressures that are prevalent in clinical commissioning groups ('CCGs') as the Foundation Trust's main commissioners of services, lead to a risk of inappropriate revenue and expenditure recognition.</p> <p>We evaluated the income and expenditure streams of the Foundation Trust and identified that those areas where management are more likely to</p>	<p>We reconciled income recognised from CCGs to contracts for £295.8m of income from protected service activities (out of a total of £362.8m) and agreed year-end contract accruals to supporting evidence.</p> <p>We obtained the NHS Agreement of Balances mismatch report from the National Audit Office ('NAO'), which identifies income, expenditure, debtors and creditors balances not agreed by the counterparty. We investigated all variances over the reporting threshold of £300,000, set by the NAO, by discussing with management and agreeing to corroborating evidence.</p> <p>We tested management estimates in the financial statements, agreeing to corroborative evidence where available, and did not identify any indicators of management bias.</p> <p>We selected a sample of</p>	<p>There were no findings arising from our work to report to the Audit Committee.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>be able to override existing controls is where the risk of inappropriate revenue and expenditure recognition lies, specifically:</p> <ul style="list-style-type: none"> <li>• year-end income accruals for contracts with the CCGs;</li> <li>• accounting estimates including accruals and provisions; and</li> <li>• through omission of expenditure from the financial statements.</li> </ul> <p>We included this risk as a key audit matter in our Independent Auditor's Report for the year ended 31 March 2017.</p>	<p>invoices received, and payments made, in the month of April 2018 and checked back to supporting documentation to confirm that the expenditure was recognised in the correct period.</p> <p>We used data analytics to select a sample of journal entries based on specific risk criteria. We agreed these journal entries back to supporting documentation.</p>	
<p><b>Valuation of land and buildings</b></p> <p><b>Land £2.6m (2016/17 - £6.6m)</b></p> <p><b>Buildings £125.9m (2016/17 - £162.3m)</b></p> <p><i>Refer to the Audit Committee Report (page 149); Accounting policy 1.7; and Note 12 of the Consolidated Financial Statements</i></p> <p>The Foundation Trust valued its estate using a Modern Equivalent Asset basis, and during the year revised the assumptions underpinning the valuation to reflect a single site valuation.</p> <p>The Foundation Trust engaged Cushman &amp; Wakefield to perform a desk top valuation of the estate. The valuation process is complex and subject to a number of assumptions. A small movement in the assumptions used in the valuation process could have a material impact on the valuation in the financial statements.</p>	<p>We obtained a copy of the valuation report produced by Cushman &amp; Wakefield and agreed the valuation in the report to the financial statements.</p> <p>Our EY property valuation experts confirmed that the assumptions used in the valuation were acceptable. Specifically, we reviewed the documentation for the provision of the fully operated healthcare facility to confirm that the subsidiary company is responsible for the maintenance of all aspects of buildings and external works to satisfy ourselves that exclusion of VAT from the valuation is appropriate and tested the assumptions around a single site valuation.</p>	<p>There was a material adjustment made to the consolidated financial statements to reclassify £7.8m of impairments from the revaluation reserve to expenditure.</p> <p>We had no other significant findings to report in relation to the valuation.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
We included this risk as a key audit matter in our Independent Auditor's Report for the year ended 31 March 2017.		

## An overview of the scope of our audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Foundation Trust. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Foundation Trust and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £7.6m (2016/17 - £7.1m) which is 2% of operating expenditure. We believe that operating expenditure provides us with an appropriate basis for materiality as it is the key driver of the Group's financial position.

During the course of our audit, we reassessed initial materiality and recalculated it based on the draft accounts submitted for audit.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £5.7m (2016/17 - £3.6m). We have set performance materiality at this percentage based on our experience as your external auditor of the adjustments identified in the year ended 31 March 2017.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2016/17 - £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## **Other information**

The other information comprises the information included in the Annual Report set out on pages 1 - 205, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

We read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have nothing to report in this regard.

## **Opinion on other matters prescribe by the Code of Audit Practice issued by the NAO**

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff report identified as subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

## **Matters on which we report by exception**

The Code of Audit Practice requires us to report to you if:

- we issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- we refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- we are not satisfied that the Foundation Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources as required by schedule 10(1)(d) of the National Health Service Act 2006;
- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and is not misleading or inconsistent with other information forthcoming from the audit; or
- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

The NHS Foundation Trust Annual Reporting Manual 2017/18 requires us 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 NHS Foundation Trust acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of these matters.

### **Responsibilities of Accounting Officer**

As explained more fully in the Statement of Chief Executive's Responsibilities as the Accounting Officer of City Hospitals Sunderland NHS Foundation Trust set out on page 151, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Foundation Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors intend to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Auditor's responsibilities with respect to value for money arrangements**

We are required to consider whether the Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is based on the overall criterion that 'in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people'.

Proper arrangements are defined by statutory guidance issued by the National Audit Office and comprise the arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we draw on the requirements of the guidance issued by NHS Improvement to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

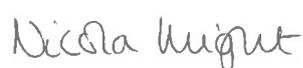
We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice which defines this as:

*"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects".*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risk there is no requirement to carry out further work. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

### **Certificate**

We certify that we have completed the audit of the financial statements of City Hospitals Sunderland NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General ('C&AG').



Nicola Wright  
for and on behalf of Ernst & Young LLP  
Newcastle upon Tyne  
25 May 2018

The maintenance and integrity of the City Hospitals Sunderland NHS Foundation Trust web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## FOREWORD TO THE ACCOUNTS

### City Hospitals Sunderland NHS Foundation Trust

These financial statements for the year ended 31 March 2018 have been prepared by City Hospitals Sunderland NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by NHS Improvement, the sector regulator for health services in England.



K W Bremner  
Chief Executive

Date: 22 May 2018

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**31 March 2018**

	NOTE	Group 2017/18 £000	Foundation Trust 2017/18 £000	Group 2016/17 £000	Foundation Trust 2016/17 £000
<b>Revenue</b>					
Operating income from patient care activities	2 - 3	318,982	318,982	319,611	319,611
Other operating income	3	44,144	47,229	43,204	43,054
Operating expenses	4 - 6	(388,543)	(394,796)	(353,457)	(354,176)
<b>Operating (deficit) / surplus</b>		<b>(25,417)</b>	<b>(28,585)</b>	9,358	8,489
<b>Finance Costs</b>					
Finance income	8	102	1,482	82	280
Finance expenses - financial liabilities	9	(1,822)	(2,042)	(1,931)	(1,966)
Finance expenses - unwinding of discount on provisions	20	(3)	(3)	(13)	(13)
PDC dividends payable	28	(3,599)	(3,599)	(4,771)	(4,771)
<b>Net finance costs</b>		<b>(5,322)</b>	<b>(4,162)</b>	(6,633)	(6,470)
Losses on disposal of assets	7	(16)	(34)	(42)	(55)
Movement in fair value of other investments	14.2	8	0	299	0
Corporation tax expense	10	(318)	0	(101)	0
<b>(Deficit) / surplus</b>		<b>(31,065)</b>	<b>(32,781)</b>	2,881	1,964
Revaluation deficit - property		(25,117)	(25,117)	(14,287)	(14,287)
<b>Total Comprehensive Expense for the year</b>		<b>(56,182)</b>	<b>(57,898)</b>	(11,406)	(12,323)

Operating expenses includes an impairment of £32,926k relating to the revaluation of the group's estate.

There is a surplus of £426k relating to the Charitable Fund included within the deficit for the year.

After adjusting for the above items, the underlying surplus of the Group is £1,435k. This is shown in note 30.

**STATEMENT OF FINANCIAL POSITION AS AT  
31 March 2018**

		Group	Foundation	Group	Foundation
	NOTE	31 March 2018	Trust 31 March 2018	31 March 2017	Trust 31 March 2017
		£000	£000	£000	£000
<b>Non-current assets</b>					
Intangible assets	11	5,348	5,344	4,952	4,948
Property, plant and equipment	12	142,892	142,889	201,433	201,428
Investment in subsidiary	13	0	11,893	0	11,893
Long term debt with subsidiary	13	0	18,998	0	23,196
Loan to subsidiary	13	0	600	0	700
Other investments	14.1	2,329	0	2,374	0
Trade and other receivables	15.1	969	969	1,145	1,145
<b>Total non-current assets</b>		<b>151,538</b>	<b>180,693</b>	<b>209,904</b>	<b>243,310</b>
<b>Current assets</b>					
Current debt with subsidiary	13	0	4,198	0	4,198
Loan to subsidiary	13	0	100	0	100
Inventories	16.1	6,407	4,569	6,109	5,255
Trade and other receivables	15.1	23,641	23,500	20,732	25,619
Cash and cash equivalents	17	9,689	2,812	6,981	2,081
<b>Total current assets</b>		<b>39,737</b>	<b>35,179</b>	<b>33,822</b>	<b>37,253</b>
<b>Current liabilities</b>					
Finance lease	19.3	0	(720)	0	(701)
Trade and other payables	18	(33,799)	(29,460)	(31,456)	(33,769)
Borrowings	19	(3,707)	(3,707)	(3,729)	(3,729)
Provisions	20	(244)	(244)	(240)	(240)
Other liabilities	21	(1,664)	(4,836)	(1,638)	(4,810)
<b>Total current liabilities</b>		<b>(39,414)</b>	<b>(38,967)</b>	<b>(37,063)</b>	<b>(43,249)</b>
<b>Total assets less current liabilities</b>		<b>151,861</b>	<b>176,905</b>	<b>206,663</b>	<b>237,314</b>
<b>Non-current liabilities</b>					
Finance lease	19.3	0	(6,392)	0	(7,111)
Trade and other payables	18	0	0	0	0
Borrowings	19	(49,812)	(49,812)	(53,086)	(53,086)
Provisions	20	(701)	(701)	(794)	(794)
Other liabilities	21	0	(24,844)	0	(28,016)
<b>Total non-current liabilities</b>		<b>(50,513)</b>	<b>(81,749)</b>	<b>(53,880)</b>	<b>(89,007)</b>
<b>Total assets employed</b>		<b>101,348</b>	<b>95,156</b>	<b>152,783</b>	<b>148,307</b>

**STATEMENT OF FINANCIAL POSITION AS AT  
31 March 2018**

	<b>Group</b>	<b>Foundation</b>		<b>Foundation</b>
	<b>31 March</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>2018</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>£000</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financed by taxpayers' equity</b>				
Public Dividend Capital	104,289	104,289	99,542	99,542
Revaluation reserve	35,359	33,918	60,796	59,355
Income and expenditure reserve	(42,902)	(43,051)	(11,731)	(10,590)
<b>Others' equity</b>				
Charitable Fund reserve	4,602	0	4,176	0
<b>Total taxpayers' equity</b>	<b>101,348</b>	<b>95,156</b>	<b>152,783</b>	<b>148,307</b>

The financial statements on pages 213 to 267 were approved by the Board on 22 May 2018 and signed on its behalf by:



K W Bremner  
Chief Executive

Date: 22 May 2018

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

-----Group-----

-----Foundation Trust-----

**Taxpayers' Equity at 1 April 2017**  
**Changes in taxpayers' equity for 2017-18**  
 Total Comprehensive Income / (Expense) for the year:

Revaluations - property, plant & machinery  
 Transfers between reserves  
 Public dividend capital received  
 (Deficit) / surplus for the year

**Taxpayers' Equity at 31 March 2018**

	Total Taxpayers' Equity £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Income and Expenditure Reserve £000
	152,783	99,542	60,796	4,176	(11,731)
	(25,117)	0	(25,117)	0	0
	0	0	(320)	0	320
	4,747	4,747	0	0	0
	(31,065)	0	0	426	(31,491)
	<b>101,348</b>	<b>104,289</b>	<b>35,359</b>	<b>4,602</b>	<b>(42,902)</b>

**Taxpayers' Equity at 1 April 2016**  
**Changes in taxpayers' equity for 2016-17**  
 Total Comprehensive Income / (Expense) for the year:

Revaluations - property, plant & machinery  
 Transfers between reserves  
 Surplus for the year

**Taxpayers' Equity at 31 March 2017**

	Total Taxpayers' Equity £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Income and Expenditure Reserve £000
	164,189	99,542	75,083	3,458	(13,894)
	(14,287)	0	(14,287)	0	0
	2,881	0	0	718	2,163
	<b>152,783</b>	<b>99,542</b>	<b>60,796</b>	<b>4,176</b>	<b>(11,731)</b>

	Total Taxpayers' Equity £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
	148,307	99,542	59,355	(10,590)
	(25,117)	0	(25,117)	0
	0	0	(320)	320
	4,747	4,747	0	0
	(32,781)	0	0	(32,781)
	<b>95,156</b>	<b>104,289</b>	<b>33,918</b>	<b>(43,051)</b>

	Total Taxpayers' Equity £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
	160,630	99,542	75,083	(13,995)
	(14,287)	0	(14,287)	0
	0	0	(1,441)	1,441
	1,964	0	0	1,964
	<b>148,307</b>	<b>99,542</b>	<b>59,355</b>	<b>(10,590)</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**31 March 2018**

	NOTE	Group 2017/18 £000	Foundation Trust 2017/18 £000	Group 2016/17 £000	Foundation Trust 2016/17 £000
<b>Cash flows from operating activities</b>					
Operating (deficit) / surplus		(25,417)	(28,585)	9,358	8,489
<b>Non-cash income and expense:</b>					
Depreciation and amortisation		6,510	6,508	8,246	8,243
Net impairments		32,926	32,926	3,254	3,254
Non cash donations		(747)	(747)	(71)	(71)
(Increase) / decrease in trade and other receivables		(2,549)	2,772	(9,622)	(14,824)
(Increase) / decrease in inventories		(298)	686	(12)	264
Increase / (decrease) in trade and other payables		2,331	(4,318)	277	3,002
Decrease in provisions		(92)	(92)	(108)	(108)
Tax paid		(76)	0	(47)	0
NHS Charitable Funds - working capital adjustments		183	0	72	0
Increase in other liabilities		26	26	82	82
Other movements in operating cash flows		(242)	0	(261)	0
<b>Net cash generated from operating activities</b>		<b>12,555</b>	<b>9,176</b>	<b>11,168</b>	<b>8,331</b>
<b>Cash flows from investing activities</b>					
Interest received		41	1,482	26	280
Purchase of intangible assets		(1,749)	(1,749)	(598)	(598)
Purchase of property, plant and equipment		(4,962)	(5,072)	(9,525)	(9,525)
Sales of property, plant and equipment		310	310	157	157
Receipt of cash donations to purchase capital assets		747	747	0	0
NHS Charitable Funds - net cash flow from investing		132	0	45	0
<b>Net cash used in investing activities</b>		<b>(5,481)</b>	<b>(4,282)</b>	<b>(9,895)</b>	<b>(9,686)</b>
<b>Net cash inflows / (outflows) before financing</b>		<b>7,074</b>	<b>4,894</b>	<b>1,273</b>	<b>(1,355)</b>
<b>Cash flows from financing activities</b>					
Loans repaid		(3,273)	(3,273)	(3,273)	(3,273)
Interest paid		(1,845)	(2,064)	(1,970)	(2,005)
Loan paid by subsidiary		0	4,298	0	455
Loan repaid to subsidiary		0	(701)	0	(113)
PDC dividend received		4,747	4,747	0	0
PDC dividend paid		(3,995)	(3,995)	(5,283)	(5,283)
Cash flows used in other financing activities		0	(3,175)	0	(529)
<b>Net cash used in generating financing activities</b>		<b>(4,366)</b>	<b>(4,163)</b>	<b>(10,526)</b>	<b>(10,748)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>2,708</b>	<b>731</b>	<b>(9,253)</b>	<b>(12,103)</b>
<b>Cash and cash equivalents at 1 April</b>	17	<b>6,981</b>	<b>2,081</b>	<b>16,234</b>	<b>14,184</b>
<b>Cash and cash equivalents at 31 March</b>	17	<b>9,689</b>	<b>2,812</b>	<b>6,981</b>	<b>2,081</b>

## NOTES TO THE ACCOUNTS

### 1. Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

#### 1.1 Estimation Techniques

These are methods adopted by the Group to arrive at monetary amounts, corresponding to the measurement basis selected for assets, liabilities, gains, losses and charges to the Reserves. Where the basis of measurement for the amount to be recognised under accounting policies is uncertain, an estimation technique is applied.

In the application of the Group'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.

#### 1.2 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.

#### 1.3 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the annual report and accounts.

The day to day operations of the Group are funded from agreed fixed term contracts with Clinical Commissioning Groups (CCGs). These payments provide a reliable stream of funding minimising the Foundation Trust's exposure to liquidity and financing problems. The Group's budgets and expenditure plans are based on the agreed level of commissioned service and indicate that it has sufficient resource to meet ongoing commitments.

Trade receivables mainly arise from transactions with CCGs under contractual terms that require settlement of the obligation within a time frame established by the Department of Health.

During 2018 a revaluation was conducted by Cushman and Wakefield (a member of RICS) to revalue the Group's land and buildings property. As part of the revaluation the Modern Equivalent Asset model used has been refreshed and there has been a revision to how the Group defines a property asset and the components that make up the asset. This is described further in section 1.7.

#### **1.4 Income**

Income is accounted for applying the accruals convention. The main source of income for the Group is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

The Foundation Trust contracts with NHS commissioners on a Payment by Results basis and follows pertinent guidance published by NHS England and NHS improvement for example in setting local tariffs, agreeing risk shares or block arrangements.

The Foundation Trust records and accounts for Clinical Work in Progress. Clinical Work in Progress represents partially completed spells of patient treatment that remain un-invoiced at the end of the financial year. The value of Clinical Work in Progress for 2017/18 amounted to £2,689k compared to £2,062k in 2016/17.

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 sum due under the sale contract.

The Foundation Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Foundation Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatment provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

#### **1.5 Expenditure on Employee Benefits**

##### *Short-term Employee Benefits*

Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the annual report and accounts to the extent that employees are permitted to carry forward leave into the following period.

##### *Pension costs*

##### *NHS Pension Scheme*

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

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

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

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

Both schemes are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period

In order that the defined benefit obligations recognised in the accounts 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 scheme liability as at 31 March 2018 is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

**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 schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Estimated employer contributions for 2018/19 are £20,435k this is based upon the contribution rate of 14.38%.

### **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 1995 and 2008 Schemes are "final salary" schemes. 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).

With effect from 1 April 2015 a pension scheme was introduced based on career average revalued earning (CARE) with benefits based on a proportion of pensionable earnings during an employee's career. There is a build-up rate of 1/54 of each year's pensionable earnings. The annual increase in this scheme is based on CPI plus 1.5%.

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 AVCs run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

### *National Employment Savings Trust (NEST)*

The Pensions Act 2008 (the Act) introduced a new requirement for employers to automatically enrol any eligible job holders working for them into a workplace pension scheme that meets certain requirements and provide a minimum employer contribution. The Foundation Trust implemented auto-enrolment on 1 May 2013.

Where an employee is eligible to join the NHS Pension Scheme then they will be automatically enrolled into this scheme, even if they have previously opted out. However, where an employee is not eligible to join the NHS Pension Scheme (e.g. flexible retiree employees) then an alternative scheme must be made available by the Group.

The Group has chosen NEST as an alternative scheme for the Foundation Trust and as the main scheme for CHoICE (as new CHoICE employees are not eligible to join the NHS Pension Scheme). NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

Employers' pension cost contributions for both schemes are charged to operating expenses as and when they become due.

## **1.6 Expenditure on other goods and services**

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

## **1.7 Property, Plant and Equipment**

### *Recognition*

Property, Plant and Equipment is capitalised where:

- it is 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 Group;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- individually they have a cost of at least £5,000; or
- they form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- they form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example The Sunderland Royal Hospital site, includes a number of components with significantly different asset lives i.e. the individual building on the site, then these components are treated as separate assets and depreciated over their own useful economic lives.

### *Measurement*

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. The carrying values of property, plant and equipment are reviewed for impairment in years if events, or changes in circumstances, indicate the

carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment asset are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate.

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

All assets are measured subsequently at fair value.

All land and buildings are restated to current value using professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Valuations are carried out every 5 years with an interim review every 3 years. These valuations may be carried out annually where economic conditions cause fluctuations in building cost indices. During 2018 a revaluation was conducted by Cushman and Wakefield (a member of RICS) to revalue the Group's land and buildings property. There were two main changes within the valuation:

- The Group updated the MEA model to reflect changes to services and how the Group's property assets would be reprovided in the future
- Previously the Group treated property assets as being individual buildings with the components of these building consisting of the Building Cost Information Service (BCIS) elements as defined by the Royal Institute of Chartered Surveyors (RICS). As the majority of these elements did not represent significant components of the building the Group has moved to treating the hospital sites as the property assets with the components of these being the land, buildings and external works that make up the site.

Overall the valuation resulted in a downward revaluation of £25,117k being taken to the revaluation reserve and an impairment of £32,926k being charged to operating expenses.

Land and buildings used for the Group's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the 5 or 3 yearly valuation or when they are brought into use.

Plant and equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

#### *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 on a straight line basis over their remaining useful economic lives. No depreciation is provided on freehold land. 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 are not depreciated until the asset is brought into use or reverts to the Group.

Buildings, installations and fitting are depreciation based on their current value over the estimated remaining life of the asset as assessed by the Group's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated based on current cost over the estimated life.

#### *Revaluation gains and losses*

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income. Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

#### *Impairments*

In accordance with the DH GAM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. 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 current value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

### **1.8 Intangible assets**

#### *Recognition*

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Group'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 Group and where the cost of the asset can be measured reliably.

#### *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 Group intends to complete the asset and sell or use it;
- the Group 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 Group to complete the development and sell or use the asset; and
- the Group 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.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the terms of the licences and their useful economic lives.

#### *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 historic cost. 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.

### **1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. Pharmacy Stocks are valued at weighted average cost, all other stocks are valued on a 'First In First Out' basis.

### **1.10 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

### **1.11 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 Group'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. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below. All other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### *De-recognition*

All financial assets are de-recognised when the rights to receive cash flows 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 'Loans and receivables'. Financial liabilities are classified as 'Financial liabilities at amortised cost'.

#### *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 Group's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'. 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.

*Financial liabilities at amortised cost*

All financial liabilities at amortised cost 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 long-term 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 Group assesses whether any financial assets 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 through the use of a bad debt provision.

## **1.12 Leases**

### ***The Trust as lessee***

*Operating leases*

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.

*Finance leases*

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group, 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 by apportioning each rental payment between a finance charge and a reduction of the lease obligation using the sum of digits method. 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.

#### *The Trust as lessor*

Rental income from operating leases is recognised on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are charged to income and expenditure as incurred.

### **1.13 Provisions**

The Group recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount, for which it is probable that there will be a future outflow of cash or other resources, and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate which varies from -2.40% to -1.560% in real terms dependent upon the time base of the cash outflow (2016-17, -2.70% to 0.80%). The only exception to this is early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 0.10% (2016-17 – 0.24%) in real terms.

#### *Clinical negligence costs*

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. The NHSLA is financially responsible for all clinical negligence cases and the liability for all potential and outstanding claims is provided in their Accounts. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Foundation Trust is disclosed at Note 20 but is not recognised in the Foundation Trust's accounts.

#### *Non-clinical risk pooling*

The Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Foundation 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.

### **1.14 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 Group's control) are not recognised as assets, but are disclosed in Note 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 24, 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 Group'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.

### **1.15 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.

An annual charge, reflecting the cost of capital utilised by the Foundation 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 Group during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (ii) donated assets (including lottery funded assets), and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

### **1.16 Value Added Tax**

Most of the activities of the Foundation 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 fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.17 Corporation Tax**

City Hospitals Independent Commercial Enterprises Limited (CHOICE) is a wholly owned subsidiary of City Hospitals Sunderland NHS Foundation Trust and is subject to corporation tax on profits. Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the individual profit and loss accounts of the two organisations except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities, for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The main rate of UK Corporation Tax changed from 20% to 19% with effect from 1 April 2017.

### 1.18 Foreign exchange

The functional and presentational currencies of the Group are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Group has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

### 1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Group has no beneficial interest in them. However, they are disclosed separately in Note 27 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

### 1.20 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, Note 29 on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

### 1.21 Accounting standards that have been issued but have not yet been adopted

The following table presents a list of recently issued accounting standards and amendments which have not yet been adopted within the FReM, and are therefore not applicable to DH group accounts in 2017-18.

IFRS 9 Financial Instruments	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not
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	therefore permitted.
IFRS 15 Revenue from Contracts with Customers	Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 16 Leases	Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Application required for accounting periods beginning on or after 1 January 2018.
IFRIC 23 Uncertainty over Income Tax Treatments	Application required for accounting periods beginning on or after 1 January 2019.

## 1.22 Consolidation of Charitable Funds and Subsidiary Companies

### *NHS Charitable Fund*

City Hospitals Sunderland NHS Foundation Trust is the corporate trustee to The City Hospitals Sunderland NHS Foundation Trust Charitable Funds. 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 fund.

The Trust is required to consolidate any material charitable funds which it determines to be subsidiaries. Prior to 2016/17 the Trust did not consolidate the charitable funds as the value of the fund is not material. From 2016/17 the Trust elected to consolidate the charitable funds to be consistent with the consolidation of its other subsidiary.

The City Hospitals Sunderland NHS Foundation Trust Charitable Funds is registered with the Charity Commission (registered number 1052366). As at the 31 March 2017, the value of the funds was £4,176k. As at 31 March 2018 the value of the funds is estimated as £4,602k. This represents an estimated net increase in value of £426k.

City Hospitals Sunderland NHS Foundation Trust Charitable Funds principal office is based at The Children's Centre, Durham Road, Sunderland, SR3 4AD.

### *Other Subsidiaries*

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year. Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

City Hospitals Sunderland NHS Foundation Trust is the sole shareholder of City Hospitals Independent Commercial Enterprises Limited (CHOICE). The financial statements of CHOICE have been consolidated into these group financial statements. Previously these financial statements were not consolidated on the grounds of them not being material.

### **1.23 Segmental Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who make strategic decisions.

### **1.24 Going Concern**

The Board of Directors has a reasonable expectation that the Trust will have adequate financial resources to continue in operational existence for the foreseeable future. This is based on the fact that the Group achieved its revised plan for 2017/18 which was an operational deficit of £14.981m (excluding STF funding). The group's cash position was £7.381m (excluding Charitable Funds) below plan. Looking forward the Group is planning to deliver an operational deficit of £22.137m in 2018/19. The Trust is reliant on interim cash support from the Department of Health throughout 2018/19. Interim support has been made available in April 2018 and May 2018 and there is an expectation this will continue for the whole of the financial year 2018/19. The Group has therefore prepared these financial statements on a going concern basis.

## 2. Segmental Analysis

The Foundation Trust operates within a single reportable segment i.e. healthcare. This primarily covers the provision of a wide range of healthcare related services to the community of the City of Sunderland and additionally, the provision of an increasing range of more specialised services to patients outside of the area.

The Board of Directors act as the Chief Operating Decision Maker for the Foundation Trust and the monthly financial position of the Foundation Trust is presented/reported to them as a single segment.

	<b>Group</b>	<b>Foundation Trust</b>	Group	Foundation Trust
	<b>2017/18</b>	<b>2017/18</b>	2016/17	2016/17
	<b>Healthcare</b>	<b>Healthcare</b>	Healthcare	Healthcare
	<b>£000</b>	<b>£000</b>	£000	£000
<b>Income</b>				
Income from activities	318,982	318,982	319,611	319,611
Other operating income	44,144	47,229	43,204	43,054
<b>Total Income as per Statement of Comprehensive Income</b>	<b>363,126</b>	<b>366,211</b>	362,815	362,665
Charitable Funds income	(427)	0	(933)	0
<b>Total income as reported to the Board of Directors</b>	<b>362,699</b>	<b>366,211</b>	361,882	362,665
<b>Deficit by segment</b>				
Operating (deficit) / surplus as reported to the Board of Directors	(31,065)	(32,781)	2,163	1,964
Charitable Funds surplus	426	0	718	0
<b>Deficit / surplus per Statement of Comprehensive Income</b>	<b>(30,639)</b>	<b>(32,781)</b>	2,881	1,964
<b>Segment net assets</b>	<b>101,348</b>	<b>95,156</b>	152,783	148,307

The underlying surplus reported to the Board of Directors was £1,435k. This is after adjusting for impairments of £32,926k. A summary of this is shown in Note 30.

The majority of the Foundation Trust's total operating income is received from NHS England and CCGs. Of the £363,126k total operating income reported in 2017/18, an amount of £332,013k (91%) was attributable to NHS England and CCGs (£332,793k (92%) 2016/17).

Customers generating more than 10% of the Foundation Trust's income for both 2017/18 and 2016/17 were as follows:

	<b>2017/18</b>	2016/17
	<b>£000</b>	£000
NHS Sunderland CCG	183,721	182,798
NHS England	60,914	61,660
NHS Durham Dales, Easington and Sedgfield CCG	35,990	37,206

There was £nil income in 2017/18 (£nil 2016/17) generated by external customers outside of England.

### 3. Operating income

#### 3.1 Income from activities by classification

	Foundation		Restated	Restated
	Group	Trust	Group	Foundation
	£000	£000	£000	£000
	2017/18	2017/18	2016/17	2016/17
Elective income	69,155	69,155	68,349	68,349
Non elective income	89,318	89,318	73,967	73,967
First outpatient income	16,753	16,753	24,233	24,233
Follow up outpatient income	33,515	33,515	32,123	32,123
A & E income	17,048	17,048	15,236	15,236
Other income from activities	92,354	92,354	104,340	104,340
<b>Total income from protected services activities *</b>	<b>318,143</b>	<b>318,143</b>	318,248	318,248
NHS Injury Benefit Scheme **	513	513	965	965
Private patient income	326	326	398	398
<b>Total income from activities</b>	<b>318,982</b>	<b>318,982</b>	319,611	319,611
Sustainability and Transformation Fund income	13,890	13,890	15,085	15,085
Research and Development	1,492	1,492	1,485	1,485
Education and training ***	11,815	11,815	11,429	11,429
Charitable and other contributions to expenditure	747	747	71	71
Non-patient care services to other bodies	458	458	439	439
NHS Charitable Funds incoming resources excluding investment income	1,180	0	893	0
Other income	14,562	18,827	13,802	14,545
<b>Total other operating income</b>	<b>44,144</b>	<b>47,229</b>	43,204	43,054
<b>Total operating income</b>	<b>363,126</b>	<b>366,211</b>	362,815	362,665

2016/17 has been restated to allow comparable figures for first and follow up outpatient income previous shown as part of out patient income.

\*The Terms of Authorisation set out the mandatory goods and services that the Foundation Trust is required to provide (protected services).

\*\* Injury cost recovery income is subject to a provision for impairment of receivables of 22.84% (2016/17: 22.94%) to reflect expected rates of collection.

\*\*\*The Terms of Authorisation set out the mandatory education and training that the Foundation Trust is required to provide (protected education and training). All of the income from education and training shown above is derived from the provision of protected education and training. All other categories of operating income are un-protected.

#### 3.2 Income from activities by source - Group & Foundation Trust

	2017/18	2016/17
	£000	£000
NHS:		
Commissioner requested services		
- CCGs	315,049	314,620
Non Commissioner requested services		
- Local Authorities	2,976	2,605
- Other	16	885
- NHS Trusts	102	138
	<b>318,143</b>	318,248
Non NHS:		
- NHS Injury Benefit Scheme **	513	965
- Private Patients	326	398
<b>Total income from activities</b>	<b>318,982</b>	319,611

**3.2 Income from activities by source (continued)**

The main components of 'Other Income' within note 3.1 include:

	<b>Foundation</b>		<b>Foundation</b>	
	<b>Group</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
SLA with CHoICE	0	4,140	0	639
SLAs with other Trusts	3,145	3,145	2,657	2,657
Car parking	2,080	2,080	2,060	2,060
Consultant work offsite	1,864	1,864	2,033	2,033
Vanguard Funding from Sunderland CCG	1,500	1,500	245	245
Clinical Excellence Awards	435	435	371	371
Catering income	395	395	291	291
Mortuary	220	220	208	208
Trauma Network funding	185	185	185	185
Offender Health funding	136	136	87	87
Rental of hospital premises	108	108	175	175
Premises lease income from Sunderland CCG	0	0	213	213
	<b>10,068</b>	<b>14,208</b>	<b>8,525</b>	<b>9,164</b>
Other	<b>4,494</b>	<b>4,619</b>	<b>5,277</b>	<b>5,381</b>
	<b>14,562</b>	<b>18,827</b>	<b>13,802</b>	<b>14,545</b>

**3.3 Income generation activities**

The Foundation Trust undertakes a number of income generation activities with the aim of achieving profit which is then used in patient care.

**4. Operating expenses****4.1/1 Operating expenses comprise:**

	Foundation		Restated	Restated
	Group	Trust	Group	Foundation
	2017/18	2017/18	2016/17	2016/17
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	13,163	13,163	15,031	15,031
Purchase of healthcare from non-NHS and non-DHSC bodies	3,195	3,195	3,181	3,181
Staff and executive directors costs	216,175	208,316	211,365	210,109
Non-executive directors	155	143	148	140
Internal audit - staff costs	0	0	84	84
Supplies and services – clinical (excluding drugs costs)	29,579	26,409	29,232	29,197
Supplies and services - general	8,683	935	8,878	7,535
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	40,084	41,326	38,439	39,812
Inventories written down (net including drugs)	212	212	80	80
Consultancy	234	192	825	825
Establishment	2,752	1,970	2,400	2,239
Premises - business rates collected by local authorities	1,842	0	1,513	1,513
Premises - other	11,435	35,022	9,931	12,409
Transport - other (including patient travel)	294	99	305	240
Depreciation	5,108	5,105	7,329	7,329
Amortisation	1,402	1,402	917	916
Impairments net of (reversals)	32,926	32,926	3,254	3,254
(Decrease)/increase in impairment of receivables	(73)	(73)	(7)	(7)
Change in provisions discount rate	10	10	71	71
Audit services - statutory audit	53	43	64	43
Charitable fund audit	4	0	6	0
Internal audit - non-staff	180	180	140	140
Clinical negligence - amounts payable to NHS Resolution (premium)	14,257	14,257	12,908	12,908
Legal fees	195	195	442	442
Insurance	405	223	305	265
Education and training - non-staff	566	499	510	510
Operating lease expenditure (net)	4,079	7,251	5,069	5,574
Early retirements - staff costs	7	0	0	0
Redundancy costs - staff costs	18	18	0	0
Redundancy costs - non-staff	266	266	0	0
Other services	0	0	113	0
NHS charitable fund resources expended	410	0	340	0
Other	927	1,512	584	336
	<b>388,543</b>	<b>394,796</b>	<b>353,457</b>	<b>354,176</b>

2016/17 operating expenses have been restated to allow comparable figures following the inclusion of new and revised headings within the national reporting framework.

**4.1/2 Limitation of auditors liability**

On 10th May 2017, the Foundation Trust approved the principal terms of engagement with its auditor's, Ernst & Young LLP, covering the period of Ernst & Young LLP engagement as auditors. The terms include a limitation on their liability to pay damages for losses arising as a direct result of breach of contract or negligence, of £2m (2016/17 £2m).

**4.2 Operating leases - as a lessee****4.2/1 Analysis of operating lease expenditure**

	Foundation		Foundation	
	Group	Trust	Group	Trust
	2017/18	2017/18	2016/17	2016/17
	£000	£000	£000	£000
Land and buildings	0	3,172	230	735
Hire of plant and machinery	4,079	4,079	4,839	4,839
Total Minimum Lease Payments	<u>4,079</u>	<u>7,251</u>	<u>5,069</u>	<u>5,574</u>

Group - Hire of plant and machinery includes:

**Staff leased vehicles:**

Staff vehicles are leased for a minimum period of 3 years with an option to extend if required. Vehicles returned to the lessor prior to the end of the 3 year lease are subject to an early termination penalty, which is borne by the employee. All leased vehicles are subject to an annual prepayment and an amount of £455k is included above (£550k 2016/17).

**4.2/2 Arrangements containing an operating lease**

	Foundation		Foundation	
	Group	Trust	Group	Trust
	2017/18	2017/18	2016/17	2016/17
	£000	£000	£000	£000
Future minimum lease payments due:				
- Within 1 year	1,957	5,129	1,713	4,885
- Between 1 and 5 years	4,407	17,095	4,476	17,164
- After five years	0	15,351	0	15,351
	<u>6,364</u>	<u>37,575</u>	<u>6,189</u>	<u>37,400</u>

**4.3 Operating leases - as a lessor****4.3/1 Analysis of operating lease income**

	Foundation		Foundation	
	Group	Trust	Group	Trust
	2017/18	2017/18	2016/17	2016/17
	£000	£000	£000	£000
Land and buildings	0	3,172	213	213

**5. Employee expenses and numbers**
**5.1 Employee expenses (excluding non-Executive Directors' costs)**

	Group			Foundation Trust		
	2017/18 Total	Permanently Employed	Other	2017/18 Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	174,296	164,733	9,563	167,836	158,273	9,563
Social Security Costs	15,693	14,373	1,320	15,035	13,715	1,320
Apprenticeship levy	779	779	0	748	748	0
Pension costs - defined contribution plans employers contributions to NHS Pensions	20,435	19,068	1,367	19,718	18,351	1,367
Other pension costs	0	0	0	0	0	0
Agency/contract staff	5,711	0	5,711	5,711	0	5,711
<b>Employee benefits expense</b>	<b>216,914</b>	<b>198,953</b>	<b>17,961</b>	<b>209,048</b>	<b>191,087</b>	<b>17,961</b>
Amounts included within above charged to capital schemes	<b>714</b>			<b>714</b>		

	Group			Foundation Trust		
	2016/17 Total	Permanently Employed	Other	2016/17 Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	171,055	161,608	9,447	169,987	160,540	9,447
Social Security Costs	15,417	14,113	1,304	15,329	14,025	1,304
Pension costs - defined contribution plans employers contributions to NHS Pensions	20,188	18,865	1,323	20,088	18,765	1,323
Other pension costs	36	0	36	36	0	36
Agency/contract staff	4,867	0	4,867	4,867	0	4,867
<b>Employee benefits expense</b>	<b>211,563</b>	<b>194,586</b>	<b>16,977</b>	<b>210,307</b>	<b>193,330</b>	<b>16,977</b>
Amounts included within above charged to capital schemes	<b>114</b>			<b>114</b>		

## 5. Employee expenses and numbers (Continued)

## 5.2 Number of persons employed at the 31st March

(The figures shown represent the Whole Time Equivalent (WTE) as opposed to the number of employees)

	Group			Foundation Trust		
	2017/18 WTE Number	Permanently Employed WTE Number	Other WTE Number	2017/18 WTE Number	Permanently Employed WTE Number	Other WTE Number
Medical and dental	555	394	161	555	394	161
Administration and estates	1,153	1,153	0	895	895	0
Healthcare assistants and other support staff	917	917	0	913	913	0
Nursing, midwifery and health visiting staff	1,685	1,487	198	1,684	1,486	198
Scientific, therapeutic and technical staff	608	608	0	597	597	0
<b>Total</b>	<b>4,918</b>	<b>4,559</b>	<b>359</b>	<b>4,644</b>	<b>4,285</b>	<b>359</b>

	-----Restated-----			-----Restated-----		
	Group			Foundation Trust		
	2016/17 WTE Number	Permanently Employed WTE Number	Other WTE Number	2016/17 WTE Number	Permanently Employed WTE Number	Other WTE Number
Medical and dental	561	398	163	561	398	163
Administration and estates	1,180	1,180	0	1,140	1,140	0
Healthcare assistants and other support staff	885	885	0	884	884	0
Nursing, midwifery and health visiting staff	1,562	1,471	91	1,561	1,470	91
Scientific, therapeutic and technical staff	560	560	0	558	558	0
<b>Total</b>	<b>4,748</b>	<b>4,494</b>	<b>254</b>	<b>4,704</b>	<b>4,450</b>	<b>254</b>

Bank and agency staff were previously shown separately but are now combined within the above headings.

## 5.3 Retirements due to ill-health

During 2017/18 (prior year 2016/17) there was 1 (2) early retirements from the Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £35,306 (2016/17 £86,660). Their cost will be borne by the NHS Business Services Authority - Pensions Agency.

## 5. Employee expenses and numbers (Continued)

## 5.4a: Exit Packages : Group and Foundation Trust

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Packages by Cost Band	
	2017/18	2016/17	2017/18	2016/17	2017/18 £000	2016/17 £000
<£10,000	0	0	20	0	40	0
£25,001 - 50,000	3	0	0	0	113	0
<b>Total Number of Exit Packages by Type</b>	<b>3</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>153</b>	<b>0</b>

## Note 5.4b: Exit Packages: Non-compulsory Departure Payments

	Agreements		Total Value of Agreements	
	2017/18 Number	2016/17 Number	2017/18 £000	2016/17 £000
Contractual payments in lieu of notice	20	0	40	0
<b>Total</b>	<b>20</b>	<b>0</b>	<b>40</b>	<b>0</b>
Of which:				
non-contractual payments requiring HM Treasury approval made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

As a single exit package can be made up of several components, each of which will be counted separately in this note, the total number above will not necessarily match the total numbers in Note 5.4a which will be the number of individuals.

The Remuneration Report provides the detail of any exit payments payable to the individuals named in that report.

**6. The Late Payment of Commercial Debts (Interest) Act 1998 - Group and Foundation Trust**

	2017/18 £000	2016/17 £000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

**7. Gains/(losses) of disposal of assets**

	Group 2017/18 £000	Foundation Trust 2017/18 £000	Group 2016/17 £000	Foundation Trust 2016/17 £000
Loss on disposal of other property, plant and equipment	(34)	(34)	(55)	(55)
Gains on disposal of charitable fund assets	18	0	13	0
	<u>(16)</u>	<u>(34)</u>	<u>(42)</u>	<u>(55)</u>

**8. Finance income**

	Group 2017/18 £000	Foundation Trust 2017/18 £000	Group 2016/17 £000	Foundation Trust 2016/17 £000
Interest received on commercial bank accounts	41	41	16	16
Interest received from short term deposits	0	0	10	10
NHS Charitable Funds Investment income	61	0	56	0
Loan interest received from subsidiary	0	1,441	0	254
	<u>102</u>	<u>1,482</u>	<u>82</u>	<u>280</u>

**9. Finance expenses - financial liabilities**

	Group 2017/18 £000	Foundation Trust 2017/18 £000	Group 2016/17 £000	Foundation Trust 2016/17 £000
Interest on loans from the Foundation Trust Financing Facility :				
Tranches A-B - Day case theatres and new Mortuary	120	120	129	129
Tranches C-E - C Block extension	834	834	886	886
Tranches F-G - Multi Storey Car Park	153	153	167	167
Tranches H-J - Emergency Department rebuild	519	519	543	543
Tranches K-L - Endoscopy Scheme - refurbishment	33	33	37	37
Tranches M-N - ABP Pathology Integration	163	163	169	169
	<u>1,822</u>	<u>1,822</u>	<u>1,931</u>	<u>1,931</u>
Finance Leases - Intra group	0	220	0	35
	<u>1,822</u>	<u>2,042</u>	<u>1,931</u>	<u>1,966</u>

Further detail in respect of loans can be found at Note 19.2.

**10. Corporation Tax**

The UK Corporation Tax relates to the Foundation Trust's subsidiary CHoICE. The Foundation Trust has no Corporation Tax expense (2016/17 £nil).

	Group 2017/18 £000	Group 2016/17 £000
UK Corporation Tax expense	318	101
Adjustments in respect of prior years	0	0
Current tax expense	<u>318</u>	<u>101</u>
Origination and reversal of temporary differences	0	0
Deferred tax expense	<u>0</u>	<u>0</u>
Effective tax charge percentage	19%	20%

## 11. Intangible assets

### 11.1 Intangible assets

	Group	Foundation Trust
	Software licences £000	Software licences £000
Cost at 1 April 2017	12,144	12,138
Additions purchased	1,798	1,798
<b>Cost at 31 March 2018</b>	<b>13,942</b>	<b>13,936</b>
Accumulated amortisation at 1 April 2017	7,192	7,190
Provided during the year	1,402	1,402
<b>Accumulated amortisation at 31 March 2018</b>	<b>8,594</b>	<b>8,592</b>
<b>Net book value</b>		
- Purchased at 1 April 2017	4,952	4,948
- Donated at 1 April 2017	0	0
<b>- Total at 1 April 2017</b>	<b>4,952</b>	<b>4,948</b>
- Purchased at 31 March 2018	5,348	5,344
- Donated at 31 March 2018	0	0
<b>- Total at 31 March 2018</b>	<b>5,348</b>	<b>5,344</b>
	<b>Software licences £000</b>	<b>Software licences £000</b>
Cost at 1 April 2016	11,744	11,738
Additions purchased	400	400
<b>Cost at 31 March 2017</b>	<b>12,144</b>	<b>12,138</b>
Accumulated amortisation at 1 April 2016	6,275	6,274
Provided during the year	917	916
<b>Accumulated amortisation at 31 March 2017</b>	<b>7,192</b>	<b>7,190</b>
<b>Net book value</b>		
- Purchased at 1 April 2016	5,469	5,464
- Donated at 1 April 2016	0	0
<b>- Total at 1 April 2016</b>	<b>5,469</b>	<b>5,464</b>
- Purchased at 31 March 2017	4,952	4,948
- Donated at 31 March 2017	0	0
<b>- Total at 31 March 2017</b>	<b>4,952</b>	<b>4,948</b>

### 11.2 Economic life of intangible assets - Group & Foundation Trust

	Min life Years	Max life Years
<b>Intangible assets - purchased</b>		
Software licences	1	5

**12. Property, plant and equipment - Group****12.1 Property, plant and equipment comprise the following elements:**

2017/18	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000
Cost or valuation at 1 April 2017	238,243	6,594	162,300	1,234	19,471	27,676	456	18,642	1,870
Additions purchased	4,207	0	0	0	4,207	0	0	0	0
Additions - assets purchased from cash donations/grants*	747	0	38	0	0	675	0	0	34
Impairments charged to operating expenses	(33,970)	(2,537)	(31,433)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	19,808	0	(20,917)	554	0	504	51
Revaluations	(26,110)	(1,323)	(24,776)	(11)	0	0	0	0	0
Disposals	(606)	(110)	0	(212)	0	(263)	0	(21)	0
<b>At 31 March 2018</b>	<b>182,511</b>	<b>2,624</b>	<b>125,937</b>	<b>1,011</b>	<b>2,761</b>	<b>28,642</b>	<b>456</b>	<b>19,125</b>	<b>1,955</b>
Accumulated depreciation at 1 April 2017	36,810	0	0	0	0	19,103	412	15,508	1,787
Provided during the year	5,108	0	2,010	30	0	1,815	18	1,214	21
Impairments charged to operating expenses	(1,044)	0	(1,044)	0	0	0	0	0	0
Revaluations	(993)	0	(966)	(27)	0	0	0	0	0
Disposals	(262)	0	0	(3)	0	(238)	0	(21)	0
<b>Accumulated depreciation at 31 March 2018</b>	<b>39,619</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,680</b>	<b>430</b>	<b>16,701</b>	<b>1,808</b>
<b>Net book value</b>									
- Purchased at 1 April 2017	200,441	6,594	161,659	1,234	19,471	8,241	44	3,115	83
- Donated at 1 April 2017	992	0	641	0	0	332	0	19	0
<b>Total at 1 April 2017</b>	<b>201,433</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>8,573</b>	<b>44</b>	<b>3,134</b>	<b>83</b>
- Purchased at 31 March 2018	141,298	2,624	125,265	1,011	2,761	7,084	26	2,411	116
- Donated at 31 March 2018	1,594	0	672	0	0	878	0	13	31
<b>Total at 31 March 2018</b>	<b>142,892</b>	<b>2,624</b>	<b>125,937</b>	<b>1,011</b>	<b>2,761</b>	<b>7,962</b>	<b>26</b>	<b>2,424</b>	<b>147</b>

\* There were no restrictions or conditions placed upon the donated assets received by the Foundation Trust from Charitable Funds.

**12. Property, plant and equipment - Foundation Trust****12.1 Property, plant and equipment comprise the following elements:**

2017/18	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000
Cost or valuation at 1 April 2017	228,802	6,594	162,300	1,234	19,471	18,235	456	18,642	1,870
Additions purchased	4,207	0	0	0	4,207	0	0	0	0
Additions - assets purchased from cash donations/grants*	747	0	38	0	0	675	0	0	34
Impairments charged to operating expenses	(33,970)	(2,537)	(31,433)	0	0	0	0	0	0
Reclassifications	0	0	19,808	0	(20,917)	554	0	504	51
Revaluations	(26,110)	(1,323)	(24,776)	(11)	0	0	0	0	0
Disposals	(606)	(110)	0	(212)	0	(263)	0	(21)	0
<b>At 31 March 2018</b>	<b>173,070</b>	<b>2,624</b>	<b>125,937</b>	<b>1,011</b>	<b>2,761</b>	<b>19,201</b>	<b>456</b>	<b>19,125</b>	<b>1,955</b>
Accumulated depreciation at 1 April 2017	27,374	0	0	0	0	9,667	412	15,508	1,787
Provided during the year	5,106	0	2,010	30	0	1,813	18	1,214	21
Impairments charged to operating expenses	(1,044)	0	(1,044)	0	0	0	0	0	0
Revaluations	(993)	0	(966)	(27)	0	0	0	0	0
Disposals	(262)	0	0	(3)	0	(238)	0	(21)	0
<b>Accumulated depreciation at 31 March 2018</b>	<b>30,181</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,242</b>	<b>430</b>	<b>16,701</b>	<b>1,808</b>
<b>Net book value</b>									
- Purchased at 1 April 2017	200,436	6,594	161,659	1,234	19,471	8,236	44	3,115	83
- Donated at 1 April 2017	992	0	641	0	0	332	0	19	0
<b>Total at 1 April 2017</b>	<b>201,428</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>8,568</b>	<b>44</b>	<b>3,134</b>	<b>83</b>
- Purchased at 31 March 2018	141,295	2,624	125,265	1,011	2,761	7,081	26	2,411	116
- Donated at 31 March 2018	1,594	0	672	0	0	878	0	13	31
<b>Total at 31 March 2018</b>	<b>142,889</b>	<b>2,624</b>	<b>125,937</b>	<b>1,011</b>	<b>2,761</b>	<b>7,959</b>	<b>26</b>	<b>2,424</b>	<b>147</b>

\* There were no restrictions or conditions placed upon the donated assets received by the Foundation Trust from Charitable Funds.

**12. Property, plant and equipment - Group****12.2 Property, plant and equipment comprise the following elements:**

2016/17	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000
Cost or valuation at 1 April 2016	273,124	6,642	185,338	1,346	11,025	48,456	454	18,013	1,850
Additions purchased	10,379	0	0	0	10,379	0	0	0	0
Additions donated *	71	0	0	0	0	62	0	9	0
Impairments charged to operating expenses	(3,254)	0	(3,254)	0	0	0	0	0	0
Reclassifications	0	0	616	0	(1,933)	612	12	673	20
Revaluations	(39,978)	0	(20,400)	0	0	(19,578)	0	0	0
Disposals	(2,099)	(48)	0	(112)	0	(1,876)	(10)	(53)	0
<b>At 31 March 2017</b>	<b>238,243</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>27,676</b>	<b>456</b>	<b>18,642</b>	<b>1,870</b>
Accumulated depreciation at 1 April 2016	57,059	0	0	0	0	40,402	401	14,487	1,769
Provided during the year	7,329	0	4,650	24	0	1,542	21	1,074	18
Revaluations	(25,691)	0	(4,650)	(22)	0	(21,019)	0	0	0
Disposals	(1,887)	0	0	(2)	0	(1,822)	(10)	(53)	0
<b>Accumulated depreciation at 31 March 2017</b>	<b>36,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,103</b>	<b>412</b>	<b>15,508</b>	<b>1,787</b>
<b>Net book value</b>									
- Purchased at 1 April 2016	214,945	6,642	184,633	1,346	11,025	7,654	53	3,511	81
- Donated at 1 April 2016	1,120	0	705	0	0	400	0	15	0
<b>Total at 1 April 2016</b>	<b>216,065</b>	<b>6,642</b>	<b>185,338</b>	<b>1,346</b>	<b>11,025</b>	<b>8,054</b>	<b>53</b>	<b>3,526</b>	<b>81</b>
- Purchased at 31 March 2017	200,441	6,594	161,659	1,234	19,471	8,241	44	3,115	83
- Donated at 31 March 2017	992	0	641	0	0	332	0	19	0
<b>Total at 31 March 2017</b>	<b>201,433</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>8,573</b>	<b>44</b>	<b>3,134</b>	<b>83</b>

\* There were no restrictions or conditions placed upon the donated assets received by the Foundation Trust from Charitable Funds.

**12. Property, plant and equipment - Foundation Trust****12.1 Property, plant and equipment comprise the following elements:**

2016/17	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000
Cost or valuation at 1 April 2016	273,115	6,642	185,338	1,346	11,025	48,447	454	18,013	1,850
Additions purchased	18,304	0	0	0	10,379	7,925	0	0	0
Additions donated *	71	0	0	0	0	62	0	9	0
Impairments charged to operating expenses	(3,254)	0	(3,254)	0	0	0	0	0	0
Reclassifications	0	0	616	0	(1,933)	612	12	673	20
Revaluations	(39,978)	0	(20,400)	0	0	(19,578)	0	0	0
Disposals	(19,456)	(48)	0	(112)	0	(19,233)	(10)	(53)	0
<b>At 31 March 2017</b>	<b>228,802</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>18,235</b>	<b>456</b>	<b>18,642</b>	<b>1,870</b>
Accumulated depreciation at 1 April 2016	57,055	0	0	0	0	40,398	401	14,487	1,769
Provided during the year	7,329	0	4,650	24	0	1,542	21	1,074	18
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of Impairments credited to operating income	0	0	0	0	0	0	0	0	0
Revaluations	(25,691)	0	(4,650)	(22)	0	(21,019)	0	0	0
Disposals	(11,319)	0	0	(2)	0	(11,254)	(10)	(53)	0
<b>Accumulated depreciation at 31 March 2017</b>	<b>27,374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,667</b>	<b>412</b>	<b>15,508</b>	<b>1,787</b>
<b>Net book value</b>									
- Purchased at 1 April 2016	214,938	6,642	184,633	1,346	11,025	7,647	53	3,511	81
- Donated at 1 April 2016	1,120	0	705	0	0	400	0	15	0
<b>Total at 1 April 2016</b>	<b>216,058</b>	<b>6,642</b>	<b>185,338</b>	<b>1,346</b>	<b>11,025</b>	<b>8,047</b>	<b>53</b>	<b>3,526</b>	<b>81</b>
- Purchased at 31 March 2017	200,436	6,594	161,659	1,234	19,471	8,236	44	3,115	83
- Donated at 31 March 2017	992	0	641	0	0	332	0	19	0
<b>Total at 31 March 2017</b>	<b>201,428</b>	<b>6,594</b>	<b>162,300</b>	<b>1,234</b>	<b>19,471</b>	<b>8,568</b>	<b>44</b>	<b>3,134</b>	<b>83</b>

\* There were no restrictions or conditions placed upon the donated assets received by the Foundation Trust from Charitable Funds.

### 12.3 Economic life of property, plant and equipment - Group & Foundation Trust

	Min Life Years	Max Life Years
Buildings excluding dwellings	22	86
Dwellings	49	66
Plant and machinery	5	15
Transport equipment	7	7
Information technology	5	8
Furniture and fittings	5	10

### 12.4 Property, plant and equipment

The Foundation Trust held assets under finance leases with CHOICE to the value of £7,112k at the Statement of Financial Position date.

**13. Investment in Subsidiary Undertakings - Foundation Trust**

	<b>31 March 2018 £000</b>	31 March 2017 £000
Investment in subsidiary undertakings	<b>11,893</b>	11,893
Long term debt in subsidiary >1yr	<b>18,998</b>	23,196
Loans to subsidiary undertakings > 1yr	<b>600</b>	700
	<b>31,491</b>	35,789
Long term debt in subsidiary <1yr	<b>4,198</b>	4,198
Loans to subsidiary undertakings < 1yr	<b>100</b>	100
	<b>35,789</b>	40,087

The shares in the subsidiary company CHoICE Ltd comprises a 100% holding in the share capital consisting of 11,893,000 ordinary £1 shares.

The principal activity of CHoICE Ltd is to provide estate management and facility services.

**14. Other Investments****14.1 Other Investments - Market Value**

The investment portfolio of the Charitable Fund is managed by Rathbone Investment Management Ltd. Cash funds are held outside the portfolio by the Fund to deal with short term cash flow issues that may arise.

	<b>31 March 2018 £000</b>	31 March 2017 £000
Market value brought forward	<b>2,374</b>	2,051
Acquisitions at cost	<b>403</b>	343
Disposals at carrying value	<b>(456)</b>	<b>(319)</b>
Net gain on revaluation	<b>8</b>	299
<b>Market value at 31 March</b>	<b>2,329</b>	2,374

	<b>31 March 2018 £000</b>	31 March 2017 £000
<b>Investments held:</b>		
<u>Investments listed on a recognised Stock Exchange:</u>		
In the UK	<b>907</b>	1,015
Outside the UK	<b>0</b>	0
<u>Unlisted securities:</u>		
In the UK	<b>1,062</b>	1,039
Outside the UK	<b>360</b>	320
<b>Market value at 31 March</b>	<b>2,329</b>	2,374

**14.2 Other Investments - Movement in fair value**

	<b>31 March 2018 £000</b>	31 March 2017 £000
Net gain on revaluation	<b>8</b>	299

## 15. Trade and other receivables

## 15.1 Trade and other receivables

	-----Group-----			-----Foundation Trust-----		
	Total 31 March 2018 £000	Financial assets £000	Non- financial assets £000	Total 31 March 2018 £000	Financial assets £000	Non- financial assets £000
<b>Current</b>						
NHS receivables *	16,213	16,213	0	16,213	16,213	0
Other receivables with related parties	988	988	0	2,123	2,123	0
Provision for impaired receivables	(420)	(220)	(200)	(420)	(220)	(200)
Prepayments	3,202	0	3,202	3,020	0	3,020
PDC dividend receivable	647	0	647	647	0	647
Other receivables	3,011	3,011	0	1,917	1,917	0
NHS charitable funds: trade and other receivables	0	0	0	0	0	0
<b>Total current trade and other receivables</b>	<b>23,641</b>	<b>19,992</b>	<b>3,649</b>	<b>23,500</b>	<b>20,033</b>	<b>3,467</b>
<b>Non-Current</b>						
Provision for impaired receivables	(287)	0	(287)	(287)	0	(287)
Other receivables	1,256	0	1,256	1,256	0	1,256
<b>Total non current trade and other receivables</b>	<b>969</b>	<b>0</b>	<b>969</b>	<b>969</b>	<b>0</b>	<b>969</b>

	-----Group-----			-----Foundation Trust-----		
	Total 31 March 2017 £000	Financial assets £000	Non- financial assets £000	Total 31 March 2017 £000	Financial assets £000	Non- financial assets £000
<b>Current</b>						
NHS receivables *	13,874	13,874	0	13,874	13,874	0
Other receivables with related parties	703	0	703	243	243	0
Provision for impaired receivables	(439)	(242)	(197)	(439)	(242)	(197)
Prepayments	3,215	0	3,215	3,025	0	3,025
PDC dividend receivable	251	0	251	251	0	251
Other receivables	2,916	1,993	923	8,665	7,742	923
NHS charitable funds: trade and other receivables	212	212	0	0	0	0
<b>Total current trade and other receivables</b>	<b>20,732</b>	<b>15,837</b>	<b>4,895</b>	<b>25,619</b>	<b>21,617</b>	<b>4,002</b>
<b>Non-Current - Group</b>						
Provision for impaired receivables	(341)	0	(341)	(341)	0	(341)
Other receivables	1,486	0	1,486	1,486	0	1,486
<b>Total non current trade and other receivables</b>	<b>1,145</b>	<b>0</b>	<b>1,145</b>	<b>1,145</b>	<b>0</b>	<b>1,145</b>

\* The majority of NHS receivables are with Clinical Commissioning Groups, as commissioners for NHS patient care services. NHS receivables that are neither past due nor impaired are expected to be paid within their agreed terms.

### 15.2 Provision for impairment of receivables - Group and Foundation Trust

	2017/18 £000	2016/17 £000
At 1 April	780	787
Increase in provision	0	0
Amounts utilised	0	(7)
Unused amounts reversed	(73)	0
<b>At 31 March</b>	<b><u>707</u></b>	<b><u>780</u></b>

### 15.3 Analysis of impaired receivables - Group and Foundation Trust

	31 March 2018 £000	31 March 2017 £000
0-30 days	12	20
30-60 days	37	24
60-90 days	54	39
90-180 days	20	18
Over 180 days	584	679
<b>Total</b>	<b><u>707</u></b>	<b><u>780</u></b>

### 15.4 Ageing of non-impaired receivables past their due date - Group and Foundation Trust

	31 March 2018 £000	31 March 2017 £000
0-30 days	4,069	3,828
30-60 days	485	611
60-90 days	(37)	122
90-180 days	748	297
Over 180 days	1,409	1,568
<b>Total</b>	<b><u>6,674</u></b>	<b><u>6,426</u></b>

All receivables within their credit period are deemed to be fully recoverable. Receivable amounts are considered on a case by case basis and any impairment made is based upon information held by the Group. No information was held indicating that non impaired receivables should be subject to impairment as at 31st March 2018.

**16.1 Inventories**

	<b>Group</b>	<b>Foundation Trust</b>	<b>Group</b>	<b>Foundation Trust</b>
	<b>31 March 2018</b>	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<b>6,407</b>	<b>4,569</b>	6,109	5,255

**16.2 Inventories recognised in expenses**

	<b>31 March 2018</b>	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Inventories recognised in expenses	45,822	40,443	45,128	41,682
Write-down of inventories recognised as an expense	212	212	80	80
<b>Inventories recognised in expenses</b>	<b>46,034</b>	<b>40,655</b>	<b>45,208</b>	<b>41,762</b>

**17. Cash and cash equivalents**

	<b>Group</b>	<b>Foundation Trust</b>	<b>Group</b>	<b>Foundation Trust</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April</b>	6,981	2,081	16,234	14,184
Net change in year	2,708	731	(9,253)	(12,103)
<b>At 31 March</b>	<b>9,689</b>	<b>2,812</b>	<b>6,981</b>	<b>2,081</b>
Broken down into:				
Cash at commercial banks and in hand	5,374	805	3,468	465
Cash with Government Banking Service	2,007	2,007	1,616	1,616
NHS charitable funds: cash and cash equivalents	2,308	0	1,897	0
<b>Cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows</b>	<b>9,689</b>	<b>2,812</b>	<b>6,981</b>	<b>2,081</b>

**18. Trade and other payables**

	-----Group-----			-----Foundation Trust-----		
	Total 31 March 2018 £000	Financial liabilities £000	Non- financial liabilities £000	Total 31 March 2018 £000	Financial liabilities £000	Non- financial liabilities £000
<b>Current</b>						
NHS payables - revenue	5,530	5,530	0	5,530	5,530	0
Amounts due to other related parties	0	0	0	1,043	1,043	0
Other trade payables	11,457	11,457	0	7,902	7,902	0
Other tax and social security costs	4,231	0	4,231	4,076	0	4,076
Trade payables - capital	2,034	2,034	0	2,034	2,034	0
Other payables	3,913	1,247	2,666	3,950	1,370	2,580
Accruals	6,599	6,599	0	4,925	4,925	0
NHS charitable funds: Trade and other payables	35	35	0	0	0	0
<b>Total current trade and other payables</b>	<b>33,799</b>	<b>26,902</b>	<b>6,897</b>	<b>29,460</b>	<b>22,804</b>	<b>6,656</b>
<b>Current</b>						
NHS payables - revenue	3,908	3,908	0	3,908	3,908	0
Amounts due to other related parties	0	0	0	5,059	0	5,059
Other trade payables	12,697	12,697	0	10,661	10,661	0
Other tax and social security costs	4,131	0	4,131	4,002	0	4,002
Trade payables - capital	1,993	1,993	0	1,993	1,993	0
Other payables	4,048	1,363	2,685	3,972	1,436	2,536
Accruals	4,615	4,615	0	4,174	4,174	0
NHS charitable funds: Trade and other payables	64	64	0	0	0	0
<b>Total current trade and other payables</b>	<b>31,456</b>	<b>24,640</b>	<b>6,816</b>	<b>33,769</b>	<b>22,172</b>	<b>11,597</b>

**19 Borrowings****19.1 Long term loans**

	<b>Group</b>	<b>Foundation</b>		
	<b>2017/18</b>	<b>Trust</b>	Group	Foundation Trust
	<b>£000</b>	<b>£000</b>	2016/17	2016/17
			£000	£000
<b>Current</b>				
Loans from Independent Trust Financing Facility *	3,707	3,707	3,729	3,729
Obligations under finance lease **	0	720	0	701
<b>Total current borrowing</b>	<b>3,707</b>	<b>4,427</b>	<b>3,729</b>	<b>4,430</b>
<b>Non-current</b>				
Loans from Independent Trust Financing Facility	49,812	49,812	53,086	53,086
Obligations under finance lease **	0	6,392	0	7,111
<b>TOTAL</b>	<b>49,812</b>	<b>56,204</b>	<b>53,086</b>	<b>60,197</b>

Other Loans - No other loans are held by either the Foundation Trust or its subsidiary.

\* Interest amounting to £434k (£456k, 31 March 2017) is included within the above.

\*\* The £7,112k obligation under finance leases in the Trust arises from the arrangement between the Trust and its subsidiary undertaking, CHolCE Ltd, for the supply of operational healthcare facilities. This liability and the associated property have both been recognised in the Statement of Financial Position of the Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement.

The Trust finance leases have been accounted for in accordance with the DHSC GAM.

**19.2 Loans - payment of loan principal falling due - Independent Trust Financing Facility****Group & Foundation Trust**

	<b>31 March 2018</b>	31 March 2017
	<b>£000</b>	£000
Amounts falling due:		
Within one year	3,273	3,273
Between one to two years	3,273	3,273
Between two to five years	9,821	9,821
After five years	36,718	39,992
<b>TOTAL</b>	<b>53,085</b>	<b>56,359</b>

Independent Trust Financing Facility Loan

	<b>Interest rate</b>	<b>£000</b>
	%	
Tranche A : Repayable by instalments of £104,000 every 6 months commenced 31 July 2007	4.25	5,000
Tranches C-E : Repayable by instalments of £593,600 every 6 months commenced 17 October 2011	4.05	28,000
Tranches F-G : Repayable by instalments of £259,000 every 6 months commencing 18 September 2015	2.64	7,000
Tranches H-J : Repayable by instalments of £364,100 every 6 months commencing 18 September 2015	3.36	17,000
Tranches K-L : Repayable by instalments of £255,600 every 6 months commencing 18 February 2016	1.36	3,000
Tranches M-N : Repayable by instalments of £166,000 every 6 months commencing 18 February 2016	2.11	8,300

**19 Borrowings (Continued)****19.3 Finance Lease Obligations**

	<b>Foundation</b>		<b>Foundation</b>	
	<b>Group</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross Lease Liabilities	<u>0</u>	<u>8,125</u>	<u>0</u>	<u>9,027</u>
<i>Of which liabilities are due:-</i>				
- Not later than one year	0	920	0	920
- Later than one year and not later than five years	0	3,676	0	3,676
- Later than five year	0	3,512	0	4,431
Finance charges allocated to future periods	0	(996)	0	(1,215)
<b>Net Lease Liabilities</b>	<u>0</u>	<u>7,112</u>	<u>0</u>	<u>7,812</u>
- Not later than one year	0	720	0	701
- Later than one year and not later than five years	0	3,088	0	3,003
- Later than five year	0	3,304	0	4,108
	<u>0</u>	<u>7,112</u>	<u>0</u>	<u>7,812</u>

The £7,112k obligation under finance leases in the Trust arises from the arrangement between the Trust and its subsidiary undertaking, CHoICE Ltd, for the supply of operational healthcare facilities. This liability and the associated property have both been recognised in the Statement of Financial Position of the Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement.

**20. Provisions for liabilities and charges - Group and Foundation Trust**

	Current			Non Current	
	31 March 2018 £000	31 March 2017 £000		31 March 2018 £000	31 March 2017 £000
Pensions relating to other staff	58	60		176	247
Legal claims	150	144		0	0
Other	36	36		525	547
	<b>244</b>	<b>240</b>		<b>701</b>	<b>794</b>
	Pensions relating to other staff £000	Legal claims £000	Other £000	<b>Total £000</b>	
At 1 April 2016	379	161	589	<b>1,129</b>	
Change in discount rate	11	0	60	<b>71</b>	
Arising during the year	(30)	110	(37)	<b>43</b>	
Utilised during the year	(58)	(28)	(37)	<b>(123)</b>	
Reversed unused	0	(99)	0	<b>(99)</b>	
Unwinding of discount*	5	0	8	<b>13</b>	
At 1 April 2017	307	144	583	<b>1,034</b>	
Change in discount rate**	3	0	7	<b>10</b>	
Arising during the year	0	6	4	<b>10</b>	
Utilised during the year	(57)	0	(35)	<b>(92)</b>	
Reversed unused	(20)	0	0	<b>(20)</b>	
Unwinding of discount*	1	0	2	<b>3</b>	
<b>At 31 March 2018</b>	<b>234</b>	<b>150</b>	<b>561</b>	<b>945</b>	

**Expected timing of cash****flows:**

In the remainder of the spending review period to 31 March 2019:-	58	150	36	<b>244</b>
Between 1 April 2019 and 31 March 2024	166	0	135	<b>301</b>
From 1 April 2024 and thereafter	10	0	390	<b>400</b>
	<b>234</b>	<b>150</b>	<b>561</b>	<b>945</b>

**'Pensions Relating to Other Staff' include:**

Provisions amounting to £234k in respect of Early Retirement Pensions. The provision relates to the latest information as provided by the NHS Pensions Agency and applies to 29 ex-employees (31 ex-employees 2016/17).

**'Legal' claims include:**

Provisions amounting to £150k relating to Public Liability and Employer Liability claims. The information supporting each claim within this provision has been supplied by either the Foundation Trust's or NHS Resolution's solicitors.

**'Other' claims include:**

A provision of £561k in respect of Permanent Injury Benefits. The provision is based upon the latest information as supplied by the NHS Pensions Agency.

**Clinical Negligence**

The Foundation Trust is a member of the Clinical Negligence Scheme for Trusts (CNST) and pays an annual premium to the NHS Resolution. Under the terms of the agreement, financial responsibility for claims arising from clinical negligence is transferred to NHS Resolution and the liability for all potential and outstanding claims is provided in their Accounts. At the 31 March 2018, an amount of £246,670,779 was provided by the NHS Resolution in respect of clinical liabilities of the Foundation Trust (£183,026,196 as at 31 March 2017).

The Foundation Trust does not consider there to be any uncertainties relating to either the amounts or timing of its provisions.

\*Unwinding of discount relates to the inflation effect on existing provisions of their payment in the future.

\*\* The discount rate for Early Retirements and Injury Benefits was changed from 0.24% to 0.10% to reflect HM Treasury policy.

**21. Other liabilities**

	<b>Group</b>	<b>Foundation</b>	<b>Group</b>	<b>Foundation</b>
	<b>31 March</b>	<b>Trust</b>	<b>31 March</b>	<b>Trust</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current</b>				
Sunderland CCG - Maternity Pathways funding	627	627	963	963
Commercial R&D income - various companies	530	530	209	209
Metabolic, Oncology & Haematology research funding	112	112	70	70
ENT / Urology / General Surgery Research Funding	59	59	56	56
North East Cancer Network - Nurse funding	0	0	41	41
Support funding for anaemia specialist nurse and rheumatology operational support	0	0	29	29
Sunderland University - NPF post funding	0	0	21	21
Ferring - Industry funded post	0	0	20	20
Paradigm, Trilogy & Thrive - Cardiology research funding	0	0	19	19
Rental operating lease income with subsidiary - CHOICE	0	3,172	0	3,172
Other	336	336	210	210
<b>Total other current liabilities</b>	<b>1,664</b>	<b>4,836</b>	<b>1,638</b>	<b>4,810</b>
<b>Non Current</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rental operating lease income with subsidiary - CHOICE	0	24,844	0	28,016
<b>Total other non current liabilities</b>	<b>0</b>	<b>24,844</b>	<b>0</b>	<b>28,016</b>

**Analysis of deferred rental operating lease income with subsidiary - Foundation Trust**

	<b>Foundation</b>	<b>Foundation</b>
	<b>Trust</b>	<b>Trust</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
- Not later than one year	3,172	3,172
- Later than one year and not later than five years	12,688	12,688
- Later than five years	12,156	15,328
<b>Total deferred rental income with subsidiary</b>	<b>28,016</b>	<b>31,188</b>

The rental income detailed above relates to the operating lease, which the subsidiary has entered into for the provision of a fully managed healthcare facility to the Foundation Trust. The lease covers the 3 main sites of the Hospital and the lease premium was paid in full by the subsidiary at the commencement date of 1 February 2017, the Foundation Trust is deferring the income it has received over the 10 year period of the lease.

**22. Contractual capital commitments - Group and Foundation Trust**

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	<b>31 March 2018</b>	31 March 2017
	<b>£000</b>	£000
Intangible assets	<b>0</b>	0
Property, plant and equipment	<b>989</b>	140
	<b>989</b>	140

Capital commitments relate to the following schemes;

	<b>£000</b>	£000
Replacement of boiler number 5	<b>0</b>	140
Global Digital Exemplar (GDE) Data Centre	<b>365</b>	0
GDE IT Equipment and Meditech Development	<b>624</b>	0
	<b>989</b>	140

The above are on-going schemes that have a contractual commitment as at 31 March. The uncommitted expenditure will fall into subsequent years accounts.

**23. Events after the reporting year - Group and Foundation Trust**

There were no events after the year end that have had a material effect on the accounts (£nil 2016/2017).

**24. Contingent liabilities / (assets) - Group and Foundation Trust**

	<b>31 March 2018</b>	31 March 2017
	<b>£000</b>	£000
Gross estimated value of Non-Clinical Liabilities	<b>397</b>	403
Expected recoverable amount	<b>(309)</b>	<b>(324)</b>
Net value contingent liabilities	<b>88</b>	79

A provision relating to claims in respect of the above contingencies is contained within Note 20 'Provisions for liabilities and charges' under the heading "Legal claims". The net value of contingent liabilities relates to that element of the outstanding claims for which the Foundation Trust has not made provision.

**25 Related Parties**
**25.1 Related party transactions - Group and Foundation Trust**

	<b>Income £000</b>	<b>Expenditure £000</b>
Value of transactions with Board Members in 2017/18	0	0
Value of transactions with other related parties in 2017/18 :		
Foundation Trusts, Trusts, Health Education England, NHS England & CCGs	352,474	27,602
NHS WGA bodies	0	5,736
HMRC	0	16,011
Other WGA Bodies	0	1,680
NHS Pension Scheme	0	20,435
Local Government including Sunderland City Council	2,976	0
	<b><u>355,450</u></b>	<b><u>71,464</u></b>
Value of transactions with Board Members in 2016/17	0	0
Value of transactions with other related parties in 2016/17 :		
Foundation Trusts, Trusts, Health Education England, NHS England & CCGs	349,921	28,418
NHS WGA bodies	0	2,027
HMRC	0	15,518
Other Public Corporations	0	3,257
NHS Pension Scheme	0	20,188
Local Government including Sunderland City Council	2,996	0
	<b><u>352,917</u></b>	<b><u>69,408</u></b>

**25.2 Related party balances - Group and Foundation Trust**

	<b>Receivables £000</b>	<b>Payables £000</b>
Value of balances (other than salary) with related parties in relation to doubtful debts at 31 March 2018	0	0
Value of balances with other related parties at 31st March 2018 :		
Foundation Trusts, Trusts, Health Education England, NHS England & CCGs	16,171	4,158
Public Health England	0	0
NHS WGA bodies	0	838
HMRC	988	4,231
Other WGA Bodies	0	1,450
NHS Pension Scheme	0	2,675
	<b><u>17,159</u></b>	<b><u>13,352</u></b>
Value of balances (other than salary) with related parties in relation to doubtful debts at 31 March 2017	0	0
Value of balances with other related parties at 31st March 2017 :		
Foundation Trusts, Trusts, Health Education England, NHS England & CCGs	14,112	4,380
Public Health England	0	0
NHS WGA bodies	2	211
HMRC	703	4,131
Other Public Corporations	0	280
NHS Pension Scheme	0	2,685
	<b><u>14,817</u></b>	<b><u>11,687</u></b>

## 25 Related Parties (Continued)

### 25.3 Related party transactions :

City Hospitals Sunderland NHS Foundation Trust is a Public Benefit Corporation established by the Health and Social Care (Community Health and Standards) 2003 Act.

The Foundation Trust has a system in place which allows for the identification of all new Related Party Transactions.

As NHS Foundation Trusts and NHS Trusts have common control through the Secretary of State, there is an assumption that Government departments and agencies of Government departments are related parties.

The Department of Health and Social Care is regarded as a related party. During the year April 2017 - March 2018 the Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

Care Quality Commission  
County Durham and Darlington NHS Foundation Trust  
NHS Durham, Dales, Easington and Sedgfield Clinical Commissioning Group  
Gateshead Health NHS Foundation Trust  
NHS Gateshead/Newcastle Clinical Commissioning Group  
NHS Hartlepool and Stockton on Tees Clinical Commissioning Group  
Health Education North East  
National Blood Service  
NHS Business Services Authority  
NHS England  
NHS Resolution  
NHS North of England Commissioning Support Unit  
NHS Property Services  
NHS North Durham Clinical Commissioning Group  
Northumberland Tyne and Wear NHS Foundation Trust  
Northumbria Healthcare Foundation Trust  
NHS Prescription Services  
NHS South Tees Clinical Care Commissioning Group  
NHS South Tyneside Clinical Commissioning Group  
South Tyneside NHS Foundation Trust  
NHS Sunderland Clinical Commissioning Group  
The Newcastle Upon Tyne Hospitals NHS Foundation Trust

In addition, the Foundation Trust has had a number of transactions with other Government Departments and other central and local Government bodies and material transactions received via the University of Newcastle in relation to the funding of medical education.

The Trust has also received revenue and capital payments from a number of charitable funds, the Trustee of which is City Hospitals Sunderland NHS Foundation Trust, approved by members of its Trust Board.

**25 Related Parties (Continued)****25.4 Related party transactions : Subsidiary Company**

City Hospitals Independent Commercial Enterprises Ltd (CHoICE) operates in the same way as a 'High Street Pharmacy', providing Outpatient Dispensing services at both Sunderland Royal Hospital and Sunderland Eye Infirmary. CHoICE invoices the Foundation Trust for the value of the drugs that it has dispensed, charging a fee for dispensing based on a fixed percentage of overheads which is contractually agreed in advance with the Foundation Trust.

On 1st February 2017 the Foundation Trust contracted out the management of its whole estate, including Hard and Soft Facilities Management Services, to CHoICE. Under formal contractual, legally binding, arrangements CHoICE then provides to the Trust a fully operational healthcare facility. These arrangements allow for VAT to be recovered on goods and services where previously the Foundation Trust was unable to make a recovery. This tax efficiency allows for funds to be reinvested in healthcare services with the ultimate aim of improving the patient experience.

The significant transactions that are included within the Foundation Trust accounts are as follows;

	2017/18		2016/17	
	Income £000	Expenditure £000	Income £000	Expenditure £000
Invoices from CHoICE relating to the cost of drugs dispensed	0	4,168	0	3,462
Dispensing Fee	0	1,153	0	884
Fully operational healthcare facility unitary charge	0	34,715	0	4,312
Service Level Agreement	4,140	0	639	0

The following balances are also included in the Foundation Trust accounts;

	Receivables	Payables	Receivables	Payables
	£000	£000	£000	£000
CHoICE Ltd	35,844	37,324	40,181	40,373

In 2016/17 the Trust entered into an Alliance with South Tyneside NHSFT. As a result of this a single Executive/Management team has been implemented. The Trust had expenditure in the year with South Tyneside NHSFT of £1,192,666, largely related to Service Level Agreements for Urology, Oral Surgery and Vascular services. Income in the year from South Tyneside NHSFT was £2,960,637 and mainly related to recharges for the Executive team and other senior staff, charges for MSK, Medical Physics, ENT, Community Dental and Ophthalmology services.

**25 Related Parties (Continued)****25.5 Related party transactions : Charitable Funds**

The Trust is the corporate trustee to City Hospitals Sunderland NHS Foundation Trust Charitable Fund. The Foundation Trust assessed its relationship to the Charitable Fund and determined it to be a subsidiary in accordance with IAS 27, as the Trust has the power to govern the financial and operating policies of the Charitable Fund so as to obtain benefits from its activities for itself, its patients or its staff. Charitable Funds has been incorporated within the group accounts since 2016/17.

The main financial statements disclose the Foundation Trust's financial position alongside that of the group (which comprises the Foundation Trust, subsidiary (CHoICE Ltd) and the Charitable Fund).

**City Hospitals Sunderland NHS Foundation Charitable Funds - Summary Statement of Financial Activities**

	Year Ended 31		Year Ended 31	
	March 2018 £000	Intra-group eliminations £000	March 2017 £000	Intra-group eliminations £000
Donated income	1,400	(300)	833	(60)
Income from charitable activities	80	(26)	91	(40)
Income from other trading activities	26	0	9	0
Investment income	61	0	56	0
<b>Total income and endowments</b>	<b>1,567</b>	<b>(326)</b>	<b>989</b>	<b>(100)</b>
Raising Funds	59	0	53	0
Charitable Activities	477	(122)	459	(166)
Contributions to the Foundation Trust	631	(631)	71	(71)
<b>Total expenditure</b>	<b>1,167</b>	<b>(753)</b>	<b>583</b>	<b>(237)</b>
Net (Losses) / Gains on investments	26	0	312	0
<b>Net movement in funds</b>	<b>426</b>	<b>427</b>	<b>718</b>	<b>137</b>

**City Hospitals Sunderland NHS Foundation Charitable Funds - Summary Statement of Financial Position**

	Year Ended 31		Year Ended 31	
	March 2018 £000's	Intra-group eliminations £000's	March 2017 £000's	Intra-group eliminations £000's
Investments	2,329	0	2,374	0
Trade and other receivables	75	0	212	0
Cash and Cash equivalents	2,308	0	1,897	0
Trade and other payables	(110)	(75)	(307)	(243)
<b>Total net assets</b>	<b>4,602</b>	<b>(75)</b>	<b>4,176</b>	<b>(243)</b>
Represented by:				
Endowment funds	159	0	159	0
Restricted Income Funds	171	0	167	0
Unrestricted Income Funds	4,272	0	3,850	0
	<b>4,602</b>	<b>0</b>	<b>4,176</b>	<b>0</b>

The total funds are represented in the Group accounts as the Charitable Funds Reserve.

Restricted funds are funds donated for a specific purpose. Unrestricted funds may be designated for a particular area but are not restricted on the purpose of expenditure. Endowment funds relate to capital funds where the Charity does not hold the power to convert capital into income. The capital must generally be held indefinitely; the income generated by the investment of the funds can be used for charitable purposes at the discretion of the Trustees.

**26. Financial Instruments**
**26.1a Financial assets by category**

Assets as per Statement of Financial Position	Group		Foundation Trust	
	Total £000	Loans and receivables £000	Total £000	Loans and receivables £000
Trade and other receivables excluding non financial assets - Note 15	19,992	19,992	20,033	20,033
Loan to subsidiary - Note 13	0	0	700	700
Cash and cash equivalents - Note 17	7,381	7,381	2,812	2,812
Cash and cash equivalents - NHS charitable funds	2,308	2,308	0	0
NHS charitable funds: other financial assets	2,329	2,329	0	0
<b>Total at 31 March 2018</b>	<b>32,010</b>	<b>32,010</b>	<b>23,545</b>	<b>23,545</b>
Trade and other receivables excluding non financial assets - Note 15	15,837	15,837	21,617	21,617
Loan to subsidiary - Note 13	0	0	800	800
Cash and cash equivalents - Note 17	5,084	5,084	2,081	2,081
Cash and cash equivalents - NHS charitable funds	1,897	1,897	0	0
NHS charitable funds: financial assets	2,586	2,586	0	0
<b>Total at 31 March 2017</b>	<b>25,404</b>	<b>25,404</b>	<b>24,498</b>	<b>24,498</b>

**26.1b Financial liabilities by category**

Liabilities as per Statement of Financial Position	Group		Foundation Trust	
	Total £000	Other financial liabilities £000	Total £000	Other financial liabilities £000
Borrowings (excluding finance leases) - Note 19	53,519	53,519	53,519	53,519
NHS charitable funds: financial liabilities	35	35	0	0
Trade and other payables excluding non financial liabilities - Note 18	26,867	26,867	22,804	22,804
<b>Total at 31 March 2018</b>	<b>80,421</b>	<b>80,421</b>	<b>76,323</b>	<b>76,323</b>
Borrowings (excluding finance leases) - Note 19	56,815	56,815	56,815	56,815
NHS charitable funds: financial liabilities	64	64	0	0
Trade and other payables excluding non financial liabilities - Note 18	24,576	24,576	22,172	22,172
<b>Total at 31 March 2017</b>	<b>81,455</b>	<b>81,455</b>	<b>78,987</b>	<b>78,987</b>

**26. Financial Instruments (Continued)****26.2a Fair values of financial assets**

	<b>Group</b>			
	<b>31 March 2018 Book Value £000</b>	<b>31 March 2018 Fair value £000</b>	<b>31 March 2017 Book Value £000</b>	<b>31 March 2017 Fair value £000</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>Foundation Trust</b>			
	<b>31 March 2018 Book Value £000</b>	<b>31 March 2018 Fair value £000</b>	<b>31 March 2017 Book Value £000</b>	<b>31 March 2017 Fair value £000</b>
Loan to subsidiary	600	600	700	700
<b>Total</b>	<b>600</b>	<b>600</b>	<b>700</b>	<b>700</b>

Current financial assets are excluded as the fair values are matched equally by the book values.

**26.2b Fair values of financial liabilities**

	<b>Group</b>			
	<b>31 March 2018 Book Value £000</b>	<b>31 March 2018 Fair value £000</b>	<b>31 March 2017 Book Value £000</b>	<b>31 March 2017 Fair value £000</b>
Borrowings	49,812	49,812	53,086	53,086
Obligations under finance leases	0	0	0	0
<b>Total</b>	<b>49,812</b>	<b>49,812</b>	<b>53,086</b>	<b>53,086</b>

	<b>Foundation Trust</b>			
	<b>31 March 2018 Book Value £000</b>	<b>31 March 2018 Fair value £000</b>	<b>31 March 2017 Book Value £000</b>	<b>31 March 2017 Fair value £000</b>
Borrowings	49,812	49,812	53,086	53,086
Obligations under finance leases	6,392	6,392	7,111	7,111
<b>Total</b>	<b>56,204</b>	<b>56,204</b>	<b>60,197</b>	<b>60,197</b>

Current financial liabilities are excluded as the fair values are matched equally by the book values.

**26.3 Maturity of financial liabilities**

	<b>Group</b>		<b>Foundation Trust</b>	
	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Less than one year	30,609	28,369	26,511	25,901
In more than one year but not more than two years	3,273	3,273	3,273	3,273
In more than two years but not more than five years	9,821	9,821	9,821	9,821
In more than five years	36,718	39,992	36,718	39,992
<b>Total</b>	<b>80,421</b>	<b>81,455</b>	<b>76,323</b>	<b>78,987</b>

The Foundation Trust does not deem the maturity of its financial liabilities to be subject to significant liquidity risk.

## **26. Financial Instruments (Continued)**

### **26.4 Financial risk management**

#### **Liquidity Risk**

Financial reporting standard IFRS 7 requires the 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 Group's main net operating costs are incurred under annual service contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Group receives such contract income in accordance with Payment by Results (PBR) and block contract income, which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Group receives cash each month based on the agreed level of contract activity and there are quarterly payments/deductions made to adjust for the actual income due under PBR.

The Group presently finances its capital expenditure from internally generated funds. In addition, the Foundation Trust can borrow, both from the Independent Trust Financing Facility and commercially to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Group is not, therefore, exposed to significant liquidity risks in this area.

#### **Interest Rate Risk**

All of the Group's financial assets and financial liabilities carry nil or fixed rates of interest. The Group is not, therefore, exposed to significant interest-rate risk. The only risk is therefore regarding the level of interest generated on the Group's surplus cash balances and investments which may be higher or lower than planned at the start of the year due to fluctuating interest rates. The value of interest generated in 2017/18 was £102k (£82k 2016/17) and the exposure is therefore limited.

Finance Lease arrangements are subject to a fixed rate of interest.

#### **Foreign Currency Exchange Rate Risk**

The Group has negligible foreign currency income or expenditure.

#### **Credit Risk**

Credit risk is the possibility that other parties might fail to pay amounts due to the Group. Credit risk arises from deposits with banks as well as credit exposures to the Group's commissioners and other debtors. Surplus operating cash is only invested with the National Loans Fund. The Group's cash assets are held only with Lloyds Banking Group and NatWest, the latter of which forms part of the Government Banking Service. The majority of the Group's net operating costs are incurred in the delivery of annual service agreements with local clinical commissioning groups, which are financed from resources voted annually by Parliament. An analysis of the ageing of receivables and provision for impairment can be found at Note 15.

## **27. Third party assets**

The Foundation Trust held £961 cash and cash equivalents at 31 March 2018 (£981 at 31 March 2017) which relates to monies held by the Foundation Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

## **28. Public Dividend Capital Dividend**

The Foundation Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The dividend of £3,599,000 is calculated by applying the 3.5% Treasury rate to the average relevant net assets of £102,829,000.

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%.

**29. Losses and special payments - Group and Foundation Trust**

NHS Foundation Trusts are required to follow the guidance issued by the Department of Health and Social Care in accounting for losses and special payments:

- These 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 divided into different categories, which govern the way each individual case is handled.

**The number and value of losses and special payment cases:**

Ref.	Category of loss / special payment	1 April 2017 - 31 March 2018		1 April 2016 - 31 March 2017	
		Number of cases	Value of cases (£)	Number of cases	Value of cases (£)
3a	Bad debts and claims abandoned – private patients	10	586	9	607
3b	Bad debts and claims abandoned – overseas visitors	23	110,137	4	656
3c	Bad debts and claims abandoned – other	84	6,185	110	10,552
4a	Damage to buildings, loss of equipment and property due to theft, fraud etc	0	0	1	1,048
4b	Damage to buildings, loss of equipment and property - stores losses	12	212,327	1	79,506
4c	Damage to buildings, loss of equipment and property due to other causes	16	2,500	21	3,468
7a	Ex-gratia payments for loss of personal effects	22	2,419	16	1,837
7c	Ex-gratia payments for personal injury with advice	16	48,756	21	30,104
7d	Other negligence and injury	2	8,980		
7e	Ex-gratia payments for other employment payments	1	8,250	1	1,000
7g	Other	15	2,047	19	1,387
<b>Total Losses and Special Payments</b>		<b>201</b>	<b>402,187</b>	<b>203</b>	<b>130,165</b>

The above values have been calculated on an accruals basis but excluding provisions for future losses, whereby expenditure is recognised in the year in which the associated liability was incurred.

**30. Underlying Group surplus**

	<b>Group 2017/18 £000</b>	<b>Remove impact of impairment 2017/18 £000</b>	<b>Remove surplus in Charity 2017/18 £000</b>	<b>Revised Group 2017/18 £000</b>
<b>Revenue</b>				
Operating income from patient care activities	318,982	0	0	318,982
Other operating income	44,144	0	(1,506)	42,638
Operating expenses	(388,543)	32,926	1,167	(354,450)
<b>Operating (deficit) / surplus</b>	<b>(25,417)</b>	<b>32,926</b>	<b>(339)</b>	<b>7,170</b>
<b>Finance costs</b>				
Finance income	102	0	(61)	41
Finance expenses - financial liabilities	(1,822)	0	(3)	(1,825)
Finance expenses - unwinding of discount on provisions	(3)	0	3	0
PDC dividends payable	(3,599)	0	0	(3,599)
<b>Net finance costs</b>	<b>(5,322)</b>	<b>0</b>	<b>(61)</b>	<b>(5,383)</b>
Losses on disposal of assets	(16)	0	(18)	(34)
Movement in fair value of other investments	8	0	(8)	0
Corporation tax expenses	(318)	0	0	(318)
<b>(Deficit) / surplus</b>	<b>(31,065)</b>	<b>32,926</b>	<b>(426)</b>	<b>1,435</b>



