



Hull and East  
Yorkshire Hospitals  
NHS Trust



# ANNUAL REPORT AND ACCOUNTS 2017/18

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Extraordinary place.**

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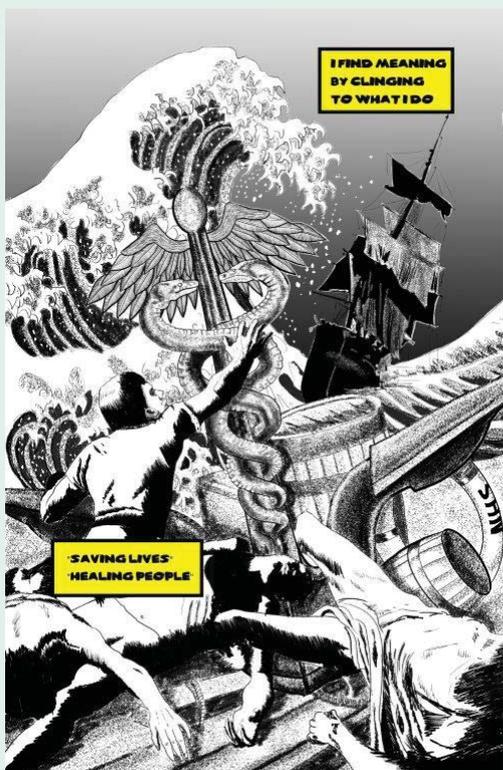
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## The Art of Hull

A small selection of artwork featured in the “Art of Hull” project. Celebrating the outstanding talent within the workforce at Hull and East Yorkshire Hospitals.

Artwork provided by (clockwise):

Mr Sigurd Krauss – Consultant Urologist  
Gavin Lee – Waste Management Officer  
Dr Jacquie Smithson - Consultant Gastroenterologist  
Mr Andy Hunter - Consultant Colorectal Surgeon



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# PERFORMANCE REPORT

This section of our Annual Report provides information about the Trust including its vision and values, the services that we provide and who we provide those services to. It also contains an overview of the challenges we face and how we are addressing them.

## Statement from the Chief Executive

I am pleased to provide this annual report for 2017-18.

In last year's Annual Report, I reflected on the further benefits we had seen from our programme of cultural change. Our most recent set of national staff survey results show that we are maintaining our engagement with staff and we have set our sights on improving this further. We have continuously improved our fundamental standards of nursing care this year and we value the role of each member of staff in caring for our patients. We started the year continuing to make progress against the NHS Constitutional targets, with an improving performance in our Emergency Department and meeting our local trajectory for waiting times for planned care. The impact of winter has been significant and we needed to use some of our bed capacity for planned procedures to help manage the number of acute and poorly patients over winter. Throughout the year, we have also struggled to meet the demand and capacity needed to undertake 99% of diagnostic tests within six weeks. I apologise to our patients who have waited longer for their tests or treatment.

During the pressures of winter, we were able to maintain key quality standards: within our Trust: no patient waited more than 12 hours for emergency inpatient admission and we maintained our wards as single-sex accommodation throughout winter. However, there were patients for whom we did not provide the best experience as a result of winter pressures, and we are striving to learn from those cases, particularly on the number of times some of our patients moved wards during their admission.

In February 2018, the Trust welcomed

the Care Quality Commission in its new style of hospital inspection. In accordance with the new hospital inspection methodology, the Care Quality Commission undertook unannounced inspections in our core services in medicine, surgery, maternity and outpatients, followed by the planned well-lead element of the inspection. As a Trust, we participated as a pilot site in summer 2017 to try out the new 'well lead' format of Care Quality Commission inspection with NHS Improvement's 'Use of Resources' assessment. We await the outcome of the February 2018 inspection in the summer of 2018. Our goal is to move our overall Trust rating with the Care Quality Commission to 'good' as quickly as possible, and an ambition to be an 'outstanding'-rated Trust by 2022. We hope that the report from this most recent inspection will show progress towards these aims.

In relation to our financial performance, we were successful in achieving two of our three financial duties, which were managing our capital and cash resources within our Capital Resource Limit and External Financing limits. We were less successful in achieving our target of making a small surplus for the year, which would have been achieved by reaching a target deficit position of £11.5m and qualifying for up to £11.9m of sustainability and transformation support funding. This was the target financial plan we had agreed with the regulator, however, the second half of the financial year was particularly challenging for the Trust and revision had to be agreed with the regulator, NHS Improvement, which required the Trust to deliver a deficit (excluding sustainability and transformation funding) of £15m. The Trust achieved this and qualified for approximately £7.5m of sustainability and transformation funding, which

meant a recorded deficit in-year of £7.541m.

The underlying financial health of the organisation remains a concern. Coming into this financial year it was assessed that the organisation had a recurrent deficit totalling circa £24.7m and this had increased to £25.7m by the end of the year. Whilst this is not a significant deterioration in the underlying financial strength of the organisation, it is nevertheless one which urgently requires to be addressed. The Trust is in continuous discussions with local commissioning bodies and with NHS Improvement about how we can address the underlying deficit and the Trust is working with them to agree a longer term plan of recovery.

Our Golden Hearts awards in 2017 demonstrated to me once again that we have remarkable staff working in our organisation, who time and again, go the extra mile for our patients. Our staff are reporting that the Trust is a better place to work and I am keen that we continue on a trajectory to improve the quality and safety of our services to our patients, and through this, continue to develop the considerable talents of our staff. I know our patients are incredibly grateful for the care that our staff deliver every day, to staff in clinical areas as well as in support services behind the scenes, and I am grateful for the opportunity to add my personal thanks for the hard work of our staff during a challenging year.



Chris Long  
Chief Executive  
24 May 2018



# PURPOSE AND ACTIVITIES OF THE TRUST



## 1. Introduction

Hull and East Yorkshire Hospitals NHS Trust is a large acute Trust situated in Kingston upon Hull and the East Riding of Yorkshire. The Trust was established in October 1999 through the merger of the former Royal Hull Hospitals and East Yorkshire Hospitals NHS Trusts. We employ just over 7,000 whole time equivalent staff, have an annual income of circa £560 million and we have two main sites.

The two main hospital sites are the Hull Royal Infirmary and Castle Hill Hospital. Outpatient services are also delivered from locations across the local health economy area.

## 2. Services provided

We provide a full range of urgent and planned general hospital services, covering the major medical and surgical specialties, routine and specialist diagnostic services and other clinical support services. These secondary care services are provided to a catchment population of approximately 600,000 in the Hull and East Riding of Yorkshire area.

The Trust also provides specialist and tertiary services to a catchment population of between 1.05 million and 1.25 million extending from Scarborough in North Yorkshire to Grimsby and Scunthorpe in North East and North Lincolnshire respectively. The only major services not provided locally are transplant surgery, major burns and some specialist paediatric services.

The Trust is designated as a Cancer Centre, Cardiac Centre, Vascular Centre and a Major Trauma Centre.

The Trust is also a university teaching hospital and a partner in the Hull York Medical School.

In 2017-18 we provided the following services:

- We assessed 147,175 people who attended our Emergency Departments (134,115 attended Hull Royal Infirmary and 13,060 attended East Riding Community Hospital)
- We had 713,237 attendances at our outpatient clinics
- We admitted 154,850 patients to our wards
- A further 13,564 re-attended our wards for a planned review following treatment
- 

The Trust is structured in four Health Groups (Medicine, Surgery, Cancer and Clinical Support, Family and Women's Health) through which our clinical services are delivered. These are supported by Corporate Services (Estates, Facilities and Development, Planning, Finance, Human Resources including Education and Development, Organisational Development and Communications, Quality Governance, Corporate Governance, Information Management and Technology).

## 3. Vision, values and goals of the Trust

The vision of the Trust is Great Staff, Great Care, Great Future. We believe that by developing an innovative, skilled and caring workforce, we can deliver great care to our patients and a great future for our employees, our Trust and our community.

We have seven long term goals:

- Honest, caring and accountable culture
- Valued, skilled and sufficient workforce
- High quality care
- Great local services
- Great specialist services
- Partnership and integrated services
- Financial sustainability.

We have a set of organisational values – Care, Honesty, Accountability – developed in conjunction with our staff and these form the basis of a Staff Charter, which sets out the behaviours staff expect from each other and what staff can expect from the Trust in return.

We have Trust Strategy (2016 – 2021), which describes our long-term aims as an organisation. Supporting this over-arching strategy, we have some specific strategies, which will help us develop and deliver our aims over the next few years:

- Trust Strategy 2016-2021
- People Strategy 2016-2018
- Operational Plan 2017-2018
- Nursing and Midwifery Strategy 2013-2017
- Estate Strategy 2017-2022
- Sustainable Healthcare Strategy
- Dementia Strategy 2016-2019

All of these documents are published on our website.

# PURPOSE AND ACTIVITIES OF THE TRUST

## 4. Our catchment population

The local health system served by the Trust centres on the City of Kingston Upon Hull, its suburbs and the surrounding East Riding of Yorkshire, a rural area containing a number of market towns.

Hull is a geographically compact city of approximately 270,000 people. It was identified as the third most deprived local authority in England in 2015 (Index of Multiple Deprivation, Department of Communities and Local Government). The health of people in Hull is generally worse than the England average, with life expectancy for both men and women being lower than the England average.

The East Riding of Yorkshire is predominantly a rural area populated by approximately 342,000 people. The geography of the East Riding makes it difficult for some people to access services. Life expectancy for men is higher than the England average. A larger proportion of the East Riding population is over 65 years of age compared to Hull.

Whilst the ethnicity of the two populations is predominantly white, Hull has a higher percentage of residents who are of South Asian, Black, mixed race, Chinese or other origin.

Although the two local authority areas are very different in their patient populations, health profiles, geographical landscape and distribution, common themes have emerged in respect addressing health inequalities, prevention and management of long term conditions. The higher incidence of deprivation in Hull and the ageing and increasing population of the East Riding requires the Trust to tailor its services to meet the needs of these two very different patient populations.

In order to address these challenges, the Trust is working as a key partner within the Humber, Coast and Vale Sustainability and Transformation Partnership (STP), along with Clinical Commissioning Groups (CCGs) and other health and care providers to develop integrated patient care pathways. We recognise that in order to improve services we have to work together. We want to improve services for the frail elderly, patients with cardiac problems, those who have had a stroke and people who need cancer care. We also recognise that not all care will be delivered in hospital settings and that care will be delivered from an increasing number of community settings across Hull and the East Riding of Yorkshire.



# KEY ISSUES AND RISKS THAT COULD AFFECT THE TRUST IN DELIVERING ITS OBJECTIVES

The Trust faced a challenging year in 2017-18 but made progress towards addressing some key issues. This section of the annual report sets out the background to the issues under the headings of the Trust's key strategic goals, the risk that they posed and the action taken.

## Honest, caring and accountable culture

The Trust has seen performance in national staff surveys improve significantly since 2014. The challenge now is to move into the top 20% of organisations nationally overall. There are many good areas of performance in the national staff survey 2017. Improvements have once again been made to issues of bullying and harassment, reporting concerns, and visibility of very senior managers, amongst others. Medical engagement remains a key area for improvement, together with addressing issues affecting staff with a disability or long-term health condition.

There will need to be a strong focus on enabling managers and leaders to shift from good performance to outstanding performance and to a culture of excellence. Staff continue to report feeling undervalued by the organisation, they describe being short-staffed and unable to deliver the care they aspire to, while communication from managers, despite improving, remains poor. The survey results continue to correlate with the Barrett cultural survey with some staff still feeling that the organisation remains overly bureaucratic and hierarchical with a focus on the short-term.

The Trust will focus on the detailed findings of the national staff survey and the quarterly cultural surveys as part of the continued delivery of our People Strategy in 2018-19.

## Valued, skilled and sufficient staff

The Trust's financial position was challenging throughout 2017-18 with significant pressure on pay budgets as a result of vacancies in key staffing groups, and gaps in medical staff rotas driving up the pay bill. The Trust continues to operate with a significant underlying financial deficit position, which is difficult to resolve whilst maintaining safe, high quality, accessible services. These are very specific challenges to the achievement of the Trust's strategic aim of being financially sustainable, which will continue as we move in to next financial year. The Trust Board continued to report against the mandated requirements in relation to nursing and midwifery staff and fill rates for inpatient areas. The Trust reported careful management of nursing staff numbers and fill-rates and as seen in previous years, there was a gradual turnover of nursing staff numbers until an injection of new nursing staff through the September graduating class. The Trust is anticipating an increased leaving rate of nursing staff over the next eight years, as more nursing staff become eligible to retire through NHS pension scheme rules; the national shortage of nurses in training and a pressure on experienced staff to train and mentor new staff will increase in future years. Staffing has been one of the highest-rated risks on the Board Assurance Framework for 2017-18. To manage this risk on a day-to-day basis, the Trust has a robust

system for managing nursing staffing risks in order to keep patients safe, which has been quoted as exemplar practice to other organisations.

The Trust has seen positive benefits from its new approach to recruitment, through its Remarkable People, Extraordinary Place campaign, to recruit to target staff groups, particularly key nursing and medical staff posts. The Trust had its most successful year in 2017-18 in recruiting graduating students in nursing and midwifery from the University of Hull, proactively interviewing staff, offering them permanent positions while completing their studies, and providing the opportunity to start paid employment with the Trust in their clinical areas as unregistered staff, whilst awaiting their Nursing and Midwifery Council registration. This worked to great success and will be repeated in 2018-19.

## High Quality Care

The Care Quality Commission undertook an inspection of the Trust in February 2018. This was undertaken under the Care Quality Commission's new format of inspections, comprising unannounced inspections to four core services, and a planned well-lead review after the unannounced visits. The core services inspected at the Trust were medicine, surgery, maternity and outpatients. The Trust's rating and report from the Care Quality Commission following this inspection is due in summer 2018. The Trust's previous comprehensive inspection in June 2016 (published February 2017) maintained the Trust's overall rating of 'requires improvement', however the report included that good progress had been made in addressing the recommendations from two previous CQC visits. It is a particular aim of the Trust to move its Care Quality Commission rating to 'good' overall as soon as possible, as the rating impacts on the confidence of patients in the services we deliver and on staff morale.

Against its suite of core patient quality and safety indicators within the Single Operating Framework, against which all hospital Trusts report, the Trust has delivered on 5 out of 9 'safe' standards and on the 3 out of the 3 'effective' standards reported by year-end. Further detail on all Single Operating Framework requirements are contained in this annual report.

The Trust undertakes a robust audit and feedback programme on fundamental standards of nursing care throughout the year, and has reported improvements in quality of nursing standards across the Trust. This programme has also identified particular areas on which the Trust needs to make further improvement, which is action planned and monitored accordingly. Regrettably, the Trust reported 6 Never Events during the financial year, having declared none for 14 months. This will require particular scrutiny and action in 2018-19 to understand and to address the underlying issues for these.

## Great Local Services and Great Specialist Services

Going in to 2017-18, the Trust entered in to a new type of contract with its two main local commissioners. This contract moved away from the national Payment by Results approach, and provided a fixed income level for the Trust, together with an agreed set of deliverables. This contract agreement enabled all parties to proactively manage their financial resources and enabled, more importantly, a flexible approach to the provision of clinical services in the Trust.

As part of its drive to deliver increased efficiency, the Trust participated in the NHS Improvement-sponsored Financial Improvement Wave 2 programme, known as FIP2. This helped the Trust strengthen its governance and tracking processes for financial savings, and also provided assurance and confidence in the savings schemes that had been identified. The FIP2 process was not able to discern significant levels of savings over and above those schemes originally identified by the Trust; it did suggest however that further, larger savings schemes could be achieved but they were, by their very nature, transformative and would require investment and time in order to be realised.

The Trust was required to work towards the mandated waiting times per the NHS Constitution, based on trajectories of improvement agreed with its local commissioners. The Trust met the trajectories for 18-weeks referral to treatment and Emergency Department waiting times in the first half of the year but did not continue to meet these trajectories during the second half of the year. The Trust showed improvement in the second half of the year against the 62-day cancer treatment standard and the number of patients waiting more than 104 days for treatment. However, the Trust did not meet all waiting time targets for cancer patients. Winter had a particular impact on 18-week referral to treatment elective waiting times. In accordance with national guidance, the Trust had to cancel or postpone some elective operations and procedures during winter to free up clinical staff and beds to help with the flow of acute, sicker patients through our wards; this was in addition to opening additional beds for winter patients. As part of the planning process for 2018-19, the Trust is taking the lessons learned from this winter in to next year's plans. Further information on the Trust's performance for the year follows this section of the report.

### Partnership and Integrated Services

In 2017-18, the Trust worked as a key partner within the Humber Coast and Vale Sustainability and Transformation Plan (STP). The STP was published in September 2016 and the Trust is working on key workstreams and the relevant place-based plans within the local STP area.

The STP is forming an increasingly significant part of the Trust's external relationships and partnership working.

In terms of the workstreams and key meetings of the STP, the Trust is a member of and sends representation to the following:

- STP Executive Board
- STP Partnership Board
- Hull Place-Based Board
- East Riding Place-Based Board

- Hospital Partnership Board (Trust Chair)
- Cancer workstream
- Digital Technology Workstream (Trust Chair)
- Estates Workstream
- Workforce Workstream
- Finance Technical Working Group

The Trust is leading a Humber Acute Services review within the STP together with Northern Lincolnshire and Goole NHS Foundation Trust.

The risks relating to the STP and the Trust's strategic objectives are more around the collective ability of the STP to shape service reconfiguration in a way that meets the financial, quality and planning objectives as published in Humber Coast and Vale STP's plan. Increasingly, national allocations will be made through each area's respective STP; the Trust, together with the partner organisations of the STP, needs to provide capacity and leadership to the STP for it to succeed in its goals for the healthcare economy, which impact on the Trust.

### Financial sustainability

The Trust worked to deliver a deficit financial plan in 2017-18, as agreed with its NHS Improvement. In-year, the Trust delivered 82% of its cost savings programme in 2017-18 and will need to find further savings in 2018-19. The Trust continues to work through the recommendations of the Lord Carter Efficiency Review in addition to pursuing its own analysis of opportunities for increasing productivity and reducing cost. There is a steering group overseeing this work, which includes potential regional collaborative opportunities, reviewing back office efficiency opportunities and local improvement opportunities. The Trust has participated in a number of Getting It Right First Time reviews through the national programme and the organisation continues to work with the productivity directorate at NHS Improvement to identify and realise further areas of improvement.

The Trust's ability to achieve its planned deficit of £11.5 m (excluding sustainability and transformation funding) was the highest-rated risk on the Board Assurance Framework for the year. The Trust's overspend position at quarter 3 meant that the risk rating was increased to 'almost certain' that the Trust would not meet its original financial plan. In January 2018, the Trust agreed a revised financial plan with NHS Improvement, which allowed for a revised deficit totalling £15m. Achievement of this target was dependant on a series of grip and control actions designed to limit expenditure in the Trust and to maintain a tight financial position to the end of the financial year. These measures were supplemented with additional income from local commissioners and from NHS Improvement in support of the increased costs of winter.

# PERFORMANCE SUMMARY

The year-end performance against the Trust's key 'responsiveness' indicators met the required standards for the following areas\*:

- 12 hour trolley breaches
- Delayed Transfers of Care
- 31-day Cancer Standard
- 31-day Subsequent Radiotherapy cancer standard
- Stroke 60 minutes target
- Stroke Care
- Dementia: Aged 75 and over emergency admission greater than 72 hours

The year-end performance against the Trust's key 'responsiveness' indicators did not meet the required standards for the following areas\*:

- The 95% 4-hour Emergency Care Standard;
- The 31 day Subsequent Surgery Cancer Standard;
- The 62 day Referral to Treatment Cancer Standard;
- The 62 day Screening Referral to Treatment Cancer Standard;
- The RTT Incomplete standard;
- 52 week breach standard;
- Patients not treated within 28 days of last minute cancellation standard;
- Diagnostic 6 week wait standard

(\*Cancer data available up to February 2018 at the time of writing)

The year-end performance against the Trust's key 'safe' indicators met the required standards for the following areas:

- Potential under-reporting of patient safety incidents
- Patient safety alerts outstanding
- Mixed sex accommodations breaches
- clostridium difficile cases
- escherichia coli cases

The year-end performance against the Trust's key 'safe' indicators did not meet the required standards for the following areas:

- Venous Thromboembolism (VTE) risk assessment
- Year-end position for emergency caesarean sections

There were zero tolerance targets for 2017-18 against the following 'safe' indicators. The Trust did not have zero cases in either category:

- MRSA bacteraemia – 1 case reported in 2017-18
- Never Events – 6 Never Events reported in 2017-18

The year-end performance against the Trust's key 'effective' indicators met the required standards for the following areas:

- Hospital Standardised Mortality Rate (HSMR) at year-end
- Hospital Standardised Mortality Rate (HSMR) weekends at year-end
- 30 day re-admissions

The Trust met all 'effective' indicators.

The year-end performance against the Trust's key 'caring' indicators met the required standards for the following areas:

- Inpatient Friends and Family test scores above the NHS England average
- Maternity Friends and Family test scores above the NHS England average

The year-end performance against the Trust's key 'caring' indicators did not meet the required standards for the following areas:

- Year-end Friends and Family test score above the NHS England average for A&E

There is more detailed analysis against performance further on in this annual report.



Chris Long, Chief Executive, 24 May 2018

# PERFORMANCE ANALYSIS

This section of the Annual Report sets out our most important performance measures and tells you how we did against them in 2017-18.



## Great Staff

The Trust has been on a journey of improvement regarding its staff. From 1st April 2014 all organisations providing acute, community, ambulance and mental health services have been required to implement the Staff Friends and Family Test (Staff FFT), giving all staff the opportunity at least once a quarter to answer two standard questions about working at the Trust and whether they would wish for their friends and family to be treated here. The third quarter test is not undertaken because it coincides with the NHS National Staff Survey.

Since November 2014 the Trust has put in additional questions to these quarterly surveys, to measure cultural improvement, with the overall score for staff engagement being the key measure. Since 2014 the Trust's staff engagement score has improved from being among the worst in the country to rank among the middle 60% of organisations.

For the third quarter, the National Staff Survey 2017 was undertaken on behalf of the Trust by Capita Surveys and Research. 3,451 completed survey questionnaires were received from Trust employees; this gives a response rate of 42% against a national average response rate of 43%. The survey ran from 9th October 2017 to 1st December 2017. The results from the quarterly and national surveys are detailed below.

At the March 2015 Trust Board meeting, an approach to Transforming the Culture of the Trust was agreed. The Trust elected to put additional time and resources in to improving the culture within the organisation as it was recognised that staff

were reporting that the Trust was not a good place to work.

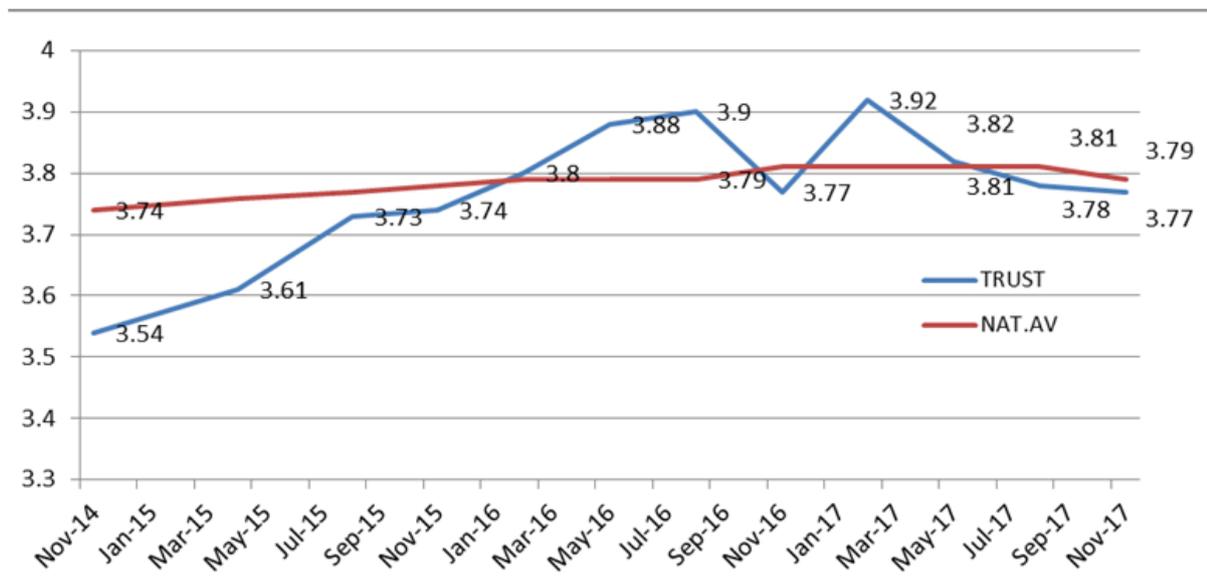
Since that time the CQC, which had previously identified cultural issues including bullying, has specifically noted improvements to the working culture at the organisation. The most recent report described the organisation as being on the cusp of good. Furthermore, in the 30 months since the Trust last ran the Barrett cultural survey assessment tool, the Barrett Values Indicator, the cultural improvement at the Trust has been twice the rate of improvement than would normally be expected.

## Overall score for engagement

The Trust's overall score for engagement in 2017 (3.77) has remained the same as in 2016 and is just below the national average for Trusts, 3.79. It is worth noting however that while the Trust's score has stabilised, the national score has deteriorated from 3.81, as many organisations struggled to maintain their position.

The overall score for engagement comprises nine questions with the maximum score possible being 5. The Trust has improved against the three questions relating to pride in the organisation, remained the same against those relating to staff ability to improve their services and deteriorated against motivation and enthusiasm at work.

The trend scores for overall engagement since 2014 are as follows, where this graph shows the Trust average compared with the national average.



# PERFORMANCE ANALYSIS

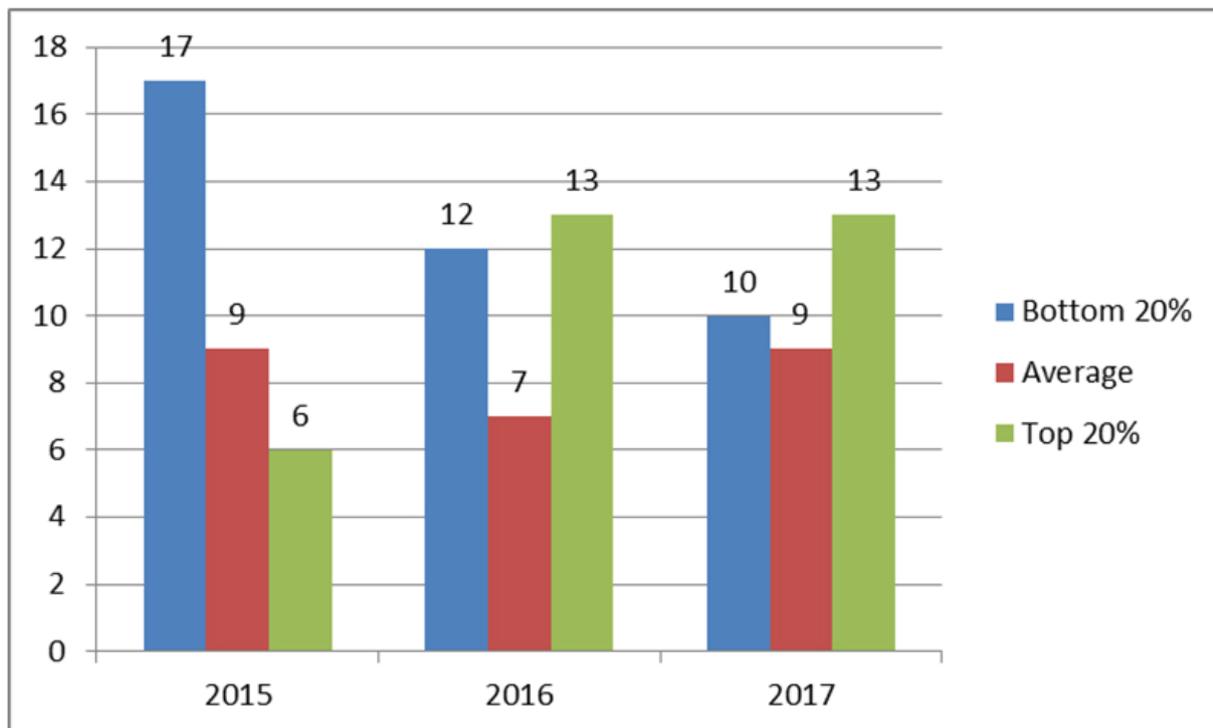
## Great Staff

### Staff survey key findings

The National Staff Survey comprises 32 key findings. Performance against these key findings has improved significantly over the past three years. Trusts can see how they benchmark against other organisations and whether their scores are in the worst 20% of organisations, average or in the top 20% of organisations.

Our performance in the 2017 survey showed that fewer of our key findings feature in the bottom 20% of organisations while those in the top 20% have remained the same.

Performance against the 32 key findings over the past three years is as follows:



#### Top five ranking scores:

1. Percentage of staff experiencing discrimination at work
2. Percentage of staff believing the organisation offers equal opportunities for career progression or promotion
3. Percentage of staff experiencing bullying harassment or abuse from patients
4. Percentage of staff experiencing physical violence from patients
5. Fairness and effectiveness of procedures for reporting errors

#### Bottom five ranking scores

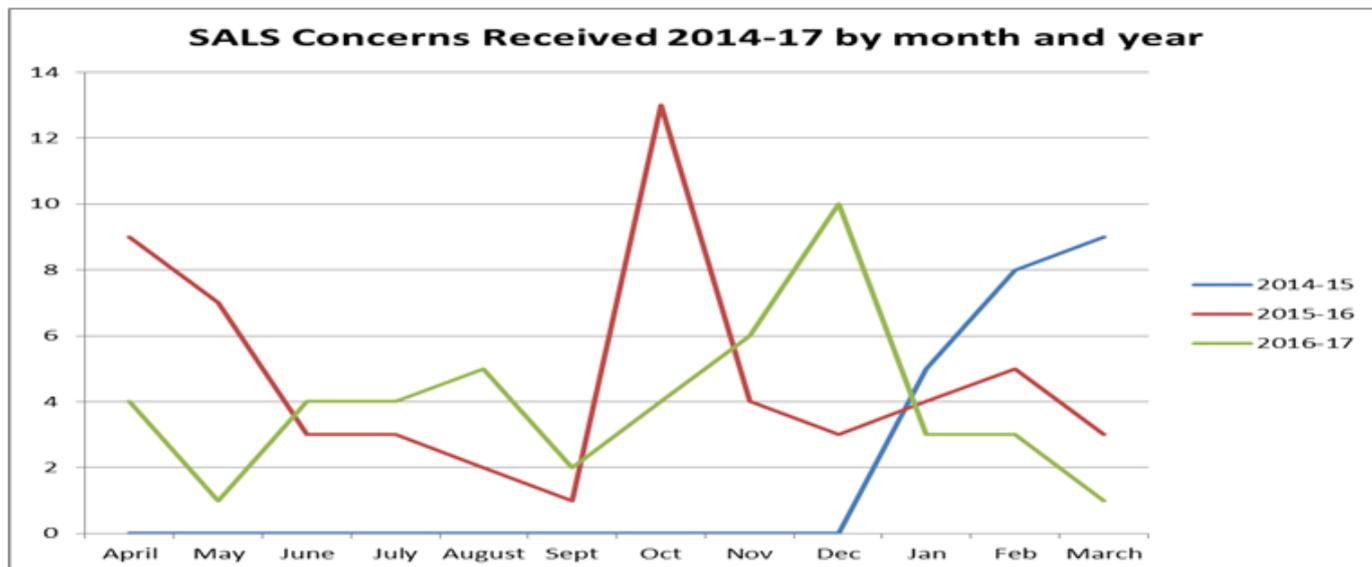
1. Effective use of patient/service user feedback
2. Percentage of staff reporting most recent experience of bullying and harassment
3. Percentage of staff reporting most recent experience of physical violence
4. Percentage of staff experiencing bullying or harassment from staff
5. Percentage of staff agreeing that their role makes a difference to patients

#### Staff Advice and Liaison Service (SALS)

The Trust launched its Staff Advice and Liaison Service in January 2015 to provide confidential support to staff who were concerned about behaviours or practice within their team. Since January 2015, there have been 163 contacts in total, either via email, telephone or face to face. A total of 33 contacts have been received from April 2017 to March 2018; this is a decrease of just less than 10% from the previous financial year. The most common themes have been consistent since SALS started: difficult working relations, work pressures causing significant impacts on stress levels and staff being discouraged from raising incidents.

# PERFORMANCE ANALYSIS

## Great Staff



Members of staff who contact the SALS service are able to speak in confidence regarding their issues. Advice is given regarding further support available within the Trust and the caller is signposted to the most appropriate service for further help and support, with their consent.

### Freedom to Speak Up Guardian

Since 2017, all Trust have been required to have a Freedom to Speak Up Guardian in place, as a member of staff who colleagues can talk to if they are concerned about speaking up about poor practice or behaviours. Since taking up the role, the Trust's Freedom of Speak Up Guardian has supported 15 members of staff and teams to raise their concerns about staff or patient welfare. As with the Staff Advice and Liaison Service, the Freedom to Speak Up Guardian helps to signpost and give advice on raising concerns, to be addressed by the Trust or within a team. The Freedom to Speak Up Guardian reports directly to the Trust Board on their work on a quarterly basis. The Freedom to Speak Up Guardian has reported on the types of concerns being raised through this role and through the Staff Advice and Liaison Service so that the Trust Board is sighted on the issues being raised up in the organisation.

### Health, Wellbeing and Safety at Work

A key improvement area for the Trust since 2014 has been staff reporting issues of bullying and harassment. This work has also been enhanced with the development of the Equality and Inclusion Strategy and the adoption of the Workforce Race Equality Standard (WRES), which seek to ensure no member of the workforce is disadvantaged based on the ethnic background, gender, sexual orientation, disability or age.

Over time, the Trust has seen its performance improve against these indicators. In 2015, 38% of staff reported that they had experienced some form of bullying and harassment from colleagues. In 2016 this dropped to 31% and in 2017 it was 28%. This is one of the most improved scores for the Trust in the 2017 survey. Despite this it remains worse than the national average, which is 25%. In an organisation where we have a zero tolerance policy on bullying and harassment this is an area that continues to require focus as we strive to provide a positive working environment for staff.

In terms of reporting of bullying and harassment issues, in 2016 43% of staff said they had reported issues and in 2017 this has fallen to 42%, but again it remains below the national average of 45%, which suggests more work is required to encourage staff to come forward.

Where discrimination is concerned, 8% of staff survey respondents (282 people in total) say they have experienced some form of discrimination from colleagues in the last 12 months, ahead of the national average of 12%.

89% of staff reported that they believe the Trust acts fairly with regard to career progression/promotion regardless of ethnic background, gender, sexual orientation, disability or age. This is better than the national average, 85%.

# PERFORMANCE ANALYSIS

## Great Staff

### Guardian of Safe Working

The Trust has in place a Guardian of Safe Working, to support and safeguard the working conditions for doctors in training (junior doctors). The Guardian of Safe Working monitors compliance with rotas and availability of training and support opportunities, as well as encouraging staff to exception report where they have worked additional hours or have queries about their rosters. The Guardian of Safe Working reports directly to the Trust Board on the quarterly basis.

### Workforce Equality

The Trust's agreed Equality Objectives for 2016-20 are:

1. To improve our evidence base for patient equality of access to services.
2. To make information more accessible, to better meet the needs of people who have a disability, impairment or sensory loss.
3. To build an inclusive environment for all staff.
4. To demonstrate progress against the indicators within the NHS Workforce Race Equality Standard (WRES).

The Trust developed an updated overarching Equality, Diversity and Inclusion Strategy 2018-21 which was agreed by the Trust Board in March 2018. The strategy includes analysis of the Trust's workforce and patients from an equalities point of view. The Trust has an Equalities action plan that is being actively managed by the Trust's Equalities Steering Group.

In respect of the Workforce Race Equality Standard (WRES), the Trust has an agreed action plan to make further progress in relation to its WRES return. The Trust's full WRES data set is published on the Trust's website.

The gender split of the Trust's workforce is 77% female and 23% male. 1.78% of staff are known as disabled and 10.08% are from a BME background.

The Trust has a BME Staff Network that commenced in 2016. The membership has increased to 50, but attendance at network meetings could be better. The group has an agreed action plan that is being progressed and one of the key initiatives is to get BME staff on to the coaching and mentoring programmes, so they can connect with senior managers, develop themselves and improve organisational performance. The Trust also started an LGBT Staff Network during 2017-18.

The Trust continues to deliver Equality, Diversity and Inclusion training programme and forms part of the Trust's recruitment and selection training. Equality, diversity and inclusion training has always formed part of the Trust's

training programme and is now mandatory for all staff, a decision which was enacted this financial year.

From 2017, any organisation that has 250 or more employees must publish and report specific data about their pay and any differences in pay between gender (gender pay gaps). The gender pay gap is the difference between the average earnings of men and women. A report of the findings of the Trust's gender pay review was presented to the Trust Board meeting in March 2018 and has been published on the Trust's website.

Gender pay gap calculations are based on ordinary pay which includes basic pay, allowances (including shift premiums), extra amounts for on-call, pay for leave but excludes overtime, expenses, payments into salary sacrifice schemes and pensions.

In summary, the mean gender pay gap is 32.85%. This means that women's average earnings are 32.85% less than men's. The median gender pay gap is 22.89%. This means that women's average median earnings are 22.89% less than men's.

The Trust has an overall gender split of 77.30% female and 22.70% male staff. The mean and median gender pay gap can be explained by the fact that while men make up 22.70% of the workforce, there are a disproportionate number of males, 38.87%, in the highest paid quartile, predominantly medical staff. Medical staff pay has a strong impact on the mean and median data largely due to clinical excellence awards and length of service. If medical staff were excluded from the data above, the mean hourly pay gap is 7.45% or £0.95, and the median (mid-point) hourly pay is 3.27%, or £0.34. Nationally, the Consultant workforce is predominately male. In recent years women have made up the majority of medical graduates, and this should impact on data in the years ahead.

### Trade Union Facility Time

There is a new requirement per the Trade (Facility Time Publications Requirements) Regulations 2017, which came into force on 1 April 2017, for specified public-sector employers, including NHS Trusts, to report the trade union facility time supported by the Trust. The first reporting period covering 1 April 2017 to 31 March 2018 must be published by 31 July 2018 on the Trust's website and, where the employer publishes an annual report, it must be included in the annual report.

The duty to report covers specific information (set out in detail in Schedule 2 of the regulations) relating to time off taken for trade union duties, for example negotiations with employers, representing members in the workplace, the duties of a learning representative and activities, or

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to carry out duties and receive training under the relevant safety legislation.

Trade union representatives can get paid time off to carry out 'duties' which is set out in legislation. Employers may also grant paid time off for trade union activities for which there is no statutory right to paid time off.

The Trust's data for the first reporting period 1 April 2017 to 31 March 2018 is below. The Trust's percentage

of total pay bill spent on facility time was 0.02%. Whether in providing support to individual members of Trust staff at a departmental level, or by playing a valuable role in contributing to Trust-wide agendas (for example: Joint Negotiating and Consultative Committees, Job Evaluation Panels, Collective Agreements, Policy Sub-Groups, Health and Safety and Staff Surveys), the Trust recognises that the participation of trade union representatives supports the partnership process and contributes to delivering improved services to patients and users.

**Table 1: Relevant union officials**

Total number of Trust employees who were relevant union officials during the relevant period:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
48	7,256

**Table 2: Percentage of time spent on facility time**

Hull and East Yorkshire Hospitals NHS Trust's employees, who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time:

Percentage of time	Number of employees
0%	9
1%-50%	39
51%-99%	0
100%	0

**Table 3: Percentage of pay bill spent on facility time**

The percentage of the Trust's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period:

	Figures
Total cost of facility time	£74,814
Total pay bill	£334,560,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

**Table 4: Paid trade union activities**

As a percentage of total paid facility time hours, the number of staff hours spent by employees who were relevant union officials during the relevant period on paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	1.35%
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The figures have been calculated using the standard methodologies used in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

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### Golden Hearts nominations

The seventh annual Golden Hearts awards ceremony took place on 9 June 2017 to celebrate teams and individuals who go the extra mile for their patients, colleagues and services. Held at the Mercure Hotel, Willerby, more than 350 people attended to see 15 awards given out to our very worthy winners. Fiona Dwyer of ITV Calendar News hosted the awards ceremony again for us, and a total of £750 was raised during the interval for her chosen charity, the SAMMI Fund, which supports people affected by spinal injury.

Guests were also treated to two brilliant performances of Indian dance from some of the Trust's staff who are members of the Hull and East Riding Hindu Cultural Association

The full list of 2017 Golden Hearts winners and runners up is as follows:

#### Making It Better Award

**Winner:** Frailty Intervention Team

#### Runners up:

- PARCS Home Exercise Programme
- DME Elderly Continence Care Pioneer Team

#### Great Leader Award

**Winner:** Kay Brighton, Sister – Medical Elderly

#### Runners up:

- Stacey Healand – Modern Matron, Medicine
- Tracey Chapman – Junior Sister, Neurosurgery High Observation area

#### Team Spirit Award

**Winner:** Ward 11, Colorectal surgery, Castle Hill Hospital

#### Runners up:

- Ward 8, Medical Elderly, Hull Royal Infirmary
- Ward 60, acute surgery, Hull Royal Infirmary

#### Lessons Learned Award

**Winner:** Dr Tony Goldstone, Consultant Radiologist

#### Runners up:

- DME Base Wards
- Labour Ward Obstetric Team and Clinical Skills Team

#### Stronger Together - Partnership Working Award

**Winner:** Remarkable People, Extraordinary Place campaign

#### Runners up:

- Kay Brighton and Ward 9, Medical Elderly
- Young Health Champion Traineeship Pre-employment Programme

#### Mentor of the Year Award

**Winner:** Hedley Wilson, Estates

#### Runners up:

- Angela Hanstock, Medical Technical Officer, Theatres
- Matthew Handley, Secretary, Family and Women's Health Group

#### Apprentice of the Year Award

**Winner:** Laura Marks

#### Runners up:

- Charlotte Robinson
- Domonic Walker

#### Moment of Magic of the Year Award

**Winner:** Laura Marks, Heather Worrell and Mandy Maughan

#### Runners up:

- Chris Ward
- Anna Binks & Lesley Boasman

#### Outstanding Individual of the Year – Scientific, Technical and Therapeutic Award

**Winner:** Dr Angela Green, Clinical Research Therapist

#### Runners up:

- Lucy Aldrich, Clinical Lead Physiotherapist
- Nicola Beaumont, Senior Physiotherapist

#### Outstanding Individual: Non Clinical Award

**Winner:** Peter Bugg, Auxillary Nurse, ICU

#### Runners up:

- June Wheldale-Crosby, Eye Liaison Officer, Ophthalmology
- Carly Medlock, Organisational Development Programme Support Officer

#### Outstanding Individual: Clinical Award

**Winner:** Dr Tom Cowlam, Clinical Lead, Major Trauma

#### Runners up:

- Miss Kathleen Merrick, Registrar, Obstetrics and Gynaecology
- Dr Anna Greenwood, Registrar, Anaesthetics

#### Outstanding Individual: Nursing and Midwifery Award

**Winner:** Leah Dobson, Trauma Co-ordinator

#### Runners up:

- Helen Tointon, Paediatric Specialist Nurse
- Vonnice Hyam

#### Outstanding Team of the Year: Clinical Award

**Winner:** Sepsis Team

#### Runners up:

- Ward 90, Medical Elderly, Hull Royal Infirmary
- Arthroplasty Service Day Case Hip and Knee Replacement Team

#### Outstanding Team of the Year: Non Clinical Award

**Winner:** Endoscopy Decontamination Team

#### Runners up:

- Portering and Helpdesk Team
- Hull Institute of Learning and Simulation

#### Lifetime Achievement Award

**Winner:** Dr Chris Walton, Consultant Endocrinologist

#### Runners up:

- Mary Share, Staff Nurse, Endoscopy
- Lorraine Rowell, Sister, Medicine

#### Health Group Trophy For the most Golden Hearts award nominations:

The Medicine Health Group

Further information about our staff is set out in the Remuneration and Staff section of this Annual Report.



Golden  
Hearts

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The Trust uses a number of performance indicators to measure the quality of care that it provides to its patients. The Trust sets its own quality and safety priorities, following consultation with stakeholders and these are published in the Trust's Quality Accounts. In addition, NHS Improvement has a number of indicators mandated for hospital NHS Trusts to achieve, which cover patient safety, infection control, clinical effectiveness, maternity, patient experience and NHS Constitution standards.

### Quality Accounts 2017-18

Each year the Trust publishes its Quality Accounts. These contain the details of the quality and safety priorities for 2017-18 and how we performed against them. The Quality Accounts are published on NHS Choices webpage and also on the Trust's website. The Quality Accounts are published by 30 June and this Annual Report should be read in conjunction with the Quality Accounts.



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### Patient Safety

#### Single Oversight Framework (SOF) indicators 2017-18:

Domain	Indicator	Standard	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	2017/18
Safe	Occurrence of any Never Event	0	0	0	0	0	2	1	0	1	0	0	1	1	6
	Potential under-reporting of patient safety incidents (reported 6 months)	-	55.67					58.55			not yet published			not yet published	57.11
	VTE Risk Assessment	95%			92.13%			89.72%			89.22%			89.48%	90.13%
	Patient Safety Alerts Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Mixed Sex Accommodation Breaches	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	MRSA Bacteraemias	0	0	0	0	0	0	0	0	1	0	0	0	0	1
	Clostridium Difficile	53	7	5	0	4	2	6	3	3	2	3	2	1	38
	Emergency C-section rate	<=12.1%	14.70%	12.90%	14.20%	11.60%	13.20%	13.92%	13.00%	17.00%	18.00%	15.00%	15.00%	17.00%	13.40%

Positive performance has been maintained in responding to patient safety alerts and avoiding mixed-sex accommodation breaches all year. The Trust was below the threshold for *clostridium difficile* cases; further information on infection prevention and control is given below.

Areas where further improvements are required: the Trust continues to work on its compliance with Venous Thromboembolism Episode (VTE – a blood clot) risk assessments and acknowledges that compliance needs to reach the required standard in this area. The Trust is also reviewing its emergency Caesarean Section rate – the Trust has set a stretch target to below 12.1% against a national standard to be below 15%.

MRSA: please see infection control section on next page.

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### Infection control:

The Trust is required to report monthly on performance in relation to six key healthcare-associated infections (HCAIs):

- Clostridium difficile infections
- MRSA bacteraemia infections
- MSSA bacteraemia
- E.coli bacteraemia
- Klebsiella (new reporting this year)
- Pseudomonas aeruginosa (new reporting this year)

The Trust is required to report monthly on performance in relation to these four key Healthcare Associated or Acquired Infections (HCAI's). These are summarised in the following table along with the year-end performance against the upper threshold for each:

Organism	2017-18 Threshold	2017-18 Performance (Trust Apportioned)
Post 72-hour <i>Clostridium difficile</i> infections	53	38 (72% of threshold)
MRSA bacteraemia infections (post 48 hours)	Zero	1 (over threshold)
MSSA bacteraemia	44	36 (82% of threshold)
<b>Gram Negative Bacteraemia</b>		
<i>E.coli</i> bacteraemia	73	110 (over threshold)
Klebsiella	14	Baseline monitoring period
<i>Pseudomonas aeruginosa</i>	10	Baseline monitoring period

The year-end performance against the upper threshold for each is reported in more detail, by organism:

### Clostridium difficile

*Clostridium difficile* infection is a type of bacterial infection that can affect the digestive system. It most commonly affects people who have been treated with antibiotics. The symptoms of a *c. difficile* infection can range from mild to severe and include: diarrhoea, a high temperature (fever) and painful abdominal cramps. In extreme cases, *c. difficile* infections can also lead to life-threatening complications such as severe swelling of the bowel from a build-up of gas (termed toxic megacolon). In certain cases they can cause or contribute to the death of a patient.

At year end 2017-18, the Trust reported 38 infections against an upper threshold of 53 (72% of threshold). This is a positive result at year-end and compares well with Trusts across the region that were more challenged in meeting their respective thresholds.

Root cause analysis (RCA) investigations are conducted for each infection and outcomes of RCA investigations for all Trust-apportioned cases are shared collaboratively with commissioners. Where possible, this includes reviewing the patient three months prior to the detection of the case to determine any links to the infection during this time.

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Organism	2017-18 Threshold	2017-18 Performance (Trust apportioned)	Lapses in practice / suboptimal practice cases
Post 72-hour <i>clostridium difficile</i> infections	53	38 (72% of threshold)	Of the 38 Trust apportioned <i>c. difficile</i> cases, 36 have completed RCA investigations to date and reviewed by commissioners. Of these 36 cases, 6 cases were determined as lapses in practice, with the lapses associated with suboptimal antimicrobial prescribing/ delay in sampling and poor communication. The two cases in progress require review by Commissioners and will be presented in May 2018.

### Meticillin Resistant *Staphylococcus Aureus* (MRSA) bacteraemia

*Staphylococcus aureus* (also known as staph) is a common type of bacteria. It is often carried on the skin and inside the nostrils and throat, and can cause mild infections of the skin, such as boils and abscesses. If the bacteria enter the body through a break in the skin, they can cause life-threatening infections, such as blood poisoning (bacteraemia). MRSA is a type of bacteria that's resistant to a number of widely used antibiotics. This means MRSA infections can be more difficult to treat than other bacterial infections.

The Trust reported one case of MRSA Bacteraemia during the year. The following table summarises the particulars of that case.

Organism	2017-18 Threshold	2017-18 Performance (Trust apportioned)	Outcome of PIR Investigation / Final assignment
MRSA bacteraemia	Zero tolerance	1 case <b>(over threshold)</b>	Attributed to ward at Castle Hill Hospital. Post Infection Review (PIR) completed with involvement from Northern Lincolnshire and Goole NHS Foundation Trust & North Lincolnshire Clinical Commissioning Group  Case deemed Trust apportioned to Hull and East Yorkshire Hospitals NHS Trust

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### Meticillin Sensitive Staphylococcus Aureus (MSSA) bacteraemia

*Meticillin-Sensitive Staphylococcus aureus* is a type of bacteria that lives harmlessly on the skin and in the nose, in about one-third of people. People who have MSSA on their bodies or in their noses are said to be colonised.

However, MSSA colonisation usually does not cause problems for people, but can cause an infection when it gets the opportunity to enter the body. This is more likely to happen in people who are already unwell. MSSA can cause local infections such as abscesses or boils and it can infect any wound that has caused a break in the skin e.g. grazes, surgical wounds. MSSA can cause serious infections called septicaemia (blood poisoning) where it gets into the bloodstream. However unlike MRSA, MSSA is more sensitive to antibiotics and therefore easier to treat, usually.

Organism	2017-18 Threshold	2017-18 Performance (Trust apportioned)	Outcome of RCA Investigation (avoidable/unavoidable)
MSSA bacteraemia	44	36 (82% of threshold)	15 unavoidable 10 possibly avoidable 7 avoidable 4 cases awaiting completion of RCA process

MSSA bacteraemia performance is provided in the above table. There are no national thresholds for this infection, but at year-end 2017-18, a reduction in MSSA bacteraemia numbers on the previous year's performance has been achieved, which is a positive outcome for patients. The need for continued and sustained improvements regarding this infection remains a priority. A key focus area for the Trust now is in relation to improving the care and management of patients with vascular access lines/cannulae.

### Escherichia-coli Bacteraemia

There are many different types of *Escherichia coli* (*E. coli*) bacteria, most of which are carried harmlessly in the gut. These strains of *E. coli* make up a significant and necessary proportion of the natural flora in the gut of people and most animals. However, when strains of *E. coli* are outside their normal habitat of the gut, they can cause serious infections, several of which can be fatal. Potentially dangerous *E. coli* can exist temporarily and harmlessly on the skin, predominantly between the waist and knees (mainly around the groin and genitalia), but also on other parts of the body, i.e. a person's hands after using the toilet.

*E. coli* is now the commonest cause of bacteraemia reported to Public Health England.

*E. coli* in the bloodstream is usually a result of acute infection of the kidney, gall bladder or other organs in the abdomen. However, these can also occur after surgery, for example.

During 2017-18, Trusts were required by NHS Improvement to achieve a 10% reduction in *E. coli* bacteraemia cases. Achievement of reductions is expected to be collaborative through joint working with commissioners and joint action plans. A Trust improvement plan for *E. coli* and gram negative bacteraemia is in place. This will continue into 2018-19 and includes ensuring any due learning takes place.

Organism	2017-18 Threshold	2017-18 Performance (Trust apportioned)	No. of cases investigated clinically	Outcome of Clinical Investigation (avoidable/unavoidable)
<i>E. coli</i> bacteraemia	73 (after 10% reduction)	110 (over threshold)	110	10 x avoidable 14 x possibly avoidable 88 x unavoidable (the majority related to biliary sepsis)

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As can be seen from the table above, most of these infections (80%) were deemed to be unavoidable, which makes the thresholds very difficult to stay within.

There has been a significant increase in the number of cases because of compliance with sepsis screening, both in the Emergency Department and for inpatients. Although increases are noted and the Trust breached the threshold at year end for this infection, patients are receiving improved quality of care because of earlier and targeted identification, treatment and appropriate management.

Trust- and community-apportioned *E. coli* bacteraemia cases from November 2017 have also benefitted from an additional Infectious Diseases (ID) Consultant review. The review involves the collation of patient demographics, admission method and speciality on admission. It also includes co-morbidities and pre-disposing factors along with a face to face clinical review of the affected patients, investigations to date and ID input in ongoing management. Additionally, a mortality review is completed for any patients who die subsequently during the course of their hospital admission.

An overwhelming trend is that associated with biliary sepsis, which is very difficult to prevent.

Reviewing cases since April 2017 and following a deeper dive into cases from November 2017, those deemed avoidable relate to hospital-acquired pneumonia, management of vascular access devices and the management of urinary catheters, e.g. not removing them at the earliest opportunity when no longer needed and/or when a line infection is suspected. Ongoing surveillance will continue until the end of April 2018, to provide six-months of analysis of trends and issues associated with this type of bacteraemia.

Gram negative bacteraemia – reporting for 2017-18

If gram-negative bacteria enter the circulatory system, this can cause a toxic reaction to the patient. This results in

fever, an increased respiratory rate and low blood pressure. This may lead to life-threatening condition of septic shock.

NHS England and Public Health England (PHE) introduced a new set of measures from April 2017 to reduce the burden of gram negative bacteraemia. There is a requirement across the health economy to reduce healthcare associated gram-negative bloodstream infections by 50% by 2021. This consists of three organisms. Surveillance of *E. coli* bacteraemia was in place and continues; *Klebsiella* and *Pseudomonas aeruginosa* bacteraemia cases are the new reporting requirements to PHE.

A review of cases of these infections to date suggests similar risk factors to those found with *E. coli* bacteraemia: *Klebsiella* related to respiratory infections.

### Infection Outbreaks

An outbreak is defined by two or more patients with the same infection in the same ward/area.

In February 2018, Wards 8 and 80 at Hull Royal Infirmary were affected by outbreaks associated with diarrhoea and vomiting. Ward 80's outbreak resulted in a full ward closure, whereas ward 8's outbreak was limited to affected bays only. In both cases, Norovirus was confirmed with staff and patients affected. In addition, during February 2018, Ward 500 also experienced an outbreak of diarrhoea and vomiting, albeit short-lived, with a single case of *Clostridium difficile* reported. In March 2018, Ward 12 had a short-lived outbreak of diarrhoea and vomiting affecting one bay only. No causative organism was detected.

### Influenza trends

The Trust's 'flu' vaccination programme was extended until the end of February 2018, in line with the increase in cases both locally and regionally. Up to the end of February 2018, 78% of Trust staff had received a flu vaccination.

Cases of Influenza in patients admitted to the Trust were first noted during November 2017, with cases reported.

This increased to 11 cases in December 2017. These cases represented normal seasonal flu activity with more cases of Influenza A noted, which was expected. Patients were screened, isolated, treated and managed appropriately.

During January 2018, a shift occurred with a significant number of Influenza B cases reported, occurring mainly in younger patients and some 'at risk' patients that had not been vaccinated previously. 70 cases of Influenza were reported during January 2018 with 73% of cases detected as Influenza B. During January 2018, no hospital apportioned cases were reported with the majority of cases detected on and/or shortly after admission. From January 2018, the Trust was required to report Influenza data to NHS Improvement on a daily basis. This included the number of inpatients with Influenza nursed in ICU settings, inpatients in other clinical areas with Influenza and the number of reported cases in the previous 24-hour period.

During February and March 2018, the Trust continued to experience an increased incidence of Influenza, with the largest peak occurring in February 2018 and a total number of Influenza cases reported as 111 for the month. Influenza B continued to dominate with 70% of the 111 cases reported as Influenza B. Increased compliance with screening across the Trust may also account for some of the increase. During March 2018, 77 cases of Influenza were reported by the Trust, mainly in patients presenting in the Emergency Department or the Acute Medical Unit with respiratory infection/flu like illness. In total, 38 cases of Influenza A and 39 cases of Influenza B were detected in March 2018

Yorkshire and the Humber were particularly affected by influenza in 2-17-18 and the Trust managed to isolate and/or cohort affected patients quickly. As such, there was no evidence of onward patient-to-patient transmission resulting in further bay or ward closures.

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### Effectiveness:

Single Oversight Framework (SOF) indicators 2017-18:

Domain	Indicator	Standard	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	2017/18
Effective	HSMR	< 100	77.6	89.5	80.1	83.1	82.5	73.5	76.8	100.9	93.5	111.5	not yet published	not yet published	87.33
	HSMR WEEKEND	< 100	86.2	85.7	80.3	87.9	91.1	101.7	83.4	94.9	96.6	98.4	not yet published	not yet published	90.57
	SHMI	< 100	100.2	98.3	96.6	99.2	95.7	99	not yet published	98.16					
	30 DAY READMISSIONS	<=7.8%	8.3%	8.2%	7.1%	7.5%	7.8%	8.1%	8.1%	7.1%	8.1%	7.6%	7.6%	not yet published	7.70%

There are 4 mortality indicators that the Trust is measured against. Some information on mortality is published a number of months in arrears. The Trust has maintained a positive position against all 4 effective standards. Further analysis was undertaken on the 30-day readmissions standard, which

was over-target for some months of the year. This was to review cases where patients were re-admitted with particular conditions to see if there were any lessons that could be learned to improve practice and reduce readmissions in specific areas.

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### Patient experience :

#### Single Oversight Framework (SOF) indicators 2017-18:



Domain	Indicator	Standard	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	2017/18	
Caring	Inpatient Scores from Friends and Family Test - % positive	-	98.38%	97.78%	98.76%	98.70%	98.70%	98.60%	98.50%	98.10%	97.50%	96.60%	98.50%	not yet published	98.19%	
	A&E Scores from Friends and Family Test - % positive	-	78.26%	74.63%	74.29%	86.20%	84.80%	85.10%	85.70%	85.40%	85.40%	85.60%	84.00%	not yet published	82.67%	
	Maternity Scores from Friends and Family Test - % Positive	-	96.55%	80.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	no data	100.00%	no data	100.00%	not yet published	97.00%
	Staff Surveys: FFT recommend the Trust as a place to work	-			64.2%			62.2%			61.0%			not yet published	62.50%	
	Staff Surveys: FFT recommend the Trust as a place for care/treatment	-			80.8%			79.9%			67.0%			not yet published	75.90%	
	Written Complaints Rate	Reduction		43	48	52	45	52	41	56	56	37	58	65	61	614

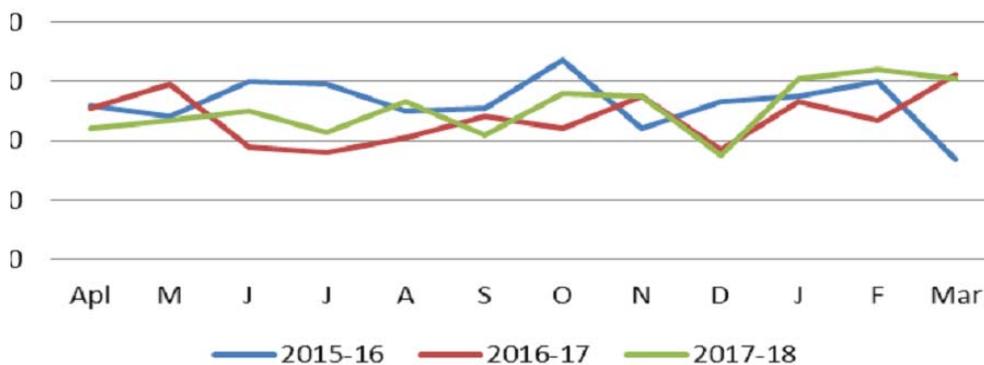
The Trust has maintained its position in these patient experience indicators and has seen improvement in the A&E scores for the Friends and Family test. The Trust invested in text messaging Friends and Family test, which has increased the number of respondents and provided more feedback to the Trust, which is overall positive.

The Trust is committed to promoting an open culture of feedback, learning and improvement. Complaints and concerns (informal complaints) are a valuable source of feedback and should be used to inform learning and improvement in the experiences of patients. In addition, the National Patient Surveys, as well as information from the Friends and Family Test, can identify areas for improvement before they become concerns or complaints.

### Complaints

During the period 1 April 2017 to 31 March 2018, the Surgery Health Group (HG) received 205 complaints (33.5%), Medicine HG received 218 (35.6%), Family and Women's HG received 145 (23.7%) and Cancer and Clinical Support HG received 40 (6.5%) complaints. Four complaints were received for non-HG areas. A monthly breakdown of complaints received is shown on the graph below, compared with the previous two years.

Complaints Received by Month and Year



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The following table indicates by health group the subject of complaints received in 2016-17:

Complaints by Health Group and Subject (primary)	Advice	Attitude	Care and Comfort	Communication	Delays, Waiting times & cancellations	Discharge	Safe-guarding	Treatment	Total
Corporate Functions	0	1	0	2	0	0	1	0	4
Clinical Support	1	1	2	3	3	3	1	26	40
Family and Women's	0	9	1	10	9	1	0	115	145
Medicine	1	8	22	19	12	22	4	130	218
Surgery	0	8	7	12	16	7	1	154	205
Totals:	2	27	32	46	40	33	7	425	612

In 2017-18, 607 formal complaints were closed. The Trust aims to close complaints within 40 working days. The complaints team have worked closely with the health groups to improve the closing of complaints, which has shown improvement. Of the 607 complaints investigated, 412 were regarding treatment issues. Treatment, not satisfied with plan remains the highest (126), with treatment outcome of surgery (84), diagnosis incorrect (61) outcome of treatment (53) and treatment delayed (31) being the top 5 sub-subjects within treatment complaints.

Five complaints were not investigated as the complainant had requested that it not be progressed; these were responded to through the Patient Advice and Liaison Service or were escalated for a serious incident investigation. 223 complaints were not upheld, 278 partly upheld and 98 upheld.

The complaints resolution process includes identifying and implementing appropriate actions. In response to complaints this year, examples of actions and lessons learned have included:

- A patient was referred to the Dermatology service in April 2017 and did not receive an appointment until October. The investigation identified a delay of six weeks in the referral being booked on to the system. The service reviewed the booking process used within the clinic and has taken steps to ensure this is not repeated.
- Patient had been seen by five different members of the Orthopaedic medical team during her treatment pathway and felt that the inconsistency of the treating specialist had been detrimental to her care. A new system has been implemented in the Fracture Clinic so that where possible, patients are seen by a consultant as least every other appointment.
- A patient was discharged from a ward without Fragmin and later had a DVT. Feedback was provided to the medical team involved and discussed at the service governance meeting to share the learning from this incident.
- Following a resolution meeting to support a family

following a bereavement, counselling was offered to a member of the family, which was accepted. The relative appreciated the assistance provided by the team.

- A patient attended the Emergency Department following a dizzy spell and was discharged with high blood pressure. His GP was advised three months later that the blood pressure reading was high and that he required follow up for treatment; however, in the intervening period the patient had a stroke, which he felt was as a consequence of not receiving treatment. The Consultant has met with all doctors and reiterated the importance of prompt completion of discharge letters.
- As a result of a complaint from women who had experienced a difficult and stressful birth, a clinic has been set up that will support patients who have concerns and fears with childbirth. Community midwives are referring women who have had a traumatic time previously to also seen by a Consultant.
- A patient attended the Emergency Department with severe ulcerated colitis and was in a very poor state of health. She was discharged without sufficient tests or treatment and as a consequence, suffered pain when her condition deteriorated. The Consultant reviewed the departmental guidelines for abdominal pain and information is now available to all Emergency Department staff via a link to the NICE Clinical Knowledge Summary for ulcerative colitis.

The Patient Experience Team have provided training via the Trust's online education and development system (HEY24/7) to staff new to the role of investigation manager for a complaint and have also met with groups of Consultants and Anaesthetists to give training on the handling of complaints. Training has also been introduced during 2017-18 for wards and specialties where the team have focussed on issues specific to the area from recent complaints and also highlighting where the ward has performed well. Eleven wards have so far been visited and it is anticipated that the remaining wards will accept the invitation for the team to attend a staff meeting during 2018-19.

# PERFORMANCE ANALYSIS

## Great Care



### Parliamentary Health Service Ombudsman (PHSO)

If the complainant remains dissatisfied with the response they receive, they can ask the Parliamentary and Health Service Ombudsman to independently review their complaint. During 2017-18 there were 14 new cases from a complaint referred to the PHSO. Of the complaint reviews completed by the PHSO in 2017-18 (some of which were from the end of the previous financial year) 8 were not upheld and 6 were partially upheld.

### Patient Advice and Liaison Service (PALS):

The PALS team has will be contacting ward department areas to offer training and awareness sessions to all staff in the coming months, working closely with all charge nurses and senior staff to look at ways in which the Trust can improve patient care and implement lessons learned.

- There has been a decrease of 14% in the number of concerns raised
- Of all the concerns raised, 62 were escalated to a formal complaint, a 12.6% decrease from the previous year
- 1 serious incident was recorded in PALS
- A total of 282 compliments were logged in PALS, an increase of 16% from 2016-17
- 805 requests were for general advice
- Medicine Health Group had the most concerns raised in 2017-18

Top 3 areas of concerns raised were:

- Not satisfied with the plan for treatment
- The length of wait for an outpatient appointment, including follow-up appointment
- Clinic appointments being cancelled

PALS by Type	2015-16	2016-17	2017-18
Comments and suggestions	19	25	27
Compliments	200	282	328
Concerns	2946	2700	2297
General Advice	329	928	805
Totals:	3494	3935	3457

# PERFORMANCE ANALYSIS

## Great Care

### Responsive

Single Oversight Framework (SOF) indicators 2017-18:

Domain	Indicator	Standard	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	2017/18
Responsive	Diagnostic Waiting Times: 6 Weeks	<= 1%	4.67%	5.04%	5.56%	5.03%	8.24%	9.30%	7.23%	7.27%	8.97%	10.41%	8.23%	10.52%	7.55%
	Referral to Treatment Incomplete pathway	92%	84.5%	85.1%	85.2%	85.5%	85.9%	83.6%	83.7%	83.4%	81.2%	80.7%	80.4%	79.8%	
	A&E Waiting Times	95%	93.8%	92.5%	93.6%	91.7%	92.0%	86.5%	90.5%	89.1%	82.4%	77.7%	77.7%	76.4%	87.20%
	Cancer: 62 Day Standard	85%	72.7%	71.2%	77.6%	74.7%	76.5%	73.7%	79.8%	78.7%	77.6%	78.1%	73.1%	72.6%	75.67%
	Cancer: 62 Day Screening Standard	90%	83.7%	78.0%	82.7%	80.7%	63.4%	86.8%	68.9%	80.6%	83.3%	82.1%	77.1%	82.6%	78.45%
	Dementia: >=75 years Emergency Admission LOS >72 hours - Find	90%	90.6%	90.4%	90.7%	90.2%	91.2%	90.1%	90.3%	90.9%	90.4%	90.6%	90.7%	90.4%	
	Dementia: >=75 years Emergency Admission LOS >72 hours - Assess/Investigate	90%	91.9%	94.9%	90.0%	95.2%	95.1%	91.4%	97.4%	100.0%	97.0%	96.4%	100.0%	100.0%	
	Dementia: >=75 years Emergency Admission LOS >72 hours - Referral	90%	100.0%	100.0%	100.0%	91.7%	100.0%	96.7%	96.8%	91.7%	90.3%	100.0%	100.0%	97.7%	

The Trust has not met the diagnostic waiting standard throughout the year. All patients receive their necessary scans and tests but do not always receive these in a timely manner, as reported above. The reasons for this related to staff vacancies in particular specialisms, an increase in demand and the availability of staff and equipment to run additional scanning sessions to meet demand. The Trust has incurred additional spend in diagnostics to mitigate the impact on patients where possible, commissioning additional scanning sessions from mobile scanners, paying for additional reporting sessions and investing in faster scanners. A number of the breaches of this waiting time related largely to CT and MRI; this position should improve next financial year as the Trust has recruited to a key Consultant vacancy and is also bringing on-line a new scanner, which will enable more scans per sessions to be undertaken.

# PERFORMANCE ANALYSIS

## Great Care

The 18-week referral to treatment (RTT) pathway is reported against the NHS Constitutional Standard of 92%; throughout the year, the Trust has been working towards meeting a monthly improvement target set by local commissioners to move closer to the 92% standard for RTT. This local trajectory was met from April 2017 – August 2017. However, the rate of improvement at that point reached a plateau for four months and went down during the four winter months.

The particular issues during winter were:

- Up to 60 medical patients at any one time bedded outside of the medical bed base, usually into surgical beds. This was in addition to the 27 beds on the Winter Ward as part of the 2017-18 Winter Plan.
- An increase in waiting list size of 2000 patients, mainly due to the number of cancellations of elective activity to free up staff to undertake winter pressures duties, and administrative processing delays
- Sustained emergency- and winter-related demand in critical care, which impacted on the Trust's ability to undertake elective major surgery, especially in Cardiothoracic, Neurosurgery, Gynaecology and Gastro-Intestinal surgical cases
- Displacement of emergency and trauma work to Castle Hill site, affecting elective capacity there
- Ongoing difficulties in recruiting to key senior and junior medical staff vacancies in several specialties

During 2017-18, the Trust identified a Serious Incident in relation to its processes to track patients during their 18-week waiting time pathways. The particular issues were:

- The Trust identified a cohort of patients on its electronic patient records system who have not been tracked appropriately through our patient administration system. As a result of this, there are patients who have experienced a delay in the progression of their treatment within various departments across our hospitals.
- Around 85,000 patient records were identified in total as not having been tracked properly.
- A process of validation of each individual patient's records has been carried out by the Trust and where necessary further clinical review has taken place. From this review, circa 7,400 patient records were reviewed again by Consultant medical staff to determine whether any further clinical input (e.g. discharge from hospital, adding to a waiting list or further tests/treatment) was required. These reviews were completed in April 2018 and the Trust is well underway in terms of notifying patients and seeing them in clinic, where this is necessary.
- A full investigation to look at how the issue arose and whether we could have done anything differently will be carried out. At the point of identifying and dealing with the immediate issues, the Trust's priority has been our patients, and on completing the review and any necessary follow-up.
- We have implemented further training and support for those staff who are involved in this process and that work is ongoing

The Trust has contacted those patients who have been affected and apologised that they have been affected by these issues. Part of the Trust's actions of these issues is to clinically review whether any patient has come to harm as a result of waiting longer for an appointment or treatment

In relation to the four-hour target in the Emergency Department, the Trust was measured against 90% compliance each month, with a year-end target of 95% compliance in March 2018. The Trust achieved the 90% target for 6 months of the year but performance decreased over winter. This was due to a number of factors, including seasonal increase in the number of more poorly patients, increased bed occupancy and length of stay over winter (affecting the ability to flow from the Emergency Department) and the ability to discharge patients in a timely fashion.

The Trust has struggled throughout the year with diagnostic capacity and this has also impacted on cancer 62-day waits. Whilst the Trust has undertaken detailed work on cancer pathways, specifically focussing on the 62-day cancer standard, this has not yet yielded a consistent performance against the standard.

The Trust has performed well against the dementia care standards throughout the year, building on a range of improvements in the care of people with the dementia that the Trust has made over several years.

# PERFORMANCE ANALYSIS

## Great Care

### NHS Constitution Standards

As detailed above, operational performance during 2017-18 presented significant challenges for the Trust and not all the standards were met. The table below details the Trust's performance against key indicators and national targets, comparing 2016-17 with 2017-18

PERFORMANCE HEADLINES					
Metric		Threshold	2016/17	Threshold	2017/18
MRSA		0	2	0	1
C. Difficile		53	45	53	38
Emergency Department < 4 hour wait	National	≥95%	85.2%	≥95%	87.2%
Referral to Treatment Time Pathway (18 weeks)	Incomplete	≥92%	86.3%	≥92%	79.8%
Diagnostic 6 week breaches		≤1.0%	3.3%	≤1.0%	7.6%
Cancer - GP 2 week wait	All cancers	≥93%	94.2%	≥93%	95.3%
	Breast	≥93%	95.1%	≥93%	91.3%
Cancer - 31 days to first treatment	All cancers	≥96%	98.3%	≥96%	96.9%
Cancer - 31 days to second or subsequent treatment	Drug	≥98%	99.2%	≥98%	99.8%
	Radiotherapy	≥94%	97.5%	≥94%	97.7%
	Surgery	≥94%	95.3%	≥94%	92.2%
Cancer - 62 days GP to first treatment	All cancers	≥85%	78.0%	≥85%	75.9%
Cancer - 62 days screening to first treatment	All cancers	≥90%	89.5%	≥90%	78.1%
Stroke - % of patients spending at least 90% of their time on a Stroke Ward		≥80%	86.2%	≥80%	87.0%
Stroke - % of patients admitted to a Stroke Ward within 4 hours via A&E		≥90%	88.8%	≥90%	88.6%
Stroke - TIA Service: % of high risk patients treated within 24 hours		≥60%	96.2%	≥60%	88.8%
Stroke - TIA Service: % of low-moderate risk patients receiving specialist assessment and brain scan within 7 days		≥95%	100.0%	≥95%	100.0%

This table shows that the Trust maintained the level of performance in 31-day cancer standards compared with the previous year in most areas and remained above the required standard in most areas of stroke care. However, the table highlights that the year-end position in key performance areas remained below the required standard in the same areas as the previous year.



# PERFORMANCE ANALYSIS

## Great Care

### Care Quality Commission Inspection

The Trust received a new-style inspection by the Care Quality Commission (CQC) in February 2018. This followed a comprehensive inspection in 2016 (published in February 2017). The overall ratings from the June 2016 inspection were as follows:

	Safe	Effective	Caring	Responsive	Well-led
<b>Overall domain for the Trust</b>	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement
<b>Overall Trust rating</b>	Requires Improvement				

In response to the 2016 inspection, the Trust incorporated a new Quality Improvement Plan, to make progress against the areas identified by the CQC inspections and other quality improvement issues. The Trust puts in place an updated Quality Improvement Plan each year, which is a project plan of improvement in particular areas of care and delivery; a significant amount of time and effort goes in to making improvements against the Quality Improvement Plan projects.

The Quality Improvement Plan Project areas in 2017-18 were to make improvements in these areas:

#### Project

- Learning Lessons
- Safeguarding, Mental Capacity Act and Deprivation of Liberty Safeguards
- Medicines Management
- Deteriorating Patient
- Infection Control
- Patient Falls
- Pressure Ulcers
- Maternity and Gynaecology
- Children & Young People with Mental Health needs
- Venous Thromboembolism (VTE)
- Sepsis
- Resuscitation Equipment Checklist
- Nutrition
- Dementia
- Children & Young People Services
- Patient Experience & Complaints
- Avoidable Mortality
- Critical Care
- Safer Standards for Invasive Procedures
- Transition from Children to Adult Services
- ReSPECT
- Consent
- Outpatients
- Compliance with National Standards for Invasive Procedures
- Getting it Right First Time – Paediatric Surgery
- Getting it Right First Time – Ophthalmology
- Getting it Right First Time – ENT

- Getting it Right First Time – Obstetrics and Gynaecology

At the end of the year, a final rating of Amber/Green was given to the Quality Improvement Plan as a whole because it has been majority delivered but some areas were not delivered in full.

In summary:

- 15 out of the 27 projects on the 2017-18 plan have been delivered and closed
- 2 projects (Deteriorating Patient and Consent) are under review and will be re-launched on the 2018-19 plan
- 1 project has a final rating of Green because it was successfully delivered but will also remain as project on the 2018-19 plan
- 9 projects have a final rating of Amber/Green and Amber due to delays in the delivery of some of the milestones and partial achievement of the project targets

A more detailed analysis of the Quality Improvement Plan is contained in the Trust's Quality Accounts, available on the Trust's website.

# PERFORMANCE ANALYSIS

## Great Care

### Financial performance and organisational health:

Domain	Indicator	Standard	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	2017/18
Organisational Health	WTEs in post	-	7155.1	7154.9	7139	7111.25	7115	7145	7240	7239	7253	7246	7262	7256	7256
	Sickness Absence Rates	<=3.9%	3.70%	3.71%	3.73%	3.71%	3.75%	3.75%	3.77%	3.78%	3.56%	3.70%	3.70%	3.66%	3.66%
	Executive Team Turnover	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Proportion of Temporary Staff	-	6.40%	5.30%	6.53%	6.30%	7.20%	6.80%	6.50%	4.30%	4.10%	5.60%	3.70%	4.62%	4.62%
	Cash Balance	<3 month	4416	2047	1156	8016	11592	3567	1212	1155	-2846	4586	15.09	16.99	16.99
	CREs Achievement Against Plan	£15m	£0.4m	£1.1m	£2.1m	£2.6m	£3.2m	£4.1m	£5.0m	£6.1m	£7.8m	£8.9m	£10.7m	£11.9m	£11.9m
	Risk Rating	score 1-4	4	3	4	4	4	3	3	3	4	4	4	3	3
	Income & Expenditure	-	-£5.2m	-£6.3m	-£6.9m	-£8.3m	-£9.1m	-£2.5m	-£3.3m	-£4.8m	-£9.4m	-£9.75m	-£12.0m	-£7.13m	-£7.13m

The Trust monitors a suite of organisational health indicators, which are consistent with the 'Great Staff' and cultural work undertaken for the past two years. They show elements of stability in the workforce and in organisational leadership. Further commentary on 'Great Staff' and our work with our staff during the year is detailed below.

The Trust struggled against the financial risk rating metric within the Single Operating Framework all year, recording a financial risk rating of 3 out of a possible 4 in only four months of the year and 4 being the lowest rating. This metric is driven heavily by the Trust's liquidity and its in-year income and expenditure performance, both of which have been poor, particularly in the second half of the year. The changes in this rating and the year-end position reflect the financial challenges managed by the Trust throughout 2017-18, which resulted in a revised financial plan having to be agreed with NHS Improvement and a larger deficit than originally planned being recorded by the Trust.

The financial position at year-end is described in more detail in the sections above.

# PERFORMANCE ANALYSIS

## Great Care

### Sustainable development

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of by making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, the Trust has the following sustainability mission statement located in our sustainable healthcare strategy:

*Since the Trust's original Sustainable Healthcare Strategy was written there have been many changes for the organisation both internally and externally. With these changes in mind, this revised document sets out the Trust's aims going forward to achieve the Government targets.*

*Sustainability in Healthcare is changing, not only do we have a responsibility as a provider organisation but as part of the wider NHS we have a huge part to play in the delivery of the nation's sustainability goals.*

*The NHS touches the lives and impacts the carbon foot print of almost every individual in the country. Consequently, we are reviewing how services are delivered now and in the future.*

*The Trust continues to support an NHS that is working to reduce carbon*

*emissions, minimising waste and pollution, making the best use of scarce resources. We need to build resilience to the effects of a changing climate and nurturing our communities. Working towards vertical integration of healthcare services, in partnership with our contractors and suppliers to ensure they to embrace our ethos.*

*Reporting on our performance is paramount to inform and educate us on the areas where our focus should be. It also provides us an opportunity to increase awareness in services that may not realise the contributions they can make. The Trust has been recognised nationally and was honoured to receive a certificate for 'Excellence in sustainability reporting' awarded by the Sustainable Development Unit (SDU), NHS Improvement and the Health Finance Managers Association (HFMA).*

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline), also equivalent to a 28% reduction from a 2013 baseline by 2020. It is our aim to meet this target by reducing our carbon emissions 28% by 2020 using 2013 as the baseline year.

### Policies

In order to embed sustainability within our business it is important to explain where sustainability features within our process and procedures.

One of the ways in which an organisation can embed sustainability is through the use of a Sustainable Development Management Plan (SDMP). The Trust Board approved our SDMP in the last 12 months so our plans for a sustainable future are clearly laid out.

Our organisation evaluates the environmental and socio-economic opportunities during our procurement process, requesting and reviewing details from suppliers for environmental and carbon management systems, including external certifications and strategies, as part of the decision-making process.

As an organisation that acknowledges its responsibility towards creating a sustainable future, we help to achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.

### Adaptation

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc. The organisation has identified the need for the development of a board-approved plan for future climate change risks affecting our area.

### Green space and biodiversity

Currently the organisation does not have a formal approach to unlock the opportunity and benefits of natural capital within a healthcare environment in supporting the health and wellbeing of patient, staff and the community and to protect biodiversity

# PERFORMANCE ANALYSIS

## Great Care

### Energy

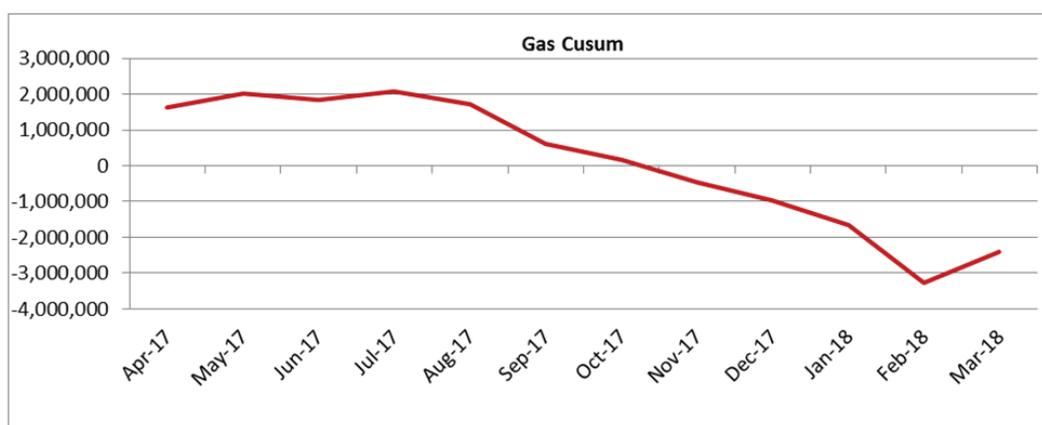
Resource		2014/15	2015/16	2016-17	2017-18
Gas	Use (kWh)	71,368,422	76,389,427	75,731,540	72,563,655
	tCO <sub>2</sub> e	14,973	15,987	15,827	15,385
Oil	Use (kWh)	268,577	345,175	298,298	258,110
	tCO <sub>2</sub> e	86	110	95	84
Coal	Use (kWh)	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0
Electricity	Use (kWh)	10,534,199	0	14,635,689	27,497,952
	tCO <sub>2</sub> e	6,524	0	7,564	12,256
Green Electricity	Use (kWh)	16,202,456	25,664,100	12,978,818	0
	tCO <sub>2</sub> e	10,035	14,755	6,707	0
Total Energy CO <sub>2</sub> e		31,618	30,852	30,193	27,725
Total Energy Spend		£ 5,150,982	£ 4,577,012	£ 4,679,322	£ 4,925,625

The Trust has spent £4,925,625 on energy in 2017-18, which is a 5.3% increase on energy spending from last year.

Grid-supplied electricity has remained largely the same in 2017-18 as in 2016-17, reducing by less than 0.5%. The cost of electricity increased by around 9% and is due to an increase in associated supply charges, rather than an increase in unit price.

In 2017-18 consumption of gas decreased by around 4% from 2016-17, and costs decreased by around 1%. Performance against expected consumption remained fairly steady in the first quarter of 2017-18 and in August began to drop, a trend which continued until February 2018. In March 2018 this trend reversed mainly due to the drop in temperature and heating problems in Oncology.

The figure on Green Electricity is further explained, below.

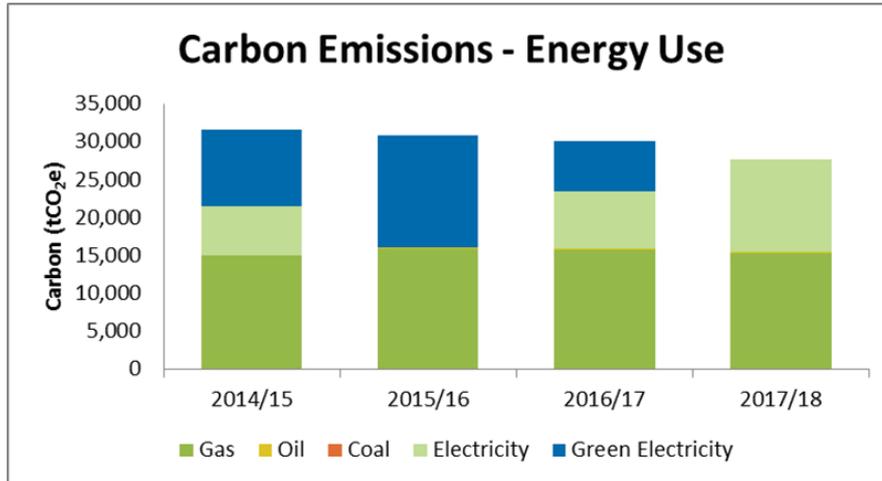


Contracts for gas and electricity suppliers are due for renewal at the end of 2018-19.

# PERFORMANCE ANALYSIS

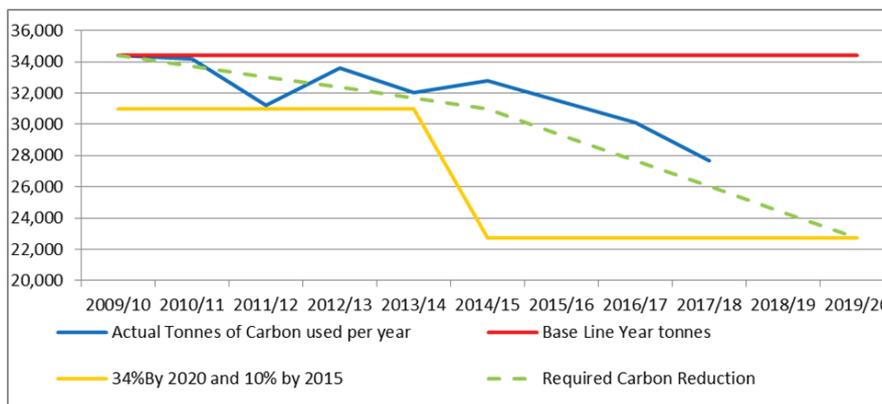
## Great Care

### Carbon Emissions



The graph and figures above show that 0% of our electricity was green in 2017-18; however, we are awaiting publication of the 2017-18 fuel mix, both nationally and from our electricity provider. Once notified we will update our records to reflect this.

The Trust's Carbon target is to reach 22,000 tonnes by 2020. This year we have achieved 27,725 tonnes. Although this slightly above our required reduction for 2017-18 we are anticipating the Trust's energy innovation scheme will assist in bringing us closer to our target.



### Water

Water		2014/15	2015/16	2016/17	2017/18
Mains	m <sup>3</sup>	286,136	312,672	325,211	303,304
	tCO <sub>2</sub> e	260.64	284.81	296.07	276.13
Water & Sewage Spend		£ 615,692	£ 635,024	£ 690,421	£ 655,861

Water consumption decreased by around 6% compared to 2016-17, with costs decreasing by around 5%. This is due to a small increase in the unit cost of water and sewerage.

# PERFORMANCE ANALYSIS

## Great Care

### Energy Team

During 2017-18 the Energy Team became the first team in the Estates, Facilities and Development Directorate to achieve ISO9001 certification. This is the international standard that specifies requirements for a quality management system (QMS). This demonstrates the ability of the Trust to consistently provide products and services that meet customer and regulatory requirements.

### Waste

Waste		2014/15	2015/16	2016/17	2017/18
Recycling	(tonnes)	1353.00	1607.00	1599.00	1745.00
	tCO <sub>2</sub> e	28.41	32.14	33.58	37.97
Other recovery	(tonnes)	83.00	47.00	25.00	11.00
	tCO <sub>2</sub> e	1.74	0.94	0.53	0.24
High Temp disposal	(tonnes)	1173.00	1181.00	1190.00	1165.00
	tCO <sub>2</sub> e	258.06	258.64	261.80	256.30
Landfill	(tonnes)	384.00	259.00	86.00	102.00
	tCO <sub>2</sub> e	93.86	63.30	26.66	35.14
Total Waste (tonnes)		2993.00	3094.00	2900.00	3023.00
% Recycled or Re-used		45%	52%	55%	58%
Total Waste tCO <sub>2</sub> e		382.07	355.02	322.56	329.65



The Trust produced a combined total 3,022 tonnes of waste during the 2017-18 period. Utilising the services of a Material Recovery Facility, the Trust has increased its recycling efforts again from 55% to 58%. Other recovery (food waste) increased due to improved segregation and anaerobic digestion disposal. However waste to landfill disposal also increased slightly by 16 tonnes despite improved food waste segregation. This was chiefly the result of the construction waste produced as the main sites are being developed to provide the community with improved healthcare services.

# PERFORMANCE ANALYSIS

## Great Care

### Transport

We can improve local air quality and improve the health of our community by promoting active travel to our staff, and to the patients and public that use our services.

Every action counts and we are a lean organisation trying

to realise efficiencies across the board for cost and carbon (CO<sub>2</sub>e) reductions. We support a culture for active travel to improve staff wellbeing and reduce sickness. Air pollution, traffic accidents and noise all cause health problems for our local population.

Category	Mode	2014/15	2015/16	2016/17	2017/18
Patient and visitor own travel	miles	1,745,294	2,061,807	2,172,738	1,412,503
	tCO <sub>2</sub> e	641.27	745.62	785.25	503.31
Business travel and fleet	miles	1,292,816	1,780,197	1,850,450	1,855,527
	tCO <sub>2</sub> e	475.02	643.78	668.77	661.08
Active & public transport	miles	0	0	0	243,975
	tCO <sub>2</sub> e	0.00	0.00	0.00	21.95
Owned Electric and PHEV mileage	miles	0	0	0	20,648
	tCO <sub>2</sub> e	0.00	0.00	0.00	2.35

The reduction in Patient and Visitor own travel can be attributed to the change in providers of Non-Emergency Patient Transport and the availability of figures relating to active and public transport.

In the year the Trust took delivery on a further two electric vans, both Nissan e-NV200s and two Hyundai Ionic Hybrids. The Trust now has five electric vehicles in total covering over 20,000 miles per annum, helping to reduce our carbon footprint. One of the Nissan vans has been 'wrapped' in the NHS Organ Donation livery to promote organ donation to the community. We also took delivery of a Bariatric Ambulance based at Castle Hill Hospital to increase the capability of the Trust ambulance fleet.

The Trust trialled a BMW i3 electric car directly from BMW for approximately 6 weeks for staff to book via the Trust intranet (Pattie) as an additional resource for staff to

use between the main sites located six miles apart. The purpose was to offer flexibility and a guaranteed parking space at both sites. Those who used the vehicle were impressed with the car and being able to access parking at either end. The Trust is looking to see if the trial can be developed into a business case to support a fleet of electric vehicles.

Our accident record continued to improve again with the number of 'our fault' claims falling from 7 to 5, resulting in our annual premiums reducing by 11.4%.

The Trust has worked with local transport providers Stagecoach and EYMS to offer a discounted multi provider bus scheme. The scheme is called "Hull Commute Smart Card" which can be used on either Stagecoach or EYMS buses 365 days at an annual saving of approximately £100.

# PERFORMANCE ANALYSIS

## Great Care

### Emergency Preparedness, Resilience and Response

#### 2017-18 Assurance Process

The 2017-18 EPRR annual assessment commenced in July 2017 and is used by NHS England to seek assurance the NHS is prepared to respond to an emergency and has resilience in relation to the continuing provision of safe patient care.

For 2017-18 there were 108 core standard questions within the assessment process which included governance, risk assessment, emergency / business continuity planning, command and control, communications, information sharing, training and exercising, hazardous materials (HAZMAT) and chemical, biological, radiological and nuclear planning (CBRN).

The assessment highlighted that the Trust complies with 103 standards but does not fully comply with 5 of the 2017-18 core standards. As a result of this, the Trust level of compliance is viewed as Substantial, rather than Full, Partial or Non-compliant.

The results of the Trust assessment and Improvement Plan have been shared and discussed, at a local health economy level, with local commissioners and local partner NHS organisations. The outcome of the Trust assessment was submitted to NHS England by the national deadline of 6 October 2017.

The Trust's Improvement Plan addresses areas where action is required, as noted above. The plan will be monitored by the Trust Resilience Committee and reported quarterly at the Non Clinical Quality Committee.

The Trust undertook two EPRR-related exercises in 2017-18; one, Operational Orange Falcon, was a live multi-agency practice exercise, based on a mass-casualty chemical, biological, radiological and nuclear (CBRN) scenario. This event involved testing out emergency response procedures with police and ambulance services and saw over 60 local college students volunteer their time as 'casualties', with the grateful support of 250 Medical Squadron at the Londesborough barracks located behind Hull Royal Infirmary to provide the mock incident site. The second was a table-top exercise to test local incident response procedures and the Trust's internal emergency preparedness plans. Both were successful learning exercises, giving the Trust the chance to test out its major incident plan and business continuity plans, and were rich in learning for all agencies involved.

### Data Quality

#### NHS number and general practice code validity

The Trust submitted records during 2017-18 to the Secondary Users service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data:

- Which included the patient's valid NHS number was:

**99.87%** for admitted patient care;

**99.95%** for outpatient care; and

**99.18%** for accident and emergency care.

- Which included the patient's valid General Medical Practice Code was:

**100%** for admitted patient care;

**100%** for outpatient care; and

**100%** for accident and emergency care.

# PERFORMANCE ANALYSIS

## Great Future

### Information Governance Toolkit

The Information Governance Toolkit (IG Toolkit) is part of the Department of Health's commitment to ensuring the highest standards of information governance. It allows organisations to measure their compliance against legislation and central guidance and helps identify any areas of partial or non-compliance. It remains Department of Health policy that all organisations that process NHS patient information provide assurance via the IG Toolkit and is fundamental to the secure usage, sharing, transfer, storage and destruction of data both within the organisations and between organisations.

The Information Governance Assurance Statement is a required element of the IG Toolkit and is re-affirmed by the

annual submission with a minimum of level two compliance demonstrating the organisation has robust and effective systems in place for handling information securely and confidentially.

The Trust's Information Governance Assessment Report overall score for 2017-18 was 71%. Thirteen standards reached Level 2 and above, but further evidence was required for two standards. Action plans are in place for all of these.

The IG Toolkit was audited and assessed as achieving Significant Assurance.

There is a statement regarding data quality of Trust's waiting list data within the Annual Governance Statement in this annual report.

Recommendation	Priority	Progress Update	Status
R1 - Engagement should be encouraged with clinicians across all specialties with examples of good coding and bad coding to highlight where any problems are occurring and why, and the impact this has coding outcomes	High	Concentrate on surgical specialties and increasing the number of coding validation sessions being done. The number of validation sessions has remained steady however more clinicians are keen to assist and be contacted on an ad hoc basis.	Ongoing
R2 - Continue to achieve 95% for flex and 100% for freeze dates of each month post implementation of Lorenzo.	High	Maintain targets throughout Lorenzo implementation phase. Flex dates took longer to come back to pre-Lorenzo levels than anticipated.	Complete
R3 - Post Lorenzo implementation look to achieve higher levels of completion at flex 97% and be regularly 85-90% complete by early income reporting.	Medium	Targets met every month for 12 months	Complete
R4 - Improve case note quality by monitoring the state of the case notes and assessing the availability of information and report any issues.	Medium	Casenote quality forms part of the audit reports and is reported to the speciality as part of audit feedback	Complete
R5 - Achieve Level 3 in all internal specialty audits. Level 3 = 95% primary diagnosis, 90% secondary diagnosis, 95% primary procedure, 90% secondary procedure.	Medium	To ensure coding quality regular audits should be of the highest standard achievable. Audits will assess the training needs of individual staff members and training will be delivered to fill knowledge gaps.	Ongoing
R6 - Improve coding depth in all areas through regular coding audit and clinical engagement.	Medium	Where possible, coding depth across all specialties should meet or exceed peer. Where this is not the case investigations and audits should be carried out to ensure the level achieved is accurate.	Ongoing
R7 - Ensure coders are maintaining standards and receive regular audit feedback	Medium	Regular feedback post audit	Ongoing
R8 - Histology results should be checked in a timely fashion.	Medium	Encouraged to make better use of daily histology report.	Continue to monitor
R9 - Adjust proformas in preparation for HRG4+	Medium		Ongoing

# ELIMINATING MIXED-SEX ACCOMMODATION (EMSA) DECLARATION OF COMPLIANCE 2017-18

**Hull and East Yorkshire Hospitals NHS Trust is able to confirm that mixed sex accommodation has been virtually eliminated in all of its hospitals.**

Every patient has the right to receive high quality care that is safe, effective and respects their privacy and dignity. Hull and East Yorkshire Hospitals NHS Trust is committed to providing every patient with same gender accommodation to help safeguard their privacy and dignity when they are often at their most vulnerable.

The Trust is able to confirm that mixed gender accommodation has been virtually eliminated in the Trust. Apart from a few exceptions for clinically justifiable reasons, patients who are admitted to any of our hospitals will only share the room where they sleep with people of the same gender. In addition, same gender toilets and bathing facilities will be as close to their bed area as possible.

Wards within the Trust are grouped according to their clinical specialties. This allows patients with similar conditions to be cared for in one area with staff that are experienced in this type of care. This means that men and women may be on the same ward but will not share sleeping, bathing or toilet facilities.

There are some exceptions to this. Sharing with people of the opposite gender will happen sometimes. This will only happen by exception and will be based on clinical need in areas such as intensive/critical care units, emergency care areas and some high observation bays. In these instances, every effort will be made to rectify the situation as soon as is reasonably practicable and staff will take extra care to ensure that the privacy and dignity of patients and service users is maintained.

## **How well are we doing in meeting these standards?**

The Trust has made physical changes to many inpatient accommodation areas to provide privacy screening/partitioning and additional toilet and bathing facilities. Toilet and bathroom signage has also been improved and this work continues.

The Trust is required to report any breaches of the Eliminating Mixed Sex Accommodation (EMSA) standards to its commissioners. The Trust is required to pay a financial penalty of £250 for each of these breaches. In 2017-18, there were no breaches of these standards.

The Trust has not received any contacts through its Patient Advice and Liaison Service (PALS) or any formal complaints relating to mixed sex accommodation concerns during 2017-18.

## **INFORMATION FOR PATIENTS AND SERVICE USERS**

**'Same gender-accommodation' means:**

- The **room where your bed is** will only have patients of the same gender as you, and;
- Your **toilet and bathroom** will be just for your gender, and will be close to your bed area

It is possible that there will be both male and female patients on the ward but, apart from a few exceptions for clinically-justifiable reasons such as in intensive care or high dependency areas,

they will not share your sleeping area. You may have to cross a ward corridor to reach your bathroom, but you will not have to walk through sleeping areas that are designated for people of the opposite gender to you.

You may share some communal space, such as day rooms or dining rooms, and it is very likely that you will see both men and women patients as you move around the hospital (e.g. on your way to X-ray or the operating theatre).

Also, it is most likely that visitors of the opposite gender will come into the room where your bed is, and this may include patients visiting one other.

It is almost certain that both male and female nurses, doctors and other staff will come into your bed space/area.

If you need help to use the toilet or take a bath that requires special equipment to help secure your care and safety (e.g. you need a hoist or special bath), then you may be taken to a "unisex" bathroom used by both men and women, but a member of staff will be with you, and other patients will not be in the bathroom at the same time as you.

**The NHS and Hull and East Yorkshire Hospitals NHS Trust will not turn patients away just because a "right-gender" bed is not immediately available for them. The patient's clinical need(s) will always take precedence.**

## **What do I do if I think I am in mixed sex accommodation?**

If you think you are in mixed accommodation and shouldn't be then please speak with the nurse in charge of the ward or area. This will be taken extremely seriously by staff and action will be taken to explain the reasons behind this and assurance will be provided that you will be moved to a same gender area/bay as soon as is reasonably practicable.

The Trust also wants to know about your experiences. Please contact the Patient Advice and Liaison Service (PALS) on telephone **01482 623065** or via email at: **pals.hey@hey.nhs.uk** if you have any comments or concerns about single gender accommodation. Thank You.

**Signed:**



**Terry Moran CB**  
Chairman



**Chris Long**  
Chief Executive

**15 May 2018**

# MODERN SLAVERY STATEMENT

## FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018

### 1. Introduction

This statement sets out the steps that the Hull and East Yorkshire Hospitals NHS Trust have taken for the financial year; 1 April 2017 to 31 March 2018, to ensure that modern slavery (i.e. slavery and human trafficking) is not taking place in any part of its own business or supply chains.

### 2. Organisational Structure and Supply Chains

Hull and East Yorkshire Hospitals NHS Trust is a large acute Trust situated in Kingston upon Hull and the East Riding of Yorkshire.

The Trust employs just over 8000 staff, has an annual turnover of over £500m and has two main sites; Hull Royal Infirmary and Castle Hill Hospital. Outpatient services are also delivered from locations across the local health economy area.

The Trust's organisational structures are available on the Trust's internet site for the:

- Board Committee Structure
- Executive Management Committee Structure
- Executive Structure
- Health Group Structure

### 2.1 Supplies and Procurement Department

The Supplies and Procurement Department is made up of the Stock Purchasing Team (NHS Supply Chain), Non-Stock Purchasing Team (Buyers), Contracts Team and Stores Team.

The overall aim of the Supplies and Procurement Department is to reduce costs and ensure all goods and services are covered by a robust cost effective contract, whilst adhering to the Trust's 'Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions'.

The 'Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions' regulate the way in which the proceedings and business of the Trust are conducted and summarise the requirements in relation to tenders and quotations, as below:

Value of Goods/Services	Tender/quotation requirement
Less than £10k (including VAT)	Use NHS supply chain and established contracts where possible otherwise obtain a quotation
Between £10k and up to £50k (including VAT)	Obtain a quotation
£50k to £106k (including VAT)	Undertake a local tender exercise
More than £118,133k (including VAT)	Tender exercise using EU procurement procedures

The Trust currently purchases approximately £27m worth of stock from NHS Supply Chain on an annual basis. As NHS Supply Chain provides healthcare products and supply chain services to the NHS as a whole, they have a robust code of conduct which they expect their suppliers to adhere to. The code of conduct states that all of the NHS Supply Chain's suppliers should support the principles of the United Nations' Global Compact, UN Universal Declaration of Human Rights as well as the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights at Work, in accordance with national law and practice.

In addition to the code of conduct, NHS Supply Chain published their approach to ensuring their suppliers are compliant with the Modern Slavery Act 2015 in October 2016.

The Trust spends approximately £55m per year on non-stock products (i.e. not ordered through NHS Supply Chain), which are managed by the Non-Stock Purchasing Team (Buyers). The team are responsible for ensuring that goods are ordered against agreed contracts.

The Contracts Team are responsible for ensuring that the correct contracts are in place to obtain goods and services at competitive prices for the Trust in line with the 'Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions' and other relevant current legislation.

# MODERN SLAVERY STATEMENT

## FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018

The tendering process within the Trust requires organisations to complete a 'Selection Questionnaire (SQ)'. Following the introduction of the requirements under the Modern Slavery Act 2015, the SQ documentation has been updated to include the following:

### Section 7: Modern Slavery Act 2015: Requirements under Modern Slavery Act 2015

Question	Response
7.1 Are you a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act")?	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
7.2 If you have answered yes to question 7.1 are you compliant with the annual reporting requirements contained within Section 54 of the Act 2015?	Yes <input type="checkbox"/> Please provide the relevant url ...  No <input type="checkbox"/> Please provide an explanation

As stated above, the Trust undertakes a huge amount of business with suppliers providing goods or services. Where possible the Trust has robust processes in place to ensure that the external companies used are compliant with current legislation. However, the Trust recognises that where orders are placed outside the tendering process, there is an increased risk that the companies providing goods or services are not compliant with the Modern Slavery Act 2015.

That being said, for all orders placed outside the tendering process, a 'Purchase Order' is completed and sent to the external company. The conditions of the 'Purchase Order' state:

"Where no valid agreement exists for the items listed above the following NHS Terms and Conditions shall prevail (as applicable):

- NHS Terms and Conditions for the Supply of Good (Purchase Order Version) or NHS Terms and Conditions for the Provision of Services (Purchase Order Version)."

The Trust is in the process of exploring whether the above conditions include reference to Modern Slavery (see Action Plan for timescales).

### 3. Organisational Policies

Trust policies are subject to a thorough consultation process, which involves new and amended policies being discussed at relevant committees/groups, for example, the Trust's Policy Sub Group, (which is attended by a mix of staff side and management side representatives both medical and non-medical). Policies then go through a ratification process prior to being published on the Trust's intranet site.

All Trust policies are available to staff via the Trust's intranet and are available to the public through a Freedom of Information request. The Trust is committed to reviewing policies on a regular basis and in line with changes to legislation.

The Trust has a number of internal policies and procedures

in place (shown below) to help safeguard against modern slavery, and will continue to review these as appropriate and ensure that modern slavery is referenced where appropriate.

#### 3.1 General Policies

##### *Raising Concerns at Work (Whistleblowing) Policy*

This policy provides staff with information about how to raise concerns about dangerous or illegal activity in the Trust. There are legal protections built in to whistleblowing to encourage staff to speak up without repercussions on their employment.

To support this policy, a flowchart outlining 'How to Raise Concerns' was developed and published on the Trust's intranet in 2017. The document provides an overview of the different means in which a person can raise a concern about patient safety or staff welfare.

##### *Risk Policy and Procedures*

Effective risk management is the foundation on which the Trust delivers its objectives. It is the key system through which all risks; clinical, organisational and financial risks, are managed to ensure benefits to patients, staff, visitors and other stakeholders. This policy describes how staff will fulfil their role in risk assessment and the production of risk registers. All risks regardless of nature or origin will be managed via this process.

The policy provides employees with information on how to identify risks, assess their relative importance, determines the appropriate risk control mechanism and most importantly, ensures that the agreed action is taken. The Trust has a legal requirement to give assurance that risks in the organisation are identified and appropriately managed.

# MODERN SLAVERY STATEMENT

## FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018

### 3.2 Recruitment Policies

#### *Recruitment and Selection Policy (excluding Medical and Dental Staff)*

The purpose of this policy is to promote the Trust as an employer of choice, and maintain a framework of fair, efficient and cost effective recruitment and selection procedures that are compliant with relevant legislation.

The policy provides staff with the assurance that the Trust is devoted to preventing slavery and human trafficking in its corporate activities, this includes due diligence with regard to recruitment and selection and that the Trust adheres to the National NHS Employment Checks Standards, which includes vigilant pre-employment screening.

#### *Recruitment and Selection - Medical and Dental Consultant Staff*

This policy is designed to ensure that there is a consistent approach to recruitment, selection and the appointment of Consultants, ensuring that they are recruited in a way that:

- Is free from unlawful bias
- Is compliant with relevant legislation
- Ensures that candidates demonstrate values shared by the Trust
- They demonstrate evidence of their compliance with the 4 domains of the General Medical Council's Good Medical Practice
- Portrays the Trust in a positive and professional manner
- Reflects the Trust's commitment to equality and diversity and flexible working practices

The policy also confirms that the Trust adheres to the National NHS Employment Checks Standards.

#### *Pre-Employment Checks Policy (incorporates Criminal Record Checking Policy)*

This policy provides a framework for the effective management of pre-employment checks required for the appointment of employees and engagement of agency, volunteer and honorary staff. The policy provides further detail of the NHS Employment Checks Standards and confirms that no person shall commence employment or be engaged in a role without the required checks taking place.

#### *Engaging Temporary Workers (Bank and Agency) Policy*

Following the publication of the NHS Improvement (NHSI) Agency Rules in March 2016, the Trust developed this policy to set out the expectations, roles and responsibilities that must be adhered to for authorising, sourcing, booking and paying temporary workers.

Within the Agency Rules, NHSI reminded trusts of their ultimate responsibility to ensure all agency workers engaged in employment at their organisation comply with the standard NHS Employment checks. The Trust's policy complies with this.

#### *Health and Safety at Work Policy*

This policy states that contractors are expected to conform to the relevant health, safety and welfare statutory requirements including giving due attention to any Codes of Practice and / or appropriate Guidance Notes issued by the HSAC / HSE or other authoritative bodies. This includes the Trust's own safety policies and procedures.

### 3.3 Safeguarding Policies

The NHS has a broad range of policies relating to Safeguarding. The policies provide guidance to staff on recognising the signs of modern slavery and provide advice on what to do in such cases:

- Chaperone Policy
- Guidance on the Medical Assessment of Children with Concerns of Neglect Guideline
- Investigation and management of children who have been sexually abused
- Management of Female Genital Mutilation (FGM) Policy
- Managing Allegations against Staff (Children and Adults) Policy
- Patient Visitors Guidelines
- Safeguarding Children - Court Statements Guideline
- Safeguarding Children - Escalation of Concerns Guideline
- Safeguarding Children - In Whom Illness is Fabricated or Induced Guideline
- Safeguarding Children - Management of Children and Young People who Do Not Attend (DNA)/Cancel their Appointment Guideline
- Safeguarding Children – Managing Allegations or Concerns Against Staff Guideline
- Safeguarding Children and Adults Supervision Policy
- Safeguarding Children Policy
- Safeguarding of Adults at Risk Policy

The Trust has strengthened its safeguarding arrangements for adults and children, with the Trust's regulator and commissioners confirming that good assurance is received from the Trust in this area. This route is starting to be used to raise and report concerns regarding modern slavery identified by Trust staff.

# MODERN SLAVERY STATEMENT

## FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018

### 4. Assessing and Managing Risk

#### 4.1 Due Diligence

The Trust is committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking. The Trust also has a responsibility to ensure that workers are not being exploited, that they are safe and that relevant employment (working hours etc.), health and safety, human rights laws and international standards are adhered to.

##### 4.1.1 Recruitment

The Trust adheres to the National NHS Employment Checks Standards, which among others includes pre-employment checking which seek to verify that an individual meets the preconditions of the role they are applying for.

##### 4.1.2 Supply Chains

The Trust expects that the supply chains it works with have suitable anti-slavery and human trafficking policies and processes in place, and where possible this has now been built into key documentation e.g. tender documentation.

Throughout 2017 and continuing into 2018, areas within the Trust have continued to extend a significant amount of effort into requesting affirmation from suppliers that they comply with the Modern Slavery Act 2015. The Trust is exploring how this information can be captured in a central location.

There are 14 active agencies who supply ODPs and Nurses to the Trust as and when required. Over the past year the Trust has contacted all 14 agencies to obtain assurance that they are compliant with the Modern Slavery Act 2015. The Trust will continue to chase responses.

A process for receiving assurances from suppliers used within the Estates, Facilities and Development Directorate has been established to ensure the Trust can report on this in the 2018/2019 statement.

##### 4.1.3 Incident Reporting

The Trust has a robust incident reporting system, managed by the Risk Team, where modern slavery concerns can be raised, which are then brought to the attention of the Safeguarding Team. The Safeguarding Team will then investigate the concern and determine whether a safeguarding alert should be made against the appropriate organisation. During 2016 the importance of having a robust reporting system was reaffirmed, when a human trafficking concern was raised and passed onto the safeguarding team, who followed up and dealt with the concern as required.

From 1 April 2017 to 31 March 2018, within the Trust there were 4 safeguarding referrals reported for modern slavery/human trafficking and followed up as appropriate.

##### 4.1.4 Training

In April 2015 Modern Slavery was embedded into the Trust's

mandatory Safeguarding training for all staff, which forms part of the Trust's key performance indicators.

As of March 2018 in excess of 90% of Trust staff are compliant with the required training.

In addition, the Trust also provides a 'Modern Slavery and Human Trafficking' voluntary eLearning module to help frontline healthcare staff identify and support victims of human trafficking. Promotion of this additional training will take place as part of the awareness-raising programme (see Action Plan for timescales).

Modern Slavery is also embedded into other relevant training programmes including Recruitment and Selection.

##### 4.1.5 Awareness-Raising Programme

Following the obligation to produce the modern slavery annual statement, a Steering Group formed within the Trust, made up of key colleagues who represent the areas where there are potential links to modern slavery (HR/Procurement/Risk/Facilities/Training). The Steering Group facilitates the work that needs to be undertaken to ensure that the Trust is meeting its obligations under the Modern Slavery Act 2015. The Steering Group also reviews and updates this modern slavery statement on an annual basis and identifies new actions to further embed the requirements of the Modern Slavery Act 2015 in the Trust.

There is also a local partnership working group in place to specifically look at the processes for referral, led by the Safeguarding Adult Board and in which the Trust is represented.

Safeguarding Champions have been identified across the Trust, which provides individuals with an understanding of the fundamentals for good safeguarding (which includes modern slavery and human trafficking). The Safeguarding Champions ensure consistency of expertise in all teams, act as a role model in the workplace, provide information in order for staff to identify people at risk of harm and take action and ensure documentation is completed correctly, accurately, timely and forwarded to the right place.

Information relating to modern slavery has been included in Trust communications on four occasions over the past year to help raise awareness.

Due to changes in staffing which impacted on the Steering Group and resource issues, the planned awareness campaign in 2017 was postponed. The Group however, plan to hold the campaign in 2018.

# MODERN SLAVERY STATEMENT

## FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018

### 4.2 Risks

Whilst due diligence shows that the Trust has a number of robust steps on place to safeguard against modern slavery, there continues to be a range of risks associated with modern slavery.

For example:

- Due to resourcing issues, the Trust is unable to contact every past supplier of goods or services to request that they are compliant with the Modern Slavery Act 2015. However, processes are either in place or being set up to obtain and record this information e.g. through the inclusion of the modern slavery section in the 'Selection Questionnaire'.
- Although the Trust provides training to staff on modern slavery and there are clear pathways to follow when a safeguarding issue is identified, the Trust cannot be assured that every single staff member would feel empowered and confident to recognise the signs of modern slavery and raise the concern. However, as stated in section 3.1, a human trafficking concern was raised in 2016 through the Trust's Patient Advice and Liaison Service (PALS). In addition to this, when a query regarding a tender came up in relation to modern slavery, the staff member knew who to contact (i.e. Modern Slavery Group) to clarify some information received. Therefore whilst, there is still room to improve on raising awareness of modern slavery within the Trust, there are examples where non clinical staff have recognised and raised a concern.
- Some of the Trust's key policies that have links to modern slavery, do not always reference modern slavery clearly, if at all. Therefore the Modern Slavery Steering Group will review which policies need to include more information relating to modern slavery and work with the relevant departments to update them (see Action Plan for timescales).

The Trust has updated its action plan to raise further awareness around Modern Slavery and further reduce the risks of modern slavery in the way that the Trust conducts its business. This is available on the Trust's website together with this Modern Slavery Statement 2017-18.

The Trust Board has considered and approved this statement and will continue to support the requirements of the legislation.

Signed



Mr Terry Moran CB  
Chairman

Dated 15 May 2018

Signed



Mr Chris Long  
Chief Executive

Dated 15 May 2018

# GREAT FUTURE

The Trust has an internal improvement team, to support internal programmes of change, using a suite of improvement tools and an improvement methodology to making measurable changes. 2017-18 has been a positive year for the HEY Improvement Team (HIP). The HIP Team supported the operational services in the following areas, developing and supporting improvement programmes in these areas:

- Urgent and Emergency Care
- Theatres; timetabling and scheduling, national safer standards
- Ward improvements
- Outpatients

The HIP Team have also developed and delivered a suite of improvement tools, available for use to all staff.

The work of the HIP Team in 2017-18 in more detail was:

Supporting the operational team in delivery of the 90% target for Urgent and Emergency Care; this was sustained for 8 months with delivery 10% higher than peer average. The Trust was rewarded by being finalists in the 2017 Health Service Journal award for 'Most Effective Adoption and Diffusion of Best Practice' and came third in the NHS Improvement Action on A&E Competition. The Frailty Team, who delivered a cutting edge model of care for our patients as part of the Urgent and Emergency Care programme, are also finalists for a Health Service Journal Award and we will find out whether they have won in June 2018.

Within the theatre programme the team supported the operational teams to implement a new theatres timetable and associated scheduling tool across both sites and all surgical specialties. They have also supported a redesign of pre-assessment services as well as supported the services to develop a theatre work force plan. This gave better theatre and pre-assessment utilisation equating to an in year financial saving of £127k in 2017-18 with an anticipated full year affect in 2018-19 of £704k. In addition the HIP Team have supported the implementation of the National Safer Standards for Invasive Procedures check list across all operating theatres.

The Ward Improvement Programme has also supported wards to implement the SAFER bundle and improve processes so that their patients are able to go home quicker.

The HIP Team also launched a full outpatient programme, which sets out to redesign all of the administration teams; administration processes; improve the environment; make the systems electronic; implement a notes electronic tracking tool and improve demand and capacity management to significantly reduce patient cancellations; and improve utilisation of current capacity. This is set to deliver most work streams in 2018-19 with the demand and capacity work stream running over 2018-19 and 2019-20. It is anticipated that there will be significant benefits to patients and staff as well as releasing funding linked with inefficiency such as in medical records.

The launch of the improvement intranet site and the Trust's Improvement Charter, setting out the Trust's approach to improvement training, were also delivered in 2017-18. In addition the HIP Team led learning sessions for staff on the Trust's Annual Development Programme and is overseeing medical students' and Physicians Associate students' improvement projects.

Several of the HIP Team are Quality Network Quality Improvement Fellows and also QITN Improvement Academy Fellows.

In 2017-18 HIP committed to:

- Provide programme and project management support for Theatre Improvement Programme, as well as improvement skills support to the operational service teams.
- Engage more and more frontline teams to help them make improvements, whilst coaching them to develop their own service improvement skills.
- Support teams across the Trust and provide a focus to achieve a commonality in our approach to improvement, focussing on using high quality tools with a strong evidence base.
- Support leadership development within the Trust facilitating Quality Improvement training within the Leadership Programmes offered through the Trust's Annual Development Programme.
- Launch a new intranet site that will be full of improvement resources and tools.

The team delivered against all of these objectives.

In 2018-19 HIP is committed to:

- Completing the work of the Theatre Programme and ensure the release of the financial efficiencies.
- Delivering the new Urgent and Emergency Care Pathways Programme to support the operational teams in the delivery of the 90% A & E 4 hour target.
- Delivering the outpatient programme leading to improved services for patients, better systems and processes for staff to manage and release the associated financial savings.
- Delivering the further work within surgical pre-assessment to improve efficiency and stream line processes.
- Continuing to provide Improvement and Project Management Training and continue to build on existing links with Hull University.
- Re-launching a front-line staff improvement support programme

The HIP Team will report against these objectives in the 2018-19 Annual Report.

Performance report signed by:



**Chris Long**  
Chief Executive  
24 May 2018

# ACCOUNTABILITY REPORT

## Corporate Governance Report

### Directors Report

The Chairman of the Trust during 2017-18 was Mr Terry Moran CB, and the Chief Executive was Mr Chris Long.

The Trust Board comprises the Chairman, six voting Non-Executive Directors and five voting Executive Directors. The five Executive Directors with voting rights are the Chief Executive, Chief Nurse, Chief Financial Officer, Chief Medical Officer and the Chief Operating Officer. Three other Directors attended the Trust Board throughout 2017-18 but they do not have voting rights. These were the Director of Strategy and Planning, the Director of Workforce and the Director of Corporate Affairs. The Trust Board recruited an Associate Non-Executive Director during 2017-18, who joined as a non-voting member of the Trust Board. Four Board members have a clinically-related background. These are the Chief Nurse, the Chief Medical Officer and two Non-Executive Directors (a professor of health service research and former Dean of the Hull York Medical School, and a Non-Executive with a nursing background). The Associate Non-Executive Director also has a clinical background (Professor of Gastroenterology at the University of York and Honorary Consultant Gastroenterologist, York Teaching Hospital NHS Foundation Trust).

#### Terms of Office of Non-Executive Directors

The Non-Executive Directors were appointed to the Board by the Trust Development Authority, now NHS Improvement. Non-Executive Directors can be appointed for a maximum of 3 terms (up to 9 years).

#### Terms of office – Non-Executive Directors

Name	Position	Current Term Commenced	Term Ends
Mr T Moran	Chairman	April 2017	March 2019
Mr A Snowden	Non-Executive Director	October 2017	September 2018
Mr M Gore	Non-Executive Director	July 2017	March 2020
Mr S Hall	Non-Executive Director	July 2017	September 2019
Prof. T Sheldon	Non-Executive Director	July 2017	March 2018
Mrs V Walker	Non-Executive Director	July 2017	September 2019
Mrs T Christmas	Non-Executive Director	July 2017	September 2018
Prof. M Veysey	Associate Non-Executive Director	September 2018	September 2019

The biographies of the Chairman and the Chief Executive together with other Board members are set out on the following pages.

# ACCOUNTABILITY REPORT

## Chairman and Non-Executive Directors



### Terry Moran CB – Chair

Terry was appointed as Chairman to the Trust on 1 April 2017. Terry retired in March 2013 following a 36-year career in the civil service. His most recent appointment was as Second Permanent Secretary at the Department for Work and Pensions.

He joined the civil service in 1977 straight from school as a clerical assistant and spent his first 12 years working in local offices in Yorkshire and London. The remainder of his career saw him move into senior regional and national roles including advising successive governments on policy changes and operations. This included the positions of Chief Operating Officer for the Department of Work and Pensions, Chief Executive of the Pension, Disability and Carers Service, Chief Executive of The Pension Service, Chief Executive of the Disability and Carers Service, Director, Jobcentre Plus, North West Region and Director, Benefits Agency, Yorkshire and Humber Region

He successfully completed the Advanced Management Programme at Harvard Business School in 2005.

He was previously Chair of Trustees at Together for Short Lives and a Trustee on the national Board of Victim Support, Chair of the Diversity Council from 2005-2008, and a Trustee on the Board of the Social Care Institute for Excellence. He has previous service as an NHS Non-Executive Director, with 18 months' service at Mid Yorkshire Hospitals NHS Trust.

He was appointed a Companion of the Order of the Bath (CB) in HM The Queen's Birthday Honours List 2007.



### Andy Snowden – Vice Chair

Andy was appointed in January 2015 as Vice Chair. He has been a Non-Executive Director with the Trust since April 2013 and before that was an Associate Non-Executive Director (appointed November 2011). Prior to this he was a Non-Executive Director at NHS Hull. He has been a corporate director with two local authorities (Hull City Council and Middlesbrough). He runs his own consultancy business which provides leadership and development expertise to health, local government and other organisations.



### Trevor Sheldon – Non Executive Director

Trevor was appointed in January 2015 after spending six months working with the Trust Board as an Associate Non-Executive Director. Trevor is a Professor of Health Services Research & Policy at the University of York, with over 25 years' experience in this field. He was the Dean of the Hull York Medical School until January 2017 and Board Chair of the York Health Economics Consortium.



### Martin Gore – Non Executive Director

Martin was appointed in January 2015. His previous role was at the Humberside Probation Trust as a Director of Corporate Services. He is a qualified accountant. He brings with him more than 25 years' experience of working at board level and in senior finance roles, as well as extensive experience of the private sector.



### Stuart Hall – Non Executive Director

Stuart was appointed in January 2015. He spent a large part of his career working with FTSE 100 company, Santander. A fellow of the Chartered Institute of Bankers, Stuart is experienced in a range of areas from governance and HR to strategy development, and a Director of a Community Interest Company specialising in vocational training and end of life care.

# ACCOUNTABILITY REPORT

## Non-Executive Directors



### Vanessa Walker – Non Executive Director

Vanessa was appointed in July 2015. She was previously a Non-Executive Director with Humber NHS Foundation Trust. Vanessa has more than 30 years' experience working across the NHS, civil services and local government. She has a strong track record of leading strategic change programmes designed to improve organisational culture and performance. Vanessa is an elected member of East Riding of Yorkshire Council.



### Tracey Christmas – Non Executive Director

Tracey was appointed in July 2015. Tracey has extensive knowledge of both the public and private sectors, predominantly in finance and corporate services roles. Tracey is a Finance Business Partner for the Ministry of Justice/National Offender Management Service working within the Yorkshire Region at HMP Full Sutton and HMP Hatfield. She is also a past president of the ACCA Women's Society and International Assembly UK Representative, and is currently an elected representative for Yorkshire and the North East on the ACCA's Strategy Implementation Committee. Tracey has previously served as a Non-Executive Director of Eastern Hull NHS Primary Care Trust.

## Executive Directors



### Chris Long – Chief Executive Officer

Chris has a wealth of NHS experience, including four years with the former Scarborough and North East Yorkshire Hospitals NHS Trust as Executive Director of Operations and, more recently, seven years as Chief Executive of Hull Teaching Primary Care Trust (PCT) between 2006 and 2013. Prior to joining the NHS, Chris spent 12 years in the Army, and before joining Hull and East Yorkshire Hospitals NHS Trust in 2014, he worked as the Area Director for NHS England's Locality Team in Yorkshire and the Humber.



### Lee Bond – Chief Financial Officer

Lee was appointed in March 2013. Prior to this he was a Director of Business Delivery within the Trust and before that Director of Finance at Central Manchester University Hospitals NHS Foundation Trust. His previous Director of Finance posts include Sherwood Forest Hospitals NHS FT and Sheffield Children's NHS FT.



### Mr Kevin Phillips - Chief Medical Officer

Kevin commenced as Chief Medical Officer in August 2015 following a short period in the interim post. Prior to this appointment he was the Medical Director of the Family and Women's Health Group within the Trust. He has been a Consultant at the Trust for 19 years in obstetrics/gynaecology with a special interest in keyhole gynaecological surgery. He has worked in many managerial roles as well as full time clinical roles. Nationally he recently received a term as President of the British Society for Gynaecological Endoscopy. He qualified from Leeds University in 1986 and pursued a career in obstetrics and gynaecology working in Leeds, Australia, New Zealand and Scotland before returning to Yorkshire to take up his Consultant post. He is committed to working for our local population and bringing high quality safe care to our patients.



### Mike Wright – Chief Nurse

Mike was appointed in April 2015. His previous appointment was Chief Nurse and Deputy Chief Executive at County Durham and Darlington NHS Foundation Trust. He is a registered Nurse and has 34 years' experience working in clinical, managerial and leadership roles. These have included various clinical roles up to and including senior nurse manager level, four years Directorate Manager/ Head of Nursing at Guy's and St Thomas' Hospital and three years as a Deputy Director of Nursing at Guy's and St Thomas' Hospital before his Chief Nurse role in 2003.

# ACCOUNTABILITY REPORT

## Executive Team



### Ellen Ryabov – Chief Operating Officer

Ellen was appointed in April 2016. She has spent the last five years working at Director level in various NHS organisations on an interim basis. This included 2 years at Sheffield Teaching Hospitals NHS Foundation Trust, latterly as their Interim Chief Operating Officer. Her previous substantive NHS role was Chief Operating Officer at Heart of England NHS Foundation Trust.

Ellen has worked in the NHS for 28 years, starting her career as a Finance Trainee in the Scottish Health Service, following which she moved from finance into general management. Ellen transferred to the English NHS system in 2001 working as a General Manager and then Executive Director of Operations in London and the South East.

### In attendance at Trust Board Meetings



### Jacqueline Myers – Director of Strategy and Planning (non voting).

Jacqueline was appointed in July 2013 as Director of Strategy and Planning. She was previously Director of Planning at Leeds Teaching Hospitals NHS Trust and prior to this held the posts of Divisional General Manager and the Lead Cancer Manager. She has also held a range of general management and strategic positions at University College London Hospitals Foundation Trust and Guys and St Thomas's Foundation Trust. She is a Trustee of St Leonard's Hospice in York.



### Simon Nearney – Director of Workforce and Organisational Development (non-voting)

Simon joined the Trust in September 2012 from his previous post as Director of Human Resources at Leicestershire County Council and took up post as Director of Workforce and Organisational Development in July 2015. Simon has held several senior HR and Organisational Development management roles in large public sector organisations.

Simon has a track record of transforming services, leading major organisational change programmes and improving the customer experience.



### Martin Veysey – Associate Non-Executive Director (non-voting)

Martin joined as Associate Non-Executive Director in September 2017. Martin is a Professor of Gastroenterology at the University of Hull, and holds an Honorary Consultant Gastroenterologist appointment at York Teaching Hospitals NHS Foundation Trust. He has over 25 years' experience in healthcare and higher education both in the UK and, more recently, in Australia. In February 2017, Martin joined the Hull York Medical School as Programme Director of the MBBS. His research interests include medical education, molecular nutrition and luminal gastrointestinal disease.



### Carla Ramsay – Director of Corporate Affairs (non-voting)

Carla was appointed in December 2016. She worked previously as Head of Quality in NHS Yorkshire and Humber Commissioning Support and has held previous Board Secretary roles within NHS commissioning and in further education. She started her NHS management career at the Trust and has held operational management posts in medicine and surgery previously. She is a Trustee and Honorary Treasurer to two local charities.

# ACCOUNTABILITY REPORT

## Statement of Directors' Responsibilities

Name	Position	Current Term Commenced	Term Ends
Mr T Moran	Chairman	April 2017	March 2019
Mr A Snowden	Non-Executive Director	October 2017	September 2018
Mr M Gore	Non-Executive Director	July 2017	March 2020
Mr S Hall	Non-Executive Director	July 2017	September 2019
Prof. T Sheldon	Non-Executive Director	July 2017	March 2018
Mrs V Walker	Non-Executive Director	July 2017	September 2019
Mrs T Christmas	Non-Executive Director	July 2017	September 2018
Prof. M Veysey	Associate Non-Executive Director	September 2018	September 2019

## Statement of Non-Executive Directors' roles

Name	Committee Membership	Other Trust Roles
Terry Moran	Remuneration (Chair)	NED Champion for Emergency Planning
Andy Snowden	Remuneration Quality Charitable Funds (Chair)	NED Speaking Up/Whistleblowing champion
Martin Gore	Remuneration Audit Performance and Finance	NED champion for efficiencies, procurement and variable pay
Stuart Hall	Remuneration Quality Performance and Finance (Chair)	NED lead for STP
Tracey Christmas	Remuneration Audit (Chair) Performance and Finance	NED Champion for transition from children to adult services
Vanessa Walker	Remuneration Quality Charitable Funds	NED Champion for End of Life Care NED Champion for Safeguarding
Trevor Sheldon	Remuneration Quality (Chair)	NED Champion for learning from deaths
Martin Veysey (Associate)	Attends: Remuneration Quality	

# ACCOUNTABILITY REPORT

## Trust Board meetings

The Trust Board met on 12 occasions during 2017-18, including an extraordinary Trust Board meeting in May 2017 to approve the annual report and accounts. A record of attendance of kept for each Board meeting and the table below sets out the attendance of Board members during the year.

### Trust Board Attendance 2017-18

Name	Total
T Moran	10/12
A Snowden	11/12
S Hall	11/12
V Walker	11/12
T Christmas	9/12
M Gore	12/12
T Sheldon	8/12
C Long	10/12
L Bond	11/12
M Wright	11/12
E Ryabov	10/12
K Phillips	10/12
<b>In attendance</b>	
M Veysey	5/6
J Myers	10/12
S Nearney	11/12
C Ramsay	11/12

## Board Committees

The Trust Board has established a number of committees to support it in discharging its responsibilities. These are an Audit Committee, Quality Committee, Performance and Finance Committee and a Remuneration Committee. The Trust also has a constituted Charitable Funds Committee. The Audit and Remuneration Committees are statutory requirements and the work of the committees is detailed below. Further detail on the work of the Quality Committee and Performance and Finance Committee can be found in the Annual Governance Statement within this annual report.

## Audit Committee

The Audit Committee comprises of 3 Non-Executive Directors. Other individuals attend the meeting but are not members of the committee. These are Internal Audit (MiAA), External Audit (Grant Thornton, new in 2017-18), the Chief Financial Officer, the deputy Director of Finance, the Director of Corporate Affairs and the Deputy Director of Quality Governance and Assurance.

The Audit Committee provides assurance on the Trust's systems of internal control, integrated governance and risk management. A tracking system of agreed actions is in place and the internal auditors follow up recommendations to provide assurance to the Audit Committee that the issues raised have been addressed. There were 6 meetings of the Audit Committee in 2017-18 which included 1 extra ordinary meeting to consider the Annual Accounts and Report. All

meetings were quorate.

Members	Attendance
M Gore	6/6
S Hall	6/6
T Christmas	5/6

The Committee reviewed relevant disclosure statements in particular the draft Governance Statement, financial Accounts and the Quality Accounts.

The internal audit programme for 2017-18 was informed by the Trust's own risk and assurance framework, discussion with a wide range of officers and the broader context of the NHS. It was developed around the Trust's strategic objectives and its business-critical systems and was risk based. A draft Director of Audit Opinion and Annual Report 2017-18 gave an overall opinion of moderate assurance. This was provided in the knowledge of the significant challenges that the Trust has faced over the year in terms of operational performance and financial pressures.

21 internal audits were completed in 2017-18. Of these, one received the highest rating of assurance, 10 received significant assurance and 10 received limited assurance. The key findings, recommendations and agreed management actions have been received by the Audit Committee for all internal audit reports. In 2017-18, the internal audit receiving 'high' assurance was contracting and contract management, while limited assurance was given to Critical Applications - Data Warehouse, IT Service Continuity, Locality Review – Ward 10 (Castle Hill Hospital), Locality Review – Ward 32 (Castle Hill Hospital), Locality Review – Ward 35 (Hull Royal Infirmary), Locality Review Ward 130 (Hull Royal Infirmary), Quality Spot Checks, Bank, Agency and Locum Staffing, Consultant Job Planning and Procurement, Tenders and Waivers.

Minutes and other updates from the work of the Quality Committee and the Performance & Finance Committee were considered by the Audit Committee which contributed to the overall view of governance and internal control.

Work to prevent or counter fraud continued and reports were received throughout the year. The Committee reviewed the Board Assurance Framework and other documents in respect of risk. These included losses and special payments, debts, the Trust's Registers of Declared Interests and for Gifts, Hospitality and Sponsorship, legal fees, credit card expenditure, Trust Board expenses. The Audit Committee reviewed and approved updates to the Trust's Risk Policy and its Declarations Policy. The Audit Committee also regularly reviewed the Trust's Speaking Up arrangements, including whistleblowing and the newly mandated Freedom to Speak Up Guardian, as well as the Trust's own Staff Advice and Liaison Service and other ways to support staff to raise concerns.

# ACCOUNTABILITY REPORT

## Remuneration Committee

The Board's Remuneration and Terms of Service Committee is responsible for setting the pay and conditions for the voting Executive Directors and the Directors who report to the Chief Executive/Chairman. The Remuneration Committee met 4 times during 2017-18. The Committee was quorate at all meetings. Membership of the Committee comprises the Trust Chairman and all Non-Executive Directors. The Chief Executive, Director of Workforce and Organisational Development, the Associate Non-Executive Director and Director of Corporate Affairs also attend the Committee. Non-Executive Director members' attendance is detailed below:

Members	Attendance
T Moran	3/4
A Snowden	4/4
M Gore	4/4
S Hall	4/4
V Walker	4/4
T Christmas	4/4
T Sheldon	4/4

The Trust complies with both the Trust Development Authority's (TDA) guidance on pay for Very Senior Managers which was re-issued in September 2015 following new requirements set out by the Department of Health and the updated version by the TDA successor organisation, NHS Improvement, in March 2017. Executive Directors are employed on contracts of service and are substantive employees of the Trust. Their contracts are open ended and can be terminated by the Trust by up to 6 months' notice. The new guidance issued in 2015 and updated in 2017 requires NHS Trusts to include, in relevant remuneration packages, an element of earn-back pay i.e. a requirement to meet agreed performance objectives. The Chief Medical Officer, the Chief Operating Officer, and the Director of Workforce and Organisational Development have this requirement built in to their remuneration packages as their salary packages fall in to this guidance. This will apply to the Chief Financial Officer from 1 April 2018. Other Executive Directors in post during the year did not have a component of performance related pay as their salary agreements pre-date this guidance or fall below the salary threshold where this is applied.

Key items discussed by the Committee during the year included annual performance reviews, Directors' earn-back, information on the top earners in the Trust, sector salary benchmarking information, compliance with IR35 regulations and the appointment terms of a Chief Operating Officer job-share. A summary of the Remuneration Committee is received in the closed session of the Trust Board.

Details of the remuneration, including salary and pension entitlements of the Directors is set out in the Accounts on pages 63 & 64.

## Details of company directorships which may conflict with management responsibilities

None of the Trust Board hold company directorships that may conflict with management responsibilities. The Trust publishes the declared interests of its Trust Board members on its website, in the 'About Us' section.



# ACCOUNTABILITY REPORT

## Personal data-related incidents

The Trust has Information Governance arrangements in place to ensure that information is handled in a secure and confidential manner. It covers personal information relating to service users and employees and corporate information, for example finance and accounting records.

Information Governance provides a framework in which the Trust is able to deal consistently with, and adhere to, the regulations, codes of practice and law on how information is handled, for example the Data Protection Act 1998, the Freedom of Information Act 2000 and the Confidentiality NHS Code of Practice. The way in which the Trust measures its performance is via the Information Governance Toolkit. The Information Governance Toolkit is a performance tool produced by the Department of Health, which draws together the legal rules and guidance referred to above, as a set of requirements. In March each year, NHS Organisations are required to submit a self-assessment return via the toolkit. The return and supporting evidence are independently audited. For 2017-18 the Trust was awarded 'significant assurance' for compliance level 2 and above by the Internal Auditors.

The Trust is required to score all Information Governance Incidents. Any incident that scores a Level 2 or above is required to be reported via the IG Toolkit Incident Reporting Tool which sends automatic notification to the Information Commissioner as a Serious Incident Requiring Reporting (SIRI).

The Trust has reported six Serious Incidents Requiring Reporting (SIRI) in 2017-18, as follows:

Four breaches were a result of **unauthorised access of patient data**

All incidents are an offence under section 55 of the Data Protection Act. Global communications were sent to all staff in May 2017 and June 2017 warning them against committing Section 55 offences and the possible sanctions.

- **A staff member accessed the clinical record of two patients (May 2017)**

Outcome: A formal investigation was undertaken. The staff member denied the allegations and resigned from the Trust during the investigation. Based on the evidence provided, the finding from the investigation was gross misconduct, however, due to the resignation this was not referred to a Trust disciplinary panel.

The ICO closed the case with no further action

- **A staff member accessed a patient's clinical record on behalf of a friend (May 2017)**

Outcome: The Trust ensured the staff member underwent further IG training and was given a reminder

of their information governance responsibilities in relation to access and management of patient information.

The ICO closed the case due to lack of evidence of any criminal intent

- **A staff member accessed a patient's record and took a photograph of an x-ray and uploaded it onto social media (May 2017)**

Outcome: The staff member resigned from the Trust during the investigation and declined to attend the panel hearing. The panel findings deemed the action to be gross misconduct and had the employee not resigned they would have been dismissed in accordance with the Trust's Disciplinary Policy.

The ICO closed the case with no further action

- **Three staff members accessed a patient's clinical record. The staff members had no legitimate reason to access the record (March 2018).**

Outcome: Undergoing investigation  
ICO awaiting outcome of Trust investigation

One breach was a result of **unauthorised disclosure of patient data**

- **A non-clinical staff member inappropriately read out a diagnostic clinic letter over the telephone to a patient's spouse. The spouse was unaware of the diagnostic information (March 2018).**

Outcome: Undergoing investigation.

ICO awaiting outcome of Trust investigation

One breach was a result of **disclosed in error**

- **A summary of a patient's diagnosis and care management was emailed insecurely to an incorrect email address by a member of staff (July 2017)**

The patient had insisted they wanted this information by email, but a mistake was made with email address and the Trust secure email instructions were not followed.

Outcome: The incorrect recipient was contacted and the email was deleted from their account. The email was checked with the correct recipient and sent to the correct address.

Staff were reminded of the correct procedure for secure email and the importance of the correct procedures to follow regards secure email.

The ICO closed the case with no further action.

# ACCOUNTABILITY REPORT

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2017-18		
Category	Nature of Incident	Total
A	Corruption or inability to recover electronic data	0
B	Disclosed in Error	27
C	Lost in transit	2
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	4
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	2
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	1
J	Unauthorised access/disclosure	2
K	Other	8

## Directors' disclosure

Each Director knows of no information which would be relevant to the auditors for the purposes of their audit report and of which the auditors are not aware, and has taken all the steps that he/she ought to have taken to make himself/herself aware of any such information and to establish that the auditors are aware of it.

## Statement of Accounting/Accountable Officer's responsibilities

The Accounting Officer has overall responsibility for the financial statements. The statements are prepared through the Chief Financial Officer's office. The Audit Committee is updated on the progress in preparing the accounts. The Chief Financial Officer prepared a report to the Audit Committee in April 2018 to discuss and review the Trust's status as a going concern. The Audit Committee approved the Chief Financial Officer's recommendation that the accounts should be prepared on a going concern basis.

As Accounting Officer I confirm that, as far as I am aware, there are no relevant audit information of which the Trust's auditors are unaware and I have taken all the steps that I should take to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



**Chris Long**  
Chief Executive  
24 May 2018

# ANNUAL GOVERNANCE STATEMENT

## Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable 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 Hull and East Yorkshire Hospitals NHS 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 Hull and East Yorkshire Hospitals NHS 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 Board sets the Risk Management Policy for the organisation. This was reviewed and updated in April 2017. This describes the organisation's approach to risk and risk management. Staff across the Trust receive risk management training, in order to identify and report risks. The Trust has a well-established process for entering risks on to its risk register and the regular review of risks, which is described below. The Trust also strengthened its approach to escalating risks at corporate level and the way in which this informs the strategic risk managed by the Trust Board. This is also described in more detail below.

## The risk and control framework

The system of internal control is designed to manage risk to a reasonable level. All risks that are entered on the Trust risk management system are assigned an initial, current and target risk rating. Controls are identified to mitigate the level of risk and where there are gaps in the controls, action plans are developed. Risks are identified and reviewed on an ongoing basis across Health Groups and corporate services. Risks are identified from a number of different sources, including day to day operational working practices and trends arising from incidents, complaints and regulatory compliance. Line managers are responsible for on-going investigation and assessment of risks.

At Trust Board level, the Board assesses its performance and discusses associated risks at each meeting, through the presentation of the Integrated Performance Report, which includes all NHS Improvement Single Operating Framework metrics. An exception report on these measures is discussed in more detail at the Board's Performance and Finance Committee and the more detailed quality issues at the Board's Quality Committee. The positive assurance and gaps in assurance are captured in the Board Assurance Framework, reviewed regularly by the Trust Board and its committees. During the year, the organisation undertook a self-assessment against the well-lead key lines of enquiry for the Care Quality Commission including NHS Improvement requirements. Furthermore the Trust Board undertook and agreed a self-assessment against the Monitor license requirements, which are now mirrored for non-Foundation Trusts, and did not report any principal risks to compliance with these requirements.

The trust is fully compliant with the registration requirements of the Care Quality Commission.

There is a mechanism for Health Groups and corporate services to escalate risks. New high level risks are notified to the Health Group triumvirates or corporate service management teams to be dealt with immediately whilst lower level risks are discussed at the Health Group/Corporate team meetings. The Executive Management Committee reviews the highest rated risks and agrees which of these form corporate risks for the Corporate Risk Register, which is taken in to account in the Board Assurance Framework. These come via recommendation from the regular review of high-rated operational risks by the Trust Operational Quality Committee (clinical risks) and the Non-Clinical Quality Committee, recognising that risks from across the Trust have the ability to impact directly on patient care and on maintaining the Trust's statutory compliance.

There are a number of mechanisms in place, which are designed to prevent or minimise the potential of risks occurring. The Trust's incident reporting system records near misses as well as actual incidents. Lessons from Serious Incidents are discussed at Health Group Governance meetings and across the Trust through a Lessons Shared newsletter, cascaded through the Trust's Team Brief mechanism. The Quality Committee maintain board-level oversight of serious incident issues and lessons learned. Root Cause Analysis training is provided staff involved in Serious Incidents investigations. The Trust's Mortality Committee has overseen the formulation and implementation of a new Learning from Deaths policy, which includes a two-tier clinical case note review to identify patient deaths that have any flags for failure or impacts of care that could have been avoided. The Trust has developed a themes and trends report from this, reported to the Trust Board and the Quality Committee in January 2018, to start a programme of quarterly reporting and learning from deaths in line with national requirements. The Quality Committee has also kept oversight of compliance with the national guidance

# ANNUAL GOVERNANCE STATEMENT

requirements on Learning from Deaths and is satisfied that the Trust has made sufficient progress towards requirements to date.

The Trust's updated intranet site contains information to support staff in managing risks across the scope of the Trust's business. The Trust's formal communication systems (e-news, intranet, team brief cascade) are used to remind staff of their responsibilities such as reporting incidents and concerns, and sharing learning when specific initiatives or incidents have occurred. These communications include the conclusion of anti-fraud investigations and the consequences arising from information governance incidents investigations (SIRIs) during the year.

A fundamental nursing standards audit process is in place, which audits practice on each ward and is aligned to the Care Quality Commission's Key Lines of Enquiry. This gives a rating to each ward and identifies areas of potential risk; each area of risk identified requires an action plan from the ward sister/manager to address. The ward-level reporting also takes in to account issues arising from complaints and patient experience, staffing numbers and types of reported incidents. These data are published with each public Trust Board papers, to provide a risk overview of each ward.

A framework is in place for managing and controlling risks to data security. There is a Senior Information Risk Owner at Board level and a network of information risk owners across the organisation. Information Governance training is a mandatory requirement for all staff to complete. The Trust has achieved Level 2 in the NHS Information Governance toolkit in March 2018. The Trust internal auditors undertook an internal audit of 15 information governance standards against the Information Governance toolkit requirements and gave an assurance rating of significant assurance at the end of 2017-18. The Trust has responded to new national reporting requirements this year on cyber-security; the Audit Committee and the Trust Board are keeping oversight of the Trust's risk position in relation to systems security and systems resilience.

The Trust continues to review current systems and processes to ensure that it can demonstrate the best standards in research governance and delivery. The Trust adheres to

national Health Research Authority (HRA) systems to manage the studies in proportion to risk. A suite of standard operating procedures provide a framework to demonstrate adherence to the UK Clinical Trial Regulations and Research Governance Framework (RGF) and these procedures were updated in line with the publication of the HRA UK Policy Framework for Health & Social Care Research in the summer of 2016.

## Risk assessment

All risks are categorised using the same risk matrix and framework based on the likelihood of the risk occurring and the severity of impact, with the highest risk having a score of 25 (almost certain and catastrophic) and the lowest risk of 1 (rare and negligible). The Trust uses a web based incident reporting and risk management system (Datix) and has a 'bottom up' approach to identifying risks.

1 - Each Health Group and corporate service area identify and enter risks on to their own operational risk registers; risks are required to be managed and mitigated at local level, as far as possible

2 – the high-rated operational risks from each area are reviewed by the Trust's two operational risk management committees: the Operational Quality Committee reviews clinical risks and the Non-Clinical Quality Committee reviews non-clinical risks. The Committees escalate any high-rated risk that they feel cannot be managed within an individual health group or corporate service and represent a corporate risk across the organisation.

3 – the Trust's Executive Management Committee review the recommendations from the operational risk committees and agree what represent the Trust's corporate risk register

4 – The corporate risk register is considered as an appendix to the Board Assurance Framework, which details the key risk areas that could prevent the Trust from achieving its strategic aims. This consideration of corporate risk helps the Trust Board identify the corporate risk burden being carried by the Trust and whether this impacts on achieving the Trust's strategic goals.

There were 180 operational risks on the risk register at the end of March 2018, as follows:

	Low Risk	Moderate Risk	High Risk	Grand Total
Corporate Functions	6	15	6	27
Cancer and Clinical Support Health Group	5	31	12	48
Family and Women's Health Group	10	26	13	49
Medicine Health Group	1	19	6	26
Surgery Health Group	8	19	2	29
Trust-wide risk managed by Falls prevention committee	0	1	0	1
<b>Grand Total</b>	<b>30</b>	<b>111</b>	<b>39</b>	<b>180</b>

# ANNUAL GOVERNANCE STATEMENT

This compares with 45 low risks, 145 moderate and 34 risks rated as high, and a total 224 risks at the end of March 2017. The Trust has strengthened its approach to the regular review of risks at Health Group and corporate service level, to critically appraise what remains a risk in the organisation and to better capture actions being taken to mitigate the risks faced by the organisation. The slight increase in high-rated risks and reduction in moderate risks could be indicative of a strengthened risk management process and an increasing risk framework in which the Trust is working, with high-rated risks correlating with key strategic risk areas on the Board Assurance Framework, particularly staffing levels and meeting financial targets.

The risks that could threaten achievement of the Trust's strategic objectives are set out in the Board Assurance Framework, which is reviewed by the Trust Board throughout the year. It is also reviewed by the Trust Board Committees at each meeting in relation to the risks linked with that Committee's terms of reference and also by the Audit Committee as a governance mechanism. The Board Assurance Framework includes an assessment of the source and level of assurance received as well as gaps in assurance. Any increase or decrease in a risk score is agreed by the whole Board. There were nine risks on the Board Assurance Framework at the start of 2017-18 against Trust's seven strategic aims from the Trust Strategy. The highest-rated risks at the end of 2017-18 on the Board Assurance Framework related to ability to achieve the Trust's financial plan in 2017-18, and to staffing (having sufficient workforce). At the end of the year, whilst all risks areas on the Board Assurance Framework received some positive assurance throughout the year, no risk area received sufficient assurance to reach its target risk rating. In the context of these being risks against five-year strategic goals, this can be expected to some extent, as the Trust will only be able to mitigate some aspects of each risk within one year. As part of this strategic approach to risk management through the Board Assurance Framework, the Trust Board considered its approach to risk appetite in November 2017 and has added this to the Board Assurance Framework in 2018-19.

As noted above, the Trust Board has received positive assurance against the Board Assurance Framework risks and the Trust has a number of controls in place to address the risks identified in the Board Assurance Framework. A Quality Improvement Programme was developed following the comprehensive CQC inspection in May 2015 and was further developed following the CQC inspection in 2016 (published February 2017). During 2017-18, this has been subject to monthly review and scrutiny by the Quality Committee and reported to the Trust Board periodically. The Trust's People Strategy and Workforce Development Plan detail the Trust's approach to tackling staffing and skills shortages, and some progress, including increases in staffing figures in some key areas have been seen in 2017-18. The Trust continues its work on staff engagement and developing staff culture around the values identified by our staff around two years ago. In

respect of the three BAF risks relating to achievement of the Trust's financial plan and the Trust's financial position, the Board's Performance and Finance Committee has maintained close overview of the Trust's performance against financial plan throughout the year. Senior representatives from the Health Groups have periodically attended the meetings to provide information on the delivery and robustness of their financial plans and links to performance (such as overspend on agency to maintain safe staffing levels).

Review of economy, efficiency and effectiveness of the use of resources

The Performance and Finance Committee have Board-level oversight of the economic, efficient and effective use of resources. This is discharged through the monthly review of performance against budget and against financial plan, progress towards identifying and achieving cash-releasing efficiency savings, income against plan, performance and activity delivery against plan, cash management and budgetary management. The Performance and Finance Committee reports to the Trust Board, including escalation of any areas of concern. Further detail on the work of the Performance and Finance Committee is contained in the 'review of effectiveness' section below.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

The 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.

## Information governance and data quality

The Trust has reported six Serious Incidents Requiring Reporting (SIRIs) in 2017-18 to the Information Commissioner's Office (ICO) as incidents classified as Level 2 breaches in the Information Governance Incident Reporting Tool.

Four breaches were a result of unauthorised access of patient data. The investigations into three of these cases have concluded and the ICO has closed these cases with no further action. One case was reported to the ICO in March 2018 and is in the process of being investigated by the Trust. The Trust will inform the ICO of the outcome of this investigation for their consideration.

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One breach was as a result of unauthorised disclosure of patient data. This was reported to the ICO in March 2018 and is in the process of being investigated by the Trust. The Trust will inform the ICO of the outcome of this investigation for their consideration.

One breach was a result of information disclosed in error. The ICO closed the case with no further action

The Trust has a number of measures in place to provide assurance on the quality and accuracy of elective waiting time data. These include:

- Business Intelligence data quality reports
- Fortnightly Operational Data Quality Meetings with Health Group and Corporate representatives
- External assurance from both NHS Improvement in 2016 to the reporting and management of elective pathways
- External assurance in 2017-18 from MBI Health Group as to the internal processes and validity of the Trust's PTL (Patient Tracking List) with significant assurance around data quality
- Quarterly internal audits on compliance with the Trust's Access Policy by the Performance Team
- Monthly data checks on the RTT data submission prior to upload to UNIFY2
- Monthly checks on Data Completeness for non-admitted and admitted pathways within the tolerances of 80 – 120%
- Mandatory E-Learning for administrative staff on Referral to Treatment rules using the NHS Improvement e-learning modules

## Annual Quality Account

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.

The Trust compiles data in accordance with national requirements. The Trust submitted records during 2017-18 to the Secondary Users service for inclusion in the Hospital Episode Statistics and achieved the percentage of record standards required. These are detailed further in the annual report and in the Quality Accounts. With the implementation of the new electronic patient record in 2015, the Trust has undertaken continued testing on data quality to ensure the Trust is able to meet data quality standards required, including waiting time and elective data. The Trust gained independent assurance on its data quality through its internal audit programme in the last two financial years as well as building in and putting in place additional internal data quality reports to test the accuracy of data produced.

## Review of effectiveness

As Accountable 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 trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in 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, the Quality Committee and the Performance and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board is accountable for all aspects of the performance of the Trust. The Trust Board met in public on 12 occasions during 2017-18 and was quorate at all meetings. The attendance of each individual Board member is set out in this Annual Report and on each Trust Board agenda. The Trust Board works towards an annual work plan including statutory and mandatory requirements. Arrangements for the discharge of statutory functions by the Trust Board have been checked for irregularities and were found to be legally compliant.

The Board has five committees which support it in discharging its responsibilities. In addition to the statutory requirement for an Audit Committee and a Remuneration and Terms of Service Committee, the Board has a Performance and Finance Committee and a Quality Committee. A Charitable Funds Committee is in place for the management of funds held on trust. All Board committees are chaired by a Non-Executive Director. An attendance record is kept for the Board and each of its committees.

The Audit Committee met six times during 2017-18, which is one more than the minimum as set by its Terms of Reference and was quorate for all meetings. Its work plan for 2017-18 was received at its first meeting of the financial year and was also reviewed at each meeting during the year to ensure it remained relevant and current. The first part of the Audit Committee agenda is comprised of standing items which include a review of the minutes from the Quality Committee and the Performance and Finance Committee for any governance or internal control issues that require further examination by the Audit Committee. There are standing agenda sections for the external auditor followed by the internal auditor update and reports, including anti-fraud. Other agenda items are scheduled at regular intervals during the year and these include the preparation and submission of the Annual Accounts and Quality Accounts, Going Concern status, review of the Board Assurance Framework, Board members' expenses, use of Trust's credit cards, legal fees, off payroll expenses, effectiveness of clinical audit, claims management, losses and special payments register and debts above £50,000.

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The Audit Committee also undertook a review of committee effectiveness, facilitated by the Internal Auditors, in October 2016, from which the Audit Committee agreed a development plan in April 2017. The review did not find any significant gaps in governance and made recommendations for the committee's further development. The Audit Committee chair fed back to the Board key issues following each meeting. These included internal audit reports giving limited assurance, including one occasion of an unintended breach of standing orders, as well as positive feedback on those internal audits attracting significant assurance. This also included recommendations on the Trust's risk management policy, review of the effectiveness of the Trust's Speaking Up arrangements and progress towards completing recommendations and actions from previous internal audit reviews. The Audit Committee has not escalated any serious gaps in control during the year.

The Performance and Finance Committee met on 12 occasions in line with its Terms of Reference and was quorate at all meetings. The focus of each meeting was on the detailed Integrated Performance exception report, specifically the Trust's underlying performance against the key NHS Constitution standards and the Trust's financial plan, which are standing agenda items discussed at each meeting. Other key issues during the year included the delivery of the Trust's Cash Releasing Efficiency Savings programme and the planning and delivery of the external support to identifying savings through the Financial Improvement Programme 2 (FIP2) in conjunction with NHS Improvement. Other substantive agenda items have also been the financial position of the Trust, particularly the financial performance of the Trust's health groups, their contribution to the Trust's underlying run-rate issues and the increasing financial pressures in non-pay and variable pay costs incurred in 2017-18. The Committee has also monitored capital expenditure in line with plan, agency spend and impact of vacancies, cash reserves, and the Trust's performance and risk management under the new Aligned Incentives Contract with local commissioners, compared with Payment By Results. As an issue specific to the Trust, the Performance and Finance Committee has held delegated oversight of the Trust's plans and actions to address the Tracking Access issues that were identified in 2017-18. The Non-Executive Chair of the meeting provided a briefing to the Board each meeting on the Committee's discussions in these areas.

The Quality Committee met on 12 occasions in line with its Terms of Reference. The Committee agreed to meet monthly from January 2017 to provide more focussed review on quality, as is the case with performance and finance. Key issues discussed related to Quality Improvement Programme linked with the outcome from the 2016 Care Quality Commission comprehensive inspection, incident reporting, clinical audit, and the outpatient follow-up backlog. The Committee also received presentations for assurance on the introduction of robotic-assisted surgery, medicines management and medicines safety and the nursing Fundamental Standards programme within the Trust. The Committee received annual reports relating to medicines optimisation, claims,

serious incidents and safeguarding. The Committee has kept close oversight of the development of the Trust's policy and approach to the national requirements from Learning from Deaths, including recommendation of the Trust's policy as well as themes and trend figures to the Trust Board. The Quality Committee is also delegated responsibility for reviewing impact on patient safety and experience as a result of the Tracking Access issues identified during 2017-18. Each meeting also received a report from the Operational Quality Committee, which included any points of escalation to the Quality Committee. The Board was advised of any escalation issues following each meeting by the Non-Executive Quality Committee Chair.

The Remuneration Committee met four times during 2017-18 in line with its Terms of Reference and was quorate for all meetings. Agenda items included annual performance reviews, Directors' earn-back, information on the top earners in the Trust, sector salary benchmarking information, compliance with IR35 regulations and the appointment terms of a Chief Operating Officer job-share. A summary of the Remuneration Committee is received in the closed session of the Trust Board.

The Board agreed a new framework for Board Development and has chosen to invest additional Trust Board time in development. The Trust Board held ten development sessions during the year, which was double the number than the previous year. The Board Development Framework and work plan are now published with every public Trust Board agenda and papers for openness and transparency of the topics and development time of the Trust Board.

The Board used the 'Discovery Insights tool' together with a questionnaire on its performance to understand the Trust Board dynamic. Using the NHS Improvement model for an effective Trust Board, as well as local knowledge and input, the Trust Board agreed a framework to develop the Board in four areas: understanding and development to become a high-performing Trust Board; Strategy Development; looking outwards and Board education; deep dive on exceptional topics. During the course of 2017-18, the Trust Board in its development sessions has covered a range of topics, including: Strategic Development Partnership and the Trust's role; nursing and midwifery staffing; risk appetite; People Strategy and Trust culture. The Trust Board has used several sessions on a review and refresh of the Trust's strategy to 2021-22, which has included engagement with the wider organisation. The Board Development was also used to understand the issues relating Tracking Access as they were identified in more detail, subsequently reported in full at the public Trust Board meetings.

The Board recognises that there significant benefit from continuing to build a strong, unified team and appreciates a further year of relative stability year in relation to Executive and Non-Executive turnover. Following the departure of Mike Ramsden as Trust Chairman at the end of his term of service, the Trust welcomed Terry Moran CB as Chairman on 1 April

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2017 following his appointment by NHS Improvement.

Quality governance arrangements are in place, managed through a team of Quality Assurance specialists, which include clinical audit (delivering an annual clinical audit plan), operational and corporate risk management (with support provided in to each Health Group and corporate services from a central team), compliance (including CQC, ward standards and support to safeguarding), claims and safety. The Trust has in place a Trust-wide Quality Improvement Plan, which has detailed projects to improve quality of care in identified areas within the Trust. These are identified through internal compliance and quality checks, internal audit reports, CQC inspection reports and other internal processes. The Quality Improvement Plan has a governance and project management structure in place, which feeds up to the Trust Board Quality Committee and provides assurance to the Trust Board. The Trust's quality governance arrangements culminate annually in the formulation, approval and publication of the Trust's Quality Accounts. The Quality Accounts signed off in June 2017 (relating to 2016-17) were reviewed by the Audit Committee, the Quality Committee and the external auditors. The external auditors, engaged to conduct a limited assurance review of the Quality Accounts, concluded that the 2016-17 Quality Accounts were prepared in a way that was consistent with guidance and with Trust sources of information.

A Quality Report is received at each Board meeting. The report is divided into sections, which set out patient safety matters, healthcare associated infections, patient experience matters, incident reporting including Serious Incidents and Never Events, levels of harm caused to patients and actions being taken. On a quarterly basis, the report includes the Trust's position on the classic Patient Safety Thermometer and the Trust's Fundamental Standards audit. The report is written so as to account publically for the quality and safety of the Trust's services, including a monthly ward-by-ward read-across of patient safety reporting. The Trust Board also received a Nursing and Midwifery staffing report at each public Trust Board meeting, to report on the Trust's fill rates (number of nurses in post and hours of care delivery compared with planned levels) and the Trust's plans in nursing recruitment. I am pleased that the significant efforts from the Trust have paid off in nursing recruitment during this year but there are still shortage areas in nursing and midwifery to manage. This year has also seen an increase in gaps in doctors' rotas, which have required additional spend to maintain safe services during the year. This has had a direct impact on the Trust's financial position this year.

In 2017-18, the Trust declared six Never Events, having declared two in the previous financial year. These were four incidents involving wrong-site surgery (within different specialties), one incorrect implant and one wrong route of medication administration. Each incident is being investigated in line with national guidance and an outline of each incident is reported to the public Trust Board. The Trust Board and Quality Committee have also received detail of the declared Serious Incident issues during the year, providing assurance

on the investigation processes and actions being taken to mitigate against risks of future incidents. During the year, the Trust reported 64 Serious Incidents (including the six Never Events). In 2016-17, the Trust reported 68 Serious Incidents including two Never Events. I am concerned at the increase in Never Events declared by the Trust and as such, I convened a specific briefing sessions in November 2017 and April 2018 as learning events, attended by large numbers of Trust staff (clinical and support roles) to make clear our expectations on safe management of patient care. I will oversee further developments around our patient safety culture in to 2018-19.

## Review of the effectiveness of risk management and internal control

The effectiveness of risk management and internal control has been determined through a number of mechanisms.

The internal audit programme for 2017-18 was informed by the Trust's own risk and assurance framework, a discussion with a wide range of officers and the broader context of the NHS. It was developed around the Trust's strategic objectives and its business critical systems and was risk-based. The Director of Internal Audit Opinion and Annual Report 2017-18 gave an overall opinion of moderate assurance that there is "an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk."

The Trust's Board Assurance Framework was reviewed by the Trust's internal audit team, who provided an opinion of significant assurance that the Board Assurance Framework was appropriately structured to meet the needs of an NHS Trust, met all requirements to relevant guidance and was monitored and reviewed regularly by the Trust Board.

No critical actions were identified for those audits that received limited assurance. Limited assurance audits consisted: Critical Applications - Data Warehouse, IT Service Continuity, Locality Review – Ward 10 (Castle Hill Hospital), Locality Review – Ward 32 (Castle Hill Hospital), Locality Review – Ward 35 (Hull Royal Infirmary), Locality Review Ward 130 (Hull Royal Infirmary, Quality Spot Checks, Bank, Agency and Locum Staffing, Consultant Job Planning and Procurement, Tenders and Waivers. Ten internal audits received significant assurance in 2017-18: the information governance toolkit, budget setting, capital programme management, the Trust's mortality framework, quality metrics, mandatory training, electronic staff record, incident reporting, conflicts of interest management and communications and staff engagement. One report received high assurance, the first such rating for an internal audit in the Trust in over two years, for contracting and contract management.

The Audit Committee, comprising Non-Executive Directors, gives independent assurance to the Board. It receives all audit reports from internal and external auditors and monitors

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progress against agreed recommendations. Where gaps in control are identified management action is agreed. A tracking system of agreed actions was strengthened in 2017-18 and the internal auditors followed up an increased number of completed action plans to provide assurance to the Audit Committee that the issues raised have been addressed.

The Trust Board had a year of relative stability in 2017-18. The appointment of Mr Moran as the Trust's Chairman took effect from 1 April 2017, following Mr Ramsden's completion of his term of office on 31 March 2017. This was the only change in the Trust Board membership during the financial year. We closed the year on 31 March 2018 with the departure of Professor Trevor Sheldon at the end of his term of service; our Associate Non-Executive Director (Professor Martin Veysey), who joined the Trust in September 2017 and has been shadowing the role since this time, will take up the Non-Executive Director role vacated by Professor Sheldon on 1 April 2018. There has been relative stability at Health Group triumvirate level during 2017-18, however there is a particular note of sadness in reporting the unexpected death of Peter Watson, the Operations Director for the Surgery Health Group in March 2018, who is greatly missed by colleagues.

During 2017-18, I held a number of time out development sessions with the Trust's senior management teams. These have been used to discuss organisational priorities, such as winter planning, to support operational delivery across the Trust, and to listen to feedback from our senior management teams. I also held a number of management briefing sessions on organisational culture for our Band 7 and above managers, to continue the programme of cultural and organisational development, to become an 'outstanding'-rated organisation by April 2022.

The Trust's performance against the Emergency Department 4 hour wait target has resulted in continued external scrutiny. The Trust concluded a transformational programme in the Emergency Department in 2017-18, overseen by the Urgent and Emergency Care Board. The Trust achieved performance at or above 90% as required against the four-hour ED target for 8 months of the financial year. However the Trust saw a down-turn in performance during winter 2017-18. This will be subject of particular review by the Trust to move in to 2018-19 on a trajectory of improvement.

The Trust did not meet its local 18 week referral to treatment (RTT - incomplete pathway) improvement trajectory or the 62-day cancer targets in 2017-18. Whilst there was maintenance of most 31-day cancer targets and some improvement in the 62-day cancer standard, the 62-day performance not meet national requirements. The Trust did not meet the 1% tolerance in six-week waiting times for diagnostic tests in any month of the year. On this basis, the Trust's plans for 2018-19 will focus on improvement in diagnostic tests and the wait for first outpatient appointment by mapping core capacity to service demand.

The Trust has continued to strive for improvement by

embedding efficient and effective mechanisms for managing risks. Clearly defined processes are in place to ensure the Trust is continually working towards improvement in quality of care. This is regularly assessed through the clinical audit programme, nursing fundamental standard reviews, multi-disciplinary clinical reviews as well as internal ad-hoc reviews against the CQC's Key Lines of Enquiry as required. The Trust through its Quality Improvement Programme put in place arrangements to deliver improvements identified through previous CQC inspections and by partners and stakeholders via reviews of the Trust's Quality Accounts, Serious Incidents, claims and complaints. The Quality Improvement Plan has a project management set up to monitor progress, reporting up in the organisation to Trust Board level.

The Trust has committed to engaging regularly with key stakeholders and partners, including regular meetings with the CQC and NHS Improvement. During these meetings all parties continue to monitor progress in an environment of openness and honesty.

In the national staff survey, the Trust maintained its position from 2016, to have 13 of 32 responses in the top 20% of Trusts in the national staff survey, compared with 6 in 2015. I am pleased to report these included top 20% scores for the number of staff experiencing discrimination at work, believing the organisation offers equal opportunities for career progression or promotion and staff experiencing bullying, harassment, abuse or physical violence from patients. There are some staffing groups requiring attention.

In respect of the health and safety of staff:

- Communication with the Health and Safety Executive (HSE): 2017-18 saw no contact from the regulator – the Health and Safety Executive - regarding any safety issues. There was one issue reviewed by the HSE in 2016-17.
- Reportable Incidents: The Trust's Safety Team reported 18 incidents to the HSE under the requirements of the RIDDOR regulations in 2017-18. This compares with 32 reported the previous year (2016-17): an encouraging reduction. The most common causes were slips, trips and falls, and moving and handling related injuries. Both of these categories showed a reduction this year. The Trust's Occupational Health Team reported 14 incidents to HSE; seven needle-sticks and seven cases of other exposure to blood borne viruses. This is also a reduction from the previous year.
- Claims: The number of new staff claims against the Trust was 19 in 2017-18. Whilst this is a rise of five from the previous year, the overall pattern of a reduction is continuing, since 36 new staff claims were made in 2014/15.
- Link Staff: Following increasing the available training for new departmental Safety Link Staff and Moving and Handling Link Trainers, the Trust has increased these numbers by 55 and 43 respectively. These staff volunteer to be the 'eyes and ears' for safety in their work areas, and so are given extra training to fulfil this important role.

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## Significant issues

Having reviewed the areas of risk I consider that the following are significant issues:

The Trust did not meet all of the NHS Constitution standards. Whilst some progress was made in the first five months of the year in individual services against the referral to treatment 18 week target and in Emergency Care in the first two-thirds of the year, the Trust's performance in these did not meet required national standards or local improvement trajectories throughout the year. The Trust made some progress in the 62-day cancer standards and maintained its performance against most of the 31-day cancer standards compared with last year, but still has improvements to make. The Trust's performance in diagnostic waiting times was a concern throughout the year and will be a key issue going in to 2018-19.

During 2017-18, the Trust has been working under a new Aligned Incentives Contract with its two main local commissioners, which has been a fixed-income and activity contract in 2017-18. This has meant that, although the Trust planned to work towards continued improvements in performance towards the 92% Referral to Treatment standard, commissioners could not afford the full suite of activity this would have required, nor could the Trust have delivered this. In addition, the Trust is managing a significant backlog in follow-up patient appointments, which has been subject to scrutiny by the Trust Board in case long waits result in harm to patients.

This year in particular, diagnostic capacity has been a specific factor in the ability to meet all waiting time standards in 2017-18 and with some months carrying a percentage of 6-week breaches for diagnostics waits of over 10%; the continued impact on patients and staff in relation to diagnostic capacity is one that the Trust must address further in 2018-19. Diagnostic capacity is linked with the Trust's non-achievement of original control total, with increased spend incurred to keep up-to-date with diagnostic reporting and well as to mitigate staff vacancies. These risks will be taken in to 2018-19 and will continue to impact on timeliness of patient care.

Of note, the Trust identified a significant issue concerning the management of its waiting lists, known as tracking access. This resulted in some patients not receiving the care or treatment that had been planned for them in the timescales in which it should have been delivered. The Trust has proactively managed these issues since they were identified and has received external assurance on the way it is managing the issues. The administrative review work and most of the resulting clinical case note reviews were completed in 2017-18 and patients contacted accordingly. I can be confident that each individual patient needing further care and review is receiving this. The Trust engaged an external organisation to provide independent review of the processes the Trust was undertaking to identify and manage the issues correctly. The management and mitigation of the issues identified by the tracking access review will continue into 2018-19 and the

root causes will be investigated. The Trust Board will need to be assured through this that the organisation has addressed these underlying issues.

The Trust achieved its revised financial plan, excluding Sustainability and Transformation funding, of a £15 million deficit for 2017-18, however the Trust missed its original control total by £3.5 million, which represents an internal control issue for the organisation. The achievement of the Trust's revised control target was delivered through additional grip and control measures taken in the last part of the financial year, additional income from local commissioners and NHS Improvement to recognise specific winter pressures and the use of some non-recurrent measures. Looking to 2018-19, the Trust's underlying financial health needs to deliver a stepped improvement in terms of deficit reduction. This is a risk being taken in to the new financial year.

The Trust recognises an increasing risk in 2018-19 as a result of a shortfall in capital funding. There is an increasing level of operational risk, including a potential impact on patient and staff safety, as a result of limited capital funding. This level of risk is increasing in relation to backlog maintenance, enabling infrastructure and replacement equipment. More specifically, fire safety measures identified by the Trust with Humberside Fire and Rescue Service following an Enforcement Notice served by the Fire Service during 2017-18 are a particular concern that requires urgently to be addressed. The Enforcement Notice was lifted on condition that the Trust continues to make further progress towards implementing the measures identified with the fire service, which will require capital expenditure.

In 2018-19, the Trust is planning to address its underlying financial position as part of a longer-term recovery programme and explore potential solutions to capital position whilst continuing to work within a fixed revenue funding envelope with its two largest local commissioning bodies. Delivery of the financial plan in the context of a local health economy which is also currently very tightly constrained represents a significant challenge to the health economy as a whole and a risk for the Trust; progress within the Strategic Transformational Partnership towards addressing some of the financial issues in the local health economy will be a particular issue in 2018-19 for the Trust to contribute to.

The Trust awaits the outcome of the hospital inspection carried out in 2017-18, concluded in February 2018; if this results in a continued rating of 'requires improvement' this will be an issue to manage in 2018-19 in respect of patient and commissioner confidence and staff morale and recruitment. The Trust Board endorsed a plan to rename the Trust as *Hull University Teaching Hospitals NHS Trust* as soon as the relevant amended Establishment Order can be obtained. This topic was subject to stakeholder, staff and public engagement in 2017-18 and feedback overall is supportive of this. The rationale for the name change is to reflect the Trust's established position as a university teaching trust. This is also to more accurately portray its position as a tertiary

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service provider with possibilities and practice beyond that of a district general hospital, for the recruitment and retention issue of valued and skilled staff.

The Trust Board acknowledges that 2018-19 will be more challenging than previous years. The Trust is seeking to work more closely with partners to manage system challenges constructively. Board members within the Trust and across organisations need to build mutually supportive relationships to meet growing patient demand within limited resources. From this organisation's perspective, a programme is in place to support the development of the whole Board so that there is an appropriate balance of experience, skills and knowledge to meet the strategic needs of the organisation and to provide leadership during increasingly difficult times for the NHS

## Conclusion

This annual governance statement has identified the following significant internal control issues:

- The Trust did not meet all NHS Constitutional waiting time standards in 2017-18 including the Emergency Department four-hour wait and the 62-day cancer targets; there are issues to manage with our commissioners on the 18-week referral-to-treatment waiting times and the Trust's diagnostic waiting times
- The Trust identified a tracking access issue, which affected the length of time some patients waited for appointments and treatment
- The Trust did not meet its financial plan in 2017-18
- The Trust is taking a specific financial risk on capital funding in to 2017-18; this includes implications in relation to a Fire Safety Enforcement notice that the Trust was served in 2017-18
- The Trust did not address its underlying financial position and needs to develop a longer-term financial plan to do so
- The Trust is awaiting its new Care Quality Commission rating and there are issues for the Trust to manage if the rating remains 'requires improvement'

Signed



Accountable Officer: Mr Chris Long  
Organisation: Hull and East Yorkshire Hospitals NHS Trust  
24 May 2018



# REMUNERATION AND STAFF REPORT

This section of the Annual Report sets out the Trust's remuneration policy for directors and senior managers, reports on how that policy has been implemented and sets out the amounts awarded to directors and senior managers.

REMUNERATION TABLE - ANNUAL REPORT

*This table has been subject to audit*

Name and title	Current year 2017-18					Prior Year: 2016-17				
	(a)	(b)	(c)	(d)		(a)	(b)	(c)	(d)	
	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £00	Performance pay and bonuses £000	All pension - related benefits (bands of £2,500) £000	TOTAL (a to c) (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £00	All pension - related benefits (bands of £2,500) £000	All pension - related benefits (bands of £2,500) £000	TOTAL (a to c) (bands of £5,000) £000
Terry Moran: Chairman	35-40	-	-	-	35-40	-	-	-	-	-
Tracey Christmas: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Martin Gore: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Stuart Hall: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Trevor Sheldon: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Andy Snowden: Non-Executive Director & Vice Chair	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Vanessa Walker: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Martin Veysey: Associate Non-Executive Director (from 1 Sept 2017)	0-5	-	-	-	0-5	0	-	-	-	0
Ellen Ryabov: Chief Operating Officer	130-135	-	10-15	-	145-150	145-150	80	10-15	-	165-170
Chris Long: Chief Executive Officer	180-185	-	-	40-42.5	220-225	175-180	-	-	35-37.5	215-220
Lee Bond: Chief Financial Officer	145-150	-	-	82.5-85	230-235	135-140	-	-	30-32.5	170-175
Kevin Phillips: Chief Medical Officer	190-195	-	20-25	-	215-220	190-195	-	20-25	180-182.5	395-400
Mike Wright: Chief Nurse	145-150	-	-	40-42.5	185-190	145-150	-	-	20-22.5	165-170
Jacqueline Myers: Director of Strategy and Planning	95-100	-	-	32.5-35	130-135	95-100	-	-	-15-17.5	80-85
Simon Nearney: Director of Workforce & Organisational Development	105-110	-	5-10	27.5-30	140-145	100-105	-	5-10	-7.5-10	100-105
Carla Ramsay: Director of Corporate Affairs	65-70	-	-	27.5-30	95-100	15-20	-	-	40-45	55-60

Notes:

No contributions have been made by the Trust to a stakeholder pension in respect of anyone in the above table

Ellen Ryabov, Simon Nearney and Kevin Phillips have an element of earn-back included in their gross salary

This is in accordance with NHS Improvement requirements for Very Senior Managers appointed 1 June 2015

for Ellen Ryabov and Kevin Phillips, and on a voluntary basis for Simon Nearney.

These elements of earn-back for 2016-17 have been confirmed as achieved by the Chief Executive and noted by the Remuneration Committee in 2017-18.

The earn-back percentages of gross salary are: Ellen Ryabov 10%; Kevin Phillips 10% and Simon Nearney 5%.

Both Ellen Ryabov and Kevin Phillips are deferred members of the NHS pension scheme and as such we are unable to obtain and disclose their pension information

# REMUNERATION AND STAFF REPORT

In 2017-18., 0 exit packages were agreed and 0 compulsory redundancies were made. There were no payments to past directors.

## REMUNERATION REPORT - PENSIONS TABLE 2017-18

*This table has been subject to audit*

NAME	(a) Real increase in pension at pension age (bands of £2,500) £000	(b) Real increase in pension lump sum at pension age (bands of £2,500) £000	(c) Total accrued pension at pension age at 31/03/2018 (bands of £5,000) £000	(d) Lump sum at pension age related to accrued pension at 31/03/2018 (bands of £5,000) £000	{e} CETV at 01/04/17 (£000) £000	(f) Real increase in CETV (£000) £000	(g) CETV at 31/03/18 (£000) £000
Chris Long	2.5-5	7.5-10	50-55	160-165	1,071	122	1,204
Lee Bond	2.5-5	5-7.5	45-50	115-120	639	108	753
Michael Wright	2.5-5	7.5-10	65-70	200-205	1,245	127	1,386
Jacqueline Myers	0-2.5	0-2.5	25-30	70-75	390	52	446
Simon Nearney	0-2.5	0	10-15	0	86	26	112
Carla Ramsay	0-2.5	0	5-10	0	58	20	78

Both Ellen Ryabov and Kevin Phillips are deferred members of the NHS pension scheme and as such we are unable to obtain and disclose their pension information.

## PAY MULTIPLES – FAIR-PAY DISCLOSURES

These figures have been subject to audit

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Board Director in their organisation and the median remuneration of the organisation's workforce.

The Trust's highest paid Board Director was the Chief Medical Officer. The banded remuneration of the highest paid Board Director in Hull and East Yorkshire Hospitals in the financial year 2017-18 was £215,000 - £220,000, the midpoint of which is £217,500 (2016-17: £210,000- £215,000, the midpoint of which is £212,500). This was 8.1 times (2016-17: 8.0 times\*) the median remuneration of the workforce, which was £26,565 (2016-17 - £26,745).

\*The 2016-17 figures have been restated to include bank and agency staff)

One employee received more than the highest paid Board Director in 2017-18 or 2016-17. This was a Consultant Anaesthetist, who was paid £251,755. This was for overtime payments due to ongoing shortages in senior medical rotas.

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

# REMUNERATION AND STAFF REPORT

## STAFF REPORT

These figures have been subject to audit

### Number of Senior Managers by Band

Senior Manager is defined as any employee whose post is coded to a national occupational code as a 'senior manager' and who reports directly to a Director. This does not include Trust Board members, who are detailed below.

Band	WTE
Band 8b	14
Band 8c	9
Band 8d	6
VSM	8

### Staff Composition

#### Trust Total

Gender	Headcount	%
Male	2075	23
Female	6826	77

#### Executive Director Grade (voting and non-voting Directors)

Gender	Headcount	%
Male	5	62.5
Female	3	37.5

# REMUNERATION AND STAFF REPORT

## Sickness Absence Data

Figures based on permanent average WTE staff

% Sickness (2017-18)	Average FTE 2017-18	FTE-Days Available 17/18	FTE-Days Lost to Sickness Absence 17/18	Average Sick Days per FTE
3.66%	7,194	2,625,716	96,218	13.4

## Staff costs

These figures have been subject to audit

	Permanent £000	Other £000	2017-18 Total £000	2016-17 Total £000
Salaries and wages	267,446	-	267,446	260,409
Social security costs	25,299	-	25,299	24,367
Apprenticeship levy	1,297	-	1,297	-
Employer's contributions to NHS pensions	30,413	-	30,413	29,316
Pension cost - other	3	-	3	4
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	10,108	10,108	13,438
<b>Total gross staff costs</b>	<b>324,458</b>	<b>10,108</b>	<b>334,566</b>	<b>327,534</b>
Recoveries in respect of seconded staff	-	-	-	-
<b>Total staff costs</b>	<b>324,458</b>	<b>10,108</b>	<b>334,566</b>	<b>327,534</b>
<b>Of which</b>				
Costs capitalised as part of assets	735	81	816	934

## Average number of employees (WTE basis)

	Permanent Number	Other Number	2017-18 Total Number	2016-17 Total Number
Medical and dental	967	55	1,022	1,016
Ambulance staff	1	-	1	1
Administration and estates	1,453	35	1,488	1,492
Healthcare assistants and other support staff	633	72	705	641
Nursing, midwifery and health visiting staff	2,830	92	2,922	2,903
Nursing, midwifery and health visiting learners	13	-	13	18
Scientific, therapeutic and technical staff	867	33	900	869
Healthcare science staff	431	-	431	425
Social care staff	-	-	-	-
Other	0	-	0	12
<b>Total average numbers</b>	<b>7,194</b>	<b>287</b>	<b>7,481</b>	<b>7,377</b>
<b>Of which:</b>				
Number of employees (WTE) engaged on capital projects	27	4	31	46

# REMUNERATION AND STAFF REPORT

## Staff Policies Applied during the Financial Year: 1 April 2017 - 31 March 2018

As part of the Trust's People Strategy 2016 to 2018, we continue to be committed to transforming the Trust's HR service provision and people management culture, to deliver great staff, great care, great future, which will enable us to achieve our strategic objectives.

### 1. Employee Service Centre

The launch of the Employee Service Centre, based at Castle Hill Hospital in March 2017, has enabled the Trust to continue modernising the way we work, through cross collaboration and streamlining human resources policies, procedures and processes that impact across the organisation.

The Employee Service Centre Helpdesk has successfully established itself as a 'one stop shop' for all employees and currently offers first line support on Recruitment, HR, Payroll and many other related topics.

Since its launch, the Helpdesk has supported over 10,000 queries from staff. Over 65% of these have been resolved following first line support provided from the Helpdesk. This has freed up valuable time for HR teams, who would previously have dealt with the queries, allowing them to concentrate on more value-added work within their specialities.

Improved processes and use of a new recruitment module have brought about a reduction of nearly three weeks in our time taken to recruit figures, resulting in staff being appointed into post more quickly, which helps the Trust provide high quality, safe and effective care to our patients.

A key focus for the Helpdesk in 2018, as part of its continued development, will be reviewing the delivery of its Medical Staffing service.

### 2. Recruitment and Retention

Using the Leaver and Employee Transfer Policy as a conduit, data is gathered from individuals leaving the Trust through leaver questionnaires. Reported on a bi-annual basis, the analysis of this data, with other measures, helps inform and monitor the delivery of the programme of cultural change, helps to understand and improve staff retention, and support the strategic workforce themes within the People Strategy 2016 to 2018.

Through the promotion of the Leaver and Transfer Questionnaires, the Trust has reached its target return rate of 20% for the period 1 July – 31 December 2017.

In addition to the above key policies; to support recruitment and retention specifically, a number of policies were updated in the past year including:

- Engaging Temporary Workers (Bank and Agency) Policy: Following an internal audit of Trust systems and processes, as well as changes to NHS's agency rules and new tax laws for PSCs workers under IR35 regulations, this new policy was introduced. The policy sets out the expectations, roles and responsibilities that must be adhered to for authorising,

sourcing, booking and paying temporary workers.

- Recruitment and Selection Policy: The policy has been updated to reflect the introduction of the TRAC system which streamlined and updated the recruitment process by tracking a job from start to finish and the introduction of values based recruitment.
- Pre-Employment Checks Policy: The policy underwent a thorough review to bring it in line with the latest NHS Employment Check Standards and changing Trust recruitment processes.
- Employment Probation Policy: The policy was updated to provide clarification on notice periods during a probation period and the Trust's approach to staff who go on, for example, maternity leave or long term sickness during a probationary period.
- Management of Induction for New Employees Policy: The policy has been updated to clarify and streamline the process for inductions.
- Redeployment Policy: The policy underwent a thorough review to make it more user-friendly and now includes clarification regarding the redeployment timeframe and preferential interviews.
- Retirement Policy: The policy was updated to bring it in line with the recent guidance regarding staff who 'retire and return' published by the Department of Health 'Re-employment of staff in receipt of NHS Pension Scheme benefits. Guidance for employers and staff'.

### 3. Equality, Diversity and Inclusion

The Trust continues to be committed to eliminating discrimination and encouraging diversity amongst its workforce.

To support this, over the past year the Trust has undertaken the following work:

#### *Equality, Diversity and Inclusion Strategy 2018 – 2021*

In January 2018, the Trust published its Equality, Diversity and Inclusion Strategy 2018 – 2021, which outlines the legal duties and regulatory requirements that the Trust adheres to, including the Equality Act 2010, The General Equality Duty, Human Rights Act 1998, NHS Constitution and the Care Quality Commission (CQC) Standards.

#### *Gender Pay Gap*

New regulations that took effect on 31 March 2017 (Equality Act 2010 Specific Duties and Public Authorities) Regulations 2017) required all public sector organisations in England employing 250 or more staff to publish gender pay gap information. This is included in the 'Great Staff' section of this annual report, under Workforce Equality

#### *NHS Workforce Race Equality Standard (WRES)*

The NHS Workforce Race Equality Standard requires NHS organisations to demonstrate progress against a number of indicators of workforce equality. The indicators focus upon Board level representation and differences between the experience and treatment of White and BME staff in the NHS. The 2017 WRES Return and Action Plan are available on the Trust's internet.

# REMUNERATION AND STAFF REPORT

## *Workforce Disability Equality Standard (WDES)*

The Workforce Disability Equality Standard has been mandated via the NHS Standard Contract in England from April 2018, with a preparatory year from 2017-18. The Trust is currently reviewing the draft metrics for the WDES. These follow a similar format to the Workforce Race Equality Standard looking at numbers of disabled staff across different pay bandings, as well as drawing on results from the NHS Staff Survey.

## *Equality Delivery System (EDS2)*

The Trust has utilised feedback from staff, patients, service users and community groups to assess progress against the goals and outcomes of the EDS2. In each case the Trust has rated itself as 'developing' as it recognises that there is further work to be done in terms of:

- demographic data collection,
- improving Trust performance in relation to access targets,
- communication with patients, service users and carers, and
- promoting equality, diversity and inclusion across the organisation.

Each of the outcomes links to the Trust's equality objectives.

## 4. Health and Wellbeing

The Trust's Health and Wellbeing Steering Group continues to lead and manage the health and wellbeing agenda. Over the past year, in partnership with staff side, occupational health and the communications team, the Steering Group has organised a number of events and promotions which coincide with National campaigns where possible to support the health and wellbeing of staff.

This included offering staff the opportunity to participate in meditation with experienced meditation practitioners who offered their services free of charge, providing more healthy food to promote healthy eating in the Trust's restaurants and cafes and providing a 12 week weight management programme at Castle Hill Hospital run by ABL Health's expert nutrition and exercise coaches.

A Health and Wellbeing area has been developed on the Trust's new intranet site, which provides an over-arching programme for employees of the Hull and East Yorkshire Hospitals NHS Trust and to ensure health and wellbeing is integrated into day to day activities to enable the creation of a positive and healthy working environment.

The Trust's Smoke Free Policy was revised to outline the change in approach to the Trust becoming completely smoke free from 1 June 2017. The policy confirms that patients and visitors are permitted to vape in Trust grounds only and reiterates the Trust's commitment to support staff and patients to stop smoking by offering stop smoking services.

## 5. Policies

Working in partnership with staff side and management representatives, a number of policies have been updated over the past year, which includes:

## *Maintaining High Professional Standards Policy for Medical and Dental Staff*

In order to comply with Maintaining High Professional Standards in the NHS (HSC 2003/12), and to outline measurable, realistic and achievable standards of performance and behaviour for medical and dental staff, the Trust reviewed and updated the Maintaining High Professional Standards Policy for Medical and Dental Staff. The policy encompasses the 'Disciplinary and Capability Policy for Medical and Dental Staff' and the 'Remediation and Capability Policy for Medical and Dental Staff'.

The policy and supporting procedures are also based on the National Clinical Assessment Service (NCAS) document 'Back on Track' and are in line with the Department of Health document 'Tackling Concerns Locally'.

## *Job Planning Policy for Consultant Medical and Dental Staff and Job Planning Policy for Staff Grade, Associate Specialist and Speciality Grade (SAS) Doctors and Dentists*

Following the successful introduction of an electronic job planning systems, these policies have been developed to provide Medical and Dental Staff (Consultants, Staff Grade, Associate Specialist and Specialty doctors and Dentists) at Hull and East Yorkshire Hospitals NHS Trust with a framework for the job planning process to ensure alignment of the Doctor's work to the delivery of the Trust, speciality and personal objectives for the forthcoming year.

## *The Development and Recognition of Autonomous Practice for SAS Doctors and Dentists Policy*

To support the recruitment and retention of Specialty and Associate Specialist (SAS) Doctors within the Trust as well as to recognise their high level of clinical skills, professionalism and positive impact on high quality patient care the Trust has been working in partnership with Staff Side colleagues to develop this new policy. The aim of the policy is to encourage SAS Doctors and Medical Leaders within Health Groups to recognise that, under certain circumstances, there is an opportunity for SAS doctors to work with increased autonomy in relation to all or part of their job planned activities. This new policy outlines how the Trust will support the development of autonomous practice for SAS doctors.

## *Rota Policy*

The Rota Policy was updated to encompass the Carter recommendations around best rostering practice, including safe, efficient and cost effective rosters. The scope of the policy covers all Trust staff with the exception of Medical and Dental staff. A Doctors Rota Policy is in the process of being produced to support Medical and Dental staff.

## *Supporting and Managing Attendance Policy*

Following the collation of feedback in staff surveys regarding the Trust's approach to managing attendance, the policy underwent a wide range review of the policy which is designed to help staff who have experienced periods of sickness absence back into work.

The key shift in this approach to Supporting Attendance is to encourage managers to use their discretion when applying the policy, taking into account the individual circumstances of staff who may, for example, have otherwise exemplary attendance

# REMUNERATION AND STAFF REPORT

records or those with serious long-term conditions. Managers have the option to support attendance informally as well as formally, where appropriate. We have spent time with managers, HR teams and staff side colleagues to develop a policy which we think is fair and balanced and which is designed to help employees come back to work without feeling that they are being treated in any way unfairly.

## *Standardised Appeals and Hearings Templates*

The Trust implemented standard template appendices for 'Appeal Hearings' and 'Panel Hearings' to standardise approach and engender greater clarity and consistency across policies where appropriate.

## *Remuneration*

The majority of staff are covered by national terms and conditions for employment, including remuneration. For those staff covered by Agenda for Change, the Consultants contract and the junior doctors contract, recruitment and remuneration is undertaken in

accordance with these national requirements.

The remuneration for Executive Directors and those reporting directly to the Chief Executive is set by the Remuneration Committee, with terms of reference set through the Scheme of Delegation in Standing Orders. The work of the Remuneration Committee in 2017-18 is set out within this annual report. A summary of the Remuneration Committee minutes is received by the Trust Board.

The remuneration for Very Senior Managers who do not fall under the Remuneration Committee or national terms and conditions is set by the Pay, Terms and Conditions Group, with agreed terms of reference, and who oversee the application of the Trust's Very Senior Managers contracts, terms and conditions. The minutes of the Pay, Terms and Conditions Group are received for information by the Remuneration Committee. The Trust has in place relevant policies for the processes of recruitment and remuneration of all staff.

## CONSULTANCY FEES 2017-18

Description	Supplier	£	Percentage
Costing system support	FCG Prodacapo	£6,884	0.5
FIP2 (financial improvement support commissioned via NHS Improvement)	Deloitte	£1,346,927.00	96
Operating Theatre Capacity Improvement	Alturos	£48,231	3.4
Costing system design implementation and advice (actual costs slightly different to accrued figure)	Belias Hill Jones	(3,268)	0.1
Totals		£1,398,775	100%

# REMUNERATION AND STAFF REPORT

## OFF PAYROLL ENGAGEMENTS

From time to time the Trust uses the services of individuals who are self-employed or who trade through a personal services company. At 31 March 2018 the Trust received services from 3 such individuals. These 3 individuals charged an equivalent daily rate of £245 or more and had been engaged by the Trust for more than 6 months. Those engagements are set out in the table below.

The Trust requested assurances and issued contracts for service to individuals in May 2017, sought assurances on tax and indemnity and assessed these against the Trust's obligations. During 2017-18 the Trust actively reduced the number of off-payroll engagements; 11 were reported as at 31 March 2017.

These 3 individuals have a formal contract for service which is clear on the Trust's expectations in relation to paying tax in the UK and sets out the Trust's right to receive assurances that taxes have been paid appropriately.

	Number
Number of existing engagements at 31 March 2018	3
Of which, the number which have existed:	
For less than 1 year at the time of reporting	0
For between 1 and 2 years at the time of reporting	2
For between 2 and 3 years at the time of reporting	0
For between 3 and 4 years at the time of reporting	0
For 4 years or more at the time of reporting	1

There have been 0 new engagements during the 2017-18 financial year.

No Board members were engaged on an off-payroll basis during 2017-18



Chris Long  
Chief Executive  
24 May 2018





# ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

APPENDIX 1

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of the chief executive's responsibilities as the Accountable Officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum*. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed

.....  .....

Chief Executive

24 May 2018

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, the directors are required to:

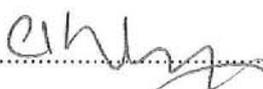
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

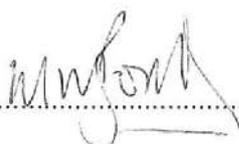
By order of the Board

24 May 2018

.....  .....

Chief Executive

24 May 2018

.....  .....

Chief Financial Officer

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Hull and East Yorkshire Hospitals   
NHS Trust

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

Dear Sirs

### HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

This representation letter is provided in connection with the audit of the financial statements of Hull and East Yorkshire Hospitals NHS Trust for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2017/18.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### Financial Statements

- i As Trust Board members, we have fulfilled our responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2017-18 (GAM); in particular the financial statements are fairly presented in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Trust and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of the Care Quality Commission or other regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi In calculating the amount of income to be recognised in the financial statements from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be derived by the Trust in accordance with the International Financial Reporting Standards and the GAM. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the GAM, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii We acknowledge our responsibility to participate in the Department of Health and Social Care's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements.
- viii Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

- b. none of the assets of the Trust has been assigned, pledged or mortgaged
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the GAM.
- x All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the GAM require adjustment or disclosure have been adjusted or disclosed.
- xi We have considered the misclassification schedule included in your Audit Findings Report. The financial statements have been amended for the misclassifications and disclosure changes identified and are free of material misstatements, including omissions.
- xii The financial statements are free of material misstatements, including omissions.
- xiii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

### Information Provided

- xvi We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- xvii We have communicated to you all deficiencies in internal control of which management is aware.
- xviii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xxi We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

xxiii We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which we are aware.

xxiv We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

xxv The Trust has an underlying deficit of £25.7m. For 2018/19, the Trust has agreed a control total deficit of £10.2m, which when achieved, will attract STF funding of £12.6m, resulting in a year end surplus of £2.4m. On the basis of the STF funding expected, the Trust believes that it will not require further cash support during 2018/19. The Directors, having made appropriate enquiries, have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the GAM, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future

### Annual Report

Xxvi The disclosures within the Annual Report fairly reflect our understanding of the Trust's financial and operating performance over the period covered by the financial statements.

### Annual Governance Statement

Xxvii We are satisfied that the Governance Statement fairly reflects the Trust's risk assurance framework and we confirm that we are not aware of any significant risks that are not disclosed within the Governance Statement.

### Approval

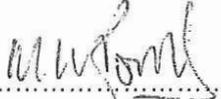
The approval of this letter of representation was minuted by the Trust's Board at its meeting on 24 May 2018

Yours faithfully

Name.....

Position..... *Non Executive Director*

Date..... *24.5.18*

Name.....

Position..... *C.F.O.*

Date..... *24.5.18.*

Signed on behalf of the Board

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of Comprehensive Income For the Year Ended 31 March 2018

		2017/18	2016/17
	Note	£000	£000
Operating income from patient care activities	2	532,653	508,983
Other operating income	3	47,193	52,145
Operating expenses	5	<u>(575,051)</u>	<u>(547,343)</u>
<b>Operating surplus/(deficit) from continuing operations</b>		<b>4,795</b>	<b>13,785</b>
Finance income	9	44	31
Finance expenses	10	(6,488)	(6,330)
PDC dividends payable		<u>(5,466)</u>	<u>(5,456)</u>
<b>Net finance costs</b>		<b>(11,910)</b>	<b>(11,755)</b>
Other gains / (losses)	11	<u>(425)</u>	<u>658</u>
<b>Surplus / (deficit) for the year</b>		<b><u>(7,540)</u></b>	<b><u>2,688</u></b>
<b>Other comprehensive income</b>		<b>£000</b>	<b>£000</b>
<b>Will not be reclassified to income and expenditure:</b>			
Revaluations	15	(483)	5,672
<b>Total comprehensive income / (expense) for the period</b>		<b><u>(483)</u></b>	<b><u>8,360</u></b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of Financial Position As at 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
<b>Non-current assets</b>			
Intangible assets	12	2,195	2,906
Property, plant and equipment	13	284,036	276,720
Investment property	16	8,528	9,011
Trade and other receivables	19	2,904	2,691
<b>Total non-current assets</b>		<b><u>297,663</u></b>	<b><u>291,328</u></b>
<b>Current assets</b>			
Inventories	18	12,060	12,135
Trade and other receivables	19	31,654	28,129
Cash and cash equivalents	20	1,699	2,971
<b>Total current assets</b>		<b><u>45,413</u></b>	<b><u>43,235</u></b>
<b>Current liabilities</b>			
Trade and other payables	21	(49,992)	(49,389)
Borrowings	23	(17,282)	(3,234)
Other liabilities	22	(727)	(3,035)
Provisions	25	(258)	(192)
<b>Total current liabilities</b>		<b><u>(68,259)</u></b>	<b><u>(55,850)</u></b>
<b>Total assets less current liabilities</b>		<b><u>274,817</u></b>	<b><u>278,713</u></b>
<b>Non-current liabilities</b>			
Borrowings	23	(90,327)	(89,647)
Provisions	25	(653)	(708)
<b>Total non-current liabilities</b>		<b><u>(90,980)</u></b>	<b><u>(90,355)</u></b>
<b>Total assets employed</b>		<b><u>183,837</u></b>	<b><u>188,358</u></b>
<b>Financed by</b>			
Public dividend capital		214,167	211,148
Revaluation reserve		18,903	18,903
Income and expenditure reserve		(49,233)	(41,693)
<b>Total taxpayers' equity</b>		<b><u>183,837</u></b>	<b><u>188,358</u></b>

The notes on pages 5 to 38 form part of these accounts.



Chris Long  
Chief Executive  
24 May 2018

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2017 - brought forward	211,148	18,903	(41,693)	188,358
Surplus/(deficit) for the year	-	-	(7,540)	(7,540)
Public dividend capital received	3,019	-	-	3,019
<b>Taxpayers' equity at 31 March 2018</b>	<b>214,167</b>	<b>18,903</b>	<b>(49,233)</b>	<b>183,837</b>

### Statement of Changes in Equity for the year ended 31 March 2017

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2016 - brought forward	208,405	13,231	(44,381)	177,255
Surplus/(deficit) for the year	-	-	2,688	2,688
Revaluations	-	5,672	-	5,672
Public dividend capital received	2,743	-	-	2,743
<b>Taxpayers' equity at 31 March 2017</b>	<b>211,148</b>	<b>18,903</b>	<b>(41,693)</b>	<b>188,358</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Statement of Cash Flows For the Year Ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
<b>Cash flows from operating activities</b>			
Operating surplus		4,795	13,785
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	5.1	12,222	11,909
Income recognised in respect of capital donations	3	(83)	(583)
Increase in receivables and other assets		(3,965)	(7,304)
Decrease in inventories		75	257
Increase / (decrease) in payables and other liabilities		(1,903)	3,887
Decrease in provisions		(7)	(66)
<b>Net cash generated from / (used in) operating activities</b>		<b>11,134</b>	<b>21,885</b>
<b>Cash flows from investing activities</b>			
Interest received		44	31
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(447)	(1,733)
Purchase of property, plant, equipment and investment property		(18,364)	(17,723)
Sales of property, plant, equipment and investment property		271	33
<b>Net cash generated from / (used) investing activities</b>		<b>(18,496)</b>	<b>(19,392)</b>
<b>Net cash generated from / (used in) before financing</b>		<b>(7,362)</b>	<b>2,493</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		3,019	2,743
Movement on loans from the Department of Health and Social Care		16,415	8,202
Other capital receipts		-	583
Capital element of finance lease rental payments		(55)	-
Capital element of PFI, LIFT and other service concession payments		(1,630)	(1,881)
Interest paid on finance lease liabilities		(4)	(4)
Interest paid on PFI, LIFT and other service concession obligations		(5,496)	(5,407)
Other interest paid		(920)	(933)
PDC dividend (paid) / refunded		(5,239)	(5,512)
<b>Net cash generated from / (used in) financing activities</b>		<b>6,090</b>	<b>(2,209)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>(1,272)</b>	<b>284</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>2,971</b>	<b>2,687</b>
<b>Cash and cash equivalents at 31 March</b>	20	<b>1,699</b>	<b>2,971</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Notes to the Accounts

#### Note 1 Accounting policies and other information

##### Note 1.1 Basis of preparation

The Department of Health and Social Care 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 and Social Care. 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.

##### Note 1.1.1 Accounting convention

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

##### Note 1.1.2 Going concern

The Treasury's Financial Reporting Manual (FReM) provides the following interpretation of the going concern requirements set out in IAS1 "that the continuation of the provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities".

Hull and East Yorkshire Hospitals NHS Trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

In preparing the financial statements, the directors have considered the Trust's overall financial position and expectation of future financial support. There is an underlying financial deficit of £25.7m as at 31 March 2018. There is a commitment to delivering a £19.9m efficiency programme in 2018/19, which equates to 3.5% of operating costs. However, the Trust only delivered £12.3m out of a planned efficiency saving programme of £15m in 2017/18.

The Trust has submitted a financial plan for 2018/19 to NHS Improvement, which delivers a £2.4m surplus (including Provider Sustainability Fund (PSF) of £12.6m) after delivery of a £19.9m efficiency savings programme, which has been agreed by the Trust Board and is embedded in the budget. The Trust Board has recognised that this is a highly demanding plan, and dependent upon the full delivery of cost reduction targets, realisation of recurrent savings, and the adherence to agreed budgets.

The 2018/19 plan currently requires no cash support from the Department of Health and Social Care provided the adjusted planned surplus is met. If the Trust fails to deliver, its efficiency savings programme of £19.9m in full, or its financial deficits are greater than planned in 2018/19 then cash loans will be required

The Trust has a revenue loan of £13.677m that will mature in February 2019. The Trust is not planning to apply for any revenue support funding because it plans to make a surplus but will extend the term of this existing revenue support loan, which ordinarily would have been repayable in February 2019.

Although these factors represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2017/18 Department of Health Group Accounting Manual the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern".

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.2 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, but only if the revision affects the current period, future periods, or both.

The main uses of accounting estimates, uncertainty, and judgement are in respect of:

- the lives and values of assets (notes 1, 12, 13 and 14)
- provisions needed and the amounts of these (note 25)
- the current value of future costs under PFI and other finance lease contracts (note 28)
- the accounting treatment of service concession arrangements in terms of whether they should be reported on or off the Statement of Financial Position.
- amounts to be accrued as expenditure

Specific details are provided in the notes relating to these items. Where possible the trust makes use of professional skills where critical judgements are required for accounting purposes. These include:

- reliance on the Valuer to assess the value and probable lives of buildings and land, and
- the use of assessments from the NHS Litigation Authority in making provision for liabilities
- specific estimates and judgements are detailed separately.

The key judgement about the future is that the Trust continues to be a going concern. This assumption underpins the most significant areas of estimation uncertainty at the end of the reporting period, and if changed would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and other amounts reported in these accounts.

### Note 1.3 Associates and Interests in other entities

Interests in trading companies will be carried at market value, where that value can be measured. Where there is no market value available investments will be valued at cost in line with the requirements of IAS39. Where the Trust has a holding in an associated company it will account for that holding as required by IAS28.



# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.4 Revenue Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. 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. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. The 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 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 treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### Note 1.5 Measurement

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

### Note 1.6 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 leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

#### Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. 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 expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

### Note 1.7 Expenditure on other goods and services

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

### Note 1.8 Property, plant and equipment

#### Note 1.8.1 Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- where collectively, a number of items have a cost of at least £5,000, and individually have a cost of more than £250, 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
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.8.2 Measurement

#### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are subsequently measured at valuation.

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the 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. Valuations are determined as follows:

- Land and non-specialised buildings - market value in existing use
- Specialised buildings - depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust's land, buildings and dwellings assets have been valued on the basis of modern equivalent assets and where applicable an alternative site basis has been applied.

Operational equipment - is valued at depreciated historic cost

Equipment surplus to requirements is valued at net recoverable amount.

Assets in the course of construction for service or administration purposes are carried at cost less any impairment loss. Cost includes professional fees but not borrowing costs which are recognised as an expenses. Assets under construction are revalued as appropriate and depreciation commences the quarter after which the asset comes into use.

#### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, and it is probable that future economic benefits or service potential will flow to the Trust, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to operating expenses in the period in which it occurs

#### Depreciation

Property, plant, and equipment is depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives in a manner that reflects the consumption of economic benefits or service potential of the assets. Depreciation is charged quarterly, commencing in the quarter following the period in which the asset is brought into use. Useful lives are allocated on a per asset basis, within the following parameters, are subject to annual review and reflect the period over which the NHS expects to obtain economic benefits or service potential:

Medical Equipment 5-17 years\*  
Plant and Machinery 5-30 years\*  
Buildings (incl internal fixtures & fittings) 1-88 years  
Transport 5-12 years  
IT Equipment 5-12 years\*

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated, based on their fair value, over the remaining life of the asset as advised by the independent Valuer, Cushman and Wakefield. Leaseholds are depreciated over the primary lease term. Equipment is depreciated replacement cost (as a proxy for fair value), evenly over the estimated life of the asset.

#### Impairment

Impairment losses resulting from changes in price are taken to the revaluation reserve in so far as a balance exists for the impaired asset, with any residual value being charged directly to the Statement of comprehensive Income. These include impairments resulting from the revaluation of buildings from their cost to their current value when they become operational.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.8.2 Measurement

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

### Note 1.8.3 Derecognition

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 ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

### Note 1.9 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their current value on receipt which is generally the cost and are subsequently carried at current value in line with other property, plant and equipment. 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.

### Note 1.10 Intangible assets

Intangible assets are non-monetary assets without physical substance which are capable of sale separately from the rest of the trust's business or assets or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

### Note 1.11 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their current value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

### Note 1.12 Government granted assets

Government grant funded assets are capitalised at their current value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is regarded as being the case when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to the retained earnings reserve. Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

### Note 1.14 Inventories

Inventory is valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover. Partially completed contracts for patient services are not accounted for as work-in-progress. Where payment for inventory has been deferred, the additional cost of the inventory is recognised as an expense in the Statement of Comprehensive Income.

### Note 1.15 Investment properties

Investments are property that is held solely to earn a return, is not used in the delivery of operational services and is not occupied by staff. Assets are only recognised as Investments where it is probable that's future economic benefits will flow to the Trust as a result of the investment and the cost can be easily measured. They are initially measured at cost and uplifted to fair value as appropriate to "highest and best cost" in accordance with IAS40. In determining a fair value we take account of a professional valuation or use actual values, for example where a formal offer to purchase has been made.

### Note 1.16 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.

### Note 1.17 Carbon Reduction Commitment scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

### Note 1.18 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### Note 1.18.1 The trust as lessee

Where the terms of a lease for property plant or equipment fulfil the criteria of a finance lease, under the requirements of IAS17 (and IFRIC 4), the asset is recorded as an asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Income over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease. The same assessment criteria used for property plant and equipment leases, is used for land leases.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.19 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate as published in the Government Accounting Manual.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

### Note 1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 25.

### Note 1.21 Non- clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses as and when they become due.

### Note 1.22 PFI transactions

Buildings currently provided by private finance initiative have been brought onto the Statement of Financial Position where they fulfil the criteria of a finance lease as set out in IAS 17, and IFRIC 12. These buildings have been brought on to the Statement of Financial Position at a fair value determined by the independent valuers, Cushman and Wakefield. The Fair value is determined as set out in note 1.8.2. The buildings are subject to a depreciation charge on the same basis as non PFI funded assets. The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'
- c) Payment for the finance lease liability, including finance costs;

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

### Services received

The cost of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

### PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use and are subject to regular revaluations as set out in 1.8.2.

### PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is initially measured at the initial value of the PFI asset it represents and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income. An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

### Lifecycle replacement

Contracts for "Private Finance Initiative" assets include provision for the replacement and refurbishment of these assets. These "lifecycle replacement" costs form part of the Unitary Payment. That payment is determined by the contract, and is independent of the actual cost of works to the contractor. The lifecycle maintenance costs are capitalised where they meet the Trust's criteria for capitalisation. The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.22 continued

#### Assets contributed by the NHS trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

### Note 1.23 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable. Where the time value of money is material, contingencies are disclosed at their present value.

### Note 1.24 Financial Assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value and that value is subsequently reviewed for impairment. An impairment occurs where there is evidence that the present value of future cashflows is less than the carrying value. Where this is the case the asset is reduced by the value of the impairment and the reduction in value charged to the Statement of Comprehensive Income

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The carrying value of loans and receivables is a reasonable proxy for the fair value. Carrying values are book values less any provision for impairment and all receivables are considered short term.

### Note 1.25 Financial Liabilities

Financial liabilities are recognised on the Statement of Financial Position when the trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value. After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### Note 1.25 Public dividend capital

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument. An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

### Note 1.26 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 1.27 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

### Note 1.28 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 20.1 to the accounts. The Trust benefits from Charitable donations that are held separately to the Trusts own finances. The Trust has opted not to consolidate its charitable funds until such time that they are material to the accounts.

### Note 1.29 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).

### Note 1.30 Charitable funds

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity Hull and East Yorkshire Hospitals NHS Trust General Charitable fund, it effectively has the power to exercise control so as to obtain economic benefits. However the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

### Note 1.31 Research and development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

### Note 1.32 Standards, amendments and interpretations in issue but not yet effective or adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2017-18. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted. We do not expect the introduction of this standard to have a material impact on the Trust
- 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. Because of the way the Trusts contracts and relationships with Commissioners are structured, we do not expect the introduction of this standard to have a material impact.
- 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. We do not possess enough data at this time to quantify the financial impact.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 2 Operating income from patient care activities

Note 2.1 Income from patient care activities (by nature)	2017/18 £000	2016/17 £000
Elective income	94,942	96,898
Non elective income	143,700	126,093
First outpatient income	31,550	31,333
Follow up outpatient income	31,311	33,880
A & E income	17,340	15,698
High cost drugs income from commissioners (excluding pass-through costs)	60,946	54,528
Other NHS clinical income	146,665	144,910
Private patient income	574	419
Other clinical income	5,625	5,224
<b>Total income from activities</b>	<b><u>532,653</u></b>	<b><u>508,983</u></b>

### Note 2.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18 £000	2016/17 £000
NHS England	180,813	163,268
Clinical commissioning groups	344,145	335,297
Department of Health and Social Care	-	1,500
Other NHS providers	1,499	2,938
NHS other	335	337
Local authorities	380	395
Non-NHS: private patients	574	419
Non-NHS: overseas patients (chargeable to patient)	236	235
NHS injury scheme	2,319	2,367
Non NHS: other	2,352	2,227
<b>Total income from activities</b>	<b><u>532,653</u></b>	<b><u>508,983</u></b>
<b>Of which:</b>		

All income related to continued activities for 2017/18 and 2016/17

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 2.3 Overseas visitors (relating to patients charged directly by the provider)

	2017/18	2016/17
	£000	£000
Income recognised this year	236	235
Cash payments received in-year	94	139
Amounts added to provision for impairment of receivables	9	7
Amounts written off in-year	-	-

### Note 3 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	4,155	4,321
Education and training	23,110	21,733
Receipt of capital grants and donations	83	583
Charitable and other contributions to expenditure	20	13
Non-patient care services to other bodies	4,759	3,013
Sustainability and transformation fund income	7,898	15,081
Income in respect of staff costs where accounted on gross basis	1,999	2,355
Other income	5,170	5,046
<b>Total other operating income</b>	<b>47,193</b>	<b>52,145</b>

All income relates to continued operations for 2017/18 and 2016/17.

### Note 4 Income Generation activities

	2017/18	2016/17
	£000	£000
<b>Summary</b>		
Income	4,294	4,144
Full cost	3,329	3,449
<b>Surplus / (deficit)</b>	<b>965</b>	<b>695</b>
<b>Staff &amp; Visitor catering</b>		
Income	2,509	2,568
Full cost	2,380	2,565
<b>Surplus / (deficit)</b>	<b>129</b>	<b>3</b>
<b>Car parking</b>		
Income	1,785	1,576
Full cost	949	884
<b>Surplus / (deficit)</b>	<b>836</b>	<b>692</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 5.1 Operating expenses	2017/18 £000	2016/17 £000
Purchase of healthcare from non-NHS and non-DHSC bodies	10,349	9,013
Staff and executive directors costs	331,722	324,540
Remuneration of non-executive directors	83	78
Supplies and services - clinical (excluding drugs costs)	72,609	64,653
Supplies and services - general	14,272	14,122
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	69,981	64,168
Consultancy costs	1,399	56
Establishment	4,968	4,907
Premises	21,904	20,220
Transport (including patient travel)	2,601	2,761
Depreciation on property, plant and equipment	11,064	10,919
Amortisation on intangible assets	1,158	990
Increase/(decrease) in provision for impairment of receivables	(247)	-
Change in provisions discount rate(s)	-	9
Audit fees payable to the external auditor:		
audit services- statutory audit	50	78
other auditor remuneration (external auditor only)	10	30
Internal audit costs	127	125
Clinical negligence	20,701	18,819
Legal fees	142	266
Insurance	294	493
Research and development	2,093	2,271
Education and training	2,317	1,821
Rentals under operating leases	2,300	2,109
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (PFI) on IFRS basis	2,080	1,993
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	81	81
Car parking & security	1,486	1,505
Hospitality	6	5
Losses, ex gratia & special payments	67	73
Other services	561	561
Other	873	677
<b>Total</b>	<b>575,051</b>	<b>547,343</b>

All expenditure relates to continued operations

The comparatives in this note have been restated to include additional analysis as required by the DHSC

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 5.2 Other auditor remuneration	2017/18 £000	2016/17 £000
<b>Other auditor remuneration paid to the external auditor:</b>		
Audit of accounts of any associate of the trust	4	3
Audit-related assurance services	6	10
Taxation compliance services	-	8
Other non-audit services not falling within items 2 to 7 above	-	9
<b>Total</b>	<u>10</u>	<u>30</u>

### Note 5.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2016/17: £1m).

Note 6 Employee benefits	2017/18 Total £000	2016/17 Total £000
Salaries and wages	267,446	260,409
Social security costs	25,299	24,367
Apprenticeship levy	1,297	0
Employer's contributions to NHS pensions	30,413	29,316
Pension cost - other	3	4
Temporary staff (including agency)	10,108	13,438
<b>Total staff costs</b>	<u>334,566</u>	<u>327,534</u>

### Of which

Costs capitalised as part of assets	816	934
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# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 6.1 Retirements due to ill-health

During 2017/18 there were 11 early retirements from the trust agreed on the grounds of ill-health (9 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is ££699k (£484k in 2016/17).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

### Note 7 Pension costs

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FRoM 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the 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 FRoM 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme 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 recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 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 employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. 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

#### c) NEST

From 1 April 2013, Hull and East Yorkshire Hospitals NHS Trust offered an alternative pension scheme to all employees who are not eligible to be members of the NHS pension scheme at the Trust. This includes employees who are members of the NHS pension scheme through another role outside of the Trust and those that are not eligible to join the NHS pension scheme.

Every three years all eligible employees are auto-enrolled in either the NHS or alternative pension scheme. The auto-enrolment exercise was last carried out in June 2016 and following this process, all employees who meet the criteria for the alternative pension scheme are enrolled each month on a continuous basis, unless they specifically opt out.

The alternative pension scheme is a defined contribution scheme operated by the National Employment Savings Trust (NEST). Employee and employer contribution rates are a combined minimum of 5% (with a minimum 2% being contributed by the Trust) and from October 2018 the combined contribution rate will be 8% (with a minimum 3% being contributed by the Trust)

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 8 Operating leases

This note discloses costs and commitments incurred in operating lease arrangements where Hull And East Yorkshire Hospitals NHS Trust is the lessee.

Equipment leases are predominantly for medical equipment and vary in lease terms from 1 to 10 years. Lease payments are fixed. Any contingent rent is determined according to inflationary increases.

	2017/18			2016/17
	Buildings £000	Other £000	Total £000	£000
<b>Operating lease expense</b>				
Minimum lease payments	81	2,219	2,300	2,109
<b>Future minimum lease payments due:</b>				
- not later than one year;	81	1,973	2,054	1,931
- later than one year and not later than five years;	324	3,726	4,050	3,595
- later than five years.	1,701	465	2,166	2,523
<b>Total</b>	<b>2,106</b>	<b>6,164</b>	<b>8,270</b>	<b>8,049</b>

### Note 9 Finance Income

Finance income consists of bank interest earned on short term deposits of surplus funds. During the year £44,393 was earned (2016/17 £31,210)

### Note 10 Finance expenditure

	2017/18 £000	2016/17 £000
<b>Interest expense:</b>		
Care	968	905
Finance leases	4	4
Interest on late payment of commercial debt	2	3
Main finance costs on PFI and LIFT schemes obligations	3,758	3,889
Contingent rent	1,738	1,518
<b>Total interest expense</b>	<b>6,470</b>	<b>6,319</b>
Unwinding of discount on provisions	18	11
Other finance costs		
<b>Total finance costs</b>	<b>6,488</b>	<b>6,330</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 10.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

£2,111 was paid to suppliers in respect of claims under this legislation (2016/17 £31,210)

Note 11 Other gains / (losses)	2017/18 £000	2016/17 £000
Gains on disposal of assets	58	18
Losses on disposal of assets	-	-
<b>Total gains / (losses) on disposal of assets</b>	<b>58</b>	<b>18</b>
Fair value gains / (losses) on investment properties investments	(483)	640
<b>Total other gains / (losses)</b>	<b>(425)</b>	<b>658</b>

Note 12.1 Intangible assets - 2017/18	2017/18	2016/17		
	Total £000	Software licences £000	Development expenditure £000	Development expenditure £000
Valuation / gross cost at 1 April 2017 - brought forward	7,237	-	7237	5,504
Additions	447	447	0	1,733
<b>Gross cost at 31 March 2018</b>	<b>7,684</b>	<b>447</b>	<b>7237</b>	<b>7,237</b>
Amortisation at 1 April 2017 - brought forward	4,331	-	4331	3,341
Provided during the year	1,158	-	1158	990
<b>Amortisation at 31 March 2018</b>	<b>5,489</b>	<b>-</b>	<b>5,489</b>	<b>4,331</b>
<b>Net Book Value</b>	<b>2,195</b>	<b>447</b>	<b>1,748</b>	<b>2,906</b>

Intangible assets comprise of software licences and internally generated developments, all are treated as purchased assets. They are shown on the Statement of Financial Position at depreciated historic cost, as a proxy for fair value. The lives of intangible assets are disclosed in note 1 to these accounts. The depreciation is based on the life of the asset, and is applied on a straight line basis. In 2016/17 there were no software licences

The total gross book value of intangible assets with a nil net value is £2.33m (2016/17 £1.81m).

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 13 Property, Plant, and Equipment

Note 13.1 Property, plant and equipment - 2017/18	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
Valuation/gross cost at 1 April 2017 - brought forward	11,741	229,326	2,803	63,615	350	13,193	321,028
Transfers by absorption	-	-	-	-	-	-	-
Additions	-	-	11,092	5,440	-	2,062	18,594
Reclassifications	-	10,019	(10,019)	-	-	-	-
Disposals / derecognition	(167)	-	-	(378)	(20)	-	(565)
<b>Valuation/gross cost at 31 March 2018</b>	<b>11,574</b>	<b>239,345</b>	<b>3,876</b>	<b>68,677</b>	<b>330</b>	<b>15,255</b>	<b>339,057</b>
Accumulated depreciation at 1 April 2017 - brought forward	-	3,802	-	31,356	262	8,888	44,308
Provided during the year	-	4,048	-	5,751	23	1,242	11,064
Disposals / derecognition	-	-	-	(331)	(20)	-	(351)
<b>Accumulated depreciation at 31 March 2018</b>	<b>-</b>	<b>7,850</b>	<b>-</b>	<b>36,776</b>	<b>265</b>	<b>10,130</b>	<b>55,021</b>
<b>Net book value at 31 March 2018</b>	<b>11,574</b>	<b>231,495</b>	<b>3,876</b>	<b>31,901</b>	<b>65</b>	<b>5,125</b>	<b>284,036</b>
<b>Net book value at 1 April 2017</b>	<b>11,741</b>	<b>225,524</b>	<b>2,803</b>	<b>32,259</b>	<b>88</b>	<b>4,305</b>	<b>276,720</b>



# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 13.2 Property, plant and equipment - 2016/17	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Valuation / gross cost at 1 April 2016</b>	<b>11,718</b>	<b>212,566</b>	<b>5,653</b>	<b>57,154</b>	<b>350</b>	<b>11,934</b>	<b>299,375</b>
Additions	-	497	7,764	6,567	-	1,259	16,087
Revaluations	23	5,649	-	-	-	-	5,672
Reclassifications	-	10,614	(10,614)	-	-	-	-
Disposals / derecognition	-	-	-	(106)	-	-	(106)
<b>Valuation/gross cost at 31 March 2017</b>	<b>11,741</b>	<b>229,326</b>	<b>2,803</b>	<b>63,615</b>	<b>350</b>	<b>13,193</b>	<b>321,028</b>
<b>Accumulated depreciation at 1 April 2016 - as previously stated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,422</b>	<b>224</b>	<b>7,834</b>	<b>33,480</b>
Provided during the year	-	3,802	-	6,025	38	1,054	10,919
Disposals/ derecognition	-	-	-	(91)	-	-	(91)
<b>Accumulated depreciation at 31 March 2017</b>	<b>-</b>	<b>3,802</b>	<b>-</b>	<b>31,356</b>	<b>262</b>	<b>8,888</b>	<b>44,308</b>
<b>Net book value at 31 March 2017</b>	<b>11,741</b>	<b>225,524</b>	<b>2,803</b>	<b>32,259</b>	<b>88</b>	<b>4,305</b>	<b>276,720</b>
<b>Net book value at 1 April 2016</b>	<b>11,718</b>	<b>212,566</b>	<b>5,653</b>	<b>31,732</b>	<b>126</b>	<b>4,100</b>	<b>265,895</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 13.3 Property, plant and equipment financing - 2017/18	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Net book value at 31 March 2018</b>							
Owned - purchased	11,574	168,677	3,876	30,219	65	5,125	219,536
Finance leased	-	1,757	-	-	-	-	1,757
On-SoFP PFI contracts and other service concession arrangements	-	54,606	-	-	-	-	54,606
Owned - donated	-	6,455	-	1,682	-	-	8,137
<b>NBV total at 31 March 2018</b>	<b>11,574</b>	<b>231,495</b>	<b>3,876</b>	<b>31,901</b>	<b>65</b>	<b>5,125</b>	<b>284,036</b>

### Note 13.4 Property, plant and equipment financing - 2016/17

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Net book value at 31 March 2017</b>							
Owned - purchased	11,741	161,790	2,803	29,959	88	4,305	210,686
Finance leased	-	1,779	-	-	-	-	1,779
On-SoFP PFI contracts and other service concession arrangements	-	55,397	-	-	-	-	55,397
Owned - donated	-	6,558	-	2,300	-	-	8,858
<b>NBV total at 31 March 2017</b>	<b>11,741</b>	<b>225,524</b>	<b>2,803</b>	<b>32,259</b>	<b>88</b>	<b>4,305</b>	<b>276,720</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 14 Donations of property, plant and equipment

The Hull and East Yorkshire Hospitals NHS Trust General Charitable Trust provided donations of medical and general equipment to the Trust to a value of £83,126. There were no restrictions in respect of any of the donations.

### Note 15 Revaluations of property, plant and equipment

Land and buildings were valued at 31 March 2017 to ensure they were carried on the Statement of Financial Position at fair value. The valuation was undertaken by independent RCIS qualified valuers Cushman and Wakefield. In conjunction with Cushman and Wakefield we have reviewed the value of our land and buildings as at 31 March 2018 and there has been no material change in the carrying value.

The valuation of buildings was undertaken with reference to the buildings current condition and agreed obsolescence, and assumption that the buildings would be maintained to its current condition over the remainder of its life. The valuation has been undertaken on a modern equivalent asset basis and reflects the current service potential of the Trust.

Buildings are depreciated on a straight line basis over their allocated life. Asset lives are shown in note 1 to these accounts

The total gross book value of equipment with a nil book value is £18.4m (2016/17 £9.484m).

### Note 16 Investment Property

	2017/18	2016/17
	£000	£000
Carrying value at 1 April - brought forward	9,011	8,371
Movement in fair value	(483)	640
<b>Carrying value at 31 March</b>	<b><u>8,528</u></b>	<b><u>9,011</u></b>

Investment assets comprise of land adjacent to the hospital site. The Land is valued in accordance with IAS 40 at its highest and best value. There was no income or expenditure during the year related to holding the investment.

### Note 17 Disclosure of interests in other entities

The Trust has an investment in ordinary shares in Vertual Ltd, a company registered in the United Kingdom. The Trust holds 15% of the company's shares, and estimates its share in the value of the company as being 15% of net assets which equates to £270,753, this amount has not been included in the Trust's accounts. The Trust contributed a nominal value in return for the shares on incorporation. The company's main activity is the sale of hardware and software used to train Radiotherapists. Mr D Haire sits on the board on behalf of the Trust. The net assets of the company are £1.8m with turnover for the year to August 2017 of £1.6m and a net profit before tax of £0.2m

The Trust also has an investment in Medipex Ltd, a company registered in the United Kingdom. The company's main activity is to assist the NHS in exploiting intellectual and industrial property rights. It is a company limited by guarantee and the Trust's liability under that guarantee is limited to £1 should the company be wound up. The company was initially set up using funding from the Department of Trade and Industry and the Department of Health. Medipex has net assets of £0.083m and a turnover in £0.583m and pre tax profits of £ 0.164m.

### Note 18 Inventories

	31 March 2018	31 March 2017
	£000	£000
Drugs	3,457	3,821
Consumables	8,603	8,314
<b>Total inventories</b>	<b><u>12,060</u></b>	<b><u>12,135</u></b>

All inventories were valued in accordance with the Trusts accounting policy (note 1), none were held at fair value less costs to sale.

Inventories recognised in expenses for the year were £140,378k (2016/17: £126,052k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 19.1 Trade receivables and other receivables	31 March 2018	31 March 2017
	£000	£000
<b>Current</b>		
Trade receivables	20,250	8,234
Accrued income	4,903	11,944
Provision for impaired receivables	(936)	(1,271)
Prepayments (non-PFI)	2,356	3,615
PDC dividend receivable	137	364
VAT receivable	1,481	1,085
Other receivables	3,463	4,158
<b>Total current trade and other receivables</b>	<b><u>31,654</u></b>	<b><u>28,129</u></b>
<b>Non-current</b>		
Trade receivables	255	255
Provision for impaired receivables	(721)	(719)
Other receivables	3,370	3,155
<b>Total non-current trade and other receivables</b>	<b><u>2,904</u></b>	<b><u>2,691</u></b>
<b>Of which receivables from NHS and DHSC group bodies (all current)</b>	<b>20,315</b>	<b>16,915</b>

There are no prepaid pension contributions included in the values above

Note 19.2 Provision for impairment of receivables	2017/18	2016/17
	£000	£000
<b>Balance at 1 April</b>	<b>1,990</b>	<b>1,990</b>
Increase in provision	15	414
Amounts utilised	(86)	-
Unused amounts reversed	(262)	(414)
<b>Balance at 31 March</b>	<b><u>1,657</u></b>	<b><u>1,990</u></b>

The Trust assesses each debt on an individual basis with debts only being provided for where the debtor is untracable and all reasonable steps have been taken to recover the debt, including the use of both UK and international debt collection agencies.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 19.3 Credit quality of financial assets

The age of all impaired financial assets is over 180 days, the age of non impaired financial assets is shown in the table below

	31-Mar-18	31-Mar-17
Ageing of non-impaired financial assets past their due date	Trade and other receivables	Trade and other receivables
0 - 30 days	15,012	11,122
30-60 Days	3,735	1,150
60-90 days	2,756	428
90- 180 days	2,355	2,335
Over 180 days	8,010	9,412
<b>Total</b>	<b><u>31,868</u></b>	<b><u>24,447</u></b>

### Note 20 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2017/18	2016/17
	£000	£000
At 1 April	2,971	2,692
Net change in year	(1,272)	279
<b>At 31 March</b>	<b><u>1,699</u></b>	<b><u>2,971</u></b>

#### Broken down into:

Cash at commercial banks and in hand	11	50
Cash with the Government Banking Service	1,688	2,921
<b>Total cash and cash equivalents as in SoFP</b>	<b><u>1,699</u></b>	<b><u>2,971</u></b>

### Note 20.1 Third party assets held by the trust

The Trust operates a staff lottery and the cash balance owed to the lottery of £22,196 is not included in the Trusts financial statements

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

	31 March 2018 £000	31 March 2017 £000
<b>Note 21.1 Trade and other payables</b>		
<b>Current</b>		
Trade payables	7,302	9,999
Capital payables	2,731	2,584
Accruals	30,891	25,201
Social security costs	3,963	3,833
VAT payables	-	281
Other taxes payable	600	3,048
Accrued interest on loans	108	57
Other payables	4,397	4,386
<b>Total current trade and other payables</b>	<b><u>49,992</u></b>	<b><u>49,389</u></b>
Of which payables from NHS and DHSC group bodies (all current)	7,009	5,176
	-	-

Included in the figures above are outstanding pension contributions of £4.33m (2016/17 £4.215m). All payables are due within one year

### Note 22 Other financial liabilities

Other financial liabilities of £0.727m consist entirely of deferred income (2016/17 £3.035m)

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 23 Borrowings	31 March 2018 £000	31 March 2017 £000
<b>Current</b>		
Loans from the Department of Health and Social Care	15,449	1,550
Obligations under finance leases	55	55
Obligations under PFI, LIFT or other service concession contracts (excl lifecycle)	1,778	1,629
<b>Total current borrowings</b>	<b>17,282</b>	<b>3,234</b>
<b>Non-current</b>		
Loans from the Department of Health and Social Care	39,831	37,316
Obligations under finance leases	2,023	2,079
Obligations under PFI, LIFT or other service concession contracts	48,473	50,252
<b>Total non-current borrowings</b>	<b>90,327</b>	<b>89,647</b>
<b>Total Borrowings</b>	<b>107,609</b>	<b>92,881</b>

Borrowings / Loans - repayment of principal falling due in:	31 March 2018		31 March 2017
	£000	£000	£000
	DH	Other	Total
0-1 Years	15,449	1834	3,235
1 - 2 Years	7,168	1951	17,061
2 - 5 Years	20,393	5339	15,620
Over 5 Years	12,270	43205	56,965
<b>TOTAL</b>	<b>55,280</b>	<b>52,329</b>	<b>92,881</b>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 24 Finance leases

#### Finance Leases Obligations as Lessee

The Trust has only one finance lease, and also accounts for its 3 PFI facilities as finance leases. Details of PFI schemes are set out in note 28 to these accounts.

The Daisy charity have constructed a PET CT facility on the Castle Hill site, the facility became operational from April 2014. The Trust is being charged a market rent by the Daisy charity until 2034 after which ownership of the building passes to the Trust. The Trust's obligations in respect of the PET facility are set out below.

	31 March 2018 £000	31 March 2017 £000
<b>Gross lease liabilities</b>	<b>2,159</b>	<b>2,219</b>
of which liabilities are due:		
- not later than one year;	60	60
- later than one year and not later than five years;	240	240
- later than five years.	1,859	1,919
Finance charges allocated to future periods	(81)	(85)
<b>Net lease liabilities</b>	<b><u>2,078</u></b>	<b><u>2,134</u></b>
of which payable:		
- not later than one year;	55	55
- later than one year and not later than five years;	223	223
- later than five years.	1,800	1,856

There was no contingent rent recognised as an expense during the year (2016/17 £nil)

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 25.1 Provisions for liabilities and charges analysis	Early Departure costs £000	Legal claims £000	Total £000
At 1 April 2017	169	731	900
Change in the discount rate	-	-	-
Arising during the year	96	171	267
Utilised during the year	(69)	(189)	(258)
Reversed unused	-	(16)	(16)
Unwinding of discount	-	18	18
<b>At 31 March 2018</b>	<b><u>196</u></b>	<b><u>715</u></b>	<b><u>911</u></b>
<b>Expected timing of cash flows:</b>			
- not later than one year;	70	188	258
- later than one year and not later than five years;	117	527	644
- later than five years.	9	-	9
<b>Total</b>	<b><u>196</u></b>	<b><u>715</u></b>	<b><u>911</u></b>

The provision for early departure costs represents amounts payable to the NHS Business Services Authority, pensions division, to meet the costs of early retirement and industrial injury benefits. The provision is based on estimate of life expectancy and therefore there is a degree of uncertainty about the value of payments in the future.

The provision for legal claims relates to claims for injury to staff or members of the Public, where the likelihood of a settlement is probable. All claims are handled by NHS Resolution on behalf of the Trust and they advise on likelihood and value of settlement. The timing and value of settlements are subject to both local negotiation and the judgement of NHS Resolution. The Trust's liability in respect of each claim is limited to the level of excess determined by NHS Resolution.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has three On-SOFP PFI schemes none of which have total commitments in excess of £500m

Under IFRIC 12, the following PFI schemes are treated as an asset of the Trust, and the substance of the contract is that the Trust has a finance lease. Payments under the contracts comprise two elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are shown in the table below. For all of these schemes the Trust gains ownership of the buildings once the contract ends.

#### Urology and Outpatients - Castle Hill Hospital Site

The contract runs from February 2001 to February 2032 and is for the construction of buildings used for Urology and Outpatients services at the Castle Hill Hospital site, and management and maintenance of those buildings. The Trust has full and sole use of the buildings and will take ownership and responsibility for running and maintaining them at the end of the contract period.

#### Accommodation for Maternity Services - Hull Royal Infirmary site

The contract runs from March 2003 to March 2033 and is for the construction of buildings used for Maternity services at the Hull Royal Infirmary site, and management and maintenance of those buildings. The Trust has full and sole use of the buildings and will take ownership and responsibility for running and maintaining them at the end of the contract period.

#### Queens Centre for Oncology and Haematology - Castle Hill Hospital site

Haematology services at the Castle Hill Hospital site, and management and maintenance of those buildings. The Trust has full and sole use of the buildings and will take ownership and responsibility for running and maintaining them at the end of the contract period. Although the contract commenced in June 2006, work commenced on the building in April 2006 and

All of the PFI contracts contain provisions for a deduction to be made from the annual charge in the case of poor service or unavailability of the building. Contract payments are subject to an annual increase based on the individual provisions of the contract and RPI.

#### Note 28.1 Imputed finance lease obligations

Hull And East Yorkshire Hospitals NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2018 £000	31 March 2017 £000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>88,744</b>	<b>94,132</b>
<b>Of which liabilities are due</b>		
- not later than one year;	5,413	5,388
- later than one year and not later than five years;	20,357	20,953
- later than five years.	62,974	67,791
Finance charges allocated to future periods	(38,493)	(42,251)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>50,251</b>	<b>51,881</b>
- not later than one year;	1,778	1,629
- later than one year and not later than five years;	7,063	7,184
- later than five years.	41,410	43,068

#### Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	31 March 2018 £000	31 March 2017 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	228,315	236,770
<b>Of which liabilities are due:</b>		
- not later than one year;	11,108	10,581
- later than one year and not later than five years;	47,398	48,137
- later than five years.	169,809	178,052

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 29 Analysis of amounts payable to service concession operator

This note provides an analysis of the Trust's payments in 2017/18:

	2017/18 £000	2016/17 £000
Unitary payment payable to service concession operator	<u>10,553</u>	<u>10,089</u>
<b>Consisting of:</b>		
- Interest charge	3,758	3,889
- Repayment of finance lease liability	1,630	1,826
- Service element and other charges to operating expenditure	2,080	1,993
- Capital lifecycle maintenance	1,347	863
- Revenue lifecycle maintenance	-	-
- Contingent rent	1,738	1,518
- Addition to lifecycle prepayment	-	-
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-
<b>Total amount paid to service concession operator</b>	<u><u>10,553</u></u>	<u><u>10,089</u></u>



# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

### Note 30 Financial instruments

#### Note 30.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

#### Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

#### Credit risk

Because the majority of revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note.

#### Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

	Loans and receivables £000	Total book value £000
<b>Assets as per SoFP as at 31 March 2018</b>		
Trade and other receivables excluding non financial assets	28,664	28,664
Other investments / financial assets	-	-
Cash and cash equivalents at bank and in hand	1,699	1,699
<b>Total at 31 March 2018</b>	<b><u>30,363</u></b>	<b><u>30,363</u></b>

	Loans and receivables £000	Total book value £000
<b>Assets as per SoFP as at 31 March 2017</b>		
Trade and other receivables excluding non financial assets	23,766	23,766
Cash and cash equivalents at bank and in hand	2,971	2,971
<b>Total at 31 March 2017</b>	<b><u>26,737</u></b>	<b><u>26,737</u></b>

The carrying value of loans and receivables is a reasonable proxy for the fair value. Carrying values are book values less any provision for impairment and all receivables are considered short term.

### Note 30.3 Carrying value of financial liabilities

	2017/18 Total £000	2016/17 Total £000
<b>Liabilities as per SoFP as at 31 March 2018</b>		
Borrowings excluding finance lease and PFI liabilities	55,280	38,866
Obligations under finance leases	2,078	2,134
Obligations under PFI, LIFT and other service concession contracts	50,251	51,881
Trade and other payables excluding non financial liabilities	45,428	49,389
<b>Total at 31 March 2018</b>	<b><u>153,037</u></b>	<b><u>142,270</u></b>

The carrying value of short term trade and other payables is a reasonable approximation to fair value, all trade payables are considered to be short term. The nature of obligations relating to Finance lease, PFI agreements and other borrowings are that they are arms length transaction with values determined by contract. There is no significant difference between the carrying value and the fair value of these liabilities.

All financial liabilities are classified as "other."

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 30.4 Maturity of financial liabilities	2018	2017
	£000	£000
In one year or less	62,709	52,623
In more than one year but not more than two years	9,117	17,061
In more than two years but not more than five years	25,731	15,621
In more than five years	55,480	56,965
<b>Total</b>	<b><u>153,037</u></b>	<b><u>142,270</u></b>

### Note 31 Losses and special payments

The total number of losses and special payments were as follows:

	2017/18		2016/17	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Stores losses and damage to property	1	4	-	-
<b>Total losses</b>	<b><u>1</u></b>	<b><u>4</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Special payments</b>				
Ex-gratia payments	21	63	33	73
<b>Total special payments</b>	<b><u>21</u></b>	<b><u>63</u></b>	<b><u>33</u></b>	<b><u>73</u></b>
<b>Total losses and special payments</b>	<b><u>22</u></b>	<b><u>67</u></b>	<b><u>33</u></b>	<b><u>73</u></b>

No compensation payments were received in respect of any of the above.

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

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### Note 32 Related parties

Hull & East Yorkshire Hospitals NHS Trust is a body corporate established by order of the Secretary of State for Health. During the year none of the Board Members or key management staff or parties related to them has undertaken any material transactions with Hull & East Yorkshire Hospitals NHS Trust.

The Trust operates a registered charity, Hull and East Yorkshire Hospitals NHS Trust General Charitable Trust, for which it is the sole corporate trustee. The NHS Trust provides management and administration services to the charity and there are transactions between the two bodies that are not material in the context of the NHS Trust. The Charity made contributions to the NHS Trust of £0.103m during 2017/18 and £0.596m in 2016/17. The management committee for the Charity is a sub committee of the NHS Trust Board.

The Trust has an interest in Medipex Ltd and Vertual Limited and there may from time to time be transactions between these companies and the Trust. Such transactions will be on an arms length basis.

The Department of Health is regarded as a related party. During the year Hull & East Yorkshire Hospitals NHS 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  
Department of Health and social Care  
East Riding Of Yorkshire Clinical Commissioning Group  
Health Education England  
Hull Clinical Commissioning Group  
Humber NHS Foundation Trust  
Leeds Teaching Hospitals NHS Trust  
Lincolnshire East Clinical Commissioning Group  
Lincolnshire West Clinical Commissioning Group  
NHS Blood & Transplant  
NHS Business Services Authority  
NHS England  
NHS Risk  
North East Lincolnshire Clinical Commissioning Group  
North Lincolnshire Clinical Commissioning Group  
Northern Lincolnshire and Goole NHS Foundation Trust  
Public Health England  
Salford Royal Foundation Trust  
Scarborough and Ryedale Clinical Commissioning Group  
Sheffield Teaching Hospitals NHS Foundation Trust  
York Teaching Hospitals Foundation Trust  
Yorkshire & the Humber Commissioning Hub

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST

## ANNUAL ACCOUNTS 2017-18

Note 33 Better Payment Practice code	2017/18	2017/18	2016/17	2016/17
	Number	£000	Number	£000
<b>Non-NHS Payables</b>				
Total non-NHS trade invoices paid in the year	114,575	238,562	106,459	380,324
Total non-NHS trade invoices paid within target	52,620	113,682	24,388	102,806
Percentage of non-NHS trade invoices paid within target	<u>45.93%</u>	<u>47.65%</u>	<u>22.91%</u>	<u>27.03%</u>
<b>NHS Payables</b>				
Total NHS trade invoices paid in the year	3,244	11,879	2,651	27,737
Total NHS trade invoices paid within target	1,086	2,675	656	5,349
Percentage of NHS trade invoices paid within target	<u>33.48%</u>	<u>22.52%</u>	<u>24.75%</u>	<u>19.28%</u>

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

We paid interest to our suppliers of £2,111.22 under The late Payment of Commercial Debt ( interest) Act 1998

### Note 34 External financing

The Trust is given an external financing limit which it can not exceed but is permitted to underspend :

	2017/18	2016/17
	£000	£000
Cash flow financing	19,021	9,363
Other capital receipts	-	-583
External financing requirement	<u>19,021</u>	<u>8,780</u>
External financing limit (EFL)	19,244	8,937
Underspend against EFL	<u>223</u>	<u>157</u>

### Note 35 Capital Resource Limit

	2017/18	2016/17
	£000	£000
Gross capital expenditure	19,041	17,820
Less: Disposals	(214)	(15)
Less: Donated and granted capital additions	(83)	(583)
<b>Charge against Capital Resource Limit</b>	<u>18,744</u>	<u>17,222</u>
Capital Resource Limit	18,957	17,240
<b>Under spend against CRL</b>	<u>213</u>	<u>18</u>

### Note 36 Breakeven duty financial performance

	2017/18
	£000
Deficit in year	(7,540)
Removal of impact on SOCI of capital donations	406
<b>Performance against NHS breakeven duty</b>	<u>(7,134)</u>

# HULL AND EAST YORKSHIRE HOSPITALS NHS TRUST ANNUAL ACCOUNTS 2017-18

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### Note 37 Breakeven duty rolling assessment

	2008/09	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Breakeven duty in-year financial performance	5,020	7,601	4,701	4,878	5,420	5,943	2,926	(8,051)	2,616	(7,134)
Breakeven duty cumulative position	3,180	10,781	15,482	20,360	25,780	31,723	34,649	26,598	29,214	22,080
Operating income	444,890	469,995	480,633	499,538	497,132	506,703	526,559	526,253	561,128	579,847
Cumulative breakeven position as a percentage of operating income	0.71%	2.29%	3.22%	4.08%	5.19%	6.26%	6.58%	5.05%	4.95%	3.81%

### Note 38 Events after the reporting period

There were no significant events to report that occurred after 31 March 2018 up to the date these accounts were signed.





# Independent auditor's report to the Directors of Hull and East Yorkshire Hospitals NHS Trust

## APPENDIX 2

# APPENDIX 2

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Hull and East Yorkshire Hospitals NHS Trust (the 'Trust') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18; and
- have been prepared in accordance with the requirements 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. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

### Who we are reporting to

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

### Material uncertainty related to going concern

We draw attention to note 1.1.2 in the financial statements, which indicates that the Trust had an underlying financial deficit of £25.7 million at 31 March 2018. The Trust has submitted a financial plan for 2018/19 to NHS Improvement, which delivers a £2.4 million surplus (after receipt of Provider

Sustainability Fund of £12.6 million) after delivery of a £19.9 million efficiency savings programme. This efficiency savings programme has been agreed by the Trust Board and is embedded in the budget. The Trust Board has recognised that this is a highly demanding plan, and dependent upon the full delivery of cost reduction targets, realisation of recurrent savings and the adherence to agreed budgets. As stated in note 1.1.2, the 2018/19 plan currently requires no cash support from the Department of Health and Social Care, provided the adjusted planned surplus is met. If the Trust fails to deliver, its efficiency savings programme of £19.9 million in full, or its financial deficits are greater than planned in 2018/19 then cash loans will be required. The Trust has a revenue loan of £13.677 million that will mature in February 2019. The Trust plans to extend the term of this existing loan, which ordinarily would have been repayable in February 2019. These events or conditions, along with the other matters explained in note 1.1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resource or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## APPENDIX 2

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

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

### Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 Directors are responsible for assessing the 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 Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit Committee is Those Charged with Governance.

### 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

# APPENDIX 2

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

### Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

### Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Hull and East Yorkshire Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Gareth Kelly  
Associate Director  
for and on behalf of Grant Thornton UK LLP

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