NHS
North Bristol
NHS Trust

Annual Report and Accounts 2017/18

Exceptional healthcare, personally delivered

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Chief Executive's Statement

This year has seen North Bristol NHS trust continue on our improvement journey, as was highlighted in our Care Quality Commission (CQC) report published in March.

Inspectors found improvements in eight of the areas they visited, including rating End of Life Care Outstanding in the Caring category. Our Outpatients services were upgraded to Good and despite rising numbers of patients, the Emergency Department maintained its Good rating with inspectors finding that patients are treated with dignity even at the busiest times. I am proud that the CQC acknowledged the dedication and hard work of our staff and again rated us as Good for Caring across the board.

The CQC also highlighted the need for further improvements in the flow of patients through our hospital. This is an area we know affects our ability to transfer patients from the Emergency Zone to wards. We recognise that with current demographic pressures – the rising aging population and rising incidence of chronic disease – we are likely to see the pattern of increased demand continue until there is a significant increase in out of hospital care. As a trust we want to support out of hospital service development through joining up our specialist teams with community and primary care teams. But we also want to improve flow within our current bed stock so that patients who do not need to be in hospital can have their care needs met at home or in community beds.

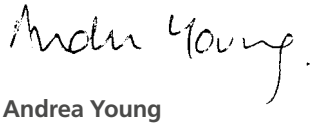
Over the coming year we are investing in a development programme to support our staff in reducing unnecessary delays in patients accessing care and importantly getting home when their treatment is complete. We will also work with our local health and social care partners in the Bristol, North Somerset, South Gloucestershire Sustainable Health Partnership to see how people can be better cared for closer to their own homes to avoid hospital admissions or return home sooner.

This year also saw us reduce our deficit, meet our planned financial outturn and exit Financial Special Measures. We are hugely indebted to our staff who found ways of improving efficiency, reducing waste and in particular being one of the best trusts in the country for reducing agency and locum spend, whilst still meeting our safe staffing requirements. This was the result of the targeted efforts by staff ensuring that patient care was not affected while we were improving our financial performance. Whilst we have another two years to reduce our deficit to zero we are on track and have distilled some good learning and engagement from staff to help us find other efficiencies.

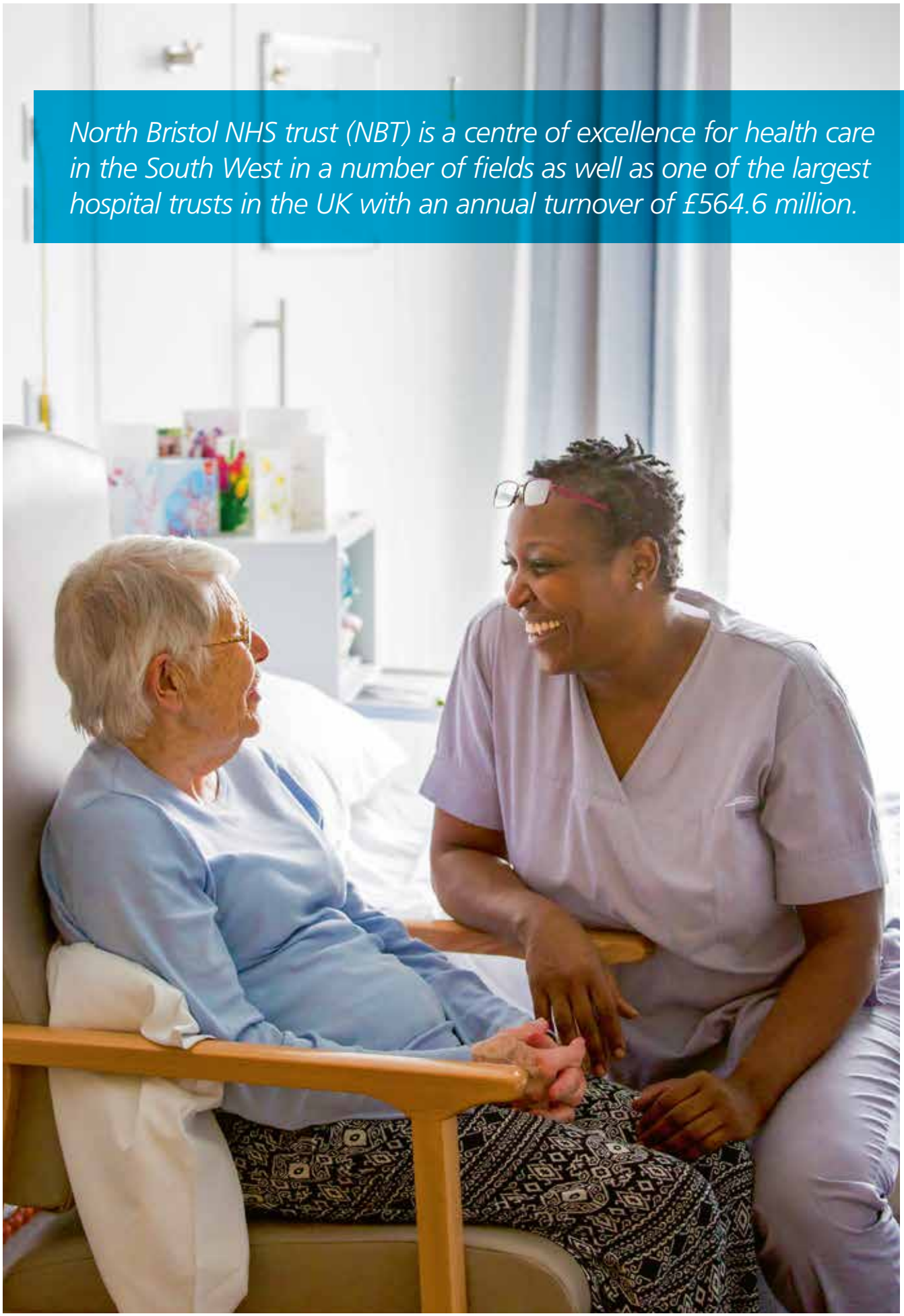
Whilst all these things are important at the end of the day we are here to provide safe care for all our patients, both local and regional. I am pleased to report that our Trauma Centre remains in the top four nationally for outcomes and survival rates, our Maternity Unit was cited in Jeremy Hunt's review of maternity care as one of the safest places in the country to have a baby and our vascular network develops a strong national profile with new training posts being awarded to the trust. Last year we completed the transfer of Public Health Laboratory services into Severn Pathology, creating a diagnostic centre that is at the forefront of personalised medicine. Increasingly the trust is becoming one of the largest cancer surgical centres with demand for breast, urology and plastics/skin growing and for much of the year 85% of patients being treated in 62 days, meeting the national standard.

The rest of this annual report provides more detail about our progress this year. Our staff are our biggest asset and they have surpassed expectations, and put patients in the forefront of all they do, even in the biggest snowfall Bristol has seen for some years. I am immensely proud of all they do.

We are pleased with the progress we have made but are ambitious to be even better and welcome your feedback as staff, patients, relatives and volunteers.



Andrea Young
Chief Executive
North Bristol NHS Trust
June 2018



North Bristol NHS trust (NBT) is a centre of excellence for health care in the South West in a number of fields as well as one of the largest hospital trusts in the UK with an annual turnover of £564.6 million.

Trust Purpose and Activities

Of this approximately £482 million comes from commissioning through Bristol, North Somerset and South Gloucestershire CCGs and specialist services through NHS England for direct patient care. Further income is also received from other NHS commissioner organisations and for purposes other than direct patient care.

Our commitment is that each patient is treated with respect and dignity and, most importantly of all, as a person. We aim to deliver excellent clinical outcomes and a great experience for everyone who uses our services: exceptional healthcare, personally delivered. We treat some of the most difficult medical conditions, in an increasingly complex patient population. Our vision is to be the provider of choice for patients needing our specialist care. We want to deliver innovative services with excellent clinical outcomes in the most appropriate setting for our patients.

We are committed to maintaining a culture of openness, transparency and candour in all we do and especially in the way we communicate with our patients and their families. In consultation with staff, the trust developed a set of values that represent what we stand for and these will underpin the way we deliver the vision through our strategic themes.

Our trust Board is committed to creating a strong, vibrant organisation that is at the forefront of healthcare delivery in the West of England. The trust Management Team is responsible for delivering the strategic vision. Each year, the trust and Divisional business plans will detail actions that will specify how the strategic themes will be progressed and implementation of these plans is overseen by the trust Management Team and the Board.

Our values are:

- Putting patients first
- Working well together
- Striving for excellence
- Recognising the person

Improving the flow of patients through the hospital has been supported by campaigns with a focus on the Home is Best message and the national End PJ Paralysis initiative.

Overview of the Last 12 Months

Patient Flow

No commentary about 2017/18 could ignore the challenge of patient flow through the hospital. It has continued to affect many issues that the trust has faced and will continue to face in 2018/19: length of stay of patients in hospital, waiting times in the Emergency Zone, cancelled operations, handover time for ambulance staff to ED staff, numbers of beds occupied and numbers of patients cared for in wards not specifically dedicated to their medical need. This is an issue that has been faced by the hospital for over two years and is affected by what happens in primary care and community care, the aging population and complexity of patients requiring our care. It is a total system in itself that has to be addressed by all the organisations involved working in partnership.

We have undertaken a number of initiatives within the year and have commissioned new work for 2018/19 with input from national NHS organisations and local partners to try to tackle the problems. We will aim to achieve a bed occupancy of 92% for 2018/19 and to never exceed 95% but it has to be recognised that this will take some months to achieve.

Improving the flow of patients through the hospital has been supported by campaigns with a focus on the Home is Best message and the national End PJ Paralysis initiative. They are designed to encourage clinical staff to ensure that no patient spends a day in hospital without some form of diagnosis, treatment or therapy and to organise everything needed to discharge as soon as he or she is medically fit to do so safely. We know that people get better quicker when they get out of bed and we have run two and three day events with our commissioning, community and social care partners to improve the processes to discharge patients. We have now commissioned PwC to run a staff development programme to help staff understand how they can improve the discharge process and to teach some of our staff to continue to coach others when the programme ends. An initiative to send surgical patients to their homes more quickly without actually discharging them from consultant care by sending nursing staff out to them has begun to have a good effect. If all the internal initiatives achieve their aim we should be able to make available to patients as many as 150 beds and if our partners succeed in their actions a further 100 beds could be made available ready for the expected winter pressure.

Sustainability and Transformation Partnership (STP)

The government has recognised that healthcare cannot be planned for successfully by individual organisations without reference to what other NHS health care providers and social care providers around them are doing. Across the NHS, therefore, groups of NHS organisations, community health care providers and local authorities have been corralled to plan their systems of healthcare for the next five years. NBT is part of the STP for Bristol, North Somerset and South Gloucestershire. The partnership began over a year ago but planning has been very difficult with the whole NHS area in considerable deficit. New co-chairs have been appointed to lead the process and the programme is being refreshed for 2018/19.

VTE Exemplar

We were proud to become the 26th trust nationally to be named a Venous Thromboembolism (VTE) Exemplar Centre, reflecting the work we have done in this area over the last ten years. This demonstrates our high-quality performance in VTE prevention, diagnosis and treatment in an area that saves lives and prevents complications and research and innovation in our efforts to advance practice.

Brunel awards

Over the last year we have received several awards for the design of Southmead Hospital's Brunel building.

In June the purpose-built hospital was the only British hospital to make the shortlist in the European Healthcare Design Award for Best Healthcare Design over 25,000sqm, which it went on to win.

The Best Acute Hospital Development at the 2017 Building Better Healthcare Awards and the Best New Build Healthcare Building from the Institute of Healthcare Engineering and Estate Management followed in November bringing the haul of design awards to four, having previously won a Bristol Civic Society Award.

Carillion

January saw the demise of Carillion which built the Brunel main hospital building and continued to manage the estates, grounds, gardens, energies and utilities through a contract with The Hospital Company. Negotiations are continuing with other contractors to carry on the contracts and there has been no loss of any service.

Severn Pathology launch

February saw the official launch of our Severn Pathology laboratories, celebrating the partnership between North Bristol NHS trust and Public Health England (PHE).

PHE laboratory services have moved into the extended pathology facilities at Southmead Hospital and this event was an opportunity to showcase the new labs.

The celebration was part of a wider event highlighting the different elements at the hospital's Science Quarter, which incorporates research and education.

The laboratory within the building processes samples sent from local hospitals, including Southmead, University Hospitals Bristol NHS Foundation trust (UH Bristol) and the Royal United Hospitals Bath NHS Foundation trust (RUH).

Virtual tours of Cossham Hospital and Southmead maternity services launched

In September two new virtual tours funded by Southmead Hospital Charity were launched to help people familiarise themselves with services before attending.

The tours allow users to step inside Southmead Hospital's Maternity unit and Cossham Hospital, virtually exploring the Central Delivery Suite at Southmead Hospital's Maternity unit, allowing them to see inside the delivery rooms and family areas. The Cossham tour takes visitors through the main entrance and along all levels of the building, including the dialysis room, imaging, and the Birth Centre, allowing expectant parents to have a look at the Geranium, Lavender and Jasmine birthing rooms.

Financial Special Measures

In July we were taken out of Financial Special Measures by NHS Improvement in recognition of the significant progress we made on financial performance.

The trust was placed in Financial Special Measures last summer and set the task of making more than £8 million additional savings to meet a deficit of £44m in 2016/17. With the support of NHS Improvement and the commitment of teams across the trust this was achieved while ensuring that the quality of patient care was not affected.

Renal transplant performance

This year was one of our busiest for kidney transplants at North Bristol NHS trust. We carried out 134 kidney transplants, which included a record number for the team using organs from deceased donors – 104.

February saw the unit's busiest ever month for transplantation with 19 transplants carried out.

Gender Pay Gap

In line with all companies the trust has published its gender pay gap for salaries in 2017/18. We are proud to have so many women in leadership roles within our organisation, however we acknowledge that we still have more work to do to ensure equality at all levels and in all specialties. The link to the full report on the website is:
nbt.nhs.uk/genderpaygap

Live media broadcasts

We were thrilled to have the BBC broadcast live from the atrium of the Brunel building twice during the summer.

In June as part of the national BBC Music Day, which coincided with Southmead Hospital Charity's Buskathon event, choirs performed inside the hospital. The music was broadcast live on local radio and TV and staff, patients and visitors enjoyed In July BBC Radio Bristol's Breakfast show was broadcast live from the atrium of the Brunel. It was the culmination of a week featuring behind the scenes interviews from Southmead Hospital incorporating pathology, maternity, ICU and a long-serving porter. Both were a great opportunity to showcase our facilities and the services we run within the hospital.

Home is Best winter bus

As part of our work to raise awareness of the importance of patients being discharged from hospital in a timely manner when they are well enough to leave we worked with the local CCG to promote our Home is Best campaign.

The 'Staywell' bus was launched in December to highlight some key messages about staying well in the winter, accessing appropriate health services and advising people how they can support their loved ones to get home from hospital quicker. The bus, which operated on routes throughout the Bristol area, featured healthcare staff including a Southmead Hospital consultant and nurse.

Awards

We have received a clutch of awards throughout the year. Here are some of them:

Our midwives were honoured in the Royal College of Midwives Annual Midwifery Awards with the RCM Caring for You Award recognising the work that has been carried out within the maternity team to promote health, safety and wellbeing at work.

Rheumatology specialist pharmacist Emily Rose-Parfitt was recognised for developing services for biologic therapy in rheumatology with the Royal Pharmaceutical Society's Innovation in Quality Practice Award.

Clinical lecturer Dr Pippa Bailey won the AEG Raine Award from the Renal Association. The annual award is open to junior investigators who have not yet reached consultant grade or senior lecturer for non-clinical scientists, but have made a significant contribution to renal research.

The multiple sclerosis team picked up two awards at the QuDoS in MS awards. Specialist MS Physiotherapist Tania Burge was named Outstanding Allied Health Professional at the awards while the Therapeutic Opportunities team she is part of received the Real World Evidence in Care Award.

We received the Myeloma UK Clinical Service Excellence Programme Award (Myeloma UK CSEP Award) from Myeloma UK, recognising the trust's commitment to providing superior treatment to myeloma patients, and helping to make improvements in the wider healthcare community.

Associate Medical Director for Safe Care Dr Seema Srivastava, was awarded an MBE in the Queen's New Year's Honours list, for her services to the NHS in Patient Safety. Seema, who joined the trust in 2008, is a Consultant in Medicine for Older People and also the lead Consultant for safety and quality improvement. She led the development of a combined 'National Early Warning Score (NEWS) and Pain' chart across the trust, which helps the early identification of patients at risk of deterioration, thereby ensuring early intervention.

Consultant Jason Kendall was named Emergency Medicine Principal Investigator of the Year from the NIHR (National Institute for Health Research) and Royal College of Emergency Medicine. It was presented in recognition of his contribution to research in the field of emergency medicine throughout his career. Jason is in his 20th year at North Bristol NHS trust, having worked for the organisation as a consultant since 1998.

Our staff won eleven special awards at the Green Impact Awards, which recognise sustainability engagement and accreditation. The awards, held at the Wills Memorial Building, celebrated the efforts of organisations to be greener in the workplace.

Visits

We have welcomed local MPs and councillors to visit the trust this year and senior representatives from the NHS.

Among our more high profile visits were Labour Leader Jeremy Corbyn who visited the Bristol Breast Care Centre and NGS Macmillan Wellbeing Centre at Southmead Hospital in January to see the support we provide to cancer patients.

In November Secretary of State for Health Jeremy Hunt visited as part of his work on patient safety. He met with some staff and held a question and answer session with some members of staff before making a visit to the Southmead Hospital's maternity services.

International Nurses' Day celebration

To mark International Nurses' Day on May 12 we joined forces with our colleagues at University Hospitals Bristol NHS Foundation trust and the University of the West of England (UWE Bristol) to hold a thanksgiving service at Bristol Cathedral on Friday to celebrate nursing past, present and future across the city. It was the first time an event of its kind was held in Bristol to honour all nursing staff and student nurses.

Bra Day Event

In November our breast reconstruction team held what is believed to have been the UK's first ever Breast Reconstruction Awareness (BRA) Day event.

The free event was held to raise awareness for people considering post-mastectomy breast reconstruction. It included information about surgery and some of the options available, along with breast screening.

Research Strategy launched

In September our Research Strategy for the next five years was launched. You can read more about research at North Bristol NHS trust later in this report.

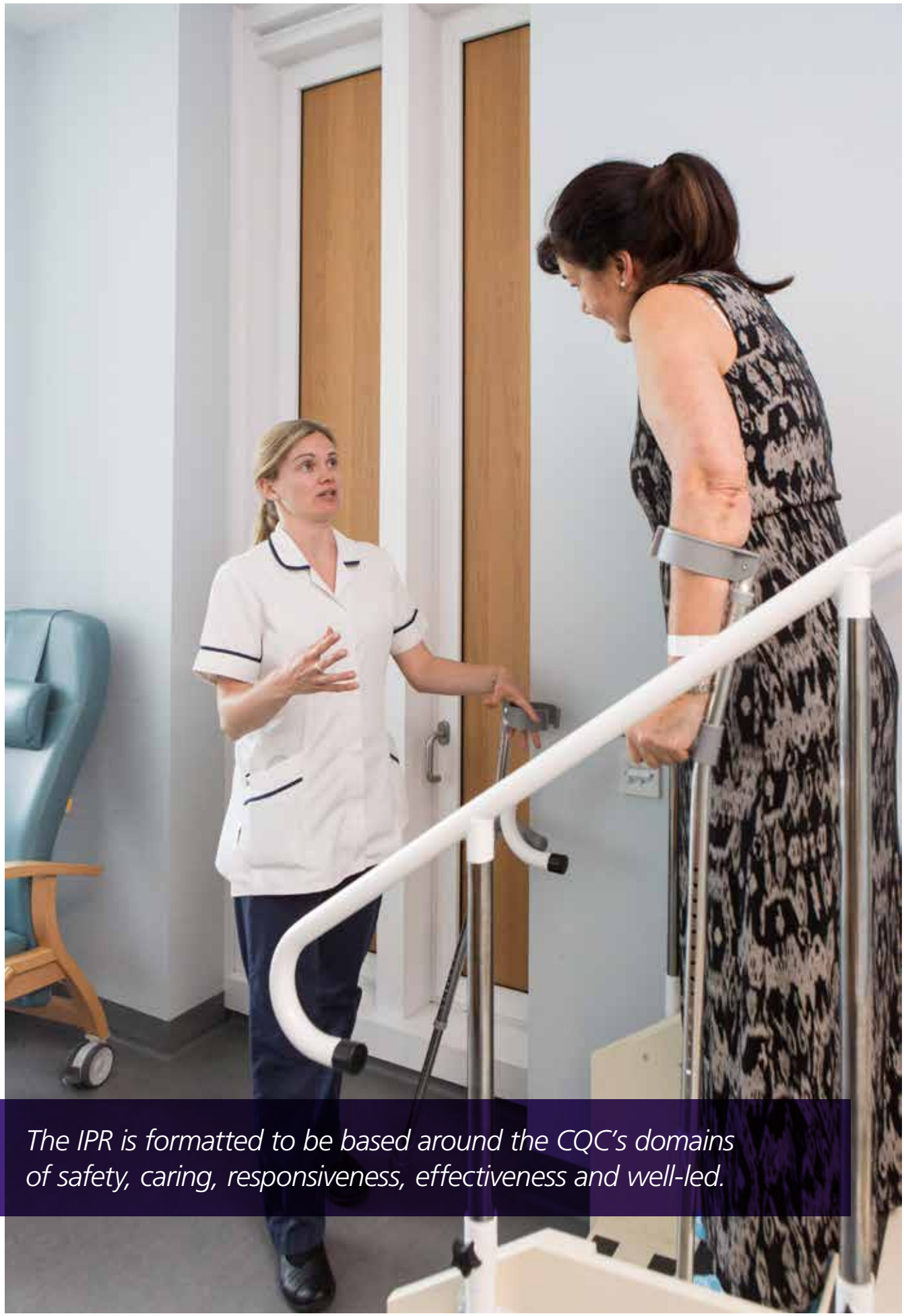
There is more information later in the report about our performance, including:

- **Patient Safety**
- **National Targets**
- **Volunteers**
- **Our people**
- **Patients**
- **Listening and working with patients**
- **Sustainability**
- **Fundraising**
- **Our Fresh Arts programme**

How we're Performing

Performance Summary	
Standard/Measure	**Performance**
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	The trust had predicted an overall performance of 88.3 percent by the end of 17/18. The trust's actual performance for 17/18 was 85.56 percent. Whilst performance was not at the planned level, the total number of patients waiting greater than 18 weeks for treatment reduced from the position reported in 16/17. Performance had been tracking against trajectory for the majority of the year until the winter period, where there was a decline in performance against the 92% national standard and against recovery trajectory. This, in the main, was due to the need to cancel non-emergency elective operations to allow more urgent cases to be treated, as per the national directive. The trust has finished the year with 3,922 patients waiting greater than 18 weeks for their treatment.
A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge	2017/18 has been a challenging year for performance against the 4–hour A&E standard with performance for the full year of 77% in comparison to 80% in 2016/17. The trust has experienced high levels of growth in both patient attendances and emergency admissions. Maintaining patient flow has been difficult and has led to the trust occupying greater than its core bed base on the majority of days in the year. The majority of breaches have been due to lack of available beds, high percentages of delayed transfers of care (both internally and externally caused) and workforce issues.
All cancers: 62-day wait for first treatment from urgent GP referral for suspected cancer	The trajectory to achieve the national target of 85% was exceeded at the start of the year (achieving over 87 percent in April). Performance fell below national standard in May but actions taken meant that the trust recovered and met national standard in June, achieving the highest percentages (above 90) seen by the trust for three years in July and August. Performance remained above standard until January 18 where the position fell. The standard was recovered for March and the trust also achieved this standard for the year as a whole.
All cancers: 31-day wait from diagnosis to first treatment	The 31-day target was achieved and exceeded in every month of the year with the exception of April 2017.
Cancer: two-week wait from referral to date first seen for all urgent referrals	The two-week waiting time for urgent cancer referrals was met in 5 months during the year. The trust has enacted two recovery action plans during the year to support this standard but sustaining achievement has not been possible due to workforce issues and patients declining appointments offered.
C. Difficile: meeting the C. Difficile target of a maximum of 43 cases	There have been 32 reported cases of C. Difficile infection this year against the target of 43.
MRSA: meeting the objective of none	Four cases of MRSA bacteraemia were recorded; a 33% improvement to 2016/17.
Mortality ratios	The trust has remained consistently lower than the nationally expected rate of deaths for a hospital of its size and activity.

Performance Summary	
Standard/Measure	**Performance**
Delayed transfers of care	The level of delayed transfers of care began the year at 2.95 percent and gradually dropped to below the national target of 3.5 percent by July. For the winter the local target was agreed at just 2.5 percent to maintain the flow of additional patients through the hospitals. The stretch target, however, was never achieved and finished the year at over 5.3 percent.
Complaints: reducing overdue responses	Monthly numbers of complaints and concerns have ranged between 54 and 93 for the former and 40 and 73 for the latter. Overdue responses increased again at the beginning of the year, with 46 reported in June 2017. By the end of 2017/18 it was reducing again and finished the year at 16. Closure within timescales has been decreasing from 77% in April 2017 to the year-end position of 56%. The majority of complaints are about some aspect of clinical care, a communications issue or admissions, discharges and transfers.
Sickness absence	Sickness absence has stayed above the target all year and reached over 5 percent in the winter followed by the usual seasonal fall. Anxiety, stress, depression or other psychiatric illnesses remain the main reasons for long term sickness.
Agency usage	Agency expenditure has met target for 50 percent of the year with the majority of above plan spending happening throughout the winter months and the summer peak. Bank expenditure has exceeded plan every month this year, with Quarter 2 onwards being in excess of double the planned spend.
Cancelled Operations	The national requirement is to maintain the number of cancelled on the day operations at below 0.8 percent of daily operations. The trust has had varied performance throughout the year ranging between 1.18 and 2.79 percent on the day cancellations. There was an improvement in the winter where the national guidance of cancelling all but urgent and cancer operations, and thus switching elective operations to less complex day cases to cope with winter pressures, saw a reduction in on the day cancellations in January and February. The switch back to more complex operations in March meant that the trust completed the year at 2.59 percent.
Bed Occupancy	The flow of patients through hospitals is recognised nationally to be affected when bed occupancy rises above 85 percent. The hospital has been at over 98% occupancy for the entirety of 17/18 with over 100% occupancy seen in July 2017 and January 2018, as per the national methodology for reporting against this target. The trust has therefore needed to use clinical areas, such as the Interventional Radiology Department and Medirooms in the theatres complex, to provide extra bedded capacity.



The IPR is formatted to be based around the CQC's domains of safety, caring, responsiveness, effectiveness and well-led.

Performance Analysis

The trust Board, on a monthly basis, receives the Integrated Performance Report (IPR) which provides overview and detail of the key measures of performance and supporting indicators to ensure that a balanced performance position is understood. It sets out over 100 measures and is posted to the trust's website to allow for public scrutiny of the position. This information is provided for the last month, trending over time, and, where available or relevant, against a benchmark. These key measures are then monitored through the Performance Assurance Framework by the organisation in both static and operational reports provided through the Business Intelligence Unit (BIU). These are monitored through a series of daily, weekly and monthly performance reviews that provide a view of the current and past position as well as a forecast.

Other details of quality and performance measures are provided by the BIU and are considered by the Executives at weekly meetings. The Quality and Risk Management, Finance and Performance and Workforce sub-committees and other specialist groups also review their specific appropriate elements from the IPR. These sub-committees provide the Board with assurance that it is receiving correct data and that the right processes are in place to ensure patient safety and performance standards are not only being maintained, but also improved. The BIU, in conjunction with the Operations Team, also monitors and acts to improve data quality and assurance of reporting throughout the year through comparative measures and audits. During 2017/18 greater focus by the BIU has provided the committees with more bespoke and detailed data, particularly in the case of the Finance and Performance Committee with predictive information now being regularly scrutinised.

Executives view information on recent performance on admissions, outpatient attendances, bed occupancy, A&E four-hour standard, identification of savings and agency usage. The IPR is formatted to be based around the CQC's domains of safety, caring, responsiveness, effectiveness and well-led. Responsiveness covers a number of national access standards for urgent, elective and cancer treatments, length of stay, cancelled operations and Emergency Department performance. Safety and effectiveness covers issues such as never events, screening standards, infection control, safety triggers, serious incidents, medicines management and mortality. Measures for caring include friends and family test results, complaints and concerns, whilst well-led includes staff turnover, sickness absence, agency usage and mandatory training. The IPR also covers the latest financial information and a monthly look at the provider licence compliance statements.

Full details on the quality issues are provided in the trust's 2017/18 Quality Account

Progress Against Objectives	
Strategic themes	**Progress and achievements**
1. Change how we deliver services to generate affordable capacity to meet the demands of the future	▪ Financial Recovery Plan continues to be delivered against with the trust is on track to deliver the Control Total with cost improvement savings of £34.4m expected ▪ Increased capacity through working with partners – securing additional community rehabilitation beds in Yate, and additional packages of care. ▪ Implemented the Exemplar ward programme and the Red2Green approach- a visual management system to assist in the identification of wasted time in a patient's journey, ▪ Introduction of two new Local Anaesthetic theatres – creating sufficient capacity to repatriate significant volumes of activity from the independent sector ▪ Secured a reduced elective burden on the inpatient ward beds through implementing a model of care for surgical short stay patients that uses available capacity in our Medirooms ▪ Supporting more patients to return home sooner and receive the care and support they need through the introduction of a hospital at home service which is supporting up to 15 patients in the community at any time
2. Be one of the safest trusts in the UK	▪ 100% screening for Sepsis in patients attending ED who needed screening with antibiotics delivered within 1 hour in >90% of cases where Sepsis was diagnosed ▪ Swarm reviews put in place for all serious incidents ensuring early learning, early implementation of actions and support for patients/families and ward staff ▪ Over 3000 staff have received Quality Improvement awareness sessions, there are over 150 Improvement projects registered and 150 staff have received detailed QI training sessions
3. Treat patients as partners in their care	▪ Increased patient involvement in the process of appointment of staff at all levels ▪ Established and embedded the work of Patients Complaints Review panel who are influencing change in the quality of complaint investigation and responses ▪ Engaging with people from the Deaf community in order to help improve access our services ▪ Commenced work on Ask 4 Questions to help and support staff, patients and carers in the conversations and the activity of getting ready to leave hospital
4. Create an exceptional workforce for the future	▪ We are proud to have been the highest ranked trust in Severn Deanery in junior doctor's survey ▪ Implemented initiatives to support recruitment including implementing the Trac recruitment system, running joint bank and substantive recruitment campaigns and putting in place an HCA sourcing strategy in preparation for winter ▪ The trust has put a number of actions into place to support staff health and wellbeing, including extending psychological and physiotherapy support for staff ▪ We are a registered apprenticeship provider with an OFSTEAD rating of GOOD and we are leading plans across BNSSG to harmonise the approach to apprenticeships
5. Devolve decision making and empower clinical staff to lead	▪ A leadership coaching programme has been delivered to support the implementation of Service Line Management (SLM)
6. Maximise the use of technology so that the right information is available for the key decisions	▪ Electronic Document Management Service went live on 1st October and has been rolling out across service areas ▪ Business Intelligence (BI) has developed a new Outpatient Clinic Efficiency Report to help consultants and managers to review the way their clinics have been set up and to challenge how efficiently they are being used ▪ Works to enable Free Wi-Fi for new and expecting mums at Southmead Hospital were completed in December 2017
7. Enhance patient care through research	▪ The Research and Innovation Strategy was approved at trust Board on 27 July 2017
8. Play our part in delivering a successful health and care system	▪ Supported the continued development of the Sustainability and Transformation Plan (STP) for BNSSG ▪ Contributed to the Healthy Weston acute care workstream to develop sustainable care


The trust's main source of finance is from contracts with other public sector bodies

Financial Review

Financial Special measures

In July 2017, the trust was removed from Financial Special Measures (FSM) by NHS Improvement (NHSI), who stated the trust had demonstrably improved its underlying financial position and demonstrated on-going delivery of its recovery plan. Furthermore NHSI recognised the successful focus on developing and delivering an effective staff communications campaign which engaged all staff in financial improvement. NHSI stated that they will look to use this as an exemplar of best practice.

The trust achieved a performance adjusted deficit for the year of £15.7m, compared with a plan of £18.8m.

Funding

The trust's main source of finance is from contracts with other public sector bodies, in particular NHS commissioning bodies. In addition, the trust also receives funding in the form of Public Dividend Capital (PDC) and credit arrangements including loans. The most significant credit arrangement is currently the liability in respect of the Private Finance Initiative (PFI) hospital. The deficit was supported by interest bearing loans from the Department of Health.

Financial Duties and Financial Performance

The trust has three key financial duties:

- To break-even on income and expenditure taking one year with another
- Not to overspend its capital resource limit (a limit on capital expenditure set to an agreed plan with the Department of Health)
- Not to overshoot its external financing limit (a cash limit set by the Department of Health)

The table below sets out the trust's performance against these targets in 2017/18 and in the previous four years of the trust.

	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m
Break-even in year position	5.6	(19.7)	(51.6)	(42.9)	(12.1)
Break-even cumulative position	4.1	(15.6)	(67.2)	(110.1)	(122.2)
External financing limit	Acheived	Acheived	Acheived	Acheived	Acheived
Capital resource limit	Acheived	Acheived	Acheived	Acheived	Acheived

The break-even performance excludes impairments and accounting for donated assets as well as a technical adjustment for the PFI. The following table reconciles the retained deficit in the accounts to the deficit recorded for break-even purposes reported above, and this shows that the trust achieved the target agreed with NHS Improvement of (£15.7m).

Trust results	£m
Retained deficit for the year	(15.5)
Add back:	
Impairments	1.7
Donated assets	(0.4)
CQUIN risk reserve adjustment	(1.5)
Performance adjusted deficit	**(15.7)**
Remove CQUIN risk reserve adjustment	1.5
PFI adjustment	2.1
Deficit recorded for break-even	**(12.1)**

The deficit of £15.7m is after delivering £35.5m of savings in-year. Capital expenditure for the year was £16.6m and was funded primarily from internally generated resources. Major areas of expenditure included £3.3m in IT investment, £5.2m on medical equipment and £6.2m on estates and infrastructure.

Forward look to 2018/19

The trust's financial forecast for 2018/19 shows a deficit (as measured for break-even duty purposes) of £12.44m, which requires savings of £37.7m. Of the £37.7m of savings, £30.4m have been identified to date.

The forecast deficit in 2018/19 means that the trust has a significant cash shortfall in 2018/19 and cash support from the Department of Health is essential. The trust has received funding in April and May and it is anticipated that funding will continue to be made available throughout the year to meet ongoing operational liabilities.

Notes:

1. Impairments and reversals arose following a revaluation of the trust's land and buildings by the district valuer;
2. The adjustment in respect of donated assets removes the net impact of depreciation on assets previously donated to the trust and income from donations received in the year.

We continue to celebrate and promote equality and diversity and we take a zero tolerance approach to discrimination of staff or patients.

Our people

Promoting Equality and Diversity

We continue to celebrate and promote equality and diversity and we take a zero tolerance approach to discrimination of staff or patients.

We are compliant with a range of national standards and our equality and diversity objectives, developed with staff are closely aligned to our trust strategy and business plans to ensure they are fully embedded in everything we do.

We focus on:

- Better health outcomes
- Improved patient access and experience
- A representative and supported workforce
- Inclusive leadership

We have excellent feedback from our active staff networks which support:

- Black and Minority Ethnic staff
- Disabled staff
- Lesbian, Gay, Bisexual and Trans staff
- Women
- Religion and Belief – for staff with and without a belief
- Age
- Overall Staff Equality Group which covers all protected characteristics.

The trust Board has executive and non-executive leads for equality and there are senior managers or consultants who act as corporate champions for Deaf, Gender, Lesbian, Gay, Bisexual and Trans, Religion/ Belief and Age.

We also run separate career development groups for Black and Minority Ethnic staff, and for Disabled staff.

We work closely with Bristol and South Gloucestershire councils' equality groups.

The trust also promotes a huge range of awareness days via different channels.

Achievements in 2017/2018

- HealthWatch assessed the trust as "Achieving" against the Equality Delivery System 2" standard, an improvement on last year.
- Two of our top five scores in the staff survey related to equality, on reporting harassment, bullying or abuse, and experiencing discrimination.
- We relaunched our BME mentoring scheme.
- We are supporting staff to apply for places on the Bristol City Council Stepping Up programmes.
- We were assessed as a Level 2 Disability Confident Employer.
- The trust was positively assessed against the Mindful Employer Charter.
- We reported on the trust's gender pay gap **nbt.nhs.uk/genderpaygap** and outlined the actions we are taking to continue closing this gap.
- We held a Rainbow Faiths Day in December and celebrated Eid, Diwali and Easter.

Future work for 2018/19:

- We are considering introducing a policy relating to Disability related sick leave.
- Continue to work on the Bristol LGBT manifesto with Bristol City Council, Bristol Pride, Access Support Service (Mental Health) and other partners.
- Train more volunteers running the Harassment and Bullying Helpline
- Review our Equality and Diversity policy.

Staff engagement

We were pleased to see an increase in the number of staff who took part in this year's national staff survey with 46% taking the opportunity to respond.

Broadly the results for 2017 were similar to last year's but it was great to see a rise in staff who said they are proud of the work they do at North Bristol NHS trust.

We also found that in the areas where we are behind other trusts, the gap is closing. Staff are reporting increasing levels of stress though and we understand that we need to provide more support at work. We will continue to listen and make improvements in the workplace.

A wellbeing programme is in place – with Schwartz rounds, fast access physiotherapy and mindfulness sessions but we are expanding this work and are incorporating healthy eating programmes and mental health first aid training.

We launched the Happy App in the trust, which enables staff to log how they are feeling at work and anonymously share anything that is affecting them. There are plans to increase use of this app over the coming year.

Staff awards schemes continued with the annual Exceptional Healthcare Awards and quarterly NBT heroes events celebrating the success of our staff.

We undertook a large scale review of our winter challenges across the trust and in response to findings we will be putting in place a range of improvements so that we are as well prepared as we can be for our busiest time of year.

We also will be rolling out a large scale patient flow improvement programme to achieve a step change improvement.

New programmes are being added to our existing Service Line Management leadership development aimed at our middle and front-line managers and leaders.

We will focus on ensuring that staff feel valued by the organisation and improve communication from senior managers.

Over the coming year we will be implementing a new intranet to help us communicate with staff more effectively and provide easier access to key trust information. We are also reviewing our mandatory and statutory training along with partners in other acute trusts, and ensuring that it is more accessible and there is robust monitoring of completion rates in all areas.

Health and Safety

What's happened in 2017/18?

This year saw generally good performance with a reduction in serious incidents (RIDDORs), as anticipated.

In 2017/18 we made changes to the systems we use, processes, training and the way staff access our information. This included moving to the electronic reporting system DATIX, which provides easier access and better analysis tools and dashboard reports. We will now work to ensure line managers are actively involved in following up and closing out incidents.

The trust's Fire Safety Advisors have now been brought into the Health and Safety Services Team while the LSMS role has been incorporated into the Security team to improve joined-up working across the teams.

Health and Safety Services has also shifted to align members of the team with divisions within the organisation to work on internal audits.

A successful BSC external audit was completed in April 2017 in which we achieved four stars, narrowly missing the top mark.

Early in the year the Health and Safety Services team lost several key members of staff and this has been a year of rebuilding experience and cross-working to develop individuals.

What have been the issues in 2017/18?

The team advised on the planning and implementation of several large projects including the craning in of a replacement magnet for an MRI scanner. There were also outside broadcasts from inside the hospital and work to improve road safety.

A reportable dangerous occurrence occurred in the Public Health England Pathology category three laboratories where there was a short temporary loss of containment. This did not pose any danger but had the potential to and work is ongoing with Estates, PHE and the HSE to reduce the likelihood of this occurring again.

There have been delays in the demolition of several buildings due to asbestos. Failings by an asbestos removal contractor involved are being investigated by the HSE.

Violence and aggression continues to remain a high cause of incidents and our training in this area is being reviewed.

What are the plans/ challenges in 2018/19?

Both Manual Handling and Conflict Avoidance training will be reviewed to ensure it is adding value and having an impact while meeting National Standards.

Health and Safety Services will continue to simplify policies and update training.

A business case for the use of Safer Sharps is being prepared which will be presented in early 2018/19. It is hoped this will help reduce needlestick injuries.

A new standard is being developed for DSE use in clinical areas. This will bring greater clarity for medical staff using display screens for prolonged periods.

Learning and Education

This year saw the launch of the new nursing associate role within the trust. We are the lead partner for the area working alongside UWE Bristol and other health providers in Bath, Bristol and North Somerset.

Nursing associates support registered nurses to deliver hands-on care for patients in healthcare settings while also studying for a qualification.

We will be recruiting another cohort of trainee nursing associates later in 2018.

This year we were successful in applying to be a main provider for the Register of Approved Apprenticeship Training Provider rather than a supporting provider, this enables us to offer apprenticeship training to other organisations and spend more of our apprenticeship levy money in house.

We are on track to meet our targets to maximise the use of the apprenticeship levy by developing new apprenticeship training provision such as Leadership and Management apprenticeships and Healthcare Scientists.

There are ambitions for us to continue developing our apprenticeship programme over the coming year. We are also looking to link with organisations so that we can deliver apprenticeships on their behalf.

We are also looking at developing traineeship employability training as a precursor to apprenticeship programmes for those who do not have the relevant experience.

We are looking to increase our mentor numbers to meet the demands for student placements which has been highlighted this year. There is also a need for us to respond to new guidance for mentor preparation and delivery in practice.

The preceptorship programme is being revised to meet the introduction of new competencies to support new practitioners to make the transition from student to qualified practitioner.

Overall the number of formal complaints reduced by approximately 9% in 2017/18, from 2016/17.

Listening to and Working with Our Patients

Friends and Family Test Introduction

The Friends and Family Test (FFT) is an important feedback tool that supports people using our services at North Bristol NHS trust and any other NHS services, to give us real-time feedback of their experiences.

It asks people if they would recommend the service they have used to their family and friends, should they ever need to use it too. It also gives people an opportunity to explain why they have given their response. The commentary given is critical in helping us to make improvements to the care we provide and to honour what we are doing well. All patients, whether they are attending an outpatient appointment, have an inpatient stay on our wards, attend the Emergency Department or use our Maternity Services, have an opportunity to give us feedback about their care.

We collect this data in a variety of ways, mainly through SMS texting or interactive voice messaging. We do also use some FFT survey cards throughout the hospital in areas where patients would prefer to use this method to provide their feedback. The survey is completely anonymous and provides patients with choice to opt out of doing the survey.

Response Rate

Our response rate fell below the national targets for a number of reasons. Firstly due to the automated nature of the survey, staff stopped inviting patients to give feedback. Secondly, survey fatigue protection was extended to manage the budget spend assigned to FFT. This is a system to prevent patients becoming disgruntled by being surveyed too frequently. Also, a large number of feedback opportunities could not be sent due to missing or incorrect patient telephone numbers being streamed to the managed service provider.

What next?

We will begin by celebrating International Patient Experience Week (April 2018) with a focus on improving the use of FFT feedback to celebrate excellent experiences of care improvement wherever we can. We will be helping staff improve the use of the near time feedback in use of the system, skills, engagement and improvements over the coming year. As well as maximising the use of the FFT system to enable auto alerts, improved use of reports to drive actions and change. Promote the feedback opportunity to patients though a number of different channels patients use to feedback. We also plan to publish a Standard Operating Procedure laying out clear processes, expectations and responsibilities in relation to the FFT survey.

Complaints and compliments

Overall the number of formal complaints reduced by approximately 9% in 2017/18, from 2016/17. This is an ongoing trend, with there having been a reduction in the number of complaints from 2015/2016 to 2016/17 when many of the issues related to the still ongoing redevelopment of the Southmead Hospital site.

There had been a reduction in the number of complaints where response timeframes were not met; however in the last six months of 2017/18, this figure started to rise again due to the operational demands the Divisions experienced. Eradicating all overdue cases remains an important trust objective and there is plan in place to do so. The trust and CCG target of no more than 10 complaints overdue at the end of the month was met in the month of February 2018 and this rose slightly in March to sixteen.

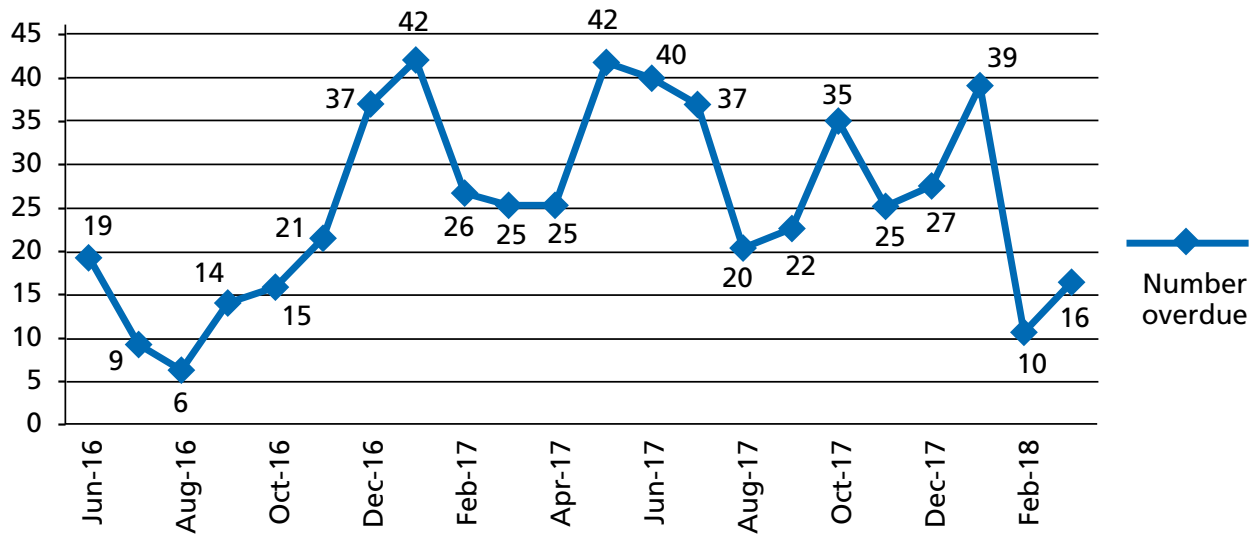
There are two key measures for NHS Complaints, to acknowledge all complaints within three working days; and to conclude all cases within six months.

During the year the acknowledgement target was achieved in every month except August. The average overall compliance was 99.83%. During the year, ten cases remained unresolved over six months, which is an increase from four the previous year.

Activity levels		
	2016/17	2017/18
Compliments	9,065	9,440
Complaints	654	592
Concerns	1,394	800
Enquiries	7,059	8,878
Response Time (within timescale)	77%	67%
Local Resolution Meetings	86	96

1 All aspects of clinical treatment	42%
2 Communication	24%
3 Attitude of staff	8%
4 Admission/discharge and transfer	5%
5 Delay/cancellation of Outpatient episode	4%

Number of overdue complaints for the last 18 months



Local Resolution Meetings

The number of local resolution meetings undertaken within the year were 96 which has increased from 86 in 2016/17. We encourage divisions to resolve more cases through interactive dialogue, which generally provides an improved patient experience and outcome. For all cases an action plan is raised inviting divisions to record and feedback lessons learned, which is then included as part of the response letter.

NHS Choices website feedback

Our current rating from feedback to NHS Choices is 4.5 out of 5. We respond to all postings and encourage people to contact us to address poor experience.

Audit of complaints by the Patient Complaints Review panel

To provide quality checks of the complaints process from an independent source (in addition to the Clinical Commissioning Group), we have worked with the Patients Association to develop an anonymised audit process that allows real-time feedback on a random sample of the previous quarter's complaints. This process allows patient representatives, who have been trained in reviewing anonymised complaints against the Patient Association Good Practice Standards for NHS Complaints Handling (2013), to give real-time feedback for incorporation into the ongoing complaints improvement plan.

The panel continue to meet every two months and from their reviews, a number of recommendations were made, to include:

- Ensure there is early verbal/personal contact with the complainants agreeing the timescale
- Provide a named contact for the complainant
- Ensure the outcome wanted by the complainant is identified and managed accordingly
- Provide an update if there is likely to be a delay, providing another date and not leaving the timeframe open
- Ensure actions/next steps are clear in very letter.

These recommendations will be incorporated into the review and update of the complaints policy and procedure which will be undertaken in 2018/19.

Service improvements implemented in 2017/18

During the year the trust implemented a new Risk Management Software system (Datix) which contains a module to record patient feedback. This new system will improve the communication between staff when managing a complaint, as well as improving the systematic follow up and completion of actions following a complaints and enable key themes from concerns, complaints and compliments.

Learning from complaints

- Following a meeting with a patient, a different pregnancy letter was created advising patients to undertake a repeat test the following day, alongside changes to how a negative test is communicated to patients in the ward environment to ensure privacy and compassion at this difficult time
- Following investigation of a complaint where a patient attended the fracture clinic on a weekend it was identified that staff are not necessarily aware of the process when dealing with patients who cancel their appointments in fracture clinic. In the future staff will ask the patient concerned to attend the next fracture clinic, usually the following day, due to the nature of the injuries these patients need to be seen within a fixed time frame
- After relatives reported being unable to sleep comfortably when staying with sick and dying relatives a carer's bed was bought from stroke charitable funds
- Agitated patients often need distraction and staff and patients notice the comings and goings on a ward that contribute to a lack of calm. Murals were purchased to be put up on the gate in an area specifically for the purposes of distraction and to increase calmness of surroundings for patients.


We are working collaboratively across the West of England with primary and secondary care providers to ensure all patients have equal access to research.

Research and innovation

This year we launched our new five-year strategy, setting out how we will enhance patient care by offering more people the chance to participate in research.

We involved patients and the public in the development of our strategy, which has made a more patient-friendly document.

Our four main aims are: to empower patients in research; support and nurture our workforce; make research visible in day to day activity and work with our regional partners to improve healthcare.

Over the last year we have had more grant submissions than ever before (36) with increasing numbers of our staff leading and designing research to answer important clinical questions.

Patients and the public have been directly involved in designing these studies to make sure they are relevant to our patients. In the past year we have been awarded six major new research grants in areas including the Emergency Department, Urology and Orthopaedic Trauma surgery.

We opened 131 new research studies and 4,377 new people participated in research here at NBT with a further 1,985 involved in existing research.

We are working collaboratively across the West of England with primary and secondary care providers to ensure all patients have equal access to research. We are leading the way on patient referrals across the region to enable patients to access a greater range of research. We are highlighting research as a treatment option and empowering patients to request and require access to research studies.

What will we do next?

Next year we aim to support more nurses, midwives and allied health professionals to design and lead research. This supports career development and also means that staff working closely with patients can drive research to improve patient care.

With the launch this year of the £21 million Bristol Biomedical Research Centre led by University Hospitals Bristol NHS Foundation trust and the University of Bristol we expect to see increased working with our partner organisations across the region. This centre will host the development of new, ground-breaking treatments, diagnostics, prevention and care for patients in a wide range of diseases like cancer and dementia.

We will continue to work with patients and members of the public to make sure we are delivering research that is important to our population. We will make it easier for patients to get involved with designing research and get feedback to make sure we provide services that patients are happy with.

We will increase the amount of research studies happening across the Trust so that patients using Cossham hospital, Southmead Hospital and our other services have more research opportunities.

We recognise the importance of ensuring North Bristol NHS trust is the most sustainable it can be...

Sustainability

Governance and Accountability

Our Sustainable Development Vision: To deliver a healthy, resilient and sustainable healthcare service ready for changing times and climates, both now and for future generations.

We recognise the importance of ensuring North Bristol NHS trust is the most sustainable it can be and the trust Board has adopted a Sustainable Development Policy that commits to minimising our environmental, social and economic impacts by fully embedding sustainable development across our organisation.

This work is led by board leads - Simon Wood, the Director of Estates, Facilities and Capital Planning and non-executive director Liz Redfern - and delivered through our Sustainable Development Steering Group and the Sustainable Health and Capital Planning Service.

Context

We work collaboratively across the NHS identifying best practice and working together to address common barriers and challenges to achieve our shared sustainability goals. A common challenge is the lack of understanding of the need to integrate sustainability into our NHS culture, practice and training, and not just as an add-on.

We also work with our regional support networks such as the Southern Region Sustainability and Health Network (SRSHN) and more locally the Bristol Sustainability and Health Group. We are currently working together to prepare a Climate Change Adaptation Plan (CCAP) identifying the shared risks and opportunities we face within the Bristol, North Somerset and South Gloucestershire Sustainable Transformation Partnership (STP) area and what we can do to address them collectively.

We recognise the importance of engaging with our staff, patients, contractors, suppliers and our local community to ensure we collaborate on common goals to improve our services. We adopt innovative engagement opportunities such as our annual sustainability fair held at Southmead Hospital on NHS Sustainability Day to raise awareness on the important links between health, wellbeing and sustainability.

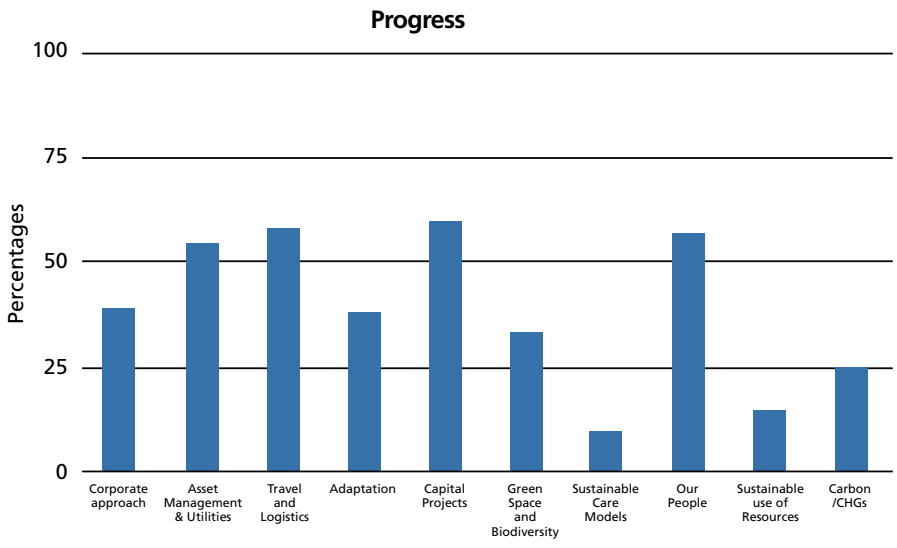
We also value our stakeholders' concerns, particularly around staff and patient travel and parking and undertake regular surveys on these issues that we know they are passionate about. Our annual staff and patient travel surveys help us to improve our services and are fed into our corporate Travel Plan.

We regularly benchmark our progress comparing our performance against other trusts using the national Sustainable Development Assessment Tool (SDAT).

NORTH BRISTOL NHS TRUST

Latest assessment score

39%



Background

The sustainable development agenda is delivered through our Sustainable Development Management Plan (SDMP), a structured framework which outlines key actions and progress against our objectives for energy, waste, travel and procurement. The SDMP also focuses on wider social sustainability issues such as healthy, sustainable and resilient communities, social value, innovation, sustainable models of care and improving our green spaces and biodiversity. The SDMP is reviewed every six months by trust Board and published annually.

We value the importance of the health and wellbeing of our staff, patients and visitors and actively promote healthy living activities through our Pathway to Wellbeing Project. The Project promotes and enhances our green spaces and encourages our community to use them as a resource. Projects include our staff herb garden, planting spring bulbs, sowing wildflower meadows, leading staff lunchtime walks, making and selling Southmead Hospital home grown lavender bags and promoting walks in partnership with a local community group. We are also developing a staff and patient allotment and a public access green gym. The project works in tandem with our active travel "Travel Smart" work stream, Green Impact (staff engagement) and our weekly fruit and veg stall, all working to promote health and wellbeing.

We have integrated sustainability within our capital planning process to ensure all key decisions consider sustainability and sustainable models of care as part of the decision making process.

Our SDMP plans for the coming year include;

- Install a Green Gym
- Review our Travel Plan
- Adopt a regional STP Climate Change Adaptation Plan
- Adopt the Carbon Abatement Strategy
- Launch a staff and patient allotment
- Launch a targeted recycling campaign
- Adopt a Biodiversity Management Plan

Measurements

We monitor and measure our progress against the SDMP objectives and targets and report annually in line with the mandatory HM Treasury reporting requirements using the Sustainable Development Reporting Portal.

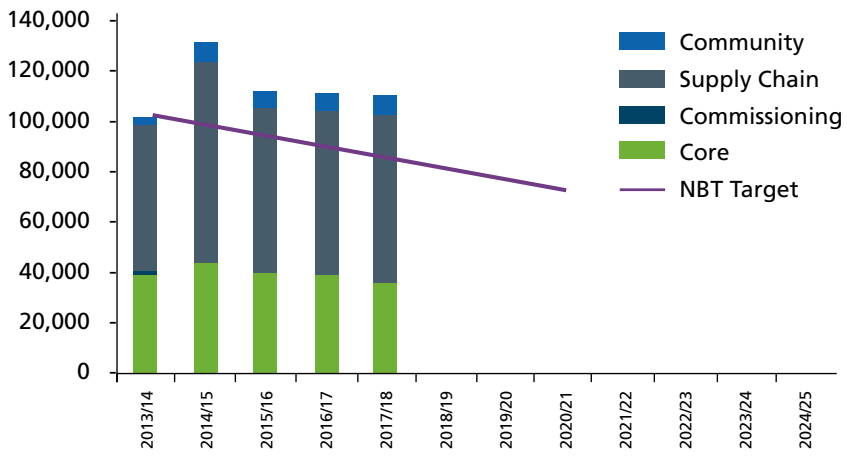
Carbon

We are committed to reducing our carbon emissions by

2%

year on year

Figure 2: Carbon Emissions



NHS England has set an ambitious target to reduce carbon dioxide equivalent emissions across building energy use, travel and the procurement of goods and services by 34% by 2020. North Bristol NHS trust has adopted this target and progress is documented in figure 2.

Over the last year the total carbon footprint has seen a slight reduction due to changes in the way the trust disposes of its waste. Future plans to further reduce the trust's footprint centre around energy efficiency improvement projects as part of the trust's ongoing Carbon Abatement Plan.

Energy

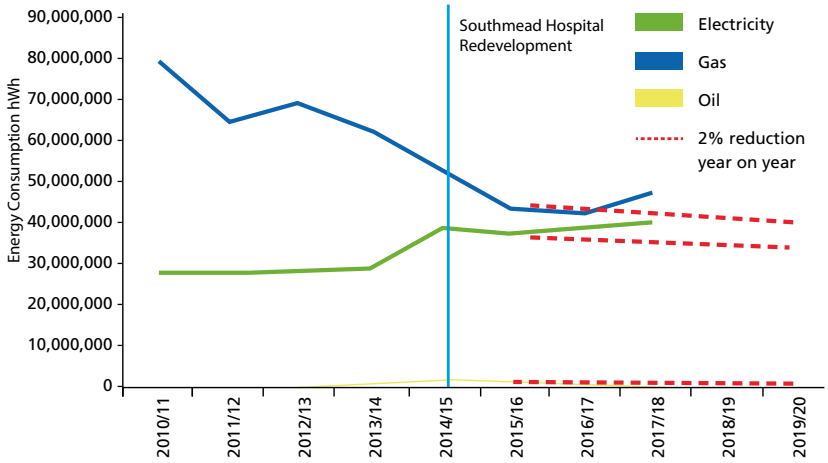
We are committed to reducing our energy consumption by

2%

year on year

We have seen increased consumption of energy (electricity, oil and gas) due to the growing demand from the trust Estate alongside the cold weather experienced in early 2018.

Figure 3: Gas and Electricity Consumption



Travel

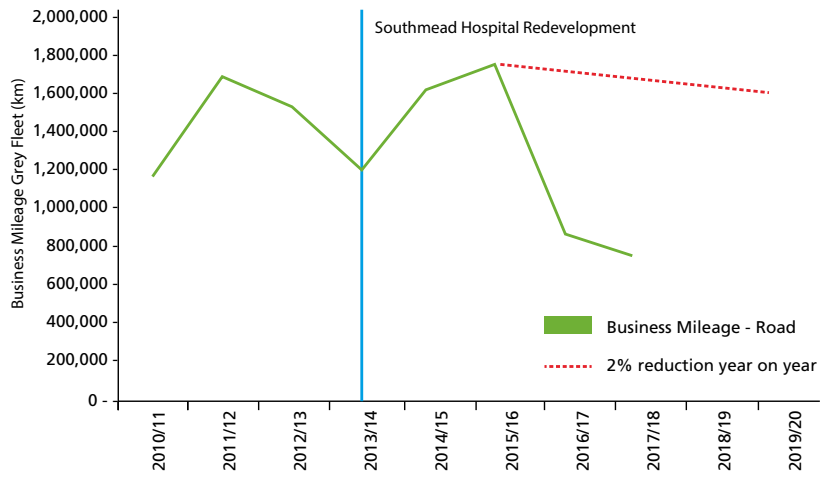
We are committed to reducing the environmental impacts of travel by

2%

year on year

Grey fleet mileage continues to decrease in line with recent trends.

Figure 4: Grey Fleet Mileage



Waste

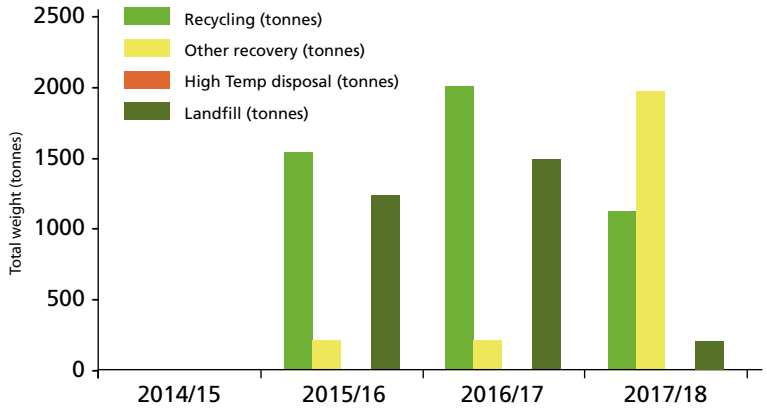
We are committed to reducing the environmental impacts of waste

2%

year on year

Waste and recycling has seen some bigger changes over the last year, with the majority of our waste now being recovered to energy. This accounts for the significant decrease to landfill, with the exception of offensive waste which goes to deep landfill.

Figure 5: Total Waste and Recycling (tonnes) 2015-2018



Recycling rates have fallen due to low quality recyclates and mixed media waste such as medical packaging no longer being accepted because of changes in the global market for plastic recycling.

Our waste reuse portal Warp-It, which reuses unwanted items of furniture across the trust has achieved total savings of £81,162, avoided 11, 317kg waste and saved 35,977 CO_2e (kg) since it was first established in September 2016.

Water

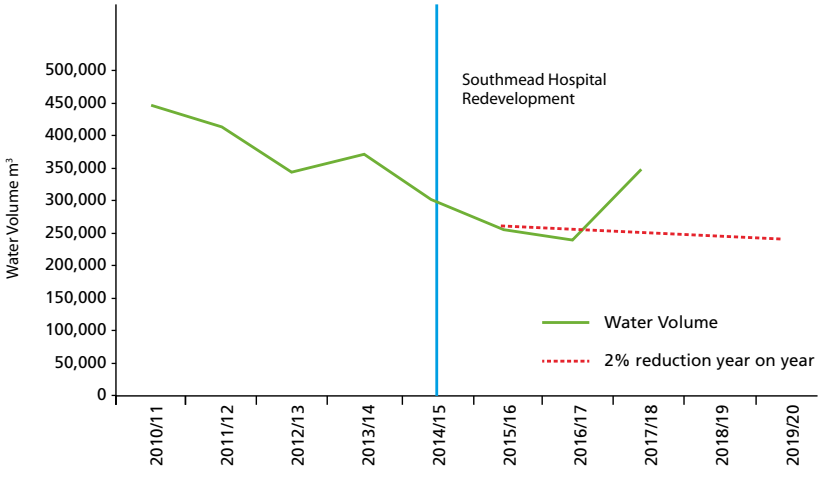
We are committed to reducing our water consumption

2%

year on year

Water consumption has increased over the last year due to the opening of sterile services onsite and the associated steam boilers.

Figure 6: Total Water Consumption



Sustainable Procurement

We are committed to working with our key suppliers and contractors to reduce the environmental impact of the goods and services we buy

Procurement represents 65% of our carbon emissions. The trust is working with colleagues at Bristol and Weston Purchasing Consortium (BWPC) to embed sustainability within procurement processes. By ensuring sustainability is considered as part of the procurement process we will begin to address the indirect impacts of our products and suppliers.

Our Capital Planning Group (CPG) now requires all capital projects over £100,000 to assess the sustainability impact of any key decisions. This Sustainability Impact Assessment considers social value and sustainable models of care at the outset.

Environmental Management System ISO14001:2015

We are committed to implementing ISO14001 within the Directorate of Estates, Facilities and Capital Planning

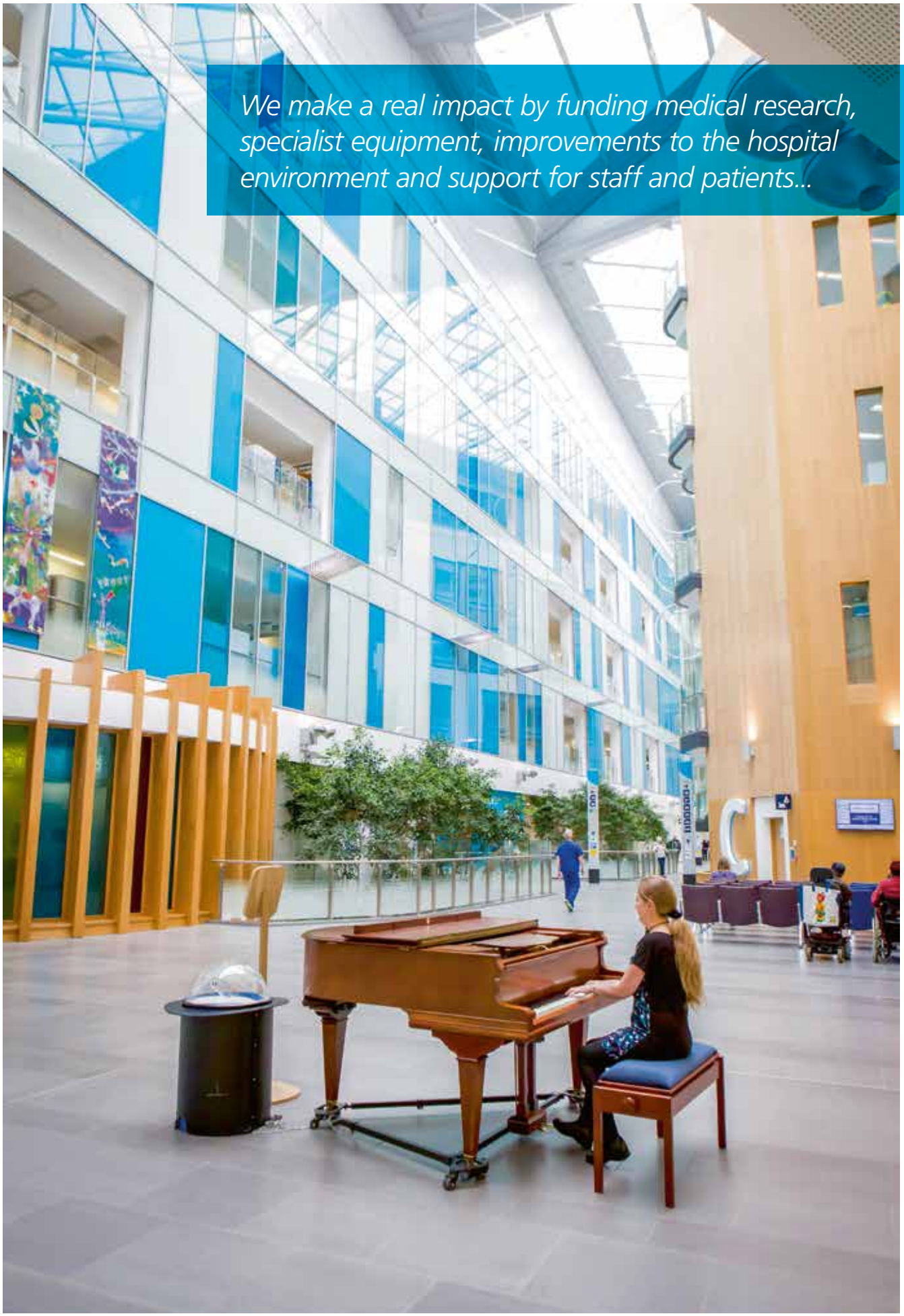
The Trust has made significant progress towards embedding ISO14001 to deliver environmental performance improvements. This is being achieved through the implementation of a comprehensive internal audit programme, annual management reviews and the successful completion of the ISO14001:2015 Lead Auditor qualification for relevant members of staff.

Delivering Excellence

We aspire to be a leader in the field of Sustainable Healthcare

During 2017, NBT was recognised as a national leader with the following awards;

- European Healthcare Design Awards (Winner), 2017
- Building Better Healthcare Awards (Winner), 2017
- Healthcare Estates Awards (Winner), 2017
- Sustainable Hospital Award (Commended), Health Business Awards, 2017
- Improving Environmental & Social Sustainability (Shortlisted), Health Service Journal Awards, 2017


We make a real impact by funding medical research, specialist equipment, improvements to the hospital environment and support for staff and patients...

Fundraising, Fresh Arts and Volunteers

Southmead Hospital Charity

Thanks to our fundraisers and donors Southmead Hospital Charity supports projects which really improve the care our patients at North Bristol NHS trust (NBT) receive, and projects which help develop our staff.

We make a real impact by funding medical research, specialist equipment, improvements to the hospital environment and support for staff and patients which are beyond the remit of the NHS but which enrich the healthcare we provide.

We support the work of Southmead Hospital, Cossham Hospital and community health services in Bristol, South Gloucestershire and North Somerset. We manage over 200 different funds representing departments and wards throughout the trust, meaning our fundraisers can support exactly the cause they want to.

Thank you to everyone who has raised money for us.

Last year

Last year we raised £1.2m in donations from individuals, community fundraising, corporate support, trusts and foundations and legacies.

Southmead Hospital Charity gave over £2.2m to NBT including over £320k to improve patient welfare, £330k was spent on vital research projects and over £900k on new capital equipment.

Our 2017-18 highlights

We had another busy year and are grateful to all the fundraisers and donors who have supported us. Thanks to them we have been able to buy a vast range of equipment and fund a range of research and support projects for NBT.

Here are just a few highlights of our year:

Prostate Cancer Care Appeal - a new surgical robot

As part of our appeal Southmead Hospital Charity purchased a pioneering £750,000 surgical robot to treat men with prostate cancer.

The new, more advanced Intuitive Da Vinci robot will continue the pioneering work at Southmead Hospital in treating men with prostate cancer from across Bristol and the South West, ensuring that NBT stays at the forefront of cancer care.

John James Foundation support

We are very grateful to the John James Bristol Foundation for the £300,000 boost they have given to our appeal. It will help us move on towards buying a second surgical robot.

First abseil raised over £30,000

We hosted our first ever abseil fundraising event in September. Thanks to the brave 117 supporters who took part and climbed down our Brunel building, the event raised over £32,000.

Christmas Cracker Awards

This year we awarded £35,000 worth of grants to NBT teams through our Christmas Cracker Awards. We funded projects ranging from the purchase of an interactive table for patients with dementia, to TENS machines, and photography equipment – all of which will make a positive difference to the lives of our patients and staff.

Two new virtual tours

We funded two new virtual tours of Southmead Hospital's maternity unit, and of Cossham Hospital. They allow patients to familiarise themselves with the buildings in advance of a visit, giving them confidence and reassurance before they leave home.

Buskathon

Our twice yearly live music event has gone from strength to strength and this year raised over £35,000 for our Prostate Cancer Care Appeal.

Exceptional Healthcare Awards

Once again, Southmead Hospital Charity was proud to support the annual Awards which recognise the outstanding staff at NBT.

In addition, here are a few other examples of equipment funded by Southmead Hospital Charity this year:

- **46 wheelchairs** for use across all wards in Southmead Hospital, helping ease the movement of patients
- **4,800 slide sheets** which help staff move patients carefully and comfortably. They're a simple yet invaluable piece of kit
- **Neonatal Intensive Care drug boxes** to help parents of babies in neo-natal intensive care prepare for their discharge home
- **Herb garden** – we part-funded a new roof-top garden where over 30 herbs are grown for use in patient and staff meals.

League of Friends

The Southmead Hospital League of Friends celebrated its 40th anniversary this year and made two large donations as part of this landmark year.

A new birthing pool was installed in Southmead Hospital's midwife-led Mendip Birth Centre after a £57,000 donation from the Southmead Hospital League of Friends.

The birth suite fitted with the pool was named after the late Norman Goldsworthy, a founding member, chairman and president of the League of Friends. His granddaughter Rachel performed the opening on behalf of the family.

The League of Friends also purchased a bariatric ambulance for the trust to use to transport patients requiring extra support around the Southmead Hospital site.

Southmead Hospital League of Friends, which usually raises its funds through the café it runs in the Brunel building with the support of its volunteers, received its first donation from a runner.

Andrew Griffiths, raised the money for the League of Friends by taking part in the Bristol Half Marathon.

He wanted to support the charity, which supports the hospital through its coffee shop in the atrium of the Brunel building, after his experience of using the service when his brother was in the Intensive Care Unit after a cycling accident in July.

Fresh Arts

September 2017 saw the tenth anniversary of our Fresh Arts programme at North Bristol NHS trust.

The arts programme engages patients, visitors and staff in creative arts and performances to help make their time in hospital more welcoming and to boost their wellbeing.

We want to provide environments that create distraction, interest and comfort. Research has shown that through the arts hospitals can create a better healing environment – helping patients to get better quicker. The solid base we have established for our arts programme through our sculptures, galleries and landscape now gives us the opportunity to focus on arts interventions with patients including the following:

- Over 3,000 patients, visitors and staff were benefited from the music programme at Cossham Hospital this year
- 189 patients were entertained and engaged every week by live music and storytelling on Elgar Ward through the Play It Again programme
- Weekly Dance for Parkinson's sessions helped 176 patients and carers. As well as improving physical health, the dancing also contributes positively to the mental wellbeing of participants, with each session rounded off with a cuppa and a chat
- The Make Your Mark project seeks to alleviate loneliness and boredom through painting. Our Make Your Mark artists supported 162 patients in complex care and Elgar House rehabilitation wards to enjoy visual art activities
- Our grand piano in the Brunel atrium attracted a group of 52 talented local pianists with a generous total of 754 hours of their free time donated to play for our patients, staff and visitors
- We delivered 80 Knit With Me sessions which bring a familiar, comforting, domestic hobby into the clinical space of the hospital and create calming time for reflection, as well as providing visual, tactile and emotional stimulation.

In addition, we continue to provide variety in our hospital through changing the art in the galleries through working with local art groups and curators (including schools), and environmental improvements to areas such ED and Elgar House both of which improve the signage and comfort for patients with dementia.

Volunteers

Our volunteers do a great job in supporting the care we provide patients and we appreciate them giving up their time to help patients, visitors and staff.

We currently have 536 volunteers across our services. These range from patient befrienders - including the therapy dogs who visit patients on the wards – to our mobile shop and volunteers in our Macmillan Wellbeing Centre.

We have 14 specially trained volunteers who regularly come in to support patients at meal times, helping and encouraging them to eat their food.

Our Creative Companions, trained and supported by our Fresh Arts team, work with patients who are frail or have cognitive impairment to introduce activities such as knitting, painting and collage.

Move Makers

Our 124 Move Makers volunteers greet patients and visitors when they attend the hospital, help them find their way around and drive the atrium buggy to help transport patients with mobility problems to their wards.

This year they have extended their services to using electric wheelchairs to move patients safely to other parts of the Southmead Hospital site from the main Brunel building.

The trust paid 77% of non-NHS invoices within 30 days compared with 69% in the previous year.

Accountability Report

Corporate Governance Report

Directors' Report

Board members for the year ended 31st March 2018 are shown below.	
Non-Executive Directors (NEDs)	**Executive Directors**
Peter Rilett, Chairman (until 1 November 2017)	Andrea Young, Chief Executive
Frank Collins, Chairman (from 2 November 2017)	Dr Chris Burton, Medical Director
Dr Liz Redfern CBE	Kate Hannam, Director of Operations
John Everitt	Sue Jones, Director of Nursing and Quality
Robert Mould	Catherine Phillips, Director of Finance
Jaki Meekings-Davis	
Professor John Iredale	
Tim Gregory (from 1 July 2017)	
Andrew Willis (until 30 April 2017)	

* The register of interests of these members can be found at: **nbt.nhs.uk/about-us/trust-board/declarations-interest**

Audit Committee

The Audit Committee members have been Ms Jaki Davis, Chairman, Mr John Everitt and Prof John Iredale (from 1 April 2017)

Personal Data Incidents

There have been no personal data incidents in 2017/18.

Public Sector Payment Policy – Better Payments Practice Code

In accordance with the Better Payments Practice Code and government accounting rules, the trust's payment policy is to pay creditors within 30 days of the receipt of the goods or a valid invoice (whichever is the later) unless other terms have been agreed.

The trust paid 77% of non-NHS invoices within 30 days compared with 69% in the previous year. Further details of compliance with the Code are contained in note 42 to the Annual Accounts.

External Auditors' Remuneration

The trust's auditors are Grant Thornton. During the financial year they were paid £79,200 (including VAT) for statutory audit services to the Group (£74,400 for the trust). A further £8,000 (net of VAT) of non-audit work has been undertaken in 2017/18 related to the trust's quality accounts.

Fraud

The trust has a Counter Fraud policy that sets out the arrangements for deterring, preventing, detecting and investigating instances of fraud, corruption or bribery against the trust or the wider NHS.
In implementing this policy the trust has contracted with Audit South West to provide counter fraud services.

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 the 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, 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

Signed .....

Chief Executive

Date 28 June 2018

Signed .....

Finance Director

Date 28 June 2018

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:

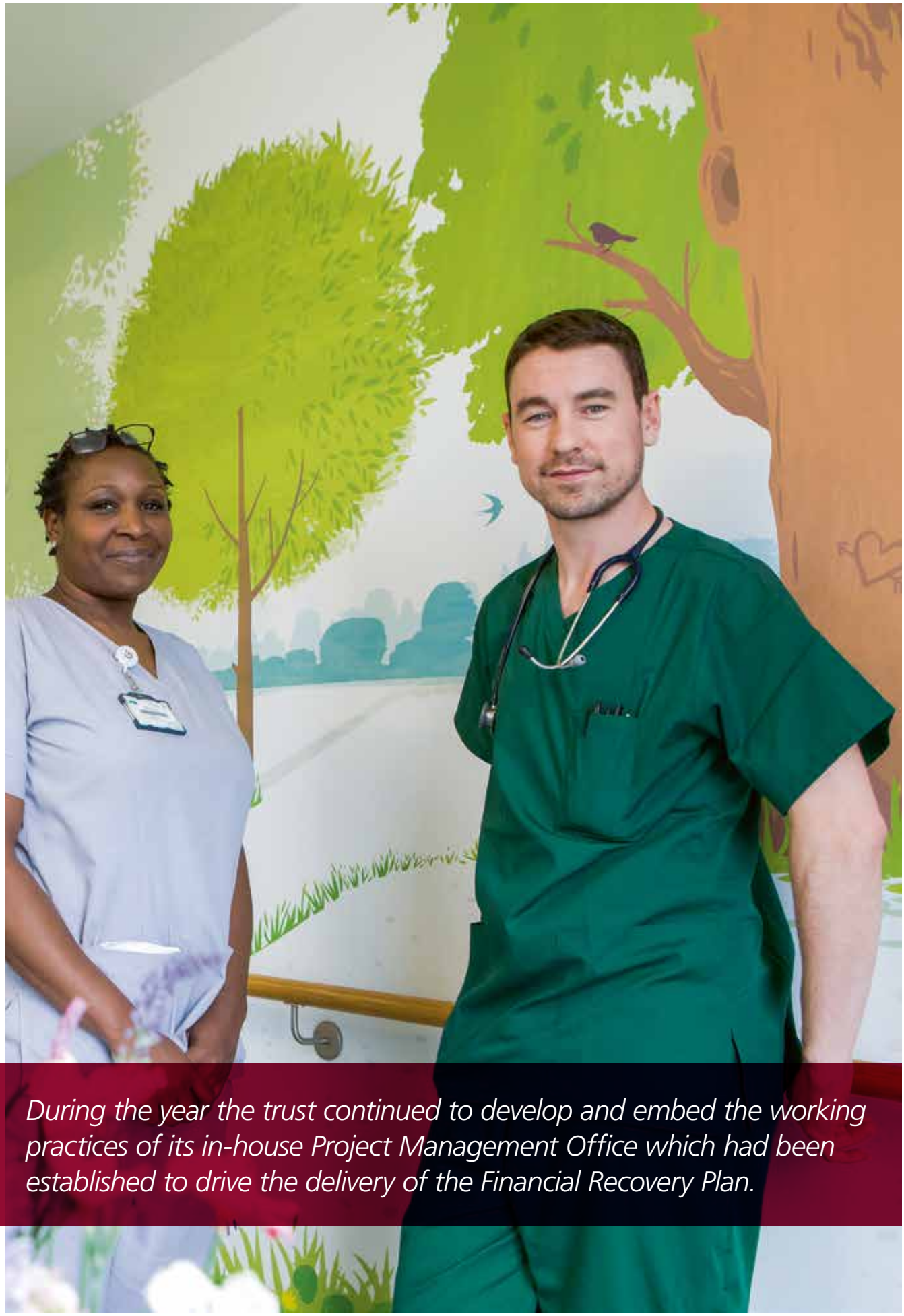
- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place
- 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

Date 28 June 2018



During the year the trust continued to develop and embed the working practices of its in-house Project Management Office which had been established to drive the delivery of the Financial Recovery Plan.

Annual Governance Statement 2017/18

1. Introduction

The Chief Executive of NHS Improvement, in his capacity as the Accounting Officer (AO) for the NHS trust Development Authority legal entity, requires NHS trust Accountable Officers to give him assurance about the stewardship of their organisations.

For the North Bristol NHS trust the Accountable Officer is Ms Andrea Young, Chief Executive.

2. 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.

3. The Purpose of the System of Internal Control

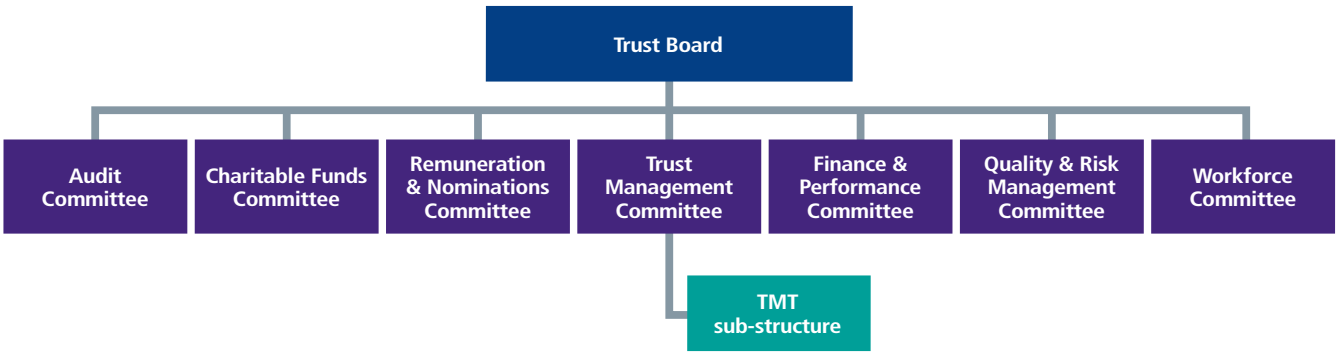
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of North Bristol 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 North Bristol NHS trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

4. Governance Framework of the Organisation

Corporate Governance

The trust Board maintains overall accountability for the effectiveness of the system of internal control. As a large and complex organisation a supporting infrastructure is required to fulfil these responsibilities effectively. Authority is delegated by the Board to various board committees and the role and terms of reference of these are regularly reviewed with the aim of clarifying how all aspects of the trust's business were delivered.

The Board approved terms of reference for each of the committees in the structure are available on the trust's website.
The Committee structure of the trust is shown below:



The key committees in terms of supporting the system of internal control are;

Committee	Functions
Trust Board	The trust Board maintains overall accountability for the effectiveness of internal control. It primarily discharges this responsibility through the receipt and review of; ■ Quarterly reports on the Assurance Framework to ensure key risks are identified and controls or assurance gaps are being addressed with more detailed reporting to each meeting of the Quality and Risk Management Committee ■ An Integrated Performance Report providing internal assurances at monthly intervals on quality, finance, activity and workforce measures and other quarterly and six monthly measures on quality and safety and commissioning and clinical governance ■ External assurance sources, including the external auditors review of the trust's Quality Account and financial year end accounts and VFM opinion and reports from the Care Quality Commission and other external regulators as appropriate according to their risk impact and actions required.
Audit Committee	■ The Audit Committee provides independent and objective scrutiny of trust activities through its membership, which consists of three non-executive directors, executive directors, senior managers, internal and external auditors attend and provide input ■ It is responsible for ensuring there are arrangements for the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) ■ This supports the achievement of the organisation's objectives and ensures compliance with regulatory, legal and code of conduct requirements ■ In carrying out this work the committee primarily utilises the work of internal audit, external audit and other assurance functions, as well as seeking reports and assurances from directors and managers as appropriate.
Quality and Risk Management Committee (Q&RMC)	■ The Quality and Risk Management Committee (Q&RMC) is the assurance committee responsible for overseeing the management of risk, governance and assurance for the trust on quality issues ■ It comprises two non-executives (one of them as chair) and five of the executives and is responsible for ensuring that effective quality governance, risk management and regulatory compliance systems are in place and that effective actions are taken to identify and address deficiencies should they arise ■ This also includes overseeing the system of control around directorates' clinical and non-clinical risk registers including escalation to the trust risk register ■ Furthermore, it is responsible for identifying all the cross cutting themes arising from executive and non-executive walkrounds ■ Other sources of assurance are reports and presentations from specialist staff as requested by the committee in 'deep dives', performance of systems against key performance indicators, progress against action plans to address identified gaps and internal or external audit reports.
Finance & Performance Committee (F&PC)	■ The Finance and Performance Committee (F&PC) is the assurance committee responsible for overseeing the management of the trust's finance and performance in the context of the trust's strategy ■ It comprises the chairman of the trust, two non-executives (one of them as chairman) and three of the executives and is responsible for ensuring the trust's mechanisms for monitoring its finance and performance are robust and integrated ■ Responsibilities include the review of the long term financial plan to seek assurance that the annual budgets are aligned with it and that it informs the annual business planning cycle ■ It also considers the risks to achieving forecast positions, maintains an overview of the activity and workforce models and that the measures within the Integrated Performance Report meet the requirements of external stakeholders.
Workforce Committee	■ The Workforce Committee (WC) is the assurance committee responsible for overseeing the management of the trust's workforce ■ It comprises the two non-executives (one of them as chair) and five of the executives and is responsible for ensuring the trust's mechanisms for driving change in its workforce and processes for complying with regulation and legislation are robust ■ Specific responsibilities include developing the workforce strategy, monitoring key workforce performance indicators, oversight of the trust's employment diversity agenda, relationships with educational partners and receiving regular reports from the Guardian of Safe Working[1].
Trust Management Team (TMT)	■ All delivery groups report through the TMT to the trust board. It focuses on: Business Planning Performance Management Recovery & CIP Delivery Finance Finance Capital Health & Safety IM&T Programme Management Workforce ■ It comprises all the executive directors and all the clinical directors of the trust.

Trust Board and Committee Member Attendance Records

Member	Trust Board	Committees					
		Audit	Quality & Risk Mgt	Finance & Performance	Charity	Workforce	Remuneration & Nominations
C Burton	11/13	-	6/6	-	-	4/6	-
F Collins (Interim Chair from 2/11/18)	4/5	-	-	-	-	-	2/2
N Darvill	14/14	(1)	(4)	4/5	(1)	-	-
J Davis	13/14	4/4	(1)	-	5/5	-	4/5
J Everitt	12/14	3/4	-	3/5	-	-	4/5
J Fergusson	14/14	-	3/6	-	-	6/6	(4/5)
T Gregory (NED from 01/07/2017)	8/10	-	-	1/2	-	4/4	0/2
K Hannam	14/14	-	2/6	4/5	-	3/6	-
J Iredale	6/14	0/4	-	-	-	-	3/5
S Jones	12/14	(1)	5/6	-	3/5	5/6	-
R Mould	11/14	-	6/6	5/5	-	5/6	5/5
C Phillips	12/14	4/4	-	4/5	5/5	-	-
E Redfern	10/14	-	5/6	-	-	6/6	3/5
P Rilett (Chair - Left 01/11/2017)	8/8	-	-	1/2	-	-	4/4
A Willis (NED – Left 30/04/2018)	1/1	-	-	1/1	-	-	1/1
S Wood	14/14	(1)	2/6	(4/5)	-	2/6	-
A Young	13/14	(1)	-	(3)	(1)	-	(4/5)

[1] The Guardian of Safe Working has been introduced as part of changes to the junior doctor contract to protect patients and doctors by making sure doctors aren't working unsafe hours.

Board and Principal Committee Reports

The Audit Committee, Quality and Risk Management Committee, Workforce Committee and the Finance & Performance Committee were the key risk management and assurance committees underpinning the trust board's overall responsibility for internal control in 2017/18. The board and committees have work plans which support the forward planning of assurance activities and target their work to key areas of risk, underperformance or areas of concern identified by the Board. The work of the committees is reported to the Board after each meeting in the form of a summary report. The committees also work together to ensure that the scrutiny of issues is targeted by the committee with the best combination of skills and experience, for example quality issues resulting from performance failures are scrutinised by the Quality & Risk Management Committee. A summary of the key reports is presented below:

Group	Reporting Area
Board	■ Integrated Performance Report (IPR) ■ Frenchay Hospital Site Disposal ■ Quality Account ■ Accountability Framework and TDA statements (within IPR) ■ Year-end Financial Accounts ■ Specific service reports ■ Finance and Capital Budget ■ Business plan ■ Safe staffing ■ Patient Stories ■ Annual Report ■ CQC Reports and action plans ■ Board Risk and Assurance Framework ■ Staff Attitude Survey results ■ Strategy ■ Organisational Restructure ■ Capital and Revenue OBCs and FBCs above £500k ■ Patient Administration System Implementation ■ Informatics Plan ■ Board Development Programme ■ Financial Recovery Plan
Audit Committee (Independent assurance)	■ Head of Internal Audit Opinion ■ Audit Findings Report ■ Counter fraud work plan, Updates and Annual Report ■ Standing orders / Standing financial instructions / Detailed scheme of delegation ■ Accounting policies ■ 2017/18 Financial Accounts ■ Trust Annual Report ■ Annual Governance Statement ■ Effectiveness Survey and review of terms of reference ■ Internal audit work plan, updates and annual report ■ Independent governance review progress ■ Annual Audit letter ■ External Audit Plans ■ Going Concern Basis ■ Auditor Appointment ■ Quality Account ■ Financial Recovery Plan governance and assurance

Group	Reporting Area
Finance and Performance Committee (F&PC)	■ Performance Assurance ■ RTT recovery plans and progress updates ■ Year end forecasts ■ Business Plan 2018/19 Refresh ■ Outline and full business cases ■ CIP Progress ■ Reference Cost Assurance ■ Service Line Reporting Implementation ■ Finance Reports ■ PFI performance ■ Capacity and demand planning ■ STF and Fines Update ■ Cancer Performance ■ Theatres Project governance ■ Carter Report actions ■ Commissioning contract negotiations ■ Five year capital plan ■ Soft FM Benchmarking ■ Patient Flow improvement plan and monitoring ■ Data quality ■ Terms of Reference ■ Commercial disputes ■ Sustainability and Transformation Plan ■ PFI refinancing
Workforce Committee	■ Key metrics dashboard ■ Deep dives e.g. Sickness absence, workforce cost reduction plans and recruitment ■ Staff survey action planning ■ Friends and Family Test ■ Junior doctors contract implementation ■ HR capacity ■ Terms of Reference ■ Workforce risk register ■ Committee forward plan ■ Medical workforce project overview and progress ■ Workforce improvement plan ■ OD Roadmap ■ GMC Survey results ■ Restructuring proposals ■ Junior doctor contract and Guardian of Safe Working ■ Medical workforce revalidation and appraisal annual report ■ E-rostering review ■ EU exit update

Group	Reporting Area
Quality and Risk Management Committee (Q&RMC)	■ CQC inspection report action plans ■ CQC inspection regime ■ Leadership walkround policy and organisation ■ Deep dives of specific services e.g. Quality Improvement Programme, Theatre Safety Culture, Critical Care Outcomes, Mortality Screening and Renal Quality ■ Patient Experience Plan and progress ■ Quality Account development plan and updates ■ Never Events Review ■ Independent Sector contracting assurance ■ NICU Outcomes and governance ■ Risk management assurance ■ Performance assurance framework ■ Patient survey results and actions ■ PHSO report ■ Estates and infrastructure failings reporting process ■ Terms of Reference ■ Policy management update ■ Incident reporting improvement plan ■ Development of quality metrics

Changes to the trust board

There were two changes to the personnel of the board in 2017/18. Peter Rilett, Chairman left the trust on 1 November 2017 at the end of his second term of office. Frank Collins joined the trust as Interim Chairman from 2 November 2017. The recruitment for a substantive Chair was undertaken by NHS Improvement and concluded in April 2018. The trust is pleased to be welcoming Michele Romaine as its new Chair from 1 July 2018. Andrew Willis, Non-Executive Director resigned his post effective from 30 April 2017 to take on the post of Chair of Dorset Healthcare, and was replaced by Tim Gregory, Non-Executive Director from 1 July 2017.

Evelyn Barker joined the trust on 9 April 2018 as Chief Operating Officer for a fixed term period of one year. The role is new to the trust and will provide strategic and operational leadership and will oversee the trust's plan for 2018/2019.

A new role of Director of Partnerships was established in April 2018. Kate Hannam, previously the trust's Director of Operations has taken on this role.

NHS Improvement supported the Board with all Board level appointments during the year. Appropriate due diligence was undertaken on all appointments including consideration of the Fit and Proper Persons Test requirements which came into force during 2014. All Board members were asked to undertake a self-certification with the results reported to the Remuneration & Nominations Committee.

Board Development

During the year, the Board has worked with the Kings Fund on two areas of development identified by the Board. A workshop was held on system working where information on developments was shared together with the exploration of opportunities tor the trust to work more closely with other local health and care organisations. A second workshop was held on staff engagement and involved the trust's Clinical Directors.

In addition the Board has continued its annual Board Evaluation Review with Heidrick & Struggles. The review asked for Board members to consider progress against a core set of criteria. It also offered members the opportunity to highlight where the biggest areas of challenge were so that these could be focused on during the following year's programme. The 2017/2018 assessment will be used to establish a board development programme for 2018/2019 with the trust's new Chair.

Business Planning and Financial Recovery

The Board approved its two year operational plan in January 2017 and budget for 2017/18 in March 2017. During the year the trust continued to develop and embed the working practices of its in-house Project Management Office which had been established to drive the delivery of the Financial Recovery Plan. In early July 2017 the trust exited the Financial Special Measures regime on the basis of the progress made.

Board to Ward

The Board has continued to maintain its connection with the quality of patient care and staff experience with direct examples of patient and staff stories presented at the beginning of each Board meeting. The Director of Nursing has, with the agreement of a patient and his or her family, read out the experience of being treated and cared for by NBT staff. The Board has been exposed, therefore, to both positive and negative experiences felt by patients and their families sometimes in their own words, which has helped to maintain a focus of Board discussions and deliberations on achieving the best possible outcomes for patients.

Members of the Board, both Executive and Non-Executive, are asked to undertake regular visits to clinical areas and speak to staff and patients to understand their experiences and then feed these back into Board discussions. Completion of visits against the agreed frequency is reported to the Quality & Risk Management Committee and any issues highlighted to the Board.

Performance Reporting

The Board has also continued to refine an Integrated Performance Report capturing all the key factors of quality, operational, financial, human resource and regulatory issues. This gives it an informed view across its whole range of services rather than concentrating on a particular issue and allows easier access to themes that may be affecting more than one area.

Where performance is identified as having deteriorated or forecast to deteriorate, the Board will commission a deep dive review by one of its committees. Examples of this in year have included a deep dive into the cost improvement plans and planning for 2017/18 by the Finance and Performance Committee and a deep dive into the national clinical audit processes by the Quality and Risk Management Committee.

Compliance with the Corporate Governance Code

Within the context of being part of the National Health Service the Board complies with the Corporate Governance Code with the exception of the following:

- NHS Improvement, on behalf of the Secretary of State, appoints the non-executives negating the need for a formal nomination committee but a Remuneration and Nominations Committee has met several times to discuss and approve senior appointments and remuneration of senior posts. If authorised as an NHS Foundation trust this will change in future years.

Statement on Modern Slavery and Human Trafficking

The Modern Slavery Act 2015 became statutory law from October 2015. The trust has reviewed the controls it has in place to comply with the law and is assured that these are adequate. The controls in place include:

- employment checks of individuals and of agencies which supply temporary staff
- use of NHS General Terms and Conditions of Contract for Goods and Services which cover all suppliers to the trust including medicines.

In addition, NHS Supply Chain has written to all its suppliers, which fall within the £36million threshold for reporting, to request that they share their disclosure with NHS Supply Chain and advise when this is likely to be published on their website. Finally the trust is creating a new Procurement Sustainability Policy which will address ethical procurements including issues related to child and forced labour.

Statutory Functions

The Quality and Risk Management Committee oversees all statutory compliance functions. This is facilitated through its monitoring of external agency reviews and the regular reports it receives. I can confirm that the trust has checked for any irregularities and that all statutory functions are legally compliant.

5. Capacity to Handle Risk

The overall responsibility for managing risk rests with the Chief Executive and assurance to the Board is provided through the Quality and Risk Management (QRMC) and Finance and Performance Committees chaired by non-executives. Reports from these Committees, which include six of the Executive Directors and four of the Non-Executive Directors of the trust, are made to the Board at its next available meeting. Risk management receives significant attention at Board level and this is cascaded throughout the organisation.

The Board maintains oversight of the risk management system and reviews the Board Assurance Framework on a quarterly basis and the top operational risks every six months. QRMC in particular reviews the top scoring risks at each of its meetings and the trust Management Team now monitors the work of its supporting committees on a quarterly basis with reports including an assessment of the risks within their remit.

The trust Risk Management Strategy and Policy provides practical guidance on how to manage and report risk in the workplace. Risks are recorded electronically in a trust wide Risk Management System, Datix, which is available to all staff. Guidance on using Datix to manage risks is available from within the system, on the Patient Safety and Assurance intranet pages and there is also a Datix e-learning module for staff covering risk.

Datix is used to escalate and report risks to trust wide risk committees when learning is shared and reviewed alongside related incidents and Health and Safety and Patient Safety matters. Datix is also used locally at specialty and divisional governance meetings where risks and related patient safety incidents can be reviewed in tandem.

The Risk and Assurance team support staff across the trust to identify and manage their risks, working closely with staff in key risk management roles. Risk Assessor training is provided for all staff that are required to assess risk as part of their role.

6. Risk and Control Framework

Risk Strategy and Management

The Trust's risk strategy and objectives are to ensure a proactive approach to risk management by engaging staff at all levels, in efforts to resolve risk locally wherever possible. Formal escalation and moderation systems at a more senior level of management are in place where necessary. All extreme risks, identified at directorate level, are primarily escalated to one of three trust-wide risk committees; Clinical Risk, Health and Safety and Risk and Compliance committees and, where required, are escalated to the QRMC for review. QRMC has oversight of the entire escalation process for all risks originally scored as extreme. The Finance and Performance Committee oversee risks to performance.

Risk management is embedded throughout the trust through a risk management framework that is made up of committee structures, risk staff leads familiar with patient safety and risk management and risk management tools e.g. the risk register Datix system. During the year the trust has migrated to the Datix system from Safeguard. This is enabling the reporting of risks alongside other related incidents such as clinical incidents, complaints, inquests and legal claims.

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 organisation's policies, aims and objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

Risk Assessment

The Board Assurance Framework (BAF) defines and assesses the principle strategic risks to the trust's objectives and sets out the controls and assurances in place to mitigate these. Each of the risks in the BAF have been aligned to the objectives within the trust Strategy, have their original, current and target risk scores reported, and trend graphs to show how the risk scores have changed over time.

The BAF considers the key strategic risks against each of the objectives, and considers the current controls and assurances in place to mitigate the risks occurring. Further controls and assurances are then identified which are translated into actions. The BAF is reviewed by the Board in an ongoing quarterly cycle with key risk changes highlighted. The BAF is also used to inform the Internal Audit Work Programme which now overtly cross references the risks to the audits. The risks are also used to inform the work programmes for the Quality & Risk Management Committee and Finance & Performance Committee to ensure they are focusing on the key risks to the delivery of the trust's Strategy.

Programmes and projects are expected to manage risks within the context of their objectives and deliverables. Overall risks to the organisation arising from key programmes and projects are considered for inclusion within the trust's Risk register, Datix.

All clinical and corporate directorates have a risk lead responsible for ensuring risks are recorded onto the Datix system and the clinical directorates and the majority of corporate directorates have a forum where risk is discussed. This is either a specific risk group or it is part of another group as a standing agenda item e.g. Clinical Risk Committee or Health and Safety Group. At these groups the directorate identifies risks and reviews incidents, taking action to minimise risk and learn lessons from incidents. Risk assessments are used at all levels of the trust, from service planning to assessing day-to-day risks. The Risk Management Strategy/Policy gives guidance on scoring risks.

Risk assessments can be clinical and non-clinical. Risks that cannot be controlled adequately at local level are escalated to directorate level and used to populate their directorate risk register. Divisional risk registers are reviewed at Divisional governance meetings and are also used to inform/prioritise the budget setting process.

Risk register entries are collected, reviewed and updated electronically. This facilitates risk moderation and escalation more efficiently and is driving greater transparency and appreciation of risks at all levels of the organisation. This system has continued to mature during 2017/18. During the year the QRMC has reviewed the highest risks and tracked progress on them at each meeting and, where necessary, has reviewed with clinical directors and general managers the reasons for scoring of specific risks. The QRMC have continued to focus during 2017/18 on those high risks that have been on the risk register for a significant period of time to try and seek mitigations to the identified risks, as well as supporting the increasing scrutiny and action of risks at divisional level and below in line with the principles of Service Line Management. In addition there is a weekly executive incident review meeting that primarily reviews actual and potential Serious Incidents but is also used to escalate risk entries where specific executive scrutiny is requested by QRMC.

Risk management is embedded in the activity of the organisation. The trust has a comprehensive single incident reporting system, which is well established in the organisation and has transitioned in-year to a new software system, Datix. One of the drivers for this change was the provision of real-time, tailorable management information to local teams, divisions and for review at corporate committees. This replaced the previous need to create bespoke reports for this purpose. The system was implemented in December 2017 and the quality of information being generated and reviewed is already providing benefits in the management of individual cases and also the comparison of themes across the trust.

Reports from incidents are provided to the directorates and specific trust committees as an aid to planning future improvements and thus preventing similar incidents from reoccurring. Incidents are reviewed and investigated accordingly and for those that are graded serious, a Root Cause Analysis (RCA) is undertaken. Following the occurrence of a Serious Incident the trust conducts a rapid 'SWARM' which is a face to face meeting between senior clinical leaders from the central clinical governance team, sometimes including the executive leads, and the local clinical team. Its aim is to identify immediate learning and actions, to confirm that the patient or relatives have been suitably engaged in line with the Duty of Candour requirements and that staff are supported in their actions and with any stressful consequences.

Reports of these RCA's and action plans are considered at the Clinical Risk and trust Health and Safety Committees. A weekly Executive Incident Review Group reviews actual and potential Serious Incidents and acts as a point of decision-making and escalation where necessary. The trust Board receives a monthly Integrated Performance Report which includes details of new serious incidents and progress of actions of previous serious incidents. In the months where the Board only meets in private, the Integrated Performance Report is published on the trust website to maintain transparency of information to the public. All patient safety incidents are reported electronically to the NHS Commissioning Board via the National Reporting & Learning Scheme (NRLS) in line with required practice. Serious incidents are also reported to NHS Improvement and Clinical Commissioning Groups. The Local Area Team and the CCGs have agreed on a standard understanding of which incidents need reporting at national level. Incidents meeting the criteria of the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations 1995 (RIDDOR) are reported to the Incident Contact Centre.

During 2017/18 a new system, Datix, was implemented as a trust wide change programme, for which one of the key drivers was to increase incident reporting as an indicator of a positive safety culture, taking national NRLS reporting comparisons as the benchmark. The system will also drive improved thematic review, triangulation with

other clinical feedback (e.g. complaints, inquests, safeguarding concerns) and reporting of compliance with policy requirements.

Quality Governance

The trust is compliant with the registration requirements of the Care Quality Commission (CQC) and maintains an active dialogue with the local inspection team to address any points of clarification.

The quality governance arrangements for the trust are reviewed operationally through the Quality Committee and its sub committees. For example:

- the Clinical Effectiveness Committee oversees clinical policy approvals, NICE Quality Standards, Guidance and Technology Appraisals
- the Clinical Risk Committee, supported by its operational sub group, reviews all Root Cause Analyses for Serious Incidents and Never Events and the completion of subsequent actions
- the Clinical Audit Committee oversees National and Local Clinical Audits
- the Quality Surveillance Group reviews mortality data, mortality alerts from Dr Foster and delivery of and outcomes arising from the Mortality Screening review process for every patient death
- The Patient Experience Group oversees key metrics and actions relating to areas such as the Friends and Family Test, complaints management, national patient surveys.

Other key areas are overseen directly by the Quality Committee, for example the CQC Inspection Action Plan, national quality priorities (e.g. those set within the agreed plan with NHS Improvement) and any quality related Contract Performance Notices with commissioners. These committees and others, forming the sub-structure to Quality Committee, provide highlight reports into each Quality Committee meeting, which in turn reports to the trust Management Team. In addition more in depth reviews are undertaken into specific areas of concern.

Performance against the trust's Quality Improvement Programme is reviewed at every Quality Committee and includes various components such as CQUIN schemes, Quality Account priorities, Sign up to Safety priorities, other national priorities and those agreed internally.

Independent assurance is provided through the trust's internal audit programme which picks up individual components. The outcomes are reported through the usual route to the Audit Committee but also operationally to the Quality Committee and, if appropriate, the Quality & Risk Management Committee. Examples in 2017/18, reported by the internal auditors, KPMG, were the implementation of the CQC Action Plan and Risk Management.

Assurance in relation to CQC registration requirements is provided through quarterly engagement meetings with the local CQC team. This provides a forum for discussing any queries or points of concern about registration. An example of in year discussion related to the registration of renal dialysis satellite units.

In November 2017 the trust received an unannounced on-site inspection by the CQC, a subsequent site visit the following week and an inspection on Well Led. The inspection reports were published in March 2018. The overall ratings and commentary provided evidence of improvement since the previous inspection in 2015 despite the overall rating remaining the same at 'Requires Improvement'. The highlights of the outcomes were:

- 'Well Led improved to rating of 'Good' for Southmead Location as a whole whilst the overall trust rating was 'Requires Improvement'
- One Service Line improved to 'Good' Rating (Outpatients)
- Urgent & Emergency Care sustained their Good rating
- Eight individual ratings improved (three in Outpatients, two in Surgery, two in End of Life care, one for Southmead Location)
- Two ratings worsened (both in Medical Care –Responsive rated as Inadequate, Well Led as 'Requires Improvement')
- Outstanding practice noted:
  - Caring for End of Life service line was rated as outstanding
  - ED work to support frail elderly patients, including those living with dementia
  - ED silver trauma' triage tool to support triage staff to identify major injuries in older people. There was an e-learning training package to support learning
  - ED triaged all received complaints to confirm the expectations of complainants
  - Medical Care - outstanding examples of multidisciplinary (MDT) working between different healthcare professionals
  - The Bereavement Team manager (Lead Chaplain) implemented processes that radically improved the service received by patients' families and loved ones
  - Patients had access to a specialist cancer nurse to speak with patients to provide emotional support and advice
  - The brain centre had a garden, which was managed by patients, working alongside staff. It also had a café which was run by patient volunteers.

Five immediate areas for priority actions were identified:

- Improvement actions to address ED 4-hour performance and reduced bed occupancy levels

- Mental Capacity Act and Deprivation Of Liberty Safeguards
- Installation of temporary call bells in escalation areas
- Privacy and dignity in interventional radiology
- Demonstrating safe staffing.

Divisional Service Leads provided responses to address issues raised and the following assurance approach will be adopted:

Internally: the trust Board has approved the CQC Action Plan and will receive monthly assurance updates within the Integrated Performance Report. Non-Executive Director independent scrutiny on the action plan on behalf of the trust Board will be provided through the Quality and Risk Management Committee. The Clinical Divisional Boards have oversight of delivery within their service lines whilst the Quality Committee provides assurance on the delivery of the CQC actions on behalf of the trust Management Team.

Externally: the CQC reviews the trust submitted Action Plan and will regulate ongoing delivery of Fundamental Standards (by engagement and inspection). A CCG Quality Sub Group comprising membership from the commissioners, NHS Improvement and NHS England seeks assurance of Action Plan delivery. In addition assurance to local councils will be provided by ad-hoc visits, reports to Health Scrutiny Committees and within the Annual Quality Account.

Risks to Data Security

Risks to data security are controlled by the Information Management & Technology (IM&T) Department in a number of ways. Internally, any risks to trust data can be/are raised on a central risk register which is open to all staff which helps manage, control and mitigate risks, with an escalation process to Committee/ Board level if appropriate. On a day to day basis, any unusual IT activity can be/ is reported to our IT Service Desk who log all reported incidents from staff and investigate further, i.e. for virus risks, phishing attacks etc. IM&T also monitor our network security boundaries to pick up and block any suspicious activity.

Externally, IM&T are an active member of the National Cyber Security Centre (NCSC) ran Cyber information sharing partnership (CiSP) which is a national forum for sharing security incidents and receiving advice & support. IM&T also receive regular security advice from NHS Digital to update our IT systems and prevent unauthorised access to our data.

Organisational Strategic Risk Profile

During the 2017/18 financial year the following extreme internal strategic risks have been identified for Board or Committee review within the Board Assurance Framework, as outlined on page 50:

Extreme Strategic Risks	Key Actions to Reduce Risk	Risk Mitigated at Year End?
Reduction in flow through the hospital results in patients waiting longer in hospital than necessary slows admissions from the Emergency Department, impacts on the quality of services and reduces the capacity available to undertake elective work.	■ Support to roll-out SAFER bundle across the whole organisation commissioned ■ System-wide recovery plan ■ Multi agency discharge events held ■ Delivery of Weston sustainability plan to mitigate additional attendances/ admissions ■ Development of revised bed model with sensitivity analysis and actions to address known issues developed ■ New performance management arrangements confirmed ■ Empower modelling updated in year and again for 2018/19 business plan	■ Further mitigations are required to address this risk and the trust will continue to work with key stakeholders to find a sustainable solution
High levels of turnover and a lack of retention leads to increased instability in the workforce, potential skills shortages in key operational areas, and a lack of benefit from experience. This results in increase corporate resource required to manage the required recruitment activity, managerial capacity diverted from addressing operational issues, increased costs and reduced efficiencies	■ trust board to approve Workforce Strategy and a BNSSG acute strategy to be developed ■ Development of targeted retention interventions for specific staff groups ■ Develop a People Plan ■ Roll out retention programme trust-wide ■ Retention Steering Group established	■ The risk has been reduced in year through the actions and further mitigations are required to bring the risk down to its target
A lack of engagement with staff, leads to a lack of clarity about decision making and forward direction, resulting in inefficient use of resources, a lack of coordinated activities, increase in performance problems and adverse impact on quality	■ Finalise OC roadmap ■ Refresh internal communications and engagement strategy ■ Develop leadership development programme ■ Leadership steering group established	■ The risk has been reduced significantly in year but further mitigations are required to bring the risk down to its target
Through not delivering the required improvements in productivity and efficiency there is a risk that the trust does not deliver its sustainability programme, national targets and the required financial improvements.	■ Emergency Care Improvement Programme reviewed ■ New performance management arrangements confirmed ■ ED workforce to be reviewed	■ The risk has been reduced in year through the actions, further mitigation plans are in place however delivery remains challenging
The increasing complexity of patient needs risks more concern being raised about safety of clinical care. This could result in increased harm to patients, litigation and regulatory action.	■ Development of a quality strategy ■ Implementation of recommendations from clinical governance reviews to strengthen quality governance	■ Further mitigations are required to address this risk

Principal Risks to compliance with the NHS Provider Licence

The trust undertakes an annual self-certification process whereby it provides evidence of compliance against the NHS Provider Licence. The purpose of the self-certification process is to enable the Board to confirm or otherwise that it meets the obligations set out in the licence having taken into account relevant evidence together with any risks and associated mitigations. During 2017/18 the trust Board received a report in May 2017 setting out the evidence aligned to each element of the provider licence conditions and concluded that it confirmed the trust's compliance. The self-certification process has been undertaken in April 2018 with the trust Board required to self-certify following the financial year end.

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 project, to ensure that this organisation's obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

7. Review of Economy, Efficiency and Effectiveness of the Use of Resources

NHS Improvement (NHSI) removed the trust from Financial Special Measures (FSM) on 3 July 2017, stating that the trust had demonstrably improved its underlying financial position and demonstrated on-going delivery of its recovery plan. Furthermore, NHSI recognised the successful focus on developing and delivering an effective staff communication campaign that engaged all staff in financial improvement. NHSI stated that they will look to use this as an exemplar of best practice.

For 2017/18, the trust delivered a financial position £0.3m better than its control total. This achievement has been made possible following significant improvements in processes over the last 18 months with further improvements planned.

The trust has made efficiencies of £88.9m in the three years 2015-16 to 2017-18 and has a further cost improvement requirement of 34.7m in 2018-19. Achievement of this level of savings has been possible through a range of measures including improvements to processes at all levels at the trust as highlighted by NHSI and specific targeting and supporting problem areas with Divisions as well as a focus on reducing reference costs and the Carter metrics. The reference cost index has reduced from a high of 113 in 2014/15 to 100 in 2016/17 which reflects the focus on delivery of real cost efficiency relative to other trusts.

The trust recognised the need to re-focus and improve following the announcement of special measures in September 2016. This has been a continual process and it is hoped that this will continue to deliver positive outcomes in the years ahead. The key areas of change so far are set out below.

- Continued focus at executive level on financial recovery
- A dedicated financial recovery Programme Management Office to drive change, delivery and provide bespoke support
- The move from seven Directorates to five Divisions in April 2017 and the roll out of the Service Line Management (SLM) process in Divisions with a year-long support programme
- More autonomy to be given to Divisions to make decisions around how services are provided
- 2018/19 planning began in September 2017 with winter planning moved forward to July 2017
- Fortnightly Financial Recovery Group to make key decisions
- Monthly Divisional financial checkpoints and operational performance reviews
- Performance management framework implemented to ensure delivery and increase frequency as necessary.

A significant factor in delivering our control total and financial recovery going forward has been reducing reliance on temporary staff. In 2015/16 agency spend was £22.6m reducing to £9.3m in 2016/17 and £6.3m in 2017/18 with further improvements are planned. This was achieved as a result of a trust wide challenge related to reasons for agency usage (e.g. Sickness, turnover, etc.) as well as focussing on the highest spending areas and then working with and prioritising support for those Divisions.

Although the trust performs better than the national and peer median for a number of the Carter metrics, it has also identified those where it performs less well. These have identified actions and are being reported internally. These include sickness absence, estates utilisation and corporate and operational administration costs.

8. Information Governance

As Accountable Officer I receive comprehensive and reliable assurance from a range of sources including managers, internal audit and periodic external audits that information governance risks are being managed effectively.

There have been two incidents reported against the Information Commissioners Office (ICO) Incident Reporting guidelines during 2017/18. These related to cyber-attacks (Phishing emails). The Senior Information Risk Owner and Caldicott Guardian were advised of the incidents. No action has been taken by NHS Digital or the ICO.

The trust has completed its self-assessment against the NHS Information Governance Toolkit and has identified that it has achieved a minimum of Level 2 compliance in all of the standards, with Level 3 compliance in five of the 45 standards. This gives the trust an overall rating of Level 2 which is satisfactory. The trust received a 'significant assurance with two minor improvement opportunities' from its annual internal audit review.

9. 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 Quality Account is produced to a strict timetable that commences in January and supports the engagement in its production from clinical staff, internal and external stakeholders and board review and final approval for the required deadline of 30 June for public publication. This includes review and scrutiny of the overall contents, selection of quality priorities and overall contents at the trust's Quality Committee, Patient Participation Committee and Quality & Risk Management Committee before review at trust Board. Any unusual trends in data are investigated and considered in light of the narrative provided and in light of the wider knowledge of clinical services applied through the senior clinical and managerial leads included in those reviews.

An annual External Audit of the Quality Account is performed by the trust's external auditors, currently Grant Thornton. The audit includes two clinical indicators from the national 'picklist' as well as a broader review of compliance with the Quality Account

regulations and in doing so a consistency check with other trust information sources – for example comparing data within Board Integrated Performance Reports with that include in the Quality Account.

Work has continued in year to identify data quality issues and address these. Issues are identified through a data quality reporting tool which highlights where review and remedial action is required. The trust has a number of Data Quality Marshalls who work within the hospital to holistically look at data pathways from input stage to reporting, to identify and take action to correct issues. Their role is to also ensure that capability in the workforce is increased through the provision of on-going advice, guidance and training. In addition the trust's internal Auditors, KPMG have undertaken an audit on data quality management in the final quarter of the year.

To provide data quality assurance there is a Data Quality Tracker, which is updated daily and made available to all staff. The Data Quality Tracker is one of the leading quality management products used by the Data Quality Marshalls within Information Management and Technology. This team triages both internal and external data quality queries, ensuring that any item raised is logged, assigned, tracked, and ultimately resolved, engaging wider resources as required. In terms of governance, there is a monthly North Bristol Trust Data Quality Meeting, focusing on all internal and external quality issues. The outcome from this Board is then visible internally to higher level quality forums, and externally to our commissioners via our DQIP Meeting and Finance Information Group meetings, all of which are held monthly.

The Data Quality Tracker approximately 50 Key Performance Indicators covering all elements of the Referral to Treatment (RTT) patient pathway. The data is reviewed on a regular basis by all specialities and any data quality issues are validated and amended to ensure accuracy. Training issues are also identified by using the Data Quality tracker to ensure that staff are adhering to the Standard Operating Procedures that are in place.

There are various reports on the Data Quality tracker relating specifically to waiting lists, for example, there is a report which identifies patients who should have been added to an elective waiting list. This is validated by specialities to ensure that all patients are added to the correct waiting list.

In addition, there are monthly validation processes in place to ensure the quality of our national RTT submissions, which are signed off by the Associate Director of Performance prior to submission.

The trust has implemented the RTT suite of reports, as recommended by the NHS Improvement Intensive Support Team and continues to monitor RTT performance against these.

10. 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 and quality and risk management committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The detail of my review is informed in a number of ways, as follows;

- Executive directors and managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance
- The Head of Internal Audit provides me with an opinion (the 'HIAO') based on
    - An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
    - An assessment of the range of individual assurances arising from the risk-based internal audit assignments that have been reported throughout the period. This assessment takes account of the relative materiality of these areas
- The HIAO states that "'Significant assurance with minor improvements can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control"
- The BAF and operational risk register itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed
- The trust's Quality Account is subject to review by a formal External Auditor's opinion; the outcome of which is reported to the Audit Committee. The external audit is also reported to the Quality Committee. Ongoing assurance on performance and data quality against the trust's aims for Quality Improvement is obtained through their inclusion in the monthly Integrated Performance Report. This information is also reviewed at the trust's Quality Committee with Clinical Directors and forms part of directorate performance reviews with the executive team in the monthly Executive Review meetings.
- In May 2017 the Board reviewed its Provider Licence Compliance Statements and agreed positive responses to all statements. A range of internal and external assurances are considered, key examples being:

Type	Assurance Source
External Assurances	■ External Audit reports on the trusts annual financial accounts ■ Annual patients' survey and delivery of action plan ■ Annual staff survey improved results and delivery of action plan ■ Care Quality Commission – planned review programme reports received for all in and outpatient facilities. A warning notice was placed on the Emergency Department with subsequent confirmation that the conditions had been met in year ■ Peer review visits ■ Local Authorities – Health Overview and Scrutiny Committees ■ National Clinical Audit reports ■ Medicines and Healthcare Products Agency ■ Joint Advisory Group ■ Management Systems Organisations accreditation reviews, such as the British Standards Institute ■ Intensive Care Support Team reports to Board ■ Patient Stories
Internal Assurances	■ Reports received from internal audit ■ Clinical audit reports ■ Clinical Audit Assurance report to Audit Committee ■ Annual Clinical Audit Report to Audit Committee ■ (Integrated) Performance Management reports to the trust Board incorporating Patient Experience and Friends and Family Patient and staff results ■ Financial Sustainability reports to the trust Board ■ Annual Quality Account ■ Safer Staffing reports to trust Board ■ Quality & Risk Management Committee Assurance reports to Board ■ Audit Committee reports to Board ■ Finance and Performance Committee reports to Board ■ Medical Staff appraisal progress reports to trust Board ■ Annual Equality Report

11. Conclusion

Taking the guidance provided on the disclosure of 'significant issues' within the 'NHS trusts: annual governance statement requirements issued by NHS Improvement, the trust has outlined below the issues which it considers to be significant internal control issues.

Patient Flow and Bed Occupancy

In 2017/18, the trust has at times been operating for sustained periods at above 100% occupancy through the utilisation of escalation capacity and this was noted to be an issue when the CQC visited the trust in November 2017. This situation has put immense strain on staff, poses risks to patients of being in the wrong specialty bed, and has resulted in additional costs being incurred. The trust wishes to bring this practice to an end, although the context of an 8% growth in admissions, rising to 17% at the peak of winter has caused a significant bed imbalance. The trust has undertaken detailed planning to deliver maximum bed occupancy of 95% in 2018/19, with an ambition of moving towards 92% bed occupancy in 2019/20.

The CQC acknowledged that the trust consistently failed to meet the national four hour standard and that the percentage of patients in the emergency department waiting between four and 12 hours from the decision to admit until being admitted were both consistently worse than the England average. This was highlighted as a particular issue in medical care where they found there was ineffective patient flow within the hospital which was not meeting the needs of local people. During January 2018, a national planned reduction in all in-patient elective operating with an increase in day case operating was enacted to support medicine division with an increased bed capacity to manage the predicted increase in demand. Two non-medical wards were switched to medicine in December to enhance their bed base and reduce delays.

The trust bed model forecasts bed deficits of across Quarter 3 and 4 of between 38 beds and 167 beds at 95% occupancy (peak deficit in January 2019). Mitigations to address the bed gap are being developed internally and as part of system wide plans to meet the Bristol North Somerset South Gloucestershire system goals of containing non-elective growth to half the rate expected for 2018-19 and to embed a "no-delays" culture throughout patient pathways. The mitigation plans encompass themes identified from Multi Agency Discharge Events (MADE) and learning from other systems with a proven record of delivery that can be implemented by October 2018. The system has allocated funds to invest in new schemes through both the STP and the Bristol Better Care Fund. Decisions will be made mid-May on funding in order to have sufficient time to implement changes ahead of winter.

A winter review from 2017/18 has been undertaken, engaging with both staff and external partners. The learning from these exercises are being incorporated into the trust's final winter plan. The trust's activity profile reflects seasonal non-elective pressures and plans to reduce in-patient elective work in quarter four.

PwC have also been commissioned to deliver the Perform programme during the spring/early summer of 2018 to engage with frontline clinical teams to embed new ways of working which includes a proactive approach to problem solving, develop consistent reliable ward processes through working together and decisions based on local ward level data. The Perform programme uses 10 management tools and techniques, one introduced each week, each building on each other through one-to-one ward based coaching to develop each tool to suit the individual teams and embed with teams and everyday practice. It provides support to address underlying issues, providing teams with problem solving tools to empower timely issue resolution and will be delivered through a joint NBT-PwC team to ensure sustainability and continuous improvement. Perform is expected to support ward based staff to increase discharges by midday, increase accuracy of planned discharge dates, reduce patients waiting between 7-21 days and therefore contribute to bed occupancy rates no higher than 95%.

Financial Performance

At the start of the year the trust agreed the control total issued to it by NHS Improvement for 2017/18 of £18.8m, which required the delivery of £39.4m cost improvements in year.

NHS Improvement (NHSI) removed the trust from Financial Special Measures (FSM) in July 2017, due to demonstrable improvement in its underlying financial position and demonstrated on-going delivery of its recovery plan.

The trust delivered a financial position for 2017/18 £0.3m better than control total, however, there were significant operational pressures in year due to greater than expected emergency patients requiring care. This adversely impacted on the trusts ability to provide routine services for patients', which was particularly an issue over the winter period. This has required increased investment in the treatment of emergency patients as well as support to ensure elective productivity is maintained.

The trust's 2018/19 operational plan was approved in March 2018 and shows that the trust will be in deficit for 2018/19 whilst delivering £34m of cost improvements.

Quality - Never Events & MRSA Bacteraemias

There have been two Never Events reported during the year relating to a wrong site surgery and a surgical complication. More details of the incidents, including the root cause, learning points and actions, are published in the Quality Account 2017/18.

There have been four MRSA bacteraemia reported during the year (2017/18), a reduction on the six cases reported in 2016/7. The previous years agreed action plan has been formally closed by the Commissioners. It recognised the significant work that has taken place and that which continues as part of the reduction strategy.

Signed .....

Date: 28 June 2018

Andrea Young
Chief Executive
North Bristol NHS Trust

The trust monitors its employment and policies to ensure actions are taken to avoid unlawful discrimination whether direct or indirect.

Remuneration and Staff Report

Remuneration Policy

The trust's approach to Remuneration Policy for Directors is in line with the guidance issues by NHS Improvement in order that directors' pay remains both competitive and value for money.

The trust has a Remuneration and Nominations Committee that agrees the remuneration packages for executive directors.

Pay Multiples (audited)

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

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. This has been audited.

The banded, full time annualised total remuneration of the highest paid director in the organisation in the financial year 2017-18 was £190k-£195k (2016-17: £225k-£230k). This was 6.7 times (2016-17 7.9 times) the median remuneration of the workforce, which was £28,524 (2016-17 £28,626).

In 2017-18 five employees (2016-17 no employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £15,404 to £222,819 (2016-17: £15,251 to £228,938).

Salary and Pensions entitlements of senior managers 2017/18. Remuneration of senior managers (audited)

Name and title	2017-18					2016-17				
	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£	£000	£000	£000	£000	£	£000	£000	£000
Non-Executive Directors										
Peter Rilett - Chairman Left 01/11/17	10-15	-	-	-	10-15	20-25	-	-	-	20-25
Frank Collins - Chairman Started 02/11/17	15-20	-	-	-	15-20	-	-	-	-	-
Andrew Willis - Non Executive Director Left 30/04/17	0-5	-	-	-	0-5	5-10	-	-	-	5-10
Liz Redfern CBE - Non Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
John Everitt - Non Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Ken Guy - Non Executive Director Left 31/03/16	-	-	-	-	-	0-5	-	-	-	0-5
Nishan Canagrarajah - Non Executive Director Left 31/12/16	-	-	-	-	-	0-5	-	-	-	0-5
Robert Mould - Non Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Jaki Meekings-Davis - Non Executive Director Started 01/04/16	5-10	-	-	-	5-10	5-10	-	-	-	5-10
John Iredale- Non Executive Director Started 01/01/17	5-10	-	-	-	5-10	0-5	-	-	-	0-5
Tim Gregory - Non Executive Director Started 01/07/17	0-5	-	-	-	0-5	-	-	-	-	-
Executive Directors										
Andrea Young - Chief Executive	190-195	100		27.5-30	220-225	185-190	100	-	30-32.5	220-225
Catherine Phillips - Director of Finance	140-145	-		60-62.5	200-205	135-140	100	-	37.5-40	175-180
Chris Burton - Medical Director	150-155	-	-	20-22.5	170-175	150-155	200	-	25-27.5	175-180
Kate Hannam - Director of Operations	120-125	-	-	32.5-35	150-155	115-120	-	-	25-27.5	145-150
Sue Jones - Director of Nursing and Quality	115-120			15-17.5	130-135	110-115	-	-	15-17.5	130-135
Corporate Directors										
Harry Hayer - Director of People & Organisational Health Left 14/04/16	-	-	-	-	-	-	-	-	5-7.5	5-10
Paul Jones - Interim Director of People & Organisational Health Left 05/05/16.	-	-	-	-	-	20-25	-	-	-	20-25
Neil Darvill - Director of Informatics	120-125	-	-	15-17.5	135-140	115-120	-	-	67.5-70	185-190
Sasha Karakusevic - Director of Strategy & Transformation Full Time Secondment from December 2016 with NIL cost to trust during 2017/18"	-	-	-	-	-	20-25	-	-	27.5-30	45-50
Simon Wood - Director of Estates, Facilities & Capital Planning	110-115	100		15-17.5	125-130	110-115	100	-	15-17.5	125-130
Jacolyn Fergusson - Director of People and Transformaion. Started 05/05/16.	140-145	16,800	15-20	-	175-180	205-210	-	-	-	205-210

Expense payments within the trust largely relate to taxable mileage expenses, some telephone rental expenses and relocation expenses. Relocation expenses paid to the Director of People and Transformation were in accordance with the contract terms arranged.

Annual Performance Pay and Bonuses

The Director of People & Transformation is in receipt of a performance related bonus contribution of £17,499, to recognise the complexity of the role and the deliverables strongly associated with the success of the trust. Detailed quarterly objectives have been agreed and achievement of these has been signed off by the Chief Executive throughout the year.

Pension entitlements of senior managers (audited)

Name and title	(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 March 2018 (bands of £5,000) £000	(d) Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000) £000	(e) Cash Equivalent Transfer Value at 1 April 2017 £000	(f) Real increase in Cash Equivalent Transfer Value £000	(g) Cash Equivalent Transfer Value at 31 March 2018 £000	(h) Employer's contribution to stakeholder pension £000
Executive Directors								
Andrea Young - Chief Executive	0-2.5	5-7.5	70-75	220-225	1,570	132	1,718	N/A
Catherine Phillips - Director of Finance	2.5-5	2.5-5	50-55	130-135	773	70	851	N/A
Chris Burton - Medical Director	0-2.5	5-7.5	55-60	165-170	1,052	97	1,159	N/A
Kate Hannam - Director of Operations	2.5-5	0-2.5	35-40	90-95	492	60	557	N/A
Sue Jones - Director of Nursing and Quality	0-2.5	2.5-5	50-55	155-160	973	87	1,070	N/A
Corporate Directors								
Neil Darvill - Director of Informatics	0-2.5	2.5-5	40-45	120-125	737	74	819	N/A
Simon Wood - Director of Estates, Facilities & Capital Planning	0-2.5	2.5-5	50-55	155-160	1,064	85	1,159	N/A
Jacolyn Fergusson - Director of Workforce & Organisational Development. Started 05/05/16	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N/A

Figures Provided by Payroll Department

Past and present employees of the trust are covered by the NHS Pension Scheme, details of this scheme are provided within the full accounts.

The tables of salary and pension entitlements of senior managers, including supporting notes, and the narrative notes relating to pay multiples have been audited.

As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive members.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Staff Numbers (audited)

The trust staff numbers are listed below. Senior Managers are listed as per the Remuneration Report.

	2017/18			2016/17
	Total Number	Permanently Employed Number	Other Number	Total Nuber
Average staff numbers				
Medical and dental	922	894	28	913
Administration and estates	1,461	1,384	77	1,545
Healthcare assistants and other support staff	1,735	1,388	347	1,696
Nursing, midwifery and health visiting staff	2,404	2,190	214	2,373
Scientific, therapeutic and technical staff	740	724	16	758
Healthcare science staff	602	600	2	610
	7,864	**7,180**	**684**	**7,895**
Of the above - staff engaged on capital projects	26	26	0	94

Staff Composition (audited)						
	2017/18			2016/17		
	Male	Female	Total	Male	Female	Total
Board members	10	7	17	12	7	19
Other staff	2,026	5,821	7,847	2,056	5,822	7,878
Total	2,036	5,828	7,864	2,068	5,829	7,897
Total %	**26%**	**74%**		**26%**	**74%**	

Sickness Absence Data and Pension Liabilities		
	2017	2016
Total Days Lost	68,247	76,026
Total FTE Staff Years	7,181	7,365
Average working days lost per staff year	9.5	10.3

Note: Figures presented are per calendar year.

Pension liabilities are detailed within the accounts under note 9. The policy note for pensions is presented under note 1.5 detailing how pension liabilities are treated in the accounts. Within the Remuneration Report salary and pension entitlements of senior managers has been provided.

Staff Policies applied during the year

The trust has a range of Human Resources policies that support staff and which are widely available on the Intranet.

In respect of disability, the trust's Recruitment and Selection Policy and Guidelines sets out its commitment to ensuring that all staff, including those who are disabled, are treated fairly and equitably in relation to the appointment processes.

The trust is now a Disability Confident employer guaranteeing an interview for disabled applicants who meet the person specification and to ensure reasonable adjustments are made.

The trust has an Equality and Diversity Committee, which amongst others ensures that disabled persons have equal access to development and support.

The trust monitors its employment and policies to ensure actions are taken to avoid unlawful discrimination whether direct or indirect.

Expenditure on Consultancy

Expenditure on consultancy services was £259,000 (2016/17 £813,000) during the year.

Off Payroll Arrangements

As part of the 'Review of Tax Arrangements of Public Sector Appointees' the trust is required to disclose the number of non-payroll arrangements which existed at 31 March 2018 and what action has been taken in regard to their tax status since that date.

From 6 April 2017 new rules for off payroll working in the public sector commenced. HMRC began the implementation of the reform of the intermediary's legislation (IR35) which means that responsibility for applying these rules now rests with the employer. As a result of this, all off-payroll arrangements, irrespective of value, have been assessed using the new HMRC on-line tool and steps taken to ensure that tax and national insurance is deducted correctly in line with the results of the tool.

Existing off-payroll arrangements as of 31 March 2018, for more than £220 per day and that last longer than 6 months		
	2017/18	**2016/17**
	Number	**Number**
Number of existing engagements as of 31 March 2018	0	8
Of which, the number that have existed		
for less than one year at the time of reporting	0	4
for between one and two years at the time of reporting	0	3
for between two and three years at the time of reporting	0	0
for between three and four years at the time of reporting	0	0
for four or more years at the time of reporting	0	1

New off-payroll arrangements between 1 April 2017 and 31 March 2018, for more than £220 per day and that last longer than 6 months		
	2017/18	**2016/17**
	Number	**Number**
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	2	8
Number of new engagements which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations	2	6
Number of whom assurance has been requested	2	7
Of which:		
assurance has been received	2	3
assurance has not been received	0	4
engagements terminated as a result of assurance not being received	0	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsivity, between 1 April 2017 and 31 March 2018		
	2017/18	2016/17
	Number	Number
Number of off-payroll engagements of board members, and / or senior officers with significant financial responsibility, during the financial year	0	2
Total no. of individuals on payroll and off-payroll that have been deemed "Board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	17	19

Notes:
An interim Director of People and Transformation was engaged using an off-payroll engagement during 2016/17 to cover a vacancy. The appointment period is disclosed in the table below. This is now a substantive role.

Exit Packages (audited)

The exit packages agreed by the trust are as follows:

Exit packages cost band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed
		£s		£s
Less than £10,000	4	18,413	31	112,308
£10,000 - £25,000	4	78,333	4	56,590
£25,001 - £50,000	4	125,366	0	0
£50,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	0	0	0	0
>£200,000	0	0	0	0
Total	**12**	**222,112**	**35**	**168,898**

Reporting of compensation schemes – exit packages 2017/18 (audited)

	Trust and Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	4	31	35
£10,000 - £25,000	4	4	8
£25,001 - £50,000	4	-	4
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
≥£200,000	-	-	-
Total number of exit packages by type	**12**	**35**	**47**
Total resource cost (£)	**£221,000**	**£169,000**	**£390,000**

Reporting of compensation schemes – exit packages 2016/17 (audited)

	Trust and Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	52	52
£10,000 - £25,000	2	8	10
£25,001 - £50,000	1	1	2
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
≥£200,000	-	-	-
Total number of exit packages by type	**3**	**64**	**64**
Total resource cost (£)	**£60,532**	**£338,438**	**£398,970**

Exit Packages: other (non-compulsory) departure payments (audited)

	Trust and Group			
	2017/18		2016/17	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	35	169	61	338
Exits payments following employment tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**35**	**169**	**61**	**338**
Of which Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

This year also saw us reduce our deficit, meet our planned financial outturn and exit Financial Special Measures.

Financial Statements and Notes

Financial statements

The financial statements have been prepared in accordance with the NHS trusts Manual for Accounts issued by the Department of Health. The manual contains accounting policies which comply with International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury.

Group financial statements

The trust is required to prepare consolidated accounts, incorporating the results of the trust's linked charity, the North Bristol NHS Trust Charitable Funds. The requirement to consolidate arises as a result of the trust's ability to control the charity as defined in IAS 27 Consolidated and separate financial statements. Consequently the accounts present financial information for the trust as a stand-alone entity, and where required 'the Group' which includes financial information for the charity.

It is important to emphasise that the consolidation of the Charity has no impact on the results of the trust as a stand-alone entity. These results and the measurement of the trust's performance against its breakeven duty, external financing limit (EFL) and capital resource limit (CRL) are presented separately in the consolidated accounts and it is the trust's results as an entity that are used in measuring its performance in year.

The Annual Performance Report is only part of our full Annual Report and Accounts. The full copy can be viewed on our website: nbt.nhs.uk

The auditor's report on the full Annual Report and Accounts was unqualified and the overview and director's report was considered to be consistent by the auditors as unqualified.

NHS
North Bristol
NHS Trust

0117 950 50 50

twitter.com/northbristolNHS

www.facebook.com/NorthBristolNHSTrust

www.youtube.com/user/NorthBristolNHSTrust/

www.nbt.nhs.uk

www.instagram.com/north_bristol_nhs/

uk.linkedin.com/company/north-bristol-nhs-trust

North Bristol NHS Trust

Annual accounts for the year ended 31 March 2018

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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

Date.....24 May 2018.

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 Date..... Chief Executive

24 May 2018 Date..... Finance Director

Independent auditor's report to the Directors of North Bristol NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North Bristol NHS Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the Accounts, including Accounting policies and other information. 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 group and of the Trust as at 31 March 2018 and of the group's expenditure and income and the Trust's 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 group and 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 1.2 in the financial statements, which indicates that the group and Trust's continuing operational stability depends on finance that has not yet been approved. These events or conditions, along with the other matters explained in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the group and 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 of the group and Trust 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 resources 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.

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 group's and 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 group or the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group or 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. 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

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, except for the effects of the matters described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects North Bristol NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for qualified conclusion

Our review of the Trust's arrangements identified the following matter:

- the Trust achieved an adjusted deficit for NHS accountability purposes of £14.2 million against an £18.7 million deficit control total. The Trust achieved this outturn following a number of non-recurrent benefits, and the underlying deficit taken into 2018/19 excluding these non-recurrent measures is £48.6 million. The Trust's financial forecast identifies an adjusted deficit of £18.4 million for 2018/19 which will require further cash support from external sources.

This identifies weaknesses in the Trust's arrangements for setting a sustainable budget. This matter is evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

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 North Bristol NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Barrie Morris

Barrie Morris
Director
for and on behalf of Grant Thornton UK LLP
2 Glass Wharf, Bristol, BS2 0EL

24 May2018

Statement of Comprehensive Income

		Group		Trust	
		2017/18	2016/17	2017/18	2016/17
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	483,421	459,219	483,421	459,219
Other operating income	4	87,504	72,382	87,318	71,409
Operating expenses	6, 8	(549,173)	(549,557)	(547,656)	(547,929)
Operating surplus/(deficit) from continuing operations		**21,752**	**(17,956)**	**23,083**	**(17,301)**
Finance income	11	324	308	46	38
Finance expenses	12	(39,346)	(36,930)	(39,346)	(36,930)
Net finance costs		**(39,022)**	**(36,622)**	**(39,300)**	**(36,892)**
Other gains	13	107	4,238	260	3,094
Deficit for the year from continuing operations		**(17,163)**	**(50,340)**	**(15,957)**	**(51,099)**
Surplus on discontinued operations and the gain on disposal of discontinued operations	14	476	-	476	-
Deficit for the year		**(16,687)**	**(50,340)**	**(15,481)**	**(51,099)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	7	-	(988)	-	(988)
Revaluations	18	9,103	15,888	9,103	15,888
Other reserve movements		527	-	527	
May be reclassified to income and expenditure when certain conditions are met:					
Fair value (losses) on available-for-sale financial investments	13	-	(59)		
Total comprehensive expense for the period		**(7,057)**	**(35,499)**	**(5,851)**	**(36,199)**

Financial performance for the year

	Trust	
	2017/18	2016/17
Retained (deficit) for the year	**(15,481)**	**(51,099)**
Impairments / (impairment write-backs)	1,662	7,981
Deficit before impairments	**(13,819)**	**(43,118)**
Adjustments in respect of donated government grant asset reserve elimination	(379)	196
Adjusted retained (deficit)	**(14,198)**	**(42,922)**

Statement of Financial Position

	Note	Group 31 March 2018 £000	Group 31 March 2017 £000	Trust 31 March 2018 £000	Trust 31 March 2017 £000
Non-current assets					
Intangible assets	15	17,333	15,849	17,333	15,849
Property, plant and equipment	16	517,654	518,023	517,654	518,023
Other investments / financial assets	19	9,306	10,516	-	-
Trade and other receivables	22	14,000	20,000	14,000	20,000
Total non-current assets		**558,293**	**564,388**	**548,987**	**553,872**
Current assets					
Inventories	21	11,212	10,172	11,212	10,171
Trade and other receivables	22	57,910	62,696	57,912	62,666
Non-current assets for sale and assets in disposal	23	-	1,570	-	1,570
Cash and cash equivalents	24	17,508	4,839	17,009	4,653
Total current assets		**86,630**	**79,277**	**86,133**	**79,060**
Current liabilities					
Trade and other payables	25	(72,950)	(85,978)	(72,655)	(85,959)
Borrowings	27	(40,078)	(40,106)	(40,078)	(40,106)
Provisions	29	(4,801)	(517)	(4,801)	(517)
Other liabilities	26	(3,450)	(3,554)	(3,450)	(3,554)
Total current liabilities		**(121,279)**	**(130,155)**	**(120,984)**	**(130,136)**
Total assets less current liabilities		**523,644**	**513,510**	**514,136**	**502,796**
Non-current liabilities					
Trade and other payables	25	(597)	(617)	(597)	(617)
Borrowings	27	(531,367)	(514,288)	(531,367)	(514,288)
Provisions	29	(876)	(1,040)	(876)	(1,040)
Other liabilities	26	(7,731)	(8,258)	(7,731)	(8,258)
Total non-current liabilities		**(540,571)**	**(524,203)**	**(540,571)**	**(524,203)**
Total assets employed		**(16,927)**	**(10,693)**	**(26,435)**	**(21,407)**
Financed by					
Public dividend capital		242,522	241,699	242,522	241,699
Revaluation reserve		106,286	100,355	106,286	100,355
Income and expenditure reserve		(375,243)	(363,461)	(375,243)	(363,461)
Charitable fund reserves	20	9,508	10,714	-	-
Total taxpayers' equity		**(16,927)**	**(10,693)**	**(26,435)**	**(21,407)**

The notes on pages 8 to 55 form part of these accounts.

Name

Position **Chief Executive**

Date **24 May 2018**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2017 - brought forward	**241,699**	**100,355**	**(363,461)**	**10,714**	**(10,693)**
At start of period for new FTs	**-**	**-**	**-**	**-**	**-**
(Deficit) for the year	-	-	(15,481)	(1,206)	**(16,687)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(2,045)	2,045	-	**-**
Other transfers between reserves	-	(1,484)	1,484	-	**-**
Impairments	-	-	-	-	**-**
Revaluations	-	9,103	-	-	**9,103**
Revaluations and impairments - charitable fund assets	-	-	-	-	**-**
Transfer to retained earnings on disposal of assets	-	(170)	170	-	**-**
Fair value (losses) on available-for-sale financial investments	-	-	-	-	**-**
Public dividend capital received	823	-	-	-	**823**
Other reserve movements	-	527	-	-	**527**
Taxpayers' and others' equity at 31 March 2018	**242,522**	**106,286**	**(375,243)**	**9,508**	**(16,927)**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**241,380**	**87,322**	**(314,229)**	**10,014**	**24,487**
(Deficit) for the year	-	-	(51,099)	759	**(50,340)**
Other transfers between reserves	-	(1,867)	1,867	-	**-**
Impairments	-	(988)	-	-	**(988)**
Revaluations	-	15,888	-	-	**15,888**
Public dividend capital received	319	-	-	-	**319**
Taxpayers' and others' equity at 31 March 2017	**241,699**	**100,355**	**(363,461)**	**10,714**	**(10,693)**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2017 - brought forward	**241,699**	**100,355**	**(363,461)**	**(21,407)**
(Deficit) for the year			(15,481)	**(15,481)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits		(2,045)	2,045	**-**
Other transfers between reserves		(1,484)	1,484	**-**
Impairments		-		**-**
Revaluations		9,103		**9,103**
Transfer to retained earnings on disposal of assets		(170)	170	**-**
Public dividend capital received	823			**823**
Other reserve movements		527	-	**527**
Taxpayers' and others' equity at 31 March 2018	**242,522**	**106,286**	**(375,243)**	**(26,435)**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**241,380**	**87,322**	**(314,229)**	**14,473**
(Deficit) for the year			(51,099)	**(51,099)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits		(1,867)	1,867	**-**
Impairments		(988)		**(988)**
Revaluations		15,888		**15,888**
Public dividend capital received	319			**319**
Taxpayers' and others' equity at 31 March 2017	**241,699**	**100,355**	**(363,461)**	**(21,407)**

Information on reserves

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.

Charitable funds reserve
This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 20.

Statement of Cash Flows

		Group		Trust	
		2017/18	2016/17	2017/18	2016/17
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus / (deficit)		22,208	(17,956)	23,539	(17,301)
Non-cash income and expense:					
Depreciation and amortisation	6.1	22,352	21,739	22,352	21,739
Net impairments	7	1,662	7,981	1,662	7,981
Income recognised in respect of capital donations	4	(1,126)	(177)	(1,126)	(177)
(Increase)/decrease in receivables and other assets		5,623	(10,508)	5,439	(10,507)
(Increase) in inventories		(1,041)	(476)	(1,041)	(476)
(Decrease) in payables and other liabilities		(15,170)	(8,118)	(15,170)	(8,119)
Increase/(decrease) in provisions		4,119	(2,244)	4,119	(2,244)
Movements in charitable fund working capital		137	(427)	-	-
Operating cash flows from discontinued operations		724	-	-	-
Other movements in operating cash flows		-	(59)	724	-
Net cash flows from / (used in) operating activities		**39,488**	**(10,245)**	**40,498**	**(9,104)**
Cash flows from investing activities					
Interest received		46	38	46	38
Purchase of intangible assets		(2,225)	(2,603)	(2,225)	(2,603)
Purchase of PPE and investment property		(13,744)	(15,247)	(13,744)	(15,247)
Sales of PPE and investment property		6,709	8,320	6,709	8,320
Receipt of cash donations to purchase assets		1,126	-	1,126	-
Prepayment of PFI capital contributions		58	-	58	-
Net cash flows from charitable fund investing activities		1,323	211	-	-
Cash from disposals of subsidiaries		321	-	321	-
Net cash flows from / (used in) investing activities		**(6,386)**	**(9,281)**	**(7,709)**	**(9,492)**
Cash flows from financing activities					
Public dividend capital received		823	319	823	319
Movement on loans from DHSC		27,301	68,704	27,301	68,704
Capital element of PFI payments		(9,430)	(10,473)	(9,430)	(10,473)
Interest paid on finance lease liabilities		(320)	(42)	(320)	(42)
Interest paid on PFI obligations		(33,466)	(32,908)	(33,466)	(32,908)
Other interest paid		(5,341)	(3,558)	(5,341)	(3,558)
PDC dividend (paid) / refunded		-	194	-	194
Net cash flows from / (used in) financing activities		**(20,433)**	**22,236**	**(20,433)**	**22,236**
Increase in cash and cash equivalents		**12,669**	**2,710**	**12,356**	**3,640**
Cash and cash equivalents at 1 April - b/f		**4,839**	**2,129**	**4,653**	**1,013**
Cash and cash equivalents at 31 March	24	**17,508**	**4,839**	**17,009**	**4,653**

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. 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

IAS 1 requires the group and Trust to assess, as part of the accounts preparation process, its ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. These accounts have been prepared on a going concern basis. However, because the group and Trust's continuing operational stability depends on finance that has not yet been approved, in line with the Department of Health and Social Care Group Accounting Manual, this represents a material uncertainty that may cast significant doubt about the group and Trust’s ability to continue as a going concern.

The Directors, having made appropriate enquiries, still have reasonable expectations that the group and Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2017/18 Department of Health and Social Care 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 group and Trust will continue to be provided in the foreseeable future. On this basis, the group and 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. Further information can be found in Note 45.

Note 1.2 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

An assessment of the Trust's Private Finance Initiative (PFI) scheme has been made and it has been determined that the PFI scheme in respect of the main hospital building should be accounted for as an on Statement of Financial Position asset under IFRIC 12.

VAT on professional costs included in District Valuers valuations on property assets based on Market Equivalent Valuations are recoverable on a modern equivalent build.

These accounts have been prepared on a going concern basis. For further details please see Note 45.

Note 1.2.1 Key Sources of estimation uncertainty

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

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

"Modern equivalent asset valuation of property - as detailed in note 1.7 items of property are periodically revalued to ensure that their book values are not materially different from their fair values. During the year the District Valuation Service provided the Trust with a valuation of its land and building assets and an assessment of their remaining useful economic lives. Specialised assets are valued on a depreciated replacement cost basis using hypothetical modern equivalent assets. Future revaluations may result in further material changes to the carrying values of non-current assets.

Provisions - provisions have been made for probable legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using information available at the reporting date. They are estimates of future cash flows which are dependent on future events. Any difference between these estimates and the actual future liability will be accounted for in the period in which such determination is made. Details of the Trust's provisions are set out in note 29.

Note 1.3 Consolidation

The trust is the corporate trustee to North Bristol NHS Trust Charitable Fund. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

• recognise and measure them in accordance with the trust's accounting policies and
• eliminate intra-group transactions, balances, gains and losses.

The accounting policies of the Charity are consistent with the Trust, with no variations against material balances.

Note 1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services.

At the year end, the trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

The NHS 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 NHS 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.

Legacy income is accounted for once the receipt of the legacy becomes reasonably certain and it can be quantified. This will be once confirmation has been received from the representatives of the estate that payment of the legacy will be made or property transferred and once any conditions attached to the legacy have been fulfilled.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. There, the schemes are accounted for as though they are defined contribution schemes.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition
Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Note 1.7.2 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.

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 of IFRS 5.

Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

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 fair value at the date of revaluation less any impairment. In use assets are carried at current value in existing use.

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. Current values in existing use are determined as follows:

● Land and non-specialised buildings – market value for existing use.

● Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowing costs. Assets are revalued and depreciation commences when they are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. 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 should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Depreciation, amortisation and impairments

Freehold land, assets under construction or development, and assets held for sale are not depreciated.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives.

At each financial year-end, the NHS trust checks whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

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.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.7.3 Useful Economic lives of property, plant and equipment

an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	5	46
Dwellings	35	35
Plant & machinery	2	15
Transport equipment	5	10
Information technology	5	10
Furniture & fittings	5	15

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as ‘held for sale’ ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of ‘other comprehensive income’.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of ‘other impairments’ are treated as revaluation gains.

Note 1.7.4 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable 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.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.7.5 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.7.6 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate. Lifecycle replacement for use in future periods is also capitalised as asssets and accounted.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Services received

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

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets 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.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

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

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

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.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

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 NHS trust's Statement of Financial Position.

Other assets contributed by the NHS trust to the operator

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the Trust through the asset being made available to third party users.

Note 1.8 Intangible assets

Note 1.8.1 Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
• the trust intends to complete the asset and sell or use it
• the trust has the ability to sell or use the asset
• how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
• adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
• the trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Note 1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic life of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Software licences	2	7
Licences & trademarks	2	7
Other (purchased)	5	7

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Please see Note 22 for inventories held.

Note 1.11 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.

Note 1.12 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Financial liabilities are recognised on the statement of financial position when the NHS 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.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are 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.

Financial assets and financial liabilities at "fair value through income and expenditure"

Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities
All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets
At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision.

Note 1.13 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 1.13.1 The trust as lessee
Finance leases
Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings
Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.13.2 The trust as lessor

Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases
Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions
The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 30 but is not recognised in the trust's accounts.

Non-clinical risk pooling
The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 31 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 31, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

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

Note 1.18 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.19 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.21 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 SOCI 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 1.21 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

Note 1.23 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.

● IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018.
● IFRS 15 Revenue from Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2018.

● IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019.

Note 2 Operating Segments

The Trust is managed by the Board of Directors, which is made up of executive and non-executive Directors. The non-executive Directors bring expertise to the Trust and provide advice and challenge to the executive directors. The executive Directors have responsibility for the day to day running of the Trust. The Board is therefore considered to be the chief operating decision maker of the Trust.

The Board receives regular reports on the financial performance and financial position of the Trust. These include a Statement of Comprehensive Income and a Statement of Financial Position, which are provided on a 'whole Trust' basis. It is therefore considered that the Trust has just one reportable segment, a healthcare segment. There are no other segments that constitute 10% or more of the Trust's operations. The Trust receives income from a number of healthcare commissioners, which are under the common control of the Department of Health. The bodies involved and the respective income levels are disclosed in note 4 to these accounts and the Trust's total income from patient care and other operating activities is disclosed in notes 4 and 5.

The Group also includes a subsidiary charity which undertakes a number of charitable activities which are healthcare related. The results and net assets of the Trust are separately reported throughout these accounts. For the Charity the transactions and balances included in the Group's results and Statement of Financial Position are summarised as follows:

	2017/18 £000s	2016/17 £000s
Income	**186**	973
Expenditure	**1,517**	1,628
Net assets	**9,508**	10,714

Note 3 Operating income from patient care activities (Group)

Note 3.1 Income from patient care activities (by nature)	Group 2017/18 £000	Group 2016/17 £000	Trust 2017/18 £000	Trust 2016/17 £000
Elective income	87,609	92,474	87,609	92,474
Non elective income	125,419	104,313	125,419	104,313
First outpatient income	25,407	25,353	25,407	25,353
Follow up outpatient income	32,692	34,776	32,692	34,776
A & E income	10,666	10,659	10,666	10,659
High cost drugs income from commissioners (excluding pass-through costs)	33,000	32,389	33,000	32,389
Other NHS clinical income	162,324	151,034	162,324	151,034
Private patient income	3,201	4,154	3,201	4,154
Other clinical income	4,527	4,067	4,527	4,067
Total income from activities	**484,845**	**459,219**	**484,845**	**459,219**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	Group 2017/18 £000	Group 2016/17 £000	Trust 2017/18 £000	Trust 2016/17 £000
NHS England	163,065	156,996	163,065	156,996
Clinical commissioning groups	311,554	293,147	311,554	293,147
Non-NHS: private patients	3,201	4,154	3,201	4,154
Non-NHS: overseas patients (chargeable to patient)	995	478	995	478
NHS injury scheme	2,631	2,002	2,631	2,002
Non NHS: other	3,399	2,442	3,399	2,442
Total income from activities	**484,845**	**459,219**	**484,845**	**459,219**
Of which:				
Related to continuing operations	483,421	459,219	483,421	459,219
Related to discontinued operations	1,424	-	1,424	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	Trust and Group	
	2017/18	**2016/17 (restated)**
	£000	**£000**
Income recognised this year	995	478
Cash payments received in-year	152	61
Amounts added to provision for impairment of receivables	842	302
Amounts written off in-year	2	115

Note 4 Other operating income (Group)

	Group		Trust	
	2017/18	**2016/17**	**2017/18**	**2016/17**
	£000	**£000**	**£000**	**£000**
Research and development	8,750	8,644	8,750	8,644
Education and training	19,276	19,918	19,276	19,918
Receipt of capital grants and donations	1,126	554	1,126	554
Charitable and other contributions to expenditure	271	237	271	237
Non-patient care services to other bodies	15,466	14,880	15,466	14,880
Sustainability and transformation fund income	16,344	-	16,344	-
Income in respect of staff costs where accounted on gross basis	6,201	6,173	6,201	6,173
Charitable fund incoming resources	186	973		
Other income	22,190	21,003	22,190	21,003
Total other operating income	**89,810**	**72,382**	**89,624**	**71,409**
Of which:				
Related to continuing operations	87,504	72,382	87,318	71,409
Related to discontinued operations	2,306	-	2,306	-

Note 5 Income Generation - aggregate of all schemes that individually have a cost exceeding £1m

	Trust and Group	
	2017/18	2016/17
	£000	£000
Income	2,201	2,846
Full cost	(1,985)	(2,433)
Surplus	**216**	**413**

Note 6.1 Operating expenses

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	7,248	11,720	7,248	11,720
Staff and executive directors costs	337,727	334,060	337,727	334,060
Remuneration of non-executive directors	72	63	72	63
Supplies and services - clinical (excluding drugs costs)	66,745	65,511	66,745	65,511
Supplies and services - general	8,763	9,128	8,763	9,128
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	44,528	44,998	44,528	44,998
Inventories written down	307	-	307	-
Consultancy costs	259	813	259	813
Establishment	4,326	4,357	4,326	4,357
Premises	25,536	19,940	25,536	19,940
Transport (including patient travel)	1,167	1,137	1,167	1,137
Depreciation on property, plant and equipment	20,259	20,031	20,259	20,031
Amortisation on intangible assets	2,093	1,708	2,093	1,708
Net impairments	1,662	7,981	1,662	7,981
Increase/(decrease) in provision for impairment of receivables	971	1,357	971	1,357
Change in provisions discount rate(s)	6	61	6	61
Audit fees payable to the external auditor				
audit services- statutory audit	67	97	62	93
other auditor remuneration (external auditor only)	10	25	10	25
Internal audit costs	144	157	144	157
Clinical negligence	13,024	9,366	13,024	9,366
Legal fees	440	345	440	345
Insurance	530	616	530	616
Research and development	2,974	2,840	2,974	2,840
Education and training	1,740	1,921	1,740	1,921
Rentals under operating leases	1,682	1,691	1,682	1,691
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	5,739	5,522	5,739	5,522
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	158	155	158	155
Car parking & security	854	836	854	836
Hospitality	1	-	1	-
Other NHS charitable fund resources expended	1,512	1,624	-	-
Other	1,903	1,497	1,903	1,497
Total	**552,447**	**549,557**	**550,930**	**547,929**
Of which:				
Related to continuing operations	549,173	549,557	547,656	547,929
Related to discontinued operations	3,274	-	3,274	-

Note 6.2 Other auditor remuneration

	Trust and Group	
	2017/18	2016/17
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	10	12
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	13
Total	**10**	**25**

Note 6.3 Limitation on auditor's liability (Trust and Group)

The limitation on auditor's liability for external audit work is £2m.

Note 7 Impairment of assets

	Trust and Group	
	2017/18	2016/17
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(701)	400
Other	2,363	7,581
Total net impairments charged to operating surplus / deficit	**1,662**	**7,981**
Impairments charged to the revaluation reserve	-	988
Total net impairments	**1,662**	**8,969**

Note 8 Employee benefits

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Salaries and wages	272,613	267,708	272,613	267,708
Social security costs	26,335	24,417	26,335	24,417
Apprenticeship levy	1,306	-	1,306	-
Employer's contributions to NHS pensions	31,817	31,191	31,817	31,191
Termination benefits	390	399	390	399
Temporary staff (including agency)	6,261	14,275	6,261	14,275
Total staff costs	**338,722**	**337,990**	**338,722**	**337,990**
Of which				
Costs capitalised as part of assets	995	3,930	995	3,930
Gross Employee Benefits excluding capitalised costs	**337,727**	**334,060**	**337,727**	**334,060**

Note 8.1 Retirements due to ill-health (Trust and Group)

During 2017/18 there were 6 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 £418k (£465k in 2016/17).

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

Note 9 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. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

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 FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the 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.

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 NHS trust commits itself to the retirement, regardless of the method of payment.

Note 10 Operating leases (Trust and Group)

Note 10.1 North Bristol NHS Trust as a lessor

The Trusts acts as a lessor for the following arrangements below. Organisations have made contributions which have been recorded as deferred income and is released to income over the life of the lease agreements. Amounts released to income in year against these arrangements are listed below.

	2017/18	2016/17
	£'000	£'000
1. University of Bristol, which occupies accommodation with the Trusts' Learning and Research Building	400	80
2. Burden Institute - an off-balance sheet building with details listed against Note 34	105	105
3. PFI premises leased to commercial firms in Brunel.	76	76
	581	261

No further receipts are expected from the above organisations for these leases.

Note 11 Finance income (Group)

Finance income represents interest received on assets and investments in the period.

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Interest on bank accounts	46	38	46	38
NHS charitable fund investment income	278	270	-	-
Total	**324**	**308**	**46**	**38**

Note 12.1 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Interest expense:				
Loans from the Department of Health and Social Care	5,443	3,921	5,443	3,921
Finance leases	320	47	320	47
Interest on late payment of commercial debt	15	8	15	8
Main finance costs on PFI and LIFT schemes obligations	25,662	26,263	25,662	26,263
Contingent finance costs on PFI and LIFT scheme obligations	7,905	6,680	7,905	6,680
Total interest expense	**39,345**	**36,919**	**39,345**	**36,919**
Unwinding of discount on provisions	1	11	1	11
Total finance costs	**39,346**	**36,930**	**39,346**	**36,930**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	Trust and Group	
	2017/18	2016/17
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	15	8
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses)

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Gains on disposal of assets	260	3,141	260	3,141
Losses on disposal of assets	-	(47)	-	(47)
Gains / losses on disposal of charitable fund assets	-	(59)	-	-
Total gains / (losses) on disposal of assets	260	3,035	260	3,094
Fair value gains/(losses) on charitable fund investments & investment properties	(153)	1,203	-	-
Total other gains / (losses)	**107**	**4,238**	**260**	**3,094**

Note 14 Discontinued operations

	Trust and Group	
	2017/18	2016/17
	£000	£000
Operating income of discontinued operations	3,730	-
Operating expenses of discontinued operations	(3,274)	-
Gain on disposal of discontinued operations	20	-
(Loss) on disposal of discontinued operations	-	-
Corporation tax expense attributable to discontinued operations	-	-
Total	**476**	**-**

As of 1st March 2018, fertility services provided by the Bristol Centre for Reproductive Medicine (BCRM) were terminated. NHS activity is being retained and performed within the Trust.

Note 15.1 Intangible assets - 2017/18

Trust and Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2017 - brought forward	**20,716**	**2,241**	**22,957**
Additions	66	1,715	**2,225**
Reversals of impairments	168	-	**168**
Reclassifications	4,098	(2,909)	**1,189**
Disposals / derecognition	(210)	-	**(210)**
Valuation / gross cost at 31 March 2018	**24,838**	**1,047**	**26,329**
Amortisation at 1 April 2017 - brought forward	**7,108**	**-**	**7,108**
Provided during the year	2,093	-	**2,093**
Reversals of impairments	5	-	**5**
Disposals / derecognition	(210)	-	**(210)**
Amortisation at 31 March 2018	**8,996**	**-**	**8,996**
Net book value at 31 March 2018	**15,842**	**1,047**	**17,333**
Net book value at 1 April 2017	**13,608**	**2,241**	**15,849**

Note 15.2 Intangible assets - 2016/17

Trust and Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2016	**17,439**	**-**	**17,439**
Additions	369	2,241	**2,610**
Impairments	(2,070)	-	**(2,070)**
Reclassifications	4,978	-	**4,978**
Valuation / gross cost at 31 March 2017	**20,716**	**2,241**	**22,957**
Amortisation at 1 April 2016	**5,400**	**-**	**5,400**
Provided during the year	1,708	-	**1,708**
Amortisation at 31 March 2017	**7,108**	**-**	**7,108**
Net book value at 31 March 2017	**13,608**	**2,241**	**15,849**
Net book value at 1 April 2016	**12,039**	**-**	**12,039**

Note 16.1 Property, plant and equipment - 2017/18

Trust and Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2017 - brought forward	**41,550**	**431,179**	**1,765**	**3,231**	**83,070**	**1,293**	**44,250**	**10,238**	**616,576**
Additions	-	3,402	15	3,830	6,132	61	947	24	**14,411**
Impairments	-	(1,103)	(1,615)	-	-	-	-	-	**(2,718)**
Reversals of impairments	-	826	-	-	-	-	-	-	**826**
Revaluations	(650)	(908)	-	-	107	-	-	-	**(1,451)**
Reclassifications	-	1,516	-	(2,736)	47	-	(16)	-	**(1,189)**
Disposals / derecognition	-	-	-	-	(900)	-	(24)	-	**(924)**
Valuation/gross cost at 31 March 2018	**40,900**	**434,912**	**165**	**4,325**	**88,456**	**1,354**	**45,157**	**10,262**	**625,531**
Accumulated depreciation at 1 April 2017 - brought forward	**-**	**-**	**-**	**-**	**54,648**	**1,192**	**37,139**	**5,574**	**98,553**
Provided during the year	-	10,648	67	-	6,445	36	2,331	732	**20,259**
Reversals of impairments	-	-	(67)	-	-	-	-	-	**(67)**
Revaluations	-	(10,661)	-	-	107	-	-	-	**(10,554)**
Reclassifications	-	13	-	-	20	-	(33)	-	**-**
Disposals / derecognition	-	-	-	-	(290)	-	(24)	-	**(314)**
Accumulated depreciation at 31 March 2018	**-**	**-**	**-**	**-**	**60,930**	**1,228**	**39,413**	**6,306**	**107,877**
Net book value at 31 March 2018	**40,900**	**434,912**	**165**	**4,325**	**27,526**	**126**	**5,744**	**3,956**	**517,654**
Net book value at 1 April 2017	**41,550**	**431,179**	**1,765**	**3,231**	**28,422**	**101**	**7,111**	**4,664**	**518,023**

Note 16.2 Property, plant and equipment - 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2016	**46,526**	**386,744**	**1,884**	**34,000**	**82,024**	**1,293**	**44,530**	**9,680**	**606,681**
Additions	-	8,734	-	5,746	3,487	-	340	379	**18,686**
Impairments	(275)	(3,890)	-	(904)	(2,568)	-	(675)	(11)	**(8,323)**
Revaluations	(4,657)	10,312	7	-	-	-	-	-	**5,662**
Reclassifications	-	29,844	137	(35,611)	398	-	58	196	**(4,978)**
Transfers to / from assets held for sale	(44)	(565)	(263)	-	(210)	-	-	-	**(1,082)**
Disposals / derecognition	-	-	-	-	(61)	-	(3)	(6)	**(70)**
Valuation/gross cost at 31 March 2017	**41,550**	**431,179**	**1,765**	**3,231**	**83,070**	**1,293**	**44,250**	**10,238**	**616,576**
Accumulated depreciation at 1 April 2016	**-**	**80**	**-**	**-**	**49,822**	**1,154**	**34,660**	**4,879**	**90,595**
Provided during the year	-	10,031	63	-	6,478	38	2,722	699	**20,031**
Impairments	-	-	-	-	(1,580)	-	(242)	(2)	**(1,824)**
Revaluations	-	(10,163)	(63)	-	-	-	-	-	**(10,226)**
Reclassifications	-	52	-	-	(51)	-	-	(1)	**-**
Disposals/ derecognition	-	-	-	-	(21)	-	(1)	(1)	**(23)**
Accumulated depreciation at 31 March 2017	**-**	**-**	**-**	**-**	**54,648**	**1,192**	**37,139**	**5,574**	**98,553**
Net book value at 31 March 2017	**41,550**	**431,179**	**1,765**	**3,231**	**28,422**	**101**	**7,111**	**4,664**	**518,023**
Net book value at 1 April 2016	**46,526**	**386,664**	**1,884**	**34,000**	**32,202**	**139**	**9,870**	**4,801**	**516,086**

Note 16.3 Property, plant and equipment financing - 2017/18

Trust and Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018									
Owned - purchased	40,900	93,508	165	4,309	19,249	55	5,449	3,914	**167,549**
Finance leased	-	-	-	-	5,745	-	289	-	**6,034**
On-SoFP PFI contracts and other service concession arrangements	-	336,595	-	-	-	-	-	-	**336,595**
Owned - government granted	-	-	-	-	79	-	-	-	**79**
Owned - donated	-	4,809	-	16	2,453	71	6	42	**7,397**
NBV total at 31 March 2018	**40,900**	**434,912**	**165**	**4,325**	**27,526**	**126**	**5,744**	**3,956**	**517,654**

Note 16.4 Property, plant and equipment financing - 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017									
Owned - purchased	41,550	95,367	1,765	3,225	19,478	88	7,104	4,613	**173,190**
Finance leased	-	-	-	-	6,805	-	-	-	**6,805**
On-SoFP PFI contracts and other service concession arrangements	-	330,885	-	-	-	-	-	-	**330,885**
Owned - government granted	-	-	-	-	163	-	-	-	**163**
Owned - donated	-	4,927	-	6	1,976	13	7	51	**6,980**
NBV total at 31 March 2017	**41,550**	**431,179**	**1,765**	**3,231**	**28,422**	**101**	**7,111**	**4,664**	**518,023**

Note 17 Donations of property, plant and equipment

In 2017/18 the Trust has received donations in respect of property, plant and equipment as follows. In instances where cash has been received rather than the physical assets, there is no significant difference between the cash provided and the value of the assets acquired.

	Trust and Group £000s
Plant and equipment*	928
Buildings	135
Transport equipment	61
IT equipment	2
	1,126

* included in Plant and equipment is £774,025 relating to IS4200DA Vinci X System (robot) donated from funds provided by North Bristol NHS Trust Charitable Funds.

Note 18 Revaluations of property, plant and equipment

The District Valuer, who is a member of the RICS and is independent of the Trust, undertook a full desktop valuation of the Trust's land and buildings as at 31 March 2018. These were previously valued as at 31 March 2017. The valuations were carried out in accordance with the RICS Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and Treasury. The valuations were undertaken in accordance with the Trust's accounting policy (see note 1) and on a consistent basis with valuations in previous periods.

The valuation has contributed to net upward valuations of £9,103,000 and net impairments of £1,662,000 within Property, Plant & Equipment and Intangibles.

At the end of the year Monks Park House has been substantially closed with an expectation that this will be demolished. On valuation the site has been impaired by £2,265,000. This is included in the net impairment of £1,662,000. There are no other significant valuation changes.

Note 19 Other investments / financial assets (non-current)

	Trust and Group	
	2017/18	**2016/17**
	£000	**£000**
Carrying value at 1 April - brought forward	**10,516**	**9,313**
Prior period adjustments		-
Carrying value at 1 April - restated	**10,516**	**9,313**
Acquisitions in year	1,484	1,547
Movement in fair value	(153)	1,144
Disposals	(2,541)	(1,488)
Carrying value at 31 March	**9,306**	**10,516**

Note 20 Analysis of charitable fund reserves

North Bristol NHS Trust Charitable Funds have been consolidated within this set of accounts.

	Trust and Group	
	31 March 2018	31 March 2017
	£000	£000
Unrestricted funds:		
Unrestricted income funds	8,472	9,504
Restricted funds:		
Endowment funds	31	31
Other restricted income funds	1,005	1,179
	9,508	**10,714**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 21 Inventories

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Drugs	1,604	1,736	1,604	1,736
Consumables	9,418	8,290	9,418	8,290
Energy	190	145	190	145
Charitable fund inventory	-	1		
Total inventories	**11,212**	**10,172**	**11,212**	**10,171**

Inventories recognised in expenses for the year were £105,837k (2016/17: £120,379k). Write-down of inventories recognised as expenses for the year were £307k (2016/17: £0k).

Note 22.1 Trade receivables and other receivables

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current				
Trade receivables	47,938	52,205	48,122	52,205
Capital receivables (including accrued capital related income)	5,000	4,000	5,000	4,000
Accrued income	2,617	1,891	2,617	1,891
Provision for impaired receivables	(6,167)	(5,279)	(6,167)	(5,279)
Prepayments (non-PFI)	7,010	7,274	7,010	7,274
PFI lifecycle prepayments	58	173	58	173
VAT receivable	1,109	2,221	1,109	2,221
Other receivables	163	181	163	181
NHS charitable funds: trade and other receivables	182	30	-	-
Total current trade and other receivables	**57,910**	**62,696**	**57,912**	**62,666**
Non-current				
Capital receivables (including accrued capital related income)	14,000	20,000	14,000	20,000
Total non-current trade and other receivables	**14,000**	**20,000**	**14,000**	**20,000**
Of which receivables from NHS and DHSC group bodies:				
Current	35,548	36,007	35,548	36,007
Non-current	-	-	-	-

Note 22.2 Provision for impairment of receivables

	Trust and Group	
	2017/18	**2016/17**
	£000	**£000**
At 1 April as previously stated	**5,279**	**4,075**
Increase in provision	1,282	3,414
Amounts utilised	(83)	(153)
Unused amounts reversed	(311)	(2,057)
At 31 March	**6,167**	**5,279**

Note 22.3 Credit quality of financial assets

	Group	
	31 March 2018	**31 March 2017**
	Trade and other receivables	**Trade and other receivables**
Ageing of impaired financial assets	**£000**	**£000**
0 - 30 days	352	264
30-60 Days	66	29
60-90 days	101	31
90- 180 days	206	106
Over 180 days	4,530	3,744
Total	**5,255**	**4,174**
Ageing of non-impaired financial assets past their due date		
0 - 30 days	4,091	6,581
30-60 Days	1,199	13,155
60-90 days	857	918
90- 180 days	1,957	1,601
Over 180 days	4,038	3,021
Total	**12,142**	**25,276**

	Trust	
	31 March 2018	**31 March 2017**
	Trade and other receivables	**Trade and other receivables**
Ageing of impaired financial assets	**£000**	**£000**
0 - 30 days	333	264
30-60 Days	66	29
60-90 days	101	31
90- 180 days	206	106
Over 180 days	4,530	3,744
Total	**5,236**	**4,174**
Ageing of non-impaired financial assets past their due date		
0 - 30 days	4,091	6,581
30-60 Days	1,199	13,155
60-90 days	857	918
90- 180 days	1,957	1,601
Over 180 days	4,038	3,021
Total	**12,142**	**25,276**

Note 23 Non-current assets held for sale and assets in disposal groups

	Trust and Group	
	2017/18	**2016/17**
	£000	**£000**
NBV of non-current assets for sale and assets in disposal groups at 1 April	**1,570**	**27,800**
Assets classified as available for sale in the year	-	1,082
Assets sold in year	(1,570)	(26,912)
Impairment of assets held for sale	-	(400)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**-**	**1,570**

Note 24.1 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.

	Group		Trust	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
At 1 April	**4,839**	**2,129**	**4,653**	**1,013**
Net change in year	12,669	2,710	12,356	3,640
At 31 March	**17,508**	**4,839**	**17,009**	**4,653**
Broken down into:				
Cash at commercial banks and in hand	513	202	14	16
Cash with the Government Banking Service	16,995	4,637	16,995	4,637
Total cash and cash equivalents as in SoFP	**17,508**	**4,839**	**17,009**	**4,653**
Total cash and cash equivalents as in SoCF	**17,508**	**4,839**	**17,009**	**4,653**

Note 24.2 Third party assets held by the trust

North Bristol NHS Trust held cash and cash equivalents which relate to monies held by the the trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Trust and Group	
	31 March 2018	31 March 2017
	£000	£000
Bank balances	-	-
Monies on deposit	-	2
Total third party assets	**-**	**2**

Note 25.1 Trade and other payables

	Group		Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Current				
Trade payables	39,592	42,958	39,592	42,958
Capital payables	2,880	3,437	2,880	3,437
Accruals	22,570	31,957	22,570	31,957
Social security costs	3,657	3,657	3,657	3,657
Other taxes payable	3,024	3,029	3,024	3,029
Accrued interest on loans	658	554	658	554
Other payables	274	367	274	367
NHS charitable funds: trade and other payables	295	19	-	-
Total current trade and other payables	**72,950**	**85,978**	**72,655**	**85,959**
Non-current				
Trade payables	-	523	-	523
Capital payables	597	94	597	94
Total non-current trade and other payables	**597**	**617**	**597**	**617**
Of which payables from NHS and DHSC group bodies:				
Current	7,196	24,953	7,196	24,953
Non-current	-	-	-	-

Note 25.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

Group and Trust	31 March 2018 £000	31 March 2018 Number	31 March 2017 £000	31 March 2017 Number
- to buy out the liability for early retirements over 5 years	-	-	-	-
- number of cases involved		-		-
- outstanding pension contributions	-	-	4,179	-

Note 26 Other liabilities

	Group		Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Current				
Deferred income	3,450	3,554	3,450	3,554
Total other current liabilities	**3,450**	**3,554**	**3,450**	**3,554**
Non-current				
Deferred income	7,731	8,258	7,731	8,258
Total other non-current liabilities	**7,731**	**8,258**	**7,731**	**8,258**

Note 27 Borrowings

	Group		Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Current				
Loans from DHSC	29,210	29,210	29,210	29,210
Obligations under finance leases	971	1,034	971	1,034
Obligations under PFI contracts	9,897	9,862	9,897	9,862
Total current borrowings	**40,078**	**40,106**	**40,078**	**40,106**
Non-current				
Loans from DHSC	133,377	106,076	133,377	106,076
Obligations under finance leases	3,955	4,743	3,955	4,743
Obligations under PFI contracts	394,035	403,469	394,035	403,469
Total non-current borrowings	**531,367**	**514,288**	**531,367**	**514,288**

Note 28 Finance leases

Note 28.1 North Bristol NHS Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

Note 28.2 North Bristol NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Trust and Group	
	31 March 2018	**31 March 2017**
	£000	**£000**
Gross lease liabilities	**5,246**	**6,097**
of which liabilities are due:		
- not later than one year;	1,033	996
- later than one year and not later than five years;	3,659	3,873
- later than five years.	554	1,228
Finance charges allocated to future periods	(320)	(320)
Net lease liabilities	**4,926**	**5,777**
of which payable:		
- not later than one year;	971	1,034
- later than one year and not later than five years;	3,133	3,610
- later than five years.	822	1,133
Total of future minimum sublease payments to be received at the reporting date	**-**	**-**
Contingent rent recognised as an expense in the period	-	-

Significant leasing arrangements include embedded finance lease arrangements with the managed service contracts for the Pateint Information System (Lorenzo) and the Local Informaiton System for Pathology (LIMS).

The contingent rents on both leases are based on the agreed managed contract arrangements.

Note 29 Provisions for liabilities and charges analysis (Trust and Group)

	Pensions - early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2017	**1,235**	**122**	**200**	**1,557**
Change in the discount rate	6	-	-	**6**
Arising during the year	27	92	4,321	**4,440**
Utilised during the year	(204)	(123)	-	**(327)**
Unwinding of discount	1	-	-	**1**
At 31 March 2018	**1,065**	**91**	**4,521**	**5,677**
Expected timing of cash flows:				
- not later than one year;	189	91	4,521	**4,801**
- later than one year and not later than five years;	876	-	-	**876**
Total	**1,065**	**91**	**4,521**	**5,677**

Amount Included in the Provisions of the NHS Resolution in Respect of Clinical Negligence Liabilities (£000s):

As at 31 March 2018	218,007
As at 31 March 2017	183,346

The early departure costs provision is for the remaining estimated enhanced pension costs due in relation to staff taking early retirements before 6 March 1995. Actuarial calculations of future pension costs have been provided by the NHS Pensions Agency. Since 1995 all such costs are charged to operating expenses in full in the year they arise.

The legal claims provision relates to insurance excesses on public liability claims against the Trust. The provision is based on standard excess costs per claim, unless the NHS Resolution has advised the Trust that the excess will be lower.

Provisions arising in year include £3,006k relating to contractual liaibilites involving the removal of asbestos on the site for the development of the reatined estate. Provision includes additional costs for the delay in site handover and costs arising from these delays and works.

Note 30 Clinical negligence liabilities

At 31 March 2018, £218,007k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North Bristol NHS Trust (31 March 2017: £183,346k).

Note 31 Contingent liabilities

	Trust and Group	
	31 March 2018	31 March 2017
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(65)	(57)
Gross value of contingent liabilities	**(65)**	**(57)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(65)**	**(57)**

£65k contingent liability relates to the assessed potential liabilty advised by NHS Resolution on claims currently in progress where a contribution may become liable.

Note 32 Contractual capital commitments

	Trust and Group	
	31 March 2018	31 March 2017
	£000	£000
Property, plant and equipment	585	1,205
Total	**585**	**1,205**

Note 33 Other financial commitments

The group / trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	Trust and Group	
	31 March 2018	31 March 2017
	£000	£000
Not later than 1 year	4,188	4,101
After 1 year and not later than 5 years	3,076	7,177
Total	**7,264**	**11,278**

Note 34 On-SoFP PFI, LIFT or other service concession arrangements

PFI schemes deemed to be on Statement of Financial Position

A contract for the development of the new hospital was signed by the Trust and its PFI partner, The Hospital Company (Southmead) Limited on 25 February 2010. The purpose of the scheme was to deliver a modern, state of the art hospital facility on the Southmead site, which the Trust moved into on 26 March 2014 and which has been fully operational since May 2014.

Under IFRIC 12, the PFI scheme is deemed to be on Statement of Financial Position, meaning that the hospital is treated as an asset of the Trust, being acquired under a finance lease. In addition to the above the PFI partner constructed a multi-storey car park as part of the PFI contract which was completed and has been operating since January 2011. This is accounted for in the same way as the hospital.

A final phase of the project with a capital value of £6,553,000 completed in 2016.

The total construction cost recognised in the accounts to date in relation to these two assets is £431,250,000.

An annual unitary payment is payable to our PFI partner. This payment is subject to RPI based indexation in common with most other PFI schemes. Under the contract, the PFI partner provides a facilities management service along with associated services including pest control and grounds and utilities management. The contractual service charge for 2017/18 was £6,017,000. As well as being subject to movements in RPI, this element can change as a result of service or performance variations. During the course of 2017/18 the Trust has utilised the contractual mechanisms relating to performance to secure reductions in the payments made to the contractor.

PFI schemes deemed to be off Statement of Financial Position

Burden Institute (Burden)

The estimated capital value of the scheme is £2,000,000 and a further £800,000 was incurred for enabling works to BIRU. Crestacare constructed a 25 bed brain injury rehabilitation unit and a separate private nursing home (collectively known as BIRU), as well as constructing accommodation for neuro psychiatry services and the Burden Neurological Institute (collectively known as Burden). The Burden operating agreement is with Crestacare Properties Ltd and is a 22 year contract ending in July 2022.

The Trust does not currently make any payment for the building as the charges are paid by commissioners within the NHS, and the building was constructed at the expense of Crestacare. For this reason there are no items of expense included in the Statement of Comprehensive Income and the building is treated as a donated non-current asset.

The BIRU agreement is principally with Crestacare (GB) Ltd (which is a subsidiary of Crestacare plc) and this agreement is to end in June 2024. In the case of Burden the head lease is for a period of 90 years, BIRU is for 99 years. The Trust's annual commitment to BIRU is currently £158,000.

Note 34.1 Imputed finance lease obligations

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Trust and Group	
	31 March 2018 £000	31 March 2017 £000
Gross PFI liabilities	**936,802**	**936,015**
Of which liabilities are due		
- not later than one year;	34,966	35,524
- later than one year and not later than five years;	129,430	131,782
- later than five years.	772,406	768,709
Finance charges allocated to future periods	(532,870)	(522,684)
Net PFI obligation	**403,932**	**413,331**
- not later than one year;	9,897	9,862
- later than one year and not later than five years;	34,729	34,816
- later than five years.	359,306	368,653

Note 34.2 Total on-SoFP PFI commitments

Total future obligations under these on-SoFP schemes are as follows:

	Trust and Group	
	31 March 2018 £000	31 March 2017 £000
Total future payments committed in respect of the PFI or other service concession arrangements	1,854,671	1,916,978
Of which liabilities are due:		
- not later than one year;	50,247	49,701
- later than one year and not later than five years;	202,720	201,757
- later than five years.	1,601,704	1,665,520

Note 34.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Trust and Group	
	2017/18 £000	2016/17 £000
Unitary payment payable to service concession operator	49,081	48,223
Consisting of:		
- Interest charge	25,662	26,263
- Repayment of finance lease liability	9,399	9,585
- Service element and other charges to operating expenditure	5,739	5,522
- Capital lifecycle maintenance	376	-
- Revenue lifecycle maintenance	-	-
- Contingent rent	7,905	6,680
- Addition to lifecycle prepayment	-	173
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-
Total amount paid to service concession operator	**49,081**	**48,223**

Up until the 15th January 2018 The Hospital Company (THC) had contracted with Carillion Services Ltd to deliver hard FM services to the PFI facility, and Carillion Construction Ltd to complete the PFI construction works. Following the compulsory liquidation of Carillion Plc on 15 January 2018, PricewaterhouseCoopers were appointed as the official receiver and liquidator (which included their appointment as special managers) for the liquidation event to ensure public service continuity. THC is engaged with PwC to ensure the services are provided to NBT in accordance with the original contract. To ensure continuity of service, an interim arrangement is in place pending the permanent appointment of a replacement services provider.

Note 35 Off-SoFP PFI arrangements

North Bristol NHS Trust incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT obligations:

	Trust and Group	
	31 March 2018	**31 March 2017**
	£000	**£000**
Charge in respect of the off SoFP PFI or other service concession arrangement for the period	158	155
Commitments in respect of off-SoFP PFI or other service concession arrangements:		
- not later than one year;	158	155
- later than one year and not later than five years;	630	618
- later than five years.	-	-
Total	**788**	**773**

Note 36 Financial instruments

Note 36.1 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 NHS Trust has with commissioners and the way those commissioners are financed, the NHS 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 NHS 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 NHS 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. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust and Group are principally domestic organisations with the great majority of transactions, assets and liabilities being in the UK and sterling based. They have no overseas operations. Therefore there is low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability. 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 Charity invests funds to maximise investment income, partly in the form of interest and so bears some risk. From a Group perspective this risk is insignificant.

Credit risk

Because the majority of the Trust's and Group's revenue comes from contracts with other public sector bodies, there is low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's and Group's operating costs are incurred under contracts with primary care commissioners 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 and Group are not, therefore, exposed to significant liquidity risks.

Note 36.2 Carrying values of financial assets

Group	Loans and receivables	Assets at fair value through the I&E	Total book value
	£000	£000	£000
Assets as per SoFP as at 31 March 2018			
Trade and other receivables excluding non financial assets	55,476	-	**55,476**
Cash and cash equivalents	17,009	-	**17,009**
Consolidated NHS Charitable fund financial assets	610	9,377	**9,987**
Total at 31 March 2018	**73,095**	**9,377**	**82,472**

Group	Loans and receivables	Assets at fair value through the I&E	Total book value
	£000	£000	£000
Assets as per SoFP as at 31 March 2017			
Trade and other receivables excluding non financial assets	71,111	-	**71,111**
Cash and cash equivalents	4,653	-	**4,653**
Consolidated NHS Charitable fund financial assets	228	10,504	**10,732**
Total at 31 March 2017	**75,992**	**10,504**	**86,496**

Trust	Loans and receivables	Assets at fair value through the I&E	Total book value
	£000	£000	£000
Assets as per SoFP as at 31 March 2018			
Trade and other receivables excluding non financial assets	55,476	-	**55,476**
Cash and cash equivalents	17,009	-	**17,009**
Total at 31 March 2018	**72,485**	**-**	**72,485**

Trust	Loans and receivables	Total book value
	£000	£000
Assets as per SoFP as at 31 March 2017		
Trade and other receivables excluding non financial assets	71,111	**71,111**
Cash and cash equivalents	4,653	**4,653**
Total at 31 March 2017	**75,764**	**75,764**

Note 36.3 Carrying values of financial liabilities

Group	Other financial liabilities	Total book value
	£000	£000
Liabilities as per SoFP as at 31 March 2018		
Embedded derivatives		**-**
Borrowings excluding finance lease and PFI liabilities	162,587	**162,587**
Obligations under finance leases	4,926	**4,926**
Obligations under PFI contracts	403,932	**403,932**
Trade and other payables excluding non financial liabilities	81,508	**81,508**
Other financial liabilities		**-**
Provisions under contract		**-**
Consolidated NHS charitable fund financial liabilities	295	**295**
Total at 31 March 2018	**653,248**	**653,248**

Group	Other financial liabilities	Total book value
	£000	£000
Liabilities as per SoFP as at 31 March 2017		
Embedded derivatives	-	**-**
Borrowings excluding finance lease and PFI liabilities	135,286	**135,286**
Obligations under finance leases	5,776	**5,776**
Obligations under PFI contracts	413,331	**413,331**
Trade and other payables excluding non financial liabilities	83,096	**83,096**
Other financial liabilities	-	**-**
Provisions under contract	-	**-**
Consolidated NHS charitable fund financial liabilities	-	**-**
Total at 31 March 2017	**637,489**	**637,489**

Trust	Other financial liabilities	Total book value
	£000	£000
Liabilities as per SoFP as at 31 March 2018		
Embedded derivatives	-	**-**
Borrowings excluding finance lease and PFI liabilities	162,587	**162,587**
Obligations under finance leases	4,926	**4,926**
Obligations under PFI contracts	403,932	**403,932**
Trade and other payables excluding non financial liabilities	81,508	**81,508**
Other financial liabilities	-	**-**
Provisions under contract	-	**-**
Total at 31 March 2018	**652,953**	**652,953**

Trust	Other financial liabilities	Total book value
	£000	£000
Liabilities as per SoFP as at 31 March 2017		
Borrowings excluding finance lease and PFI liabilities	135,286	**135,286**
Obligations under finance leases	5,776	**5,776**
Obligations under PFI contracts	413,331	**413,331**
Trade and other payables excluding non financial liabilities	83,096	**83,096**
Total at 31 March 2017	**637,489**	**637,489**

Note 36.4 Fair values of financial assets and liabilities

The carrying value of financial assets and liabilities is a reasonable approximation of their fair value.

Note 36.5 Maturity of financial liabilities

	Group		Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
In one year or less	121,881	123,202	121,881	123,202
In more than one year but not more than two years	43,418	11,794	43,418	11,794
In more than two years but not more than five years	119,073	121,718	119,073	121,718
In more than five years	368,876	380,776	368,876	380,776
Total	**653,248**	**637,490**	**653,248**	**637,490**

Note 37 Losses and special payments

	Trust and Group			
	2017/18		2016/17	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	20	11	417	554
Bad debts and claims abandoned	136	72	169	152
Stores losses and damage to property	2	307	2	0
Total losses	**158**	**390**	**588**	**706**
Special payments				
Compensation under court order or legally binding arbitration award	21	76	15	557
Ex-gratia payments	42	25	23	13
Total special payments	**63**	**101**	**38**	**570**
Total losses and special payments	**221**	**491**	**626**	**1,276**
Compensation payments received	-	-	-	-

Note 38 Related parties

Details of related party transactions with individuals are as follows:

Director, Interest and Related parties	Receivables at 31.03.18, £	Income in 2017/18, £	Payables at 31.03.18, £	Expenditure in 2017/18, £
Mr Frank Collins Chairman (started 02/11/2017)				
Chairman of Frontier Medical Ltd since Dec 2013	0	0	0	1,940
Chairman of JRI Orthopaedics Ltd since Apr 2016	0	7,590	545	23,174
Mr Peter Rilett Chairman (left 01/11/2017)				
Trustee - St. Monica's Trust	0	83,530	0	602,403
Chairman of Governors of City of Bristol College	0	0	0	2,750
Wife is Trustee - University of West of England	2,723	244	22,536	234,192
Professor John Iredale Non-Executive Director				
Pro-Vice Chancellor of University of Bristol	426,440	935,349	1,089,257	4,316,088

Note 39 Prior period adjustments

There are no Prior Period adjustments in year.

Note 40 Events after the reporting date

There are no events after the reporting period which would affect the figures in these accounts, nor which require disclosure.

Note 41 Better Payment Practice code

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	75,806	324,979	86,192	347,050
Total non-NHS trade invoices paid within target	57,995	261,236	59,707	256,838
Percentage of non-NHS trade invoices paid within target	76.50%	80.39%	69.27%	74.01%
NHS Payables				
Total NHS trade invoices paid in the year	3,283	24,102	3,275	23,919
Total NHS trade invoices paid within target	839	6,650	802	3,119
Percentage of NHS trade invoices paid within target	25.56%	27.59%	24.49%	13.04%

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.

Note 42 External financing

The trust is given an external financing limit against which it is permitted to underspend

	2017/18 £000	2016/17 £000
Cash flow financing	6,338	54,910
Finance leases taken out in year		225
External financing requirement	6,338	55,135
External financing limit (EFL)	21,265	58,499
Under spend against EFL	14,927	3,364

Note 43 Capital Resource Limit

	2017/18 £000	2016/17 £000
Gross capital expenditure	16,636	21,296
Less: Disposals	(2,180)	(26,959)
Less: Donated and granted capital additions	(1,126)	(554)
Charge against Capital Resource Limit	13,330	(6,217)
Capital Resource Limit	15,966	(3,832)
Under spend against CRL	2,636	2,385

Note 44 Breakeven duty financial performance

	2017/18 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(15,657)
Remove CQUIN risk reserve adjustment	1,459
IFRIC 12 breakeven adjustment	2,055
Breakeven duty financial performance (deficit)	(12,143)

Note 45 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		6,177	7,888	9,002	7,002	5,605	(19,740)	(51,561)	(42,922)	(12,143)
Breakeven duty cumulative position	(31,573)	(25,396)	(17,508)	(8,506)	(1,504)	4,101	(15,639)	(67,200)	(110,122)	(122,265)
Operating income		473,815	492,883	519,430	529,896	541,376	552,911	543,638	530,628	574,469
Cumulative breakeven position as a percentage of operating income		-5.36%	-3.55%	-1.64%	-0.28%	0.76%	-2.83%	-12.36%	-20.75%	-21.28%

IAS 1 requires the Trust to assess, as part of the accounts preparation process, its ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. These accounts have been prepared on a going concern basis.

The Trust's financial forecast for 2018-19 shows a deficit (as measured for break-even duty purposes) of £12.1m and forecast net liabilities of £56m which includes cumulative borrowing (excluding the PFI) of 175m. This deficit is after assuming delivery of savings of £37.7m. The 2018-19 financial plan is reliant on £12.4m of additional cash funding for 2018/19 and further financing for 2019-20 is likely to be required. While this is as yet unconfirmed, funding has been made available for drawdown in April and May 2018. Although the Trust has not received formal notification of future financing, this has always been made available in accordance with the need of the Trust to meet all essential operational liabilities and there is no indication that this will not continue.

Of the £37.7m of savings required for 2018/19, £30.4m has been identified and plans are in place. The remaining £7.3m will be achieved by realising the opportunities identified through benchmarking This benchmarking which has included analysis of model hospital and 'getting it right first time' data indicates that plans already identified would take the Trust to better than peer median, however moving to peer upper quartile would achieve in excess of a further £10m. These final plans are being developed during May 2018.

The Trust Board considers that whilst this represents a significant challenge, it is reasonable to expect that the Trust has adequate resources to continue in operational existence for the foreseeable future.