NHS
North Middlesex University Hospital
NHS Trust

Annual Report 2017/18

Annual Report 2017 – 2018
Contents

1 Section One

An introduction
from our Chair and Chief Executive

The NHS is facing unprecedented calls on its services at a time of a tightly constrained public purse. Here at North Mid we have strived to manage these pressures and to improve our services for the local community providing outstanding care for local people.

We have committed to providing outstanding care for local people, through:

- delivering excellent services for our patients
- providing excellent experience for our patients and staff
- offering excellent value for money in everything we do.

We are a hospital which is proud to be of and for our local community. More than half of our staff live in Enfield and Haringey and we have begun working more closely with the local community to build stronger partnerships. We have held a series of stakeholder events at the hospital with our local partners and we will continue these in the year ahead.

We have also begun a major staff engagement programme – Listening into Action – to enable all our staff to share in our vision for the future and change things for the better at North Mid. We will be building on this and turning their energy and enthusiasm for change into tangible action to make North Mid a better place for patients and staff.

The year has been challenging and all our departments have experienced significant pressure, particularly visible in A&E. However, throughout, one thing has been certain: our staff have been amazing. They have worked incredibly hard, with great dedication and commitment to manage the exceptional pressures and have worked tirelessly to deliver good care for our patients. We thank them all.

We would particularly like to acknowledge those staff who, as well as managing the pressures, have managed to win national awards and recognition for their great work. Critical care matron Gillan Belfon-Johnson was named Nurse Leader of the Year by the Nursing Times for building our multi-cultural critical care unit team. Midwife Michelle Lynch received the RCM SANDS Award for leading huge improvements to bereavement care. Consultant paediatrician Dr Vicky Jones received the Royal College of Paediatric Child Health's Training Achievements Award for "best educational supervisor" – congratulations to them all. You can read more about them on pages 49.

During the year we linked up with the Royal Free London (RFL) as its first clinical partner. This enables us to work alongside the RFL to ensure there are consistent approaches to designing and delivering care that is based on evidence and best practice, nationally and internationally.

In the coming months we intend to consider the best way forward for North Mid. We are clear that "standing still" is not an option – we must respond to the changing needs of our local population and work with health partners across north central London to meet local and national expectations on quality, safety and value for money.

At the end of 2017/18, we committed to developing a 'case for change', which would set out the issues that need to be addressed in order to ensure North Mid's clinical and financial sustainability. In early 2018/19, we have already begun to engage with our stakeholders - patients, staff, local residents and community leaders - to ensure we take account of all their views as we develop our thinking, before the Trust Board makes a decision in Autumn 2018.

Finally, we would like to thank you for your support for North Mid and for taking the time to read this report.

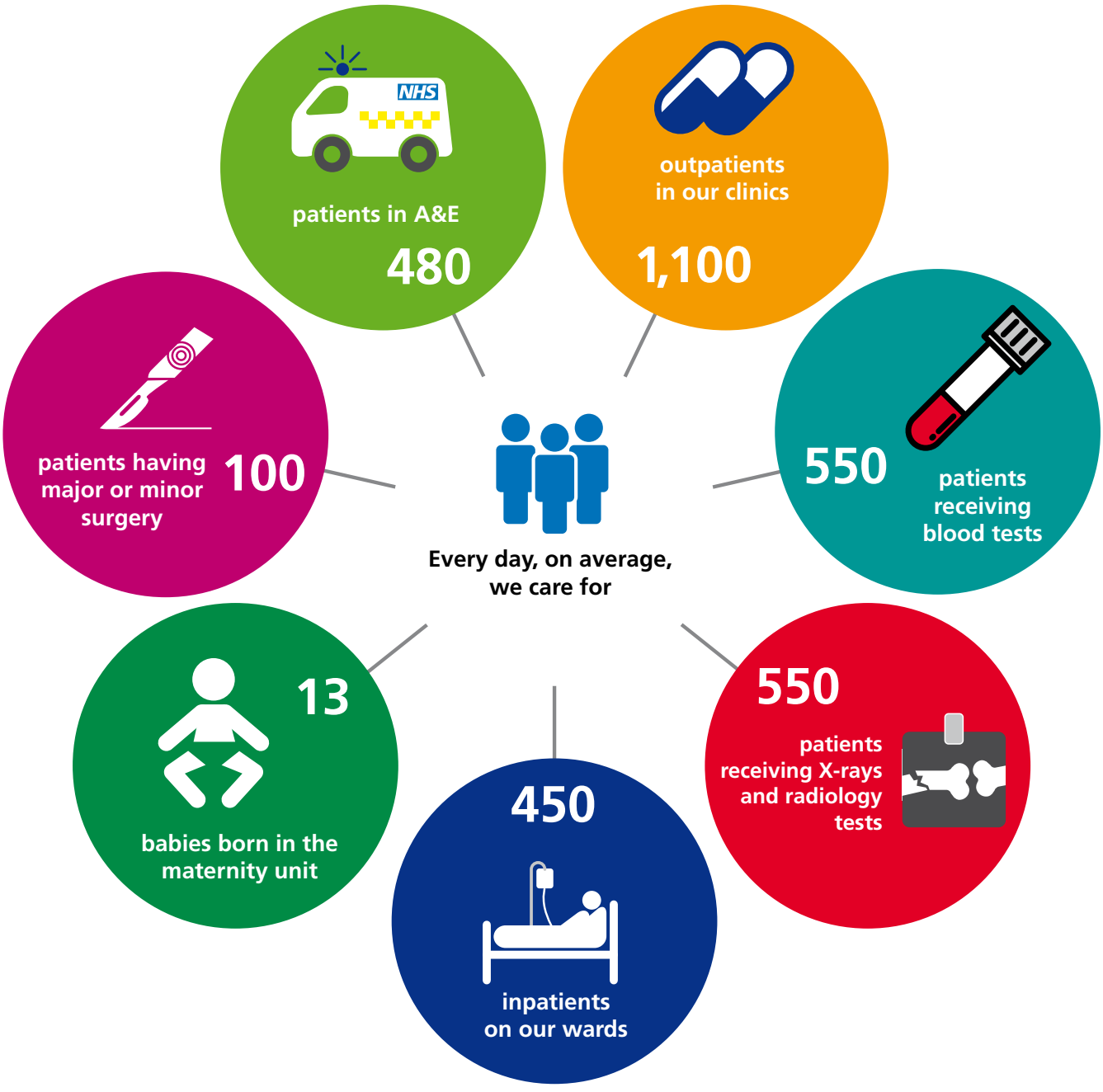
Dusty Amroliwala OBE
Chair

Maria Kane
Chief Executive

2 Section Two

A day in the life
of North Middlesex University Hospital

Every year, we produce a report which summarises what our organisation aims to deliver, the work we've done, and any issues which have prevented or made it harder to achieve what we hoped to. We call this our performance report.



2.3 About North Middlesex University Hospital

North Middlesex University Hospital NHS Trust (NMUH) is a single site, medium-sized hospital, located in Edmonton, north London. It is the local acute hospital for the boroughs of Enfield and Haringey, which have a combined population of approximately 590,000, of whom we serve about 300,000. We provide high quality care across a full range of secondary care services and some specialist tertiary services, reflecting the needs of the local population.

The hospital has been on its present site for more than 100 years and was established as an NHS Trust by statute in December 1990. Most of the Trust's services are provided on the North Middlesex University Hospital site, although some clinics and services are based in the community and at partner hospitals.

We provide services in collaboration with a range of partners, including local GPs, acute, mental health and community health service providers. We have become the first clinical partner of the Royal Free London group of hospitals.

We are a founder member of University College London Partners, working to improve clinical outcomes for our patients. We also work closely with a number of universities to provide training for doctors, nurses and other healthcare professionals as part of both undergraduate and post-graduate programmes.

We are a major local employer with a headcount of 3,232 staff in March 2018, half of whom live locally in Enfield and Haringey.

In 2017/18 we had a total annual income of £278 million. Other key figures for our activity are shown in Table 1.

Table 1: North Middlesex University Hospital key activity figures

	2016/17	2017/18
A&E attendances	167,021	175,167
Outpatient attendances	376,348	401,072
Admissions	83,804	79,608
Operations / procedures	39,193	37,642
Babies born	5,047	4,707

What we do
Our mission and objectives

2.4 Our mission and objectives

The Trust's vision is to provide outstanding care for local people. Our objectives over the next 12 months are to provide:

- excellent outcomes for our patients
- excellent experience for our patients and staff
- excellent value for money

In 2017/18 the Trust continued to be an active participant in the development of Sustainability and Transformation Plans (STPs) in North Central London. We will continue to look at how services can be improved by all NHS providers and commissioners across the area, transforming both clinical and non-clinical services. We support the key principles of the STP: providing care closer to home, reducing demand for hospital-based secondary care services, developing new workforce opportunities and utilising digital technology to speed up the availability of information for clinicians and patients.

During 2017/18, the Trust joined the Royal Free London (RFL) group as its first clinical partner. This enables us to work alongside RFL to ensure there are consistent approaches to designing and delivering care that is based on evidence and best practice, nationally and internationally.

Our partnership with the Royal Free London group as its first clinical partner is the culmination of nearly two years of close working between our trusts. Doctors and nurses from across the two trusts have been sharing their expertise to help transform the standards of care for our patients and local communities.

Dusty Amroliwala OBE
Chair of North Middlesex University Hospital

Objective 1: Excellent outcomes for our patients

Our mortality rates – a key way of measuring outcomes in clinical services – continue to be significantly better than the England average. More information can be found in the performance analysis on page14. We measure our rates using both the summary hospital-level mortality indicator (SHMI) and the hospital standardised mortality ratio (HSMR) and perform well in both.

Objective 2: Excellent experience for our patients and staff

A&E

Like other acute Trusts, our A&E department experienced very high demand. On our busiest days in 2017/18, more than 600 patients came to our A&E either by ambulance or under their own steam. You can find details of our A&E performance on page 14.

Our staff in A&E have worked hard to improve how quickly patients get seen, and during the year continued to work towards achieving the recovery target of 90% by September 2018 and to achieving the national target of 95% by March 2019.

Nonetheless, during the year, A&E continued to make progress in improving its underlying performance. We introduced a series of major changes to the flow of patients through the department, including an improved system for ensuring patients are directed to the right service on arrival. This has led to nearly twice as many patients being seen by GPs in the A&E department's urgent care centre.

In February 2018 we adopted a team-based approach that strengthens nurse streaming in the emergency department and which enables earlier assessment of patients by an emergency clinician. As a result, the adult area is now divided into three areas: for the most seriously ill patients requiring resuscitation, for seriously ill patients who need to be cared for on a bed, and for those who are able to be cared for in chairs. The Trust receives on average 100 ambulances a day, among the highest levels in London. The new system has already helped to improve ambulance handover times, reducing the time it takes for emergency department patients to see a clinician and improving overall waiting time.

These changes will continue to improve patient experience in the department as well as improving the experience of our staff.

The A&E department's Friends and Family Test (FFT) scores improved markedly over the year. Those recommending the service they received increased from 46% in March 2016 to 66% in March 2018. Average FFT results over the whole year were up 12% to 59%.

Improving patient experience

During 2017/18 we worked hard to improve patient experience across the Trust. Our priorities were to:

- improve patient experience outcomes and improve performance in the Friends and Family Test (FFT) results, and to meet or exceed the London benchmark in the emergency department, maternity, and outpatients.
- improve the experience of inpatients using cancer services, resulting in improved performance in the 2017 national cancer inpatient survey in comparison to the 2016 national survey results.
- improve our national patient experience survey performance in the emergency department, maternity, outpatients, children's and young people's, and inpatient surveys.

Other patient Friends and Family Test results

In outpatients, the proportion of patients recommending our services in the Friends and Family Test (FFT) rose by five per cent to 85% on average. In maternity, it rose by one per cent to 93% on average. Inpatient Friends and Family Test (FFT) remained at 94%. There is more detail about our patient FFT results on pages 16-17.

Managing complaints

During 2017/18, we significantly improved the turnaround times for complaints, so that more patients received a response to their complaint, outlining what action we took in response to their complaint, within the target deadline. However we are clear that there remains work to do in order to ensure that each and every patient receives a really positive experience when they are under our care.

Using patient feedback

We used feedback from patients to improve the quality of care. We used a range of feedback channels including PALS, complaints, FFT and social media. The information is shared with divisions and their teams to enable them to focus on what matters to patients.

New services

We developed a range of new services for patients, including new online booking for GP blood tests so appointments can be booked at a convenient time and reducing clinic waiting. We opened a second site for our community sexual health service that is already attracting very positive patient feedback, describing it as friendly and accessible.

New "Perfect Ward" app frees up time for staff to improve quality

We introduced a new app, Perfect Ward, to speed up quality audits of every ward, enabling senior managers on each to spend more time on improving the quality of care. The Trust was a finalist in the 2017 EHI awards for digital technology in healthcare, in partnership with the Perfect Ward app developers.

Staff experience

During the year we worked hard to improve positive staff engagement and experience.

We staged monthly awards for staff and held a highly successful Staff Awards 2017 event in which over 400 staff were nominated, more than three times the previous number, a positive indicator of engagement. Details of the awards are on pages 48-49.

Similarly, participation in the 2017 NHS staff survey achieved a record 41%, six per cent more than the previous year.

The survey findings put us in the top cohort of acute Trusts for the percentage of staff who say they are motivated to come to work, feel their role makes a difference to patients and service users and are pleased with the quality of work and care they can deliver. However, it also raised challenges in relation to working culture and perceptions of bullying and harassment and we are working hard to address these.
Friends and Family Test scores in the survey improved on the previous year. The proportion of staff recommending the Trust as a place to work rose three per cent to 54%. The proportion of those recommending the Trust as place to be treated rose three per cent to 57%.

There are more details on all of the staff engagement initiatives in the staff report on pages 50-51.

Staff awards

Objective 3: Excellent value for money

The financial situation remained challenging with operational pressure forcing the Trust to revise our forecast during the year and finally reporting a deficit of £28.957m. However a campaign to encourage all staff to work on ways to improve the quality of our services and so save money helped the Trust achieve savings of over £12m. Initiatives included a significant reduction in the use of temporary staffing, improving the rates of attendance in outpatient clinics through a text reminder service and ordering stationery from suppliers with more competitive costs. In a national benchmark for reference cost, the Trust can demonstrate that our service costs were six per cent lower than the England average on the latest data available.

Staff awards

Staff awards

What we achieved during 2017/18

Safety and compliance

A&E

As detailed on page 9, the Trust faced significant challenges, most notably in relation to the national 95% A&E standard and to the emergency department's recovery plan target. We implemented a series of improvements under new clinical leadership. We also worked closely with local healthcare partners as members of the A&E Delivery Board to make local system improvements.

We have improved the time it takes for patients to see a clinician when they arrive in A&E, and we have reduced the time taken to hand over patients after they arrive by ambulance.

In addition, Health Education England and the General Medical Council found in a February 2018 inspection that our actions to improve supervision and training of junior doctors has substantially addressed previous safety concerns.

Care Quality Commission

The Trust is fully compliant with the CQC's registration requirements. In February 2018, the Trust received a provider information return (PIR) notice from the CQC, indicating that an inspection of the Trust would take place early in 2018/19. The CQC inspected our core services in May 2018, and carried out a Use of Resources inspection and a Well-led inspection in June 2018.

The CQC improvement plan was reviewed by the Board and continues to be monitored by the Board and the clinical quality and Patient Safety Committee each month.

Divisional reorganisation

In July 2017, the Trust's five clinical business units were reorganised into three clinical divisions:

- Medicine and urgent care
- Surgery and cancer
- Women's, children's and clinical support services

The new arrangement makes it clear to staff and our patients the responsibilities of each division. Each is led by a clinical divisional director, a divisional director of operations and a divisional head of nursing or midwifery. They are jointly responsible and accountable for the care, the patients, the staff and the budget of the division. Having less segmentation in the organisational structure enables closer working, tighter cross-cover when needed and creates a more inclusive organisation.

Our IT strategy and the Global Digital Exemplar – Fast Follower Programme

We have developed ambitious plans to modernise our information technology over the next three to five years. The Royal Free London (RFL) group was successful in becoming a "Global Digital Exemplar" and invited North Middlesex University Hospital to become a "Fast Follower" Trust, within a national programme for IT development. Under the plan we hope to develop clinical IT systems, building on existing systems, rather than replacing them with RFL's Cerner system.

400 staff were nominated for awards in 14 categories in our 2017 Staff Awards

How we identify and address
the risks we face

The plan includes:

- clinical noting replacing most paper-based documentation
- electronic prescribing to make the use of medication safer
- mobile devices for nurses to document patient encounters and identify patients at risk
- a new mobile team communication system to replace most pagers
- information exchange with other NHS providers and primary care across North Central London, to ensure that the patient's conditions, treatment and preferences are shared safely (unless the patient opts out of this service)
- working towards a patient portal that promotes patients' active involvement in their care.

The "Fast Follower" programme is awaiting sign-off from NHS Digital, dependent on the agreement of a financial "control total" with our regulator.

Education and training

The Trust's newly refurbished education and training centre has provided a range of new training opportunities for nurses, midwives, allied health professionals, doctors and trainee doctors.

Research

We have continued to play an active role in the North Thames Comprehensive Research Network (NTCRN). We recruit patients into NTCRN-adopted research studies and commercially sponsored studies. We perform strongly in oncology, and in obstetric and gynaecology research. During the year the number of research staff at the Trust increased to 14.

2.5 Key issues and risks

Our Board Assurance Framework (BAF) tracks risks to the Trust's governing objectives, recording the controls and assurance in place and any gaps. Actions are then agreed to close the gaps. Gaps in controls or assurances will also feature on the significant risk register (corporate risk) if they present a current risk which requires mitigation.

The strategic and highest scoring risks for 2017/18 and the future relate to:

Board Assurance Framework – top risks

- achievement of performance expectations
- achievement of financial target - via CIP delivery, efficiency, benchmarking etc
- staff culture
- recruitment and retention

Our register of the most significant risks we face for 2017/18 and the future includes:

- failure to manage expenditure within the agreed budget
- failure to control and manage temporary and permanent payroll costs
- failure to change services to improve productivity
- failure to achieve the A&E access target (95% of patients who come to A&E with the most serious (Type 1) conditions)
- failure to implement improvement plans identified following CQC inspection
- failure to deliver excellent standards of care.

The Trust has established an executive assurance forum whose objective is to seek assurance that the Trust maintains robust systems of governance, risk management and internal control that enables clinical and managerial leaders to ensure safe, high quality, patient-centred care.

Performance analysis
Summary of activity and growth

Where gaps in controls and assurance are identified, the forum will:

- ensure corrective action is taken
- monitor effectiveness
- report the matter to the Board, as required.

2.6 Going concern

The Trust has prepared its 2017/18 annual accounts on a going concern basis. The Board has sought assurance that this basis of preparation is appropriate, but there remains material uncertainty as to the Trust's liquidity position going forward, owing to the forecast deficit in 2018/19 and continued reliance on DH loans. This is referenced in the auditor's report.

2.7 Summary of activity and growth

In 2017/18 A&E attendance grew by five per cent to 175,000, reversing a fall in the previous year. Outpatients attendances grew seven per cent to its highest ever level of 401,000. Admissions fell by five per cent, the number of operations and procedures fell by four per cent and the number of babies born fell by seven per cent.

Income in 2017/18 grew by 0.7% to £278 million. Over the four years since 2014/15 the Trust's income grew by four per cent on a compound annual growth basis.

2.8 Key performance measures

In common with many acute Trusts, it has been difficult to maintain our performance against all of the key national standards. Overall, we met 11 of 17 standards, the A&E four-hour target being the most challenging.

Table 3 summarises our performance in 2017/18 against the 18 key national access and quality measures. The colours in the right hand column indicate whether or not the standard has been met (green) or not met (red).

Emergency care

Like most trusts, we were unable to meet the national target for seeing, treating and discharging 95% of patients within four hours. We were also unable to meet the locally agreed trajectory agreed with NHS Improvement. We continue to work towards achieving the recovery target of 90% by September 2018 and to achieving the national target of 95% by March 2019.

More details of the actions we have taken to improve the department are given on pages 9 and 12.

We are confident that, in light of these, the Trust will achieve 90% by September 2018 and 95% by March 2019.

Table 2: Activity and growth 2014/15 to 2017/18

Indicator name	14/15	15/16	16/17	17/18	14/15 - 15/16	15/16 - 16/17	16/17 - 17/18	Compound annual growth rate 14/15 - 17/18
A&E attendances	178,863	171,850	167,021	175,167	-4%	-3%	5%	1%
Outpatient attendances	320,206	356,551	376,348	401,072	11%	6%	7%	8%
Admissions	74,543	80,651	83,804	79,608	8%	4%	-5%	2%
Operations / procedures	36,065	38,094	39,193	37,642	6%	3%	-4%	1%
Babies born	5,090	5,286	5,047	4,707	4%	-5%	-7%	-3%
Total income	£244m	£250m	£276m	£278m	2%	10%	0.7%	4%

Performance analysis
Key performance measures

Table 3: Key national access and quality targets

Indicator	Target 17/18	Performance 17/18	Status
A&E 4-hour performance (all types)	> 95%	80.94%	
18 weeks referral to treatment (RTT) - incomplete pathways	> 92%	94.23%	
Cancer 2 week wait - suspected cancer	> 93%	94.48%	
Cancer 2 week wait - breast symptomatic	> 93%	96.85%	
Cancer 31 days from decision to treat to first treatment	> 96%	98.88%	
Cancer 31 days for subsequent treatment - anti-cancer drugs	> 98%	99.31%	
Cancer 31 days for subsequent treatment - radiotherapy	> 94%	99.50%	
Cancer 31 days for subsequent treatment - surgery	> 94%	98.51%	
Cancer 62 days from urgent GP referral to first treatment	> 85%	79.20%	
Cancer 62 days from NHS cancer screening service referral	> 90%	88.89%	
Diagnostic waiting times	> 99%	99.27%	
Operations not rebooked within 28 days	0	8	
Maternity bookings within 13 weeks with referrals received within 13 weeks	> 80%	89.26%	
Clostridium difficile (aged 2+) – hospital-acquired / received	< 34	36	
MRSA bacteraemias – hospital-acquired	0	2	
Mortality (SHMI) – rolling 12 months	< 100.0	83.63	1
Mortality (HSMR) – rolling 12 months	< 100.0	91.23	2

1 latest published SHMI refers to Oct-16 to Sep-17

2 latest published HSMR refers to Feb-17 to Jan-18

18-week waiting times

The Trust exceeded the 18-week referral to treatment (RTT) target for patients, seeing 94% of them in the required time, compared to a target of 92%.

Cancer treatment waiting times

The Trust exceed cancer treatment waiting time in six out of eight national targets, and exceeded 98% in three of them. We did not meet the target in two categories: 62 days from urgent GP referral to first treatment and 62 days from NHS cancer screening service referral

Diagnostic waiting times

Ensuring that patients receive any diagnostic tests within six weeks is vital to ensure the GP referral to treatment (RTT) is met. The Trust exceeded the 99% target by 0.27%.

Infection control

Clostridium difficile

NHS Improvement assesses us against a threshold, or maximum number of infections, each quarter and year. For 2017/18 we were set a threshold of 34 cases for the year and we recorded 36 cases, therefore breeching the trajectory. In each case we conducted a detailed investigation and further reviewed the cases with the North East London Commissioning Support Unit (NEL CSU) to identify whether there were any lapses in care which the Trust can learn from. Following a review of 27 cases by the NEL CSU, 23 of the 27 cases were found not to have any lapses in care that lead to acquisition of Clostridium difficile infection.

MRSA

The objective for all Trusts in England in 2017/18 was to have no avoidable MRSA bacteraemia. There were two MRSA bacteraemias assigned to the Trust. In both cases the patients were known to have MRSA colonisation prior to admission.

Performance analysis
Improving the quality of our services

Mortality rates

Table 3 shows the Trust's mortality rates for the last year. This is measured by both the Summary Hospital Level Mortality Indicator (SHMI) and the Hospital Standardised Mortality Ratio (HSMR). HSMR excludes deaths that are coded in particular ways, for example palliative care. SHMI includes all deaths. For both indicators, the expected level of mortality is 100, with scores between 90 and 110 representing statistically expected levels of mortality. Scores below 90 represent better than expected levels of mortality, and above 110 worse than expected.

The Trust's HSMR for the 12 month period to January 2018 was 91, which is within the statistically expected level of mortality.
The Trust's SHMI for the 12 month period to September 2017 was 84, which is better than the statistically expected level of mortality.

2.9 Improving the quality of our services

Our Quality Account 2017/18 provides an in depth analysis of quality issues. It is available on our website at **www.northmid.nhs.uk**

We awarded funding to 15 projects put forward by staff to improve patient care in a Dragons' Den style competition

Patient experience

Improving patient experience was again a key focus of our work in 2017/18. Patients provide feedback on their experiences of care in a range of ways, including providing compliments, making complaints, by contacting our patient advice and liaison service (PALS), completing the Friends and Family Test (FFT) using hand-held devices as well as kiosks or online through our website. Comments are also posted on social media, including NHS Choices/ Care Opinion, Facebook and Twitter.

Our monthly FFT results in outpatients, inpatients, maternity and A&E are shown in Tables 4-7. The proportion of patients who recommended the service they received increased in three of these when comparing April 2017 to March 2018. Outpatients rose from 77% to 89%. Maternity rose from 88% to 92%. A&E rose from 46% to 66%. Inpatients' fell from 96% in April 2017 to 94%. However, across the whole year inpatients' average score was 94%, the same as the previous year.

Table 4: Friends and Family Test results - outpatients

Month	Total Responses	Would Recommend	Wouldn't Recommend
Apr 17	1,321	77%	12%
May 17	1,776	85%	8%
Jun 17	1,224	85%	8%
Jul 17	1,367	85%	9%
Aug 17	1,078	85%	8%
Sep 17	1,026	87%	7%
Oct 17	1,121	83%	10%
Nov 17	1,484	88%	6%
Dec 17	1,223	86%	8%
Jan 18	778	86%	8%
Feb 18	1,588	85%	8%
Mar 18	1,389	89%	5%

Table 5: Friends and Family Test results inpatients

Month	Total Responses	Would Recommend	Wouldn't Recommend	Eligible Respondents	Response Rate
Apr 17	765	96%	1%	2,485	31%
May 17	726	96%	2%	2,767	26%
Jun 17	541	97%	2%	2,845	19%
Jul 17	489	96%	2%	2,882	17%
Aug 17	598	96%	1%	3,163	19%
Sep 17	629	92%	4%	3,236	20%
Oct 17	706	94%	3%	3,427	21%
Nov 17	626	92%	5%	3,424	19%
Dec 17	488	91%	5%	3,157	15%
Jan 18	612	90%	7%	3,069	20%
Feb 18	604	94%	3%	3,138	19%
Mar 18	647	94%	2%	3,522	18%

Table 6: Friends and Family Test results maternity

Month	Total Responses*	Would Recommend	Wouldn't Recommend	Eligible Respondents*	Response Rate*
Apr 17	154	88%	4%	371	42%
May 17	165	91%	4%	405	41%
Jun 17	92	91%	5%	406	23%
Jul 17	68	93%	5%	429	16%
Aug 17	68	89%	7%	393	17%
Sep 17	67	97%	3%	419	16%
Oct 17	99	95%	2%	396	25%
Nov 17	91	93%	3%	386	24%
Dec 17	81	95%	1%	389	21%
Jan 18	85	95%	2%	398	21%
Feb 18	92	91%	6%	328	28%
Mar 18	73	92%	4%	387	19%

*Labour survey only

Table 7: Friends and Family Test results A&E

Month	Total Responses	Would Recommend	Wouldn't Recommend	Eligible Respondents	Response Rate
Apr 17	2,317	46%	33%	10,544	22%
May 17	2,867	49%	30%	11,375	25%
Jun 17	1,801	48%	32%	10,766	17%
Jul 17	2,078	46%	31%	10,789	19%
Aug 17	2,178	51%	29%	9,220	24%
Sep 17	1,388	59%	27%	9,538	15%
Oct 17	2,038	58%	26%	10,530	19%
Nov 17	3,213	66%	18%	10,535	31%
Dec 17	3,040	63%	23%	11,244	27%
Jan 18	2,015	67%	17%	11,671	17%
Feb 18	7,209	69%	12%	10,341	70%
Mar 18	1,252	66%	22%	11,497	11%

There has been a continued reduction in the number of complaints received, both throughout the year and compared to the same period in the previous year. Notably, complaints relating to staff attitude have decreased significantly in the A&E department and in the surgery and cancer division. Social media feedback remains quite mixed, although increasingly positive for maternity services. Complaints and PALS enquiry volumes are generally stable.

We completed Care Quality Commission national patient experience surveys in key service areas including inpatients, maternity, A&E and children and young people. These surveys have been reviewed by the service leads and priorities for improvements have been identified and included in the divisional quality improvement action plans.

Improving patients' experience forms a key part of our outpatients' transformation plan. Patient feedback on their experiences in outpatients has identified three key areas that affected their experience: privacy and dignity, being informed of delays in clinic times and being given answers they could understand. As part of the outpatient patient experience strategy these questions were added to patient feedback devices.

Three times during the year non-clinical staff joined frontline colleagues on wards, in clinics and A&E to troubleshoot delays in the patient pathway. The "Go, See, Sort" weeks helped to:

- get more patients home in time for lunch
- reduce the length of stay on wards and waiting times in clinics
- increase the number of patients using the discharge lounge, freeing beds earlier
- boost the number of staff being immunised against flu.

New services

In 2017/18 we developed a range of new services and strengthened existing ones:

New community sexual health clinic opens

We opened the brand new Silverpoint Medical Centre in Fore Street, Edmonton in February 2018. This is our second site for the Enfield Clinics Health Organisation (ECHO). The Town Clinic opened in 2016 to provide "check and go" services for sexually transmitted infections, confidential sexual health screening, family planning advice, access to contraception and a young persons' clinic for under-19s. The service is set in a comfortable, modern building equipped with sofas and TVs, creating a relaxed environment supported by friendly staff. ECHO is run by North Middlesex University Hospital on behalf of Enfield Council. Residents from Enfield and Haringey can self-refer. There is a lot of useful information for service users, including clinic times, at **www.echoclinics.nhs.uk**.

We achieved a 72% flu vaccination rate among our staff during the winter flu season – a record for the Trust

Online bookings rise for new GP blood test service

Online booking for GP blood tests at our new phlebotomy clinic have overtaken walk-in appointments in popularity. The service, located in the hospital's main outpatient department, was launched in February 2017. By March 2018 half of the month's 11,289 bookings were booked in advance, either online at **www.northmid.nhs.uk/Our-Services/Blood-Tests** or at the hospital. Advance booking provides a choice of appointment times and reduces waiting time on arrival.

New eye-care service for Enfield residents

We launched a brand new eye-care service for Enfield residents in partnership with Royal Free London. The community ophthalmology service provides adults and children with one-stop care for non-urgent conditions such as glaucoma, cataract care, macular degeneration and blurred vision. The service is run by healthcare professionals, including consultants, nurse specialists, orthoptists and optometrists at clinics at Chase Farm Hospital and North Middlesex University Hospital. Patients access the service through their GP and can choose which site they want to be treated at.

Performance analysis
Education and training

Radiotherapy services
We continued to increase our recruitment of patients into clinical trials as well as developing our clinical practices. The purchase of the third TrueBeam linear accelerator has been delayed to the coming year. The radiotherapy department launched a fundraising campaign which raised approximately £22,000 through various events which will support the purchase of medical equipment. The radiotherapy and medical physics service was also successful in retaining its ISO 9001:2008 quality accreditation standard.

Key IT achievements
We have continued to invest in IT improvements. A total of 34 projects were governed through the IT steering group's improvement plan in 2017/18. Of these, 14 were successfully completed, 13 will be implemented in 2018/19, seven are awaiting business case approval.

Among the most notable achievements were:

- adopting new systems for printing and postage of patient letters, reducing the rate of patients who did not attend (DNA), missed appointments and returned letters
- a new software licensing model
- new hand-held devices for community midwives, enabling them to access key clinical systems from anywhere, reducing travel time and improving team productivity
- integration of pathology results into the Trust's review portal, enabling GPs to access results in real time, improving the service to GPs and reducing administration
- tendering of managed print services to improve printing and copying of specialist stationery such as labels and wristbands.

2.10 Education and training
The Trust's newly refurbished education centre has five education teaching and meeting rooms, two clinical skills rooms, one high fidelity simulation suite, lecture theatre seating for 80 and a learning hub. Video-conferencing facilities are available in two of the education rooms and all rooms have audio visual equipment. The learning hub comprises the library and e-learning centre. The library has a quiet study room which is available for staff to use 24 hours a day, every day of the year.

Each education room can host 30 - 40 people and can be laid out in a variety of ways. The clinical skills rooms can host 10 to 20 people for smaller teaching groups. All areas are brightly lit and welcoming.

During the year we provided developed a range of new training, education and support for nurses, midwives and allied healthcare professionals, including:

- Care Certificate training courses for healthcare support workers, increasing the proportion with certificates from 0% to 84%
- a Preceptorship Framework, which standardises what is expected of newly qualified staff in the first year of qualification. The framework was commended by Capital Nurse, the HEE-funded organisation that supports nurses in London and included an improved Preceptorship Programme for nurses, midwives and allied health professionals
- a new Digital Career Framework to enable newly qualified staff to record questions about their progress, helping them to move forwards in their career
- career clinics for all staff and took part in a nursing mentorship scheme with London South Bank University
- clinical skills and induction week training for nurses, midwives and AHPs who had joined the Trust
- chemotherapy "passports" to enable chemotherapy nurses to move between trusts without the need for further training
- training for Barnet, Enfield and Haringey Mental Health Trust in physical healthcare and in return received mental health training, particularly for our emergency department team

Performance analysis
Environmental matters and sustainability

2.11 Anti-corruption and anti-bribery matters

The Trust is absolutely committed to maintaining an honest, open and well-intentioned atmosphere, so as to best achieve our values and the wider objectives of the NHS. It is, therefore, also committed to the elimination of bribery and corruption and to the rigorous investigation of any such allegations. The Trust has in place adequate procedures to prevent bribery, and procures goods and services ethically and transparently. The Trust will not engage in any form of bribery, and we expect all employees, suppliers and other associated persons to comply with the Bribery Act 2010 at all times.

2.12 Environmental matters and sustainability

Building regulations in relation to cladding

The Trust has taken expert legal advice regarding the installation of cladding on some parts of the exterior of its buildings and the current view on compliance with regulations, and consideration of the next steps. This advice recognises that there is an ongoing public investigation into Grenfell Tower and a wider national review of building regulations that may result in new requirements.

The report recognises that given the height of the building (below 18 metres), and also considering the type of use of the building, for example that there are no inpatient wards that have cladding on the external façades, the scope for external fire to spread vertically between floors is limited.

Consultant paediatrician Dr Vicky Jones received the Royal College of Paediatric Child Health's Training Achievements Award for "best educational supervisor"

The ongoing Independent Review of Building Regulations and Fire Safety is expected to report in summer 2018. It is anticipated that this review will provide fuller guidance and complete recommendations regarding the type and nature of cladding that may be used in the future. At this time, any replacement of the cladding has the potential to increase the risk of spread of fire. It is also important to be able to consider the evolving knowledge around Aluminium Composite Material (ACM).

London Fire Brigade last visited the hospital in October 2017 in connection with the cladding and noted that they "would have no objection to North Middlesex University Hospital continuing to use the facilities within the PFI buildings." They have been to the hospital on several subsequent occasions to help their crews get to know the geography and lay out of the buildings.

Sustainability and energy efficiencies

In 2017/18 our total energy consumption increased by one per cent to 33.4 million kWh (kilowatt hours). Within this total, electricity consumption was two per cent lower at 14.2 million kWh, whilst gas consumption rose by three per cent to 19.2 million kWh, mainly due to the much colder winter experienced at the beginning of 2018. Solar panels contributed 59,000 kWh to the National Grid.

The Trust continues to try to reduce its carbon footprint in order to comply with the government's Carbon Reduction Commitment and in this regard our carbon dioxide emissions decreased slightly from 9,921 tonnes to 9,882 tonnes. We reduced water consumption by 14% to 142.8 million litres.

The Trust continues to progress towards reducing the level of carbon emissions generated by its operations. The expectation is to achieve the NHS carbon reduction targets by 2020. This will be achieved by a combination of developments that have already taken place – the replacement of the hospital's older buildings with new energy-efficient buildings – as well as ongoing energy efficiency projects.

Performance analysis
Emergency preparedness

Energy efficiency projects

During the year we continued to upgrade LED lighting in the podium building.

Future proposals include:

- waterless urinals
- energy-efficient hand dryers in non-clinical areas
- more solar panels
- more movement sensors to reduce unnecessary lighting

In 2017/18 our PFI partners, Bouygues, continued to contribute to the sustainability plan through expansion of areas of garden planting in the grounds. They have launched an initiative to eliminate the use of single use plastic within refreshment areas used by their staff. They are also developing a large-scale energy efficiency proposal requiring capital investment from the Trust.

2.13 Emergency preparedness

During the year we responded to a number of incidents, including cyber-attacks, heat wave alerts, severe cold weather alert and two critical incidents as a result of extremely high attendance in A&E.

We took part in a series of exercises with external partners to test our preparedness for evacuation in fires and took part in a series of exercises to test our readiness for external events such as fuel disruption and mass casualties.

In the coming year we will be focussing on silver/gold commander training, fire response team training, A&E major incident training and induction training for junior doctors.

The Trust undergoes an annual assurance review with NHS England and the London Ambulance Service, at which it is assessed against the NHS core standards for emergency preparedness, resilience and response and its duties under the Civil Contingencies Act (2004). The Trust continues to perform well, retaining a classification of "significantly compliant", with an action plan in place to resolve three amber scores by 31 March 2018.

Governance continues to be robust, with monthly Emergency Planning Committee meetings taking oversight of all emergency planning matters and ensuring risk assessment, compliance with legal duties for preparedness, response and recovery. A thorough process is in place to ensure learning from all incidents and exercises is captured and actions plans are implemented. The committee is chaired by the accountable executive director for emergency planning who is supported by an identified non-executive director lead for emergency planning.

In 2017/18 we continued to meet emergency planning obligations set out in the NHS-wide emergency preparedness, resilience and response framework and the Civil Contingencies Act (2004).

To the best of my knowledge and belief, the 2017/18 performance report is fair, true and accurate.

Signed

Maria Kane
Date 25 May 2018
Chief Executive

Our income and spending
Director of Finance's report

2.15 Director of Finance's report

The 2017/18 financial year has proven to be another challenging year for North Middlesex University Hospital and the wider North Central London health economy.

In the year ending 31 March 2018 the Trust has reported a retained income and expenditure (I&E) deficit of £28.9m.

Significant drivers of the deterioration in financial performance include continued pressures on the Trust's emergency services and the resultant payment for this additional activity at a discounted rate. This is partly due to the under-delivery of planned demand management schemes by local clinical commissioning groups. Whilst the Trust has reduced its reliance on agency staff from the previous financial year, it continued to incur significant agency costs resulting from ongoing challenges in recruitment and retention of staff.

During the year the Trust participated in NHS Improvement's Financial Improvement Programme. With external support and engagement across the organisation this resulted in the achievement of £12.3m efficiency savings. Furthermore, the Trust commissioned a comprehensive review of the drivers of its deficit and has developed plans to eliminate operational factors by the end of 2018/19 in order to return towards financial balance.

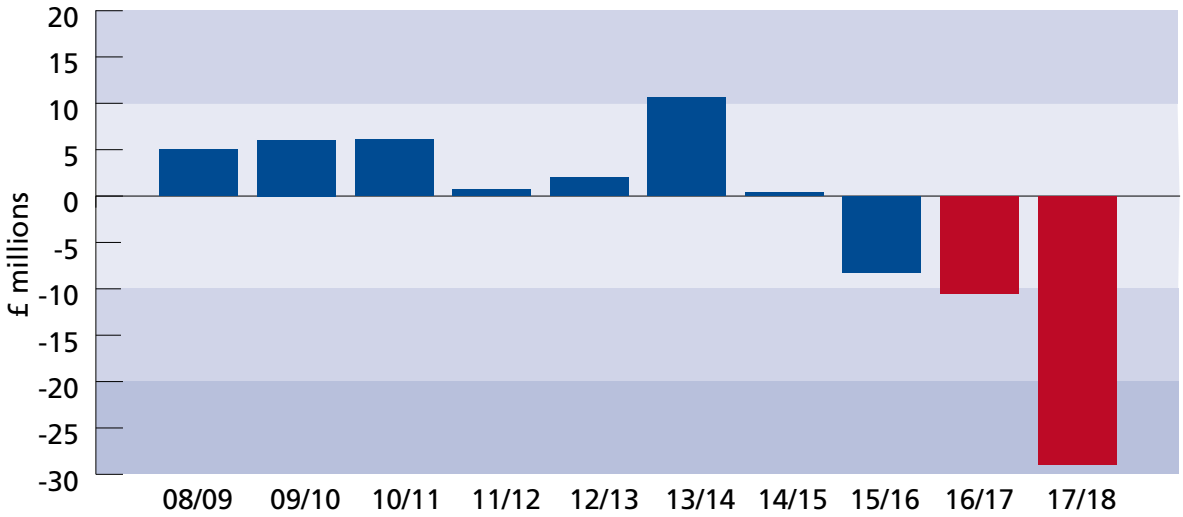
The Trust's operating costs continue to be chiefly incurred through the delivery of patient treatment activity within the framework of service level agreements with local clinical commissioning groups (principally Enfield CCG and Haringey CCG), which are financed from resources voted annually by Parliament.

The Trust largely finances its capital expenditure from budgets generated internally.

The total capital expenditure for the year was £5.38m, which included investment in the refurbishment of the Trust's education centre to provide staff with a modern facility in which to train and study. This was funded from the proceeds of the sale in 2016 of land on the south east corner of the hospital site. In addition £1.4m was spent in the replacement of ageing medical equipment, including x-ray and theatre equipment.

The following graph illustrates how the financial performance of the Trust has changed over the last 10 years.

Income and expenditure retained surplus/deficit



The Trust is required to achieve five statutory financial duties. The Trust did not achieve the break-even duty, and sets out below the other four key indicators:

- to manage cash flows within the limits set by the Department of Health (the External Financing Limit - EFL). This determines how much more (or less) cash can be spent by the Trust compared to that which is generated from its operations. The Trust is required to maintain net external financing within its approved EFL
- to achieve a 3.5% return on assets (the cost of capital absorption duty), in other words the total dividends paid on public dividend capital (PDC) must be 3.5% of the average net relevant assets
- to limit capital expenditure within the limit set by the Department of Health (the Capital Resource Limit - CRL). The CRL determines the amount which can be spent by the Trust each year on capital purchases. It measures capital expenditure on an accruals basis (rather than cash outflow on capital) and must not be exceeded
- to pay 95% of invoices within 30 days of receipt of the invoice or goods (the Better Payment Practice Code).

Performance against these metrics is shown in Table 8.

Table 8: Financial performance targets, 2013/14 to 2017/18

Target	13/14	14/15	15/16	16/17	17/18
External Financing Limit	Met	Met	Met	Met	Met
Cost of Capital Absorption Duty	Met	Met	Met	Met	Met
Capital Resource Limit	Undershoot	Undershoot	Undershoot	Undershoot	Undershoot
Better Payment Practice Code	90%	86%	79%	76%	76%
Breakeven Duty	Met	Met	Met	Not met	Not met

Ongoing financial issues

The Trust Board continues to challenge and support the organisation in delivering its agreed financial objectives. The lessons learnt from the financial improvement programme and strengthened transformation team will ensure that the Trust is in a strong position from the onset of the new financial year to deliver yet another challenging efficiency programme, targeted at £15m for 2018/19.

Close working with commissioners and local partners as part of the Sustainability and Transformation Plan will support the wider health economy in ensuring that our patients receive high quality care for the best possible value.

There is an opportunity in 2018/19 for the Trust to receive external funding for a new linear accelerator to improve the provision of radiotherapy treatment, and new and replacement IT systems through the fast follower global digital excellence programme. This funding would help transform the way we work at the Trust and support improvements for both patients and staff.

We launched the "Think, drink, water" campaign to remind staff about the importance of good hydration at work for fitness and health

The expertise and dedication of the finance department have been a constant theme during a difficult year, and I would like to underline my thanks to them for their hard work.

Overall financial arrangements

The Trust operates within the regulatory framework determined by the Department of Health. Risk management is monitored through the Trust's Board assurance framework and Significant Risk Register, as described in the annual governance statement.

Directors are members of the Trust Board and the Chief Executive has put in place systems that provide information and assurance for the Trust Board, including a substantial internal audit programme which is monitored by the Trust's Audit Committee.

In addition, as confirmed via the annual letter of representation to the Trust's external auditors, there is no relevant audit information of which the Trust's auditors are unaware. This letter is signed by the chief executive, the Director of Finance and the non-executive chair of the Audit Committee. The directors have taken all the steps they ought to as a director in order to make themselves aware of any relevant audit information and to ensure that the external auditor is aware of that information.

The full annual governance statement and the letter of representation relating to 2017/18 can be obtained at the following address: Director of Finance, North Middlesex University Hospital NHS Trust, Sterling Way, Edmonton, London N18 1QX.

We recruited 127 apprentices to an exciting range of training programmes

Financial statements

The summary financial statements are included at the end of this report.

The Trust's appointed external auditors are BDO, external audit fees for the 2017/18 year were £71,000. Fees for non-audit work totalled £12,000.

An indication of how the Trust's pension liability is treated can be found in the notes to the accounts (note 1.5) of the full accounts.

The full accounts and notes to the accounts are available on the Trust's website at: **www.northmid.nhs.uk/About-Us/Corporate-Documents/Annual-Reports** or by contacting the Trust at the following address: Director of Finance, North Middlesex University Hospital NHS Trust, Sterling Way, Edmonton, London N18 1QX.

Signed

David Stacey

David Stacey **Date 25 May 2018**
Director of Finance

On International Nurses Day we celebrated our talented workforce and raised awareness of our services

3 Section Three

How we run the Trust
Corporate governance

3.1 Corporate governance including Directors' report

NHS trust boards are required to have more non-executive members than executive members. The Trust's Board comprises the Chair, five other non-executive directors (NEDs), the Chief Executive Officer (CEO) and five other executive directors all of whom are collectively responsible for the success of the Trust. They include the Medical Director, the Director of Nursing and Midwifery, The Director of Finance, the Director of Strategic Development and the Director of Human Resources. They are supported by the Chief Operating Officer and two associate NEDs who provide additional advice and expertise to the Board.

Executive directors are full-time employees of the Trust and non executive directors are part-time and appointed by NHS Improvement. Executive directors manage the day-to-day running of the Trust and, with the Chair and the other non executive directors, set the strategic direction.

Board members have a wide range of skills and bring experience gained from NHS organisations and other public and private sector bodies. Their skills include accountancy, audit, education, management consultancy, legal and health knowledge. Due consideration is given to the composition of the Board in terms of the protected characteristic groups in the Equality Act 2010. Each member is appointed for his or her experience, business acumen and their relationship with the community.

The Chief Executive and the executive directors are appointed, through public advertisement, by members of the Remuneration Committee, which is composed of the non executive directors and the Chair.

During 2017 the composition of the Board changed as follows:

- In September 2017 two associate non executive directors were appointed in order to improve the diversity of the Board and to ensure that it remains representative of the local community.
- Sir David Sloman served as the Trust's Accountable Officer until the 17th May 2018.
- In December 2017 Maria Kane was appointed as CEO; and on the 18th May 2018 she was appointed as the Trust's Accountable Officer.
- In October 2017 an interim medical director/deputy Chief Executive was appointed. Following his retirement in February 2018 the role is covered on an interim basis by the deputy medical director.

Table 9: Trust Board membership 2017–18

Position	Name	Term
CEO	Libby McManus	Apr 17 - Dec 17
CEO**	Maria Kane	Dec 17 - Mar 18
Accountable Officer *	Sir David Sloman	Dec 17 - Mar 18
Medical Director	Cathy Cale	Apr 17 - Sep 17
Interim Medical Director/Deputy Chief Executive	Kevin Cleary	Oct 17 - Jan 18
Acting Medical Director	Achim Schwenk	Jan 18 - Mar 18
Director of Finance	David Stacey	Apr 17 - Mar 18
Chief Operating Officer***	Rachel Anticoni	Apr 17 - Mar 18
Director of Nursing and Midwifery	Deborah Wheeler	Apr 17 - Mar 18
Director of Strategic Development***	Richard Gourlay	Apr 17 - Mar 18
Interim Director of Human Resources***	Peta Poynton	Apr 17 - Feb 18
Interim Director of Organisational Development ***	Melanie Whitfield	Aug 17 - Feb 18
Interim Director of Human Resources **	Ken Hutchinson	Feb 18 - Mar 18
Chair	Dusty Amroliwala	Apr 17 - Mar 18
NED (Vice-chair)	Graham Coles	Apr 17 - Mar 18
NED (Senior Independent Director)	Alan Palmer	Apr 17 - Mar 18
NED	Dalwardin Babu	Apr 17 - Mar 18
NED	John Hurst	Apr 17 - Feb 18
NED	Mehboob Khan	Apr 17 - Mar 18
NED (associate) ***	Surendra Deo	Sep 17 - Mar 18
NED (associate) ***	Sarah Rapson	Sep 17 - Mar 18

* Appointed Accountable Officer from 17 December 2017 to 17 May 2018
** Appointed Accountable Officer 18 May 2018
*** Denotes non-voting members

Following the resignation of the Director of Human

Resources (HR) in March 2017 the portfolio was covered on an interim basis jointly by interim appointments to the posts of Director of Human Resources and the Director of Organisational Development (OD).

Declarations of interest

The Trust has a duty to ensure that all its work is conducted to the highest standards of integrity and probity. A register of the interests of directors which might influence their role is compiled, maintained and reported at least once a year to a public Board meeting. The register is available on the Trust website (**www.northmid.nhs.uk/Portals/**) and on request from the company secretary's office.

There are no company directorships or other significant interests held by directors that are considered to conflict with their responsibilities. Each director knows of no information which would be relevant to the auditors for the purpose of their audit report and which the auditors are not aware of and has taken all the steps that he or she ought to have taken to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Table 10 shows the attendance of directors and non-executive director members at Board meetings and at committee meetings of which they are members.

Table 10: Members' attendance at Trust Board and committee meetings in 2017/18

Title	Name	Trust Board	Audit Committee	Clinical Quality & Patient Safety Committee*	Patient & Staff Experience Committee**	Finance, Performance & Investment Committee***	Charitable Funds Committee	Remuneration committee
Chair	Dusty Amroliwala	9/9	N/A	N/A	N/A	N/A	N/A	2/2
Accountable Officer	Sir David Sloman	5/5	N/A	N/A	N/A	N/A	N/A	N/A
NED / chair of FIC	Graham Coles	9/9	2/2	N/A	6/7	12/12	1/1	2/2
NED / chair of Audit	Alan Palmer	9/9	5/5	N/A	N/A	11/12	1/1	
NED	John Hurst	7/8	2/4	8/8	N/A	N/A	N/A	1/2
NED	Mehboob Khan	8/9	1/1	4/7	2/3	N/A	N/A	2/2
NED/ chair of WET	Dalwardian Babu	9/9	N/A	9/9	7/7	N/A	N/A	2/2
NED associate****	Sarah Rapson	6/6	N/A	N/A	N/A	6/7	N/A	1/2
NED associate****	Surendra Deo	6/6	N/A	2/3	5/5	N/A	N/A	1/2
CEO	Libby McManus Maria Kane	3/4 3/3	N/A	N/A	N/A	N/A	N/A	N/A
Director of Finance	David Stacey	9/9	N/A	N/A	N/A	11/12	1/1	N/A
Director of Strategic Development****	Richard Gourlay	9/9	N/A	N/A	N/A	11/12	N/A	
Chief Operating Officer****	Rachel Anticoni	9/9	N/A	N/A	N/A	10/12	N/A	N/A
Director of Nursing & Midwifery	Deborah Wheeler	7/9	N/A	8/9	6/7	N/A	N/A	N/A
Medical Director	Cathy Cale Kevin Cleary Achim Schwenk	5/5 3/3 2/2	N/A	3/3 3/3 2/3	2/2 2/2 3/3	N/A N/A 0/12	N/A N/A N/A	N/A N/A N/A
Interim Director of HR/OD ****	Peta Poynton Melanie Whitfield Ken Hutchinson	5/7 3/5 N/A	N/A	N/A	5/5 4/4 2/2	2/5 N/A 1/2	N/A N/A N/A	N/A N/A N/A

* formerly Risk & Quality Committee
** formerly Workforce, Education and Training Committee
*** formerly Finance & Investment
****denotes a non-voting member of the Board

For detailed information regarding the tenure of Board members please refer to Table 9 in the directors' report.

3.1.1 Statement of the accountable officer of the Trust

The Accountable Officer of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority (NHS Improvement), has designated that the CEO 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

Maria Kane
Date 25 May 2018
Accountable Officer

Midwife Michelle Lynch received the RCM SANDS Award for improvements to bereavement care

How we run the Trust
Annual governance statement

3.1.2 Annual Governance Statement
Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Trust's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible. I am also responsible for ensuring that this Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the 'NHS Trust Accountable Officer Memorandum'.
The purpose of the system of internal control

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

Capacity to handle risk

As Accountable Officer, supported by Board members, I have responsibility for the integration of governance systems. I have delegated the executive lead to the medical director and director of nursing for the implementation of integrated governance and risk management.

The Board recognises that risk management is an integral part of good management practice and to be most effective should be part of the Trust's culture. The Board is, therefore, committed to ensuring that risk management forms an integral part of its philosophy, practices and business plans.

The Board acknowledges that the provision of appropriate training is central to the achievement of this aim. Staff are appropriately trained and supported in incident reporting, carrying out risk assessments, mitigating risk and maintaining risk registers. Directors and departmental managers ensure that all staff, including those promoted or acting up, Board directors, contractors and locums, undergo corporate and specific local induction training appropriate to their area including risk management, incident reporting and hazard recognition training.

The risk management training programme includes formal training for:

- staff in dealing with specific everyday risks, eg basic risk management information including an overview of patient safety, incident reporting and investigation, complaints investigation and development of measures to improve patient experience, fire safety, information governance, health and safety, moving and handling, infection control and security
- specific staff involved in the maintenance of risk registers at directorate and department level, investigation and root cause analysis, the investigation of serious incidents and risk assessment for health and safety.

The human resources department monitors all mandatory and essential training and reports directly to the Board. Completion of training is included in staff performance monitoring, appraisals and revalidation.

Employees, contractors and agency staff are required to report all incidents and concerns and this is closely monitored. The Trust supports an open culture, meaning that we are open with service users, carers and staff when things go wrong. A significant emphasis is placed upon ensuring that we comply with the requirements of the statutory duty of candour.

The Board receives regular updates to ensure compliance in these areas. Guidance to staff on how to report an incident using the Datix incident reporting system, how to grade incidents, use risk assessment and risk registers, how to undertake root cause analysis and how to write a statement is available for staff on the Trust intranet.

The Trust also supports a learning culture, sharing and embedding learning from incidents following an objective investigation or review. In addition, the Trust seeks to identify and share good practice within the organisation. This happens at Board and directorate level through various mechanisms including feedback from NED visits and the monthly and annual staff awards events.

National guidelines and standards that relate to good practice are shared and there are processes in place to ensure action plans to implement recommendations are developed and monitored to completion.

Quality and equality impact assessments have been strengthened during the year to improve the assurance that the Board and its committees receive in terms of impact from cost improvement programmes, risks and how these will be managed. Further work is needed to integrate this effectively into other service developments.

The risk and control framework

The key objectives regarding risk and control are to achieve:

- compliance with external regulatory and other standards for quality, governance and risk including CQC standards and regulations
- delivery of the Trust's strategic aims and objectives
- a culture of effective risk management at all levels of the organisation
- a robust framework to ensure all controls and mitigation of risks are in place and operating, and can provide assurance to the Board on all areas of governance.

These are:

- corporate governance
- quality governance
- clinical governance
- financial governance
- risk management
- information governance including data security
- research governance
- clinical effectiveness and audit
- operational performance.

Executive directors have responsibilities for the management of strategic risk and operational risks within their individual portfolios. These include the maintenance of a risk register and the promotion of risk management training to staff within their directorates. A range of risk management training is available to staff based on their role and position within the organisation.

Risk identification and assessment is the process that enables the Trust to understand the range of risks faced, the level of ability to control those risks, the likelihood of their occurrence and their potential impacts. Risk assessment is a continuous process with risks assessed at ward, team and department level in line with risk assessment guidance. It is carried out proactively as part of the health and safety processes as well as reactively when risks are identified from incidents, complaints, local reviews, patient feedback and so on.

Risks are scored based on the likelihood of the risk materialising (score 1-5) multiplied by the impact or consequence of that risk (score 1-5). The risk scoring matrix evaluates the level of risk as low (1-7), medium (8-12) or high (15-25). This guides the priorities for action and is used for all risk scoring within the Trust in order to ensure a consistent and standardised approach. It allows the organisation to gain an appreciation of the magnitude of each risk, set targets for improvement based on its risk appetite and track progress against an agreed, timed action plan. The Board decides what level of risk is reported to it. The threshold is a risk score of 15 and above.

Risks are recorded in risk registers and via the Datix system. A risk register is a tool for recording and managing risk in a standard format to allow comparison and aggregation. Taking each risk in turn, the register records the controls (the things we do to mitigate that risk) already in place, the original risk score and the current risk score based on those controls. Gaps in controls can then be identified and actions agreed to close these gaps.

Children from St Francis de Sales School visited our care of the elderly wards to entertain patients by singing and reading

Targets based on an acceptable level of risk can be agreed and progress towards achieving the target risk score can be tracked. Assurances (the evidence that controls are effective) are also recorded. The identification and management of risk as communicated in risk registers aids decision-making and resource prioritisation. It produces proper information by which the Trust can reassure the public, patients and stakeholders that it is effective and efficient and delivering the objectives of the organisation.

The Board Assurance Framework (BAF) is an essential tool which brings together the key strategic objectives, the requirements of licensing and regulatory bodies and provides detail and assurance on the systems of control which underpin delivery of the strategic objectives. It offers visible assurance on the Board's overall governance responsibilities.

Taking each risk in turn, the BAF records the controls and the assurances already in place. Gaps in controls and assurances can then be identified and actions agreed to close the gaps. By focusing on these the Board can be confident that all necessary steps are being taken to assure delivery of the Trust's overall objectives and obligations and that resources can be allocated appropriately. The BAF is a live document that is reviewed each month. Some gaps in controls or assurances will also feature on the significant risk register as they present a current risk that requires mitigation. The strategic and highest scoring risks on the significant risk register for the 2017/18 relate to:

- achievement of performance expectations
- achievement of financial target - via CIP delivery, efficiency, benchmarking etc
- staff culture
- recruitment and retention

The work of the Trust Board
and its committees

The significant risks (corporate risks) for 2017/18 and the future relate to:

- failure to manage expenditure within the agreed budget
- failure to control and manage payroll costs both temporary and permanent
- failure to change services to improve productivity
- failure to achieve the A&E access target (95% of type ones within four hours)
- failure to implement improvement plans identified following CQC inspection
- failure to deliver excellent standards of care.

The Trust has established an executive assurance forum whose objective is to seek assurance that the Trust maintains robust systems of governance, risk management and internal control that enables clinical and managerial leaders to ensure safe, high quality, patient-centred care. Executive assurance forum assurance reports are submitted to the Trust Board for review and comment.

Where gaps in controls and assurance are identified, the forum will:

- ensure corrective action is taken
- monitor effectiveness
- report the matter to the Board as required.

The governance framework

The Trust's governance framework is designed to ensure that the organisation is able to facilitate the system of internal control which in turn is designed to manage risk to an acceptable level. It is recognised that it is not possible to eliminate all risk of failure to achieve aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness.

The Trust has arrangements to ensure that it discharges its statutory functions and that it complies with legislative requirements. These include:

- the use of internal audit to consider the systems and processes which support the delivery of the Trust's functions;
- Monitoring compliance with the CQC's registration requirements
- Monitoring compliance with quality, operational and financial performance standards, including the NHS Constitution.

All Board members have access to external legal and audit advice should they require this in line with undertaking their role.

The Trust Board

The Board has overall responsibility for the activity, integrity and strategy of the Trust and is accountable, through its Chair, to NHS Improvement. Its role is largely supervisory and strategic and it has six key functions. These are to:

- set strategic direction, define objectives and agree plan for the Trust
- monitor performance and ensure corrective action
- ensure financial stewardship
- ensure high standards of corporate and clinical governance
- appoint appraise and remunerate the executives
- ensure dialogue with external bodies and the local community.

The Board met 12 times during the year. Changes to the membership of the Board are shown in Table 9. The attendance of Board members can be found in Table 10.

Evaluation of the directors is delivered formally via a number of channels each year. These include:

- appraisal of NED performance by the CEO and Chair
- appraisal of NED performance by the Chair
- appraisal of the CEO by the Chair
- a Board development programme
- a review of the effectiveness of each committee.

The Chair leads regular discussion regarding the effectiveness of the Board. This has identified that the Board needs to focus more time on developing strategy and it has taken steps to do this via its Board development programme.

The Board operates with the support of Board committees, which:

- support the Board in fulfilling its role, given the nature and magnitude of the Trust's wider agenda, by supporting background development work and providing scrutiny in more detail than is possible at Board meetings
- strengthen the Trust's overall governance arrangements and support the Board in the achievement of the Trust's strategic aims and objectives
- maximise the value of input of NEDs given their limited time and provide clarity around their role.

The chairs of each committee provide chair's assurance reports to the Board after each meeting, highlighting significant issues of concern or under performance, assurances received and decisions made at their meetings. In addition each committee, including the Board, undertakes an annual review of its effectiveness. This review is used to produce an annual report to the Board.

During 2017/18, the Board has been supported by:

- five committees
  - audit
  - remuneration
  - finance, performance and investment
  - clinical quality and patient safety
  - patient and staff experience
- one fund - the charitable fund
- one forum - the executive assurance forum

Audit Committee

The Audit Committee oversees the establishment and maintenance of an effective system of internal control throughout the organisation. It ensures that there are effective internal audit standards and provides independent assurance to the Board. The committee reviews the work and findings of external auditors and provides a conduit through which their findings can be considered by the Board. It also reviews the Trust's annual statutory accounts before they are presented to the Board, ensuring that the significance of figures, notes and important changes are understood. The committee oversees the Trust's internal audit and counter fraud arrangements.

It is chaired by a NED with a financial qualification. Members include the chair of the clinical quality and patient safety committee. It met five times in 2017/18 and was quorate for each meeting.

Use of internal and external auditors

Audit committee members meet privately with internal and external audit representatives when required. The director of finance, deputy director of finance and the company secretary also attend.

The committee's chair ensures the Board is kept informed of significant risks and reviews all disclosure statements that are derived from the Trust's assurance processes. The committee reviews its annual cycle of business against the NHS Audit Committee Handbook.

Throughout the year the committee has paid particular attention to:

- the BAF
- risk management arrangements including a regular review of the significant risk register
- recruitment processes
- a revised data quality strategy
- emergency preparedness and business continuity
- information governance and readiness for general data protection regulation
- business continuity and cyber security.

Finance, Performance and Investment Committee

The Finance, Performance and Investment Committee's main responsibilities are to review the Trust's financial and operational performance against annual plans and budgets and to provide overview of the development of medium and long- term financial models. It also monitors performance of the Trust's physical estate. Other responsibilities include reviewing in-year delivery of annual efficiency savings programmes and oversight of the Trust's activity and operational performance via the performance dashboard and a series of more detailed investigations (known as 'deep dives').

The committee, which met 12 times, is chaired by a NED with a financial qualification and he is supported by two other NEDs. The attendance record for the committee can be seen on page xxx.

During the year the Trust had to submit a revised forecast deficit and the committee scrutinised the position prior to submission to NHSI. Any areas requiring Board oversight were escalated by the committee chair to the Board.

Clinical Quality and Patient Safety Committee

The Clinical Quality and Patient Safety Committee is responsible for providing the Trust Board with assurance on aspects of the quality of clinical care: on clinical governance systems, including the management of risk, and on standards of quality and safety. The committee oversees the Trust's compliance with the CQC's standards.

Matron Gillan Belfon-Johnson was named Nurse Leader of the Year by the Nursing Times

The committee, which met nine times during 2017/18, is chaired by a NED, supported by two other NEDs, one of whom also has a clinical background. Patient representatives from Healthwatch Enfield attend all meetings.

This year the committee has paid particular attention to areas of risk which featured on the BAF or the significant risk register. It has also seen the introduction of reporting from the clinical divisions which enables clear sight of quality issues at divisional level. This reporting demonstrates the effectiveness of clinical governance arrangements within the divisions and enables the committee to challenge areas for improvement.

Patient and Staff Experience Committee

The Patient and Staff Experience Committee is responsible for providing the Board with assurance on aspects of organisational development and the effectiveness of our recruitment and retention strategy. It also considers the experience of staff and patients in light of the organisation's culture and strategic objectives and compliance with the NHS Constitution.

Remuneration Committee

The Remuneration Committee is responsible for determining the policy on executive remuneration, approving contracts of employment for executives and, also, for agreeing arrangements for the termination of contracts. It also ensures that appropriate performance management arrangements are in place for executive directors. The committee has regard to the arrangements in the wider NHS, the consideration of wider professional benchmarking and any relevant guidance from the Treasury.

The Senior Leadership Group

The Senior Leadership Group (SLG) is the principal forum for ensuring and assuring the delivery of the Trust's strategic and operational objectives, including annual operating and financial plans. The SLG comprises the executive team, the divisional director, the head of nursing or midwifery and the director of operations of each of the three clinical divisions. The SLG maintains oversight of operational performance and management of risk in a systematic and planned way. It is the most senior executive decision making forum and receives reports and recommendations from sub-groups. The group is supported by the clinical divisions, directorate and corporate functions.

Divisions

Each division has a Board which oversees the quality and governance of its services, ensures appropriate representation on groups within the governance framework and reports to the senior management team. The divisions work within clear accountabilities to ensure that the systems of control are in place and adhered to.

Executive directors group and other groups

Beneath the Board's committees is a broad framework of groups that manage and deliver the business of the Trust including infection prevention and control, information technology, information governance, mortality and a serious incidents review group which meets weekly.

The executive directors meets weekly to discuss and action operational matters.
Consultations with commissioners on the wider aspects of risk are undertaken through monthly contract management meetings.

Assuring the corporate governance statement

The robust risk and control framework described enables the Trust to assure the validity of its corporate governance statement, which will be submitted to NHS Improvement in June 2018 in line with its single oversight framework.

During 2017/18 the Board ensured that detailed controls were in place to mitigate risks and support assurance and will continue to do so. All risks, mitigation and progress against actions are monitored formally each month at divisional, corporate and Board level. The Trust is fully compliant with the CQC's registration requirements. The CQC inspected the Trust during an unannounced visit in May 2016 with a follow up visit in September 2016. Immediate action was taken to address concerns that were raised around staffing levels. Other areas identified for improvement included:

- the safety of medicines
- medical equipment
- quality governance/risk processes
- safeguarding
- cancer targets
- infection prevention and control.

The improvement plan was reviewed by the Board and continues to be monitored by the Board and the Clinical Quality and Patient Safety Committee each month.

Six Never Events, as defined by NHS England's Serious Incident Framework, were recorded at the Trust in 2017/18. These were: three wrong site invasive procedure, two retained foreign object post-procedure and one unintentional connection of a patient requiring oxygen to an airflow meter. This patient sustained significant harm. Root cause analysis investigations have or are in the process of being completed so that lessons will be learned and robust action taken to prevent similar incidents happening again at the Trust.

.

A number of actions were taken following these events and further actions will be identified as part of the investigations.

Issues were identified in relation to the training provision for junior doctors in the department. The Trust responded by agreeing an action plan with Health Education England (HEE) and progress against improvement actions was discussed each week the General Medical Council and HEE. Oversight of the action plan was provided by the Clinical Quality and Patient Safety Committee and the Board.

In order to make the right improvements to our organisation and services we need to have the views of people who use our services. We have continued to engage patients and the public in a number of ways including:

- involvement in patient-led assessments of the care environment
- participating in service-specific surveys
- the development of a revised patient and carer experience strategy.

With the patients' permission these studies and associated learning are regularly presented to the Board and shared with clinical teams to help them better understand what they do well and what needs to improve.

We staged "Art Show in the Atrium", an exhibition of paintings on the theme of health by A-level students of Southgate Secondary School

Cost improvement programmes are assessed for their impact on quality. Where possible negative impact is identified, mitigating actions are identified or, in cases of significant impact, the scheme is not progressed. In addition all policies are impact assessed to ensure that they do not negatively impact on one or more groups of staff, patients or the public.

The Board receives an integrated performance report which triangulates financial, operational, quality and workforce indicators to identify areas of deteriorating performance and forecast future risks to performance.

In 2017/18 the Board focused particularly on the A&E department recovery plan to ensure that key actions to address performance issues were identified and delivered.

The amount of time that patients have to wait for planned procedures is reviewed at the weekly access meeting. Members of the information team meet the service teams to discuss any data and quality concerns. The team that tracks compliance with the 18-week referral to treatment target and the information team both work with the data each day and there are checks to ensure correct use of the data.

The information governance steering group oversees data quality and reports any concerns to the Audit Committee. Risks are entered onto the significant risk register and reviewed by the committee.

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 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 members' Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Equality, diversity and human rights

Control measures ensure that the organisation's obligations under equality, diversity and human rights legislation are complied with. In November 2017 a comprehensive equality, diversity and inclusion policy was approved for the Trust.

Sustainability

The Trust has undertaken risk assessments and is moving towards implementing its carbon reduction delivery plans in full, in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Emergency preparedness, resilience and response

As a category 1 (primary) responder the Trust has in place plans to meet its statutory obligations to:

- assess the risk of emergencies occurring and use this to inform contingency planning
- put in place emergency plans
- put in place business continuity management arrangements
- put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency.

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

The Trust produces an annual operating plan that is underpinned by detailed plans produced by the divisions. The plan details how the Trust will use its resources throughout the year, identifies the principal risks to the delivery of the plan and the mitigation and is supported by detailed financial forecasting. The annual budget setting process for 2017/18 was approved by the Board before the start of the financial year and was communicated to all managers in the organisation. The director of finance and his team worked closely with divisional and corporate managers throughout the year to support delivery of the annual budget.

Each division is required to deliver cost improvement plans in order to ensure economic, efficient and effective use of resources. The divisions work within agreed objectives and accountabilities which are monitored at monthly performance review meetings. The cost improvement plans are scrutinised and approved by the medical director and director of nursing and midwifery via a series of quality impact assessments to ensure the quality of services is maintained.

The capital programme and the annual operating plan are informed by the Trust objectives, quality improvement priorities and identified risks.

During 2017/18 the Trust continued to implement a carbon efficiency scheme to deliver reductions in carbon emissions and to deliver significant energy efficiency.

Enfield Community Singers and choirs from local schools sang in the atrium as part of our popular Arts in the Atrium programme

Monthly financial and operational performance reports are presented to the Finance, Performance and Investment Committee and the Board. The Trust makes use of both internal and external audit functions to ensure that controls are operating effectively and to advise on areas for improvement. In addition to financially-related audits, the internal audit programme covers governance and risk issues. Individual recommendations and overall conclusions are risk-assessed and action plan priorities are agreed with Trust management. The Trust also reviews information and feedback from regulators and external sources such as the CQC, the national staff survey and national patient surveys to benchmark performance against other organisations and improve economy, efficiency and effectiveness.

Due to pressures around activity, difficulty in recruitment, high agency spend and delivery of the cost improvement programme the Board agreed to amend its 2017/18 financial target to a deficit of £29.9m. At the end of 2017/18 the Trust reported deficit is £28.9m, after taking into account additional winter funding received, this is in line with the revised forecast.

The deficit affected the Trust's cash reserves and throughout the year it relied on Department of Health loans. The Trust exhausted its revolving working capital facility in 2016/17 and required interim revenue support loans during the year which were subject to validation by NHSI and the Department of Health. The Trust submits a 13-week rolling cash flow forecast to NHSI each month so any issues are flagged up at an early stage.

With the exception of the break-even duty and better payment practice code the Trust achieved its other statutory financial targets, namely the 3.5% on average net relevant assets, the capital resource limit and the external financing limit.

As part of their annual audit, the Trust's external auditors are required to satisfy themselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They do this by examining documentary evidence and through discussions with senior managers. The conclusions in relation to this work are made available to the Trust and presented to the Audit Committee.

Fighting fraud

The Trust has in place appropriate anti-fraud, bribery arrangements. A local fraud specialist conducts a local risk assessment and devises an anti-fraud and bribery work plan which is approved and monitored by the Audit Committee. There are induction and refresher fraud awareness sessions for staff and the Board and further communications and alerts as needed.

All referrals received by the local counter fraud specialist during 2017/18 have been subject to investigation. Allegations related to failure to declare conflicts of interest, working while on sickness absence, undertaking private work during Trust time, immigration issues and overseas visitor concerns. These cases are being dealt with under the appropriate Trust processes.

In one case the defendant pleaded guilty and received a two-year suspended sentence and a court costs order. The subject was also suspended by their professional regulator.

Table 11: Information governance breaches 2017/18

Date	Breach type	Summary	Reported to NHS Digital & ICO	ICO action
26 Apr 2017	Insecure transfer of personal data	Patient self-referral electronic form transferred using unencrypted pathway	Yes	No action
03 May 2017	Inappropriate disclosure of personal data	Sensitive personal data sent to wrong recipient by email due to scanning error	Yes	Investigated. ICO was satisfied with the steps taken by the Trust to prevent recurrence of data protection principles breach.
02 Jul 2017	Inappropriate disclosure of personal data	Staff member disclosed patient personal data on social media	Yes	Investigated. No action.
27 Oct 2017	Inappropriate disclosure of personal data	Sensitive personal sent to wrong recipient due to wrongly addressed email	yes	Investigated. Concerns expressed due to similarity with previous incident. After further investigations, no further action.

Information governance

All new staff are provided with Information Governance (IG) training at corporate induction. This includes an outline of the relevant legal position, NHS guidance and the Trust's polices relating to the safe and appropriate processing, handling and storage of information.

Additionally, in accordance with the requirements of the IG Toolkit, all existing staff are required to undergo IG update on an annual basis. This training is available as classroom training, workbook or E-learning.

Information governance and security related incidents are reported via the Trust's incident reporting system and are managed as part of the Trust's information governances processes. All incidents which have a data protection element are investigated and reviewed by the Information Governance Steering Group which has been chaired by the Director of Finance/Senior Information Risk Owner and the Caldicott Guardian.
Where an on-going information risk is identified, this is recorded on the relevant risk register, along with a note of actions to be taken to minimise the chances of recurrence and impact.

There were four Serious Incidents Requiring Investigation during the period from April 2017 to March 2018. Lessons learnt are shared through the Serious Incidents Assurance Learning Group.

The Incidents were reported to the regulators including the Information Commissioner's Office (ICO).

In preparation for the introduction of the General Data Protection Regulations (GDPR) in May 2018, the Trust has appointed a GDPR officer who provides regular updates to the Audit Committee and information to staff.

Annual quality account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepar Quality Accounts for each financial year. It shows the improvements we have made to our services in the past year as well as where and how we will plan to improve further. It is published on our website and on the NHS Choices website.

The quality account is subject to an external audit review which provides assurance that it has been produced based on valid data and is accurate.

The medical director is responsible for the preparation of the quality account and for ensuring that it presents a balanced view of quality within the Trust. It is prepared with contributions from all responsible and accountable leads and drafted by the associate director of risk and governance. The Clinical Quality and Patient Safety Committee reviews the report before its submission with the annual report and accounts to the Audit Committee and then the Board.

Internal audit reviewed the data quality controls around a sample of Board-level performance indicators which feed into the quality account. Internal audit provided reasonable assurance regarding the data quality for the two-week cancer wait and Friends and Family Test indicators.

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 the Clinical Quality and Patient Safety Committee and a plan is in place to address weaknesses and ensure continuous improvement of the system is in place.
The BAF and Significant Risk Register (corporate risk register) are reviewed bi-monthly by the Board and each month by the relevant Board committee and provide me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

The Board has concluded that the systems of internal control are effective as evidenced below, but acknowledge there is scope for improvements in certain areas. The last CQC inspection showed an assessment of "requires improvement".

The evidence referred to above is:

- CQC registration with no conditions
- the BAF and the significant risk register
- presentation of the annual governance statement to the Audit Committee by the accountable officer
- reports from the Senior Leadership Group, subgroups and directorates
- the internal and clinical audit plan, prioritised on areas of risk and concern
- the clinical audit and effectiveness annual report
- internal audit periodic reports and follow up of internal audit recommendations
- the internal audit annual report and head of internal audit opinion
- ISA260 audit highlights memorandum (external audit report)
- the Good Governance Institute's Board effectiveness review
- drivers of the deficit and baseline review (produced by Deloitte December 2017)
- self-assessment against the well-led framework supported by NHS Improvement (August 2017).

The Trust faced a significant number of challenges in 2017/18, most notably in relation to the 95% A&E standard. Difficulties in discharging patients and the level of activity impeded flow throughout the hospital. We implemented a series of improvements such as changes to clinical leadership and the emergency department recovery plan to improve the care for emergency patients. We worked closely with partners and are members of the A&E Delivery Board, designed to work across the local health economy to effect change. We are confident that, in light of these improved systems and processes, the Trust can achieve the required standard of 95% by the end of March 2019. We have developed a 2018/19 trajectory with NHSI and believe we will achieve 90% by September 2018.

Operational pressures in 2017/18 had a negative impact on our financial position and we had to revise the deficit we were forecasting. An independent review has informed me about the extent to which the financial position is within the Trust's control and plans are in place to address these control weaknesses.

Issues identified in relation to training provision for junior doctors in the A&E department resulted in an agreed action plan with Health Education England (HEE) and the General Medical Council (GMC).

Health Education England and the General Medical Council found in a February 2018 inspection that our actions to improve supervision and training of junior doctors had addressed their previous safety concerns.
Head of Internal Audit Opinion
For the 12 months ended 31 March 2018, our draft head of internal audit opinion for North Middlesex University Hospital NHS Trust is as follows:

There are weaknesses in the framework of governance, risk, management and control, such that it could become inadequate and ineffective.

This opinion is driven by the following partial assurance (amber/red) opinions:

- pre-employment checks
- business continuity planning
- fire safety
- safeguarding adults
- CQC improvement plan
- Board Assurance Framework
- clinical audit
- unexpected deaths

It has been noted that Management has worked hard to implement the actions arising from the audits highlighted above. Only four actions due prior to 31 March 2018 are outstanding. All other actions yet to be implemented fell due after 1 April 2018, and so the follow up process for those will continue into 2018/19.

The Trust's Executive Assurance Forum has been working with RSM to provide updates to management actions.

Internal control

Assurance of the effective controls for information governance is provided through the completion of the Information Governance Toolkit and in particular those aspects that relate to information governance security standards. The Trust has achieved a satisfactory level 74% of the information Governance Toolkit. Internal Audit have conducted an in year assessment of the Information Governance Toolkit to provide an opinion on the adequacy of the policies, systems and operational activities to complete, approve and submit the IG Toolkit scores. They made a number of recommendations which were implemented in time for the end of financial year declaration to NHS Digital. The Trust's information governance status is the subject of on-going review by the Audit Committee.

Conclusion

In summary I am assured that the Trust has a sound system of internal control in place, which is designed to manage the key organisational objectives and minimise its exposure to risk. The Board is committed to continuous improvement and enhancement of the system of internal control.

Signed

Maria Kane
Date 25 May 2018
Chief Executive

Remuneration report

3.2 Remuneration report

The Remuneration Committee has delegated authority from the Trust Board to determine the broad remuneration and performance management framework and individual remuneration arrangements of the Trust's senior managers not covered by Agenda For Change, including interim senior managers.

Whilst determining remuneration policy and packages, the committee has due regard to the policies and recommendations of the Department of Health and the NHS, and all relevant codes, laws and regulations.

When appropriate, the committee receives reports on compromise agreements, settlements and redundancies approved in accordance with Trust policies.

The following disclosures have been audited:

- single total figure of remuneration for each director
- CETV disclosures for each director
- fair pay (pay multiple) disclosures
- exit packages
- analysis of staff numbers and costs.

Table 12: Salaries and allowances

Title	Name	2017/18			2016/17		
		Salary (bands of £5,000)	All pension related benefits[1] (a) (bands of £2,500)	TOTAL[2] (b) (bands of £5,000)	Salary (bands of £5,000)	All pension related benefits[3] (bands of £2,500)	TOTAL[4] (bands of £5,000)
Non-executive directors							
Chair	Dusty Amroliwala	45 – 50	0	45 - 50	0 - 5	0	0 - 5
	Dalwardin Babu	5 – 10	0	5 – 10	5-10	0	5-10
	Graham Coles	5 – 10	0	5 – 10	5-10	0	5-10
	Mehboob Khan	5 – 10	0	5 – 10	0 - 5	0	0 - 5
	Alan Palmer	5 – 10	0	5 – 10	0 - 5	0	0 - 5
	John Hurst (to 19/02/18)	5 – 10	0	5 – 10	5-10	0	5-10
	Surendra Deo (from 01/09/17)	0 – 5	0	0 – 5	0	0	0
	Sarah Rapson (from 01/09/17)	0	0	0	0	0	0
Executive directors							
Chief Executive	Maria Kane (from 19/12/17)	55 – 60	2.5 – 5.0	60 - 65	0	0	0
Chief Executive	Elizabeth McManus (to 18/12/17)	110 – 115	112.5 – 115.0	225 - 230	115 – 120	0	115 – 120
Finance Director	David Stacey	110 – 115	32.5 – 35.0	145 - 150	15 - 20	2.5 – 5.0	20 - 25
Director of Nursing	Deborah Wheeler	110 – 115	0 – 2.5	110 - 115	70 – 75	65.0 – 67.5	135 - 140
Acting Medical Director	Achim Schwenk (from 15/01/18)	30 – 35	5.0 – 7.5	35 - 40	0	0	0
Interim Medical Director	Kevin Cleary (from 03/10/17 to 20/02/18)	70 - 75	0	70 – 75	0	0	0
Medical Director	Catherine Cale (to 06/10/17)	70 – 75	17.5 – 20.0	90 - 95	135 – 140	447.5 – 450.0	585 - 590
Chief Operating Officer	Rachel Anticoni	110 – 115	35.0 – 37.5	150 - 155	10 - 15	5 – 7.5	15 - 20
Director of Strategic Development	Richard Gourlay	110 – 115	17.5 – 20.0	125 –130	105 - 110	92.5 – 95.0	200 - 205
Interim Director of Human Resources	Ken Hutchinson (from 01/02/18)	15 – 20	0	15 - 20	0	0	0
Interim Director of Human Resources	Peta Poynton (from 10/04/17 to 14/02/18)	40 - 45	40.0 – 42.5	80 - 85	0	0	0
Interim Director of OD	Melanie Whitfield (from 16/08/17 to 16/02/18)	35 - 40	25.0 – 27.5	60– 65	0	0	0

1 The pension related benefits comprise the notional change in the value of the pension over the estimated 20 year period after retirement. This change is calculated by the formula: 20 x the change in pension + change in lump sum. The formula assumes that there is no uplift to the opening pension and lump sum and the resultant increase is net of any employee pension contributions for the period.
2 The TOTAL column reflects both real and notional elements and should not be read as the total salary for the year.
3 The pension related benefits comprise the notional change in the value of the pension over the estimated 20 year period after retirement. This change is calculated by the formula: 20 x the change in pension + change in lump sum. The formula assumes that there is no uplift to the opening pension and lump sum and the resultant increase is net of any employee pension contributions for the period.
4 The TOTAL column reflects both real and notional elements and should not be read as the total salary for the year.

Sir David Sloman was the Accountable Officer for the Trust from 17 December 2017 to 17 May 2018 , his remuneration was paid by the Royal Free Hospitals Foundation Trust for which there was no charge to the Trust. Sarah Rapson, a non-executive director from 1 September 2017 chose not to receive remuneration for the role. The Chief Operating Officer received an additional payment in the year in respect of an historic allocation of annual leave due from a previous employment. The Interim Director of OD received an additional payment in the year in respect of work carried out on behalf of NHSI.

During 2017/18 one senior manager was seconded to another NHS organisation. The salary and pension bands disclosed in the table above are reflective of the remuneration in her capacity as senior manager of North Middlesex University Hospital NHS Trust for the period shown. Catherine Cale's period of secondment was from 7 October and was ongoing as at 31 March 2018. The secondment of Paul Reeves which commenced in 2016/17 ended on 31 July 2017.

Over 150 staff and members of the local community attended our annual AGM in September

Pay multiples

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. The figure for the highest paid director is taken as the total remuneration paid, this includes clinical duties.

The remuneration of the highest paid director in the North Middlesex University Hospital NHS Trust in the financial year 2017/18 was £114.4k (2016/17, £212.4k). This was 3.4 times (2016/17, 6.2) the median remuneration of the workforce, which was £33.4k (2016/17, £34.5k). The median remuneration excludes any bank and agency staff paid by the Trust.

In 2016/17, 72 (2016/17, 1) employees received remuneration in excess of the highest paid director. The movement between years is due to the fact that a number of executive directors were not in post for the full year. Individual staff remuneration ranged from £16.3k to £233.7k (2015-16, £16.1k - £222.5k).

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

In 2017/18, the majority of staff received an annual increment of one per cent.

Table 13: Pension benefits

Name	Real increase in pension at age 60 (bands of £2,500) £000	Lump sum at aged 60 related to real increase in pension (bands of £2,500) £000	Total accrued pension at age 60, 31 March 2018 (bands of £5,000) £000	Lump sum at aged 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real increase (decrease) in Cash Equivalent Transfer Value £000	Employers contribution to stakeholder pension £000
Executive directors								
Maria Kane	0 – 2.5	0	30 - 35	80 - 85	597	559	11	0
Elizabeth McManus	5.0 – 7.5	15.0 – 17.5	55 - 60	175 - 180	1,097	895	145	0
David Stacey	0 – 2.5	0	5 - 10	0	65	47	18	0
Deborah Wheeler	0 – 2.5	0 – 2.5	50 - 55	150 - 155	1,061	993	68	0
Rachel Anticoni	2.5 – 5.0	0 – 2.5	10 - 15	5 - 10	190	148	42	0
Catherine Cale	0 – 2.5	0	60 - 65	155 - 160	1,100	1,040	31	0
Richard Gourlay	0 –2.5	0	30–35	70 – 75	465	422	43	0
Achim Schwenk	0 - 2.5	0 – 2.5	20 - 25	65 - 70	0	0	0	0
Peta Poynton	0 – 2.5	2.5 – 5.0	20 - 25	60 - 65	345	307	32	0
Melanie Whitfield	0 –2.5	0	0 –5	0	37	0	19	0

There are no entries in respect of pensions for Non-Executive members as they do not receive pensionable remuneration. The Interim Medical Director retired and the Interim HR Director at 31 March was not in the pension scheme.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and 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 / (Decrease) in CETV: this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The factors used in the table above are one per cent for 2017/18 and 0% for 2016/17.

The Government Actuaries Department (GAD) factors for the calculation of Cash Equivalent Transfer Values (CETV) assume benefits are in line with CPI rather than RPI, which was used previously.

Table 14: Reporting of other compensation schemes – exit packages

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £'s	Number of other departures agreed	Cost of other departures agreed £'s	Total number of exit packages	Total cost of exit packages £'s	Number of departures where special payments have been made	Cost of special payment element included in exit packages £'s
Less than £10,000	0	0	4	19,082	4	19,082	0	0
£10,000 - £25,000	0	0	1	13,260	1	13,260	0	0
£25,001 - £50,000	0	0	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
> £200,000	0	0	0	0	0	0	0	0
Totals	**0**	**0**	**5**	**32,342**	**5**	**32,342**	**0**	**0**

Table 15: Other exit packages

Other Exit packages – disclosures (Excludes compulsory redundancies)	Number of exit package agreements	Total value of agreements £000's	16/17 Number of exit package agreements	16/17 Total value of agreements £000's
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	5	32	2	18
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non contractual payments requiring HMT approval	0	0	0	0
Total	**5**	**32**	**2**	**18**
Non contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

Table 16: For all off payroll engagements as of 31 March 2018, for more than £245 per day and which last longer than six months

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

Table 17: For all new off payroll engagements between 1 April 2017 and 31 March 2018, for more than £245 per day and last longer than six months

	Number
Number of new engagements, or those that reached six months in duration between 1 April 2017 and 31 March 2018	0
Of which, the number that have existed:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to the department) and are on the departmental payroll)	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Further to changes in the rules regarding the employment status of workers engaged through personal service companies, the Trust has assessed interim workers. The Trust has ensured that, following assessment of employment status, income tax and national insurance obligations are correctly accounted for.

Table 18: Off payroll engagements of Board members

	Number
Number of off payroll engagements of Board members, and / or senior officers with significant financial responsibility, during the year	1
Number of individuals that have been deemed Board members, and / or senior officers with significant financial responsibility during the financial year.	12

An interim HR Director was appointed in February to cover the vacant post whilst the Trust undertook a recruitment process. A substantive HR director has been appointed and started in the role in June 2018, at which point the interim role ceased.

Staff report

Expenditure on consultancy

The Trust has spent £2,433k on consultancy in the year to 31st March 2018, (2016/17 - £619k), a key aspect of the increase being the Trust's involvement in the financial improvement programme. Consultancy being defined as the provision to management of objective advice and assistance relating to strategy, structure, management or the operation of the Trust in pursuit of its objectives.

Staff Sickness Absence

The average number of working days lost to staff sickness absence in the year to 31 March 2018 was 8.20 days (2016/17 - 8.30 days)

3.3 Staff report

We want to be the local employer of choice and a great place to work, where our staff feel valued and highly motivated, and where they receive excellent education, training and development.

We know that success in these areas will translate into better care for patients and better patient experience.

We continue to champion our staff values which were launched in 2014/15.

Our values

- **Caring:** being welcoming and approachable
- **Helpful:** giving clear explanations and information
- **Open and honest:** acting on concerns about the safety of others
- **Being a team player:** involving people as equals

Jess Salkind

Gillan Belfon-Johnson

Our Staff Stars

Each month individuals and teams who have championed our values are nominated by staff and patients. The winners are presented with a certificate and badge by a member of the executive team and their success is shared on the intranet and through social media channels.

Each year there is a major ceremony to celebrate those members of our staff who live and breathe the values every day; in June 2017 our third such event this was held at Alexandra Palace.

About 400 nominations were received across 14 categories – the highest number to date, demonstrating the growing esteem in which the awards are held by staff.

The 2017 annual award winners were:

Chair's award for lifetime achievement in the NHS: Marylyn Hicks, diabetes midwife
Outstanding contribution to patient care (team award): breast surgery team
Outstanding contribution to patient care (individual award): Victoria Jones, paediatric consultant
Improvement award: Savina Theeka, manager of tower 4 (T4) ward
Non-clinical team of the year: finance costing team, Beverley Spinks, Farhana Raham, Lorenza Ravallese
Clinical team of the year: Michael Bates ward
Educator of the year: Justine Mooney, Rob Lythgoe, Zankhana and Shelly English, superintendent radiographers

Improving patient experience (team award): female genital mutilation team
Improving patient experience (individual award): Kerri Grieves, clinical governance co-ordinator
Apprentice of the year: Nicole Williams, business administrator for sexual health team
Community partnership award: Chantel Palmer, named midwife for child protection; Stavroulla Cairns, apprentice lead
Prompting Equality, Diversity and Inclusion: Jess Salkind, foundation year 1 doctor
Unsung Hero (Partner): Rebekah Philips, gangs youth worker
Unsung Hero (NHS staff): Ray Conley, human resources (Sports, Arts and Social Club)
Special Volunteers Award: Beryl Tyrell (posthumous)
Volunteer of the Year: Jean Brown and Elizabeth Thomas
CEO Award: Mark Elsworthy, head of radiotherapy

Other awards for our staff

We are proud that in addition to in-house awards our staff have also received a series of national and regional awards:

- Critical care matron Gillan Belfon-Johnson, Nurse Leader of the Year 2017, Nursing Times
- Urology clinical nurse specialist Rosemary Dadswell, shortlisted for Nurse of the Year 2017 in Nursing Times Awards
- Midwife Michelle Lynch received the Royal College of Midwives' SANDS Award for improvements to bereavement care
- Midwife Michelle Lynch, shortlisted for Midwife of the Year by Royal College of Midwives
- Consultant paediatrician Dr Vicky Jones received the Royal College of Paediatric Child Health's Training Achievements Award for "best educational supervisor".
- Critical Care Unit – North Mid Ward of the Year 2017 for best quality audits
- Consultant paediatrician Dr Gayle Hann, top three trainer in NSPCC / BASPCAN awards
- Paediatric team – London School of Paediatrics "PAFTA" for best training team 2017
- Cardiac rehabilitation unit specialist nurse, Valerie Nangle, and cardiology specialist nurse, Sarah Pelley, Royal College of Nursing "innovation in practice" award for social media campaign, #NoCulturalBoundaries, to promote heart disease awareness.
- Flu-Fighter Awards 2018: Occupational health and corporate nursing team shortlisted for NHS Employers most improved Flu Vaccination campaign, following a 24% increase to 72% of staff vaccinated.

Victoria Jones

Our promise to our staff

We continued to work to fulfil our commitment to North Middlesex University Hospital Staff, a promise to our hardworking staff team to make the hospital a great place to work and an even better place for patients. We promised to:

- create a safe, well equipped and comfortable working environment
- give all staff equal access to learning, development and training
- promote a culture of respect
- provide high quality information about the hospital and the local health service
- reward good performance and manage poor performance
- arrange more social, health and well-being events for all staff to enjoy.

Staff Flu Vaccination campaign

The Trust achieved its highest ever rate of flu vaccination among staff, helping to protect themselves, their families, colleagues and patients from the virus. During the winter flu season, 72% of staff received the vaccine, an increase of 24%. The vaccination campaign was shortlisted in NHS Employers' Flu Fighters awards for the most improved flu campaign.

Flu fighter -Paul Wastell

Listening to and engaging with staff

We continued to hold monthly staff briefing and question and answer sessions, known as Executives' Question Time (EQT) in which staff have the opportunity to hear about corporate priorities and to put questions on any topic to members of the executive and other senior leaders. The sessions were attended by between 50 and 100 staff. A monthly written team briefing underpinned the event and this was shared with all staff through face to face briefings by team managers and was also made available to all staff through the Trust's intranet. Staff regularly contributed to Board presentations about their work, particularly in relation to patient experience.

During 2017/18 we also started working towards the launch of a one year programme of staff engagement known as "Listening into Action". The programme, launched in May 2018, engages staff by asking their views on a series of questions and listing three things they would like to change at work that will improve things for patients and for staff. The results will be used to start a series of actions and changes that will improve the Trust, build teamwork and promote greater staff involvement and engagement in the Trust. Alongside this, we launched a weekly "Tea and Talk" event for staff to meet executive team members in an informal canteen setting.

Dragons' Den funding

As part of our commitment to engaging with staff, we staged a Dragons' Den competition in which all staff were invited to pitch ideas for a share of £200,000 made available by the Trust's charity to spend on improvements to patient care. Fifteen funding bids were awarded, ranging from new TVs for patients in podium 1, acute stroke unit and tower 4 wards, more chair-beds for the maternity delivery suite, new digital signage for the emergency department, to refurbishment of the physiotherapy department.

Flu jab campaign

Schwartz Rounds

The Trust's monthly "Schwartz Round" meetings for staff continue to provide a valuable space for colleagues from all professional groups to share ideas and reflect upon the emotional aspects of their work in a busy acute hospital. The rounds are based on important issues for staff and over the past year have included a maternal death, the pressure of a busy hospital and the boundaries of physical contact with patients, relatives and staff. Staff have the opportunity to share their experiences with colleagues in this supportive environment, creating new connections, empathy and warmth.

Activities and events: the North Mid Sports, Arts and Social Club

As part of our commitment to making the working lives of our staff as pleasant and enjoyable as possible, we ran a number of daytime community events in the hospital. These have included our popular "Arts in the Atrium" programme, carol singing in the atrium and a staff Christmas party. The Trust's charity provided funding for the Sports, Arts and Social Club. Over the year the club arranged subsidised yoga and pilates classes on site, sessions with a qualified reflexologist, a highly competitive five-a-side football competition, two "bake off" competitions, a programme of quiz nights and bingo evenings, all designed to help staff relax after a busy working day.

NHS Staff survey

The 2017 annual NHS Staff survey results showed a significant increase in the number of staff who responded – the 41.2% response rate was a record for the Trust, 6.4% higher than last year. The results again put us in the top cohort of acute Trusts for the percentage of staff who say they are motivated to come to work, feel their role makes a difference to patients and service users and are pleased with the quality of work and care they can deliver.

These aspects all contribute to the strong foundation we have at North Mid for a close-knit, supportive work community, and we are committed to protecting and developing this as we carry on addressing the challenges that we face. The survey results also show some findings that we are concerned by and are determined to address with clear and visible action. For example, five per cent of respondents reported experiencing physical violence from staff in the past 12 months, and 35% reported bullying or harassment from staff. It is absolutely vital that all staff feel they work in an organisation where they are safe, get the support they need and can discuss concerns in a secure and constructive environment.

From the quarterly Staff Friends and Family Test, which asks staff whether they would endorse North Mid as a place to work, we know that the vast majority of you are proud to work here and would recommend it to friends and relatives. We are committed to seeing this pride and advocacy translate into how every member of the North Mid team views this Trust as an employer and as a place to work.

Staff numbers and recruitment

During 2017/18 staffing numbers fell very slightly. In March 2018 our staff headcount was 3,232, 18 less than the previous year.

Table 19 shows the changes in employee numbers by profession, using average whole-time- equivalent figures derived from our payroll and excluding staff who were on unpaid leave or secondment. Using this measure the total number of staff on 31 March 2018 was 3,123.

Table 19: Staff employment by profession, using average whole-time-equivalent figures

	2017/18	2016/17
Nursing, midwifery and health visiting staff	1,065	984
Administrative and estates	655	551
Medical & dental	541	473
Healthcare assistants and other support staff	484	452
Scientific, therapeutic, technical and healthcare science staff	344	318
Nursing, midwifery and health visiting learners	33	32
Grand total	**3,123**	**2,810**

Staff costs by profession

Table 20 shows staff costs by professions using figures derived from our payroll.

Table 20: Staff costs by profession in 2017/18

	Total £'000s	Permanently employed £'000s	Other £'000s
Nursing, midwifery and health visiting staff	59,788	49,423	10,365
Administrative and estates	25,601	22,952	2,649
Medical and dental	56,899	46,513	10,386
Healthcare assistants and other support staff	16,195	13,839	2,356
Scientific, therapeutic, technical and healthcare science staff	17,335	15,789	1,546
Grand Total	**175,818**	**148,516**	**27,302**

Staff sickness absence

The average number of working days lost to staff sickness absence in 2017/18 was 8.2 days. This compares to 8.3 days in 2016/17.

Local employment and apprenticeships

More than half our staff live in Enfield and Haringey and they reflect the diversity of our local community. We recognise our responsibilities as a significant local employer.

Part of the apprenticeship scheme

Apprenticeships are an important part of this and contribute to the Trust's plan for community engagement, recruitment and employment. They also help the Trust to develop a workforce that delivers excellent healthcare to our patients by ensuring we have staff with the capabilities, commitment and behaviours we require now and in the future.

We are committed to providing high quality apprenticeships, giving apprentices the opportunity to build their confidence, skills and knowledge, achieve their potential and supporting them as they pursue a career in the NHS. We work closely with the local community through schools, colleges, and other community groups, encouraging young people to join us in our successful programme of apprentice recruitment and training.

For the past three years we have operated an apprenticeship scheme and in 2016/17 had 54 apprentices across the organisation in clinical and non-clinical roles. This scheme was recognised by Health Education North Central East London as an exemplar and the Trust was in the top three in the sector.

Since 1 April 2017 we have successfully recruited 127 apprentices to various training programmes. Since the age cap was lifted last year we have seen an increase in uptake from older people, embracing the opportunity to embark on an apprenticeship and new career. The ethnicity of our apprentices reflects our local community.

Most of our apprentices are from the borough of Enfield followed by the borough of Haringey. The remainder are from other London boroughs and the Home Counties.

Qualification and programmes of study

We offer apprentices an exciting range of programmes of study leading to qualifications in these areas:

- clinical healthcare support
- assistant practitioner
- nursing associate
- business administration
- customer service practitioner
- team leader
- leadership and management
- accounting
- pharmacy
- HR management
- project management

Apprentices bring new energy into the Trust and contribute to a culture of continuous learning. They help to raise levels of staff motivation and retention, improve staff performance and enable more succession planning. Growing our own talent means we will have:

- the right people, in the right roles, with the right values
- staff with access to the right opportunities, exposure, stretch and development to reach their potential

Freedom to Speak Up Guardian

Our Freedom to Speak Up Guardian is one of the people staff can go to raise concerns about patient safety. Over the past year five staff members have raised concerns, mainly about difficulty interacting with colleagues, lack of support and limited time and commitment of line managers to listen to concerns. The Board has agreed to support the appointment of a second guardian to extend the role's scope and reach.

Equality, diversity and inclusion

In 2017/18 the Trust has continued to improve its performance on equality, diversity and inclusion. In September 2017 we appointed an associate director of equality, diversity and inclusion, reporting to a Board member. This was the first time that we had appointed to a dedicated post with a brief to develop a strategic approach to equality, diversity and inclusion that takes account of the relationship between patient and staff experience.

The Trust is responding to its responsibilities under the Equality Act 2010 and in 2018 published a gender pay gap report and the annual equality information report. Work is underway to develop our equality objectives for 2018 - 2020 in line with the required four-year cycle.

We continue to respond to the NHS contractual requirements relating to equality. For example, progress has been made on implementing the NHS Accessible Information Standard. In addition, data about our performance against the NHS Workforce Race Equality Standard was submitted to NHS England by the required deadline.

The Board understands its accountability for the Trust's performance on equality and human rights and is committed to improving our performance. In 2017/18 the Board received reports on a range of issues related to the equality agenda. Matters relating to equality, diversity and inclusion are also regular agenda items at the Patient and Staff Experience Committee and the Patient Experience Group.

Tables 21 to 24 provide information on the diversity of the Trust's workforce, using headcount figures as at March 2018.

Age profile

Table 21 shows the Trust is a multi-generational workplace with a wide age span.

Table 21: Staff profile by age band

	Number	% (to nearest whole number)
16-20	14	<1
21-25	275	9
26-30	447	14
31-35	401	12
36-40	431	13
41-45	435	13
46-50	429	13
51-55	329	10
56-60	250	8
61-65	164	5
66-70	43	1
71 & above	14	<1
Total	**3232**	**100**

Disability profile

There was a slight decrease on last year's figure of the number of staff willing to disclose whether or not they had a disability.

Table 22: Staff profile by disability – March 2018

	Number	% (to nearest whole number)
No disability	2368	73
Not stated	816	25
Defined disability	48	2
Total	**3232**	**100**

Ethnicity profile

The Trust has an ethnically diverse workforce with 49% of staff being from black and minority ethnic backgrounds.

Table 23: Staff profile by ethnic group – March 2018

	Number	% (to nearest whole number)
White – British	647	20
White – other	435	13
Mixed ethnic group	106	3
Asian or Asian British	650	20
Black or black British	945	29
Any other ethnic group	222	7
Not stated	237	7
Total	**3232**	**100**

Gender profile

Table 24 shows the majority of the Trust's workforce is female which reflects the gender balance for the NHS as a whole.

Table 24: Staff profile by gender – March 2018

Gender	Number	% (to nearest whole number)
Female	2429	75
Male	803	25
Total	**3232**	**100**

Religion or belief profile

Table 25 shows that the Trust is religiously diverse with nearly a quarter of the staff recording a religion other than Christianity.

Table 25: Staff profile by religion or belief – March 2018

Religion or belief	Number	% (to nearest whole number)
Buddhism	28	1
Christianity	1487	46
Hinduism	198	6
Islam	290	9
Judaism	29	1
Sikhism	13	<1
Other	202	6
No religion or belief	207	6
Not stated	778	24
Total	**3232**	**100**

Sexual orientation profile

Table 26 shows that fewer than three per cent of staff disclosed that they were lesbian, gay or bisexual. Twenty five per cent of staff did not disclose their sexual orientation.

Table 26: Staff profile by sexual orientation – March 2018

Sexual orientation	Number	% (to nearest whole number)
Bisexual	30	1
Gay	26	1
Heterosexual	2348	73
Lesbian	10	<1
Not stated	818	25
Total	**3232**	**100**

Modern Slavery Act 2015

Section 54 of the 2015 Modern Slavery Act requires the Trust to publish a slavery and human trafficking statement every financial year; the statement to include:

- the Trust's structure, business and its supply chains
- its policies in relation to slavery and human trafficking
- its due diligence processes in relation to slavery and human trafficking in its business and supply chains
- the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk
- its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.

North Middlesex University Hospital NHS Trust fully supports the Government's objectives of eradicating modern slavery and human trafficking. We are in the process of implementing the Act.

Working with partners

2.4 Working with partners

Working in partnership is an essential component of the hospital's success, contributing to a positive hospital environment and the best care for our patients.

Our partners include our on-site providers of services: catering, portering, buildings and grounds maintenance, as well as health and social care partners, universities, volunteers, patients, patient representatives, carers, trade unions, community leaders and external bodies.

We are thankful for all the hard work and time our many partners contribute to support the hospital and our patients.

Bereavement cake stall

Working with GPs

In 2017/18 we continued to provide GPs information about our services through our GP extranet website and we provided easy access to our doctors through our specialty hotlines and direct email addresses.

Working with health partners

We continued to work closely with all our local and national health partners to try to reduce the pressures within the acute sector, particularly within our emergency department. We worked closely with Health Education England and the General Medical Council to improve the supervision and training experience of trainee doctors. We jointly commissioned research with NHS Enfield and NHS Haringey Clinical Commissioning Groups CGs into patient use of the hospital's emergency department. Both organisations were regular visitors to the hospital and actively contributed to many improvements. We are very grateful for their support. Researchers for Healthwatch Enfield interviewed more than 600 patients in January 2018 and found that 75% attended A&E without first trying to make a GP appointment instead. Over 50%, rising to 75% at weekends, came to A&E because it was a "convenient way to see a health professional even if it meant waiting".

Working with patients and carers

During 2017/18 we continued to work closely with patients and carers to find out what they thought about our services and to make improvements. We have embedded a scheme to help identify inpatients with dementia by using a forget-me-not flower symbol by their beds with their permission. We also raised awareness of carers and staff regarding our carers' passport scheme to help carers to get discounted parking at the hospital and discounted meals in the restaurant.

Decorating the wards at Christmas

Our cancer services team have been using the views and feedback of patients to improve the care and support that we offer. As a result we have a monthly carers' clinic, a drop-in service for anyone who has cared for someone who has had cancer. The lead oncologist has also recently established a chemotherapy expert reference group that also meets monthly. It is developing guidelines for involving more patients from a range of backgrounds.

We have also undertaken health and wellbeing events on Saturdays in the Helen Rollason Centre for people who have experienced cancer. They include sessions on healthy eating, exercise and general health and have been well received.

Working with MPs and councillors

We welcomed all five of our local MPs to the hospital on several occasions during the year, giving them a chance to talk to a range of staff and see services first hand. Joan Ryan MP participated in the judging of our best-decorated wards and departments competition at Christmas. We also welcomed local councillors and the Mayor of Enfield to the hospital.

Working with Tottenham Hotspur FC

We continued to work closely with our local Premier League football club, Tottenham Hotspur FC, and with the Tottenham Hotspur Foundation to promote prostate cancer awareness at community events. Players Jan Vertonghen, Toby Alderweireld and Juan Foyth and ladies' team striker Bianca Baptiste brought Christmas presents and posed for photographs with children, parents and staff on our Rainbow and Starlight children's wards. The visit was the latest in a series of activities by the club to support the hospital, which is a mile from the club's new White Hart Lane stadium. Squad members have launched our linear accelerator – which destroys cancerous tumours with pinpoint accuracy – opened the Macmillan cancer information and support service and promoted prostate cancer and HIV awareness campaigns. We are extremely grateful to them for their continued support.

Working with volunteers

We continued to recruit volunteers from the local community. We received over 800 inquiries over the year and successfully recruited 76 people, bringing our total number of active volunteers to 105. The volunteers support the hospital, providing a minimum of four hours of their time per week for at least six months.

All volunteers receive training. They support our staff, for example, by providing administrative support, befriending patients, providing mealtime assistance and helping new mums through our "Mums for Mums" scheme. If you would like to support us, please contact the volunteer coordinator at **northmid.volunteer@nhs.net**

Our annual general meeting

Over 150 local people and staff attended our annual general meeting in September and heard a presentation by Dr Gayle Hann, lead for paediatric emergency medicine, who devised a novel scheme to give health information and advice to young people, including those involved in gangs. Dr Hann devised the scheme after the a 14-year-old patient came to A&E but left before she could be seen.

Stakeholder conversations

We held our first "stakeholder conversation" event in March 2018 and more events will take place over the coming year. The events are to give local people, including elected representatives, the voluntary sector and community leaders, the chance to get to know the hospital better and to start a conversation about how we can improve our services and deliver our vision of providing outstanding care for local people.

Art in the atrium

Art Show in the Atrium

A group of A-level students from Southgate School teamed up with our staff to mount an art exhibition in the atrium, on the theme of health, part of our popular "Arts in the Atrium" programme of events.

The eight-week show from February to April included a dozen works produced by the students. It explored aspects of physical, emotional and mental health and included figurative and abstract works, portraiture and symbolism.

Music in the Atrium

Other "Arts in the Atrium" events included six lunchtime performances by three local primary schools and by Enfield Community Singers. The events create an enjoyable and relaxed environment for staff, patients and visitors alike. We're very grateful for their uplifting and inspirational support. We're hoping to purchase a grand piano for the atrium to bring more music to the hospital.

Music in the atrium

Tea parties

St Francis de Sales School Council visited our care of the elderly wards five times during the year and plan further visits. A project, "Laughter is the best medicine", involved the students organising a tea party with singing and arts and crafts. Many of the children in were born at the hospital and have parents working here.

The children raised money to pay for the parties and have secured funding from a private company for future visits.

The project was runner-up in the prestigious House of Commons Parliament Awards 2018 and the children have asked that they are presented with their award at the hospital. A further six schools from the local area are planning to organise tea parties at the hospital.

Child community nurses

Memories

Students at Haringey Sixth Form College are producing "memory booklets" in consultation with Trust staff on the care of the elderly wards to support patients to recall key events in their lives. The booklets contain pictures of local landmarks, eg Tottenham Football Club and Alexandra Palace, along with key images of countries from where many of our local population emigrated including Turkey, Ghana and Ireland.

Michelle Lynch promoting bereavement services

International Nurses Day and other atrium events

We staged an International Nurses Day event in the hospital's atrium to raise awareness of over 20 hospital services.

This was among over 150 events staged during the year by hospital staff, local healthcare providers, health-related charities and community groups to showcase and promote health-related services to patients, visitors and staff. Stalls included: Sickle Cell Week, Dementia Awareness Day, End PJ Paralysis, radiotherapy department cake sale, flu fighter vaccination campaign, Enfield and Haringey Healthwatch, Macmillan Cancer Information and Support, North Mid dietitians, SGV Haringey Cancer, Enfield Carers, maternity bereavement services and many more. We are extremely grateful to all stallholders for their valuable contribution to hospital life.

Armistice Day

On Armistice Day, we again held a multi-faith service of remembrance in the hospital's Trust headquarters with Christian, Jewish and Muslim prayers which was attended by staff and local community leaders.

Community events and visits

During the year our staff made a series of visits to local primary and secondary schools to talk to young people about our work, apprenticeships at the hospital and career opportunities in the NHS.

A team of doctors and nurses visited Wilbury Primary School to provide health check and advice for women and training in resuscitation. Our annual carol service at All Saints Church in Edmonton, led by the hospital's chaplain and staff choir, was attended by about 100 local people.

Promoting the hospital to the community

The Trust continued to develop opportunities to engage with local people through the publication of its magazine for staff, patients and visitors, All Points North. The communications team worked closely with local and national newspapers and magazines to represent the hospital and to win positive media coverage, for example of its "No Cultural Boundaries" heart health campaign. Our presence on the social media channels Twitter, Facebook and You Tube also grew. By March 2018 our Twitter account, @NorthMidNHS, was followed by nearly 3,000 people and during the year tweets had been viewed half a million times. The NorthMid Facebook page, www.facebook.com/NorthMidNHS, also continued to grow in popularity with a March 2018 average reach of over 500.

Other highlights of the year included a Channel 4 documentary about four quadruplets who had been looked after from 27 weeks by our intensive care neonatal unit. BBC London News and Channel Four News also visited our A&E to highlight the great achievements of our A&E team despite the pressures.

Listening to feedback about our services

We are always grateful to receive feedback about our services from patients and carers to help us to improve. Over the year we used a range of channels in the hospital and online to achieve his. If you would like to provide feedback, please visit our website at: www.northmid.nhs.uk/Patients-Visitors/Patients-Experience-Feedback.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF NORTH MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

Opinion on financial statements

We have audited the financial statements of North Middlesex University Hospital NHS Trust (the Trust) for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017-18 Government Financial Reporting Manual as contained in the Department of Health and Social Care Group Accounting Manual 2017-18 and the Accounts Directions issued by NHS England.

In our opinion the financial statements:

- give a true and fair view of the financial position of North Middlesex University Hospital NHS Trust as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2017-18; and
- have been prepared in accordance with the Health and Social Care Act 2012.

Basis for opinion on financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Board of Directors of North Middlesex University Hospital NHS Trust, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Board of Directors of the Trust, as a body, for our audit work, this report, or for the opinions we have formed.

Material Uncertainties - going concern

We draw attention to Note 1.1.1 in the financial statements which sets out the Directors' assessment of the financial position of the Trust in the context of the National Health Service framework in which it operates and their conclusion that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability of the Trust to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other information

The Accountable Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit 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.

Opinion on information in the Remuneration and Staff Report

We have also audited the information in the Remuneration and Staff Report that is subject to audit. In our opinion the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Accounts Directions.

Matters on which we are required to report by exception

Exception Report - report to the Secretary of State of the Local Audit and Accountability Act 2014

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

On 31 May 2017 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 as the Trust has breached its statutory breakeven duty.

Exception Report - use of resources

Auditor's responsibilities

We report to you if we are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

The Trust's outturn position for 2017/18, as reported in the Statement of Comprehensive Income, was a £18.8 million deficit, adjusted to a £29.0 million deficit in respect of the financial performance for the year used by the Department of Health for financial monitoring. The Trust did not receive Sustainability and Transformational funding from NHS Improvement in 2017/18 as a control total was not accepted. The Trust and NHS Improvement have agreed a control total for 2018/19. Although consistent with the control total, the Trust's financial plan continues to show a substantial future forecast deficit of £19.0 million for 2018/19, prior to Sustainability and Transformation funding with an increased Cost Improvement Plan target of £15.0 million.

The deterioration in the Trust's finances occurred due to being unable to deliver additional timely savings to mitigate the impact of additional cost pressures and the failure to achieve Sustainability and Transformational funding from NHS Improvement.

These issues are evidence of weaknesses in proper arrangements for the financing of sustainable delivery of services.

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, the Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Other matters

We have nothing to report in respect of the following other matters in relation which the Local Audit and Accountability Act 2014 requires us to report to you if:

- in our opinion the Governance statement does not comply with the guidance issued by the NHS England; or
- except as reported above we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has 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 issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

Responsibilities of the Directors and the Accountable Officer

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless informed by the Department of Health and Social Care of their intention for dissolution without transfer of services or function to another entity or to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Chief Executive is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the audit of the financial statements

In respect of our 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 at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's other responsibilities

We are also required under section 21(3)(c), as amended by 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. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

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.

As set out in the Matters on which we report by exception section of out report there are certain other matters which we are required to report by exception.

Certificate

We certify that we have completed the audit of the accounts of North Middlesex University Hospital NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

BDO LLP

Leigh Lloyd-Thomas
For and on behalf of BDO LLP
London, UK

29 May 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income for year ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
Operating income from patient care activities	3	**260,755**	257,740
Other operating income	4	**17,023**	18,407
Operating expenses	6	**(289,049)**	(293,629)
Operating deficit from continuing operations		**(11,271)**	(17,482)
Finance income		**50**	29
Finance expenses	11	**(6,977)**	(6,031)
PDC dividends payable		**(554)**	(1,589)
Net finance costs		**(7,481)**	(7,591)
Other losses	10	**(16)**	(20)
Retained deficit for the year		**(18,768)**	(25,093)
Other comprehensive income			
Impairments		**-**	(3,737)
Revaluations		**3,720**	(1,367)
Total comprehensive expense for the Year		**(15,048)**	(30,197)
Financial performance for the year			
Retained deficit for the year		**(18,768)**	(25,093)
IFRIC 12 adjustment (including IFRIC 12 impairments)	16	**(7,519)**	6,180
Impairments (excluding IFRIC 12 impairments)	16	**(1,752)**	8,371
Adjustments in respect of donated gov't grant asset reserve elimination		**83**	78
CQUIN Risk Reserve - 16/17 CT non achievement adjustment		**(1,001)**	0
Adjusted retained deficit		**(28,957)**	(10,464)

The Trust's financial performance is based on the retained deficit after technical adjustments relating to historic accounting policy changes. Additional costs of accounting for PFI schemes on the balance sheet under IFRIC12 as well as impairment costs are excluded. The impact of the removal of the donated asset reserve is reversed.

The notes on pages 5 to 37 form part of this account.

Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Intangible assets	15	**5,806**	6,948
Property, plant and equipment	14	**191,345**	183,843
Total non-current assets		**197,151**	190,791
Current assets			
Inventories	18	**3,316**	3,305
Trade and other receivables	19.1	**19,537**	19,544
Cash and cash equivalents	20	**17,603**	14,660
Total current assets		**40,456**	37,509
Current liabilities			
Trade and other payables	21	**(31,507)**	(29,592)
Borrowings	22	**(6,555)**	(6,626)
Provisions	25	**(320)**	(198)
Other liabilities	21.1	**(4,826)**	(3,991)
Total current liabilities		**(43,208)**	(40,407)
Total assets less current liabilities		**194,399**	187,893
Non-current liabilities			
Borrowings	22	**(165,498)**	(144,061)
Provisions	25	**(604)**	(579)
Total non-current liabilities		**(166,102)**	(144,640)
Total assets employed		**28,297**	43,253
Financed by			
Public dividend capital		**129,717**	129,625
Revaluation reserve		**17,931**	14,441
Income and expenditure reserve		**(119,351)**	(100,813)
Total taxpayers' equity		**28,297**	43,253

The notes on pages 5 to 37 form part of these accounts.

The financial statements on pages 1 to 37 were approved by the Board on 25 May 2018 and signed on its behalf by

Chief Executive: Maria Kane Date: **25 May 2018**

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2017	**129,625**	**14,441**	**(100,813)**	**43,253**
Deficit for the year	-	-	(18,768)	**(18,768)**
Other transfers between reserves	-	(230)	230	**-**
Revaluations	-	3,720	-	**3,720**
Public dividend capital received	92	-	-	**92**
Taxpayers' equity at 31 March 2018	**129,717**	**17,931**	**(119,351)**	**28,297**
Taxpayers' equity at 1 April 2016	**138,075**	**19,558**	**(75,733)**	**81,900**
Deficit for the year	-	-	(25,093)	**(25,093)**
Other transfers between reserves	-	(13)	13	**-**
Impairments	-	(3,737)	-	**(3,737)**
Revaluations	-	(1,367)	-	**(1,367)**
Public dividend capital repaid	(8,450)	-	-	**(8,450)**
Taxpayers' equity at 31 March 2017	**129,625**	**14,441**	**(100,813)**	**43,253**

Information on reserves

1.Public dividend capital

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

2. 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.

3. Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows for the Year ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
Cash flows from operating activities			
Operating deficit		**(11,271)**	(17,482)
Non-cash income and expense:			
Depreciation and amortisation		**11,987**	10,926
Net impairments		**(9,271)**	14,551
Income recognised in respect of capital donations		**(7)**	(16)
(Increase) / decrease in receivables and other assets		**(477)**	46
(Increase) / decrease in inventories		**(11)**	60
Increase in payables and other liabilities		**2,156**	4,659
Increase / (decrease) in provisions		**128**	(129)
Net cash generated from / (used in) operating activities		**(6,766)**	12,615
Cash flows from investing activities			
Interest received		**67**	31
Purchase of intangible assets		**(553)**	(575)
Purchase of property, plant, equipment and investment property		**(4,466)**	(5,701)
Sales of property, plant, equipment and investment property		**-**	20
Net cash used in investing activities		**(4,952)**	(6,225)
Net Cash Inflow before Financing		**(11,718)**	6,390
Cash flows from financing activities			
Public dividend capital received		**92**	0
Public dividend capital repaid		**-**	(8,450)
Movement on loans from the Department of Health and Social Care		**26,650**	13,542
Capital element of finance lease rental payments		**(682)**	(854)
Capital element of PFI, LIFT and other service concession payments		**(4,601)**	(4,656)
Interest Paid on DOH Loans		**(1,104)**	(580)
Interest paid on PFI, LIFT and other service concession obligations		**(5,557)**	(5,340)
Interest paid on finance lease liabilities		**(97)**	(132)
PDC dividend paid		**(40)**	(2,031)
Cash flows from (used in) other financing activities		**14,661**	(8,501)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,943**	(2,111)
Cash and cash equivalents at beginning of the year		**14,660**	16,771
Cash and cash equivalents at year end	20	**17,603**	14,660

NOTES TO THE ACCOUNTS

1 Accounting policies

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

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.

1.1.1 Going concern

These accounts have been prepared on the going concern basis.

International Accounting Standard 1 requires the board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. The Trust Board has considered the advice in the Department of Health and Social Care Group Accounting Manual that the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. Department of Health bodies should therefore prepare their financial statements on a going concern basis unless informed by the Department of Health and Social Care of the intention for dissolution without transfer of service or function to another entity.

The Trust has incurred a deficit of £28.0m (excluding impairments) in 2017/18 and has a planned deficit of £18.95m (excluding impairment) in 2018/19. It is anticipated that it may be some time before it can achieve financial balance on a sustainable basis. The Board has prepared its financial plans and cash flow forecasts on the assumption that support funding will continue to be received through the Department of Health Social Care and NHS Improvement. However, this support funding has not yet been confirmed.

The Trust Board has carefully considered the principle of going concern and the Directors have concluded that there are material uncertainties related to the financial sustainability (profitability and liquidity) of the Trust which may cast significant doubt about the ability of the Trust to continue as a going concern.

Nevertheless, the going concern basis remains appropriate. This is because the Trust Board has a reasonable expectation that the Trust will have access to adequate resources in the form of financial support from the Department of Health and Social Care to continue to deliver the full range of mandatory services for the foreseeable future.

1.2 Charitable funds

The Trust has not consolidated the Charitable Funds with the Trust's own accounts. The Charitable Funds transactions, assets and liabilities are immaterial in the context of the accounts of the Trust. The charity is called the North Middlesex Hospital General Charitable Fund, registered with the Charity Commission (no 1054451). North Middlesex University Hospital NHS Trust is the corporate trustee of the charity.

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

1.3.1 Critical judgements in applying accounting policies

The following is a critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

The Trust has a PFI contract for a number of buildings and management has judged that following the principles of IFRIC 12 the assets are recognised as items of property, plant and equipment together with a liability to pay for them.

1.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In order to calculate the carrying value of the Trust's provisions there are a number of areas which require to be estimated:

(i) In the cases of pension and other benefits payable in the future, an estimate is made of the length of time that payment will be required to be made, using actuarial mortality tables and the discount rate used to estimate the present value of the estimate future payments. This has been reviewed in year and adjusted accordingly.

(ii) The Trust has estimated the level of recovery of its non NHS receivable and made allowances (£1,997,000 as at 31 March 2018) for the expected level of impairment to those receivables. The provision is based both on the age of the debt and knowledge of the recoverability of specific debts. Note 19.2 shows receivables past their due date but not impaired. Actual experience may differ from these estimates. A provision of 22.84% (22.94% in 2016/17) is made in respect of Road Traffic Act Debtors.

(iii) The Trust has used component lives based on historic and new data provided by the external Valuers to depreciate buildings on a component basis.

(iv) The Trust's estimation of its non current asset values and useful economic life involves estimation and judgement. During 2016/17 a valuation of all the Trust's land and buildings was carried out by an external valuer as at 31 March 2017. A partial valuation of the education centre was undertaken following refurbishment in 2017/18. Building assets are indexed between independent valuations based on a nationally recognised index as described in note 14.1. Remaining useful economic lives are included at note 14.3.

(v) The Trust has estimated the provisions for pensions relating to former staff using estimates provided by the NHS Pensions Agency provided at the time of the member's early retirement. These are updated if the member dies or if it becomes apparent that the provision is not sufficient to meet the liability. Forecast future pension payments are discounted by a real discount rate of 0.1% (0.24% in 2016/17).

1.4 Revenue

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 Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.5 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 the 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. 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.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Measurement

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

All assets are measured subsequently at valuation. Building valuations are at depreciated replacement cost based on the cost to provide a modern equivalent asset. BCIS build costs per square metre at current price levels form the basis for replacement costs and age, condition and and estimated total building life detemines the adjustment to depreciated replacement cost. Between valuations Trust management applies indexation based on an appropriate recognised index. 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.

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.

1.8 Intangible assets

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

Intangible assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.
Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.
Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its 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.

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, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset 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.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

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

1.9 Donated assets

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

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

1.10 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.

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 as an item of property plant and equipment.

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

Operating leases
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.

1.11 Private Finance Initiative (PFI) transactions

PFI and LIFT 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.

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.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

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

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

PFI asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

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.

The implicit interest rate at the inception of the finance lease applied in calculating the annual finance cost is 3.31%. The Operator's model assumes RPI inflation at 2.5% per annum (where the actual rate is not yet known) to the completion of the concession in 2041. This has been represented as contingent rental interest from financial year 2011-12 onwards. The sum total of the annual finance cost and the contingent rentals is comparable with the Operator's overall borrowing interest rate. The Trust has therefore concluded that the annual finance cost of 3.31% is an appropriate interest rate.

Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the 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 Trust to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

1.12 Inventories
Inventories are valued at the lower of cost and net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

NOTES TO THE ACCOUNTS

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

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.

1.15 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 25 but is not recognised in the Trust's accounts.

1.16 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.

1.17 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 26 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

1. 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

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

1.18 Financial assets

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

All of the Trust's financial assets are classified as loans and receivables. They are measured at amortised cost less any impairment.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that have an impact on the estimated future cash flows of the asset.

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. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value. All of the Trust's financial liabilities are classified as other financial liabilities.

After initial recognition these are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.20 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.

1.21 Third party assets

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

1.22 Public Dividend Capital (PDC) and PDC dividend

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.

1.23 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.

2 Operating segments

The North Middlesex University Hospital NHS Trust operates within one segment of healthcare provision.

3 Operating income from patient care activities

	2017/18	2016/17
	£000	£000
NHS England	**44,077**	40,652
Clinical commissioning groups	**211,998**	203,587
Department of Health and Social Care	**-**	8,450
Other NHS providers	**142**	363
Local authorities	**2,774**	2,906
Non-NHS: private patients	**133**	129
Non-NHS: overseas patients (chargeable to patient)	**551**	491
NHS injury scheme	**1,080**	1,074
Non NHS: other	**-**	88
Total income from activities	**260,755**	257,740

4 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	**539**	541
Education and training	**11,758**	10,858
Receipt of capital grants and donations	**7**	16
Non-patient care services to other bodies	**2,703**	2,430
Sustainability and transformation fund income	**-**	2,450
Income in respect of staff costs where accounted on gross basis	**44**	44
Other income	**1,972**	2,068
Total other operating income	**17,023**	18,407

5 Overseas visitors disclosure

	2017/18	2016/17
	£000	£000
Income recognised this year	**551**	491
Cash payments received in-year	**398**	351
Amounts added to provision for impairment of receivables	**141**	117
Amounts written off in-year	**123**	27

6 Operating expenses

	2017/18	2016/17
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	**967**	384
Purchase of healthcare from non-NHS and non-DHSC bodies	**1,107**	1,982
Staff and executive directors costs	**176,424**	169,167
Remuneration of non-executive directors	**85**	57
Supplies and services - clinical (excluding drugs costs)	**28,558**	26,175
Supplies and services - general	**9,144**	8,623
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**23,198**	24,373
Inventories written down	**26**	11
Consultancy costs	**2,433**	619
Establishment	**2,004**	2,044
Premises	**11,906**	10,213
Transport (including patient travel)	**1,980**	1,678
Depreciation on property, plant and equipment	**10,404**	9,508
Amortisation on intangible assets	**1,583**	1,418
Net impairments	**(9,271)**	14,551
Increase in provision for impairment of receivables	**216**	196
Increase in other provisions	**296**	56
Change in provisions discount rate(s)	**9**	92
Audit fees payable to the external auditor *		
audit services- statutory audit	**71**	71
other auditor remuneration (external auditor only)	**12**	12
Internal audit costs	**127**	130
Clinical negligence	**15,295**	11,467
Legal fees	**243**	142
Insurance	**145**	144
Education and training	**1,156**	841
Rentals under operating leases	**350**	100
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	**6,952**	6,688
Car parking & security	**757**	825
Hospitality	**36**	42
Losses, ex gratia & special payments	**5**	9
Other services, eg external payroll	**2,449**	1,697
Other	**382**	314
Total	**289,049**	293,629

* The cost to the Trust of fees payable to the external auditor include non recoverable VAT. The cost for statutory audit and other auditor remuneration excluding VAT was £59k and £10k respectively.

7 Operating leases

7.1 North Middlesex University Hospital NHS Trust as lessee

	2017/18	2016/17
	£000	£000
Operating lease expense		
Minimum lease payments	**350**	100
Contingent rents	**-**	-
Total	**350**	100

	31 March 2018	31 March 2017
	£000	£000
Future minimum lease payments due:		
- not later than one year;	**455**	51
- later than one year and not later than five years;	**1,435**	149
- later than five years.	**-**	17
Total	**1,890**	217

8 Employee benefits

8.1 Employee benefits

	2017/18 Total £000	2016/17 Total £000
Employee Benefits - Gross Expenditure		
Salaries and wages	**120,857**	114,520
Social security costs	**13,578**	12,601
Apprenticeship levy	**609**	-
Employer's contributions to NHS pensions	**14,398**	13,709
Termination benefits	**32**	44
Temporary staff (including agency)	**27,302**	28,866
Total staff costs	**176,776**	169,740
Of which		
Costs capitalised as part of assets	**352**	573

8.2 Retirements due to ill-health

	2017/18 Number	2016/17 Number
	2	1
	£000	£000
Total additional pensions liabilities accrued in the year	**98**	41

8.3 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.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders

9 Better Payment Practice Code

9.1 Measure of compliance

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	38,914	177,108	39,543	173,171
Total non-NHS trade invoices paid within target	25,213	136,761	25,624	130,889
Percentage of non-NHS trade invoices paid within target	64.79%	77.22%	64.80%	75.58%
NHS Payables				
Total NHS trade invoices paid in the year	1,522	26,406	1,437	18,691
Total NHS trade invoices paid within target	504	18,750	656	15,009
Percentage of NHS trade invoices paid within target	33.11%	71.01%	45.65%	80.30%

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.

9.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2017/18 £000	2016/17 £000
Amounts included in finance costs from claims made under this legislation	1	0
Compensation paid to cover debt recovery costs under this legislation	0	0

10 Other gains and losses

	2017/18	2016/17
	£000	£000
Losses on disposal of assets	(16)	(20)
Total	(16)	(20)

11 Finance expenses

	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,294	575
Finance leases	96	115
Interest on late payment of commercial debt	1	-
Main finance costs on PFI and LIFT schemes obligations	3,704	3,734
Contingent finance costs on PFI and LIFT scheme obligations	1,880	1,597
Total interest expense	6,975	6,021
Unwinding of discount on provisions	2	10
Total finance expenses	6,977	6,031

12 Other auditor remuneration

	2017/18	2016/17
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Quality Account	12	12
	12	12

13 Limitation on auditor's liability

The auditor's liability is limited to £1m for external work carried out for the financial year 2017/18.

14.1 Property, plant and equipment

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2017	**20,402**	**177,902**	**1,221**	**32,526**	**119**	**9,093**	**3,508**	**244,771**
Additions	-	742	2,482	1,369	-	245	93	**4,931**
Impairments	-	(1,388)	-	-	-	-	-	**(1,388)**
Reversals of impairments	-	10,460	-	-	-	-	-	**10,460**
Revaluations	-	3,720	-	-	-	-	-	**3,720**
Reclassifications	-	3,040	(3,040)	-	-	-	-	**-**
Disposals / derecognition	-	-	-	(324)	-	-	(46)	**(370)**
Valuation/gross cost at 31 March 2018	**20,402**	**194,476**	**663**	**33,571**	**119**	**9,338**	**3,555**	**262,124**
Accumulated depreciation at 1 April 2017	**-**	**33,607**	**-**	**19,766**	**67**	**5,480**	**2,008**	**60,928**
Provided during the year	**-**	**6,489**	**-**	**2,573**	**12**	**1,042**	**288**	**10,404**
Reversals of impairments	-	(199)	-	-	-	-	-	**(199)**
Disposals / derecognition	-	-	-	(308)	-	-	(46)	**(354)**
Accumulated depreciation at 31 March 2018	**-**	**39,897**	**-**	**22,031**	**79**	**6,522**	**2,250**	**70,779**
Net book value at 31 March 2018	**20,402**	**154,579**	**663**	**11,540**	**40**	**2,816**	**1,305**	**191,345**
Asset Financing								
Owned - purchased	20,402	72,361	663	11,278	40	2,320	1,302	**108,366**
Finance leased	-	-	-	-	-	482	-	**482**
On-SoFP PFI Contracts	-	81,967	-	-	-	-	-	**81,967**
Owned - donated	-	251	-	262	-	14	3	**530**
NBV total at 31 March 2018	**20,402**	**154,579**	**663**	**11,540**	**40**	**2,816**	**1,305**	**191,345**

Additions to Assets Under Construction in 2017-18

Buildings excl Dwellings	2,482
Total	**2,482**

During 2017/18 a valuation of the Trust's education buildings as at 31 March 2018 was carried out by Gary Howes MRICS and Jaspreet Rahi MSc of Montagu Evans LLP. This followed major refurbishment work. As a result of the valuation exercise there was a reduction in the building value of £1.189m which has been treated as an impairment with a charge to operating expenses.

At the end of the year the building values were indexed based on the BCIS Tender Price Index of Public Sector Building Non Housing. This resulted in an increase in value of £14.18m. Of this total £10.46 has been treated as a reverse impairment with a credit to operating expenses to the extent that impairment costs have been recognised for the individual buildings. The balance of £3.72m has been taken to the revaluation reserve.

14.2 Property, plant and equipment prior year

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2016	**25,714**	**171,348**	**3,702**	**32,564**	**119**	**8,655**	**3,432**	**245,534**
Additions	-	2,092	1,158	1,174	-	354	75	**4,853**
Revaluations	(5,312)	3,945	-	-	-	-	-	**(1,367)**
Reclassifications	-	517	(3,639)	(33)	-	655	1	**(2,499)**
Transfers to / from assets held for sale	-	-	-	(1,179)	-	-	-	**(1,179)**
Disposals / derecognition	-	-	-	-	-	(571)	-	**(571)**
Valuation/gross cost at 31 March 2017	**20,402**	**177,902**	**1,221**	**32,526**	**119**	**9,093**	**3,508**	**244,771**
Accumulated depreciation at 1 April 2016	**-**	**9,543**	**-**	**18,464**	**55**	**5,051**	**1,729**	**34,842**
Transfers by absorption	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provided during the year	**-**	**5,743**	**-**	**2,476**	**12**	**998**	**279**	**9,508**
Impairments	-	18,288	-	-	-	-	-	**18,288**
Reclassifications	-	33	-	(33)	-	-	-	**-**
Transfers to/ (from) assets held for sale	-	-	-	(1,141)	-	-	-	**(1,141)**
Disposals/ derecognition	-	-	-	-	-	(569)	-	**(569)**
Accumulated depreciation at 31 March 2017	**-**	**33,607**	**-**	**19,766**	**67**	**5,480**	**2,008**	**60,928**
Net book value at 31 March 2017	**20,402**	**144,295**	**1,221**	**12,760**	**52**	**3,613**	**1,500**	**183,843**
Asset Financing								
Owned - purchased	20,402	67,339	1,221	12,466	52	2,939	1,496	**105,915**
Finance leased	-	-	-	-	-	653	-	**653**
On-SoFT PFI Contracts	-	76,690	-	-	-	-	-	**76,690**
Owned - donated	-	266	-	294	-	21	4	**585**
NBV total at 31 March 2017	**20,402**	**144,295**	**1,221**	**12,760**	**52**	**3,613**	**1,500**	**183,843**

Additions to Assets Under Construction in 2016-17

Buildings excl Dwellings	1,158
Total	**1,158**

During 2016/17 a valuation of all the Trust's land and buildings as at 31 March 2017 was carried out by Jaspreet Rahi MSc and Gary Howes MRICS of Montagu Evans LLP. As a result of this exercise there was a reduction in the value of land of £5.31m and a reduction in the value of buildings of £14.34m. The reduction in land value has been reflected in a reduction in the revaluation reserve. The net reduction in buildings resulted in an impairment charge to expenditure of £14.55m. There was a net £0.21m increase in the revaluation reserve for buildings

For the majority of buildings, valuations were carried out at Depreciated Replacement cost on a Modern Equivalent Asset basis in line with the GAM for specialised buildings. This represents fair value under IFRS assuming that the buildings continue to be used for the provision of NHS services. A number of non specialised buildings were valued at market value for existing use. This included buildings used for administration.

The PFI assets were revalued excluding the cost of VAT. The impact of this is to reduce the value of these buildings by £15.14m based on the current valuation. The overall reduction in value for these buildings was £5.26m

14.3 During 2017/18 PPE a donation with a value of £7k (2016/17 £16k) was received from the North Middlesex Hospital General Charitable Fund.

Economic Lives of Non-Current Assets	Min Life	Max Life
Remaining Lives	Years	Years
Buildings excl Dwellings	1	57
Plant & Machinery	5	15
Transport Equipment	5	7
Information Technology	3	8
Furniture and Fittings	5	10

15 Intangible non-current assets

15.1 Intangible non-current assets

2017-18	IT - in-house & 3rd party software	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2017	**11,754**	**-**	**11,754**
Additions	447	6	**453**
Reclassifications	6	(6)	**-**
Disposals / derecognition	(12)	-	**(12)**
Gross cost at 31 March 2018	**12,195**	**-**	**12,195**
Amortisation at 1 April 2017	**4,806**	**-**	**4,806**
Provided during the year	1,583	-	**1,583**
Amortisation at 31 March 2018	**6,389**	**-**	**6,389**
Net book value at 31 March 2018	**5,806**	**-**	**5,806**
Net book value at 1 April 2017	**6,948**	**-**	**6,948**

15 Intangible non-current assets

15.2 Intangible non-current assets

2016-17	IT - in-house & 3rd party software £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2016	**8,833**	**-**	**8,833**
Additions of Assets Under Construction	-	51	**51**
Additions	607	**-**	**607**
Reclassifications	2,550	(51)	**2,499**
Disposals	(236)	-	**(236)**
Cost at 31 March 2017	**11,754**	**-**	**11,754**
Amortisation			
Amortisation at 1 April 2016	**3,624**	**-**	**3,624**
Provided during the year	**1,418**	**-**	**1,418**
Disposals	(236)	-	**(236)**
Amortisation at 31 March 2017	**4,806**	**-**	**4,806**
Net book value at 31 March 2017	**6,948**	**-**	**6,948**
Net book value at 1 April 2016	**5,209**	**-**	**5,209**

The Trust capitalises the cost of procured software and software licences, plus the cost of implementing new systems. These assets are held at amortised cost price. There has been no indexation or revaluation applied to the current intangible assets.

All intangible assets are amortised. The useful lives are estimated by Trust management or based on contract terms. Useful lives are regularly assessed to ensure reasonableness. The current software has total useful lives of between 3 and 8 years with remaining lives between 0 and 8 years.

16 Analysis of impairments and reversals

	2017/18	2016/17
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	**(10,460)**	14,551
Other	**1,189**	-
Total net impairments charged to operating surplus / deficit	**(9,271)**	14,551
Impairments charged to the revaluation reserve	**-**	3,737
Total net impairments	**(9,271)**	18,288

17 Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2018	31 March 2017
	£000	£000
Property, plant and equipment	**97**	2,081
Total	**97**	2,081

18 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	**1,419**	1,767
Consumables	**1,810**	1,438
Energy	**87**	100
Total inventories	**3,316**	3,305

The Trust does not maintain usage information for all stock, with in year purchases charged directly to expenditure.

19.1 Trade and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables - NHS	**11,857**	10,636
Trade receivables - Non NHS	**5,404**	5,461
Accrued income	**212**	519
Provision for impaired receivables	**(1,997)**	(1,905)
Prepayments (non-PFI)	**1,714**	2,292
Interest receivable	**79**	96
PDC dividend receivable	**-**	467
VAT receivable	**1,301**	1,172
Other receivables	**967**	806
Total current trade and other receivables	**19,537**	19,544

The great majority of trade is with CCGs. As CCGs are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

Other receivables past their due date but not impaired have been reviewed and deemed recoverable.

19.2 Receivables past their due date but not impaired

	31 March 2018 £000	31 March 2017 £000
By up to three months	**7,739**	4,793
By three to six months	**931**	1,863
By more than six months	**2,076**	2,381
Total	**10,746**	9,037

19.3 Provision for impairment of receivables

	31 March 2018 £000	31 March 2017 £000
Balance at 1 April 2017	**(1,905)**	(1,737)
Amount written off during the year	**124**	28
Amount recovered during the year	**58**	41
Increase in receivables impaired	**(274)**	(237)
Balance at 31 March 2018	**(1,997)**	(1,905)

20 Cash and Cash Equivalents

	2017/18	2016/17
	£000	£000
At 1 April 2017	**14,660**	16,771
Net change in year	**2,943**	(2,111)
At 31 March 2018	**17,603**	14,660
Broken down into:		
Cash at commercial banks and in hand	**1**	1
Cash with the Government Banking Service	**17,602**	14,659
Total cash and cash equivalents as in SoFP	**17,603**	14,660
Third Party Assets - Bank balance (not included above)	**14**	14

21 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade payables - NHS	**4,158**	5,263
Trade payables - Non NHS	**10,809**	11,822
Capital payables	**2,389**	2,031
Accruals	**6,979**	4,374
Social security costs	**1,887**	1,742
Other taxes payable	**1,739**	1,551
PDC dividend payable	**47**	-
Accrued interest on loans	**210**	21
Other payables	**3,289**	2,788
Total current trade and other payables	**31,507**	29,592
Included Above		
- outstanding pension contributions	**2,008**	1,977

21.1 Other Liabilities

	31 March 2018 £000	31 March 2017 £000
Current		
Deferred income	**4,826**	3,991
Total other current liabilities	**4,826**	3,991

22 Borrowings

	31 March 2018 £000	31 March 2017 £000
Current		
Loans from the Department of Health and Social Care	**1,350**	1,350
Obligations under finance leases	**656**	675
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	**4,549**	4,601
Total current borrowings	**6,555**	6,626
Non-current		
Loans from the Department of Health and Social Care	**56,717**	30,067
Obligations under finance leases	**1,754**	2,418
Obligations under PFI, LIFT or other service concession contracts	**107,027**	111,576
Total non-current borrowings	**165,498**	144,061

The Trust currently has 10 loans with the Department of Health and Social Care the details are as follows -.

The first loan was taken out in September 2010. £440k is payable every 6 months until September 2025. Interest of 2.74% is payable on the outstanding balance.

The second loan was taken out in December 2012. £95k is payable every 6 months until September 2022, Interest of 1.04% is payable on the outstanding balance.

The third loan was taken out in December 2014. £140k is payable every 6 months until December 2024, Interest of 1.9% is payable on the outstanding balance.

The fourth loan is a revolving working capital facility which is repayable by February 2021 or earlier if the Trust has surplus cash. Interest of 3.5% is payable on the outstanding balance.

During 2017/18 the Trust took out 6 individual interim revenue support loans totalling £28m. These are repayable within 3 years of the loan date or earlier if the Trust has surplus cash. Interest of 3.5% is payable on the outstanding balance.

23 Deferred income

	31 March 2018	31 March 2017
	£000	£000
Opening balance at 1 April 2017	**3,991**	3,302
in year Movement	**835**	689
Current deferred Income at 31 March 2018	**4,826**	3,991

24 Finance lease obligations as lessee

	31 March 2018	31 March 2017
	£000	£000
Gross lease liabilities	**2,644**	3,339
of which liabilities are due:		
- not later than one year;	**733**	762
- later than one year and not later than five years;	**1,911**	2,371
- later than five years.	**-**	206
Finance charges allocated to future periods	**(234)**	(246)
Net lease liabilities	**2,410**	3,093
of which payable:		
- not later than one year;	**656**	675
- later than one year and not later than five years;	**1,754**	2,219
- later than five years.	**-**	199

25 Provisions

	Pensions - early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2017	**714**	**16**	**47**	**777**
Change in the discount rate	9	-	-	**9**
Arising during the year	151	96	57	**304**
Utilised during the year	(136)	-	(24)	**(160)**
Reversed unused	-	-	(8)	**(8)**
Unwinding of discount	2	-	-	**2**
At 31 March 2018	**740**	**112**	**72**	**924**
Expected timing of cash flows:				
- not later than one year;	136	112	72	**320**
- later than one year and not later than five years;	466	-	-	**466**
- later than five years.	138	-	-	**138**
Total	**740**	**112**	**72**	**924**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

	£000s
As at 31 March 2018	222,701
As at 31 March 2017	205,884

Pensions cost relate to the funding of pensions for staff made redundant or taking voluntary early retirement. The full projected cost is charged in the year the employee leaves the Trust based on actuarial estimations. The primary uncertainty is the actual length of life. Legal claims are employment tribunal cases. The probability of the claim succeeding and potential cost are estimated by the Trust's legal advisors. The NHSLA have assessed the personal injury cases, included in Other, and provided similar estimations for both potential cost and probability that the cost will materialise.

26 Contingencies

	31 March 2018	31 March 2017
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(402)	(219)
Employment tribunal and other employee related litigation	(195)	(24)
Gross value of contingent liabilities	**(597)**	(243)
Amounts recoverable against liabilities	369	157
Net value of contingent liabilities	**(228)**	(86)

The contingencies represent the balance of potential costs not accrued for the personal injury and employment tribunal cases included within provisions. These values have not been recognised as a cost or outstanding liability.

27 PFI and LIFT - additional information

During 2010/11 the Trust took possession of a new PFI hospital. Under IFRIC 12 this is accounted for as an asset of the Trust with a corresponding liability on the balance sheet.

The contract with the PFI provider, ByNorth, runs until May 2041. At the end of this period ownership of the PFI assets will transfer to the Trust without charge. Monthly Unitary Payments are made covering the repayment of finance, including interest, building maintenance costs of the new buildings and replacement of components of these buildings. Maintenance of the Trust's existing buildings are also covered by the unitary payments.

The construction scheme was in two phases with phase two completed in July 2011 when an additional asset and liability was recognised.

The Unitary Payment increases each year in line with inflation as measured by the Retail Price Index (RPI). The increased cost will be split between operating costs and contingent rental. Contingent rentals, related to the impact of inflation on the lease liability, are included within finance costs.

In March 2017 the Trust agreed to a refinancing of ByNorth's PFI borrowing, which involves a change from a 6 month loan facility to a monthly one. This takes effect from 2017/18 and runs for 5 years. In accordance with the terms of the PFI contract, the benefits are shared between ByNorth and the Trust. The net savings to the Trust will be a total of £346k over the 5 years by reducing the annual expense each year.

North Middlesex University Hospital NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2018 £000	31 March 2017 £000
Gross PFI, LIFT or other service concession liabilities	**199,713**	202,921
Of which liabilities are due		
- not later than one year;	**10,291**	10,185
- later than one year and not later than five years;	**39,956**	39,057
- later than five years.	**149,466**	153,679
Finance charges allocated to future periods	**(88,137)**	(86,744)
Net PFI, LIFT or other service concession arrangement obligation	**111,576**	116,177
- not later than one year;	**4,549**	4,601
- later than one year and not later than five years;	**18,696**	18,560
- later than five years.	**88,331**	93,016

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

	31 March 2018 £000	31 March 2017 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**414,247**	418,056
Of which liabilities are due:		
- not later than one year;	**17,789**	17,217
- later than one year and not later than five years;	**71,252**	68,858
- later than five years.	**325,206**	331,981

This note provides an analysis of the Trust's payments in 2017/18:

	2017/18 £000	2016/17 £000
Unitary payment payable to service concession operator	**17,137**	16,675
Consisting of:		
- Interest charge	**3,704**	3,734
- Repayment of finance lease liability	**4,601**	4,656
- Service element and other charges to operating expenditure	**6,111**	6,093
- Revenue lifecycle maintenance	**841**	595
- Contingent rent	**1,880**	1,597
Total amount paid to service concession operator	**17,137**	16,675

28 Financial Instruments

28.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the Trust Development Authority / NHS Improvement. The borrowings are for 1 – 15 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 PFI contract, which runs for a further 24 years, includes an implicit interest rate of 3.31%. The Trust therefore has low exposure to interest rate fluctuations. The total finance charges for the PFI contract includes contingent rent, which results from cumulative indexation of the finance lease payments by RPI inflation. The impact of inflation is expected to be mitigated by increasing cash generated from activities.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with CCGs and NHS England, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. Repayment of DHSC capital loans, detailed in note 22, is funded from the depreciation of the assets funded by the loans. The PFI borrowing described in note 27 is repayable monthly over the 31 year term. This is funded from a combination of depreciation and operating income. The Trust put in place a Revolving Working Capital facility of £20.652m for which no repayments need be made before 2021 unless the Trust has sufficient cash to do so. In addition the Trust has taken out £28m of interim revenue support loans for which no repayment is required for 3 years unless sufficient cash is available. With continuing deficits forecast the Trust is expected to need further Department of Health borrowing. However NHSI has indicated that further revenue support will be made available to Trusts in deficit if required. Assuming continuing support, the Trust does not face significant liquidity risk.

28.2 Financial Assets

	Loans and receivables £000
Receivables - NHS	**18,565**
Receivables - non-NHS	**4,767**
Cash at bank and in hand	**17,603**
Total at 31 March 2018	**40,935**
Receivables - NHS	11,893
Receivables - non-NHS	4,634
Cash at bank and in hand	14,660
Total at 31 March 2017	31,187

28.3 Financial Liabilities

	Other £000
Borrowings excluding finance lease and PFI liabilities	**58,067**
Obligations under finance lease	**2,410**
Obligations under PFI contracts	**111,576**
NHS Trade and other payables	**6,595**
Non NHS Trade and other payables	**26,111**
Total at 31 March 2018	**204,759**
Borrowings excluding finance lease and PFI liabilities	31,417
Obligations under finance lease	3,093
Obligations under PFI contracts	116,177
NHS Trade and other payables	7,433
Non NHS Trade and other payables	22,854
Total at 31 March 2017	180,974

The carrying value of PFI borrowing is £111.576m with an implicit interest rate of 3.31% excluding contingent rental. The Trust does not have the necessary information to determine a fair value as there have been insufficient recent NHS PFI schemes to determine a current market interest rate.

Capital borrowings from the Department of Health and Social Care are at fixed interest rates repayable at regular, equal 6 month instalments. Where prevailing interest rates differ from the loan interest rates the fair value of the loans increases or decreases. The relevant interest rate on revenue support has remained constant.

	Carrying Value £000	Fixed Interest Rate	Prevailing Rate at 31/03/18	Fair Value £000s
Capital Investment Loan £13.2m Sep 2010 - Sep 2025	6,600	2.74%	1.38%	6,941
Capital Investment Loan £1.9m Dec 2012 - Sep 2022	855	1.04%	1.18%	851
Capital Investment Loan £2.8m Dec 2015 - Jun 2024	1,960	1.90%	1.18%	2,011
Revolving Working Capital Loan Mar 2016 - Feb 2021	20,652	3.50%	3.50%	20,652
Interim Revenue Support Loans 2017/18 - 2020/21	28,000	3.50%	3.50%	28,000
	58,067			58,455

29 Events after the end of the reporting period

There are no material post balance sheet events that require disclosure.

30 Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with North Middlesex University Hospital NHS Trust.

The Department of Health is regarded as a related party. During the year North Middlesex University Hospital NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. The Trust has listed below, in order of significance, organisations which had transactions in excess of £1m with the Trust during 2017/18.

	Debtors £000	Creditors £000	Income £000	Expenditure £000
Enfield CCG	**4,749**	**1,193**	**106,666**	**0**
Haringey CCG	**2,354**	**794**	**78,828**	**0**
NHS England	**1,916**	**8**	**44,000**	**0**
Health Education England	**0**	**2**	**11,549**	**1**
East And North Hertfordshire CCG	**340**	**67**	**7,928**	**0**
Waltham Forest CCG	**366**	**126**	**6,790**	**0**
Barnet CCG	**139**	**0**	**2,333**	**0**
City And Hackney CCG	**225**	**0**	**1,651**	**0**
West Essex CCG	**130**	**0**	**1,311**	**0**
Redbridge CCG	**197**	**0**	**1,066**	**0**
Royal Free London NHS Foundation Trust	**579**	**1,326**	**764**	**1,334**
The Whittington Hospital NHS Trust	**102**	**506**	**127**	**1,295**
University College London Hospitals NHS Foundation Trust	**164**	**1,013**	**40**	**1,675**
NHS Resolution	**0**	**26**	**0**	**15,482**
NHS Blood and Transplant	**0**	**0**	**0**	**1,294**
The Trust has significant balances with the following Government departments				
HMRC	**0**	**3,626**	**0**	**14,398**
NHS Pension Scheme	**0**	**2,008**	**0**	**13,578**
London Borough of Enfield	**710**	**0**	**2,604**	**0**

31 Losses and special payments

The total number of losses cases in 2017-18 and their total value was as follows:

	Total Value of Cases £000	Total Number of Cases
Losses	158	35
Special payments	28	23
Total losses and special payments and gifts	186	58

value was as follows:

	Total Value of Cases £000	Total Number of Cases
Losses	52	49
Special payments	77	28
Total losses and special payments	129	77

32 Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

32.1 Breakeven performance

	2008/09	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Breakeven duty in-year financial performance	5031	6,044	3,103	669	1,973	10,662	415	(8,284)	(10,464)	(27,956)
Breakeven duty cumulative position	(4,897)	1,147	4,250	4,919	6,892	17,554	17,969	9,685	(779)	(28,735)
Operating income	168,126	168,126	180,593	181,283	183,991	216,083	244,386	249,757	276,147	277,778
Cumulative breakeven position as a percentage of operating income	-3.15%	0.68%	2.35%	2.71%	3.75%	8.12%	7.35%	3.88%	-0.28%	-10.34%

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, the Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

32.2 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

32.3 External financing

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

	2017/18	2016/17
	£000	£000
Cash flow financing	**18,516**	**1,693**
Finance leases taken out in year	**0**	**150**
External financing requirement	**18,516**	**1,843**
External financing limit (EFL)	26,224	8,963
Under spend against EFL	**7,708**	7,120

The EFL undershoot is not be considered a duty failure, since undershoots can arise through increased generation of internal cash and slippage on expenditure. The undershoot measures the cash impact of the Trust's deviation from its agreed revenue and capital plans. The Trust's net cash flow before financing was higher than planned.

33.4 Capital resource limit

	2017/18	2016/17
	£000	£000
Gross capital expenditure	5,384	5,510
Less: Disposals	(28)	(40)
Less: Donated and granted capital additions	(7)	(16)
Charge against Capital Resource Limit	5,349	5,454
Capital Resource Limit	5,424	5,478
Under spend against CRL	75	24

The CRL undershoot is not be considered a duty failure, but it is a measure of the Trust's deviation from its agreed capital plan.

NHS
North Middlesex
University Hospital
NHS Trust

If you would like a copy of this report in an different language or format, please contact the communications team on 020 8887 2935.

North Middlesex University Hospital NHS Trust
Sterling Way, London N18 1QX

www.northmid.nhs.uk