



**Royal Berkshire**  
NHS Foundation Trust

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**Annual Report and Accounts 2017 to 2018**



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## **Annual Report 2017/18**

<b>Contents</b>	<b>Page No</b>
<b>Chair of the Trust's and Chief Executive's Introduction</b>	7
<b><u>Performance Report</u></b>	11
Overview of performance	14
Performance analysis	
<b><u>Accountability Report</u></b>	
<b>Directors' Report</b>	20
Statement as to disclosure to auditors	
Income disclosures	
Enhanced quality governance reporting	
Governance arrangements	
<b>Remuneration Report</b>	41
Annual statement on remuneration	
Senior managers' remuneration policy	
Annual report on remuneration	
<b>Staff Report</b>	49
Introductory paragraph	
Staff survey	
Expenditure of consultancy/off payroll	
<b>NHS Code of Governance</b>	56
<b>Finance and Use of Resources</b>	60
<b>Statement of Accounting Officer's Responsibilities</b>	62
<b>Annual Governance Statement</b>	63
<b>Quality Account</b>	72
<b>Annual Accounts</b>	122

## **CHAIR'S REPORT**

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In 2017/18, the health economy continued to be beset with growing demand, particularly through the winter, and ever increasing media challenge that sometimes disguised the incredible efforts, dedication and delivery of wonderful people and teams across the NHS and particularly here in the Royal Berkshire NHS Foundation Trust (RBFT).

Against this background we have had a good year; a year that saw strong performance and the implementation of the next stage in our transformational improvements. This was achieved with continued focus on our patients and our people. It's an impressive performance.

So, this has been an important year in the delivery of the commitments we have made and our new aspirations introduced in this last year and an important bridge between our past and our future.

### **RBFT journey**

We have been taking resolute action on many fronts to transform our Trust. It is a great tribute to everyone at the Trust that over the last three years we have laid not just the foundations for our recovery but early successes too, evidenced by the recognition of our patients, staff and regulators.

Over the last few years, we have been unswerving in our determination to think and do things differently, however tough that may have been. We decided to act simultaneously on a number of things to address issues of governance, clinical and financial challenges and in developing strategy and investment plans, all which historically had the combined effect of holding us back.

In addressing these challenges, we as a Trust and as a Board have shown deep resilience and have been responsive to the changes happening in the world around us. It is from this resilience that amongst other successes, we have been able to set a clear new strategy with a vision to 2025, where we have achieved national top tier financial and clinical performance and we have received an overall "good" rating from the Care Quality Commission (CQC) and "outstanding" for the Royal Berkshire Hospital.

### **Our challenge for the future**

Our new strategy aims to balance health demands that are changing quickly, quicker than we have seen before. We will deliver our strategies and perform on every front to make the Trust amongst the best in the UK. We will invest in our people and in the estate to help achieve this. We will work with our partners to ensure a seamless response to community needs and we will live our values from the newest team member to the Board.

Importantly, one of our key aims is to lead a collegiate approach to joined up care in the community we serve through the on-going development of the Berkshire West Integrated Care System (ICS), through which we will create a model of seamless care to all patients.

### **The Board**

The Board has continued to work with managers across the Trust, external stakeholders and partners and will continue to support the evolution and delivery of our new strategy, ensuring it drives continual and sustainable improvement from within our five strategic priorities.

We will be continually reviewing the existing and emerging risks and drive changes to strategy and performance to manage these. Our oversight of these risks is carried out through the work of our committees and where appropriate these are considered by the Board itself.

As a Board we also know that we can only bring long-term value if we understand the needs of and, serve the communities in which we work. We need to continue to listen to and, be responsive to the voices of those communities, our stakeholders and of our own colleagues.

I am very proud of the work of the Board. It is stable with strong accountability and good governance. We will be bringing additional clinical expertise to the Board in the year ahead to provide even greater governance in the evolution of our clinical services strategy.

### **Our purpose and values**

The RBFT has a clear purpose to build upon clear values as outlined in our new strategy – Compassionate; Aspirational; Resourceful; Excellent.

As we approach the 70<sup>th</sup> anniversary of the NHS, we also continue to pursue its founding ideals that, good healthcare should be available to all, based on three core principles:

- meet the needs of everyone
- be free at the point of delivery
- be based on clinical need, not ability to pay

This has never been more appropriate and we will need to do this in a way that responds to the changing world with greater use of technology, a greater need for efficiency and managing complex health needs.

It has been a great year, but we must not be complacent. We are in a tough environment and our Trust needs to be ready to meet those demands; I believe we are! We have established a strong Trust with good governance and performance and a strong ethos throughout. We have an aspirational strategy and a clear ambition to continue this evolution and to play a significant part in evolving and transforming the NHS for the next 70 years.

Steve and his executive team have done a great job in building on already established success and steering the RBFT through this year, setting a course for the future - I feel they are fully into their stride and are performing very well. In his report which follows, Steve outlines more detail of the year past and the year to come, all of which I wholeheartedly endorse.

I am proud to be Chair of the Royal Berkshire NHS Foundation Trust and look forward to working with all the great teams and stakeholders in support of the delivery of outstanding care across our community and beyond.

Finally, my heartfelt thanks to my Executive and Non-Executive Directors, our Governors and partners and, most of all to every colleague across the Trust for all their work during the year. Amazing performance – thank you!

## CHIEF EXECUTIVE'S REPORT

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### **Our Vision: 'Working together to provide outstanding care for our community'**

Having joined the Trust in January 2017 and now part of the team for over a year, I am enormously proud of the achievements delivered by our staff and volunteers for our community. Over the past 12 months, we have really set out to listen and engage with our staff about the issues that matter to them and shape future plans as to how we develop our clinical services in collaboration with our patients, wider community and partners across the local health and care system.

One of our highlights this year has been our CQC Quality Report which rated the Royal Berkshire Hospital as "outstanding". This huge achievement is a testament to the hard work and unwavering commitment of all our staff and volunteers. We are one of only two acute providers whose rating improved from "requires improvement" to "outstanding". I am particularly proud that the CQC rated the Royal Berkshire Hospital as 'outstanding' in terms of how caring and responsive we are to our patients. The Trust's overall rating also improved to 'good'.

Throughout 2017/18 we engaged with over 3800 staff as part of our "*What Matters*" programme. This programme of work gave staff the opportunity to engage and help define our collective values and refresh our vision for the organisation. We have used feedback from this programme to challenge ourselves around engagement to ensure all colleagues and staff groups across the Trust are listened to and feel their voices are heard.

Following the 2017 Staff Survey Results, it was really positive to be recognised as the second most improved NHS organisation in the country. It is great to see progress in the way our people feel about their role within the Trust. The survey also provided us with really good insight regarding where further improvements would need to be made. Looking ahead to 2018/19, we will continue to build momentum with our people around engagement and inclusion throughout their organisation. Another key development over the past 12 months has been the work undertaken to refresh our Trust Strategy. Our 'Vision 2025' sets out our long term goals for the organisation and the community we serve and is supported through five simple strategic priorities:

- **Provide the highest quality care** and ensure that safety and quality for every patient is our top priority and all our services are outstanding every day of the week.
- **Invest in our staff and live out our values** to ensure that we can recruit, support, motivate, develop and reward the highest calibre staff.
- **Drive the development of integrated services**, working with our system partners and harnessing modern technology we will deliver more care closer to home, provide a seamless service for patients and support improvements in wellness and prevention.
- **Cultivate innovation and transformation** to make the most from advancements in medical practice and technology.
- **Achieve long-term financial sustainability**, which will allow the Trust to invest in developing and improving services for patients and renewing the buildings from which we operate.

We continue to work with our staff, community, patients, volunteers, partners and wider population to develop the Trust Strategy in ways that improve the services we are delivering to our community. Underpinning the achievements outlined above is our commitment to deliver strong performance to our patients in relation to access to our services. In the earlier part of the year we maintained our position as one of the leading organisations in the country

regarding the four hour Accident & Emergency (A&E) standard. However, like many organisations, the period from December through winter, was extremely challenging.

Whilst our performance against the A&E standard dropped during that period, I would really like to thank clinical, managerial and support staff across our emergency care services and throughout the hospital who worked tirelessly to provide outstanding care to our patients. It is a great achievement that despite some of the challenges within emergency care we have been able to maintain our commitment to timely treatment for surgical operations and access to cancer care.

We take our responsibility of being a financially sustainable organisation very seriously as we view this as a fundamental part of being able to invest in the delivery of outstanding care. With continued focus on improving our financial performance, this year we returned a financial surplus position of £17.1m which included receipt of £11.95m from the national Sustainability and Transformation Fund (STF). The additional accrual of STF monies will be reinvested into facilities and equipment to support delivery of care for our patients.

Having a culture of learning and celebrating the commitment of our people is really important to us. In February 2018, we spent a fantastic evening celebrating our Staff Excellence Awards, generously supported by the Royal Berks Charity. This event brought together over 250 staff and volunteers from across the Trust and highlighted the level of outstanding work they, together with colleagues across the Trust, undertake every day in every part of the organisation. It was a privilege to be there and I was extremely proud and inspired by all the nominees. This event highlighted the dedication, skill and compassion shown by our staff and volunteers across the Trust. We celebrated the success of many of our staff groups.

We were delighted to be a 'Fast Follower' as part of the Oxford University Hospitals Global Digital Exemplar (GDE) bid. This is a fantastic opportunity to transform patient care through enhanced clinical delivery and also to help shape the GDE and Fast Follower programme for the benefit of the wider NHS. In the past 12 months we have also been reminded about the importance of protecting our patients' data. Like many other organisations internationally, we were affected by the Cyber Attack in May 2017 which impacted a number of our clinical applications and phone systems. Our clinical, IT and operational teams made huge efforts to address the impact of this. We continued to run our hospital safely and took pride in the continued high level of service provided to our patients. Looking ahead, we will be building on the success this year in creating a digital hospital for our patients and staff. As a fast follower within the GDE programme, we are transforming the way we collect and manage our patient records to deliver safer and more effective care.

Linking back to the CQC's findings, our patients continue to give us positive feedback and I am proud to report that we continue to be amongst the best nationally for inpatient Friends and Family recommendation. We are committed to continually learn from patient feedback and complaints have significantly reduced with much improved response times during the year. The Trust has also maintained a strong NHS Choices rating. Our 4.5 star rating is one we are proud of and feedback received on NHS choices includes a number of 5 star ratings. Where we receive less favourable feedback, we act on it and seek to improve patients' experience. As a learning organisation, we aspire to deliver outstanding care to our patients every day, everywhere. Our approach is simply to be 'better than yesterday'.

Finally, I would like to pay tribute to our governors and all my colleagues across the Trust for what has been a remarkable year. The progress we have made is down to our staff, our partner organisations and our large team of volunteers and charities that support us. 2018/19 will be no less challenging but we are in a good position to further build on our achievements in the coming year.

## PERFORMANCE REPORT

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### Overview of Performance

The purpose of this section is to provide an overview of the purpose and activities of the Trust, as well as setting out our performance during 2017/18 and key risks during 2018/19.

The Royal Berkshire NHS Foundation Trust is the main provider of secondary care services for the population of West Berkshire and East Bracknell and borders.

At our heart we are a district general hospital working collaboratively with NHS and social care partners to provide excellent health and care services for the 536,000 people who live in our community. We also provide specialist hospital services beyond the counties borders including hyper-acute stroke, cancer and maternity services .

We employ more than 5,500 staff from 39 different nationalities and deliver care from a network of facilities across sites in Bracknell, Henley-on-Thames, Reading (our main site), Thatcham and Windsor. Each year we are responsible for efficiently and effectively spending more than £400m of NHS resources on the services we provide.

Our 'Vision 2025' sets out our long term goals for the organisation and the community we serve. Our core vision statement is “**working together to provide outstanding care for our community**”. Central to achieving this vision will be partnership working with patients, our colleagues across health and social care, as well as other local organisations that support our community.

To deliver on our vision we have agreed five simple strategic priorities which act as a guiding framework for our activities as an organisation:

- **Provide the highest quality care** and ensure that safety and quality for every patient is our top priority and all our services are outstanding every day of the week.
- **Invest in our staff and live out our values** to ensure that we can recruit, support, motivate, develop and reward the highest calibre staff.
- **Drive the development of integrated services**, working with our system partners and harnessing modern technology we will deliver more care closer to home, provide a seamless service for patients and support improvements in wellness and prevention.
- **Cultivate innovation and transformation** to make the most from advancements in medical practice and technology.
- **Achieve long-term financial sustainability**, which will allow the Trust to invest in developing and improving services for patients and renewing the buildings from which we operate.

Achieving this will require us to change the way we work within our clinical services, and to reshape our resources (people, estate, IT, research and finance). We will continue to develop and embed a transformation and change culture throughout our organisation ensuring we are connecting with, listening to and working alongside our community whilst balancing our ambitions against the need to manage and support the day to day challenges experienced by an acute hospital.

Whilst dealing with a number of performance challenges, particularly within our A&E and bed capacity, 2017/18 has been a positive year for the Trust in respect of access and other key quality standards. In line with national performance reporting responsibilities an overview is provided below focussing on the emergency (A&E 4-hour), urgent (cancer) and routine (RTT) standards.

During 2017/18 the Trust was inspected by the CQC resulting in a significant improvement to our rating. The Royal Berkshire Hospital was rated as 'outstanding' (overall the Trust was rated 'good' as not all locations were inspected. This was a remarkable achievement from the previous rating of 'requires improvement' in 2014. To date, the Royal Berkshire Hospital is one of only two hospitals in the country who have progressed from 'requires improvement' to an 'outstanding' rating; and one of only 18 acute hospitals who have been awarded an 'outstanding' rating nationally.

The key issues experienced during 2017/18 are largely those reflected across the NHS in order to balance high quality care against increasing demand and constrained financial resources. To support the delivery of our quality and access standards we have continued to drive improvement through innovation, change and recognition of good practice. Work programmes have been successfully delivered in a manner that delivers improvements whilst making best use of resource and improving patient pathways and therefore patient experience.

In addition, action plans linked to data quality have been progressed against key work streams, focusing on a combination of a proactive data assurance programme and targeted work arising from specific audits. This work has been managed by a well represented senior group reporting into an overarching executive led Data Quality Steering Group. In combination, this approach has delivered a determined and proactive programme dedicated to steadily improving both data assurance and data quality. It has also focussed on making it easier for front line staff to achieve good data quality by simplifying processes.

We have maintained good performance against the Referral To Treatment (RTT) standards and have deployed a technological solution to support the ease of data capture. This is made possible by the deployment of the Digital Pathways Solution (DPS) which was made live at the same time as front end changes to the Electronic Patient Record (EPR). The DPS solution is being used in the live environment as an extension of the data warehouse and is in the advanced stages of development, expected to complete in early 2018/19. Once fully transitioned the Trust will have moved away from manually entered RTT specific code values to an operationally relevant data capture process supported by consistent application of logic derived RTT code values.

Performance in A&E fell short of the 95% standard and whilst we experienced positive improvement at the beginning of the year and achieved the requirement to implement our co-located GP Streaming service, the second half of the year deteriorated below our Sustainability and Transformation Fund (STF) requirements set by NHS Improvement (NHSI). As has been seen at a national level the challenge faced during the Winter was unprecedented combining high attendance and admission numbers, high levels of acuity and shortages in bed capacity and on ward flow out of the hospital. We have continued to see consistently high level of patients who are medically fit for discharge (MFFD) of which a significant number require onward care and are officially recorded as Delayed Transfers of Care (DTC). This has put continued pressure on our bed capacity and sits in the context of a recognised bed capacity deficit, evidenced through a detailed piece of bed modelling work undertaken in 2016/17. This work has been broadened to encompass a whole system view of bed capacity during 2017/18 as part of our ICS bed modelling workstream and plans to commence system redesign have been discussed in the latter part of the year and will continue into early 2018/19. Our aim is to ensure our 'bed base' across the ICS health economy is fit to meet our current and anticipated demographic and that it supports a new care model and system changes as they are identified via the ICS programmes. The project is mapping capacity and patient flow across all local provider organisations, sites and bed types. A key output will be a move to manage all bedded care 'as one' supported by a system wide bed management system based on real time data.

Whilst we are disappointed that we have not achieved the A&E standard we are proud that during 2017/18 further steps have been taken to improve working with our system partners and that there have been a whole system focus on patient safety, experience and on maintaining flow through the acute site and recipient organisations. The drive to return to compliance at 95% is strong and is being supported by the A&E Delivery Board. The Delivery Board, chaired by the Trust's Chief Operating Officer / Deputy Chief Executive, have developed a suite of improvement initiatives aimed at delivering improved service provision in support of the principles of valuing patients' time by providing a combination of care at home wherever possible, the avoidance of overnight stays by increasing ambulatory options and reducing time in hospital where hospital admission is needed.

2017/18 has built upon an immensely positive year in 2016/17 for our cancer services. A real sense of achievement is felt across the Trust with all core cancer standards being delivered for a second year following a number of very challenging years. The Trust has been recognised and received direct praise by the Secretary of State for Health as the most improved Trust in the country in relation to our cancer performance. The achievement of our core cancer standards is as a result of significant work across all levels and disciplines through the year to deliver changes in the way our cancer pathways are managed. An important component has been the detailed and dedicated work of our administrative staff involved in directly booking patients for their outpatient appointments and treatments.

Paramount to the successes, and in mitigation against the more challenging times has been the strict focus and ability to maintain patient safety and good experience throughout the year. 2017/18 has continued to show good performance in respect of our 'harm free care' standards with all of our key performance indicators reporting as or better than expected. Most notably being the improvements made to the national sepsis indicators, which following a period of non-compliance, have been transformed through the application of dedicated resource, education and more recently the implementation of a digitally enabled early warning system. Our performance in relation to the national sepsis indicators has been recognised and commended at a national level.

Risks requiring attention within 2018/19 include the direct link that has been made between STF monies and the delivery of a very specific performance trajectory for the A&E standard. Whilst we are actively perusing a range of improvements across the non-elective pathway as shown above, the requirement to transform services as a whole system in order to deliver the expected performance is costly, with a significant amount of transformation funding only accessible through compliance with our performance trajectory.

### **Overview: Going Concern**

The Trust seeks to position itself to be best placed to cope with the challenges that affect the environment within which it operates. These challenges include factors outside the control of the organisation, such as the economic and political environment and the general instability that accompanies public sector and political reform, and factors that are specific to the sector such as the penalty regime around non elective activity, the need to drive on-going efficiencies through savings programmes and the dependence of some elements of funding on achieving national targets, such as A&E wait times.

After making enquiries the directors have a reasonable expectation that the Royal Berkshire NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## **Performance Analysis**

During 2017/18 the Trust has made significant process through our Data Quality Improvement Programme (DQAP), in recognition of the fact that for many years performance has been delivered against an unstable base. The DQAP is regarded as an important enabler for improvement within the organisation and carries external endorsement. Through the year a new data warehouse has been deployed, processing nationally required datasets, and is currently being expanded to incorporate datasets extracted from non EPR systems. This will ensure that the new data warehouse serves as a centralised source of Trust information to be harnessed by further planned developments to deploy a range of Business Intelligence (BI) reports utilising current BI technologies to enhance existing and provide new insights into Trust held information through data visualisation and advanced analytics.

Performance against all the core elective access standards has been maintained through the year, largely at a specialty level, with the RTT, Cancer and Diagnostic standards all being achieved. Through 2017/18 we have worked with our clinical and administration teams to build upon the technological advancements available to us to develop a programme of work aimed at increasing the visibility and usability of operationally important information.

We have moved into the third stage of develop of a whole pathway solution for RTT that focuses on simplicity and ease of information collection combined with a consistent application of business rules to derive patient pathways. The Digital Pathway Solution (DPS) was deployed in May 2017 and moved in to the final stage of transition in December 2017. This work is nearing completion with all aspects of the pathway expected to be logically derived from operational data in the early part of 2018/19. At each stage of this programme we have seen significant improvements in the volume of errors and our ability to work proactively to best support appropriate waiting times.

2017/18 has been a significant year for the Trust in relation to cancer waiting times. Following the successfully recovery of the standards during 2016/17 this year was important to ensure changes had been embedded and that performance was being maintained, whilst continuing to strive for further improvements. Through the year our administrative teams have worked collaboratively with clinicians to provide the level of attention and urgency that was required to embed a cultural change within the organisation that ensures cancer patients are rightly given the appropriate level of priority and support. Whilst there are still improvements to be made and plans in place in order to ensure compliance month on month, where possible at tumour site level. The Trust is reporting compliance against all cancer access standards for 2017/18.

Whilst diagnostic demand continues to pressurise the Trust's capacity we have ensured patients are not waiting beyond six weeks for tests. Waiting times for radiological tests have been maintained through the year, both for the nationally reported 6 week standard and our internal urgent request 2 week standard. An internal goal for urgent elective requests of 'aim for 7 days' remains in place and a number of new care pathways, for example Multi Parametric MRI (MPMRI) have been put in place. Diagnostic demand remains a priority, and in light of the growing demand will be analysed and assessed at an ICS level to determine the most effective and efficient was of providing these crucial services.

A number of positive improvements have been made to the Urgent/Emergency access pathways through 2017/18. The Trust has successfully established a streaming service enabling appropriate patients to be redirected away from the A&E department to a co-located GP unit, a protected ambulatory care unit is now operational and supporting the fast turn around of patients requiring ambulatory care, we have continued to see improvements through the patient flow programme and efficiencies seen through the increased focus on 'Red/Green' days have helped to some extent to mitigate against the recognised bed deficit

within the Trust. However the winter of 2017/18 has proved to be immensely challenging nationally and the A&E department within the RBFT has been no different.

The beginning of 2017/18 has shown improvement over the same period of 2016/17 but from October 2017 performance began to deteriorate as a result of building pressure. From December 2017 the Trust began experiencing unprecedented pressure with increased levels of acuity and complexity combined with high levels of demand, occupancy and onward capacity challenges. Over all this resulted in the Trust only achieving the 95% national standard in two months of the year and the requirements of our Sustainability and Transformation Fund (STF) trajectory were missed in quarter 3 and 4. Despite these challenges the Trust has, on aggregate, remained a top performer locally against the 4 hour standard. Whilst we are disappointed with the performance we are confident patient safety is being maintained and is at the heart of any difficult decisions being made. The Trust continues to work collaboratively with system partners and is dedicated to returning to compliance against this key quality standard. As part of the A&E Delivery Board the system will continue to build on existing improvements to patient flow with a focus on increasing the number of patients treated through ambulatory care pathways, a partnership model for bedded care across the system.

		National Standards	RBFT 2015/16	RBFT 2016/17	RBFT 2017/18
Referral to Treatment (RTT)	% of Incomplete Pathways within 18 weeks from referral	92%	93.02%	94.10%	92.58%
Diagnostic Monitoring (DM01)	% of service users waiting less than 6 weeks from referral for a diagnostic test	99%	99.24%	99.39%	99.22%
Emergency Department (ED)	% of ED attendances admitted or discharged within 4 hours of arrival	95%	94.16%	92.29%	89.17%
Cancer – Core Access	% of service users referred with suspected cancer from a GP waiting no more than two weeks for first appointment	93%	77.5%	95.40%	95.61%
	% of service users referred urgently with breast symptoms (where cancer is not initially suspected) waiting no more than two weeks for first appointment	93%	84.5%	97.10%	96.29%
	% of service users waiting no more than one month (31 days) from decision to treat to treatment for all cancers	96%	96.8%	97.68	97.98%
	% of service users referred with suspected cancer from a GP waiting no more than two months (62 days) from referral to first definitive treatment for cancer.	85%	74.2%	85.07%	85.90%
	% of service users waiting no more than two months (62 days) from referral from an NHS screening service to first definitive treatment for cancer	90%	88.7%	87.08%	91.64%
Cancer – Subsequent Treatments	% of service users waiting no more than one month (31 days) – Anti-Cancer Drug	98%	99.2%	99.56%	99.61%
	% of service users waiting no more than one month (31 days) – Surgery	94%	94.2%	94.58%	95.82%
	% of service users waiting no more than one month (31 days) – Radiotherapy	94%	95.8%	96.53%	91.64%

*NB: Cancer information within the table above is subject to change due to reporting in arrears and is accurate to the date entered, not submitted.*

## Financial Performance

The Trust group, which comprises The Trust, the Trust's wholly owned subsidiary and the Trust charity, made a surplus of £17.1m in 2017/18, including a net £7.1m increase in surplus arising from a revaluation of buildings, compared to a surplus of £5.4m in 2016/17.

In 2017/18 we saw a decline in income from NHS activities, with a fall of 1.9%. In 2016/17 NHS Improvement introduced a Sustainability and Transformation Fund (STF), with payments to trusts triggered by achievement of a pre-set financial control total and achievement of performance targets, this continued in 2017/18. The Trust achieved its full year financial control total, although did not achieve the A&E measures, and as a result £11.9m of STF has been recognised in income.

The pay bill rose by £3.5m in 2017/18, an increase of 1.6% over 2016/17 with the largest increases in medical staff pay, £2.3m, and nursing staff pay, £2.0m. The Trust continued a programme of reducing expenditure with third party agencies; with spend £3.7m, 27.6%, less than 2016/17 at £9.7m.

The non-pay bill rose by £7.12m in 2017/18, an increase of 4.8%, excluding impairments. The largest increases were in Clinical Services and Supplies cost, which grew by £1.9m, 4.2%, and contribution to the NHS Litigation Authority, to cover clinical negligence claim costs, which grew by £1.5m, an increase of 10%.

Whilst the Trust maintained a surplus, pre impairment, further work remains to ensure continued financial stability. STF money will be available in 2018/19, but may cease after that, so the Trust needs to deliver efficiency improvements such that in 2019/20 it can achieve a surplus without need for STF.

### Summary Financial Results – comparison to prior year:

£m	2017/18	2016/17	Year on Year variance
<b>Income</b>	<b>412.17</b>	<b>401.11</b>	<b>11.06</b>
Pay	(227.51)	(223.97)	(3.53)
Non-pay excluding impairment	(156.01)	(148.89)	(7.12)
<b>Expenses</b>	<b>(383.51)</b>	<b>(372.86)</b>	<b>(10.66)</b>
<b>EBITDA</b>	<b>28.66</b>	<b>28.25</b>	<b>0.41</b>
Depreciation / Impairment / profit or loss on disposal	(5.03)	(17.29)	12.25
PDC Dividend	(5.18)	(4.62)	(0.56)
Net Interest payable	(0.76)	(0.92)	0.16
Other non-operating expenses	(0.55)	(0.01)	(0.54)
<b>Reported surplus/(deficit) for the period</b>	<b>17.14</b>	<b>5.42</b>	<b>11.72</b>

## **Capital Expenditure**

The Trust spent £15m on capital expenditure in 2017/18, of which £5.4m was funded by NHS England. The focus of the Trust's capital expenditure plan was on medical equipment, IT, majorestates works and investment in engineering compliance projects.

## **Cashflow and Statement of Financial Position**

The Trust continued to hold a strong Statement of Financial Position mainly consisting of land and buildings owned by the Trust from which the Trust provides services to patients. Revaluation of the Trust estate has increased the value held by £44.6m, £48.9m of increased valuation on the newer estate and impairments of £4.26m on older buildings. The liquidity of the Trust improved in 2017/18, partially due to receipt of funds from external bodies and outstanding payments on capital expenditure completed in March 2018. At the end of the year the Trust had cash or cash equivalent assets of £41.2m.

The Trust has two loan facilities, totalling £23m, from the Independent Trust Financing Facility, one to finance the development of the Royal Berkshire Bracknell Clinic and one to finance the Trust's Cerner EPR system. Both of these loans have been fully drawn down and are being repaid with the final payment made for the EPR loan in June 2022 and the Bracknell loan in December 2026.

As part of their review of going concern the directors have considered the Trust's future cash flows and concluded that the Trust can continue in operation without any form of loan facility.

The Trust manages its cash position closely.

## **Monitoring Trust Financial Performance**

The Trust's financial performance is reviewed through the bi-weekly Executive meetings as well as at the monthly meeting of the full Trust Board, which takes a strategic view on the month's and annual financial results.

NHS Improvement (NHSI) assesses financial performance based on five criteria; capital service cover, liquidity, income and expenditure margin, income and expenditure variance from control total and agency. Overall the Trust achieved a risk rating of 2 at the end of the year, within the range of one to four where one is the best performance.

## **Overseas Operations**

The Trust has no overseas operations.

## **Environmental, Social, Community, Anti-Bribery and Human Rights Issues**

A full report on our environmental impact is included below. The Trust is keen to engage with the local community and does this in several ways. The main route is via the Trust membership which offers the local community the chance to attend Trust membership events and find out more about how we work. The Board are responsible for Anti-bribery processes as declared in the Standing Financial Instructions (SFIs) which are reviewed annually. The Trust has implemented the HR Local Counter Fraud Policy which includes a requirement to maintain a hospitality/gifts register. This policy is communicated via staff employment contracts. Fraud Awareness is provided at Trust Induction sessions and this includes guidance on anti-bribery. Each of our policies has an equality impact assessment to assess its impact on service users and staff.

## Sustainability Report

The following table summarises the impact of the Trust's business on the environment. The figures include the effect of the on-going operation of the Combined Heat and Power (CHP) unit at the Royal Berkshire Hospital site. This unit generates around 70% of the electricity used by the hospital, and utilising the waste heat from the generation process to provide heating and hot water to the larger buildings on this site.

### Trust Sustainability Performance

#### **Greenhouse Gas Emissions**

##### Scope 1: Energy Direct Emissions

Imported Natural Gas:

For heating only: 3,433 tonnes CO<sub>2</sub>

For electricity generation: 7,844 tonnes CO<sub>2</sub>

11,277 tonnes CO<sub>2</sub>

Total cost: £1,368k

##### Scope 2: Energy Indirect Emissions

Imported Electricity 2,166 tonnes CO<sub>2</sub>

Total cost: £844k

##### Scope 3: Official Travel Emissions

Business Travel by Clinicians and Staff

Business mileage claimed 544,186 miles

Leased car mileage 8,451 miles

552,637 miles

Total cost: £282k

#### **Waste Minimisation and Management**

Waste Streams

Clinical waste for incineration: 572 tonnes

Treated and general waste for energy 1,123 tonnes

Recycled waste 290 tonnes

1,985 tonnes

Total cost: £ 551k

#### **Finite Resources**

Water Consumption

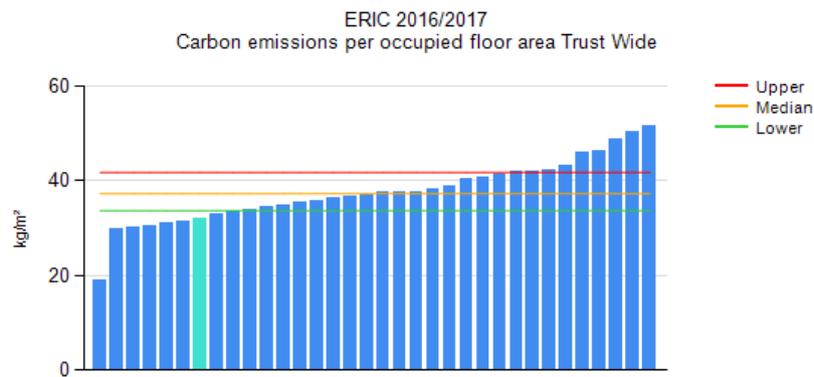
Water drawn from abstraction borehole: 86,986 cubic metres

Water drawn from mains supplies 233,179 cubic metres

320,165 cubic metres

Total cost: £513k

The Trust has 'low quartile' carbon emissions per occupied area when compared with all other UK NHS large acute hospitals, identified on the graph below (source: ERIC report 16/17)



Water consumption has increased over the last 12 months, by 8.7%. We expect this to improve over the coming years as plant and infrastructure is updated. The Trust is taking a number of steps to mitigate this in the next 12 months, and the coming years, via the delivery of the estate strategy; implementing more energy efficient plant and equipment to support the water distribution, heating and cooling of our buildings. Looking to the future our strategy will include sustainability requirements as an integral part of our development and refurbishment works.

### Achievements within the Year

The Trust has achieved a reduction in CO<sub>2</sub> emissions over the previous year.

We have increased the use of electric pool cars for official travel, and have reduced the official travel mileage by 7538 miles (1.4%).

Whilst there has been an overall increase in waste, general waste used for energy production has increased four fold and recycled waste has doubled.

During the year the Trust has made a number of sustainability driven decisions in relation to maintenance, repair and replacement of building related assets. Examples include lighting replacement programmes to LED bulbs and replacement of plant and infrastructure with more energy efficient solutions. During 2018/19, the Trust will further develop and 'hard-bake' sustainable practices into design standardisation and into the Estate Strategy.

The Trust continues to review its sustainable development management plan and resulting targets and delivery plans. The aims include the following:

- minimising our carbon footprint
- reducing our energy usage and increasing our proportion of green energy
- ensuring water efficiency
- encouraging sustainable transport
- reducing food waste
- reducing food miles
- ensuring procurement that is sustainable both environmentally and socially and improving our preparations for adverse climate impacts.

Signed

**Steve McManus**  
Chief Executive

Date: 22 - 05 - 18

## ACCOUNTABILITY REPORT

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### Directors' Report

#### **Political or Charitable Donations**

The Trust did not make any political or charitable donations during the period 1 April 2017 to 31 March 2018.

#### **Private Finance Initiative Contracts**

The Trust had no involvement in any Private Finance Initiative Contracts during the period 1 April 2017 to 31 March 2018.

#### **Charitable Funds**

The Trust is supported by a number of charities. The Trust Charity is the Royal Berks Charity, which makes charitable grants to the Trust, often to contribute to capital projects.

Under IAS 27 the Trust, as the Corporate Trust of the Charity, consolidates the financial statement of the Charity into these Financial Statements.

The Royal Berks Charity does prepare its own financial statements, which are submitted to the Charity Commission.

#### **Better Payment Practice Code – Measure of Compliance**

Currently, the Trust is required to pay all its trade creditors in accordance with the Better Payment Practice Code. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

Currently the percentage number of invoices the Trust pays within 30 days is 84% (81% were paid within 30 days in 2016/17).

Analysis of this split by NHS and non-NHS payables can be found in the table below.

	<b>31/03/2018 Number</b>	<b>31/03/2018 £'000</b>
<b>Non NHS</b>		
Total bills paid in the year	79,329	127,445
Total bills paid within target	66,147	93,763
Percentage of bills paid within target	<b>83.4%</b>	<b>73.6%</b>
<b>NHS</b>		
Total bills paid in the year	1,916	59,397
Total bills paid within target	1,081	44,045
Percentage of bills paid within target	<b>56.4%</b>	<b>74.2%</b>
<b>Total</b>		
Total bills paid in the year	<b>81,245</b>	<b>186,842</b>

Total bills paid within target	<b>67,228</b>	<b>137,808</b>
Percentage of bills paid within target	<b>82.7%</b>	<b>73.8%</b>

The Trust paid interest of £34k (2016/17 - £23k) to discharge any liability relating to non-payment of invoices within the 30 day period. No interest was accrued in 2016/17 or 2017/18 relating to non-payment of invoices within the 30 day period where obligated to do so.

### **Statement as to Disclosure to Auditors (s418)**

Each board director at the time that this report is approved does confirm that:

- so far as each director is aware, that there is no relevant audit information, defined as information needed by the Trust's auditor in connection with preparing their report, of which the NHS foundation trust's auditor is unaware of; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information including:
  - making such enquiries of his/her fellow directors and of the Trust's auditors for that purpose; and
  - have taken such steps as are required by his/her duty as a director of the Trust to exercise reasonable care, skill and diligence.

### **External Auditor Details**

The Trust's External Auditors for 2017/18 were

Deloitte LLP  
Abbots House  
Abbey Street  
Reading  
RG1 3BD  
United Kingdom

Deloitte were appointed as the Trust's External Auditors as of 1 April 2016. Over the course of the year they have delivered a range of reports to the Committee.

These include:

- The Audit Plan for the period
- Progress update reports on the delivery of our audit work
- Technical update reports highlighting NHS FT and health sector issues of relevance for the Committee
- ISA 260 Audit Highlights Memorandum reports following our audit of the Group financial statements, and the financial statements of HFMS Limited and the Royal Berks Charity and
- Our Qualified Opinion on the Trust's Quality Account.

Deloitte's remuneration was £91k including VAT for the period 1 April 2017 to 31 March 2018 (£91k 2016/17). See Note 3.1 of Financial Statements for further details.

The liability limits have been agreed as:  
Product Liability – up to £1m  
Professional Indemnity – up to £10m

### **Internal Auditor Details**

The Trusts' Internal Auditors for 2017/18 were

Price Waterhouse Coopers (PwC) LLP  
Docklands  
161 Marsh Wall  
London  
E14 9SQ

PwC's remuneration was £174k (£168k 2016/17) for the period 1 April 2017 to 31 March 2018.

### **Income Disclosures Required by Section 43(2A) of the NHS Act 2006**

Details of the performance of the Trust including the results achieved during 2017/18 can be found in the performance analysis section above.

There is no impact of other income received by the Trust on its provision of goods and services for the purposes of the health service in England.

The Trust has met the requirement as per Section 43(2A) of the NHS Act 2006 that the "income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes."

### **Identifying Potential Financial Risks**

The Trust has effective mechanisms in place to manage risk, in accordance with its risk management policy and strategy, supported by the Audit and Risk Committee, which has Board accountability.

The Trust has low exposure to market risk being the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. In particular, the Trust is not exposed to price risk or credit risk and its exposure to interest risk is small because, with the exception of cash, its financial assets and liabilities are either at nil or fixed interest.

- **Market risk**  
This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices.
- **Interest Rate risk**  
All the Trust's financial assets and liabilities, with the exception of cash held in UK banks, carry a nil or fixed rate of interest. The Trust is not, therefore, exposed to significant interest rate risks.

- **Price risk**  
The Trust does not deal with financial instruments other than loans with fixed interest rates and low value operating or finance leases. As a result the Trust is not exposed to a price risk.
- **Credit risk**  
The Trust is exposed to minimal credit risk.
- **Liquidity / Cashflow risk**  
The Trust's exposure to liquidity / cashflow risk in relation to funding provided by the Commissioners is limited as it is government backed.

### **Enhanced Quality Governance Reporting**

The Board is committed to quality governance and ensures that the combination of structures and processes at Board level and below support quality performance throughout the Trust. In October 2017 the Care Quality Commission (CQC) undertook an inspection of the Well Led domain. The Trust achieved a rating of 'good' demonstrating marked improvements in all areas of the Well Led framework as evidenced in the CQC Quality Report dated January 2018 <http://www.cqc.org.uk/location/RHW01/inspection-summary#welled>

Further details of the approach to quality governance within the Trust and the processes adopted to achieve high quality safe patient care may be found in the Annual Governance Statement on page 63 and the Quality Report on page 72.

### **Governance Arrangements**

The Trust became a foundation trust in 2006. Foundation trusts are public benefit corporations. They remain part of the NHS and the public sector. The Trust was required to demonstrate excellence in a number of areas to be granted foundation trust status. The benefits of foundation status include greater freedom to manage and control the Trust outside of national and regional NHS structures as well as operational benefits like being able to retain surpluses for future investment and borrow money for expansion of services.

The staff and public members of the Trust elect governors to the Council. Other governors are appointed by key partners such as local authorities and our Clinical Commissioning Group (CCG). The Council of Governors hold the non-executive directors (NEDs), individually and collectively, to account for the performance of the Board of Directors. The Board of Directors comprises both Non-Executive and Executive Directors that lead the organisation and manage the key financial and strategic issues. On behalf of the Board, the Chief Executive and other senior staff, manage the Trust on a day to day basis.

The majority of governors on the Council are publicly elected by public members of the Trust. The Council appoints the Non-Executive Directors who have a voting majority on the Board. All Board members and governors meet the 'fit and proper person test' as described in our provider licence.

Further details on foundation trusts can be found on the regulator's website: <https://improvement.nhs.uk/>

## **Board of Directors**

The Board of Directors of the Trust is a combined board, meaning that it comprises both Executive (paid staff) and Non-Executive (appointed external) Directors. Collectively, it has responsibility for:

- providing leadership to the organisation within a framework of prudent and effective controls
- sponsoring the appropriate culture, setting strategic direction, ensuring management capacity and capability, and monitoring and managing performance
- safeguarding values and ensuring the organisation's obligations to its key stakeholders are met
- facilitating the understanding on the part of governors of the role of the Board and the systems supporting its oversight of the Trust
- taking account of the NHS Constitution in all aspects of its work.

The Board carries out the role envisaged within the Monitor Code of Governance, namely that its role is to provide active leadership of the Trust within a framework of prudent and effective controls which enables risk to be assessed and managed.

As such, the Board:

- is responsible for ensuring compliance with the terms of authorisation, constitution, mandatory guidance issued by NHSI, relevant statutory requirements and contractual obligations
- sets the strategic aims, taking into consideration the views of the Council of Governors, ensuring that the necessary financial and human resources are in place for the Trust to meet its objectives and review management performance
- as a whole is responsible for ensuring the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health, the Care Quality Commission (CQC), and other relevant NHS bodies. The Board ensures that the Trust exercises its functions effectively, efficiently and economically
- sets the Trust's overall culture, its values and standards of conduct and ensures that its obligations to the public, its members, patients and other stakeholders are understood and met.

The Trust has a code of conduct for Board Directors based on the values of the NHS.

## **Board Engagement with the Council and Members**

The Board takes active steps to ensure it interacts appropriately with the Council of Governors. The Board has agreed protocols in respect of communication with the Council and to help discharge its statutory duties. There is a joint meeting between the Board and the Council which is held twice a year. Non-Executive Directors and the Chief Executive also attend Council of Governors meetings which are held four times a year. During 2017/18, a new Governors Assurance Committee was introduced where Non-Executive Directors provide updates from Board Committees to governors. The Committee meets before each Joint Board/Council meeting and Council of Governors meeting.

Direct engagement with members takes place at the Trust's Annual General Meeting where a review of the year and forward plans are delivered and there is an open question and answer session.

The register of Board of Directors at 31 March 2018 is as follows. For the latest register please see the Trust's website.

<b>Name</b>	<b>Designation</b>
Steve McManus	Executive Director (Chief Executive)
Graham Sims	Non-Executive Director (Chair of the Trust)
Caroline Ainslie	Executive Director (Director of Nursing)
Craig Anderson	Executive Director (Director of Finance)
Lindsey Barker	Executive Director (Medical Director)
Mary Sherry	Executive Director (Chief Operating Officer)
Julian Dixon	Non-Executive Director
Brian Hendon	Non-Executive Director (Senior Independent Director)
Alison Hill	Non-Executive Director
Sue Hunt	Non-Executive Director (Deputy Chair)
John Petitt	Non-Executive Director

During 2017/18 Julian Dixon was reappointed as Non-Executive Director for a further three-year term of office from December 2017, Brian Hendon was reappointed as Non-Executive Director for a further one-year term of office from October 2017, Alison Hill was reappointed as Non-Executive Director for a further one-year term of office from December 2017 and Sue Hunt was reappointed as Non-Executive Director for a further three-year term of office from October 2017. Graham Sims was also reappointed as the Chair of the Trust for a three year term of office from August 2018.

All Non-Executive Directors are considered independent.

The Trust's Constitution specifies that Non-Executive Directors are appointed for three year terms of office. If a non-executive Director has held office for more than three years, any further appointment shall be for a term of one year. Appointments can be terminated in accordance with Monitor's Code of Governance.

Declarations of interest made by Board members are available on the Trust's website. Changes to the Board and Council during the year are set out on page 38.

## **Biographies**

*Chief Executive:* Steve McManus joined the Trust in January 2017. Steve was previously a Divisional Director of Operations and then Chief Operating Officer at the University Hospital Southampton NHS Foundation Trust. As a member of the executive team, he led the Trust through the process to gain foundation trust status. In 2012 Steve took up post as Chief Operating Officer at Imperial College Healthcare and was appointed Deputy Chief Executive in 2014. During this period Steve has also been Chair of the NHS Providers Chief Operating Officer network, and was selected as part of the first cohort on the national Aspiring Chief Executive Programme. During 2016 Steve moved from Imperial to take up the position of Managing Director at Basildon and Thurrock University Teaching Hospital FT

*Chair of the Trust:* Graham Sims, joined the Trust in August 2015, bringing a wealth of chair and corporate experience and knowledge in strategy, investment, operations and leadership. He has held roles as Chair and various directorships within large and small corporate businesses including BP, ExxonMobil, Compass, the Home Office, Little Chef and a number of PE backed businesses in the UK and internationally. Graham is also involved with a number of charity boards.

*Director of Nursing:* Caroline Ainslie, was appointed as Executive Director of Nursing in June 2012. Prior to this Caroline held a number of senior nursing positions including Deputy Chief Nurse at South Central Strategic Health Authority and Divisional Head of Nursing and Professions at University Hospitals Southampton.

*Director of Finance:* Craig Anderson joined the Trust in July 2011, having previously worked for Partnerships UK as Finance Director and has worked closely with a number of central government departments, such as the Department for Education, on the implementation of major infrastructure programmes. Prior to that Craig spent nine years with Thames Water, his last two years as Managing Director of Commercial Operations across the UK and Ireland. He has held a number of other finance positions in Europe and the UK including with Unisys.

*Medical Director:* Dr Lindsey Barker, was appointed Medical Director in May 2015. Lindsey joined the trust in 1990. She is a Consultant Nephrologist and Physician, trained in Bristol and Oxford. She has worked in medical managerial roles since 2008.

*Chief Operating Officer:* Mary Sherry joined the Trust in June 2015 as Chief Operating Officer and Deputy Chief Executive. Mary was previously Chief Operating Officer at Moorfields Eye Hospital, where she led operational delivery and developed a challenging transformation programme. Mary is known for working collaboratively with clinical and non-clinical teams to deliver a broad agenda across quality, performance and finance. Mary is a non-clinical manager with a HR background, Lean and Systems Thinking trained. She is experienced in supporting staff to deliver high quality services and has been successful in doing so including in financially challenged Trusts. Since joining the Trust Mary has successfully led the recovery of Cancer and Referral to Treatment standards, is developing a strong platform for the transformation of services going forward and has recently taken on the Chair of the system wide A&E Delivery Board as well as playing a key role in the development of the Integrated Care System. A key focus for Mary internally is wide engagement with staff across the Trust and the development of a trust wide team approach.

*Non-Executive Director:* Julian Dixon, joined the Trust in November 2014. He has worked in leadership roles in the academic, healthcare and commercial sectors. He worked for more than twenty years in global healthcare companies, most recently at GSK where he held a number of senior roles leading teams developing and launching new health technologies. He went on to become Chief Operating Officer at UCLPartners, an Academic Health Science partnership. He is now Managing Director at Strategic Health Connections, a consultancy which helps organisations to translate innovation into improved health and wealth outcomes.

*Non-Executive Director:* Brian Hendon, who joined the Trust in August 2012, is a Chartered Accountant and an experienced Executive and Non-Executive Board Member. His 25 year senior executive career has been extensive holding roles as Executive Chairman, Managing Director and Finance Director with private sector companies in manufacturing, retail services and FMCG sectors. His non-executive posts include Thames Valley Housing Association and previously NHS Berkshire East and NHS Berkshire PCT from which he stepped down when appointed to his post at the Royal Berkshire NHS Foundation Trust.

*Non-Executive Director:* Alison Hill, joined the Trust in December 2013 and has chaired the Board Quality Committee since July 2015. She is the named Non-Executive Director for Mortality. Alison has wide experience in the health service – both at a national level in senior management and as a GP working in the community. For many years she worked as a GP in Nettlebed, Oxfordshire, before pursuing a career in policy development and implementation in a series of health service and academic posts. She served as Professional Policy Advisor to the Department of Health NHS Genetics Team and Director of Effective Practice Programme at the King’s Fund. Her management roles have included Medical Director for NHS London where she was responsible for the performance of over a quarter of the GPs, dentists, optometrists and community pharmacists in the capital. Alison also serves as a non-executive director for Turning Point, a charity providing mental health care and recovery.

*Non-Executive Director:* Sue Hunt joined the Trust in October 2014. She is chair of the Finance & Investment committee and the named Non-Executive Director for the Organ Donation Committee. Sue is a Chartered Accountant whose long and varied career at KPMG spanned audit, mergers and acquisitions and healthcare consultancy. She led the team contracted by the Department of Health to advise Trusts on all aspects of their Foundation Trust application and also provided due diligence services on potential investments in the independent healthcare sector. Sue is an experienced Non-Executive Director in the health, education, housing and space technologies sectors with current roles at Notting Hill Housing Group, The Satellite Applications Catapult Ltd and Future Cities Catapult Ltd. She was previously on the Board of CfBT Education Trust and was also a NED and then Acting Chair of NHS Direct until its disestablishment in 2014.

*Non-Executive Director:* John Pettitt joined the Trust in May 2016. He is the named Non-Executive Director for Emergency Preparedness, Resilience and Response (EPRR). Prior to this he was Group Chief Executive of Housing Solutions, a leading provider of affordable homes in the South East, for 16 years. He is a Chartered Accountant and has been a Finance Director in both the private and not for profit sectors. He is also a Non-Executive Director of Slough Children’s Services Trust.

## **Review of Board Performance**

The Trust self-assessed against the Well Led Framework (WLF) in June 2017 ahead of the Care Quality Commission inspection in October 2017. The next WLF review will be undertaken in June 2018.

Executive Board members are also appraised on an individual basis.

## Board attendances – April 2017 to March 2018

	Board	Quality	Charity	Nominations and Remuneration	Finance and Investment	Audit and Risk	Council of Governors <sup>***</sup>	Workforce Committee
<b>Graham Sims</b>	7/7		5/5	4/4	11/12		4/4	3/4
<b>Steve McManus<sup>^</sup></b>	7/7	5/7	4/5	4/4	10/12		4/4	2/4
<b>Caroline Ainslie<sup>^^</sup></b>	6/7	7/7			5/12		1/4	4/4
<b>Craig Anderson</b>	7/7		5/5		12/12		0/4	2/4
<b>Lindsey Barker<sup>^^</sup></b>	7/7	6/7			6/12		1/4	3/4
<b>Don Fairley<sup>*</sup></b>	7/7						0/4	4/4
<b>Mary Sherry</b>	7/7	5/7			10/12		0/4	2/4
<b>Julian Dixon</b>	6/7	7/7		3/4			3/4	4/4
<b>Brian Hendon</b>	7/7			2/4	11/12	6/6	4/4	
<b>Alison Hill</b>	7/7	7/7		3/4		4/6	4/4	
<b>Sue Hunt</b>	7/7			4/4	12/12		4/4	4/4
<b>John Petitt</b>	7/7	6/7		4/4		6/6	4/4	

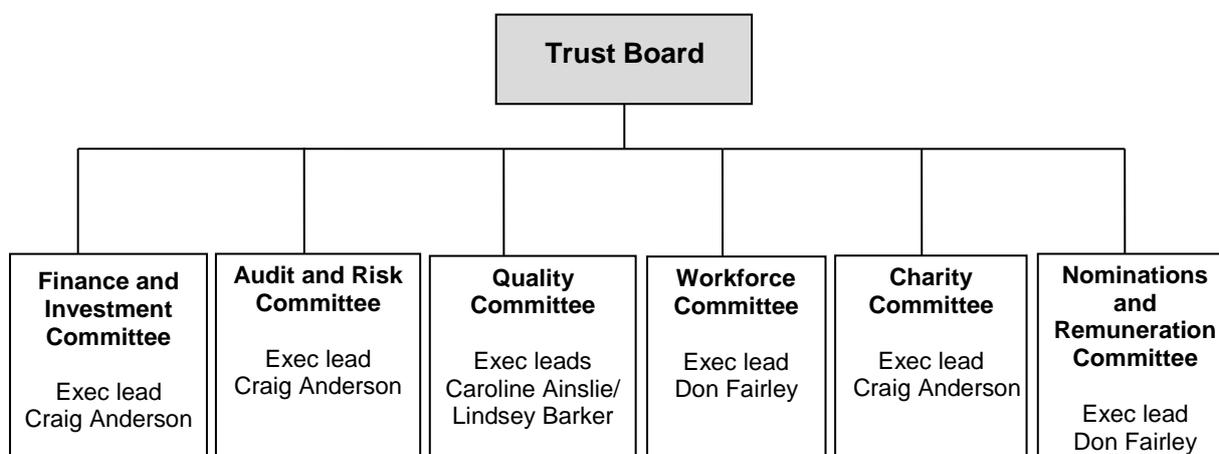
\*Non-voting Director

<sup>^</sup> for nominations business only

<sup>^^</sup> Either Medical Director or Director of Nursing required to attend Finance and Investment Committee

<sup>^^^</sup> Executive Directors attend only upon request

The formal committee structure of the Board is shown below.



The main roles of each committee and group are as follows:

#### Audit and Risk Committee

The Committee oversees risk and audit issues within the Trust. It reviews the effectiveness of financial systems for internal control and reporting and reports to the Board of Directors on the levels of assurance. It is responsible for ensuring and monitoring the regular review of risks identified against the board assurance framework and corporate risk register in order to embed risk management within the organisation.

#### Charity Committee

The Royal Berks Charity (Royal Berks NHS Foundation Trust Charity Fund Registration Number 1052720) is governed by trustees acting through the Charity Committee. They are responsible for the overall management of charitable funds. There are two governor members on the Committee.

#### Quality Committee

The Committee gives detailed consideration to all components of the quality of care provided by the trust including clinical effectiveness, patient safety and patient experience.

#### Nominations and Remuneration Committee

The Committee oversees a formal, rigorous and transparent procedure for the appointment of the Chief Executive and the other Board Executive Directors. It advises and makes recommendations to the Board on Executive and senior management remuneration and remuneration policy. See the Board remuneration report on page 41.

#### Finance and Investment Committee

The Committee gives detailed consideration to operational, finance, estates, investment and IT. It advises the Executive and Board on issues to achieve the best value for money and use of resources. It seeks to ensure that agreed strategies for finance, estates and IT are developed, implemented, monitored and reviewed.

#### Workforce Committee

The Committee develops and oversees the delivery of the People Strategy and gives detailed consideration to workforce issues.

### **Audit and Risk Committee**

#### Composition

The Audit and Risk Committee comprises Non-Executive Directors.

#### Discharging its responsibilities

The Committee discharges the responsibilities delegated to it by the Board in the following ways:

- the Committee has Board approved terms of reference
- the Committee submits an annual programme of work to the Board for its approval
- minutes of meetings are submitted to the Board
- the Chair of the Committee gives regular verbal updates at the Board meetings.
- the Committee prepares an annual report for the Board.

The terms of reference of the Committee are reviewed annually by the Board to ensure their appropriateness and that they incorporate best practice as it develops.

The work of the external auditors and the Committee has been carried out within a framework set by Monitor. The focus of this framework has been on the final accounts and the Statement of Internal Control. Over the course of the year our external auditors have delivered a range of reports to the Committee. These include:

- Reports under ISA260 setting out the external auditor's conclusions on the 2016/17 audits of the Group's financial statements
- Separate letters under ISA260 setting out the external auditor's conclusions on the audits of the Charity and HFMS for 2016/17
- Regular progress and technical update reports to the Audit and Risk Committee
- Report on the work performed on the limited assurance opinion on the quality report indicators; and
- The audit plan for 2017/18.

Responsibility for appointment of external auditors rests with the Council of Governors.

#### Ensuring external auditors' independence

The Trust has a policy in place for the engagement of the external auditors for non-audit work. This policy complies with all relevant auditing standards and follows industry practice in terms of defining prohibited work and setting out the approval and notification processes all non-audit work should be subject to. The policy is reviewed annually by the Audit and Risk Committee and they receive confirmation through Deloitte progress reports presented to each of their meetings that it has been complied with.

The Audit and Risk Committee believes that in this way the external auditors' independence is ensured.

It is the combined responsibility of the directors to prepare the annual financial statements and report. It is the auditors' responsibility to report on whether the Financial Statements and Annual Report give a true and fair view.

#### Auditors' statement on reporting responsibilities

It is the external auditors' responsibility on completion of their audit to issue:

- an opinion on financial statements: this confirms the accounts present a true and fair view of operations; and
- a conclusion on the Trust's use of resources: this confirms that no evidence has been identified to suggest resources are not being used effectively to deliver healthcare and other objectives.

External auditors are also required to confirm aspects of the Quality Account Report, including a sample of indicators have been correctly prepared and presented.

External auditors are required to report the findings of their audit to those charged with governance - for the Trust this is the Audit and Risk Committee. The Monitor Code of Governance states that this report must be sent to NHS Improvement by the Trust.

### The Audit and Risk Committee report

The Trust Board have delegated authority to the Audit & Risk Committee, a non-executive committee of the Trust Board, to review the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial non-clinical internal controls, which supports the achievement of the Trust's objectives.

The Committee has no executive powers. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

In addition the Committee is required to satisfy itself that the Trust has adequate arrangements for countering fraud, for managing security of resources and has to review arrangements by which staff of the Trust may raise concerns via the Trust's Whistle Blowing policy.

The Audit & Risk Committee consists of three Non-Executive Directors members supported by professional advisors with Trust attendance provided by the Chief Executive Officer, the Director of Finance and the Director of Nursing.

The Committee meets privately with the Trust's Internal and External Auditors as and when required.

During 2017/18 the Audit & Risk Committee has satisfied itself that the findings of assurance reports and other studies relating to the Trust, as drawn to its attention by the Board or by management. These reports include reports instigated by NHS Improvement and Care Quality Commission and other professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).

The Committee conducts an annual review of its effectiveness with its terms of reference and submits any findings and proposals for changes to the Board of Directors for consideration and once a year prepares an annual report. Both the review and the annual report are presented to the Board. No matters of concern were raised in the 2017/18 review.

### Financial reporting

The Committee reviewed the Trust's accounts and Annual Governance Statement and how these are positioned within the wider Annual Report. To assist this review the Committee considered reports from management and from the internal and external auditors to assist the consideration of:

- the quality and acceptability of accounting policies, including their compliance with accounting standards;
- key judgements made in preparation of the financial statements;
- compliance with legal and regulatory requirements
- the clarity of disclosures and their compliance with relevant reporting requirements;
- whether the Annual Report as a whole is fair, balanced and understandable and provides the information necessary to assess the Trust's performance and strategy

The Committee reviewed the content of the annual report and accounts and advised the Board that, in its view, taken as a whole:

- it is fair, balanced and understandable and provides the information

necessary for stakeholders to assess the Trust's performance, business model and strategy;

- it is consistent with the draft Annual Governance Statement, Head of Internal Audit Opinion and feedback received from the external auditors.

#### Significant financial judgments and reporting for 2017/18

The Committee considered a number of areas where significant financial judgments were taken which have influenced the financial statements:

The Committee identified through discussion with both management and the external auditor the key risks of misstatement within the Trust's financial statements. The Committee discussed these risks with the external auditor at the time the external auditor's audit plan was reviewed and at the conclusion of the audit. The Committee also discussed these risks with management during the year and received a paper from management in advance of the year end. Set out below is a summary of how the Committee satisfied itself that these risks of misstatement had been appropriately addressed.

- Valuation of land, buildings and dwellings and intangible assets: We reviewed reports from management which explained the basis of valuation and the consideration of the need to recognise any revaluation or impairment. We also considered the auditors' views on the accounting treatment of these assets. We are satisfied that the valuation of these assets within the financial statements is consistent with management intention and is in line with accepted accounting standards.
- The adequacy of provisions; for example in relation to debtor balances and contractual disputes combined with the recognition of NHS income and provisioning of NHS aged debt.
- We received assurances from management in relation to the application of a consistent methodology for the recognition of income and provisioning of aged NHS debt. We also reviewed the outcomes from the Agreement of Balances exercise across the NHS as part of our consideration of the external auditor's report, to confirm that we had appropriately recognised income within the accounts.
- The adequacy of provisions; for example in relation to debtor balances and contractual disputes.

#### External audit

Deloitte LLP was appointed as External Auditors to the Trust effective from 1 April 2016.

Audit and non-audit fees are set, monitored and reviewed throughout the year and are included in note 3.1 of the accounts. Apart from the limited assurance opinion on the Quality Report, Deloitte have not provided non-audit services to the Trust during the year. In the event that any non-audit services were provided the Committee would consider whether these services might result in any impairment of the auditor objectivity and independence.

During the Audit & Risk Committee meeting on the November 2017 the Committee reviewed and approved the external audit plan for the 2017/18 period. As part of the discussion at this meeting the Committee reviewed key risk areas highlighted by external audit in relation to the valuation of assets and management override of controls.

During the Audit & Risk Committee meeting on the 14 May 2018 the Committee reviewed the 2017/18 financial statements and Deloitte's ISA260 Audit Highlights memorandum prepared as part of its audit of the Group and Trust financial statements. Following this, the Committee recommended to the Board that it approve the Annual Report and Financial Statements for the period ending 31 March 2018.

#### Internal audit and counter fraud services

The Board uses external parties to deliver the internal audit and counter-fraud services.

PwC has provided the Trust's internal audit service since March 2011. This service covers both financial and non-financial audits according to a risk-based plan agreed with the Audit Committee.

During the year internal audit issued 6 reports. Three of these resulted in a total of 8 findings (4 medium and 4 low risk findings). Three reports have not been risk rated due to the nature of the review, and were presented as separate papers to the Audit Committee: Board workshop, Data Assurance and Cyber follow up review. Three reports have not yet been issued, including a draft report on Estates Procurement that has one high finding, five medium and one low risk finding. At each meeting the Committee receives a report from management confirming the status of internal audit recommendations.

#### Internal controls

Through the internal audit plan the Committee reviews the financial and risk controls operating in the Trust, through and during the year also looked at the controls relating to data quality, estate and the patient environment, information governance and private patient activity. Action plans were put in place to address minor issues in operating processes.

#### Fraud detection processes and whistle-blowing arrangements

The Trust's counter fraud service is provided by TIAA Ltd, who provide fraud awareness training, carry out reviews of areas at risk of fraud and investigate any reported frauds including any disclosed via the Trust's Whistle Blowing policy.

The Committee reviewed the levels of fraud and theft reported and detected and the arrangements in place to prevent minimise and detect fraud and bribery. No significant fraud was uncovered in the past year.

#### Other areas reviewed

In addition to the above the Committee will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This includes, but is not limited to, receiving updates on the Corporate Risk Register and the Board Assurance Framework and the review of risk and control related disclosure statements (in particular the Statement on Internal Control and declarations of compliance with the CQC Standards).

In addition the Committee also reviews the underlying assurance processes that indicate the degree of the achievement of corporate objectives along with the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements. Whilst ensuring that the policies for ensuring compliance with relevant regulatory, legal and code of conduct meet all requirements.

## **Nominations and Remuneration Committees**

There are two Nominations and Remuneration Committees – one established by the Board of Directors for the appointment of Executive Directors and one established by the Council of Governors for the appointment of Non-Executive Directors.

### **Board Nominations and Remuneration Committee**

This consists of all Non-Executive Directors and the Chief Executive (for nominations business only). The Committee is chaired by the Chair of the Trust. Further information on the Board Nominations and Remuneration Committee can be found on page 38.

### **Council of Governors Nominations and Remuneration Committee**

The Committee consists of governors and is chaired by the Lead Governor. The Committee makes recommendations to the Council regarding the appointment of, and remuneration, for Non-Executive Directors.

#### Responsibilities

The Committee oversees the development, implementation and review of the policy for Non-Executive Directors and the policy for governors. The Committee leads the process for the identification of Non-Executive Directors.

#### Remuneration duties

The Committee will make recommendations to the Council of Governors on the following:

- To develop, seeking the advice and recommendations of the Chief Executive, mechanisms to ensure that the Committee and the Council is informed of the up to date position on Non-Executive Director remuneration, in particular the practice in Foundation Trusts
- To recommend an overall remuneration and terms of service policy for the Non-Executive Directors
- To recommend levels and terms of service for individual Non-Executive Directors, taking into account the overall policy established by the Trust.

#### Nomination duties

The Committee will make recommendations to the Council of Governors on the following:

- To establish and keep under annual review a policy for the composition of the Non-Executive Directors, which takes account of the strategic needs of the Trust and the balance of the Board, and membership strategy
- To consider the skills and experience required in any Non-Executive Director appointment
- To identify appropriate candidates for appointment as Non-Executive Directors
- To establish and keep under annual review a policy for the composition of the Council of Governors, which takes account of the membership strategy

- To oversee the process for the appraisal of the Chair of the Trust and Non-Executive Directors as set out in the protocol agreed between the Board of Directors and Council of Governors
- To keep under review the protocol for the appraisal of the Chair of the Trust and Non-Executive Directors
- Act on behalf of the Council in the arrangements agreed with the Board for the appointment of a Chief Executive
- Keep under review the protocol for the appointment of a Chief Executive.

The Committee reviews these terms of reference annually, making recommendations to the Council of Governors as appropriate.

#### Board re-appointment process

The process agreed by the Council of Governors, with the support of the Board of Directors, for the re-appointment of Non-Executive Directors is as follows:

- a) The reappointment of a Non-Executive Director is considered by the Council's Nominations and Remuneration Committee, which will make a recommendation to the full Council
- b) The following information is submitted to the meeting at which the re-appointment is considered:
  - A summary of the individual's last three years' appraisals, submitted by the Chair of the Trust. In the case of the re-appointment of the Chair, this information will be submitted to the Committee by the Senior Independent Director
  - A summary of the individual's attendance at Board and committee meetings since their appointment
  - An assessment, provided by the Chair of the Trust (or Senior Independent Director in the case of the re-appointment of the Chair), of the balance of skills of the Non-Executive team on the Board and the individual's contribution to this
  - As background information to the discussion, the Committee will be provided with the Charter of Expectations, which sets out the skills required from, and the expectations of, Board members, and any employment advice from the Director of Workforce
  - A statement by the individual seeking reappointment.
- c) The Nominations Committee will be entitled to request any further information that it deems necessary to be able to make a recommendation to the Board.

### **Council of Governors**

The Council of Governors have two key duties which are:

- To hold the Non-Executive Directors to account for the performance of the Board
- Representing the interests of members and the public.

Other duties include:

- Approving the appointment of the Chief Executive
- Appointing and, if appropriate, removing the Chair and Non-Executive Directors
- Appointing the Trust's auditors
- Approving amendments to the Trust's Constitution.

## Register of Governors

The following is the Register of Governors of the Royal Berkshire NHS Foundation Trust as at 31 March 2018. It is maintained by the Trust Secretary. Contact details for governors are on the Trust's external website or can be obtained via the Trust Secretary. For the latest register please see the Trust's website.

<b>Name</b>	<b>Constituency</b>	<b>Term of office</b>	<b>Attendance at Council meetings</b>
Ms. Deborah Sander	Reading	2018	5/5
Dr. Sunila Lobo	Reading	2019	4/5
Mr. Jonathan Barker	Reading	2020	3/4
Prof. Michael Garman	Reading	2020	2/3
Mr. Andrew Dugdale	Reading	2020	0/0
Mr. Paul Gupta	Wokingham	2018	3/5
Dr. Malcolm Edwards	Wokingham	2019	0/0
Mr. Tony Lloyd (Lead Governor)	Wokingham	2020	5/5
Mr. Tom Neill	East Berkshire & Borders	2018	2/4
Mr. Spike Humphrey	East Berkshire & Borders	2019	2/5
Ms. Lynda Taylor	East Berkshire & Borders	2020	4/4
Ms. Gwen Mason (Lead Governor)	West Berkshire & Borders	2018	4/5
Mr John Bagshaw	West Berkshire & Borders	2019	4/5
Mr. Colin Lee	West Berkshire & Borders	2020	1/4
Vacant	Southern Oxfordshire	2018	
Mr. Ian Clay	Volunteer Governor	2019	5/5
Vacant	Staff: Health Care Assistant/Ancillary	2015	
Mr. Steve Sellwood	Staff: Admin/Management	2018	0/5
Vacant	Staff: Medical/Dental	2017	
Dr. John Crossman	Staff: Allied Health Professionals/Scientific	2020	1/4
Vacant	Staff: Nursing/Midwifery	2018	
Ms. Wendy Bower	Appointed by Berkshire West Federation of CCGs	2018	2/5
Ms. Jennie Ford	Appointed by Berkshire East Federation of CCGs	2018	4/5

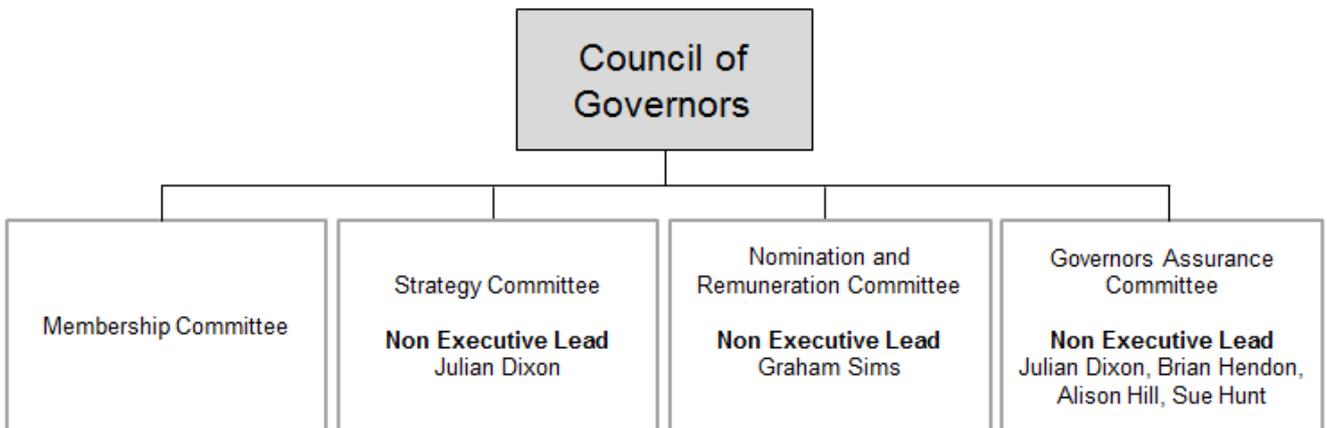
Mrs. Shirley Anstis	Appointed by Alliance for Cohesion and Racial Equality	2018	3/5
Mr. Peter Dooley	Appointed by Berkshire Carers Service	2018	3/5
Councillor Bet Tickner	Appointed by Reading Borough Council	2018	3/5
Councillor Richard Dolinski	Appointed by Wokingham Borough Council	2018	4/5
Councillor Gordon Lundie	Appointed by West Berkshire Council	2018	2/5
Prof. Adrian Williams	Appointed by University of Reading	2018	3/3

\* Governors are elected by members of the relevant constituency unless stated otherwise.

Declarations of interest made by governors are available on the Trust website.

Changes to the Council during the year are set out on page 38.

Governors work to influence the Trust and have an impact in several informal and formal ways. The formal 'committee structure' of the Council is shown below.



The main roles of each group are as follows:

Governors Assurance Committee

- During 2017/18, the Clinical Assurance and Business Assurance Committees were disbanded. A new Committee was formed, the Governors Assurance Committee
- The Committee receive updates from the Non-Executive Directors who highlight significant matters of interest or concern, and the Board's response, to governors
- The Committee keeps under review a range of assurance information submitted to the Board.

### Membership Committee

- To develop a policy, implement agreed proposals and keep under review the Trust approach to engaging with the membership community
- To recommend appropriate relationships and methods of communicating between Governors and the membership
- To develop, implement and review, annually, a membership strategy for the Trust and prepare an annual report for the Council and the Annual General Meeting with regard to the steps taken to secure representative membership, the progress of the membership strategy and any changes to the membership strategy
- To keep under review the membership of the Trust to ensure that the actual membership is representative of those eligible to be members of each constituency
- To oversee preparations for the Annual Members' Open Day
- To seek the views of members and the public on material issues being discussed by the Trust and to conduct arrangements for collecting and reviewing views of members and the public on key issues and their experience of the Trust in general.

### Strategy Committee

- To recommend objectives to the Council of Governors which are achievable and within the resources available
- To keep under review the implementation of the objectives
- To oversee the annual evaluation of the Council and its performance and to recommend any subsequent action
- To make recommendations on areas that could improve the Council's capability to achieve its objectives
- To monitor the effectiveness of the Council, its committees and groups and to submit proposals for improvement
- To recommend a governor training and annual development programme.

### Nominations and Remuneration Committee

The Nominations and Remuneration Committee considers the salaries and appointments of the Non-Executive Directors of the Board.

Board attendance at Council of Governor meetings can be found on page 28.

### **Changes to the Board and Council of Governors**

The following were also governors during the year:

- Jon Andrews, Public Governor, Reading
- Ruth Evans, Partner Governor, University of Reading
- Angelina Lewis, Public Governor, Wokingham
- Charles McKenna, Staff Governor, Medical/Dental
- Filipe Morgado, Staff Governor, Allied Health Professionals/Scientific

### **Our Membership**

This section sets out who is eligible to become a member of the Trust, our current membership numbers and our strategy and targets for recruiting new members.

Our members can stand as governors, and are responsible for electing our governors. They get involved in the Trust through our membership newsletters, events, annual members meeting and as issues or topics arise that could be of interest such as consultation on services.

### *Eligibility*

Membership is open to two main groups:

- (a) Public, including patients and carers
  - people living within the five constituencies
  - people aged 16 and over.
- (b) Staff employed by the Trust
  - all staff on a permanent contract or a contract of 12 months or more
  - all staff who are not already public members.

Categories of staff membership:

- medical and dental staff
- nursing and midwifery staff
- allied health professions and scientific and technical staff
- healthcare support workers (all disciplines) and ancillary staff
- administrative, clerical and management staff.

### *Boundaries of public membership*

#### *Reading*

- All the electoral wards in Reading Borough Council (unitary authority) area.

#### *West Berkshire and borders*

- All the electoral wards in West Berkshire Council (unitary authority) area.
- The following electoral wards from the Basingstoke and Deane Borough Council area of North Hampshire: Baughurst, Burghclere, Calleva, East Woodhay, Highclere and Bourne, Kingsclere, Pamber, Tadley North and Tadley South.
- The following electoral ward from the Test Valley Borough Council area of North Hampshire: Bourne Valley.

#### *East Berkshire and borders*

- All the electoral wards in Bracknell Forest Borough Council (unitary authority) area.
- All the electoral wards in Slough Borough Council (unitary authority) area.
- All the electoral wards in the Royal Borough of Windsor and Maidenhead (unitary authority) area.
- The following electoral wards from South Bucks District Council area: Burnham, Beeches, Burnham Church, Burnham Lent Rise, Dorney and Burnham South, Farnham, Royal, Iver Heath, Iver Village and Rickings Park, Stoke Poges, Taplow, Wexham and Iver West.

#### *Southern Oxfordshire*

- The following electoral wards from South Oxfordshire District Council area: Chiltern Woods, Cholsey and Wallingford South, Crowmarsh, Didcot All Saints, Didcot Ladygrove, Didcot Northbourne, Didcot Park, Goring, Hagbourne, Henley North, Henley South, Shiplake, Sonning Common, Wallingford North and Woodcote.

## Wokingham

- All electoral wards in Wokingham Borough Council (unitary authority) area.

### About our current membership

At 31 March 2018 our public membership stood at 3,426 and our total membership at 9,107. The membership remains under represented in the younger age groups – and the imbalance exists until we reach the 30+ age groups. The 60-74 age category remain the highest represented. However, the Council of Governors agreed to maintain the membership at its current level for the year – the Trust membership remains in line with the average foundation trust membership.

<b>Constituency</b>	<b>Public</b>	<b>% of public membership</b>
East Berkshire and Borders	867	25%
Reading	947	28%
Southern Oxfordshire	195	6%
West Berkshire and Borders	560	16%
Wokingham	857	25%
<b>Total</b>	<b>3426</b>	

### Get in touch

If you would like to contact our governors or directors, or to find out more about how you might get involved, please contact our membership office:

Foundation Trust Membership Office  
Corporate Governance  
Physiotherapy East  
Craven Road  
Reading  
RG1 5AN

Tel: 0118 322 7405 or: [foundation.trust@royalberkshire.nhs.uk](mailto:foundation.trust@royalberkshire.nhs.uk) or visit our website [www.royalberkshire.nhs.uk](http://www.royalberkshire.nhs.uk)

## **REMUNERATION REPORT**

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### **Annual Statement on Remuneration**

The Nominations and Remuneration Committee met on 26 July 2017 in order to decide the remuneration of the Executive Directors for the 2017/18 financial year. A 1% cost of living increase was approved in line with other staff groups.

The salary of the Director of Finance was reviewed due to the increase in portfolio two years previously without remuneration and to reflect the current proposed portfolio changes, including the additional responsibility for Commercial Development. The salary of the Director of Workforce was reviewed as agreed with the post holder after one year in post.

### **Senior Managers' Remuneration Policy**

Attracting and retaining talented directors and senior managers is essential for the successful delivery of the Trust's strategy and objectives within an increasingly competitive market place. The remuneration policy is designed with that in mind. The Trust undertakes benchmarking to set senior manager remuneration levels and looks to be in the top quartile for pay.

The table on page 44 shows the remuneration package for senior managers (Executive Directors) including pension related benefits. The remuneration package for senior managers is decided in line with Trust policy. The salary paid is inclusive of any overtime or allowances. The table shows the salary/fees paid to Non-Executive Directors. No additional fees or other items, that could be considered to be remuneration in nature, are paid to the Non-Executive Directors. The Trust is satisfied, having undertaken benchmarking, that the salaries of its executives, including those earning above £150k per annum, are in line with trusts of a similar size.

The definition of "senior managers" is 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS Foundation Trust'. For the purpose of reporting senior manager's remuneration in the table (below) and the pension benefits table this has taken to mean those Executive Directors holding voting rights on the board and also the Trust's Non-Executive Directors.

The senior manager's salary is payment for delivering the Executive Director role and for delivering the short and long-term strategic objectives of the Trust. Each Executive Director post is paid on a spot salary. The salaries are reviewed on an annual basis when a decision is made whether to implement a pay award.

There have been no new components added to the remuneration package or any changes to the existing components in this period therefore senior managers have not been consulted regarding their remuneration policy.

There are no provisions for the recovery of sums paid to directors or for withholding payments to senior managers.

### **Service Contracts Obligations**

A contract for service is in place for any senior managers obtained via temporary, agency or contractor arrangements. The contract for service details the standard terms of business. The Trust will outline separately any specific obligations e.g. key deliverables. There are no further disclosures.

## Policy on Payment for Loss of Office

The notice period for Executive Directors is currently six months. A month is classed as four weeks. The notice period for other personnel in senior positions is three months.

Payment for loss of office (redundancy) would be in line with national terms and conditions of employment (Agenda for Change).

Payment for any other type of loss of office would be made in line with contractual requirements and appropriate authorisation would be obtained as outlined in the Trust's Severance Protocol. The main components of the payment for loss of office would be unused annual leave and payment in lieu of notice.

## Statement of Consideration of Employment Conditions Elsewhere in the Foundation Trust

The majority of Trust employees are employed on national terms and conditions of employment. Any pay awards given to staff on national terms and conditions are taken into account, along with benchmarking data, when setting the remuneration levels for staff on Trust salaries.

In addition to employing staff on national terms and conditions of employment, the Trust has a limited number of staff on Trust or Spot Salaries.

## Service Contracts

Details of the Non-Executive Directors' service contracts are detailed below.

Name	Designation	Date Appointed	End of Term of Office
Mr Brian Hendon	Non-Executive Director	April 2012	July 2018
Dr Alison Hill	Non-Executive Director	December 2013	December 2018
Mr Julian Dixon	Non-Executive Director	November 2014	November 2020
Ms Sue Hunt	Non-Executive Director	October 2014	October 2020
Mr Graham Sims	Chair of the Trust	August 2015	August 2021
Mr John Petitt	Non-Executive Director	May 2016	May 2019

The notice period for Non-Executive Directors is one month.

## Remuneration Committee

The Nominations and Remuneration Committee is responsible for agreeing, on behalf of the Board, the Trust's remuneration policy for directors and for determining the total individual remuneration package for these directors. Senior staff earning over £70,000 per annum are considered by the Chief Executive. Other staff employed in the Trust are on national terms and conditions of employment and are therefore determined at a national level.

The Nominations and Remuneration Committee consists of all Non-Executive Directors and the Chief Executive attends for nominations business only. The number of Nominations and Remuneration Committee meetings and individuals' attendance at each meeting can be found on page 28.

The Director of Workforce provides advice or services to the Remuneration Committee.

The Nominations and Remuneration Committee uses the following survey guidance:

- Health and Social Care Information Centre
- Salary surveys conducted by NHS Providers

### Disclosures required by Health and Social Care Act

#### 'Fair Pay' multiple

The "Fair Pay Disclosure" section of this report has been subject to audit.

	Year to 31 March 2018	Year to 31 March 2017
<b>Band of Highest Paid Director's Total Remuneration - £000</b>	<b>190 - 195</b>	190 – 195
<b>Median Total Remuneration</b>	<b>27,368</b>	26,934
<b>Ratio</b>	<b>6.98</b>	7.09

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 banded annualised remuneration of the highest-paid director in Trust in the financial year 2017/18 was £190,000 - £195,000 (2016/17 was £190,000 - £195,000). This was 6.98 times (2016/17 - 7.09) the median remuneration of the workforce including medical consultants remuneration, which was £27,368 (2016/17 - £26,934). The increase applied to the directors pay in 2017/18 was in line with all other staff.

In 2017/18, One employee (2016/17 One employee) received remuneration, on an annualised basis, in excess of the annualised remuneration of the highest-paid director.

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

#### Expenses paid to Directors and Governors

The Expenses paid to Directors and Governors section of this Report has been subject to audit.

The table below lists the total of re-imbursive expenses paid to Directors and Governors.

	Year to 31 March 2018	Year to 31 March 2017
<b>Directors</b>	4,761	3,765

Of the amount stated in respect of Directors expenses £2,288 was paid to Non-Executive Directors (2016/17 £2,286).

During the year, inclusive of Non-Executives, there were 11 Directors in post (2016/17,12). Of these 4 received expenses payments (2016/17, 4).

Additionally there were 30 governors in post during the year (2016/17, 31) of which 2 were paid expenses (2016/17, 4).

The 'Remuneration' section of this report has been subject to audit.

The pension related benefits for those Directors who have been in post for only part of the year have been calculated on a pro-rated basis to reflect that periodicity.

Name and Title	Year to 31 March 2018		
	Salary and fees	Pension related benefits	Total
	Bands of £5,000 £000	Bands of £2,500 £000	Bands of £5,000 £000
<b>EXECUTIVE DIRECTORS</b>			
<b>Steve McManus</b> Chief Executive Officer	190 - 195	152.5 - 155	340 - 345
<b>Mary Sherry</b> Chief Operating Officer	140 - 145	- 2	140 - 145
<b>Lindsey Barker</b> Medical Director	185 - 190	- 2	185 - 190 <sub>1</sub>
<b>Craig Anderson</b> Director of Finance	140 - 145	40.0 - 42.5	180 - 185
<b>Caroline Ainslie</b> Director of Nursing	130 - 135	17.5 - 20.0	150 - 155

<b>NON-EXECUTIVE DIRECTORS</b>			
<b>Graham Sims - Chair</b>	<b>45 - 50</b>	<b>0</b>	<b>45 - 50</b>
<b>Brian Hendon</b>	<b>15 - 20</b>	<b>0</b>	<b>15 - 20</b>
<b>Alison Hill</b>	<b>15 - 20</b>	<b>0</b>	<b>15 - 20</b>
<b>Susan Hunt</b>	<b>15 - 20</b>	<b>0</b>	<b>15 - 20</b>
<b>Julian Dixon</b>	<b>15 - 20</b>	<b>0</b>	<b>15 - 20</b>
<b>John Petitt</b>	<b>15 - 20</b>	<b>0</b>	<b>15 - 20</b>

**Notes**

<sup>1</sup> The total remuneration for Lindsey Barker (Medical Director) is inclusive of both directorial and clinical duties. The remuneration for clinical duties alone is in the banding £25,000 - £30,000.

<sup>2</sup> Mary Sherry (Chief Operating Officer) and Lindsey Barker (Medical Director) opted out of pension on 1st April 2017.

None of the directors received any benefits in kind, annual performance related bonuses or long-term performance related bonuses.

The "Remuneration" section of this report has been subject to audit.

The pension related benefits for those Directors who have been in post for only part of the year have been calculated on a pro-rated basis to reflect that periodicity.

<b>Name and Title</b>	<b>Year to 31 March 2017</b>		
	<b>Salary and fees</b>	<b>Pension related benefits</b>	<b>Total</b>
	<b>Bands of £5,000 £000</b>	<b>Bands of £2,500 £000</b>	<b>Bands of £5,000 £000</b>
<b>EXECUTIVE DIRECTORS</b>			
<b>Steve McManus (From 3rd January 2017)</b> Chief Executive Officer	<b>45 - 50</b>	<b>22.5 - 25.0</b>	<b>70 - 75</b>
<b>Mary Sherry (From 18th November 2016 to 2nd January 2017)</b> Acting Chief Executive Officer	<b>20 - 25</b>	<b>7.5 - 10.0</b>	<b>30 - 35</b>
<b>Jean O'Callaghan (To 18th November 2016)</b> Chief Executive Officer	<b>120 - 125</b>	<b>10.0 - 12.5</b>	<b>135 - 140</b>
<b>Lindsey Barker</b> Medical Director	<b>180 - 185</b>	<b>60.0 - 62.5</b>	<b>245 - 250</b> <sub>1</sub>

<b>Craig Anderson</b> Director of Finance	130 - 135	30.0 - 32.5	160 - 165
<b>Caroline Ainslie</b> Director of Nursing	130 - 135	27.5 - 30.0	160 - 165
<b>Mary Sherry (From 01 April 2016 to 17th November 2016 and then again from 3rd January 2017 to 31st March 2017)</b> Chief Operating Officer	120 - 125	65.0 - 67.5	190 - 195
<b>NON-EXECUTIVE DIRECTORS</b>			
<b>Graham Sims - Chair</b>	45 - 50	0	45 - 50
<b>Brian Hendon</b>	15 - 20	0	15 - 20
<b>Alison Hill</b>	15 - 20	0	15 - 20
<b>Susan Hunt</b>	15 - 20	0	15 - 20
<b>Julian Dixon</b>	15 - 20	0	15 - 20
<b>John Petitt (From 9th May 2016)</b>	10 - 15	0	10 - 15

#### Notes

- <sup>1</sup> The total remuneration for Lindsey Barker (Medical Director ) is inclusive of both directorial and clinical duties. The remuneration for clinical duties alone is in the banding £35,000 - £40,000.

None of the directors received any benefits in kind, annual performance related bonuses or long-term performance related bonuses.

<b>Posts occupied by more than one person during the year</b>	<b>From</b>	<b>To</b>
<b>Chief Executive Officer</b>		
Steve McManus	03 Jan 17	31 Mar 17
Mary Sherry (Acting)	18 Nov 16	02 Jan 17
Jean O'Callaghan	01 Apr 16	18 Nov 16

## Total Pension Entitlement

The "Pension Benefits" section of this report has been subject to audit.

Name and Title	Real increase in pension at age 60 Bands of £2500	Real increase in pension lump sum at age 60 Bands of £2500	Total accrued pension at age 60 at 31 March 2018 Bands of £5000	Total accrued pension at age 60 at 31 March 2017 Bands of £5000	Lump sum at age 60 at 31 March 2018 Bands of £5000	Lump sum at age 60 at 31 March 2017 Bands of £5000	Cash equivalent transfer value at 31 March 2018	Cash equivalent transfer value at 31 March 2017	Real increase in cash equivalent transfer value
<b>Executive Directors</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Steve McManus</b> <sup>1</sup> Chief Executive Officer	7.5 – 10	12.5 - 15.0	70 - 75	65 - 70	190 - 195	175 - 180	1,313	1,107	195
<b>Mary Sherry</b> <sup>2</sup> Chief Operating Officer	_3	_3	_3	45 - 50	_3	145 - 150	0	0	0
<b>Lindsey Barker</b> <sup>2</sup> Medical Director	_3	_3	_3	75 - 80	_3	225 - 230	0	0	0
<b>Craig Anderson</b> Chief Finance Officer	2.5 - 5.0	_4	15 - 20	10 - 15	_4	_4	213	165	46
<b>Caroline Ainslie</b> Nursing Director	0 - 2.5	2.5 - 5.0	50 - 55	45 - 50	155 - 160	145 - 150	971	906	55

### Notes

<sup>1</sup>. There is an increase in pension figures shown for Steve McManus (Chief Executive Officer) this year compared to last year. This is due to last year figures was calculated on a pro rata basis from 3rd January 2017 to 31st March 2017 and this year was calculated on a full year basis.

<sup>2</sup>. As a result of age related factors Mary Sherry and Lindsey Barker's pensions have no cash equivalent transfer value as at 31st March 2018.

<sup>3</sup>. Mary Sherry (Chief Executive Officer) and Lindsey Barker (Medical Director) opted out of pension on 1st April 2017.

<sup>4</sup>. Craig Anderson is not a member of the 1995 scheme and therefore has no automatic lump sum entitlement.

## Staff Exit Packages

This section of this report has been subject to audit.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000		4	4
£10,000 - £25,000	1		1
£25,001 - £50,000	3	1	4
£50,001 - £100,000	2	1	3
£100,000 - £150,000			
£150,001 - £200,000			
Total number of exit packages by type	6	6	12
Total resource cost	£246,741	£123,824	£370,565

## Exit Packages: Non-Compulsory Departure Payments

	Agreement Number	Total Value of Agreements (£000)
Voluntary redundancies including early retirement contractual costs	1	£78
Mutually agreed resignations (MARS) contractual costs	0	£0
Early retirements in the efficiency of the service contractual costs	0	£0
Contractual payments in lieu of notice	5	£46
Exit payments following employment tribunals or court orders	0	£0
Non contractual payments requiring HMT approval	0	£0
<b>Total:</b>	6	£124
Of which: Non contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	£0

Signed

**Steve McManus**  
Chief Executive

Date: 22-05-18

## STAFF REPORT

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The Staff Report provides an analysis of staff costs by staff group. The analysis is broken down by those permanently employed and others, which includes, those on fixed term contracts and agency/temporary staff.

	<b>Permanent</b>	<b>Fixed Term Temp</b>
Administration and Estates	857.68	64.43
Healthcare assistants and other support staff	1122.80	22.58
Healthcare science staff	129.81	11.00
Medical and dental	321.19	358.18
Nursing, midwifery and health visiting learners	6.00	2.00
Nursing, midwifery and health visiting staff	1437.46	45.19
Scientific, therapeutic and technical staff	363.60	24.20

<b>Status</b>	<b>Female</b>	<b>Male</b>
Director	6.00	5.00
Employee	3586.35	1110.83
Senior Manager	27.00	32.00
<b>Grand Total</b>	<b>3619.35</b>	<b>1147.83</b>

### Sickness Absence Data

<b>Cumulative Absence Full Time Equivalent (FTE)</b>	<b>FTE (days)</b>	<b>Cumulative Available (FTE days)</b>	<b>Cumulative % Absence Rate (FTE)</b>
	56,591	1,728,883	3.27%

The Trust's expenditure on consultancy during 2017/18 was £305k.

All HR policies (including the Recruitment and Selection Policy and the Study Leave Policy) apply to staff within the Trust, including staff or prospective staff with disabilities.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Trust continues and that appropriate training is arranged. It is the policy of the Trust that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Trust has a Human Resources and Local Counter Fraud Policy which covers counter fraud and corruption. The policy was updated in January 2018.

During 2017/18, the Trust has made significant progress in embedding its health and safety governance and assurance arrangements. This included over 155 workplace inspections, delivering induction and refresher training to Trust staff, volunteers and staff in stakeholder organisations, topic specific promotional campaigns and continuing its serious incident

investigation processes. There have been improvements in health and safety related training compliance and incident reporting.

The Trust commissioned an external audit on Health and safety governance arrangements to which the recommendations have been accepted and started to be embedded. As part of these recommendations, the Care Groups are developing health and safety indicators to review at monthly performance meetings.

The Health and Safety Committee continues to be the primary health and safety compliance and assurance committee, which reports by exception, to the Trust Integrated Risk Management Committee and the Audit and Risk Committee.

The Annual Health and Safety Performance report was submitted to the March 2018 Board, and the Board has been receiving monthly compliance information as part of the Executive Summary Board Report, and in January 2018, additional health and safety compliance assurances around the Trusts Estate started to be provided.

The Occupational Health Service continues to deliver a full range of services to the Trust' and it's staff from pre-employment health check, immunisations to health surveillance and return to work advice. In August 2017 a new dedicated staff physiotherapy service was launched. This has already started to demonstrate an impact on helping staff with musculoskeletal related absence return to work quicker than expected or remain at work thus avoiding absence occurring. The department delivered the annual seasonal influenza vaccine campaign and achieved the highest ever flu vaccine uptake for Trust staff with 62.6% of frontline staff having the flu vaccine. In addition, considerable work has been delivered promoting health and wellbeing in the Trust and this is reflected in the positive feedback received via the annual Trust staff survey whereby there has been a 5% increase in staff recognising that Trust takes health and wellbeing of it's staff seriously. Two health and wellbeing weeks were delivered in January and September 2017 promoting a range of health and wellbeing services and messages to staff which was well received.

The Trust meets with employee representatives on a regular basis, through the Joint Staff Consultative Committee, the Joint Negoting Committee and the Local Negotiating Committee. These mechanisms enable the views of employees to be taken into account when decisions are made which are likely to affect their interests.

In 2017, the overall measure of staff engagement at the RBFT has positively increased, with our position on this measure now above the 2017 National Average for Acute Trusts.

In the key component element of staff engagement – staff recommendation of the Trust as a place to work or receive treatment - the Trust again improved its position and performs better than the Acute Trust average on this measure as we do in overall measures of staff motivation at work.

In a number of other key areas - including staff agreeing that care of patients is our organisations top priority, we have further improved on our already strong position.

The Trust encourages staff involvement through initiatives such as the QIPP Programme, CEO Transformation Fund, the Quality Improvement Programme and the '*What Matters*' engagement programme. This enables staff to put forward ideas to improve efficiency and performance.

Through the launch and delivery of our new People Strategy in 2018 we will continue our focus on staff engagement and its various component elements. We will continue to develop on our successful '*What Matters*' engagement programme delivered in 2017, which will allow

us to keep focussed on making improvements in the experience of staff in those areas that matter to staff.

### **Staff Survey: Summary of Performance**

#### **Response Rate**

Response Rates	2016		2017		Trust Improvement/Deterioration Full Trust census undertaken. 4.2% improvement in the response rate since 2016.
	Trust	National Average	Trust	National Average	
	38.5%	44%	42.7%	TBC	

#### **Top 5 Ranked Scores**

Top 5 Ranking Scores	2016	2017		Trust Improvement or Deterioration since 2016.
	Trust	Trust	National Average	
KF18. Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	47%	47%	52%	No Change
KF3: Percentage of staff agreeing that their role makes a difference to patients/service users	90%	92%	90%	Improvement
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months	37%	31%	36%	Improvement
KF32. Effective use of patient / service user feedback	3.76	3.85	3.71	Improvement
KF6. Percentage of staff reporting good communication between senior management and staff	32%	40%	33%	Improvement

#### **Bottom 5 Ranked Scores**

Bottom 5 Ranking Scores	2016	2017		Trust Improvement or Deterioration since 2016.
	Trust	Trust	National Average	
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	39%	44%	45%	Improvement
KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	82%	83%	85%	Improvement
KF20. Percentage of staff experiencing discrimination at work in the last 12 months	13%	13%	12%	No change

KF29: Percentage of staff reporting errors, near misses or incidents witnessed in the last month	90%	89%	90%	Deterioration
KF24. Percentage of staff / colleagues reporting most recent experience of violence	63%	64%	66%	Improvement

### **Action Plans to Address Areas of Concerns**

The 2017 survey does highlight areas where we need to focus our efforts into the future. Trust level action plans for 2017/18 - addressing key themes from the survey - will be aligned with key interventions as part of the delivery of our People Strategy. Key areas of focus will include:

- Staff Engagement – involvement, recognition and continuing our positive improvements in recommendation of the RBFT as a place to work.
- Reporting – Improving the incidence and awareness of reporting provisions in relation to a range of different areas.
- Continue to deliver our widening range of interventions to improve perceptions of career development opportunities within the Trust.
- Discrimination at work
- Staff Health and Wellbeing

A further key focus for 2018 will be local ownership of local improvement plans driven by engagement and involvement of staff in services

### **Commentary and Future Priorities and Targets**

Our operating environment continues to be very challenging, so it is pleasing that in 2017, like 2016, nearly 80% of the 32 Key Findings evidence a positive in-year improvement (with 52% of these improvements being statistically significant improvements).

Staff continue to provide a positive endorsement of the Trust, with improvements in recommendation rates of the Trust both as a place to receive treatment and as a place to work. In 9 of the 32 Key Findings we are amongst the top performing 20% of acute trusts. We are a top 20% performer in a range of measures, including staff reporting good communication between senior management and staff; staff satisfaction with level of responsibility and involvement and percentage of staff experiencing harassment, bullying or abuse from other staff

Our new People Strategy sets out our bold aspirations for improvements in our organisational culture - how we develop staff and nurture talent; how we will enhance staff health and wellbeing and promote inclusivity and how we continue to engage and involve the workforce in key areas of our strategic development.

We will continue to use the existing frameworks provided Workforce Race Equality Standard (WRES) to build on the positive improvements in the experience of BAME staff that are evidenced once again in our 2017 survey. In addition, in the year ahead, we will be using the new frameworks of Gender Pay gap reporting and the Workforce Disability Equality Standard (WDES) to drive forward improvements in these areas.

Monitoring of the 2018 Trust level improvement plan will be overseen by the Workforce Board Subcommittee and other forums such as the Executive Performance reviews, Joint

Staff Side Committee and the Staff and Patient Experience Committee. Local improvement plans will be monitored through local performance and governance structures.

## Equality Reporting

Throughout 2017/18, we have continued our good progress in delivering equality and inclusion improvements for our patients and our staff alike. Some of our achievements and innovations over the past year include:

**Black, Asian and Minority Ethnic (BAME) Staff Forums** – This year we re-established our Staff Forums for BAME staff as part of our *'What Matters'* Staff Engagement programme. We also established a BAME champions network to provide a network for BAME staff to seek support and guidance from other BAME mentors. This coupled with initiatives such as positive action to promote learning and development opportunities to BAME staff and a very strong organisational narrative on zero tolerance of discrimination have helped lead to improvements in the experience of BAME as measured through our Workforce Race Equality Standard (WRES) indicators.

**Project SEARCH 2017:** In September 2017, the Trust welcomed its 6<sup>th</sup> cohort of Project SEARCH students. Project SEARCH is a unique collaboration which supports young people with learning disabilities transition from education into the world of paid employment. This year we have eight students joining us from Reading College and two students from Brookfield's SEN School. Since the start of the project, 18 young people graduating from the programme have secured employment at the Trust, working in a variety of full time and part time roles in departments including the mattress library, endoscopy, medical records and portering services. Additionally, eight graduates have secured paid roles within their local communities with employers outside the NHS.

**Community Engagement:** A number of community engagement events took place during the year, where we engaged with our Nepalese, Sikh and Polish communities in order to further understand health priorities and get feedback on our services. We have continued our engagement with a range of community partners, including the Alzheimers Society and SupportU to continually develop and improve our services.

**Changing Places** - In May 2017, we opened 'Changing Places', a specially designed bathroom for people with profound disabilities who are unable to use standard or disabled toilets. The new facility is wheelchair accessible and provides specialised equipment including and plenty of space for carers.

**Outreach Work:** We have continued to deliver a range of outreach services to ensure we provide accessible and targeted opportunities for communities to access our service. Some of these services have included Viral Hepatitis testing, outreach and awareness raising in our Asian communities; sexual health outreach clinics and a Female Genital Mutilation (FGM) antenatal clinic - identifying women who have suffered FGM, offering them counselling and reducing the risk to their children of being subject to FGM.

Into 2018/19 we will look to carry forward our direct engagement work to ensure we continue to deliver inclusive services. 2018/19 will also see the introduction of two new workforce equality standards - firstly, the Gender Pay Gap reporting requirements and secondly, the Workforce Disability Equality Standard (WDES). Both standards provide opportunities to further our understanding of equality issues in the workforce and will provide a platform for further improvements in our work.

## **Expenditure of Consultancy/Off Payroll**

### **Reporting High Paid Off-Payroll Arrangements**

The Trust monitors, on a monthly basis, the reliance on off-payroll engagements by reviewing engagement costs more than £245 per day.

#### **Off-payroll engagements as of 31 March 2018, for more than £245 per day and that last longer than six months**

No. of existing arrangements as of 31 March 2018	64
<i>Of which:</i>	
No. that have existed for less than one year at time of reporting	30
No. that have existed for between one and two years at time of reporting	11
No. that have existed for between two and three years at time of reporting	12
No. that have existed for between three and four years at time of reporting	9
No. that have existed for four or more years at time of reporting	2

The Trust can confirm that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual pays the right amount of tax and, where necessary, that assurance is being sought.

#### **All new off-payroll engagements or those that reached six months duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last longer than 6 months**

All new off-payroll engagements or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last longer than six months	35
No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	35
No. of whom assurance has been requested	35
<i>Of which:</i>	
No. for whom assurance has been received	35
No. for whom assurance has been requested but not been received	0
No. that have been terminated as a result of assurance not being received	0

The Trust has not engaged any individual without including contractual clauses allowing the Trust to see assurance as to their tax obligations.

#### **Any off-payroll engagement of board members and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018**

Any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018	0
No. of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements.	6

### Relevant union officials

The Trust put mechanisms in place to record facility time in October 2017. The figures below therefore relate to the period October 2017 - March 2018. Only three union officials recorded union activities during this time.

<b>Number of employees who were relevant union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
18	15.19

### Percentage of time spent on facility time

<b>Percentage of Time</b>	<b>Number of employees</b>
0%	15
1-50%	3
51-99%	0
100%	0

### Percentage of pay bill spent on facility time

<b>First Column</b>	<b>Figures</b>
Provide the total cost of facility time	£1,431.91 (based on three individuals)
Provide the total pay bill	£216,469
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0.62%

### Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total pay facility time hours calculated as: (total hours spent on paid trade union activities by relevant union official during the relevant period + total paid facility time hours) x 100
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## NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Royal Berkshire NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Board declares that, with the exception of the statement below, the Trust has met the requirements of the Monitor Code of Governance for the year 2017/18.

Code provision	Requirement	Location in Annual Report
A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	This is located in the Trust's Standing Financial Instructions  Board Committees and Council of Governors Pages 23 and 35
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Directors' Report Page 25
A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Directors' Report Page 36
FT ARM	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	Directors' Report Pages 28 and 36
B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Directors' Report Page 25
B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	Directors' Report Page 25
FT ARM	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated	Directors' Report Page 25
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Directors' Report Pages 29, 34 and 38
FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Not applicable. Open advertising has been used for Non-Executive appointments during the year

B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	Directors' Report Page 25
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Governor representation of members' views is discussed at Governor's Strategy Committees. The strategic planning process includes formal dissemination of forward plan (annual and five year) to Governors. All feedback is reported to the Board prior to approval and, where relevant, is used to inform forward plan.
FT ARM	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.	This power has not been exercised in 2017/18
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Directors' Report Page 27
B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Directors' Report Page 27
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Annual Governance Statement Page 63
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement Page 63
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Directors' Report Page 22  Annual Governance Statement Page 63

C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	Not applicable
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> <li>the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;</li> <li>an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and</li> </ul> if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Directors' Report Page 29
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Directors' Report Page 36
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Directors' Report Page 24
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Directors' Report Page 40
FT ARM	The annual report should include: <ul style="list-style-type: none"> <li>a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;</li> <li>information on the number of members and the number of members in each constituency; and</li> </ul> a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	Directors' Report Page 39

FT ARM	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Directors' Report Pages 25 and 37
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## FINANCE AND USE OF RESOURCES

As a foundation trust our activities are overseen by NHS Improvement, (NHSI) the independent regulator of foundation trusts. NHSI uses the Trust's Annual Plan and its in-year submissions to assign a risk rating for finance and governance for the Trust. NHSI also uses these ratings to assess the risk of compliance with the Trust's Provider Licence, to guide the intensity of its monitoring and to signal its degree of concern with the specific issues identified and evaluated.

The Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy.

The Single Oversight Framework was applicable from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters of 2016/17 relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHSI's guidance for annual reports.

Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

### By Use of Resources Rating assessment – 2017/18

Area	Metric	2017/18				2016/17	
		Q1	Q2	Q3	Q4	Q3	Q4
Financial stability	Capital service capacity	4	2	2	2	2	1
	Liquidity	3	2	2	3	4	3
Financial efficiency	I&E Margin	4	4	3	2	2	1
Financial controls	Distance from financial plan	1	1	2	2	2	1
	Agency spend	1	1	1	2	3	3
<b>Overall scoring</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>

The Financial Sustainability Risk Rating was in line with the Annual Plan for Q1 and Q2 with a score of 3 across both quarters. It changed during Q3 improving to a rating of 2 which we continued to maintain during Q4.

## **STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ROYAL BERKSHIRE NHS FOUNDATION TRUST**

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### **Foundation Trust**

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

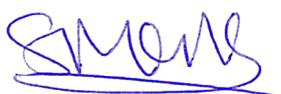
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Royal Berkshire NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Royal Berkshire NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer's Memorandum.



**Steve McManus**  
Chief Executive

Date: 22 May 2018

## **ANNUAL GOVERNANCE STATEMENT**

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### **Scope of Responsibility**

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

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 in 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**

The Board of Directors has overall responsibility for the management of risk within the Trust.

As Chief Executive, I am directly accountable to the Board of Directors in relation to the performance of the Trust. The authority within risk management is, however, delegated to individual Executive Directors who are supported in this, by their own teams.

- Director of Finance – financial, purchasing, business development, health and safety and information governance
- Medical Director – clinical governance
- Chief Operating Officer – clinical services and objectives delivery
- Executive Director of Nursing – patient safety, patient experience, infection control, safeguarding, assurance, litigation and for the development and oversight of the Trust's strategic risk management processes, with support being provided by the Head of Risk for the Corporate Risk Register and the Trust Secretary for the Board Assurance Framework.
- Director of Workforce – human resources and organisational development
- Director of Estates and Facilities – the built environment, external estate, environment, travel, security and hotel support services
- Director of Information Management and Technology – IT infrastructure, security, support, data systems, hardware and software.

The Risk Management Policy identifies further role responsibilities for risk management through the Care Groups and corporate equivalent directorates who have the responsibility for leadership in risk management for their areas of responsibility.

The Trust has provided and still provides training on risk assessing and the use of its electronic risk management database. There are now over 500 staff trained in these components of the risk management process.

The awareness of risk registers, an individual's role and responsibilities are also included in the Trust's mandatory refresher training days.

Support and advice to all staff is provided via the Trust intranet site and by the Head of Risk Management.

## **The Risk Identification and Control Framework**

### Risk Identification

The Trust identifies risks from a variety of internal and external sources, and its aim is to encourage proportional and considered risk taking where clinically, operationally and financially beneficial to patients, staff and the Trust. Moreover, in order to not negatively impact upon the safety of patients and staff or that would result in an adverse effect on the Trust's financial and operational performance or its reputation.

Following the Board's approval of its revised strategic objectives in March 2018, work has commenced, and will be further developed in the 2018/19 financial year to link the monitoring and management of the Trust's strategic and operational risks into the various Trust documentation and governance committees.

### Risk Management Framework

The Trust's risk management framework is designed to identify and then manage risks to an acceptable level (treat rather than terminate) all risks.

Within the framework, the Risk Management Policy sets out –

- the roles and responsibilities of Trust employees
- that risk can come from various sources - clinical, financial, regulatory etc and
- the process for identifying and assessing risks
- a transparent 'ward to board' escalation and de-escalation process which ensures only 'challenged and validated' high level risks are reported on the Corporate Risk Register.

The Risk Management Policy and Framework is held in the Trust's document management system on the intranet and was reviewed and approved in July 2017. The Trust's risk appetite statement was reviewed and approved by the Board in October 2017. The Trust's Risk Appetite Statement indicates how much, or how little the Board of Directors wish to commit to in terms of risk when reviewing the Trust's strategic objectives.

Stakeholders are also able to review the Trust's operational risks through the open Board Meetings where the Corporate Risk Register is reviewed. This document is also available for review, on request by other NHS organisations.

### Risk Registers

The Trust's risk management process covers all of its activities, with each service, directorate and Care Groups or corporate equivalent being responsible for maintaining their own risk registers, which are reviewed at performance meetings. Risks proposed for escalation to the Corporate Risk Register are considered by the Integrated Risk Management Committee.

The Board reviewed the Corporate Risk Register on five occasions during this period. Within these review cycles, a number of Corporate Risk Register entries were refined or amended.

During this period, the following risks were escalated onto the Corporate Risk Register.

- Reputational risk from not improving on the Trust's present CQC standard
- Pathology Service Quality and standards
- Cyber Security Management
- Staff recruitment
- Staff retention
- Training Compliance
- Achieving agreed performance trajectory re the ED 4 hour standard to access STF monies
- Musculo-skeletal service transformation
- Delivering the aims of the Integrated Care System
- Management of consistently high numbers of mental health patients presenting to ED paediatric wards and admitted to adult wards.
- Delivery of the 2017/18 budget

During this period the following risks were approved to be closed or deescalated from the Corporate Risk Register.

- Healthcare Records management
- Effectiveness of Clinical Admin Teams
- Compliance to Cancer Targets
- Failure to deliver Pathology Service Transformation Venture
- The actions to deliver the financial recovery plan impacting upon the quality of care delivered
- Failure to deliver CQUINS in 2016/17
- Inability to recruit to, and retain substantive nursing, midwifery and medical vacancies
- Failure to meet ED clinical standards
- Reputational risk from not improving on the Trusts present CQC standard

At the time of producing this report, the Trust's electronic risk management system hosts -

- 1,724 active risks owned and held by the ward or department
- 191 active risks owned and held by the service or directorate level
- 74 active risks owned and held by the Care Board or corporate equivalent level and
- 14 active risks owned and held by the Board

There were another 760 risk entries closed during this period.

The most significant risks – those held on the corporate risk register, at the time of producing this statement are identified below. There are risk mitigation plans held within each risk register entry and these are monitored through our governance processes. The Audit and Risk Committee has oversight of these processes and is responsible for providing assurance to the Board.

- Meeting ED Clinical standards including the 4-hour standard of 95% seen and discharge/transfer out
- Management of Consistently High Numbers Mental Health Patients Presenting to ED, Paediatric Wards and admitted to adult wards
- Pathology Service Quality and Standards
- Musculoskeletal (MSK) transformation process

- Delivering on the aims of the Integrated Care System (ICS) program
- Inadequate data quality
- Inadequate infrastructure and services Management
- Cyber Security Management
- Compliance to Electricity at Work Regulations
- Staff recruitment
- Staff retention
- Training compliance
- Risk of not achieving financial stability through the delivery of the 2017/18 budget

### The Board Assurance Framework

The Board Assurance Framework provides the mechanism for the Board to monitor risks, controls and the assurances that controls are effective. The development of Board Assurance Framework is an extension of the Trust's risk management arrangements. The Board recognises the importance of the Board Assurance Framework in mitigating the Trust's strategic risks.

The Board has identified the following strategic risks

- Workforce constraints and financial recovery may reduce quality
- Insufficient capacity to meet demand and constraints of site
- Competition from private providers
- Realisation of benefits from partnership working and Regulatory Framework
- Re-prioritisation of IT strategy due to financial constraints
- Level of investment in estates infrastructure
- Right number of staff with right skills
- Non-delivery of budget, not obtaining STF monies and non-delivery of QIPPs

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

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

The Trust has undertaken risk assessments and Carbon Reduction Delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

NHS England has published NHS core standards for Emergency Preparedness, Resilience and Response (EPRR) arrangements. These are the minimum standards which NHS organisations and providers of NHS funded care must meet. The Accountable Emergency Officer in each organisation is responsible for making sure these standards are met.

As part of the national EPRR assurance process for 2017/18, The Royal Berkshire Hospital NHS Foundation Trust has been required to assess itself against these core standards. The outcome of this self-assessment shows that against 66 of the core standards which are applicable to the organisation, the Trust will become fully compliant with all of these core standards on publication of the Trust's Annual Report 2017/18.

## **Review of Economy, Efficiency and Effectiveness of the Use of Resources**

There are a number of processes used to deliver economy, efficiency and effectiveness of the use of resources. These include:

- Use of Standing Financial Instructions
- Efficient use of electronic procurement with workflow
- Regular, systematic and risk based Internal Audit
- Detailed bottom-up process for budget setting and business cases
- Benchmarking techniques for services
- Financial and efficiency benchmarking at Trust level against other NHS foundation trusts
- Service level information, with an emphasis on service level reporting and service level management

## **Data Security**

### Audits

In light of the ransomware virus which affected NHS trusts during May 2017 we have an action plan to minimise our exposure to this type of attack. Whilst we have installed additional software to improve security against Cyber incidents there is more work to be done. Working with our service providers we will progress this further in 2018.

### Data Communications

The Trust has put in place appropriate measures to ensure the security of data and to ensure the risk of data loss is minimised. This is achieved in the following ways:

#### *Access to data:*

- All applications are password controlled, the password policy issued by IT details the password requirements and the need to change passwords, and this is further enforced through forced password changes after 90 days on key applications
- Remote connectivity to the Trusts applications is strictly controlled and only achieved by two factor authentication - user name / password plus RSA (Remote secure access) token with a 60 second refresh time
- Third party access is only available under the terms laid out in the Information Governance Statement of Compliance issued by the NHS. This has been fully documented in the Access Control policy.

#### *Backup of data:*

- The systems managed by IT have a daily, weekly, monthly backup cycle that is managed by the operations team in line with their operating procedures
- Tape back-ups are stored in a fireproof safe, critical systems and monthly tapes are stored for a period of one year should the need arise to retrieve historical data
- These back-up tapes would be used if there is a need to recover in the event of a disaster.
- We have an off-site backup solution (Solid State) backing up a small number of critical systems,

#### *Threat intrusion:*

- All PCs and servers have antivirus software installed and in addition a three-layer firewall is in place to reduce the risk of intrusion
- The latest version of anti-virus software is distributed through an automated software deployment tool, and supplier monitors and provides reports, regularly to ensure that newly identified threats are dealt with
- Following a serious virus attack in quarter 1 2017/18, the Trust has strengthened and updated its Antivirus on its residual vulnerable hardware. IT has also accelerated its program to replace this hardware and its dated Windows XP/2003 operating system.

#### *Disposal of equipment:*

- Disposal of equipment: any computer equipment or media that is replaced either through end of life refresh or due to a fault that cannot be repaired has the hard drive removed and granulated.
- Computer disposal follow Waste Electrical and Electronic Equipment recycling (WEEE) guidelines and decommission forms completed.

#### *Encryption / removable media:*

In addition, the following policies are in the process of being implemented:

- Encryption Policy - all new laptops will be delivered with encryption software pre-loaded, this cannot be removed. All existing laptops are now encrypted
- Removable Media Policy - this policy is in place and the Trust is planning to lock out any non-encrypted media devices such as memory sticks to ensure that if any patient data is copied it is secured.

### **Information Governance**

During 2017/18 there was one information governance incident recorded by the Trust as a 'serious incident'. As per national reporting requirements, the Trust notified the Information Commissioner's Office (ICO) of the incident. The ICO confirmed that no action was required. This was due to the Trust completing the appropriate investigation and remedial actions. In 2016/17, the Trust recorded no serious information governance incidents.

The Trust is committed to encouraging staff to report and investigate all relevant issues, even where the loss is considered minor. Over the last year, the number of issues reported has increased. This demonstrates a greater awareness of information governance across the organisation and that staff understand their responsibilities. In each instance issues are investigated and actions taken where appropriate to mitigate against further occurrences.

### **Governance Structures**

Risk is managed on behalf of the Board through the Trust's governance structure. The committee structure was last reviewed in 2016 and risk is managed through the following Board committees:

- Audit and Risk Committee
- Quality Committee
- Finance and Investment Committee.
- Workforce Committee

The Audit and Risk Committee oversees the delivery of effective risk management arrangements in the Trust. The key aims and objectives for risk management include:

- complying with legal and statutory requirements and meeting the requirements of external regulators and other relevant bodies
- providing guidance to assist with proactive risk management and risk reduction
- supporting the organisation in its approach to ensuring the safety of staff, patient and visitors.

The Quality Committee (QC), a Board sub-committee chaired by one of our Non-Executive Directors enables the Board of Directors to obtain assurance that high standards of quality care are provided by the Trust and in particular that adequate and appropriate clinical governance structures, processes and controls are in place throughout the Trust.

All data and information within the Quality Report is reviewed through this committee . The key responsibilities of the Care Group Governance Committee (CGGC) are:

- to ensure compliance with CQC essential standards and NICE guidance
- to be assured that risks to clinical quality are proactively identified, prioritised and managed
- to ensure effective learning is embedded from serious incidents, complaints and patient feedback
- to oversee the Trust's quality strategy, quality account and quality governance framework.

The Quality Assurance and Learning Committee which reports to the Quality Committee was introduced during 2014/15. CGGC's report to this committee, which has strengthened an integrated approach to the management of risk and shared learning across the organisation.

## **Quality Report**

The Trust's Quality Report 2017/18 reflects a balanced assessment of our performance in respect of the last year and the priorities for 2018/19.

Our assessment of the quality of our care reflects a balanced view of:

- the action taken to deliver ever improving standards of quality in the care we provide (including CEO transformation projects; "Learning from Excellence" feedback programme; and staff engagement in the '*What Matters*' campaign)
- the learning and experiences from major issues, initiatives and reports (such as NHS Improvement's drive towards providing 7-day hospital services; and implementation of the National Quality Board's "Guidance on Learning from Deaths" )
- the views and conclusions of our regulators such as the Care Quality Commission and NHS Improvement
- feedback received from patients, partners and stakeholders in the community.

The culmination of this is reflected in our Quality Strategy which has been revised for 2018-2023 and our Quality Account achievements and priorities. The consultation undertaken with stakeholders and the public on our Quality Account priorities for 2018/19, and the feedback provided on our progress during 2017/18 provides the Board with confidence and assurance that the document, included within this Annual Report, presents a balanced review.

The Quality Strategy, and our Quality Account, set out our plans for delivering care of the highest standards, which reflect the highest standards of patient safety, clinical effectiveness and provide an excellent patient experience. Both documents will be monitored over the

course of the year to ensure that our ambitions are turned into reality. Underpinning this will be a comprehensive monitoring process to ensure that we know we are delivering quality care. This will encompass:

- the Executive and Care Groups meeting monthly to discuss and monitor progress against our quality indicators
- the monthly quality performance report to the Board
- periodic quality and safety reports
- regulatory assurance
- patient feedback

Deloitte has issued a qualified opinion on the RTT indicator based on their risk based sample. The Trust was aware of data quality challenges in this area and has a robust programme in place to address these and ensure data quality across a range of key indicators. The Trust is confident that whilst issues have been identified which will affect the reporting volumes this would not adversely change the Trust level compliance/non-compliance position.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account Report included 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 and Risk Committee (and Quality committee, if appropriate) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have been specifically informed on the effectiveness of the system of internal control and the validity of the Corporate Governance Statement by the:

- Trust Board: through the regular review, adoption and approval of the Trust Corporate Risk Register, the 'Quality and Patient Safety reports' and the 'Integrated Performance reports'
- Audit and Risk Committee: through internal and external audit, reviewing the adequacy of internal control systems designed to minimise risk. Also, ensuring overall co-ordination of risk management and monitoring of the action plans to address the risks identified in the Trust Corporate Risk Register
- Quality Committee: ensuring the effective working of clinical governance, both corporately and at care group level, including clinical audit and risk management. It also reviews reports on the quality assurance process and Quality Accounts data requirements demonstrating effectiveness and improvements in the quality and safety of our care for patients.

The Care Quality Commission (CQC) conducted a review of Well Led during their inspection of the Trust in October 2017. The Trust achieved a rating of 'good' from this review with no compliance actions. Many areas of good practice were identified by the CQC and the significant improvements made since the previous inspection in 2014 were highlighted.

The opinion reached by the Head of Internal Audit has remained “generally satisfactory with some improvements required”. Whilst the opinion remains the same as last year the number of findings has reduced, recognising the further improvement in the control environment in 2017/18.

Notably there were no critical findings in 2017/18 and only one high risk. This risk related to the review of Estates Procurement commissioned by the Trust, in which five medium risks were also identified.

A follow up review was completed of IT Cyber Security following the 2016/17 report in which two critical and nine high risk findings were reported. The two critical risk actions have been completed and progress has been made in six of the high risk areas, one complete and five partially complete.

The Trust recognises the need to address these two issues and has already taken steps to do so. Progress in resolving these matters will be monitored by the Audit and Risk Committee with a follow on review by the Internal Auditors to offer independent confirmation.

### **Disclosure of Public Interest**

The Trust has complied with the cost allocation and charging guidance issues by HM Treasury. The Directors consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust’s performance, business model and strategy.

### **Conclusion**

This report sets out an open and balanced reflection of the Trust’s progress over the past year. The Board and Executive have a clear understanding of the issues facing the Trust and the work they must focus on during the 2018/19 financial year. There are no significant internal control issues that have been identified during 2017/18.

Signed: 

**Steve McManus**  
**Chief Executive**

**Date** 22 - 05 - 18

### Chief Executive's Statement on Quality

At the Royal Berkshire NHS Foundation Trust, our vision is, "Working together to provide outstanding care for our community". We are committed to driving improvement and a culture of excellence throughout the organisation. In 2017-18 we achieved recognition of the quality improvements our staff and volunteers have made over the last few years through our CQC inspection rating of 'Outstanding' for the Royal Berkshire Hospital site and 'Good' overall for the Trust. This puts us in the top 3% of hospitals nationally and we are 1 of only 2 hospitals that has ever moved from 'Requires Improvement' to 'Outstanding'. This Quality Report highlights some of the improvement work which has gone into achieving this remarkable result, including:

- Development of a sharing and learning culture through the 'What Matters' staff engagement programme and the Learning from Excellence project
- National acknowledgement as one of the most improved Trusts for our recognition and timely treatment of sepsis
- Some of the best clinical outcomes in the country for myocardial infarction, stroke, renal, hip fracture and neonatal care, as demonstrated through our results in key national clinical audits
- A consistent 99% recommendation rate in our friends and family test results and 4.5 out of 5 star rating on NHS Choices
- Our vibrant volunteer programme and innovative patient leadership scheme enabling meaningful engagement with our community

We are always looking for new and innovative ways of working to improve the care being delivered to our patients. The CEO Transformation funded projects begun this year have been successful in introducing cutting edge treatments and procedures; developing new staff roles; and designing alternative care pathways more closely aligned to our patients' needs and preferences.

We are proud of our achievement and see this as the basis for further improvement. We want to ask ourselves, how can we be **"better than yesterday"**, in order to work towards outstanding care every day, everywhere, for the community we serve. I would like to take this opportunity to thank all of our staff and volunteers for their dedication and living out of our core values of being compassionate, aspirational, resourceful, and excellent.

I am pleased to present our 2017-18 Quality Report and confirm that, to the best of my knowledge, the information contained within this report is accurate.

Signed



**Steve McManus**  
Chief Executive

Date: 22.05.18

## Glossary of Technical Terms

<b>CCG</b>	<b>Clinical Commissioning Group</b> <i>CCGs are clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.</i>
<b>CQC</b>	<b>Care Quality Commission</b> <i>The independent regulator of health and adult social care</i>
<b>CQUIN</b>	<b>Commissioning for Quality and Innovation</b> <i>A scheme designed to encourage NHS Trusts to improve quality and patient safety by setting targets and rewarding achievements of those targets through financial payments.</i>
<b>CRAB</b>	<b>Copeland's Risk Adjusted Barometer</b> <i>A clinical informatics software used to analyse mortality and clinical outcomes for hospital patients</i>
<b>DTOC</b>	<b>Delayed Transfers of Care</b> <i>Patients who are medically fit to be discharged but are unable to be so due to issues with the onward patient pathway</i>
<b>DNACPR</b>	<b>'Do not attempt cardiopulmonary resuscitation'</b> <i>A document issued and signed by a doctor, which tells your medical team not to attempt cardiopulmonary resuscitation.</i>
<b>Dr Foster</b>	<i>An organisation used by the Trust to provide analysis of mortality and morbidity data and comparisons with other healthcare providers.</i>
<b>EPR</b>	<b>Electronic Patient Record</b> <i>The electronic system used by the Trust to record patient information</i>
<b>ePMA</b>	<b>Electronic Prescribing and Medicines Administration</b> <i>The utilisation of electronic systems for communication of a prescription or medicine order</i>
<b>FFT</b>	<b>Friends and Family Test</b> <i>A survey which asks patients who have received NHS care whether they would recommend the Trust to their friends and family if they needed similar care and treatment.</i>
<b>HES</b>	<b>Hospital Episode Statistics</b> <i>A data warehouse containing details of all admissions, outpatient appointments and ED attendances at NHS hospitals in England.</i>
<b>MAP</b>	<b>Medical Advanced Plan</b> <i>A form which sets out what medical interventions you wish to have, and which you do not, should your condition deteriorate</i>
<b>NEWS</b>	<b>National Early Warning Score</b> <i>A scoring system, based on 6 aggregate physiological measurements (e.g. heart / breathing rate), to identify acutely ill patients</i>
<b>NRLS</b>	<b>National Reporting and Learning System</b> <i>A central database of patient safety incident reports which is used to analyse hazards risks and opportunities to improve patient care.</i>
<b>OSCE</b>	<b>Objective Structured Clinical Exam</b> <i>A test designed to assess overseas nurses and their ability to apply their professional nursing / midwifery skills and knowledge in order to practice in the UK</i>
<b>PALS</b>	<b>Patient Advice &amp; Liaison Service</b> <i>A service that provides confidential support and advice for patients, their families and their carers</i>
<b>PROMS</b>	<b>Patient Reported Outcome Measures</b> <i>Pre- and post- operative surveys used to assess the quality of care delivered to NHS patients from the patient perspective by calculating the health gains after surgical treatment.</i>

<b>RTT</b>	<b>Referral to Treatment</b> <i>Targets set by the government of the maximum waiting times patients should experience when waiting for treatment</i>
<b>SHMI</b>	<b>Summary Hospital-level Mortality Indicator</b> <i>An indicator which reports on mortality at trust level across the NHS in England. It is the ratio between the actual number of patients who die and the number that would be expected to die on the basis of average England figures, given the characteristics of the patients treated.</i>
<b>SIRI</b>	<b>Serious Incident Requiring Investigation</b> <i>An incident in healthcare which had serious consequences for patients, family, or the delivery of healthcare services; or for which there is large potential for learning.</i>

<b>Contents</b>	
<b>Introduction.....</b>	<b>76</b>
<b>Trust Vision &amp; Values.....</b>	<b>76</b>
<b>Our Approach to Quality.....</b>	<b>76</b>
<b>Quality Priorities 2018-19.....</b>	<b>77</b>
<b>Statements of Assurance from the Board .....</b>	<b>83</b>
<b>Our Quality Performance 2017-18.....</b>	<b>91</b>
<b>Other Achievements and Quality Improvements 2017-18 .....</b>	<b>99</b>
<b>ANNEX 1: Core Performance Indicators.....</b>	<b>104</b>
<b>ANNEX 2: National Clinical Audits &amp; Confidential Enquiries .....</b>	<b>109</b>
<b>ANNEX 3: Learning from Deaths .....</b>	<b>111</b>
<b>ANNEX 4: Statements from Commissioners, Local Healthwatch Organisations and Overview &amp; Scrutiny Committees .....</b>	<b>112</b>
<b>ANNEX 5: Limited Assurance by External Auditors .....</b>	<b>116</b>
<b>ANNEX 6: Statement of Directors' Responsibilities for the Quality Account .....</b>	<b>120</b>

## Introduction

The Royal Berkshire NHS Foundation Trust provides high quality acute medical and surgical services for over 500,000 people in Reading, Wokingham, West Berkshire and surrounding areas. We also provide specialist services to a population of one million across Berkshire and its borders.

Our specialist centre is the Royal Berkshire Hospital in Reading, a large district general hospital with the expertise to treat patients requiring urgent or hyper-acute care. Additionally we have a number of community sites in Windsor, Bracknell, Henley-on-Thames and Thatcham where we deliver ambulatory care and diagnostics. We are a designated specialist centre in renal, cancer, bariatric care, heart attack and stroke.

We also provide specialist care as part of a care network through a local neonatal unit, maternity unit, an interventional radiology unit and a trauma unit. We are part of the critical care and vascular care networks.

### In 2017-18 ...

- 129,159 Emergency Department attendances
- 40,423 day case procedures
- 5,185 babies were born
- 593,706 outpatient appointments
- Average 4.5 star rating on NHS Choices
- 99% of our patients would recommend us to their friends & family
- 98.9% harm free care delivered (*Safety Thermometer – March 2018 data*)

## Trust Vision & Values

The Trust's vision is "working together to provide outstanding care for our community" and underpinning this is a set of values which create a culture emphasising quality, safety, engagement and transparency driven by involvement and inclusivity, where staff are enabled and motivated to deliver excellence for our patients.

The Trust core values are:

- **COMPASSIONATE:** All our relationships are based on empathy, respect, integrity and dignity. In every interaction and communication, we treat colleagues, patients and their families with care and understanding.
- **ASPIRATIONAL:** We strive to continuously improve, to be the very best that we can be – as individuals and as an organisation.
- **RESOURCEFUL:** Living within our means. Responding to the challenges of today and tomorrow in effective, efficient, innovative and optimistic ways.
- **EXCELLENT:** We commit to excellence in everything that we do – placing patient safety and quality at our heart. We learn from mistakes, we do what we say we are going to do and hold ourselves and colleagues to the highest standards.

## Our Approach to Quality

Ensuring safety and quality of care for every patient is our top priority. We continue to be ambitious about the quality of care we provide. We want all our services to be outstanding every day of the week and to maintain our position as a top performer in delivering NHS

access standards. We also strive to be one of the safest and most caring NHS organisations in the country.

In 2018 the Trust refreshed its Quality Strategy which is structured around the 5 Key Lines of Enquiry (KLOE) as defined by the CQC. This strategy aligns with the Trust's overarching vision and values. Our ambition is ensuring the safety and quality of care for every patient is our top priority. The Quality Strategy is one of six enabling strategies underpinning the clinical services strategy, supporting the Trust's vision. To support the delivery of the Trust's vision we have also identified five strategic objectives:

- Provide the highest quality care
- Invest in our staff and live out our values
- Drive the development of integrated services
- Cultivate innovation and transformation
- Achieve long-term financial sustainability

The quality priorities detailed in this report form a key element of the delivery of the Trust's objective to provide the highest quality care to our community. We have developed our quality priorities this year through:

- Review of progress against last year's priorities, carrying forward any work streams which have scope for on-going improvement;
- Analysis of themes arising from internal quality indicators (complaints, incidents, clinical audits, outcomes data);
- Patient engagement – seeking the views of our patient leaders at the annual patient leadership conference;
- Staff engagement – seeking the views of all of our staff (who may also be our patients) via an online survey;
- Key stakeholder engagement – seeking the views of our governors, regulators, Healthwatch and other community partners via an online survey.
- Ensuring alignment with national priorities and those defined by the AHSN patient safety collaborative.

As a result, we are confident that the priorities we have selected are those which are meaningful and important to our community.

Progress against these priorities will be monitored on a bi-monthly basis through a quality dashboard presented to the Quality Assurance and Learning Committee, chaired by the Executive Director of Nursing or the Medical Director, and the Quality Committee, a Board sub-committee chaired by one of our Non-Executive Directors. This will allow appropriate scrutiny against the progress being made with these quality improvement initiatives, and also provides an opportunity for escalation of issues. This will ensure that improvement against each priority remains a focus for the year and will give us the best chance of achievement.

### **Quality Priorities 2018-19**

The Trust has selected seven areas to prioritise for quality improvement in 2018-19 across the 3 quality domains of patient safety, clinical effectiveness and patient experience. The sections below set out the summary project plans and target metrics agreed to support delivery of these initiatives.

## Patient Safety

### 1) Reduction of avoidable falls with harm

*Why was this selected?*

- High risk for our patients
- Evidence that there is an increasing problem over the last year

### 2) Reduction of avoidable pressure ulcers

*Why was this selected?*

- High risk for our patients
- Identified room for improvement

## Clinical Effectiveness

### 3) Reduction of mortality due to sepsis

*Why was this selected?*

- High risk for our patients
- Building on platform of improvement work from 2017-18
- National/ regional priority (CQUIN / Oxford AHSN Patient Safety Collaborative)

### 4) Improving recognition of the deteriorating patient

*Why was this selected?*

- High risk for our patients
- Regional priority (Oxford AHSN Patient Safety Collaborative)

## Patient Experience

### 5) Improving patient experience of car parking

*Why was this selected?*

- Lack of progress 2017-18
- High importance to patients & visitors

### 6) Last 1,000 Days: facilitating the patient journey

*Why was this selected?*

- High importance to patients & families
- High organisational priority

### 7) Improving involvement of patients and carers in managing their own care

*Why was this selected?*

- High importance to patients & families

The Safe Staffing and Digital Hospital improvement priorities from 2017-18 were considered for continuation as priorities for 2018-19; however, it was felt both of these workstreams are well embedded within the organisation with highly monitored strategies for implementation. Therefore, these were set aside from the yearly quality priorities to allow focus on new improvement projects.

## **1) Reduction of avoidable falls with harm**

Falls and fall-related injuries are a common and serious problem, particularly for older people. Patients in hospital have a greater risk of falling than people who are not in hospital because of newly acquired risk factors such as acute illness, delirium, cardiovascular disease, impaired mobility, medication and syncope, and unfamiliar surroundings. The effect

of a fall is usually minor, but occasionally can lead to severe harm and extended length of stay in hospital.

All falls resulting in moderate or severe harm in hospital are investigated to identify causes, risk factors, and learning. We also assess whether or not the fall was 'unavoidable' (all possible preventative measures had been taken to safeguard the patient), or 'avoidable' (staff could have done something more to prevent the fall). Comparison of our numbers of avoidable falls with harm in 2017-18 to 2016-17 has shown a concerning increase. We therefore feel it is important to target the reduction of falls as a quality priority for 2018-19.

An in-depth analysis of the falls incidents which have occurred in 2017-18 has been undertaken and the following key common themes have been identified:

- Patients falling whilst left unattended in bathrooms (balance between maintaining patients' privacy & dignity and safety)
- Lack of falls alarms for patients
- Inaccurate bed rails assessments being undertaken

In order to address these issues the following initiatives are planned:

- Pilot of the "*Dignified Throne*" campaign in 3 wards. Ward by ward review of provision of dignity curtains, shelving, perching stools and falls alarms in bathrooms and toilets.
- Posters for visitor information boards informing them of the risks associated with the use of bed rails.
- Pilot project on Burghfield ward aiming to increase the compliance with lying and standing blood pressures.
- Replacement of the current bed rails assessment (in the nursing assessment booklet) with a simpler tool that mirrors the electronic tool which will be in use when electronic records are introduced later in the year.
- Review of the current falls care plan.
- Review of current falls alarm provision and bid to charitable funds to buy additional alarms in bulk.

#### ***Targets for improvement***

- **50% reduction in avoidable falls with harm**
- **<5 per month patient falls per 1,000 bed days**

## **2) Reduction of hospital-acquired, avoidable pressure ulcers**

Pressure ulcers (also known as pressure sores or bedsores) are injuries to the skin and underlying tissue, primarily caused by prolonged pressure on the skin. Hospital inpatients can be at higher risk of developing pressure ulcers due to increased risk factors such as immobility, incontinence, and poor nutritional status. There are different levels of pressure ulcer, graded from 1 (least serious - redness of skin) to 4 (most serious - deep wound with exposed bone or muscle). The effects of pressure ulcers are both painful and debilitating and can lead to infections and prolonged hospital stays.

Over the last few years the Trust has made great strides in significantly reducing the most serious grade 3 and 4 hospital acquired, avoidable pressure ulcers. Initiatives such as the '100 days free' campaigns have been very successful, and the Trust has invested in specialist pressure-relieving mattresses and cushions, and additional equipment for orthopaedic patients.

Building on the success of the reduction in grade 3 and 4 pressure ulcers, the Trust feels it is important to focus its quality improvement efforts on the reduction of hospital-acquired, avoidable grade 2 pressure ulcers.

Our quality improvement plans for 2018-19 include:

- Tissue Viability Senior Staff Nurse reviewing every hospital acquired grade 2 pressure ulcer to determine correct classification and whether there were any lapses in care (e.g. appropriate risk assessments and preventative pressure relieving equipment in place). Themes and learning from these reviews to be fed back to ward staff and to inform the quality improvement work programme.
- Continuation of the '100 days free' campaign – celebrating wards which maintain excellent care standards and do not have any incidents of hospital-acquired avoidable pressure ulcers.
- Adoption of changes in national guidance around pressure ulcers.
- Continued teaching and training of staff and 'pressure ulcer champions' across all wards.
- Promotion of good practice and awareness raising through the annual "Pressure Ulcer Prevention Day".

#### ***Targets for improvement***

- **10% reduction in avoidable grade 2 pressure ulcers**
- **50% reduction grade 3 or 4 avoidable pressure ulcers**

### **3) Reduction of mortality due to sepsis**

For the last two years, improving recognition and timely treatment of sepsis has been a quality improvement priority for the Trust. Great strides have been made and now the Trust has a dedicated Sepsis Clinical Nurse Specialist, electronic flagging of patients with suspected sepsis, and an embedded education and training programme. As detailed below (see page 31), the Trust is now consistently achieving its targets of over 90% screening for sepsis and administration of antibiotics within 1 hour of diagnosis. In conjunction with an improvement in our compliance rates for sepsis screening and administration of antibiotics, we have also seen a reduction in our mortality rates due to sepsis.

In order to extend the quality improvements that we have already seen in this area, this year we will challenge ourselves not only to maintain our excellent screening standards, but also to reduce our mortality rate due to sepsis to become better than the national average. In order to achieve this, we will continue the work from the last two years on screening and timely antibiotic administration, as ensuring these core standards are in place should give our patients the best chance of survival. We will also be undertaking in depth mortality reviews on all patients who die of sepsis, to assess whether there were any lapses in our care and if these deaths were potentially avoidable. A particular focus of this work will be reviewing to see whether "The Sepsis Six" treatment pathway is being fully implemented for all patients diagnosed with sepsis. Going beyond treating patients with antibiotics, the Sepsis Six is a nationally recognised care pathway for patients diagnosed with sepsis to ensure the right care and treatment is being given. Any lapses of care or themes coming from these mortality reviews will be used to inform quality improvement work and the education drive in the Trust around sepsis.

#### ***Targets for improvement:***

- **>90% of patients meeting the screening criteria should be screened for sepsis**
- **Reduction in our sepsis mortality rate to better than the national average**

#### **4) Improving recognition of the deteriorating patient**

Clinical deterioration can happen at any point in a patient's illness, or care process, but patients are particularly vulnerable following an emergency admission to hospital, after surgery and during recovery from a critical illness. For these patients, it is essential that their deterioration is recognised, escalated quickly, and the appropriate treatment given, in order to achieve the best possible clinical outcome.

In the Trust the "National Early Warning Score" system is used to improve the detection of, and response to, clinical deterioration in patients with acute illness. It is based on a simple aggregate scoring system in which a score is allocated to physiological measurements, already recorded in routine practice, when patients present to, or are being monitored in hospital. In September 2018, the Trust will be moving to "NEWS2", developed by the Royal College of Physicians. This new scoring system has been refined to:

- better identify patients likely to have sepsis at immediate risk of serious clinical deterioration requiring urgent clinical intervention
- highlight that a NEWS score of 5 or more is a key threshold for an urgent clinical alert and response
- improve the recording of the use of oxygen in patients with hypercapnic respiratory failure
- recognise the importance of new-onset confusion, disorientation & delirium as a sign of potentially serious clinical deterioration

The NEWS2 scoring system will be integrated into our electronic patient record system and will therefore be able to automatically flag patients at risk and prompt quick recognition and treatment.

In addition, we will also undertake in depth reviews of all patients who have had a cardiac arrest call raised. Some of these patients do go on to have cardiopulmonary arrests, but some are 'near-misses' and do not. These reviews will look at whether there were any early warning signs of deterioration that were missed that could be used as learning points; likewise, if there were any examples of excellence in practice that could also be used as teaching examples for clinical staff. The themes coming from these reviews will inform an education and training campaign that will be delivered to ward staff to ensure that we are appropriately recognising and acting on signs of patient deterioration.

##### ***Targets for improvement:***

- **To implement the NEWS2 system across the Trust**
- **To reduce the rate of avoidable cardiac arrest calls raised**

#### **5) Improving patient experience of car parking**

In 2016-17, "Improving patient experience of car parking" was one of our quality improvement priorities. Unfortunately, as described on page 37 below, we have not made as much progress with this as we would have liked to. We acknowledge that frustration with car parking is still a major concern for our patients and visitors to the Royal Berkshire Hospital site and can lead to patients being late for, or missing, appointments. We therefore feel it is important to carry this forward as a quality priority for 2018-19.

There remain limitations with our capacity on site to create extra physical car parking spaces; however, we do have plans to improve patient experience in this area. These include:

- The development of a new 'Car Parking and Transport Strategy' which will underpin a 'Travel Plan' for the Trust. This will provide a strategic framework outlining long and short term actions to improve access to hospital for patients and visitors.
- Long-term, as part of the clinical services strategy, there are plans to relocate up to 50% of the outpatient attendances to other Trust sites. This will significantly reduce the demand on site from patients and staff for parking.
- Discussions with Reading Borough Council and Reading Buses to see how we can improve and promote public transport links to and from the hospital. We also intend to improve on site information for staff and patients, both in the building and on our Trust internet site, to encourage alternative methods of travel.
- Improved management of the on site car parks with the introduction of the delayed Automatic Number Plate Recognition System in the multi-storey car park; improved pay stations including being able to pay via an online mobile phone app; improved patrolling; and greater assistance and management.
- Exploring possibilities of additional off-site parking options for staff to free up space on-site for patients.
- Investigating options on-site for space optimisation to provide additional car parking spaces and/or drop off/ pick up points.

***Targets for Improvement:***

- **Implementation of automatic number plate recognition (ANPR) system**
- **Increase the number of drop off/ pick up points on site**
- **Improve patient information relating to travel and transport options**

**6) Last 1,000 Days: facilitating the patient journey through the hospital**

As soon as patients are admitted to hospital, it is important that we are effectively planning pathways to ensure safe and seamless transitions from admission to treatment and discharge, and to avoid unnecessary delays. The Trust is adopting the "Last 1,000 Days" national campaign, which is a vehicle for drawing attention to the fact that the elderly, chronically ill, and those with life limiting conditions are the people who spend the most time in healthcare settings. These patients are possibly in their 'last 1,000 days' of life and therefore have the least time to waste. Positioning patient's time as the most important currency creates a sense of urgency, and helps us to focus on what really matters.

Building on the Safe and Proactive Discharge workstream from last year (see page 33), the Trust patient flow and discharge programme aims to improve patient pathways and reduce delays through: effective decision making; eliminating waste; effective ward co-ordination; and improved discharge planning and working with community partners. These aims will be achieved through a wide range of initiatives including:

- Next Steps & Red2Green: clearly identifying the 'next steps' (e.g. investigations/ treatment) in a patient's pathway and ensuring these are achieved each day.
- #EndPJParalysis: encouraging patients to get up and dressed while in hospital, thus preventing complications of being immobile, as well as shifting patient's perceptions from 'I'm sick' to 'I'm getting better'.
- Hospital Standards: setting response time standards for all support services and ensuring these are achieved.
- Effective Board rounds: training teams in communication, handovers and effective decision making.
- Ward-based improvement projects: identifying and eliminating areas of waste on the wards
- Improving patient flow at weekends: increasing services available at the weekends and having criteria-led discharges.

- Integrated discharge service: a joint venture between RBFT and Berkshire Healthcare to identify complex patients early in their admission. These patients are allocated a senior case manager to advocate and expedite treatment and discharge.
- Early Supported Discharge (ESD): expanding ESD across the hospital, providing intensive support and therapy at home for patients through the Community Reablement Team (CRT).

**Targets for Improvement:**

- **0.25 per day reduction in length of stay**
- **5% increase in Saturday/ Sunday discharges**

**7) Improving involvement of patients and carers in managing their own care**

This priority was developed in response to feedback from our patient leaders and following our annual inpatient survey results where we did not perform as well as we would have liked to in the question, *“Were you involved as much as you would have liked to be in decisions about your care and treatment?”*

In order to start to address our patient and carer concerns in this area, it is important that we understand clearly what these are. We will therefore spend the first part of the year engaging with patients and carers through targeted focus groups and developing and listening to patient stories.

Once we have analysed the results of this feedback, we intend to set up a task and finish working group to design and implement strategies to improve the involvement of patients and carers in managing their own care.

Part of this work stream will also involve implementation of *“John’s Campaign”*. This is a national campaign to help NHS staff recognise the importance of working with family carers as equal partners in the care and support of people with dementia who are in hospital. The aim is to ensure the best possible patient experience for the person with a dementia and their carers. This will be achieved through open visiting hours, greater facilities for carers on the wards, and greater recognition of the role and importance of carers in supporting patients with dementia.

**Targets for Improvement:**

- **Successfully running an adult patient & carer focus group**
- **Successfully running a paediatric patient & carer focus group**
- **Full implementation of ‘John’s Campaign’**

**Statements of Assurance from the Board**

During 2017-18 the Royal Berkshire NHS Foundation Trust provided and/or sub-contracted 33 relevant health services

The Royal Berkshire NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these relevant health services.

The income generated by the relevant health services reviewed in 2017-18 represents 100% of the total income generated from the provision of relevant health services by the Royal Berkshire NHS Foundation Trust for 2017-18.

## **PARTICIPATION IN NATIONAL CLINICAL AUDITS AND NATIONAL CONFIDENTIAL ENQUIRIES**

National clinical audit provides assurance that the care being delivered by our services is of the highest quality in terms of clinical effectiveness, patient outcomes and patient experience, compared to both national best practice standards and other service providers nation-wide. Where the care being delivered does not meet these standards, it provides a stimulus for improvement in the quality of treatment and care. National clinical audit also provides a measure for organisations to be compared with other care providers across the country. National confidential enquiries are national reviews of high risk medical or surgical conditions which produce recommendations to be implemented to improve the quality of care being delivered to patients.

During 2017/18, 44 national clinical audits and 3 national confidential enquiries covered relevant health services that the Royal Berkshire NHS Foundation Trust provides. During 2017/18, the Trust participated in 95.5% national clinical audits (42/44) and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that the Royal Berkshire NHS Foundation Trust was eligible to participate in during 2017-18 are listed in Annex 2.

The national clinical audits and national confidential enquiries that the Royal Berkshire NHS Foundation Trust participated in during 2017-18 are listed in Annex 2.

The national clinical audits and national confidential enquiries that the Royal Berkshire NHS Foundation Trust participated in, and for which data collection was completed during 2017-18, alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry are listed in Annex 2.

### ***Results of National Clinical Audits and National Confidential Enquiries***

The reports of 22 National Clinical Audits and 1 National Confidential Enquiry were reviewed by the provider in 2017/18 and the Royal Berkshire NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

#### *National Paediatric Diabetes Audit 2015-16 (published July 2017)*

This audit looks at the effectiveness of diabetes care for infants, children and young people. Improvement was seen across a range of care processes and the Trust results were overall better than the national average. To improve the safety and responsiveness of its service, the Trust plans to refer patients directly to the Berkshire Retinal Screening Service rather than through the GP, as well as arranging for community-based retinal screening test results to be sent back to the clinical team.

#### *National Maternal & Perinatal Audit (published August 2017)*

This audit presents a snapshot of maternal and neonatal care provision at the start of 2017. This found that hospital electronic maternity information systems were not fully accessible to community midwives or expectant mothers. Therefore, we are piloting an app to allow maternity information to be available to GPs, Health Visitors and women to ensure greater continuity of care.

In addition to being a driver for quality improvement work, national audit also provides assurance about the quality of care being delivered where the Trust is already performing to

the highest standard. Some of the highlights of our national audit performance are given below:

*Myocardial Ischaemia National Audit Project (published June 2017)*

This audit reviews the care pathway of patients experiencing heart attacks and results consistently demonstrate that the Trust, alongside its ambulance service partner (South Central Ambulance Service) are the best performing heart attack service in the country with the shortest “call to balloon” times – time from patient calling for help to receiving percutaneous coronary intervention in hospital. 88.2% of our patients receive a PCI within 120 minutes of calling for help (compared to 51.1% national average).

*National Hip Fracture Database (published September 2017)*

This audit reviews the care provided to hip fracture patients aged 65+. The Trust performed particularly well in: overall hospital length of stay (16 days vs. national average of 21.6 days); recording of mental test scores (99.5%); and delirium assessments (93%).

### **Results of Local Clinical Audits and Quality Improvement Projects**

Local-level clinical audit and quality improvement projects tend to be more specialised and smaller in scope than the national audit projects, but have the advantage of rapid cycles of data collection and quality improvement work; this means patients can experience the benefits of the changes implemented more quickly.

The reports of 46 local clinical audit and quality improvement projects were reviewed by the provider in 2017/18 and the Royal Berkshire NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

*Compliance of oral surgery procedure orders with guidance on management of medically complex patients*

This project reviewed the timing of appointments for complex patients suffering from Diabetes (types 1 and 2) and cardiovascular disease. As a result, a new morning clinic was introduced to ensure more patients are seen at an appropriate time.

*Catheter-associated Urinary Tract Infections in patients with a hip fracture*

This project aimed to reduce urine infections in hip fracture patients by reviewing the incidence of inappropriate urinary catheterisations. Actions included training on the topic and initiating steps to prevent the need for catheterisation. This project was very successful at reducing inappropriate catheter use and won the Trust-wide annual clinical audit and poster competition.

### **Clinical Audit and Quality Improvement Annual Poster Competition 2017**

In June 2017 the Trust held a poster competition to celebrate quality improvement and share learning across the Trust. The winners were:

1<sup>st</sup> Prize: *Reducing the amount of urine dipsticks used in patients over 65 years old*

2<sup>nd</sup> Prize: *Improving the outcomes for people with dysphagia (swallowing difficulties) who have had a stroke*

3<sup>rd</sup> Prize: *Reducing the amount of urinary catheterisations in patients with fractured neck of femurs in order to lower the amount of catheter-associated UTIs*

### **PARTICIPATION IN CLINICAL RESEARCH**

The number of patients receiving relevant health services provided or sub-contracted by the Royal Berkshire NHS Foundation Trust in 2017-18 that were recruited during that period to

participate in research approved by a research ethics committee was 4741 participants in 100 studies (data correct as at 4 April 2018).

## CQUIN PAYMENT FRAMEWORK

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

Further details of the agreed goals for 2017-18 and for the following 12-month period are available electronically at <https://www.england.nhs.uk/nhs-standard-contract/cquin/cquin-17-19/>.

In 2017/18, £7,370,000 is conditional on achieving the Trust's quality improvement and innovation goals.

In 2016/17, £6,783,000 was received for the Trust's achievement against its quality improvement and innovation goals. This comprised 96.5% of the CCG CQUINs and 100% of the NHSE CQUINs. A breakdown of the CCG CQUINs achievement is given below.

<b>2016-17 CQUIN Description</b>	<b>% Weighting (CQUIN Scheme)</b>	<b>% Weighting Achieved</b>
Introduction of staff health & wellbeing initiatives	10%	10.00%
Healthy food for NHS staff, visitors and patients	10%	10.00%
Improving the uptake of flu vaccinations for frontline clinical staff	10%	10.00%
Timely identification and treatment for sepsis in emergency department	5%	4.00%
Timely identification and treatment for sepsis in inpatient settings	5%	4.50%
Reduction in antibiotic consumption per 1,000 admissions	8%	6.00%
Empiric review of antibiotic prescriptions	2%	2.00%
Paediatric Transition	8%	8.00%
Recognising Deterioration and Advanced Care Planning	13%	13.00%
Awareness Raising and Management of Decreased Fetal Movements	12%	12.00%
Patient Flow	17%	17.00%
<b>Total:</b>	<b>100%</b>	<b>96.50%</b>

## **CQC REGISTRATION COMPLIANCE**

The Royal Berkshire NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is 'good'. The Royal Berkshire NHS Foundation Trust does not have any conditions on registration.

The Care Quality Commission has not taken enforcement action against the Royal Berkshire NHS Foundation Trust during 2017-18.

The Royal Berkshire NHS Foundation Trust has participated in special reviews or investigations by the Care Quality Commission relating to the following areas during 2017-18:

- A review of its core services (September 2017)
- A well-led review (October 2017)
- An Ofsted, Care Quality Commission, HMI Constabulary and HMI Probation Joint Targeted Area Inspection of children living with neglect in Wokingham (May 2017)
- An Ofsted inspection of West Berkshire Children's Services for children in need of help and protection, children looked after and care leavers. (July 2017)
- Ofsted monitoring visit of Reading Children's Services for children in need of help and protection, children looked after and care leavers (March 2018)
- CQC local system review of health and social care in Bracknell Forest (September 2017).

On 14-15 September 2017, the CQC inspected five of the core services provided by the Trust at its main site, the Royal Berkshire Hospital. The Trust's off-site locations were not reviewed/rated during this inspection. A 'well-led' review of the Trust took place on 11-13 October 2017. Following the inspection, the CQC rated the Royal Berkshire Hospital location as 'outstanding' and the overall Trust as 'good'.

The Royal Berkshire Hospital is one of only 14 acute hospital locations to have been rated as 'outstanding' since the CQC inspection process began and as such sits within the top 3% of hospitals nationally. It is one of only two hospitals to have moved from 'requires improvement' to 'outstanding' between inspections.

The Royal Berkshire NHS Foundation Trust intends to take the following action to address the conclusions or requirements reported by the CQC:

The Trust was issued with 28 'should-do' actions identified by the inspection. The Trust has developed an action plan to address all of these issues.

The Royal Berkshire NHS Foundation Trust has made the following progress by 31 March 2018 in taking such action:

Plans to improve the physical environment of the Intensive Care Unit (ICU) to ensure it is fit for purpose have been drafted and included within the Estates Strategy which is due for ratification at Board in May 2018. The CQC action plan has been finalised and progress is monitored bi-monthly by the Executive Management Committee and monthly at Care Group Executive Performance Meetings.

## **NHS NUMBER AND GENERAL MEDICAL PRACTICE CODE VALIDITY**

The Royal Berkshire NHS Foundation Trust submitted records during 2017-18 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data:

which included the patient's valid NHS number was:

- 99.28% for admitted patient care
- 99.82% for outpatient care and
- 98.23% for accident and emergency care.

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

- 100% for admitted patient care;
- 100% for outpatient care; and
- 100% for accident and emergency care.

## **INFORMATION GOVERNANCE TOOLKIT ATTAINMENT LEVELS**

The Royal Berkshire NHS Foundation Trust Information Governance Assessment Report overall score for 2017-18 was 67% and was graded red. This was due to not meeting the 95% mandatory training requirement. The Trust has developed an improvement plan to achieve the required training compliance level during 2018/19 pending the new Information Governance toolkit being issued in 2018.

## **CLINICAL CODING ERROR RATE**

The Royal Berkshire NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2017-18 by the Audit Commission.

## **DATA QUALITY**

Data Quality Improvement underpins the Trust IM&T strategy. In 2017/18 the Trust has expanded its data warehouse and decommissioned less assured data sources. In 2018/19 there will be a focus on improved, widely available and timely reporting, including dashboards, which is a benefit of having established a sound data structure. This will also support better quality clinical information sharing as the Trust works with partners in the wider Berkshire Health economy.

In 2018-19, the Royal Berkshire NHS Foundation Trust will be taking the following actions to improve data quality:

- Data assurance programme: completing the data assurance review of all main key performance indicators and datasets over the forthcoming year and developing internal review processes.
- Significantly improve operational reporting (based on new data warehouse): providing further dashboards including Operational, Finance, Clinical and Performance Dashboards for remaining key data sets. This will include investigating options for applications (apps) for delivery of operational information on mobile platforms.
- Support specific clinical operations-led data quality improvement initiatives and compliance including Electronic Patient Record (EPR) delivery. This will include

review of benchmarking systems such as CRAB / Dr Foster, which support clinical outcome reporting. This will inform the specialty specific dashboards reporting on clinical quality that will be rolled out in the year.

- Clinical Coding: the Clinical Coding Improvement programme will be targeting improved access to full clinical records, and improving clinical engagement.

## LEARNING FROM DEATHS

Hundreds of patients come through our doors on a daily basis. Most receive treatment, get better and are able to return home or go to other care settings. Sadly and inevitably, some patients will die here. Whilst most deaths are unavoidable and would be considered to be “expected”, there will be cases where sub-optimal care in hospital contributed to the death.

The Trust is committed to continuously monitoring the quality of its care provision through the mortality review process. In order to identify themes and areas for improvement, as well as areas of good practice, in-depth reviews will be undertaken where indicated in order to understand contributory factors and root causes, to draw lessons from these experiences, and share learning across the organisation as well as the wider healthcare economy.

In October 2016, the Trust changed its system for undertaking mortality reviews for our adult, inpatient deaths. This standardised our processes and ensured that every adult, inpatient death received an initial screening review at the point of death certification to check if there were any concerns against an approved checklist of standards. All deaths which ‘trigger’ are subject to a full review by a consultant using a template designed by the Mortality Surveillance Group incorporating elements from the Standardised Judgement Review methodology. All reviews conclude with a grading on the overall care given to the patient to assess whether there was any suboptimal care and, if so, whether or not this may have contributed to the patient’s death. A monthly report is given to the Mortality Surveillance Group detailing any suboptimal care identified to investigate themes and shared learning to disseminate across the organisation. Any ‘possible’ or ‘probable’ avoidable deaths identified are presented in detail and considered for potential serious incident reporting and investigation.

There are parallel processes in place for all ED, paediatric and perinatal deaths to be reviewed.

During 2017-18 1508<sup>1</sup> of the Royal Berkshire NHS Foundation Trust’s patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period: 359 in the first quarter; 340 in the second quarter; 372 in the third quarter; 437 in the fourth quarter.

By 17 April 2018, 489 case record reviews and 14 investigations have been carried out in relation to 498 of the deaths.

In 5 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was: 133 in the first quarter; 160 in the second quarter; 143 in the third quarter; 62 in the fourth quarter

2 representing 0.1% of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient<sup>2</sup>.

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<sup>1</sup> Inpatient deaths only

<sup>2</sup> Graded by consultant review as a “probable” avoidable death

In relation to each quarter, this consisted of: 0 representing 0% for the first quarter; 0 representing 0% for the second quarter; 2 representing 0.5% for the third quarter; 0 representing 0% for the fourth quarter.

These numbers have been estimated using the case record review methodology explained above.

### **Learning and actions taken as a result of mortality reviews:**

All mortality reviews are reviewed at specialty level mortality & morbidity or clinical governance meetings. In addition, any reviews with suboptimal care identified are reviewed at the Mortality Surveillance Group to identify learning and themes to share within the organisation. A quarterly report of all perinatal deaths is produced and presented up to the Trust Quality Committee. Over the last year the key learning themes have included:

- The need to ensure a clear management plan, particularly for patients admitted at weekends or moved between wards
- Clear consultant ownership of patients, to avoid delays if multiple specialist involvement
- Importance of timely completion of 'Do not attempt cardiopulmonary resuscitation' (DNACPR) orders and 'Medical Advance Plans' (MAPs)
- Importance of managing diagnostic uncertainty and consulting with colleagues
- Recognising deteriorating patients
- Importance of good communication and handover including adherence to hospital policy such as escalating concerns and seeking help

Actions taken to address specific and thematic learning points have included:

- Training for Emergency Department (ED) staff on electrocardiogram (ECG) interpretation
- Simulation training for making decisions under pressure
- Improved handover information
- Acute medical patients to receive daily consultant review
- Establishment of a helpline for the diagnosis and management of rare conditions
- Bed base review undertaken to inform the clinical services and estates strategies
- Implementation of the perinatal mortality review group and use of the national perinatal mortality review tool

A slide with themes and learning points identified is circulated to all specialties from the Mortality Surveillance Group on a regular basis. The analysis of the themes coming from the mortality reviews has been used to inform the Trust clinical audit & quality improvement programme for 2018-19; and, as detailed above, 2 of these projects, 'Recognising the Deteriorating Patient' and the 'Reduction of Mortality due to Sepsis', are to be taken forward as quality priorities for 2018-19.

71 case record reviews and 7 investigations completed after 01 April 2017 which related to deaths which took place before the start of the reporting period (i.e. deaths from April 2016 - March 2017).

1 representing 0.07% of the patient deaths before the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient. This number has been estimated using the case record review methodology explained above.

1 representing 0.07% of the patient deaths during April 2016 – March 2017<sup>3</sup> are judged to be more likely than not to have been due to problems in the care provided to the patient. This information is summarised as a table in Annex 3.

### **Our Quality Performance: 2017-18**

In 2016-17 we committed to improving seven areas of care relating to patient safety, clinical effectiveness and patient experience:

- 1) Safe Staffing, Improving Retention & Recruitment - Not achieved
- 2) Sharing/ Embedding Learning And Capturing Feedback from Staff - Achieved
- 3) Developing New Clinical Models that Improve Outcomes for Patients Through the use of Electronic Systems - Partially achieved
- 4) Reducing the Impact of Serious Infections (Sepsis and Antimicrobial Stewardship) - Achieved
- 5) Supporting Safe and Proactive Discharge - Achieved
- 6) Reducing Cancellations and Trust-initiated Appointment Changes - Partially achieved
- 7) Improving Patient Experience of Car Parking - Not achieved

The targets we set ourselves were ambitious. Not all measures have been fully achieved, but progress has been made in most areas. Across all staff groups individuals have gone above and beyond in order to deliver some extraordinary improvements in care, which have really made a difference to our patients.

#### **1) SAFE STAFFING, IMPROVING RETENTION & RECRUITMENT**

Safe staffing has been a priority for the Trust for the last 2 years. This year, huge efforts have been put into our retention and recruitment programme across the Trust. As a result, improvements have been seen in our workforce turnover, and we have managed to maintain our position in relation to agency staff costs. Unfortunately, in line with the national staffing shortages in the NHS, we have not seen an increase in our recruitment levels and have not managed to meet our ambitious targets for this priority fully.

Our retention initiatives have included:

- Engaging with staff through focus groups, surveys and opportunities for confidential discussions
- Creating training and development opportunities for staff
- 'Career surgeries' to provide advice to staff on development options and career pathways
- Pay incentives – recognition payments, salary sacrifice initiatives, annual leave buy and sell schemes
- Healthy, Safe Workplace – flexible working, supporting staff to raise concerns, resilience support
- Staff recognition through staff award schemes and benefits.

Our recruitment initiatives have included:

- Continuous advertising campaigns with regular nursing and midwifery open days and monthly rolling interviews.

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<sup>3</sup> Explicit judgements about the avoidability of deaths were not made before the implementation of the new mortality review process in October 2016.

- Launch of a social media advertising campaign to promote the Trust as a place to work and our open days which have taken place once a quarter.
- Extension of the 'Golden Hello' payments beyond orthopaedics and elderly care to include other hard to recruit areas.
- Development of new roles such as Assistant Practitioners, Nursing Associates, and Medical Support Workers, to increase the flexibility of the skill mix within the workforce, freeing up highly trained clinical staff.
- Supporting international healthcare assistants (HCAs) who are registered nurses in their home countries to achieve the necessary UK nursing registration where appropriate.
- Continuing to support 'return to practice' for nurses and midwives who have lapsed their registration.
- International recruitment – developing relationships with Irish Universities including Erasmus programme for students.
- Non EU recruitment – recruitment of nurses from the Philippines and supporting these nurses to pass the NMC OSCE to achieve registration.

**Performance against targets:**

- A reduction in the rolling 12 month overall staff turnover to <15% - **not achieved**
- Reduce the cost of agency staff used by the Trust to 3% of total staff costs – **not achieved**
- A 7.5% increase in the number of new whole time equivalent clinical starters per month – **not achieved**

Date	Agency staff costs as a % of total staff costs	Monthly Workforce Turnover	WTE Clinical Starters (cumulative)
Apr-17	4.40%	16.80%	22.7
May-17	4.30%	16.60%	43
Jun-17	4.40%	16.10%	64
Jul-17	4.80%	15.90%	90
Aug-17	5.10%	16.00%	103
Sep-17	4.10%	16.00%	141
Oct-17	3.70%	15.80%	203
Nov-17	5.00%	15.80%	222
Dec-17	4.50%	15.90%	239
Jan-18	4.70%	15.10%	267
Feb-18	3.50%	15.10%	285
Mar-18	4.10%	15.20%	304
<b>Target</b>	<b>3%</b>	<b>&lt;15%</b>	<b>360 (annual)</b>

## 2) SHARING LEARNING AND CAPTURING FEEDBACK FROM STAFF

### Sharing Learning

Safety in healthcare has traditionally focused on avoiding harm by learning from error. The "Learning from Excellence" concept provides a mechanism for staff to report where they see

excellence in clinical care in order to provide positive feedback to staff and to share excellence in practice to be emulated. This creates new opportunities for learning and improving resilience and staff morale. Our “Above and Beyond” project has been piloted in anaesthetics and theatres, rolled out to maternity and ICU, and has been spreading organically through the Trust. It has been extremely well received by staff with over 100 excellence reports received so far. Plans are in place to launch this Trustwide in 2018-19 and links have been made with Reading University to undertake “appreciative enquiry” research to further draw out key themes and learning.

We have improved the way in which we share learning from incidents and investigations through having an automated feedback mechanism on our electronic incident reporting system so that reporters can see the impact of their reporting. When incidents are reviewed as potential serious incidents requiring further investigation, a staff member is nominated to feedback the outcome of the meeting as well as any immediate actions and learning to the ward team involved. Further learning is shared via monthly ‘high impact’ teaching campaigns which take key themes from incidents amongst other sources of quality data, for example: reducing falls, pressure ulcers, and sepsis awareness.

Our annual Clinical Audit & Quality Improvement poster competition was held in June 2017 helping to promote quality improvement and share learning from the displayed project posters. The Trust intranet site has also been developed to hold a repository of completed projects that all staff can access for ideas and shared learning.

#### Staff Feedback

In May 2017 the Trust launched its ‘What Matters’ programme, a large scale staff engagement initiative to engage as many staff as possible in a ‘big conversation’ on the things that matter at the RBFT. To date, over 3500 staff have been involved, and their feedback has been used to develop a Trust Behaviours Framework which will strengthen our positive and inclusive culture. The Behaviours Framework will drive changes to the way we work and will in time be incorporated into key Trust activities such as recruitment and appraisals.

#### ***Performance against targets:***

- Implementation of the “Above and Beyond” project in Theatres & Anaesthetics – **Achieved**
- Improvement in national staff survey results 2016: “We are given feedback about changes made in response to reported errors, near misses and incidents” - **Achieved: 60% in 2017 up 4% from 56% in 2016**

### **3) DEVELOPING NEW CLINICAL MODELS THAT IMPROVE OUTCOMES FOR PATIENTS THROUGH THE USE OF ELECTRONIC SYSTEMS**

There is a national driver for the NHS to be paperless by 2020. Developing electronic patient information systems and making essential patient information accessible to all healthcare professionals at the point of patient care will help improve the quality of care delivery; increase patient safety; and enable new models of care delivery irrespective of location.

Over the last year, the Trust has been moving forward with its “Paperless@Patient” programme, gradually changing the way we produce clinical documentation by removing the need for paper notes and enabling access to patient records from any location. The first area to go paperless has been our outpatient clinics. To date paediatric physiotherapy, cardiology, orthotics, and nurse-led diabetes clinics have transitioned and are being run electronically. Unfortunately, the roll out of paperless outpatient clinics has experienced

some delays and therefore we have not achieved our 30% target by the end of March 2018. We are currently running at 8% of outpatient clinics running electronically with plans to roll out to all areas by September 2018.

As discussed below, electronic Red Flag Sepsis alerting through vital signs has been enabled in ED. This has resulted in improved patient safety across adult and paediatric emergency and inpatient pathways.

Voice enabling technology is being introduced to the EPR system, providing clinicians with the facility to dictate directly into the system and create and read letters in real time. Some of our clinical administration teams have begun to use the transcription element of this and are helping to fully develop the functionality.

Preparatory work for the introduction of electronic prescribing and medicines administrations (ePMA) has also been undertaken this year in readiness for a go-live date of September 2018.

The “Connected Care Portal” – a workstream to digitise and make accessible patient records to care providers across the wider health economy – went live in August 2017. Currently Berkshire Healthcare FT are leading on accessing primary care and RBH data to support holistic care. Additional datasets and sources continue to be added to extend the scope of the available data.

***Performance against Targets:***

- 30% of outpatient clinics to be run with key data available electronically, enabling clinicians to treat patients more safely with accurate, legible and up to date information – ***not achieved***
- An increase in the availability, via the connected care portal, of acute patient care data which can be accessed by all care providers in the wider health economy - ***achieved***

**4) REDUCING THE IMPACT OF SERIOUS INFECTIONS (SEPSIS AND ANTIMICROBIAL STEWARDSHIP)**

In April 2017, a full time Sepsis Clinical Nurse Specialist was appointed to lead on the sepsis improvement work across the Trust. By July 2017 sepsis screening rates have risen to over 90% and compliance with giving antibiotics within an hour of sepsis diagnosis has also risen to over 90%. Much of the improvement is down to a standardised education drive in the Trust. This includes all new Health Care Assistant and Allied Health Professional induction sessions as well as targeted teaching to inpatient wards, paediatrics and maternity. There has also been some intense teaching in ED due to the high volume of patients who present with sepsis at the front door. The team in ED have been incredibly receptive to this and give the importance of rapid sepsis recognition much exposure in their daily handovers.

An electronic screening and care bundle tool was implemented in January 2018. This means that patients who meet the criteria for sepsis screening through their vital signs and observations are automatically flagged to staff reviewing them. This prompts staff to complete a sepsis screen and therefore improves timely recognition and management of patients with sepsis.

We have also been very successful in improving compliance with reviewing antibiotics within 72 hours which helps to ensure patients are receiving the right antibiotics and only for the amount of time they are absolutely necessary. To support this work an additional antimicrobial pharmacist was appointed at the beginning of the year and there has been

great collaborative working with microbiologists, pharmacists, prescribers, and nursing staff. A specialist software package was purchased to help identify and target areas of high antibiotic consumption, and there has been large education and promotional campaign across the Trust.

Our screening and antibiotic rates over the last year have been excellent. Our success as one of the most improved trusts in the country has been recognised in a letter received from NHS England:

*“I am delighted to inform you that you are one of the trusts which has seen the greatest improvements in [the timely recognition and treatment of sepsis]...I would like to congratulate you and your colleagues for all the hard work and dedication you have shown, which has enabled these improvements... to take place.” Celia Ingham-Clark, Medical Director for Clinical Effectiveness, NHS England*

**Performance against Targets:**

- >90% of patients meeting the screening criteria should be screened for sepsis in ED – **achieved**
- >90% of sepsis patients should receive antibiotics within 1 hour in ED – **achieved**
- >90% of sepsis patients should receive antimicrobial review within 72 hours – **achieved**

Month	% of patients screened for sepsis	% of patients with sepsis given antibiotics <=1hr (ED)
Apr-17	80%	72.7%
May-17	82%	75%
Jun-17	94%	82.4%
Jul-17	98.00%	93.80%
Aug-17	94.00%	92.90%
Sep-17	96.00%	92.90%
Oct-17	96.00%	100.00%
Nov-17	94.00%	94.1%
Dec-17	94.00%	95%
Jan-18	92.00%	95.2%
Feb-18	90.00%	93.8%
Mar-18	94%	100%

Time Period	Antibiotic review in 72 hours
Quarter 1 2017-18	97.8%
Quarter 2 2017-18	100%
Quarter 3 2017-18	98.5%
Quarter 4 2017-18	96.7%

## 5) SUPPORTING SAFE AND PROACTIVE DISCHARGE

In 2017-18 we have been continuing our patient flow work programme in order to support safe and proactive discharges for our patients. Some of the measures and initiatives we have implemented are:

- Effective wards – focusing on all issues that impact on the flow of patients through the wards
- Continuing the next steps initiative to reduce delays
- Promoting “green days” (days where patients have achieved ‘next steps’ in their treatment plans) rather than “red days” for each patient – monitored at daily board round meetings
- Implementing e-referrals for all departments to ensure the referral process is efficient, effective and can be monitored for delays
- Embedding real-time bed state and capacity predictor in order to give the senior team a helicopter view of the hospital on a real-time basis to facilitate planning
- Integrated discharge programme – cross working with unitary authorities and community health services to facilitate discharge and unblock issues external to the hospital which may cause delays in patients being discharged or transferred to community healthcare settings for continued care

In addition there have been several innovative projects which have looked at ways of supporting patients to go back to their own homes and reduce unnecessary delays. These have included:

### ***Hip Fracture Unit: Early Supported Discharge Team***

This team of therapists provide patients with an outreach service from the Hip Fracture Unit to ‘bridge the gap’ between when a patient becomes medically fit and when community services are available. Between September 2017 and March 2018 the team had taken home 154 patients and saved 500 bed days by reducing the average length of stay for hip fracture patients.

### ***Hurley Ward: Discharge to Assess***

In June 2017, a pilot of the ‘Discharge to Assess’ project was undertaken on Hurley Ward. ‘Discharge to Assess’ Therapists identify patients who they think might manage better in their own home. The therapist undertakes home visits and acts as the trusted assessor responsible for supporting safe and proactive discharge. They then liaise with community team who follow up the patient within 48 hours. Since the project began, 21 patients have successfully stayed at home after assessment in the home setting; 246 bed days have been saved; and initial indications show a reduced readmission rate within 30 days.

The Trust has seen an improvement in discharge to usual place of residence within 3-7 days throughout the year and met the 54.9% target in Q4 2017-18, though this was not quite achieved for Q3 2017-18. There has also been a significant reduction in bed days lost due to delayed transfers of care in comparison to 2016-17. There was no specific target set for this indicator as although we are working closely with our community partners to improve discharge, responsibility for these delays largely lies outside of the Trust’s control.

**Performance against Targets:**

- An increase to 54.9% in discharge to usual place of residence within 3-7 days (Q3 & Q4) for emergency admissions age 65+ - **partially achieved**
- Reduction in bed days lost due to delayed transfers of care – **achieved**

Safe discharge of patients	% of patients discharged to usual place of residence within 7 days (emergency admits 65+)	Number of Delayed Transfers of Care (lost bed days)
Apr-17	53.8%	923
May-17	52.2%	952
Jun-17	50.1%	862
Jul-17	53.2%	791
Aug-17	55.6%	944
Sep-17	53.50%	946
Oct-17	53.90%	889
Nov-17	51.50%	831
Dec-17	54.10%	822
Jan-18	55.60%	938
Feb-18	54.70%	686
Mar-18	54.90%	640

## 6) REDUCING CANCELLATIONS AND TRUST-INITIATED APPOINTMENT CHANGES

Reducing cancellations and Trust-initiated appointment changes was a theme identified from our patient engagement for the Trust quality priorities in 2017-18. It was selected as it was considered important for improving patient experience, clinical outcomes and efficiency.

Over 2017-18 the Trust has continued with its outpatients modernisation and data quality assurance programmes which are focused on both improving the provision of service to our patients and the quality of the information we have available to us for targeting improvement works. The outpatient modernisation programme is focusing on increasing the number of virtual/ tele clinics available in order to increase appointment capacity and convenience for patients.

In addition, a transformational change programme has begun in theatres to increase theatre utilisation and efficiency and reduce on the day theatre cancellations. The Trust has invested in 6 monitors and kit to display live theatre performance data throughout theatres on start and finish times and delays. This has helped increase engagement and ownership of theatre performance by all staff and focused attention on reducing delays. This has had a demonstrable effect on reducing delayed start times by on average 8 minutes, which, across all lists, has a huge impact.

The Trust monitors appointments cancelled by the RBFT on a monthly basis at Board level with a target of <15.6%. At the beginning of the year, an external data quality review of our outpatient dataset was undertaken. It was intended that once this was complete a new target for appointment cancellations would be set. This review has been more complex than originally anticipated and has therefore taken longer than hoped. The Trust has therefore not been in a position to revise the original target. In 2017-18 we were consistently under the 15.6% Board target for cancellations and in 9 out of 12 months were under the 13.6% reduction target.

We also set ourselves a target to reduce our PALs issues relating to appointment changes. The number of PALs raised has remained static in comparison to last year. Whilst we have not achieved our 5% reduction target, in the context of increasing activity levels in the hospital and the need to cancel elective surgeries and appointments over the winter to manage the increasing winter pressures, this represents a significant achievement.

**Performance against Targets:**

- A 2% reduction in outpatient appointments cancelled by RBFT – **partially achieved**
- A 5% reduction the in number of PALs issues relating to appointment changes – **not achieved**

Month	% appointments cancelled by RBH	Cumulative total (PALS)
Apr-17	12.90%	5
May-17	11.20%	27
Jun-17	12.10%	62
Jul-17	12.70%	96
Aug-17	12.90%	108
Sep-17	13.70%	143
Oct-17	12.90%	163
Nov-17	13.00%	174
Dec-17	13.50%	189
Jan-18	12.80%	214
Feb-18	14.50%	231
Mar-18	14.90%	251
<b>Target</b>	<b>Trust = 15.6% / -2% = 13.6%</b>	<b>240</b>

**7: IMPROVING PATIENT EXPERIENCE OF CAR PARKING**

As described above on page 13, difficulties with car parking has been a common theme for patient and visitor concerns over many years, and in 2017-18 we agreed this should be a quality improvement priority.

The Trust had an extensive improvement plan for car parking on the Royal Berkshire Hospital site for 2017-18. Unfortunately, due to several external factors causing delays, we were unable to complete these plans as fully as we had hoped and therefore we have not managed to achieve our improvement targets. We have, however, completed several actions which will help to reduce pressure on the Royal Berkshire Hospital site and help to lay the foundations for the further improvement work planned for 2018-19 described above.

These actions included:

- A review of all the car parking systems undertaken to provide definitive written pathways for car parking applications and concessions.
- A review of the existing criteria for obtaining a staff car parking permit has been undertaken and the criteria amended to encourage staff to use alternatives to their cars and thereby decrease the number of cars on site.
- Increasing the fleet of E-cars on-site to five to provide alternative transport for staff who need to attend off-site meetings / business activities.

- Design of a new online car parking permit application form.
- Increased use of the Queens Road car parking facility so that office staff working Monday to Friday and non-Trust staff “contractors” can park close by but free up spaces onsite for patients and visitors.

***Performance against Targets:***

- The creation of at least 30 additional car parking spaces on site: ***not achieved***
- Implementation of the demarcation of parking spaces for 2 specialist services: ***not achieved***

**Other Achievements and Quality Improvements in 2017-18**

**Seven Day Hospital Services**

The aim of the NHS Improvement led seven day services initiative is to deliver high quality hospital care that will provide 100% of the population with access to the same level of consultant assessment and review, diagnostic tests and consultant-led interventions every day of the week by 2020.

The Trust has achieved 100% compliance with 2 of the 4 priority standards:

1. Hospital inpatients must have scheduled seven-day access to diagnostic services, typically ultrasound, computerised tomography (CT), magnetic resonance imaging (MRI), echocardiography, endoscopy, and microbiology. Consultant-directed diagnostic tests and completed reporting will be available seven days a week
2. Hospital inpatients must have timely 24 hour access, seven days a week, to key consultant-directed interventions that meet the relevant specialty guidelines, either on-site or through formally agreed networked arrangements with clear written protocols.

The Trust is currently working to improve compliance with the remaining 2 priority standards:

3. All emergency admissions must be seen and have a thorough clinical assessment by a suitable consultant as soon as possible but at the latest within 14 hours from the time of admission to hospital.
4. All patients with high dependency needs should be seen and reviewed by a consultant twice daily (including all acutely ill patients directly transferred and others who deteriorate). Once a clear pathway of care has been established, patients should be reviewed by a consultant at least once every 24 hours, seven days a week, unless it has been determined that this would not affect the patient’s care pathway.

Our actions to achieve full compliance with the 7 day working standards by 2020 are:

- spreading the learning from our high performing specialties across the Trust
- improving the capture and accuracy of recording utilising the Electronic Patient Record (EPR)
- continuing to introduce innovative, safe and efficient alternatives to face to face contacts, for example, Telemedicine
- reviewing weekend medical cover to ensure consistency of cover (both at consultant level and at junior doctor level) for acute areas of the hospital across 7 days

## CEO Transformation Fund Projects

In April 2017, the Chief Executive launched the CEO Transformation fund. £1 million was set aside to seed-fund innovative projects which would result in clear cost savings and quality benefits for patients. In total, 14 out of 51 bids received were successful. The projects range from innovative new clinical procedures; the development of specialist staff roles; supporting patients to receive therapy/ continuing clinical care in their own homes; and the innovative use of IT systems and medical technologies. A selection of these projects is described here...

### **Frailty Friendly Front Door**

***Aim: To identify patients at risk of frailty in the ED, and for those not requiring admission, to be assessed by Frailty Practitioners to arrange timely discharge home or to alternative pathways.***

Patients with frailty can have complex on-going care needs and end up unnecessarily admitted to hospital because appropriate support and packages of care are not in place. We know that hospital is not the best environment for these patients and that they would much rather be in their own homes where possible. This project has:

- Funded 4 frailty practitioners (8-8, 7 days a week)
- Provided training & education
- Implemented comprehensive frailty screening for over 65s
- Promoted alternative care pathways for frailty patients
- Developed closer liaison with community partners

In January 2018, the percentage of frail elderly patients being admitted as an inpatient reduced to 38.8% from a rate of 80% previously. Very positive patient feedback has also been received.

### **Thyroid Radiofrequency Ablation (RFA)**

***Aim: To introduce Thyroid RFA as an alternative to surgery for benign symptomatic thyroid disease***

Thyroid nodules are lumps in the thyroid gland which can cause symptoms of pressure in the neck, difficulty in swallowing, and visible swelling. Thyroid RFA uses a special needle guided into the thyroid nodules under ultrasound guidance. An electric current is passed through the needle tip, heating the thyroid tissue and over time reducing the size of the nodule. The procedure is carried out under local anaesthetic in just 20-40 minutes. This procedure is less invasive than surgery, quicker and therefore offers greater patient choice and risk reduction for patients. It is also more efficient for the Trust, saving theatre time and inpatient beds. The first procedure was successfully carried out in April 2018 and we are one of the first NHS Trusts in the country to be offering this innovative treatment.

### **Sleep Apnoea Remote Monitoring CPAP Treatment**

***Aim: To implement a remote monitoring service for patients undergoing Continuous Positive Airway Pressure (CPAP) for sleep apnoea***

CPAP is a treatment for sleep apnoea where patients wear a face / nasal mask during sleep which is connected to a pump which provides a positive flow of air into the nasal passages in order to keep the airway open. It is important these patients are followed up and monitored to ensure they are comfortable and tolerating the treatment.

This project has allowed the wireless monitoring of patients on this treatment in their own homes, removing the need for them to keep coming back into clinic. This is much better for patient experience, treatment compliance, and has efficiency savings for the Trust. The first patients were started on this system in December 2017 and moving forward this will become the default treatment delivery for all new patients.

## **Award winners**

### CHKS Top 40 Hospitals Award, May 2017

In May 2017, the Trust was named as one of the CHKS Top 40 Hospitals. The Top Hospitals award is based on an evaluation of over 22 key performance indicators covering safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care.

### National Pain Awards, May 2017

The Pain Management Team has developed an innovative new pain medication and education smartphone app to provide guidance and information on the management of long term pain, for both healthcare professionals and patients, whenever they need it, wherever they are. At the Grünenthal National Pain Awards in May 2017, the App won 2<sup>nd</sup> place overall, and 1<sup>st</sup> place in the 'general patient' category. The Team was awarded £5000 to implement the second phase of the project: the development of online videos and podcasts to further benefit and prepare patients for possible medication side-effects and reduce inpatient admissions, with improved medication planning.

### Thames Valley Health Research Awards, October 2017

The Trust won in 4 categories at the Thames Valley Health Research Awards held in October. The awards are an initiative by the National Institute of Health Research (NIHR) Clinical Research Network Thames Valley and South Midlands. They recognise those who have made a significant contribution to health research in Berkshire, Buckinghamshire, Oxfordshire and Milton Keynes.

- Patient's NHS Hero: Melanie Gager
- Leadership in Workforce Development: Julie Foxton
- Best Green Shoots Research: Dr. Sam Clark and Dr. Richard Siviter
- Patient Leadership: Douglas Findlay

### British Society of Paediatric Endocrinology (BSPED) Endocrine Nurse Award, November 2017

Christine Desmond, Paediatric Endocrine Nurse Specialist, received the BSPED Endocrine Nurse Award recognising the work Christine has completed to set up the virtual thyroid clinic at the Trust. The service commenced in summer 2016, has been very successful in reducing clinic wait times, improving quality of care and patient/family satisfaction on the care received.

### Pride of Reading Healthcare Worker of the Year, November 2017

Kath O'Hagan, Emergency Nurse Practitioner in ED won this award, celebrating the work she has done in terms of her amazing dedication to patient care over the years and also for the enormous amount of time she has given to support and mentor colleagues.

## **Patient feedback**

The Trust is proud to have maintained its 4.5 star rating on NHS Choices over the whole year 2017-18. Our Friends and Family Test results have been similarly positive, achieving 99% recommendation rate for our inpatient care, ED and outpatient services (*national averages of 95%, 86% and 94% respectively*). We have received national recognition of these excellent results through letters of commendation from the Secretary of State for Health, Jeremy Hunt.

Listed below are a selection of comments from our patients (posted on NHS Choices Jan-Mar 2018):

- *“I want to thank all staff in the induction suite, delivery suite and Iffley ward. When things started to go awry, the staff worked calmly and efficiently to ensure my baby daughter was delivered safely by an emergency C-section. The care afterwards, by not only the midwives, but the ancillary staff too was phenomenal. Everyone was friendly, professional and patient. ... Thank you!”*
- *“The staff in kids A&E are wonderful. They are great with the children, make the children and parents feel at ease and do an exceptional job.”*
- *“I was ... under the orthopaedic team. Slick process. Friendly and caring staff throughout the entire experience. Would highly endorse and thanks to all theatre and ward staff. The Trust deserves its outstanding CQC report.”*
- *“I just wanted to say a very big thank you to the staff on duty at Ambulatory Emergency Care Unit ... All the staff were friendly, bubbly, enthusiastic and just fantastic. It was such a warm and caring atmosphere! The staff really took their time to reassure my husband and I and went through all results in detail. Not only did the staff care for my husband’s health impeccably with the greatest care and attention, there were lots of smiles and laughs ... Thanks again!”*

## **Volunteers**

The Trust has a very active volunteer programme, with over 400 volunteers donating thousands of hours of their time each year. Our volunteers help to provide those extra services for our patients which enhance the quality of care we are able to deliver and make a huge difference to patient experience. Our volunteers undertake a wide range of roles across the Trust including:

- Mealtime assistants or ward helpers
- Welcomers
- Radio volunteers
- Buggy drivers
- Chaplaincy volunteers
- Patient actors for simulation training
- Undertaking patient surveys

## Patient Leadership Programme

Our innovative Patient Leadership programme has been running in the RBFT for the last 5 years, and has been run jointly with Berkshire Healthcare for the last 2 years. It was developed out of a desire to ensure that patient involvement was meaningful and to listen to and involve patients and carers at all levels of the Trust. The Patient Leadership programme provides structured training and mentorship for patients and carers to give them the skills and knowledge they need to be effective partners with us. Once the course is completed, with the support of their staff mentors, our patient leaders have been involved in:

- Staff interviews (consultants and senior nurses)
- Members on key committees such as Clinical Outcomes & Effectiveness and Drugs & Therapeutics
- ‘Patient Stories’ project for shared learning and training
- Involvement in quality improvement projects such as “#hellomynameis” campaign

### Deliver a Difference – Staff volunteers

In addition to our patient and carer volunteers, many of our staff volunteer through the *Deliver a Difference* campaign. At times of high pressure on the wards, staff from non-clinical areas volunteer as mealtime assistants or general ward helpers. This helps to alleviate pressure on colleagues and ensure patients are receiving high quality care.

We are very grateful for all of our volunteers, both staff and patients, who sacrifice their time to help deliver the outstanding care the Trust is known for. They truly reflect our Trust values of being *compassionate, aspirational, resourceful* and *excellent*.

## Annex 1: Core Performance Indicators 2017-18

### 1) Standardised Hospital-Level Mortality Indicator (SHMI)

Indicator	2015-16	2016-17	Oct 2016 – Sept 2017*	Nat Average	NHS Best	NHS Worst
<b>Summary of SHMI (Value)</b>	1.001	1.0274	1.005	1.00	1.247	0.727
<b>Banding</b>	2	2	2	2	3	1
<b>Deaths coded with palliative care</b>	40.1%	47.6%	47.6%	2.1%	N/A	N/A

\*Latest available data

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: the Trust mortality data is subject to significant data quality checks and coding review before being submitted nationally for publication.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve this proportion, and so the quality of its services, by maintaining regular reviews of its mortality data to identify and address coding issues, before undertaking clinical reviews where areas of concern are raised. In addition a more centralised and standardised methodology for specialty mortality review has been implemented to ensure lessons learned are effectively shared across the Trust.

### 2) Patient Reported Outcome Measures (PROMS)

Indicator	2014-15	2015-16	2016-17	Nat Average	NHS Best	NHS Worst
<b>Groin Hernia Surgery</b>	0.080	0.070	0.101	0.086	0.135	0.006
<b>Varicose Vein</b>	N/A	N/A	N/A			
<b>Hip Replacement (Primary)</b>	0.462	0.440	0.456	0.445	0.537	0.310
<b>Knee Replacement (Primary)</b>	0.299	0.325	0.360	0.324	0.404	0.242

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: data is collected by a contracted external organisation and then provided to NHS Digital.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve these scores, and so the quality of its services, by reviewing the care of individual patients as case studies at the General Surgical Clinical Governance meetings for groin hernia surgery and monitoring the hip and knee PROMs within the Orthopaedic Clinical Governance and business meetings for hip and knee replacement surgery.

### 3) Readmissions within 28 Days\*

Indicator	2015-16	2016-17	2017-18
<b>Paediatrics (0-15)</b>	2.60%	2.60%	2.72%
<b>Adults (16+)</b>	8.76%	9.87%	10.67%

*\*NHS Digital data are not available for this indicator therefore national comparator data are not available.*

Data are subject to change post-year end due to the publication timescales for the Quality Report. Therefore figures may be slightly different to those reported in the previous year. The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: the Trust has completed readmission activity reconciliations with both the CCG and national SUS readmission data extracts and has found its data to be in line with these external readmission sources.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve these percentages, and so the quality of its services, by regularly reviewing the emergency readmissions that appear to be related to the previous admission and ensuring that the care and treatment of these patients is reviewed by the relevant clinical team.

#### 4) The Trust's Responsiveness to the Personal Needs of Patients

This indicator is based on a composite score of 5 questions from the national inpatient survey

- *Were you involved as much as you wanted to be in decisions about your care and treatment?*
- *Did you find someone on the hospital staff to talk to about your worries and fears?*
- *Were you given enough privacy when discussing your condition or treatment?*
- *Did a member of staff tell you about medication side effects to watch for when you went home?*
- *Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left hospital?*

<b>Indicator</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Nat Average</b>	<b>NHS Best</b>	<b>NHS Worst</b>
<b>The Trust's responsiveness to the Personal Needs of Patients</b>	76.8%	70.8%	67.6%	68.1%	85.2%	60.0%

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: the data are collected by a contracted external organisation and provided to NHS Digital.

The Royal Berkshire NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services, by reviewing and improving its consent processes; promoting staff in charge on wards who are available to answer queries; re-launching the 'call for concern' initiative; promoting and ensuring the effective use of the discharge envelope scheme.

#### 5) Staff Recommendation Rate

<b>Indicator</b>	<b>Q4 2016-17</b>	<b>Q1 2017-18</b>	<b>Q2 2017-18</b>	<b>Nat Average</b>	<b>NHS Best</b>	<b>NHS Worst</b>
Staff recommendation rate	84%	86%	85%	80%	100%	43%

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons the data are collected by a contracted external organisation and provided to NHS Digital.

The Royal Berkshire NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services, by implementing the action plans to improve the quality of our care and services outlined in this report. We will actively engage staff with these quality priorities and improvement workstreams and improve communication of our quality achievements with all staff.

#### 6) Patient Recommendation Rate

<b>Indicator</b>	<b>Dec 17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Nat Average</b>	<b>NHS Best</b>	<b>NHS Worst</b>
<b>Inpatient FFT Recommendation Rate</b>	100%	100%	99%	96%	100%	82%
<b>ED FFT Recommendation Rate</b>	99%	99%	99%	85%	100%	67%

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: the data are collected by a contracted external organisation and provided to NHS Digital.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve these percentages, and so the quality of its services, by encouraging patients to complete the FFT and incentivising the ward staff to strive to improve on their scores through the ward accreditation scheme.

#### 7) Venous Thromboembolism (VTE) Risk Assessment

<b>Indicator</b>	<b>Q1 2017-18</b>	<b>Q2 2017-18</b>	<b>Q3 2017-18</b>	<b>Nat Average</b>	<b>NHS Best</b>	<b>NHS Worst</b>
<b>Patients risk assessed for VTE</b>	95.41%	96.20%	97.03%	95.36%	100%	76.08%

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: it is collected electronically and monitored on a monthly basis by the Board.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services, by involving key clinical staff to train others in the importance of risk assessment, collecting the risk assessment data electronically, and monitoring the indicator in the monthly Board performance reports. The Trust also has a VTE Prevention Committee in order to provide a forum to review learning and ensure VTE prevention processes were effectively embedded across the organisation.

## 8) Clostridium Difficile (C.diff)

Indicator	2014-15	2015-16	2016-17	Nat Average*	NHS Best*	NHS Worst*
<b>Rate of C.diff per 100,000 bed days</b>	14.15	14.82	8.41	13.19	0	82.72

*Data are subject to change post-year end due to the publication timescales for the Quality Report. Therefore figures may be slightly different to those reported in the previous year.*

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: all positive results are reviewed and verified by the Infection Control Team and a root cause analysis investigation undertaken to identify the contributory factors and actions for improvement.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve this indicator, and so the quality of its services, by implementing actions focused on appropriate stool sampling, improved microbial prescribing, environmental cleaning, hand hygiene and prompt isolation of affected patients. In addition, the Director of Infection Prevention and Control chairs the C.diff Investigation meeting to review the RCA reports completed for each incidence of C.diff, identifying lapses in care and actions for improvement.

## 9) Patient Safety Incidents (PSIs)

Indicator	Apr – Sep 16	Oct 16 – Mar 17	Apr – Sep 17	Nat Average*	NHS Best*	NHS Worst*
<b>No of PSIs reported</b>	4764**	5122	4350	5226	15228	1133
<b>Rate per 1000 bed days</b>	44.9	48.2	43.03	42.84	111.69	23.47
<b>No of PSIs resulting in severe harm / death</b>	18	10	0	13	0	92
<b>% of PSIs resulting in severe harm or death</b>	0.38%	0.20%	0%	0.3%	0%	1.5%

*\*National average & NHS Best/ worst based on “all acute non-specialist trust” data*

*\*\*This figure has been amended from the one previously reported in the 2016-17 Quality Report due to a typographical error which has now been corrected in the table above.*

The Royal Berkshire NHS Foundation Trust considers that this data is as described for the following reasons: the Trust encourages an open reporting patient safety culture. All incidents reported are reviewed and validated by the Quality Governance Team prior to upload to the NRLS.

The Royal Berkshire NHS Foundation Trust has taken the following actions to improve these indicators, and so the quality of its services, by encouraging the reporting of patient safety incidents. All severe harm/ death patient safety incidents are subject to potential Serious Incident Requiring Investigation (SIRI). Those meeting the criteria have a thorough root cause analysis investigation undertaken and an action plan developed to put mitigation in place to prevent the incident happening again and to share lessons learned across the Trust.

## THE SINGLE OVERSIGHT FRAMEWORK (SOF)

Indicator	Benchmark	2015-16	2016-17	2017-18
Maximum 18 weeks from RTT (Incomplete pathways)*	92%	93.02%	94.1%	92.6%
ED: 4 hour wait	95%	94%	92% (91%**)	89.2% (87%**)
All cancers: 62 day wait urgent GP referral:				
Urgent GP referral	85%	74.2%	85.1%	85.9%
NHS Cancer Screening Referral	90%	88.7%	87.1%	91.6%
Meeting the C. diff objective	27	31	17	19
SHMI see 1) above				
Max 6 week wait for diagnostic procedures	99%	99.2%	99.4%	99.2%
VTE risk assessment see 7) above				

\*The Trust is in the final stages of transition to our new, more consistent RTT solution. We note that a few data inaccuracies have been found by our auditors relating to the period prior to a significant step in our transition. The Trust will review the specific findings against our new solution for completeness.

\*\*Represents Type 1 attendances, which is consultant lead 24 hour service with full resuscitation facilities and designated accommodation for the reception of patients

## Annex 2: National Clinical Audits & Confidential Enquiries

Title	Participation Rate
<i>National Clinical Audits</i>	
1. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	100%
2. BAUS Urology Audits: Cystectomy	100%
3. BAUS Urology Audits: Nephrectomy	100%
4. BAUS Urology Audits: Percutaneous nephrolithotomy	100%
5. BAUS Urology Audits: Radical prostatectomy	100%
6. BAUS Urology Audits: Urethroplasty	100%
7. BAUS Urology Audits: Female Stress Urinary Incontinence	100%
8. Bowel Cancer National Audit (NBOCAP)	100%
9. Cardiac Rhythm Management (CRM)	100%
10. Case Mix Programme (ICNARC)	100%
11. Coronary Angioplasty/National Audit of Percutaneous Coronary Interventions (PCI)	100%
12. Diabetes (Paediatric) NPDA	100%
13. Elective Surgery (National PROMs Programme)	Groin – 29% Hip replacement- 56% Knee replacement – 54 % Varicose vein – 15% Data from April 2017 – Sept 2017 Published Feb 2018
14. Endocrine & Thyroid National Audit	100%
15. Falls and Fragility Fractures Audit Programme (FFFAP), National Hip Fracture Database (NHFD)	100%
16. Falls and Fragility Fractures Audit Programme (FFFAP), National Audit of Inpatient Falls (NAIF)	100%
17. Fractured Neck of Femur (CEM)	100 cases – no denominator data but audit requirement met
18. Inflammatory Bowel Disease programme/IBD Registry	84 cases submitted to date – data collection ongoing
19. Learning Disability Mortality Review programme (LeDeR)	100%
20. Major Trauma Audit (TARN)	100%
21. National Audit of Breast Cancer in Older Patients	100%
22. National audit of Dementia	95% (spotlight audit)
23. National Bariatric Surgery Registry (NBSR)	100%
24. National Cardiac Arrest Audit (NCAA)	100%
25. National Chronic Obstructive Pulmonary Disease (COPD) Audit programme – Secondary care	80%
26. National Comparative Audit of Blood Transfusion programme – Audit of Red Cell & Platelet transfusion in adult haematology patients	100%
27. National Pregnancy in Diabetes Audit (NPID)	100%
28. Diabetes (Adult) - Inpatients (NADIA)	98%
29. National Emergency Laparotomy (NELA)	100%

<b>Title</b>	<b>Participation Rate</b>
30. National Heart Failure Audit	100%
31. National Joint Registry	100%
32. Lung Cancer Audit (NLCA)	100%
33. National Maternity & Perinatal Audit	100%
34. National Neonatal Audit Programme (NNAP)	100%
35. National Ophthalmology Audit	100%
36. Oesophago-Gastric Cancer (NOGCA)	Data collection ongoing
37. Pain in Children (CEM)	50 cases – no denominator but audit requirement met
38. Procedural Sedation in Adults (CEM)	100 cases – no denominator but audit requirement met
39. Prostate Cancer audit	100%
40. Sentinel Stroke National Audit programme (SSNAP)	100%
41. Serious Hazards of Transfusion (SHOT): UK National haemovigilance scheme	100%
42. UK Parkinson's Audit	Elderly care – 53 Neurology – 46 Occupational Therapy – 10 Physiotherapy – 10 Speech & Language Therapy – 12 No denominator data available but all audit submission numbers met
<i>National Confidential Enquiries</i>	
1. NCEPOD – Child Health Outcome Review Programme	100%
2. Medical & Surgical Clinical Outcome Review Programme (NCEPOD)	100%
3. Maternal, infant and perinatal mortality (confidential enquiry)	100%

<i>National Clinical Audits and Confidential Enquiries not participated in:</i>	
National Diabetes Audit – Adult	Only partially relevant to the RBH
National Audit of Intermediate Care	Only partially relevant to the RBH
Falls and Fragility Fractures Audit Programme (FFFAP), Fracture Liaison Service	Historically under the remit of Berkshire Healthcare Foundation Trust but transferred during the year to Royal Berkshire NHS Foundation Trust. Trust participation to be reported on in next year's Quality Accounts

### Annex 3: Learning from Deaths

	Q1 Apr17 - Jun17	Q2 Jul17 - Sep17	Q3 Oct17 - Dec17	Q4 Jan18 - Mar18	Total 2017-18
Total inpatient deaths	359	340	372	437	1508
Full mortality review completed	128	160	139	62	489
Investigations completed	6	3	5	0	14
Total casenote review <i>or</i> investigation completed	133	160	143	62	498
Deaths assessed to be <i>more likely than not</i> due to problems in care	0	0	2	0	2
% deaths assessed to be <i>more likely than not</i> due to problems in care	0	0	0.5%	0	0.13%

## **Annex 4: Statements from Commissioners, Local Healthwatch Organisations & Overview and Scrutiny Committees**

Healthwatch Wokingham Borough's response to Royal Berkshire NHS Foundation Trust's Quality Report 2017-18

As the independent voice for patients, Healthwatch Wokingham Borough is committed to ensuring local people are involved in the improvement and development of health and social care services. Healthwatch Wokingham Borough would like to start by commending all the hard work undertaken in the past year to improve services and the patient experience. This has been reflected in an outstanding rating by the Care Quality Commission.

Local Healthwatch across the country are asked to read, digest and comment on the Quality Accounts, which are produced by every NHS Provider (excluding primary care and Continuing Healthcare providers). The Quality Account is a lengthy and detailed document containing lots of data, Healthwatch would encourage the Trust to provide a summary of this lengthy 53 page document for the general public to access and appreciates the opportunity to provide comment.

Healthwatch Wokingham Borough concur with the Quality Priorities selected for 2018-19 With regard to priority 5 "Improving Patient Experience of Car Parking". Back in 2015 we produced a you tube video outlining the frustrations of a volunteer driver coming to the Hospital (<https://www.youtube.com/watch?v=qRQ2rmDf4qQ>). Healthwatch Wokingham Borough have worked closely with key senior hospital personnel to look at ways in which volunteers can be better utilised to transport patients to and from the hospital. We were delighted with the trialling of reserved volunteer driver car parking spaces in the car park, enabling drivers to safely deliver their passengers to the appropriate place within the hospital. We have also suggested the use of "Meet and Greeters" to collect people from a drop off point and escort and assist them on their journey within the hospital. Healthwatch Wokingham Borough are happy to explore partnerships with the Voluntary and Community Sector in which volunteers could be used to assist with the discharge process also.

With regard to priority 6 "the last 1000 days: expediting the patient's journey" We have been following the outcomes of the "Discharge to Assess" pilot programme and note with interest that this model is not more efficient with Occupational Therapist often making the same care plan recommendations at home as they would on the ward. We are keen to meet with the Digitisation Manager, Pharmacy Team and Discharge Lounge to look at how the discharge experience could be improved. We recognise the bottle neck that happens after ward rounds and patients waiting for their prescriptions to be processed.

With regard to priority 7 "improving involvement of patients and carers in their own care" Healthwatch Wokingham Borough often hears how patients can be left feeling "done to" by the NHS. Any opportunity to empower individuals to take responsibility for their health outcomes is commendable. Healthwatch Wokingham Borough would be happy to support any user led patient groups. Healthwatch Wokingham Borough recently shared a "GPs carers toolkit" to every surgery within the Borough to support early identification and support of carers.

Healthwatch Wokingham Borough hears how there is an aspiration for people to be treated closer to home, however, often people are told to go to hospital for blood tests or similar small procedures that could be done by a practice nurse, we have raised this mixed messaging with both the Clinical Commissioning Group and Local Medical Committee.

Healthwatch Wokingham Borough is delighted to read about your active volunteer base. We are keen to see more volunteer roles introduced such as the "pharmacy runner" role recently

introduced to Frimley Health Trust and making a significant difference on discharge times. The Every Contact Counts programme could be transferred to volunteers. The stories that they hear supporting patients are valuable. We would certainly welcome more of your volunteers being Healthwatch Champions.

## **NHS Berkshire West Clinical Commissioning Group**

### **Executive Summary**

Berkshire West Clinical Commissioning Group (CCG) has reviewed the Royal Berkshire NHS Foundation Trust Quality Account, and provides this response. The CCG is delighted with the outcome of the most recent January (2018) CQC inspection, which enabled the Trust to attain an overall 'outstanding' rating and is one of only 14 acute hospital locations to do so since the CQC inspection process began placing the Trust within the top 3% of hospitals nationally.

The Quality Account 2017/18 provides information across a wide range of quality measures and gives a comprehensive view of quality of care and upcoming priorities to be undertaken by the Trust. There is evidence that the Trust relies on both internal governance structures to maintain oversight and external assurance mechanisms, such as engagement with national clinical audit programmes and local quality improvement initiatives.

The CCG are satisfied with the accuracy of the data and information contained in the 2017/18 Account and the Trust's 2018/19 Quality Account Priorities are those that support The Royal Berkshire NHS Foundation Trust's renewed strategic vision "working together to provide outstanding care for our community". It is furthermore noted that to assist this vision, the Trust's revised Quality Strategy for 2018, details five objectives to promote delivery; Provide the highest quality care, Invest in our staff and live out our values, Drive the development of integrated services, Cultivate innovation and transformation and Achieve long-term financial sustainability. The CCG agree that the seven key priorities identified by the Trust are appropriate and a true reflection of findings and discussions the CCGs has been held with them throughout the year 2017/18.

The Trust very much values the partnership working across the local health economy, and with their patients and the public. The notion of partnership working is more so identified through the active engagement with the Integrated Care System approach and Berkshire West CCG are pleased to continue working in partnership with them.

### **Quality Account 2017/18**

The Quality Account for 2017/18 clearly identified the Trust's successes and challenges to date and also areas for further improvement with continuing focus for delivery, a detailed review of the achievement is provided inclusive of areas of challenge and future ambitions. The CCG support the Trust's openness and transparency and is committed to working with the Trust to achieve further progression and successes in the areas identified below within the document with reference to the Quality Account priorities 2018/19.

The Trust has selected seven areas to prioritise for quality improvement in 2018/19 across the 3 quality domains of patient safety, clinical effectiveness and patient experience.

#### **Patient Safety Priority 1: Reduction of avoidable falls with harm**

The CCG welcomes this priority and area for focus, and notes the ambition Trust target for achievement. The comparison of the Trust figures of avoidable falls with harm from 2016/17 to 2017/18 has shown a concerning increase, which has been subject to discussion. Key themes have been identified through the Quality Account in order to provide tangible case for change. The CCG are apprised of the Trust wide action plan and support the actions identified within. The CCG have ensured there is embedding of Trust learning and will

continue to supported system learning through the Integrated Care System Serious Incident panel.

#### Patient Safety Priority 2: Reduction of avoidable pressure ulcers

Over the last few years the Trust has made great strides in significantly reducing the most serious grade 3 and 4 hospital acquired, avoidable pressure ulcers. The CCG has noted the success of the many Initiatives such as the '100 days free' campaigns and supports the Trust decision to focus quality improvement efforts on the reduction of hospital-acquired, avoidable grade 2 pressure ulcers.

#### Clinical Effectiveness Priority 3: Reduction of mortality due to sepsis

For the last two years, improving recognition and timely treatment of sepsis has been a quality improvement priority for the Trust, supported by the national CQUIN agenda. The CCG notes the improvements and sustained achievement of over 90% screening for sepsis and administration of antibiotics within 1 hour of diagnosis. The CCG welcomes the addition of monitoring and evaluation regarding the implementation of the nationally recognised "The Sepsis Six" treatment pathway ensuring all patients diagnosed with sepsis are treated in accordance with this model. Furthermore, the CCG acknowledges the need to identify any lapses in care and ensure mortality reviews are used to inform quality improvement work and education requirements within the Trust.

#### Clinical Effectiveness Priority 4: Improving recognition of the deteriorating patient

The CCG support this inclusion as a quality priority for 2018/19 and recognised the overarching initiatives such as the move towards implementation during September 2018 of the "NEWS2" scoring methodology to assess those patients who are at greater risk of deterioration. It is essential that clinical deterioration is recognised, escalated quickly, and the appropriate treatment given, in order to provide patients with the best possible clinical outcome. Clinical deterioration can happen at any point in a patient's illness, or care process, but patients are particularly vulnerable following an emergency admission to hospital, after surgery and during recovery from a critical illness.

#### Patient Experience Priority 5: Improving patient experience of car parking

In 2016-17 "Improving patient experience of car parking" was one of the Trusts quality improvement priorities. However, the Trust recognises that there was limited progress made through 2017/18 and the CCG welcome this as an on-going priority to increasing patient and visitor experience. Specific targets for improvement are yet to be established, however there are detailed initiatives outlined such as Automatic Number Plate Recognition System in the multi-storey car park; Exploring possibilities of additional off-site parking options for staff to free up space on-site for patients, the CCG look forward to further detail once established.

#### Patient Experience Priority 6: Last 1,000 Days: expediting the patient journey

The "Last 1,000 Days" is a national campaign, of which the CCG are in support of the Trust in its local application. Essentially, the campaign aims to highlight the issue that the elderly, chronically ill, and those with life limiting conditions are the people who spend the most time in healthcare settings. This initiative will enhance the many patient flow and safer discharge pathways of which the Trust is striving to continue with despite the national pressures.

#### Patient Experience Priority 7: Improving involvement of patients and carers in managing their own care

The CCG note this priority was developed in response to feedback from patient leaders and following the annual inpatient survey results where the Trust acknowledges the performance linked to the question, "Were you involved as much as you would have liked to be in decisions about your care and treatment?" was not as favourable as the Trust would have liked. The CCG appreciate that in order to develop key deliverables within this priority, there

is the requirement for the seeking of patient and family feedback therefore; we look forward to the additional detail once established.

#### Overall

The CCG are pleased that the Trust has chosen to focus the seven priorities around the three domains of patient safety, clinical effectiveness and patient experience, some of which have been derived from patient and staff experience. Furthermore, the CCG recognise that a significant amount of work has been undertaken over the past year, with tangible achievements and successes in addition to noting the challenges faced. There is both Trust and CCG recognition that there are quality improvement initiatives to be undertaken which are both locally driven and support the national agenda.

Overall, there have been many positive highlights for the Trust, outlined above, and with reference to the significant improvement in cancer and sepsis performance of which the CCGs are delighted with the achievements of the Trust and support the on-going delivery. The CCGs have gained assurance via a number of forums and by the undertaking of quality assurance visits therefore remain positive that the Trust are committed to offering high quality and safe care to our patients. We support the Trust in its continuing focus on the results from 2017/18 priorities and the ongoing requirement to further those improvement and strengthen priorities over the coming financial year through the integrated care system.

## **Annex 5: Limited Assurance by External Auditors**

We have been engaged by the council of governors of Royal Berkshire NHS Foundation Trust to perform an independent assurance engagement in respect of Royal Berkshire NHS Foundation Trust's quality report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of Royal Berkshire NHS Foundation Trust as a body, to assist the council of governors in reporting Royal Berkshire NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the council of governors as a body and Royal Berkshire NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Scope and subject matter**

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

- 18 week referral to treatment waiting times; and
- Accident and Emergency 4 hour waiting times

We refer to these national priority indicators collectively as the 'indicators'. For Accident and Emergency 4 hour waiting times we have only considered Type 1 wait times being consultant led 24 hour service with full resuscitation facilities and designated accommodation for the reception of patients.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual' issued by NHS Improvement.

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

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual';
- the quality report is not consistent in all material respects with the sources specified in section 2.1 of the NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; and
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with

- board minutes for the period April 2017 to May 2018;
- papers relating to quality reported to the board over the period April 2017 to May 2018;
- feedback from the Commissioners dated 1 May 2018;
- feedback from the governors dated 31 January 2018;
- feedback from local Healthwatch organisations, dated 22 April 2018;
- feedback from Overview and Scrutiny Committee –*requested but not received*;
- the Trust’s complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, Q1-3 2017-18;
- the 2016 national patient survey;
- the 2016 national staff survey;
- Care Quality Commission reports; and
- the Head of Internal Audit’s annual opinion over the trust’s control environment, dated May 2018.

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

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

### **Assurance work performed**

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

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the ‘NHS foundation trust annual reporting manual’ to the categories reported in the quality report; and
- reading the documents.

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

### **Limitations**

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

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different

measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual'.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance

### **Basis for qualified conclusion**

#### **Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period**

The “percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period” indicator requires that the NHS Foundation Trust accurately record the start and end dates of each patient’s treatment pathway, in accordance with detailed requirements set out in the national guidance. This is calculated as an average based on the percentage of incomplete pathways which are incomplete at each month end, where the patient has been waiting less than the 18 week target.

Our procedures included testing a risk based sample of items and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

We found that:

- for 13% of our sample of patients’ records tested, the start or end date of treatment was not accurately recorded affecting the calculation of the published indicator;
- for 8% of our sample of patients’ records tested, the pathway was incorrectly recorded (including start or end date of treatment not accurately recorded), but did not affect the calculation of the published indicator; and
- for 8% of our sample of patients’ records tested, we were unable to obtain sufficient supporting evidence to confirm the details necessary to test the calculation of the published indicator.

As a result of the issues identified, we have concluded that there are errors in the calculation of the “percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period” indicator for the year ended 31 March 2018. We are unable to quantify the effect of these errors on the reported indicator.

The Annual Governance Statement section of the NHS Foundation Trust’s Quality Report details the actions that the NHS Foundation Trust is taking to resolve the issues identified in its processes.

### **Qualified conclusion**

Based on the results of our procedures, except for the matters set out in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual';
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; and

- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual'.

*Deloitte LLP*

Deloitte LLP  
Reading, United Kingdom

*22* May 2018

## **Annex 6: Statement of Directors' Responsibilities for the Quality Report**

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

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

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

- the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period April 2017 to 22 May 2018
  - papers relating to quality reported to the board over the period April 2017 to 22 May 2018
  - feedback from commissioners dated 1 May 2018
  - feedback from governors dated 31 January 2018
  - feedback from local Healthwatch organisations dated 22 April 2018
  - feedback from Overview and Scrutiny Committee – *requested but not received*
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, Q1-3 2017-18
  - the 2016 national patient survey July 2017
  - the 2017 national staff survey 6 March 2018
  - the Head of Internal Audit's annual opinion of the trust's control environment dated May 2018
  - CQC inspection report January 2018
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the board

Date: 22nd May 2018

Chairman: [Signature]

Date: 22nd May 2018

Chief Executive: [Signature]



**Royal Berkshire**  
NHS Foundation Trust

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

**Royal Berkshire NHS Foundation Trust**

**Consolidated Financial Statements for the year ended 31 March  
2018**

CONTENTS	Page No.
Contents	2
Independent Auditor's Report	3
Foreword to the Consolidated Financial Statements	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statements of Changes in Taxpayers' Equity	13
Statement of Cash Flows	15
Notes to the Accounts	
1    Accounting Policies.....	16
2    Income from Continuing Operations.....	29
3    Operating Expenses.....	31
4    Staff Costs and Numbers.....	33
5    Late Payment of Commercial Debts (Interest) Act 1998.....	34
6    Finance Income and Expenses.....	34
7    Intangible Non-current assets – Group and Trust has separate headings..	35
8    Property, Plant and Equipment.....	37
9    Investments.....	41
10   Inventories.....	42
11   Trade and Other Receivables.....	42
12   Cash and Cash Equivalents.....	43
13   Trade and other payables.....	44
14   Provision for Liabilities and Charges.....	45
15   Notes to the Statement of Cash Flows.....	46
16   Capital Commitments.....	46
17   Events after the Reporting Period.....	46
18   Contingencies.....	46
19   Related Party Transactions.....	47
20   Private Finance Transactions.....	47
21   Pooled Budget Projects.....	48
22   Financial Instruments.....	48
23   Third Party Assets.....	49
24   Losses and special payments.....	49
25   Charity summary disclosure.....	51
26   HFMS summary disclosure.....	53

# INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF ROYAL BERKSHIRE NHS FOUNDATION TRUST

## Report on the audit of the financial statements

### Opinion

**In our opinion the financial statements of Royal Berkshire NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):**

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 31 March 2018 and of the group's and foundation trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the group and foundation trust statement of comprehensive income;
- the group and foundation trust statement of financial position;
- the group and foundation trust statements of changes in taxpayers' equity;
- the group and foundation trust statement of cash flow; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

### Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"><li>• Valuation of the Trust's estate</li><li>• Management override of controls.</li></ul> <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
<b>Materiality</b>	<p>The materiality that we used for the group financial statements was £8.1m which was determined on the basis of 2% of incoming resources.</p>
<b>Scoping</b>	<p>The focus of our audit work was on the Trust. We performed limited procedures on the Trust's other components, Healthcare Facilities Management Services Ltd and the Royal Berkshire NHS Foundation Trust Charity, where the extent of our testing was based on the risks of material misstatement to the Group as whole. Our audit therefore covered all the entities within the Group, which account for 100% of the Group's net assets, revenues and surplus.</p>

## Significant changes in our approach

For the current year, following our risk assessment procedures, we assessed that there was not a significant risk of material misstatement within income balances ("revenue"). There were no other significant changes to our approach.

## Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the accounting officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the accounting officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the foundation trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of the Trust's Estate

### Key audit matter description



The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £198.4m as disclosed in note 8. A full revaluation took place in the year. The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value.

As detailed in note 1.9 and note 1.5, as part of the full valuation exercise, the Group has reassessed a number of valuation assumptions in the current year.

### How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of controls over property valuations.

We used Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the Group's properties.

We have reviewed the disclosures in note 1.9 and note 1.5 and evaluated whether these provide sufficient explanation of the basis of the valuation

and the judgements made in preparing the valuation.

We assessed whether the valuation and the accounting treatment of the impairment are compliant with the relevant accounting standards, and in particular whether impairments should be recognised in the Income Statement or in Other Comprehensive Income.

#### Key observations



The floor areas used in the valuation were approximately 16% higher than those used by the previous valuer. We have considered whether this is indicative of a material error in the opening balance sheet, and have concluded that no adjustment to the opening balance sheet is required.

The key judgements are within the acceptable range. There were no other significant findings arising from our work on property valuations.

#### Management override of controls

#### Key audit matter description



We consider that in the current year there is a heightened risk across the NHS that management may override controls to manipulate fraudulently the financial statements or accounting judgements or estimates. This is due to the increasingly tight financial circumstances of the NHS and close scrutiny of the reported financial performance of individual organisations.

The Group was allocated £9.0m of the Sustainability and Transformation Fund, contingent on achieving financial and operational targets each year, equivalent to a "control total" for the year of a deficit (adjusted for certain items) of £4.4m. NHS Improvement has allocated funding for a "bonus" to organisations that exceed their control total, including offering foundation trusts £1 of additional funding for each £1 above the control total. This creates an incentive for reporting financial results that exceed the control total of £(4.4)m. The Group's reported results show a surplus (pre-STF) of £5.2m (including net impairment reversals, which do not form part of the control total). The final total STF recognised, as disclosed in Note 2, was £12.0m. As the consolidated charity is also not included in the control total, the final result is equivalent to £0.2m above the control total.

Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.5.

#### How the scope of our audit responded to the key audit matter



#### Manipulation of accounting estimates

In testing each of the relevant accounting estimates, we considered their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS.

We tested accounting estimates and judgements (including NHS revenue provisions, property valuations (see above), useful economic lives, capitalisation and any other one-off accruals), focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

We evaluated the rationale for recognising or not recognising balances in the financial statements and the estimation techniques used in calculations, and considered whether these were in accordance with accounting requirements and were appropriate in the circumstances of the Group.

#### Manipulation of journal entries

We risk assessed journals and selected a sample of items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we considered to be of increased interest.

We tested the appropriateness of journal entries recorded in the general

ledger, and other adjustments made in the preparation of financial reporting.

We used our data analytics software to review ledger postings throughout the year, and particularly at each quarter end, with focus on identifying any manual adjustments to revenue at the period end, or reversing entries that could be indicative of manipulation and management override.

**Accounting for significant or unusual transactions**

We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.

**Key observations**

Accounting estimates were within a reasonable range, and no significant issues arose from our testing in this area.



**Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Foundation trust financial statements
<b>Materiality</b>	£8.1m (2017: £8.1)	£8.0m (2017: £8.0m)
<b>Basis for determining materiality</b>	2% of revenue (2017: 2% of revenue).	
<b>Rationale for the benchmark applied</b>	Incoming resources was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.	

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £250k (2017: £250k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**An overview of the scope of our audit**

The scope of our group audit was determined by obtaining an understanding of the Group and its environment, including an understanding of the group-wide controls.

The focus of our audit work was on the Trust as this entity carries out the majority of the group's operations. We performed limited procedures on the Group's other components, Healthcare Facilities Management Services Ltd and the Royal Berkshire NHS Foundation Trust Charity, where the extent of our testing was based on the risks of material misstatement to the Group as whole. Our audit therefore covered all the entities within the Group, which account for 100% of the Group's net assets, revenues and surplus.

## Other information

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The accounting 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.

***We have nothing to report in respect of these matters.***

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.

## Responsibilities of accounting officer

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

In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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This report is made solely to the Board of Governors and Board of Directors ("the Boards") of Royal Berkshire NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards 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 foundation trust and the Boards as a body, for our audit

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work, for this report, or for the opinions we have formed.

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the National Health Service Act 2006

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In our opinion:

- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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#### *Annual Governance Statement, use of resources, and compilation of financial statements*

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

***We have nothing to report in respect of these matters.***

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

#### *Reports in the public interest or to the regulator*

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

## Certificate

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We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

A handwritten signature in blue ink that reads "Susan Barratt". The signature is written in a cursive style with a large, stylized 'A' at the end.

Susan Barratt, BA, ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
22 May 2018

## **FOREWORD TO THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements for the year ending 31 March 2018 have been prepared by Royal Berkshire NHS Foundation Trust in accordance with Paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) of the National Health Service Act 2006.

**Steve McManus**

A handwritten signature in blue ink, appearing to read 'SMcManus', with a long horizontal flourish underneath.

**Chief Executive Officer**  
**22 May 2018**

## STATEMENT OF COMPREHENSIVE INCOME

		Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	Notes	£000	£000	£000	£000
<b>Operating income from continuing operations</b>	2	410,627	412,172	401,292	401,108
<b>Operating expenses of continuing operations</b>	3	(399,766)	(388,542)	(391,120)	(390,124)
<b>OPERATING SURPLUS</b>		<u>10,861</u>	<u>23,630</u>	10,172	10,984
<b>Finance costs</b>					
Finance income	6	820	94	770	48
Finance expenses	6	(852)	(852)	(1,003)	(1,003)
Other tax movements	1.19	0	(365)	0	25
Losses on disposal of fixed assets		(190)	(190)	(20)	(20)
PDC Dividends payable		<u>(5,177)</u>	<u>(5,177)</u>	<u>(4,617)</u>	<u>(4,617)</u>
<b>NET FINANCE COSTS</b>		<u>(5,399)</u>	<u>(6,490)</u>	<u>(4,870)</u>	<u>(5,567)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>5,462</u>	<u>17,140</u>	5,302	5,417
<b>Other income:</b>					
Revaluation gains and impairment losses of property, plant and equipment	8	45,643	47,511	1,188	1,188
Fair value gains on financial investments		0	1	0	2
Total other comprehensive income		<u>45,643</u>	<u>47,512</u>	<u>1,188</u>	<u>1,190</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>51,105</u></u>	<u><u>64,652</u></u>	<u><u>6,490</u></u>	<u><u>6,607</u></u>

None of the other comprehensive income would be reclassified to profit and Loss.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March 2018**

		Trust	Group	Trust	Group
	Notes	31 March 2018 £000	31 March 2018 £000	31 March 2017 £000	31 March 2017 £000
<b>NON-CURRENT ASSETS</b>					
Intangible non-current assets	7	15,275	15,276	11,106	11,106
Property, Plant and Equipment	8	197,415	223,213	149,302	164,331
Investments	9	10,600	14	10,600	13
Deferred Tax	1.19	0	48	0	48
Trade and other receivables	11	14,789	677	15,124	660
<b>TOTAL NON-CURRENT ASSETS</b>		<b>238,078</b>	<b>239,228</b>	186,132	176,158
<b>CURRENT ASSETS</b>					
Inventories	10	6,801	6,801	5,776	5,776
Trade and other receivables	11	26,549	24,235	28,631	26,307
Assets held for sale		0	0	4,500	4,500
Cash and cash equivalents	12	40,591	46,822	13,776	17,831
<b>TOTAL CURRENT ASSETS</b>		<b>73,941</b>	<b>77,858</b>	52,683	54,414
<b>TOTAL ASSETS</b>		<b>312,019</b>	<b>317,086</b>	238,815	230,572
<b>CURRENT LIABILITIES</b>					
Trade and other payables	13.1	(60,419)	(60,278)	(43,157)	(43,252)
Borrowings	13.1	(3,312)	(3,312)	(3,343)	(3,343)
Provisions	14	(3,448)	(3,448)	(1,053)	(1,053)
Tax payable		(4,563)	(4,563)	(4,343)	(4,343)
<b>TOTAL CURRENT LIABILITIES</b>	13.1	<b>(71,742)</b>	<b>(71,601)</b>	(51,896)	(51,991)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>240,277</b>	<b>245,485</b>	186,919	178,581
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	13.1	(17,231)	(17,231)	(20,233)	(20,233)
Other Long Term payables	13.1	(326)	(326)	(416)	(416)
Deferred Tax Liability		0	0	0	0
Provisions	14	(221)	(221)	(265)	(265)
<b>TOTAL NON CURRENT LIABILITIES</b>	13.1	<b>(17,778)</b>	<b>(17,778)</b>	(20,914)	(20,914)
<b>TOTAL ASSETS EMPLOYED</b>		<b>222,499</b>	<b>227,707</b>	166,004	157,665
<b>TAXPAYERS' EQUITY</b>					
Public Dividend Capital		163,229	163,229	157,839	157,839
Revaluation Reserve		65,140	67,008	23,840	23,840
Charitable funds		0	4,836	0	3,324
Income and Expenditure Reserve		(5,870)	(7,366)	(15,675)	(27,338)
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>222,499</b>	<b>227,707</b>	166,004	157,665

The notes on pages 16 to 54 form part of these accounts. The Financial Statements on pages 11 to 15 were approved by the Board on 22 May 2018 and signed on its behalf by:

Steve McManus, Chief Executive Officer  
22 May 2018

**GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

	Revaluation Reserve £000	Public Dividend Capital £000	Charitable Funds Reserve £000	Income and Expenditure Reserve £000	Total £000
<b>Taxpayers' equity/(deficit) at 1 April 2017</b>	<b>23,840</b>	<b>157,839</b>	<b>3,324</b>	<b>(27,338)</b>	<b>157,665</b>
Total comprehensive income / (expense) for the year	47,511	0	1,512	15,629	<b>64,652</b>
Transfer of excess of current cost depreciation to the Income and Expenditure Reserve	(609)	0	0	609	<b>0</b>
Transfer of retained reserve on disposal of assets	(3,734)	0	0	3,734	<b>0</b>
Public Dividend Capital received	0	5,390	0	0	<b>5,390</b>
<b>Taxpayers' equity/(deficit) at 31 March 2018</b>	<b>67,008</b>	<b>163,229</b>	<b>4,836</b>	<b>(7,366)</b>	<b>227,707</b>
<b>Taxpayers' equity/(deficit) at 1 April 2016</b>	<b>23,237</b>	<b>157,511</b>	<b>3,460</b>	<b>(33,478)</b>	<b>150,730</b>
Total comprehensive income/(expense) for the year	1,188	0	(136)	5,555	6,607
Transfer of current cost depreciation to the Income and Expenditure Reserve	(585)	0	0	585	0
Public Dividend Capital received	0	328	0	0	328
<b>Taxpayers' equity/(deficit) at 31 March 2017</b>	<b>23,840</b>	<b>157,839</b>	<b>3,324</b>	<b>(27,338)</b>	<b>157,665</b>

**TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

	Revaluation Reserve	Public Dividend Capital	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
<b>Taxpayers' equity/(deficit) at 1 April 2017</b>	<b>23,840</b>	<b>157,839</b>	<b>(15,675)</b>	<b>166,004</b>
Total comprehensive income for the year	45,643	0	5,462	51,105
Transfer of excess of current cost depreciation to the Income and Expenditure Reserve	(609)	0	609	0
Transfer of retained reserve on disposal of assets	(3,734)	0	3,734	0
Public Dividend Capital received	0	5,390	0	5,390
<b>Taxpayers' equity/(deficit) at 31 March 2018</b>	<b>65,140</b>	<b>163,229</b>	<b>(5,870)</b>	<b>222,499</b>
<b>Taxpayers' equity/(deficit) at 1 April 2016</b>	<b>23,237</b>	<b>157,511</b>	<b>(21,562)</b>	<b>159,186</b>
Total comprehensive income/(expense) for the year	1,188	0	5,302	6,490
Transfer of current cost depreciation to the Income and Expenditure Reserve	(585)	0	585	0
Public Dividend Capital received	0	328	0	328
<b>Taxpayers' equity/(deficit) at 31 March 2017</b>	<b>23,840</b>	<b>157,839</b>	<b>(15,675)</b>	<b>166,004</b>

## STATEMENT OF CASH FLOWS

		Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	Notes	£000	£000	£000	£000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Net cash generated from operations</b>	15	<b>42,603</b>	<b>45,517</b>	21,005	20,898
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>					
Interest received		820	94	771	48
Payments to acquire tangible non-current assets		(11,645)	(11,659)	(6,647)	(6,693)
Proceeds from sale of tangible non-current assets		4,322	4,322	158	158
Payments to acquire intangible non-current assets		(6,465)	(6,465)	(2,945)	(2,946)
<b>Net cash generated used in investing activities</b>		<b>(12,968)</b>	<b>(13,707)</b>	(8,663)	(9,433)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>					
Loans repaid to Foundation Trust Financing Facility		(3,033)	(3,033)	(3,620)	(3,620)
Interest paid		(852)	(852)	(969)	(969)
Capital Element of Finance Lease Rental		(90)	(90)	(184)	(184)
PDC Capital received		5,390	5,390	328	328
PDC Dividends paid		(4,236)	(4,236)	(4,552)	(4,552)
<b>Net cash generated from used in financing activities</b>		<b>(2,821)</b>	<b>(2,820)</b>	(8,997)	(8,997)
<b>Increase in cash and cash equivalents</b>		<b>26,814</b>	<b>28,991</b>	3,345	2,468
<b>Cash and cash equivalents at 01 April</b>		<b>13,777</b>	<b>17,831</b>	10,432	15,362
<b>Cash and cash equivalents at 31 March</b>	12	<b><u>40,591</u></b>	<b><u>46,822</u></b>	<u>13,777</u>	<u>17,831</u>

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care (DH) Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Accounting Manual 2017-18, issued by the Department of Health and Social Care.

The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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 DH Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation 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 the accounts.

#### 1.1 Going concern

The Trust annual report and accounts have been prepared on a going concern basis. Management review the economic environment and financial conditions that may affect the Trust on an annual basis to confirm that the basis of a going concern is appropriate.

#### 1.2 Accounting convention

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

#### 1.3 Basis of consolidation

These consolidated financial statements have been prepared incorporating the accounts of Healthcare Facilities Management Services Ltd (HFMS), a wholly owned subsidiary of Royal Berkshire NHS Foundation Trust, and Royal Berkshire NHS Foundation Trust Charity (The Charity).

Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

HFMS provides fully managed healthcare facilities to the healthcare community. The Company has two principal assets which are the Royal Berkshire Bracknell Healthspace at Brants Bridge in Bracknell and Princes House in Reading.

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

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on Financial Reporting Standard (FRS102). On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

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

The amounts consolidated are based on the unaudited 2017/18 financial statements of the subsidiaries.

## **1.4 Income recognition**

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue 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. At the year end, the Trust accrues income relating to activity delivered in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued and agreed with the commissioner.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

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, for instance 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.

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

### **1.4.1 Segmental reporting**

The trust considers that it has one operating segment, the provision of healthcare services, and therefore no segmental information is reported.

## **1.5 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

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

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

The Trust makes one key judgement and two estimations uncertainties at the Statement of Financial Position date and this is detailed below:

In line with the Trust's Property Plant and Equipment policy a valuation of all land and property owned by the Trust was undertaken in March 2018. The valuations was carried out by Gerald Eve LLP to determine the value of property, land and equipment. This valuation was carried out in accordance with the Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS) and was consistent with the requirements of HM Treasury, the Department of Health and Social Care and NHS Improvement and International Financial Reporting Standards (IFRS).

The entries included in the financial statements in relation to the revaluation included the following key judgement:

### **Change in the Useful Economic Life (UEL)**

The valuers assessed the Useful Economic Life (UEL) for land and buildings which resulted in UEL being increased for this class of asset resulting in reduction of £4,368K to current year depreciation. The range of lives identified were between 3 and 98 years across the various assets reflecting the differing ages and conditions of the assets. This change was due to many of the previous assessments being based on weighted lives of 5 years or less, which was giving unreliable information for assets that clearly were expected to remain in use for a longer period. Based on information provided by the Trust and the Valuers inspections the valuation was based on an estimated remaining physical lives basis.

Key sources of estimation uncertainty included the following:-

#### Land prices

The valuers carried out an extensive search for appropriately sized sites of industrial land and business park land in Reading and on the outskirts of the town but the evidence was limited so were not able to find any recent comparable transactions on which to rely. In the absence of suitable comparables a residual valuation for industrial land methodology was used which provided a land value range of £890,000 per acre to £1,330,000 per acre. This provided a final result giving a land value of £1,100,000 per acre. The impact on the valuation of using the extremes of the range would have been a site value of the Reading site of between £13,630,000 and £20,370,000 as compared to a reported land value of £16,840,000.

Other factors also considered were build cost inflation, differing choice of cost rates for individual assets, differing non-physical obsolescence judgements, positive adjustments or impairments on capital improvements held at cost until revaluation, differing assumptions on professional fees levels, finance costs etc the majority of which are inter-linked and are not analysed here.

### 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 Employee Benefits

International Accounting Standard (IAS) 19 on Employee Benefits sets out the requirements for accounting for short-term employee benefits, post-employment benefits and termination benefits. The 'Employee benefits expense' includes all three of these costs.

#### Short-Term employee benefits

Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

#### Termination benefits

Termination benefits are recognised as an expense when the Trust is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as result of an offer made to encourage voluntary resignations. Termination benefits for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

#### Pension costs

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Financial

Reporting Manual (FReM) requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. 2017/18 contributions are £20.92m.

### **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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018, is based on valuation data at 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### **a) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The employer contribution rate is set through a process known as the scheme 'valuation'. A scheme valuation is carried out every four years and it measures the full cost of paying pension benefits (to current pensioners). The most recent scheme valuation was carried out in 2017. The 2017 valuation concluded that in order to pay the current pension benefits from the scheme, an increase, of 0.4 per cent, in the employer contribution rate was required from 1 April 2017. The results of the 2018 scheme valuation will determine the employer contribution rate required from 2019/20.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2017. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The Department of Health and Social Care announced in March 2017 that they will introduce a levy on employers to pay for the administration of the NHS Pension Scheme. This levy is 0.08 per cent of pensionable pay. In practical terms, this means employers will pay 14.38 per cent of pensionable pay.

#### **b) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. The scheme has also added a new 2015 section for all members not on protection, whereby their pension is based on a career average for future pension benefits based on their pension calculated for each year at the rate of 1/54th of their earnings, with each year revalued at the rate of 1.5% + CPI. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used which replaced the Retail Prices Index (RPI). Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity

of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase Additional Voluntary Contributions (AVC) run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## **1.8 Value added tax**

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

## **1.9 Property, Plant and Equipment**

### **Capitalisation**

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably and
  - individually have a cost of at least £5,000; or
  - which form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  - form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost; or
  - Where a large asset, for example, a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **Measurement**

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.

Property, plant and equipment assets are stated at the lower of replacement cost or recoverable amount. The carrying values of property, plant and equipment assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment assets are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate.

- All land and buildings are revalued using professional valuers in accordance with IAS 16. A three year interim valuation is also carried out. All specialist buildings were independently revalued by professionally qualified valuers under the Modern Equivalent Asset basis.
- Valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. A full valuation took place in March 2018. Changes in value that were identified have been recognised in these financial statements.

- Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.
- Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.
- Plant and equipment is not revalued at the Trust except specialist assets, which the Trust does not currently possess.

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 IAS40 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 reclassified as 'Held for Sale' cease to be depreciated upon the reclassification.

### **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".

Assets which are held for their service potential and are in use are measured at current value in existing use

<b>Economic life of property, plant and equipment</b>	<b>Min Life Max Life</b>	
	<b>Years</b>	<b>Years</b>
Buildings and Dwellings	1	136
Plant & Machinery, Furniture & Fittings, Transport Equipment and Information Technology	3	20

All Property Plant and Equipment are depreciated on a straight line basis.

### **Impairments**

In accordance with the DH 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 are reversed. Reversals are

recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **De-recognition of Non-current assets**

Assets intended for disposals are reclassified as 'Held for Sale' once both of the following criteria are met:

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

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

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

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

### **Donated, government grant and other grant funded assets**

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

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

## **1.10 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 non-current assets are capitalised when they are capable of being used in Trust's activities for more than one year, they can be valued, and they have a cost of at least £5,000.

### **Internally generated intangible assets**

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

Expenditure on research is not capitalised.

### **Software**

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

### **Measurement**

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

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 or 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. All intangible assets are depreciated between 5 to 16 years on a straight line basis.

## **1.11 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.

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

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.

## **1.12 Investments**

Investments in subsidiary undertakings, associates and joint ventures are treated as non-current asset investments and valued at market value. Non-current asset investments are reviewed annually for impairments. Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the Statement of Cash Flows. These assets, and other current assets, are valued at cost less any amounts written off to represent any impairment in value. They are reviewed annually for impairments.

## **1.13 Revenue from government and other grants**

Government grants are grants from Government bodies other than income from NHS Commissioners for the provision of services. Where a grant is used for funding revenue expenditure, including research and development, it is taken to the Statement of Comprehensive Income to match that expenditure. It is recognised at the point that the Trust is entitled to the grant income unless the grantor has imposed a

condition that requires the income to be recognised in a later period at which point it is held as deferred income and released to the Statement of Comprehensive Income once the grantor's conditions are met.

#### **1.14 Inventories**

Inventories are valued on the following bases:

- Prosthetics and drugs are valued on a first-in, first out (FIFO) basis.

This is considered to be a close approximation to the lower of cost and net realisable value due to the high turnover of the various types of inventories. Consignment inventory is not valued.

#### **1.15 Cash and cash equivalent**

Cash, bank and overdraft balances are recorded at the current values of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within payables. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

#### **1.16 Provisions**

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

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.10% (2016-17: positive 0.24%) in real terms.

All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date.

#### **1.17 Clinical negligence costs**

The NHS Resolution (NHS Resolution) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHS Resolution, which, in return, settles all clinical negligence claims. Although the NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHS Resolution on behalf of the NHS foundation trust is disclosed at note 14.0 but is not recognised in the Trust's accounts.

#### **1.18 Non-clinical risk pooling**

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS 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.

## 1.19 Corporation tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the HM Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year.

In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;
- Trading activities undertaken in-house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax; and
- Only significant trading activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trust's activities are related to core healthcare and are not subject to tax. However, the Trust's subsidiary, Healthcare Facilities Management Services Ltd, incurred corporation tax of £365k during 2017/18 (2016/17 £86k).

	<b>Trust</b>	<b>Group</b>	Trust	Group
	<b>2017/18</b>	<b>2017/18</b>	2016/17	2016/17
	<b>£000</b>	<b>£000</b>	£000	£000
Deferred Tax	<b>0</b>	<b>48</b>	0	(111)
Corporation tax	<b>0</b>	<b>(365)</b>	0	86
<b>Tax movements</b>	<b>0</b>	<b>(317)</b>	0	(25)

## 1.20 Research and development (R&D)

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project
- the related expenditure is separately identifiable
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its resulting in a product or services that will eventually be brought into use; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits granted by the R&D funding organisation and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It is re-valued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, the Trust discloses the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are amortised over the life of the associated project.

## 1.21 Contingent liabilities and contingent assets

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 the Notes to the Accounts where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised but are disclosed unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- a) 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
- b) 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.

A contingent liability is disclosed unless the possibility of a payment is remote.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

## **1.22 Financial instruments and financial liabilities**

### **Recognition**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

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

### **De-recognition**

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

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

### **Impairment of financial assets**

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

### **Loans and receivables**

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

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

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income. Loans from the Department of Health and Social Care are not held for trading and are measured at historic cost with any unpaid interest accrued separately.

### **Determination of fair value**

Book values of the Trust's and Group's financial assets and liabilities are the same as their Fair values and consequently the Fair values have not been disclosed separately.

### **1.23 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 trust. HM Treasury has determined that PDC is not a financial instrument within the definition of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as PDC capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation 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.

### **1.24 Foreign exchange**

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Statement of Comprehensive Income.

### **1.25 Third party assets**

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

### **1.26 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 a cash basis, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

### **1.27 Accounting standards that have been issued but have not yet been adopted**

The DH GAM does not require the following Standards and Interpretations to be applied in 2017-18. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 and IFRS 17 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted although the Trust is not anticipating any significant impact as a result of the new standard

- IFRS 15 *Revenue from Contracts with Customers* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 17 *Insurance Contracts* – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* – Application required for accounting periods beginning on or after 1 January 2018.
- IFRIC 23 *Uncertainty over Income Tax Treatments* – Application required for accounting periods beginning on or after 1 January 2019.

## **1.28 Accounting standards, amendments and interpretations issued that have been adopted early**

The Trust has not early adopted any new accounting standards, amendments or interpretations.

Following the release of the 2018/19 Department of Health and Social Care Group Accounting Manual in May 2018, the Trust is assessing the likely impact of IFRS 9 and IFRS 15 (and the adaptations included in the GAM). Areas the Trust is reviewing include non-contracted income and the approach to provisioning for non-NHS debtors. The Trust is also considering the potential impact of IFRS 15 in contract negotiations over the planned Integrated Care System.

## **1.29 Carbon Reduction Commitment (CRC) Energy Efficiency Scheme**

The CRC scheme is a mandatory cap and trade scheme for non-transport Carbon Dioxide (CO<sub>2</sub>) emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO<sub>2</sub> it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO<sub>2</sub> emissions are made.

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
<b>2 Income from continuing operations</b>				
NHS Foundation Trusts	1,393	1,393	1,174	1,174
NHS Trusts	3	3	2	2
Clinical Commissioning Groups (CCGs)	300,798	300,798	284,291	284,291
NHS England	64,654	64,654	74,100	74,100
Local Authorities	3,597	3,597	2,965	2,965
NHS Other	230	230	192	192
Non NHS:				
- Private Patients	1,722	1,722	2,239	2,239
- Overseas Patients (non-reciprocal)	887	887	874	874
- NHS Injury Scheme (previously Road Traffic Act)	736	736	769	769
- Other	702	702	182	182
<b>Income from activities</b>	<b>374,722</b>	<b>374,722</b>	<b>366,788</b>	<b>366,788</b>
Research and Development	1,501	1,501	1,457	1,457
Education and training - non CCG	10,879	10,879	11,168	11,168
Non-patient care services to other bodies	0	0	392	392
Net Charitable Funds	0	(312)	0	(151)
STF	11,950	11,950	10,784	10,784
Other income	11,575	13,432	10,703	10,670
	<b>35,905</b>	<b>37,450</b>	<b>34,504</b>	<b>34,320</b>
<b>Total income from continuing operations</b>	<b>410,627</b>	<b>412,172</b>	<b>401,292</b>	<b>401,108</b>

Other income includes the following balances: Clinical excellence awards £324k (2016/17 £321k), Non-NHS clinical services £4,161k (2017/18 £1,698k), car parking £1,286k (2016/17 £1,531k) and catering £629k (2016/17 £641k)

The Trust has one segment that provides healthcare facilities to healthcare providers.

### 2.1 Income from Activities by type

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
Elective Income	54,814	54,814	58,776	58,776
Non Elective Income	90,495	90,495	85,562	85,562
Outpatient Income	74,882	74,882	77,639	77,639
Other NHS Clinical Income	131,654	131,654	124,150	124,150
A&E Income	20,268	20,268	17,551	17,551
Private Patient Income	2,609	2,609	3,114	3,114
Other income	35,905	37,450	34,500	34,316
<b>Total</b>	<b>410,627</b>	<b>412,172</b>	<b>401,292</b>	<b>401,108</b>

## 2.2 Overseas visitors (relating to patients charged directly by the Trust)

	Trust 2017/18 £000	Group 2017/18 £000	Trust 2016/17 £000	Group 2016/17 £000
Income recognised this year	887	887	874	874
Cash payments received in-year	481	481	592	592
Amounts added to provision for impairment of receivables	901	901	553	553
Amounts written off in-year	145	145	188	188

## 2.3 Commissioner Requested Services (CRS)

	Trust 2017/18 £000	Group 2017/18 £000	Trust 2016/17 £000	Group 2016/17 £000
Commissioner Requested Services	365,452	365,452	358,393	358,391
Non-Commissioner Requested Services	45,175	46,720	42,899	42,717
<b>Total income from continuing operations</b>	<b>410,627</b>	<b>412,172</b>	<b>401,292</b>	<b>401,108</b>

Consistent with 2016/17 all CCG and NHS England services have been designated as CRS for 2017/18.

### 3 Operating Expenses

#### 3.1 Operating expenses comprise:

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
Executive directors' costs	794	794	766	766
Non-executive directors' costs	139	139	126	126
Staff costs	<u>226,246</u>	<u>226,246</u>	<u>223,033</u>	<u>223,033</u>
Total staff costs	<u>227,179</u>	<u>227,179</u>	<u>223,925</u>	<u>223,925</u>
Drug costs	45,129	45,129	44,918	44,918
Supplies and services - clinical	48,826	49,121	46,898	47,116
Supplies and services - general	6,679	6,688	6,543	6,556
Establishment	3,640	3,656	3,472	3,497
Transport	488	485	729	726
Premises	28,432	25,764	27,106	24,922
Bad debts	519	519	745	745
Depreciation and amortisation	11,569	12,121	16,394	17,265
Statutory audit services	58	73	58	58
Other auditor's remuneration	17	17	17	32
Accounting & Consultancy fees - other	305	305	28	28
Internal Audit and Local Counter Fraud Service	174	174	202	202
Clinical negligence	16,538	16,538	15,074	15,074
Redundancy costs	325	325	47	47
Loss on disposal of non-current assets	190	190	20	20
Other	<u>7,347</u>	<u>7,349</u>	<u>4,277</u>	<u>4,326</u>
	<u>170,236</u>	<u>168,454</u>	<u>166,528</u>	<u>165,532</u>
Total expenses	<u>397,415</u>	<u>395,633</u>	<u>390,453</u>	<u>389,457</u>
Impairment (including reversal)	<u>2,351</u>	<u>(7,091)</u>	<u>667</u>	<u>667</u>
Operating expenses of continuing operations	<u>399,766</u>	<u>388,542</u>	<u>391,120</u>	<u>390,124</u>

The impairment expense of £4.3m disclosed in these financial statements relates to valuation of Trust's land, buildings, plant and equipment undertaken at 31 March 2018.

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
<b>Fees paid and payable to the Trust's external auditor</b>				
<b>Audit Services - Statutory Audit</b>	58	73	58	58
<b>Other Non Statutory Services -</b>				
1. the auditing of accounts of any associate of the Trust	0	0	0	15
9. Audit assurance services-Quality Accounts Assurance	17	17	17	17
<b>Other Non Statutory Services sub total:</b>	17	17	17	32
<b>Total fees paid and payable to the Trust's external auditor:</b>	75	90	75	90
VAT payable	15	18	15	18
<b>Total fees paid and payable to the Trust's external auditor including VAT:</b>	90	108	90	108

The Statutory Audit liability limits are:

- Audit Liability – £1m
- All other work – £1m

### 3.2 Arrangements containing an operating leases

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
Other operating lease rentals	1,521	1,521	1,539	1,539
	<u>1,521</u>	<u>1,521</u>	<u>1,539</u>	<u>1,539</u>

#### 3.2.1 Total future minimum operating lease payments

	Other leases	Other leases	Other leases	Other leases
	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
Operating leases payments which are payable:				
Within 1 year	987	987	1,451	1,451
Between 1 and 5 years	3,515	3,515	3,770	3,770
After 5 years	524	524	609	609
	<u>5,026</u>	<u>5,026</u>	<u>5,830</u>	<u>5,830</u>

The Trust has short term operating leases for various types of equipment and the payments for these are included in the minimum lease payments for the financial year.

#### 4. Staff costs and numbers

##### 4.1 Staff costs

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	£000	£000	£000	£000
Salaries and wages	178,980	178,980	173,717	173,717
Social security costs	16,573	16,573	16,294	16,294
Employer contributions to NHSPA	20,916	20,916	20,492	20,492
Agency staff	9,725	9,725	13,296	13,296
Redundancy costs	325	325	47	47
Apprenticeship levy	846	846	0	0
	<u>227,365</u>	<u>227,365</u>	<u>223,846</u>	<u>223,846</u>

The figures above exclude non-executive directors' costs.

#### 4. Staff costs and numbers cont'd

##### 4.2 Average number of persons employed

	Trust 2017/18	Group 2017/18	Trust 2016/17	Group 2016/17
	Number	Number	Number	Number
Medical and dental	676	676	660	660
Administration and estates	917	917	892	892
Healthcare assistants & other support staff	1,140	1,140	1,096	1,096
Nursing, midwifery & health visiting staff	1,490	1,490	1,529	1,529
Nursing, midwifery & health visiting staff - learners	5	5	6	6
Scientific, therapeutic and technical staff	376	376	533	533
Health care Science staff	150	150	0	0
Bank & agency staff	271	271	265	265
Other	0	0	0	0
<b>Total</b>	<u>5,025</u>	<u>5,025</u>	<u>4,981</u>	<u>4,981</u>

The average number of employees is calculated as the whole time equivalent number of employees under contract of service in each month, divided by the number of months in a year.

Agency staff numbers are based on time worked per actual invoices converted to WTE's.

##### 4.3 Retirements due to ill-health

During the year to 31 March 2018 there were 2 early retirements from the Trust agreed on the grounds of ill-health (3 in the year to 31 March 2017). The estimated additional pension liabilities of these ill-health retirements are £177k (£123k in the year to 31 March 2017). This information has been supplied by NHS Pensions Agency.

#### 4.4 Salary and pension entitlements of senior managers

Total remuneration paid to directors for the year ended 31 March 2018 (in their capacity as directors) totalled £794k (year ended 31 March 2017 £766k). No other remuneration was paid to directors in their capacity as directors. There were no advances or guarantees entered into on behalf of directors by the Trust. Employer contributions to the NHS Pension Scheme for Executive Directors for the year ended 31 March 2018 totalled £67k (for year ended 31 March 2017 £110k). The total number of directors to whom benefits are accruing under the NHS defined benefit scheme (the NHS Pension Scheme) was 3 (for year ended 31 March 2017 - 7).

#### 4.5 Restructuring costs

Restructuring costs which are made up of compulsory redundancy and voluntary redundancy of which compulsory redundancy amounted to £247k in respect of 6 members of staff (2016/17 – 1 members of staff incurring payments of £47k) are included within the table below which shows the total cost of staff exit packages during the year.

Exit package cost by band	No. of compulsory redundancies	No. of other departures agreed	Total no. of exit packages by cost band
£			
<10,000	0	4	4
10,000 - 25,000	1	0	1
25,000 - 50,000	3	1	4
50,000 - 100,000	2	1	3
100,000 - 150,000	0	0	0
150,000 - 200,000	0	0	0
Total number of exit packages by type	6	6	12
<b>Total cost (£000)</b>	<b>£247</b>	<b>£124</b>	<b>£371</b>

#### 5.0 Late Payment of Commercial Debts (Interest) act 1998

Amounts included within Interest Payable arising from claims under this legislation - £34k (2016/17 - £23k). Compensation paid to cover debt recovery costs arising under this legislation – nil (2016/17 – nil).

#### 6.0 Finance income and expenses

##### 6.1 Finance income

###### Interest income

In the year to 31 March 2018 interest of £94k (31 March 2017 - £48k) was received by the Group and £820k (31 March 2017 - £771k) was received by the Trust respectively. These amount of £94k (31 March 2017 - £48k) and £820k (31 March 2017 - £771k) were earned from working capital balances in interest bearing bank accounts and from investments in National Loan Funds.

##### 6.2 Finance expense

In the year to 31 March 2018 interest charges of £866k (2016/17 £969k) were paid by the Group in line with the loan agreement and finance leases, and £820k (2016/17 £771k) were paid by the Trust.

## 7.0 Group Intangible Non-current Assets

Intangible Non-current Assets at the Statement of Financial Position date 31 March 2018 comprise the following elements:

	At 31 March 2018			At 31 March 2017		
	Software & Licences	Assets under Construction	Total	Software & Licences	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April	21,631	707	22,338	18,386	406	18,792
Reclassifications	680	(680)	0	343	(343)	0
Additions - purchased	5,055	1,410	6,465	2,247	644	2,891
Additions - leased	0	0	0	600	0	600
Additions - donated by the Charity	0	0	0	55	0	55
<b>Gross cost at 31 March</b>	<b>27,366</b>	<b>1,437</b>	<b>28,803</b>	<b>21,631</b>	<b>707</b>	<b>22,338</b>
Accumulated amortisation at 1 April	11,233	0	11,233	9,090	0	9,090
Provided during the year	2,295	0	2,295	2,143	0	2,143
<b>Accumulated amortisation at 31 March</b>	<b>13,528</b>	<b>0</b>	<b>13,528</b>	<b>11,233</b>	<b>0</b>	<b>11,233</b>
<b>Net book value</b>						
Purchased at 31 March	13,778	1,437	15,215	10,331	707	11,038
Donated at 31 March	60	0	60	68	0	68
<b>Total at 31 March</b>	<b>13,838</b>	<b>1,437</b>	<b>15,276</b>	<b>10,399</b>	<b>707</b>	<b>11,106</b>

## 7.0 Trust Intangible Non-current Assets

Intangible Non-current Assets at the Statement of Financial Position date 31 March 2018 comprise the following elements:

	At 31 March 2018			At 31 March 2017		
	Software & Licences	Assets under Construction	Total	Software & Licences	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April	21,476	707	22,183	18,232	406	18,638
Reclassifications	680	(680)	0	343	(343)	0
Additions - purchased	5,055	1,410	6,465	2,246	644	2,890
Additions - leased	0	0	0	600	0	600
Additions - donated by the Charity	0	0	0	55	0	55
<b>Gross cost at 31 March</b>	<b>27,211</b>	<b>1,437</b>	<b>28,648</b>	<b>21,476</b>	<b>707</b>	<b>22,183</b>
Accumulated amortisation at 1 April	11,077	0	11,077	8,942	0	8,942
Provided during the year	2,295	0	2,295	2,135	0	2,135
<b>Accumulated amortisation at 31 March</b>	<b>13,372</b>	<b>0</b>	<b>13,372</b>	<b>11,077</b>	<b>0</b>	<b>11,077</b>
<b>Net book value</b>						
Purchased at 31 March	13,778	1,437	15,215	10,331	707	11,038
Donated at 31 March	60	0	60	68	0	68
<b>Total at 31 March</b>	<b>13,838</b>	<b>1,437</b>	<b>15,275</b>	<b>10,399</b>	<b>707</b>	<b>11,106</b>

## 8 Property Plant and Equipment

### 8.1 Group Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2018 comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & Machinery	Transport Equipment	I.T.	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>									
At 1 April 2017	22,354	157,128	222	4,809	49,406	107	22,467	3,261	259,754
Additions - purchased	0	2,805	0	7,260	1,683	0	987	49	12,784
Additions - donated by the Charity	0	229	0	428	677	0	0	0	1,334
Impairments including reversal	(2,292)	7,091	0	0	0	0	0	0	4,799
* Reclassifications	17	1,711	(17)	(3,360)	350	0	1,345	0	46
Other in-year revaluation	2,780	6,887	0	0	0	0	0	0	9,667
Disposals	0	0	(205)	0	(773)	0	(67)	0	(1,045)
<b>At 31 March 2018</b>	<b>22,859</b>	<b>175,851</b>	<b>0</b>	<b>9,137</b>	<b>51,343</b>	<b>107</b>	<b>24,732</b>	<b>3,310</b>	<b>287,339</b>
<b>Accumulated depreciation:</b>									
At 1 April 2017	0	34,844	202	0	36,398	63	20,976	2,940	95,423
Charged during the period	0	5,555	8	0	3,633	13	537	80	9,826
Other in-year revaluation	0	(40,136)	0	0	0	0	0	0	(40,136)
* Reclassifications	0	5	(5)	0	46	0	0	0	46
Disposals	0	0	(205)	0	(762)	0	(67)	0	(1,034)
<b>Depreciation at 31 March 2018</b>	<b>0</b>	<b>268</b>	<b>0</b>	<b>0</b>	<b>39,315</b>	<b>76</b>	<b>21,446</b>	<b>3,020</b>	<b>64,125</b>
<b>Net book value 31 March 2017</b>									
- Purchased at 31 March 2017	22,354	122,016	20	4,783	11,264	44	1,377	321	162,179
- Purchased by the Charity at 31 March 2017	0	268	0	26	1,743	0	114	0	2,151
<b>Total at 31 March 2017</b>	<b>22,354</b>	<b>122,284</b>	<b>20</b>	<b>4,809</b>	<b>13,007</b>	<b>44</b>	<b>1,491</b>	<b>321</b>	<b>164,330</b>
<b>Net book value 31 March 2018</b>									
- Purchased at 31 March 2018	22,859	175,029	0	8,706	10,110	31	3,201	290	220,226
- Purchased by the Charity at 31 March 2018	0	554	0	431	1,918	0	85	0	2,988
<b>Total at 31 March 2018</b>	<b>22,859</b>	<b>175,583</b>	<b>0</b>	<b>9,137</b>	<b>12,028</b>	<b>31</b>	<b>3,286</b>	<b>290</b>	<b>223,213</b>

\*Asset was disposed in 2016/17 and now reinstated.

## 8 Property Plant and Equipment cont'd

### 8.1 Trust Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2018 comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & Machinery	Transport Equipment	I.T.	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>									
At 1 April 2017	20,883	141,531	222	4,812	47,713	0	22,328	3,261	240,750
Additions - purchased	0	2,789	0	7,260	1,682	0	987	49	12,767
Additions - donated by the Charity	0	229	0	431	676	0	0	0	1,336
Additions by absorption	0	0	0	0	0	0	0	0	0
Impairments	(2,292)	(2,351)	0	0	0	0	0	0	(4,643)
* Reclassifications to/from	17	1,712	(17)	(3,360)	350	0	1,345	0	47
Other in-year revaluation	912	9,606	0	0	0	0	0	0	10,518
Disposals	0	0	(205)	0	(771)	0	(67)	0	(1,043)
<b>At 31 March 2018</b>	<b>19,520</b>	<b>153,516</b>	<b>0</b>	<b>9,143</b>	<b>49,650</b>	<b>0</b>	<b>24,593</b>	<b>3,310</b>	<b>259,732</b>
<b>Accumulated depreciation:</b>									
At 1 April 2017	0	32,417	202	0	35,052	0	20,837	2,940	91,448
Charged during the period	0	5,262	3	0	3,392	0	537	80	9,274
* Reclassifications to/from	0	0	0	0	46	0	0	0	46
Other in-year revaluation	0	(37,417)	0	0	0	0	0	0	(37,417)
Disposals	0	0	(205)	0	(762)	0	(67)	0	(1,034)
<b>Depreciation at 31 March 2018</b>	<b>0</b>	<b>262</b>	<b>0</b>	<b>0</b>	<b>37,728</b>	<b>0</b>	<b>21,307</b>	<b>3,020</b>	<b>62,317</b>
<b>Net book value 31 March 2017</b>									
- Purchased at 31 March 2017	20,883	108,846	20	4,786	10,918	0	1,377	321	147,151
- Donated at 31 March 2017	0	268	0	26	1,743	0	114	0	2,151
<b>Total at 31 March 2017</b>	<b>20,883</b>	<b>109,114</b>	<b>20</b>	<b>4,812</b>	<b>12,661</b>	<b>0</b>	<b>1,491</b>	<b>321</b>	<b>149,302</b>
<b>Net book value 31 March 2018</b>									
- Purchased at 31 March 2018	19,520	152,705	0	8,712	10,004	0	3,201	290	194,432
- Donated at 31 March 2018	0	549	0	431	1,918	0	85	0	2,983
<b>Total at 31 March 2018</b>	<b>19,520</b>	<b>153,254</b>	<b>0</b>	<b>9,143</b>	<b>11,922</b>	<b>0</b>	<b>3,286</b>	<b>290</b>	<b>197,415</b>

\*Transfer from AUC to Non-current Assets.

## 8 Property Plant and Equipment

### 8.1 Group Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2017 comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & Machinery	Transport Equipment	I.T.	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>									
At 1 April 2016	24,870	152,961	222	5,443	49,130	107	21,727	3,254	257,714
Additions - purchased	0	2,132	0	2,105	2,935	0	572	7	7,751
Additions - donated by the Charity	0	0	0	26	170	0	7	0	203
Impairments	(75)	(580)	0	0	0	0	0	0	(655)
* Reclassifications	0	2,134	0	(2,741)	359	0	248	0	0
#Net transfer (to)/from "Assets Held for Sale"	(3,741)	481	0	0	0	0	0	0	(3,260)
Other in-year revaluation	1,300	0	0	0	0	0	0	0	1,300
Disposals	0	0	0	(24)	(3,188)	0	(87)	0	(3,299)
<b>At 31 March 2017</b>	<b>22,354</b>	<b>157,128</b>	<b>222</b>	<b>4,809</b>	<b>49,406</b>	<b>107</b>	<b>22,467</b>	<b>3,261</b>	<b>259,754</b>
<b>Accumulated depreciation:</b>									
At 1 April 2016	0	25,363	177	0	35,459	48	19,395	2,856	83,298
Charged during the period	0	9,357	25	0	3,973	15	1,668	84	15,122
Impairments	0	124	0	0	0	0	0	0	124
Disposals	0	0	0	0	(3,034)	0	(87)	0	(3,121)
<b>Depreciation at 31 March 2017</b>	<b>0</b>	<b>34,844</b>	<b>202</b>	<b>0</b>	<b>36,398</b>	<b>63</b>	<b>20,976</b>	<b>2,940</b>	<b>95,423</b>
<b>Net book value 31 March 2016</b>									
- Purchased at 31 March 2016	24,870	127,333	45	5,443	12,078	59	2,196	398	172,422
- Purchased by the Charity at 31 March 2016	0	265	0	0	1,593	0	136	0	1,994
<b>Total at 31 March 2016</b>	<b>24,870</b>	<b>127,598</b>	<b>45</b>	<b>5,443</b>	<b>13,671</b>	<b>59</b>	<b>2,332</b>	<b>398</b>	<b>174,416</b>
<b>Net book value 31 March 2017</b>									
- Purchased at 31 March 2017	22,354	122,016	20	4,783	11,264	44	1,377	321	162,179
- Donated by the Charity at 31 March 2017	0	268	0	26	1,743	0	114	0	2,151
<b>Total at 31 March 2017</b>	<b>22,354</b>	<b>122,284</b>	<b>20</b>	<b>4,809</b>	<b>13,007</b>	<b>44</b>	<b>1,491</b>	<b>321</b>	<b>164,330</b>

#Property that was previously held as "asset held for sale" was subsequently reclassified as "not surplus". Transfer of both Battle site and Valencia flats to Asset Held For Sale.

## 8 Property Plant and Equipment cont'd

8.1 Trust Property, Plant and Equipment assets at the Statement of Financial Position date 31 March 2017 comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & Machinery	I.T.	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>								
At 1 April 2016	23,399	137,495	222	5,317	47,481	21,588	3,254	238,756
Additions - purchased	0	2,117	0	2,105	2,459	572	7	7,260
Additions - donated by the Charity	0	12	0	26	601	7	0	646
Impairments	(75)	(580)	0	0	0	0	0	(655)
* Reclassifications	0	2,006	0	(2,612)	358	248	0	0
#Net transfer (to)/from "Assets Held for Sale"	(3,741)	481	0	0	0	0	0	(3,260)
Other in-year revaluation	1,300	0	0	0	0	0	0	1,300
Disposals	0	0	0	(24)	(3,186)	(87)	0	(3,297)
<b>At 31 March 2017</b>	<b>20,883</b>	<b>141,531</b>	<b>222</b>	<b>4,812</b>	<b>47,713</b>	<b>22,328</b>	<b>3,261</b>	<b>240,750</b>
<b>Accumulated depreciation:</b>								
At 1 April 2016	0	23,548	177	0	34,349	19,256	2,856	80,186
Charged during the period	0	8,745	25	0	3,737	1,668	84	14,259
Impairments		124	0	0	0	0	0	124
Disposals	0	0	0	0	(3,034)	(87)	0	(3,121)
<b>Depreciation at 31 March 2017</b>	<b>0</b>	<b>32,417</b>	<b>202</b>	<b>0</b>	<b>35,052</b>	<b>20,837</b>	<b>2,940</b>	<b>91,448</b>
<b>Net book value 31 March 2016</b>								
- Purchased at 31 March 2016	23,399	113,688	45	5,317	11,539	2,196	398	156,582
- Donated at 31 March 2016	0	259	0	0	1,593	136	0	1,988
<b>Total at 31 March 2016</b>	<b>23,399</b>	<b>113,947</b>	<b>45</b>	<b>5,317</b>	<b>13,132</b>	<b>2,332</b>	<b>398</b>	<b>158,570</b>
<b>Net book value 31 March 2017</b>								
- Purchased at 31 March 2017	20,883	108,846	20	4,786	10,918	1,377	321	147,151
- Donated at 31 March 2017	0	268	0	26	1,743	114	0	2,151
<b>Total at 31 March 2017</b>	<b>20,883</b>	<b>109,114</b>	<b>20</b>	<b>4,812</b>	<b>12,661</b>	<b>1,491</b>	<b>321</b>	<b>149,302</b>

#Property that was previously held as "asset held for sale" was subsequently reclassified as "not surplus". Transfer of both Battle site and Valencia flats to Asset Held For Sale.

## 8 Property, Plant and Equipment cont'd

### 8.2 The net book value of land, buildings and dwellings comprises:

	At 31 March 2018		At 31 March 2017	
	Trust £000	Group £000	Trust £000	Group £000
Freehold	<u>172,774</u>	<u>198,442</u>	<u>130,017</u>	<u>144,658</u>
<b>Total</b>	<b><u>172,774</u></b>	<b><u>198,442</u></b>	<b><u>130,017</u></b>	<b><u>144,658</u></b>

### 8.3 Loss on Disposal/ Derecognition of Non-current Assets

Loss on the disposal/ derecognition of non-current assets is made up as follows:

	Trust 2017/18 £000	Group 2017/18 £000	Trust 2016/17 Restated £000	Group 2016/17 Restated £000
Loss on disposal/ derecognition of other Non-current assets	<u>(190)</u>	<u>(190)</u>	<u>(20)</u>	<u>(20)</u>

## 9.0 Investments

	At 31 March 2018		At 31 March 2017	
	Trust £000	Group £000	Trust £000	Group £000
Investment in subsidiary - HFMS	10,600	0	10,600	0
Charity Investments - Chariguard Fund	0	14	0	13
<b>Total</b>	<b><u>10,600</u></b>	<b><u>14</u></b>	<b><u>10,600</u></b>	<b><u>13</u></b>

HFMS is 100% wholly owned subsidiary of the Trust, providing healthcare facilities to healthcare providers. It is registered at Princess House, 73A London Road, Reading, Berkshire. RG1 5UZ.

The carrying value of the Trust's investment in the subsidiary HFMS is reviewed by the Trust on a regular basis by considering the forward financial projections of the Company and the open market value of the company's non-current assets. Following further review of the investment in the subsidiary, there are no indications of impairment.

### Ordinary shares of £1.00 each held by the Trust in Healthcare Facilities Management Services Limited (HFMS)

	At 31 March 2018	At 31 March 2017
- Number of ordinary shares of £1.00 each held by the Trust	<u>15,000,100</u>	<u>15,000,100</u>
- Cost of ordinary shares held	<u>£000</u> <u>15,000</u>	<u>£000</u> <u>15,000</u>

## 10.0 Inventories

	Trust	Group	Trust	Group
	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
Raw materials and consumables	6,801	6,801	5,776	5,776
<b>Total inventories</b>	<b>6,801</b>	<b>6,801</b>	<b>5,776</b>	<b>5,776</b>

## 11.0 Trade and other receivables

	Trust	Group	Trust	Group
	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
NHS receivables	4,597	4,658	2,430	2,430
Prepayments	3,242	3,131	2,063	1,938
Accrued income	12,303	12,264	17,986	17,825
PDC receivables	0	0	0	0
Intercompany receivables - HFMS	352	0	353	0
Other receivables	8,560	6,687	7,740	6,055
Total	29,054	26,740	30,572	28,248
Provision for impaired receivables	(2,505)	(2,505)	(1,941)	(1,941)
Total trade and other current receivables	26,549	24,235	28,631	26,307
<b>Non-current receivables</b>				
Other receivables	878	878	856	856
Inter-company loans	14,112	0	14,464	0
Provision for impaired receivables	(201)	(201)	(196)	(196)
Total trade and other non-current receivables	14,789	677	15,124	660
<b>Total trade and other receivables</b>	<b>41,338</b>	<b>24,912</b>	<b>43,755</b>	<b>26,967</b>

Other receivables (falling due after more than one year) represents costs that the Group is claiming from insurance companies for treating injuries from road traffic accidents, via the Compensation Recovery Unit and £878k (31 March 2017 - £856k) is expected to be recovered after 12 months.

### Provision for impairment of receivables

	Trust	Group	Trust	Group
	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
<b>At 1 April</b>	<b>2,137</b>	<b>2,137</b>	<b>1,315</b>	<b>1,315</b>
Increase in provision	519	519	1,014	1,014
Amounts released/(utilised)	50	50	(192)	(192)
<b>At 31 March</b>	<b>2,706</b>	<b>2,706</b>	<b>2,137</b>	<b>2,137</b>

**Ageing of impaired receivables**

Up to three months	49	49	73	73
In three to six months	262	262	65	65
Over six months	2,395	2,395	1,999	1,999
<b>Total</b>	<b>2,706</b>	<b>2,706</b>	<b>2,137</b>	<b>2,137</b>

**Ageing of non-impaired receivables past their due date**

Up to three months	1,544	1,544	978	978
In three to six months	1,332	1,332	850	850
Over six months	3,942	3,942	2,630	2,630
<b>Total</b>	<b>6,818</b>	<b>6,818</b>	<b>4,458</b>	<b>4,458</b>

**12.0 Cash and cash equivalents**

	Trust At 31 March 2018	Group At 31 March 2018	Trust At 31 March 2017	Group At 31 March 2017
<b>Cash</b>	£000	£000	£000	£000
Bank accounts	40,591	45,235	7,776	10,245
<b>Total</b>	<b>40,591</b>	<b>45,235</b>	<b>7,776</b>	<b>10,245</b>
<b>Current asset investments</b>				
Short-term National Loan Fund investments	0	0	6,000	6,000
Scottish Widows 90 day notice account	0	1,587	0	1,586
	<b>0</b>	<b>1,587</b>	<b>6,000</b>	<b>7,586</b>
<b>At 1 April</b>	<b>13,776</b>	<b>17,830</b>	10,432	15,362
Net change in year	26,815	28,992	3,344	2,468
<b>Total Cash and cash equivalents</b>	<b>40,591</b>	<b>46,822</b>	<b>13,776</b>	<b>17,830</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	371	4,901	1,667	3,922
Cash with the Government Banking Service	40,220	40,334	6,109	6,322
Other investments	0	1,587	6,000	7,586
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>40,591</b>	<b>46,822</b>	<b>13,776</b>	<b>17,830</b>

## 13.0 Trade and other Payables

### 13.1 Payables at the Statement of Financial Position date comprise:

		Trust	Group	Trust	Group
		At 31 March 2018		At 31 March 2017	
	Notes	£000	£000	£000	£000
<b>Current payables:</b>					
Payments received on account		2,442	2,442	2,601	2,601
NHS payables		1,263	1,263	505	505
Capital payables		5,181	5,181	2,721	2,721
Deferred Income		2,205	2,205	2,264	2,264
Other payables		12,597	13,003	13,009	13,025
Accruals		36,731	36,184	22,057	22,136
Total Trade and other payables		<u>60,419</u>	<u>60,278</u>	43,157	43,252
Loans - capital repayable		3,002	3,002	3,002	3,002
Loans - interest payable		220	220	251	251
Obligations under finance leases and HP contracts		90	90	90	90
Total Borrowings		<u>3,312</u>	<u>3,312</u>	3,343	3,343
Tax and social security costs		4,563	4,563	4,343	4,343
Provisions	14	3,448	3,448	1,053	1,053
Total Current Payables		<u>71,742</u>	<u>71,601</u>	51,896	51,991
<b>Other payables:</b>					
Loans		17,231	17,231	20,233	20,233
Obligations under Finance Lease		326	326	416	416
Total Borrowings		<u>17,557</u>	<u>17,557</u>	20,649	20,649
Provisions	14	221	221	265	265
Total		<u>17,778</u>	<u>17,778</u>	20,914	20,914
Total Payables		<u>89,520</u>	<u>89,379</u>	72,810	72,905

### 13.2 Loans and other long-term financial liabilities

	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
<b>Loans - Payment of principal falling due:</b>				
Within one year	3,092	3,092	3,092	3,092
Between one and two years	3,097	3,097	3,092	3,092
Between two and five years	7,737	7,737	9,333	9,333
After five years	6,723	6,723	8,224	8,224
<b>TOTAL</b>	<u>20,649</u>	<u>20,649</u>	23,741	23,741

#### 14.0 Provisions for liabilities and charges

	Trust		Group	
	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
<b>Current</b>				
Pensions relating to staff	40	40	49	49
Other	3,408	3,408	1,004	1,004
<b>Total Current</b>	<b>3,448</b>	<b>3,448</b>	<b>1,053</b>	<b>1,053</b>
<b>Non-current</b>				
Pensions relating to staff	221	221	265	265
Other	0	0	0	0
<b>Total Non-Current</b>	<b>221</b>	<b>221</b>	<b>265</b>	<b>265</b>
<b>Total Provisions</b>	<b>3,669</b>	<b>3,669</b>	<b>1,318</b>	<b>1,318</b>
<b>Group and Trust</b>	<b>Pensions relating to staff</b>	<b>Other Provisions</b>	<b>At 31 March 2018</b>	<b>At 31 March 2017</b>
	£000	£000	£000	£000
At 1 April 2017	314	1,004	1,318	2,078
Arising during the year	0	11,741	11,741	10,491
Utilised during the year	(39)	(9,337)	(9,376)	(11,285)
Unwinding discount and reversed unused	(14)	0	(14)	34
<b>Total</b>	<b>261</b>	<b>3,408</b>	<b>3,669</b>	<b>1,318</b>
<b>Expected timing of cash flows:</b>				
Within 1 year	40	3,408	3,448	1,053
1 - 5 years	221	0	221	265
Over 5 years	0	0	0	0
<b>Total</b>	<b>261</b>	<b>3,408</b>	<b>3,669</b>	<b>1,318</b>

All provisions relate to the Trust and there are none in the subsidiaries. The category of other provisions is comprised fully of contract income.

In addition to the above provisions, £405,321k, was included in the provisions in the accounts of the NHS Resolution for clinical negligence liabilities of the Trust at 31 March 2018 (31 March 2017 - £330,687k).

## 15.0 Notes to the Statement of Cash Flows

### 15.1 Reconciliation of operating surplus to cash flow from operating activities

	Trust	Group	Trust	Group
	At 31 March 2018		At 31 March 2017	
	£000	£000	Restated £000	Restated £000
Operating surplus - including impairment	10,861	23,630	10,172	10,984
Impairment of PPE	2,351	(7,091)	667	667
Depreciation and amortisation	11,569	12,121	16,394	17,265
Corporation Tax	0	(365)	0	25
Decrease in inventories	(1,025)	(1,025)	(84)	(84)
Decrease/(increase) in receivables	2,417	2,053	(7,644)	(8,001)
Decrease in current payables	14,080	13,844	2,294	838
Decrease in non-current payables	0	0	0	(2)
Increase/(Decrease) in provisions for liabilities and charges	2,350	2,350	(794)	(794)
<b>Cash flows from operating activities</b>	<b>42,603</b>	<b>45,517</b>	<b>21,005</b>	<b>20,898</b>

### 15.2 Reconciliation of net cash flow to movement in net debt

There was £5,390,000 PDC capital received for the year to 31 March 2018 (31 March 2017, £328,000).

### 15.3 PDC payable

PDC payable at 31 March 2017 is £941k (2016/17 £65k).

### 16.0 Capital Commitments

Commitments under capital expenditure contracts at the balance sheet date were £3,253k (31 March 2017, £1,800k).

### 17.0 Events after the reporting period

There were no material events after the reporting period (at 31 March 2017 - none reported).

### 18.0 Contingencies

There were no material contingencies at the Statement of Financial Position date.

## 19.0 Related Party Transactions

Royal Berkshire NHS Foundation Trust is an independent body not controlled by the Secretary of State. It is therefore considered that Government departments and agencies are not related parties. However, the Trust has material dealings with the NHS bodies below.

At 31 March 2018

	Income (Services Provided)	Expenditure (Supplies & Services purchased)	Accounts Receivable balance	Accounts Payable balance
	£000	£000	£000	£000
NHS Blood and Transplant	0	1,533	0	23
Berkshire Healthcare NHS Foundation Trust	1,960	4,066	214	436
Frimley Health NHS Foundation Trust	1,750	8,510	381	3,260
Oxford University Hospitals NHS Foundation Trust	1,838	1,738	1,893	1,228
NHS Bracknell and Ascot CCG	12,709	0	0	542
NHS Chiltern CCG	2,805	0	369	6
Newbury and District CCG	41,618	0	474	396
NHS Resolution	0	16,538	0	0
NHS North and West Reading CCG	59,996	0	485	392
NHS Oxfordshire CCG	21,474	0	1,232	91
NHS Slough CCG	5,321	0	0	465
NHS South Reading CCG	67,865	0	619	659
NHS Windsor, Ascot and Maidenhead CCG	7,318	0	0	597
NHS Wokingham CCG	78,174	48	787	554
NHS England	78,210	0	7,708	1,923

The Trust has received donations and revenue receipts from a number of charitable bodies.

During the year none of the Trust Board members or members of the key management staff or parties related to them has undertaken any material transactions with Royal Berkshire NHS Foundation Trust.

During the year none of the Trust Board members or members of the key management staff received any form of short-term employee benefits; post-employment benefits; other long term benefits; termination benefits or share-based payments.

Staff at the Royal Berkshire NHS Foundation Trust are part of the board of Healthcare Facilities Management Services Ltd and the Charity Committees of Royal Berkshire NHS Foundation Trust Charity and Reading and District Hospitals Charity. None of these staff receive any form of remuneration for these positions.

## 20.0 Private Finance Transactions

The Trust had no involvement in any Private Finance Initiative contracts during the year 2017/18 or 2016/17.

## 21.0 Pooled Budget Projects

The Trust did not enter into any pooled budget arrangements during the year to 31 March 2018 or the year to 31 March 2017.

## 22.0 Financial Instruments

A financial instrument is defined in IAS 32 as a 'contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'. NHS Foundation Trusts could have financial instruments under any area of the following Statement of Financial Position categories - investments, trade receivables (but not prepayments), cash at bank and in hand, trade payables (but not deferred income), loans and provisions (Note 11).

Once financial assets and liabilities have been identified and recognised, they are initially and subsequently measured at fair value through income and expenditure. Fair value is the amount at which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

IFRS 7 requires a disclosure relating to the risks associated with financial instruments. These are defined below.

### Market risk

This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to minimal market risks.

### Interest Rate Risk

All the Trust's financial assets and liabilities, with the exception of cash held in UK banks, carry a nil or fixed rate of interest. The Trust is not, therefore, exposed to significant interest rate risks. The following tables show the interest profiles of the Trust's assets and liabilities.

### 22.1 Financial Assets

	<b>Trust</b>	<b>Group</b>	Trust	Group
	<b>31 March 2018</b>		31 March 2017	
	<b>£000</b>	<b>£000</b>	£000	£000
Trade and other receivables excluding non financial assets	<b>42,339</b>	<b>21,781</b>	41,692	25,029
Other Financial Assets	<b>0</b>	<b>0</b>	0	0
Investments	<b>10,600</b>	<b>14</b>	10,600	13
Cash and cash equivalents (at bank and in hand)	<b>40,591</b>	<b>46,822</b>	13,776	17,830
<b>Total</b>	<b>93,530</b>	<b>68,617</b>	66,068	42,872

All financial assets are fixed rate.

## 22.2 Financial Liabilities

	Trust	Group	Trust	Group
	At 31 March 2018		At 31 March 2017	
	£000	£000	£000	£000
Borrowings excluding finance lease	20,233	20,233	23,325	23,325
Obligations under finance leases	416	416	416	416
Trade and other payables excluding non financial assets	66,409	62,636	43,408	43,503
<b>Total</b>	<b>87,058</b>	<b>83,285</b>	<b>67,149</b>	<b>67,244</b>

All financial liabilities are fixed rate. See note 13.2

Under IAS 32 and IAS 39 Public Dividend Capital is not a financial instrument. It continues to be classified within 'Taxpayers' Equity'.

The Trust had negligible foreign currency income or expenditure.

The Trust knows of no other specific risks relating to individual instruments.

### Liquidity risk

The Group's operating income is predominantly from contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Group has minimised its exposure to any liquidity risks.

### Credit risk

This is the risk that one party to a financial instrument will cause financial loss to another party by failing to discharge an obligation.

The majority of the financial contracts entered into by the Group are with other NHS bodies. These are bound by the Better Payment Practice Code and funded by taxpayer's equity, which significantly reduces the risk of non-payment.

Cash and cash equivalents are held within a combination of financial institutions (National Loan Fund, Government Banking Service and Lloyds Plc) all of which have investment grade ratings.

## 22.3 Fair Values

Book values of the Trust's and Group's financial assets and liabilities are the same as their Fair values and consequently the Fair values have not been disclosed separately

## 23.0 Third Party Assets

The Trust held Nil at bank and in hand at 31 March 2018 (£nil as at 31 March 2017) on behalf of patients.

## 24.0 Losses and Special Payments

These payments are charged to the Statement of Comprehensive Income and are recorded in the losses and special payments register on an accruals basis.

Clinical negligence cases are managed by the National Health Service Litigation Authority and transactions relating to such cases are held in their accounts. The Trust pays a contribution for their services and excesses on some cases. Therefore, these cases have not been accounted for in the Trust's accounts.

During the reporting period there were 83 cases of losses and special payments totalling £564k (117 cases totalling £623k for the year ending 31 March 2017). Within this total there were a number of debts written off totalling £153k (£192k 31 March 2017). The losses figures also includes obsolete stock write offs from 2 areas totalling £1k (31 March 2017 - 7 cases totalling £4k).

Losses	2017/18		2016/17	
	Number	Value £000	Number	Value £000
Bad debts and claims abandoned	43	153	20	192
Obsolete stock written off	2	1	7	4
<b>Total Losses</b>	<b>45</b>	<b>154</b>	<b>27</b>	<b>196</b>

Special payments	2017/18		2016/17	
	Number	Value £000	Number	Value £000
Compensation payments	15	10	21	42
Employment related payments	14	398	34	372
Ex gratia payments	9	2	35	13
<b>Total Special payments</b>	<b>38</b>	<b>410</b>	<b>90</b>	<b>427</b>

<b>Total Losses and Special Payments</b>	<b>83</b>	<b>564</b>	<b>117</b>	<b>623</b>
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## 25.0 Charity summary disclosure

### Royal Berkshire NHS Foundation Trust Charity Unaudited Summary Statement of Financial Activities

	<b>Total 2017/18 £000</b>	Total 2016/17 £000
Total incoming resources (including funds from Reading and District Charity funds)	<u>3,053</u>	<u>836</u>
Total cost of generating funds	(294)	(228)
Charitable activities including support costs	(1,253)	(746)
Total resources expended	<u>(1,547)</u>	<u>(974)</u>
Net incoming outgoing resources before other recognised gains and losses	1,506	(138)
Other recognised gains and losses:	6	2
Net movement in funds	<u>1,512</u>	<u>(136)</u>
<b>Reconciliation of Funds:</b>		
Total funds brought forward from previous year	3,324	3,460
Net movement in funds	1,512	(136)
Total Fund balances carried forward	<u>4,836</u>	<u>3,324</u>

### Royal Berkshire NHS Foundation Trust Charity

Registered in England and Wales

Charity registration number 1052720

Charity registered address

London Road

Reading

RG1 5AN

The Charity is 100% wholly owned subsidiary of Royal Berkshire NHS Foundation Trust and as such the accounts were consolidated as a subsidiary.

**Royal Berkshire NHS Foundation Trust Charity Unaudited Summary Balance Sheet at Year End**

	<b>31 March 2018 £000</b>	31 March 2017 £000
Total Non-current Assets	<u>14</u> 14	<u>13</u> 13
Total Current Assets	5,637	3,434
Current Liabilities	(815)	(123)
Net Current Assets	<u>4,822</u>	<u>3,311</u>
Total Assets less Current Liabilities	<u>4,836</u>	<u>3,324</u>
Net Assets	<u><u>4,836</u></u>	<u><u>3,324</u></u>
The Funds of the Charity:		
Restricted Income Fund	1,562	149
Unrestricted Income Fund	3,236	3,137
Endowment Funds	38	38
Total Charity Funds	<u><u>4,836</u></u>	<u><u>3,324</u></u>

## 26.0 HFMS summary disclosure

### HFMS Unaudited Summary Statement of Financial Activities

	<b>Total 2017/18 £000</b>	Total 2016/17 £000
Operating income	<u>4,268</u>	<u>3,968</u>
Operating Expenditure	6,264	(3,741)
Corporation Tax (Expenditure)/Income	(365)	25
Profit for the year	<u>10,167</u>	<u>252</u>

### Healthcare Facilities Management Services Ltd (HFMS)

Registered in England and Wales

Company registration number 6657007

HFMS registered address

Princes House  
73A London Road  
Reading  
RG1 5UZ

HFMS is 100% wholly owned subsidiary of Royal Berkshire NHS Foundation Trust and as such the accounts were consolidated as a subsidiary.

**HFMS Unaudited Summary Balance Sheet at Year End**

	<b>31 March 2018 £000</b>	31 March 2017 £000
Total Non-current Assets	<b>25,853</b>	15,076
Total Current Assets	<b>2,777</b>	1,657
Current Liabilities	<b>(3,545)</b>	(3,330)
Net Current Liabilities	<u><b>(768)</b></u>	<u>(1,673)</u>
Total Assets less Current Liabilities	<b>25,085</b>	13,403
Non Current Liabilities	<b>(14,112)</b>	(14,465)
Net Assets/(Liabilities)	<u><b>10,973</b></u>	<u>(1,062)</u>
Called up Shareholder capital	<b>15,000</b>	15,000
Profit and Loss (Prior Year)	<b>(16,062)</b>	(16,314)
Profit and Loss (Current year)	<b>10,167</b>	252
Revaluation reserve	<b>1,868</b>	0
Total Shareholders' Equity/(Deficit)	<u><b>10,973</b></u>	<u>(1,062)</u>

The non-current assets within the summary disclosure are valued in accordance with IAS16 in accordance with NHS Improvements DH GAM. In producing the Trust's Group Accounts a consolidation adjustment is required from the HFMS accounts submitted separately to Companies House in relation to the valuation for the investment property assets held by the company. In the HFMS accounts this valuation is based upon the long term income projections resulting from legally binding rent agreements (which, in turn, are based on the market value of the freehold interest as at 31 March 2014).

At 31 March 2018, Bracknell House and Princess House were valued by Gerald Eve LLP. There were revaluation gains of £6.9m and 2.5m respectively.



