



Annual Report and Accounts

2017/2018

Sheffield Children's
NHS Foundation Trust



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Presented to Parliament pursuant to Schedule 7, paragraph
25 (4) (a) of the National Health Service Act 2006

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Section One: Performance Report

Overview of performance

Chief Executive's Statement

I am pleased to introduce our Annual Report and Accounts for 2017/18. Once again, our staff have shown their incredible skills, compassion and drive to make things better for the children of Sheffield and beyond.

We've continued to provide high quality care for children and their families. Our specialist services have helped children from across the country.

For the children of Sheffield we have provided a holistic service, covering physical and mental health, and both acute and community services – including a new 0-19 service encompassing both school nursing and health visiting.

We are also increasingly looking beyond our organisational boundaries. Sheffield Children's is an active participant in both the Integrated Care System (South Yorkshire and Bassetlaw Working Together) and the Sheffield-based Accountable Care Partnership. We see this as an important opportunity to shape our services around the needs of families.

Sheffield Children's is also taking a leading role in guiding others. Our specialist staff are supporting other trusts as they look to improve their paediatric services and are offering training in specialist areas of work – both nationally and internationally.

We had no CQC inspection in 2017/18, but have been working through the action plan from our assessment in 2016. Improvements have been made in both our mental health services and our transition process as a result. We were encouraged by a recent CQC visit, where the inspection team agreed that excellent progress has been made.

At the start of 2018/19 we opened our three new wards, completing our new wing with its improved facilities for our patients. The difference this will make for families will be profound.

Soon after, we opened the new Haematology and Oncology Clinic, providing bright and spacious surroundings for children and young people undergoing outpatient treatment for cancer, tumours and blood disorders. This new space will be vastly better for patients, who will be able to enjoy more privacy, a better environment – and will even be able to see out to the beautiful Weston Park during their treatment.

We know that both of these new facilities will help children in their recovery, improve the experience for the whole family, and will be more pleasant for our staff to work in too. We're already looking at how we can improve other areas to ensure a consistent experience across the Trust.

Alongside the physical improvements, we are improving our processes and systems, to make sure we are as efficient as possible, and giving patients the best possible outcomes and experience. This includes the Theatres Well Prepared programme and an extensive review in Outpatients. We know improving these systems will be better for patients and staff, whilst also making us more sustainable.

Sustainability has remained a high priority for us as we experience challenging times financially. National savings targets, new commissioning arrangements and changes to the children's tariff are all having an impact. Next year is looking set to be even more challenging. However despite this we have achieved our quality targets on waiting times and yet again been one of the top five performing Trusts in England for our A&E waiting times.

We have many people to thank for this. Our staff show excellence and compassion every day, playing their part to improve children's health whatever their role. We are also incredibly fortunate to also have a huge supporting cast of fantastic people. We have our volunteers, numerous patient groups, our Council of Governors, our Youth Forum and our generous supporters through our charity partners – including The Children's Hospital Charity, the Friends of Sheffield Children's Hospital, the Parent's Association for Children with Leukaemia and Tumours, the Sheffield Hospitals Charity and the Sick Children's Trust.

Everyone who supports us, whether giving their time, sharing their ideas or providing financial support, is playing a vital role that helps us to deliver the best possible care to children and young people across our region and beyond.



John Somers
Chief Executive

The purpose of this overview section of our Annual Report is to provide a short summary of the Trust, our purpose, history, the key risks to the achievement of our objectives and our performance during the year.

Our history and statutory background

Sheffield Children's Hospital was first established in 1876. Since 1948 it has provided services under the NHS and, in 1992, it was established as an NHS trust.

On 1 August 2006, it became Sheffield Children's NHS Foundation Trust under the Health and Social Care (Community Health and Standards) Act 2003. Sheffield Children's NHS Foundation Trust is authorised to operate as a public benefit corporation under the National Health Service Act 2006.

The overall responsibility for running the Trust lies with the Board of Directors and the Council of Governors as the collective body through which directors explain and justify their actions

Purpose and principal activities of the Trust

Sheffield Children's NHS Foundation Trust is one of only four dedicated children's hospital trusts in the UK. The Trust provides dedicated healthcare for children and young people, including community and mental health care as well as acute and specialist services. The Trust offers a comprehensive approach to supporting children and families, with the aim to be at the forefront of best practice in delivering high quality and integrated care to children and young people.

Services are provided in a number of different locations. The majority of acute care is provided at the Sheffield Children's Hospital which is situated on Western Bank, a central location in the city. It is in close proximity to Sheffield's universities and to many of the facilities offered by Sheffield Teaching Hospitals. Sheffield Children's community and mental health services are provided from a number of locations.

The Ryegate Children's Centre is situated a mile away from Sheffield Children's Hospital, in the south west of the city and provides a focus for the delivery of services to children with disabilities, including those with complex neurodisability.

Mental health services are provided from community sites across the city of Sheffield, including, Flockton House, Centenary House and the Becton Centre for Children and Young People.

Sheffield Children's provides an exceptionally wide range of general and specialist services for children and young people across South Yorkshire and beyond, as summarised in the listing:

- Secondary healthcare for the children and young people of Sheffield, including Emergency Department services.
- Highly specialised healthcare, including neurosurgery, oncology, endocrinology, specialist orthopaedics, neonatal surgery, metabolic disease, gastroenterology, respiratory diseases, intensive care, cystic fibrosis and neurology. These services meet the needs of children and young people living across South Yorkshire, North Trent, Lincolnshire, and the Humber and in some cases from across the country.
- Community based services for the Sheffield population, including community paediatrics, child development, support for adoption and fostering, medical safeguarding advisory services, services for children with neurodisability, health visiting, school nursing and speech and language therapy.
- Working closely with partner agencies in Sheffield, a full range of child and adolescent mental healthcare services including general mental healthcare and also specialist services, such as forensic services and services for vulnerable children. We also provide Tier 4 (day unit, highly specialised out-patient teams and in-patient units) services for the larger South Yorkshire/North Trent population.
- Embrace, our critical care transport service for children and infants, carries out transfers between hospitals across the Yorkshire and Humber region.
- A number of highly specialised pathology services, including new-born screening and genetics.
- National contracts for some specialised services, including Ehlers-Danlos Syndrome and Osteogenesis Imperfecta services.

Key achievements 2017/18

Improving quality and patient experience

- We completed the final stages on three new wards, which opened in April 2018, bringing world class inpatient facilities to our hospital.
- Our new Fluoroscopy suite opened in June 2017, providing moving X-ray images to help diagnose a variety of life-threatening and life-limiting conditions.
- Embrace patient transport service gained the world's first ever dual CAMTS-EU accreditation. This full accreditation for rotor wing, fixed wing and ground transport recognises the quality and safety of the Embrace service.
- We completed delivery of action plans designed to improve quality, which we agreed following our last CQC visit.
- The Trust also launched a new website, making information about our sites and services easier to access for families, part of our commitment to improve patient experience around Sheffield Children's.

Delivering our performance targets

- In a year of increased pressure for the NHS, Sheffield Children's met the four hour target for A&E waiting times, provided care to patients with cancer within national target times, and delivered a financial surplus.

Leading improvements in children's healthcare

- We took up the lead for Children's Health Services in the Integrated Care System (ICS) and advocated for young people and their families in region wide discussions. We also strengthened our international reputation, with our metabolic bone specialists delivering training to doctors and treating patients in India. Members of our staff also represented Sheffield Children's at the European Parliament, presenting a white paper and speaking in support of the European Reference Network for rare diseases.

Developing new services in our Community and Mental Health division

- We launched new services providing early intervention and positive wellbeing promotion, including the 0-19 community service, the pioneering Healthy Minds project, and the development of the Psychological Wellbeing Practitioner role.

Increasing patient participation

- Our Youth Forum celebrated its first birthday in a year which saw young patients being involved in director interviews, inspections, takeover days and service reviews.

Expanding our innovation

- This year saw us recruit hundreds of participants to research studies with far reaching impacts, including a study which will affect the future design of car seats to protect children's safety. We worked with partners to recruit 3,000 people into the 100,000 Genomes project as we continue to work at the forefront of paediatric healthcare. We also launched the National Institute of Health Research (NIHR) Children's and Young People's MedTech Co-Operative and agreed the Children's Health Technology Centre on the Olympic Legacy Park.

Overview of the Trust's Strategy

Strategy refresh

During 2017/18, considerable time has been devoted to discussing with the Trust Board, Executive Team, Trust Executive Group, Clinical Divisions, Research Division, Council of Governors and through Open Staff Meetings our changing context and the need to refresh our strategy to ensure that it responds to the demands of our local, regional and national environment.

Since our previous Trust strategy was developed five years ago, an approach to health and social care based upon collaborative partnerships has gained pace across the country, with a partnership between regional providers in South Yorkshire & Bassetlaw being some of the most advanced in the country. Coupled with an extremely challenging financial outlook for providers and commissioners nationally, it is essential we have focused aims and priorities for the next three years and beyond.

Our 'Caring Together' strategy for 2018-2021 launched in February 2018. It reflects our strong position to take a leading role in children's healthcare across the system as an integrated, specialist, paediatric trust, providing physical and mental health in both acute and the community settings. It indicates a need to work together on many levels internally and externally.

Its title 'Caring Together' builds on our 'Together we care' values brand and will be used to support the continued transformation of care and the identification of opportunities for integrated care across our four Trust clinical divisions.

The mission statement, purpose, aims and values provide organisational strategic direction for the next three years. These are supported by clear clinical and corporate priorities and annual objectives which outline the required delivery and accountability to achieve our aims.

Our Mission Statement

Our aim is to provide care and treatment of the highest standard to the children and young people of Sheffield, South Yorkshire and beyond, working closely with children and their families, other partners, and our staff to improve the health, wellbeing and life chances of the younger population.

Our Purpose

Our purpose is to provide a healthier future for children and young people.

Our aims

- **Provide** high quality patient experience and outcomes
- **Employ** motivated and compassionate staff
- **Lead** improvements in paediatric care
- **Build** clinical and financial sustainability
- **Discover** new ways of improving child health through research, innovation and technology

Strategic partnerships

It is recognised nationally that collaboration between organisations will be essential to tackle the challenges facing the NHS.

Sheffield Children's is actively involved in a number of strategic collaborations which have gained pace during 2017/18. Our partnership work with regional providers in South Yorkshire & Bassetlaw can be regarded as being amongst the most advanced in the country.

South Yorkshire and Bassetlaw Integrated Care System / Sustainability and Transformation Plan

In June 2017 the South Yorkshire & Bassetlaw Sustainability and Transformation Partnership (STP) was named as one of the first Integrated Care Systems (ICS)¹ in the country. Known as Health and Care Working Together in South Yorkshire and Bassetlaw, the ICS is a partnership of 25 organisations responsible for looking after the health and care of the 1.5 million people living in Barnsley, Bassetlaw, Doncaster, Rotherham and Sheffield. More information about the ICS is available at: www.healthandcaretogethersyb.co.uk/

Working together, the local ambition is to be better able to join up GPs and hospitals; physical and mental healthcare; social care and the NHS, to give patients seamless care. Through partnership working, the ICS aims to make real and long lasting improvements to the health of local people, which individuals and organisations working alone would not be able to achieve.

In July 2017 the publication of the first STP Progress Dashboard judged the South Yorkshire and Bassetlaw ICS to be 'outstanding'. Updated and published every year, the dashboard will track progress on improving a number of health and care services – access to GP appointments, reducing the time between being diagnosed and receiving treatment for cancer, improving access to mental health and therapy services and reducing A&E waiting times across all hospitals in the area. It can be accessed from the following link:

www.england.nhs.uk/publication/sustainability-and-transformation-partnerships-progress-dashboard-baseline-view/

A number of workstreams have been identified as priorities for the ICS, they are: mental health and learning disabilities; urgent and emergency care; primary and community care; cancer; maternity and children's; elective and diagnostic; and healthy lives, living well and prevention.

The Trust has continued to play a leading role in the development of plans for maternity and children's services to address the workforce and quality issues facing services across the sub-region. Two specific developments during 2017/18 within this workstream are:

Children's Surgery and Anaesthetics Network - Sheffield Children's has set up and now hosts a Managed Clinical Network for Children's Surgery and Anaesthesia and funding has been allocated to support the new network, including funding for clinical leadership and support until March 2018.

Children's Acute Care – This work stream forms part of the wider Hospital Services Review and includes proposals to reconfigure acute paediatric services, in order to ensure safe and sustainable services with alternative models of provision of service across the geographical area under consideration. Since April 2017, the Trust has also hosted the Acute Paediatrics Network using a similar model to that for Surgery and Anaesthesia.

¹ In February 2018 NHS England changed the name Accountable Care System (ACS) to Integrated Care System (ICS)

Hospital Services Review - One of the biggest pieces of work commenced in 2017/18 by the ACS was a review of all acute hospital services. The review looks at how current hospital services are provided and what needs to happen to future proof them, taking into account local and national issues such as rising demand, workforce and resource challenges and consistently delivering quality standards. The ultimate aim of any commissioning decisions taken on the back of the review published at the beginning of May 2018 will be to ensure patients and local communities have access to appropriate, safe, high quality care and that improved ways of working are developed to ensure existing staff are retained as well as hospitals being able to attract the best possible staff in the future.

In 2017/18 the ICS has helped secure additional funding into South Yorkshire and Bassetlaw health and care services thanks to the Government's pledging additional funding for capital and transformation schemes.

In 2017/18 the provider Working Together Partnership Vanguard programme and the commissioners Working Together Partnership have come together to become part of the small ICS Programme Management Office.

From April 2018, the ICS started to operate as a Shadow ICS, which means taking on additional responsibilities from NHS England and NHS Improvement around local system performance and transformation indicators.

Working Together Partnership Vanguard

Since 2014 the Trust has been one of seven partners in the providers Working Together Programme, which became a Vanguard programme in 2015. It is one of 50 nationally chosen partnerships to take a lead on the development of new care models. The aim for the vanguard programme nationally was for the partnerships to act as blueprints for the NHS moving forward and an inspiration to the rest of the health and care system. The Working Together Partnership Vanguard has been working to explore what can be achieved when local hospital trusts work together to

strengthen each organisation's ability to deliver safe, sustainable and local services.

Over the past year Working Together has continued to deliver effective partnership solutions. For example the partnership has now saved over £3.6m through joined up procurement exercises. The partnership has also continued to roll out digital technology that makes it easier for clinicians to deliver timely and seamless care across the seven trusts.

Working with commissioners the partnership has been involved in a project looking at different, more sustainable models for delivering children's surgery and anaesthesia across the region.

Information about the Working Together Partnership Vanguard can be found at www.workingtogethernhs.co.uk

Sheffield Accountable Care Partnership (ACP) and Place-based plan

One of the ways that the system as a whole is looking to tackle the challenges of the future is by developing 'place-based' systems of care. This means organisations across health, social care and the voluntary sector working together across a geographical area and sharing resources to meet the health needs of their local population.

For our Trust, our place-based plan focuses on the Sheffield region and six priority areas have been identified, one of these being Children and Maternity. The Trust is taking a leading role in its further development and delivery.

Priorities within the Children and Maternity workstream have been agreed and include:

- *A joint review of short breaks (respite care).*
- *Redesign of Children's Community Services* – working with Sheffield Clinical Commissioning Group (CCG) and Sheffield City Council on a redesign of children's community services. A redesign of health visiting and school nursing is underway, in order to form a new 0-19 Public Health Nursing Service which will particularly focus on the most vulnerable

families. The new service will reflect the reduction in public health funding (£1.3m over three years). It is also likely to lead to the formation of locality-based integrated health and social care services being developed for children and families.

- *Reduction of waiting times in neurodisability services.*
- *Urgent Care* – continued work with Sheffield CCG and local GPs to provide more care without admission to hospital for children with acute illness. We are doing this by reviewing the steps and processes patients go through across our health services, also known as their care pathways. This also includes evaluation of a pilot of primary care streaming in our Emergency Department. Primary care streaming means we have based a primary care practitioner (a GP) within the Emergency Department, so that children with minor injuries and less serious conditions can be directed to (or ‘streamed’ to) the GP for care and treatment, without needing to involve the emergency team.
- *Child and Adolescent Mental Health Services (CAMHS) Transformation plans* – working with Sheffield CCG, Sheffield City Council and the voluntary sector on transforming mental health services in line with the national policy described within ‘*Future in Mind*’. Funding has been allocated to redesign service, including services for those with eating disorders; reducing waiting times; the development of schools-based support; and the extension of the Children’s ‘*Improving Access to Psychological Therapies*’ (IAPT) programme.

Research and development

The Trust continues to be home to a first class children’s clinical research facility, which works to develop innovative and pioneering treatments and technologies for children and supports high quality local, national and international research projects.

Leading professionals across many clinical specialties welcome patients and their families and healthy volunteers willing to take part in research.

Our cutting-edge clinical research facility supports researchers looking to conduct the full spectrum of clinical research, from systematic reviews and qualitative research through to high complex clinical trials.

The Trust also supports the development of cutting-edge technology and innovation to improve the health of children and young people. Since 2014 the Trust has led the national network TITCH (Technology Innovation Transforming Child Health). TITCH brings together multiple stakeholders including specialist children’s hospitals and centres, district general hospital trusts, MedTech & In-vitro Diagnostic co-operatives and Academic Health Sciences Networks to focus on the development and adoption of technology for child health based upon identified unmet needs.

In the last few years TITCH has leveraged approximately £6m for the focussed development of paediatric digital and device technologies.

In January 2018, our Trust launched the new National Institute of Health Research (NIHR) Children and Young People MedTech Co-operative. This is the first paediatric NIHR MedTech co-operative in the country and brings together six other centres to work collaboratively to focus technology development on seven theme areas, ensuring that children and young people receive the best most advanced healthcare.

Examples of current research projects are included within the Quality Report in section three.

Trends and factors likely to affect the Trust's future development, performance and position

In the context of delivering the Trust's strategy, a number of key issues and risks facing the Trust have been identified.

- *Workforce shortages*

A key challenge for the Trust is recruiting sufficient numbers of appropriately qualified clinical staff, particularly Consultants and Junior Doctors, to be able to treat our growing number of patients.

The Trust, along with local, regional and national partners, is looking to develop and implement a workforce strategy during 2018/19 to help address recognised shortages in some areas of the workforce and develop innovative solutions to appropriately fill these gaps.

In relation to our nursing workforce, we continue to safely mitigate nurse vacancy levels through proactive review of staffing to ensure that each ward area is staffed according to real-time need.

The successful implementation across the Trust of eRoster software during 2017/18 and current roll out across the acute site of Safe Care, a live, real-time acuity tool supports the efficient diversion of resources in line with patient acuity. There also continue to be ongoing and frequent nurse recruitment programmes.

- *External environment*

Our external strategic landscape continues to be driven by government policy, focused on the importance of managing systems rather than organisations; recognising the need to integrate services around the needs of the patient and the importance of out-of-hospital care.

Sheffield Children's is fully engaged in regional partnership work and we have reviewed our own strategy to ensure that we can position ourselves to take a lead role in the priorities we identify across the system.

We will need to keep under review the financial risks and opportunities that arise from new collaborative working arrangements; in particular the implementation of shared governance and financial structures and the Board's focus continues to be placed on this.

National commissioning changes across some of our specialist services also present significant risk to the Trust; notably specialist mental health (Tier 4) inpatient service and day care (Tier 4) services and the national reorganisation of genetic laboratory services.

We will continue to review and manage the impact of financial pressures arising from our responses to these changes.

- *Delivery of transformation*

Underpinning our financial plan for the coming year is a very challenging efficiency programme, with a requirement to deliver a savings target of around £8.6m in 2018/19.

The scale of this financial challenge is far greater than in previous years and a significant factor in this savings target is under-delivery of our 2017/18 efficiency programme and the need to carry this forward to be delivered in the coming financial year.

To support the achievement of this ambitious savings target, a Transformation and Recovery Programme has been put in place; the development of which has been guided by external diagnostic support commissioned during 2017/18. Further engagement work with managers and clinicians has helped identify savings plans structured around ten programme workstreams, all with executive director lead responsibility.

Acknowledging that delivery of our Transformation and Recovery programme is a key risk to continued successful delivery of care to patients and to our future financial sustainability, we have further reviewed governance in this respect; strengthening arrangements for Board sub-committee oversight and for delivery, through the establishment of a Chief Executive-chaired Transformation and Recovery Board.

Linked to effective delivery of transformation is the importance of clinical engagement, leadership and accountability. These are all referenced within our assurance framework and the Board is actively monitoring how risks across these areas are being mitigated through development of organisational development work-streams.

- *Maintaining quality of care*

Maintaining our quality of care in the face of increased financial challenge, pressures on our workforce and a changing strategic environment will require focus on balancing risks to ensure that the quality of our patient care remains uncompromised.

Our quality governance and leadership structures support the Trust in ensuring that the quality of our care is being routinely monitored across all services; the quality governance arrangements to review and challenge performance and variation are described in later in this report.

During 2017/18 we have continued to implement our CQC action plan to respond to the issues raised by the CQC following inspection of our services in June 2016. Delivery of this comprehensive action plan has been driven by Executive leads and monitored through divisional performance reviews with routine reports against progress presented to the Trust Board and Quality Committee.

A quality impact assessment process is in place overseen by our Director of Nursing and Quality and Medical Director and aligned to our transformation and recovery programme. This is to ensure that transformation plans do not carry any material risk to patient safety or quality of care.

Going concern

After making enquiries the directors have a reasonable expectation that the 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

The Trust uses a comprehensive performance reporting framework to monitor and maintain focus on a wide range of indicators relating to quality, safe staffing, workforce and operational and financial performance.

Comprising of a suite of monthly reports presented to the Trust Board, its committees, and executive director-level groups, information is triangulated to ensure controls are put in place to manage risks to the delivery of high quality care for patients. Within these reports exceptions in performance against targets are highlighted, and action for improvement identified with supporting narrative.

Routine Board and Executive-review of delivery of agreed plans, together with the application of quality impact assessment tools, supports focus on the tension between quality, safety, financial efficiency and risks to ensure that patient care remains uncompromised.

Our performance framework will be further enhanced during 2018/19 through the implementation of an Integrated Performance Report. This will reflect our Caring Together Strategy refresh.

Operational performance report

Patient activity

Demand for the Trust's services continues to include referrals from across the country, which highlights the Trust's role as an expert provider of healthcare for children.

The NHS care provided by Sheffield Children's NHS Foundation Trust across all settings in 2017/18 totalled almost 25,000 admissions and more than 56,000 emergency department attendances. The number of Outpatient attendances increased by 3 per cent from the previous year, with more than 186,000 attendances.

** The 20 per cent decrease in mental health inpatient bed nights reported between 2016/17 and 2017/18 was mainly attributed to one particular lodge closing to admissions for several months, to ensure appropriate staffing levels in line with patient acuity. This action was supported by NHS England.*

Fig: Trust activity by activity type

Activity type	2015/16	2016/17	2017/18	% change in last year
Total Elective Spells	18,481	18,857	18,196	-4%
Total Non-Elective Spells	6,752	6,586	6,800	3%
Total Outpatient Attendances	167,494	181,851	186,761	3%
Emergency Department Attendances	56,293	56,837	56,959	0%
Mental Health Community Contacts	19,514	20,589	20,094	-2%
Mental Health Inpatients (Bed Nights)*	9,392	9,424	7,518	-20%

Performance against operational targets

Sheffield Children's NHS Foundation Trust delivered strong operational performance across a wide range of measures during 2017/18.

All key operational performance indicators monitored by our regulator NHS Improvement (NHSI) were met consistently throughout the year.

This included performance on waiting times in our Emergency Department, which remained very strong with the Trust achieving 97.23 per cent of our patients admitted, transferred or discharged within four hours of their arrival in the department, against a national target of 95 per cent.

Against a target of 92 per cent, the Trust also met the key target for patients waiting less than 18 weeks on an incomplete pathway at 93.2 per cent. An 'incomplete pathway' in this context means the patient has been seen by a clinician, but will receive further treatment or hasn't yet been discharged.

All cancer waiting targets applicable to the Trust have been met, with all achieving 100 per cent.

During 2017/18 there were two Trust attributable cases for C.difficile infection that were deemed as avoidable by the Clinical Commissioning Group. This is against a threshold of three for the year.

The table below summarises the Trust's performance in 2017/18 against key operational performance indicators used by NHS Improvement

Fig: 2017/18 Operational performance

Performance Indicator	Target or Threshold	2016/17 Trust Performance	2017/18 Trust Performance
Maximum time of 18 weeks from point of referral to treatment for patients on an incomplete pathway	92%	93.62%	93.20%
A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge	≤ 95%	97.17%	97.23%
Cancer: two-week maximum wait from referral to first seen - all urgent referrals (cancer suspected)	93%	98%	99.21%
All cancers: 31-day wait from diagnosis to first treatment	96%	100%	100%
All cancers: 31-day wait for second or subsequent treatment (surgery)	94%	100%	100%
All cancers: 31-day wait for second or subsequent treatment (anti-cancer drug treatments)	98%	100%	100%
C.difficile infection	3	2	2

Financial performance analysis

Overall performance

At the start of 2017/18, we highlighted that the coming years were likely to be the most financially challenging the Trust had ever faced. This proved to be accurate in 2017/18. While the Trust delivered on its financial obligations and financial plan position, this was only achieved through considerable effort on behalf of our staff and with additional income provided from the wider NHS system and commissioners.

The Trust's annual accounts report a surplus of £1.2m, contributed to by the impact of charitable funding receipts (£1.9m) and supplemented by receipt of central Sustainability and Transformation Funding (STF) reward funding (£5.0m - received for delivering our plan).

In addition, the Trust spent £18m on capital projects and assets in 2017/18, including £10.8m on the completion of the New Build project. Future year's capital expenditure is expected to decrease following completion of this major scheme

This clearly gives context to the impressive financial performance during the year, but also highlights the underlying financial challenges that the Trust faces as it looks to deliver plans to return to financial balance over the coming years.

Financial outlook

The economic pressure on the NHS as a whole and the challenge to deliver financial balance is increasing. The challenge to deliver more and better quality care for patients remains paramount, but is within the context of the requirement to make significant efficiency savings. Provider trusts are not alone in feeling the financial pressure – both local and national specialised service commissioners also have significant savings targets. This will impact on the level of funding that can be committed into both the local health economy and this Trust.

The Trust expects referrals and activity to grow during 2018/19, but we have struggled to see the number of patients we would wish to during the last two years, particularly in relation to elective inpatients. While the Trust will have additional space in 2018/19 as the Trust's new wards open, a key challenge for the Trust, and noted as a strategic risk, is recruiting the clinical workforce required to treat our growing number of patients.

Financially, it will be increasingly difficult to deliver all that is required not just of this Trust, but the NHS as a whole as it seeks to deliver significant change and efficiency in the face of increasing demand.

The focus has moved, rightly, to emphasise the importance of more joined up, system-wide and partnership working to address the financial challenges faced by the NHS. This Trust, as part of the leading South Yorkshire and Bassetlaw Integrated Care System, is well placed to contribute to the development and delivery of system-wide plans that focus on delivering the most effective quality care at the right place, at the right time, in the most efficient manner.

Already the Trust has been a leading voice, championing the needs of children and young people, and leading on developing new pathways of care that more appropriately meet the needs of children and help deliver service sustainability.

The coming and future years will see a growing interdependence and joint working between system partners to deliver on the service and financial challenges.

It is clear that NHS organisations can no longer work in isolation, but must instead look to embrace change and work across traditional boundaries, and this Trust is committed to following that approach in the coming year.

Our status as a specialist teaching trust positions us well to take a leading role in the development of plans for maternity and children's services to address the workforce and quality issues facing services across the sub-region.

Key financial risks

The Trust struggled to deliver the planned efficiency programme in full during 2017/18. Around £4.0m (57 per cent) of the planned £7.0m target was delivered. While significant progress has been made in both programme delivery and the process and governance around managing and delivering savings, progress was not as fast as required in 2017/18.

The under-delivery in-year needs to be carried forward to deliver in 2018/19, and is a significant factor in the requirement to deliver around £8.6m in 2018/19.

The Trust has a significant transformation programme in place. This programme is structured around ten workstreams, all with executive director lead responsibility. Key elements of these workstreams focus on how we see patients in Outpatients and Theatres, and how our workforce is organised and structured to deliver this.

Emphasis in 2017/18 was on diagnosis of issues, development of solutions and developing delivery plans. Now in 2018/19 we need to delivery these plans at pace.

The Board of Directors continue to recognise that delivery of efficiency savings is a key risk going forward and that strong financial management will be essential to the continued successful delivery of care to patients. A strengthened financial control regime in relation to delivery of efficiency savings is now in place, with oversight being through the Finance and Resources Committee (a sub-committee of the Trust Board), and delivery driven by the Recovery and Transformation Board, chaired by the Chief Executive.

While the Trust Board is satisfied that the management arrangements for delivery of savings is appropriate at this point, this is still recognised as a key area of risk for the Trust in 2018/19.

Other key risks with a financial consequence that the Trust is seeking to manage over the coming financial year include:

- delivery of agreed activity plans and sustaining performance against required national targets;
- managing delivery within the constraints on physical and human resources and providing alternative delivery methods where required;
- delivery of the Commissioner Quality, Innovation, Productivity and Prevention (QIPP) targets without causing additional financial pressure on the Trust;
- delivery of any additional activity requirements deriving from the implementation of Integrated Care System plans;
- Clarity and strategy with regard to managing any financial risks or opportunities that arise as part of the implementation of the Integrated Care System governance and financial structures, particularly with regard to system-wide control totals; and
- The impact of any financial pressures arising from the response to, and delivery of, national CAMHS Tier 4 services commissioning requirements and the national genetic laboratory services reorganisation.

Environmental matters

Sheffield Children's NHS Foundation Trust acknowledges the potential impact that its activities may have on the environment and is committed to ensuring that effective environmental management and sustainable development become integral parts of our service provision. Sustainable development

A Trust Sustainability Group continues to lead work in this area, ensuring that we take a holistic view across our role as employer, service provider and corporate citizen and focus our efforts on areas making the biggest difference to the environment. Developments on which we can report for 2017/18 are outlined below:

Energy

Energy accounts for 24 per cent of the NHS England carbon footprint and the Trust acknowledges that this figure is representative of its own carbon footprint in this area.

The Trust's total energy consumption was 19.3 million Kilowatt hours.

Fig: energy consumption

Resource		2014/15	2015/16	2016/17	2017/18
Gas	Use (kWh)	9,626,242	12,195,746	10,608,351	11,328,325
	tCO ₂ e	2,020	2,552	2,217	2,402
Oil	Use (kWh)	0	0	474	0
	tCO ₂ e	0	0	0	0
Coal	Use (kWh)	0	0	0	0
	tCO ₂ e	0	0	0	0
Electricity	Use (kWh)	1,039,636	706,519	6,692,872	7,095,517
	tCO ₂ e	644	406	3,459	3,163
Green Electricity	Use (kWh)	6,285,207	6,864,008	1,421,214	923,047
	tCO ₂ e	3,893	3,946	734	411
Total Energy CO ₂ e		6,556	6,905	6,411	5,976
Total energy spend		£ 1,266,085	£ 1,200,062	£ 1,068,950	£ 1,403,876

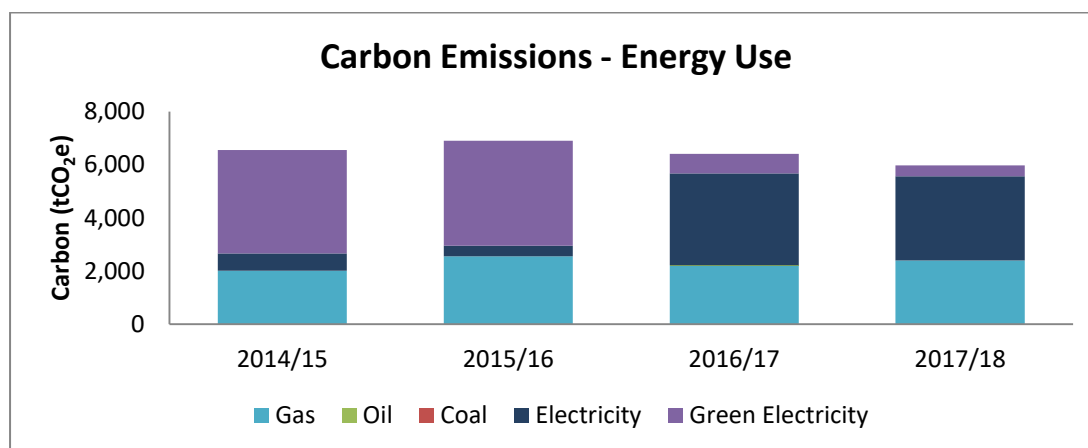
* Tonnes of carbon dioxide equivalent.

There are two main factors that influence energy consumption: Seasonal temperature variations which influence demand for heating and cooling, and gross internal area that the Trust occupies.

The gross internal area (floor space) occupied by the Trust has not changed since last year.

The Trust is in contract with Crown Commercial Services to purchase its gas and electricity. The mix of green electricity to non-renewable electricity has changed on this contract and is reflected in the graph below

Fig: Carbon emissions



Sustainability

All public and private sector bodies have been set challenging targets to incrementally reduce carbon emissions by 80 per cent by 2050 from a baseline of emissions data from 1990. While the Trust has extended its property footprint in recent years, there has been no adjustment in our baseline target; increasing the challenge and requiring the Trust to accommodate increased emissions due to growth by reducing emissions across all areas.

The Trust's new wing extension was occupied from April 2018 and was expected to achieve a Building Research Establishment Environmental Assessment Methodology (BREAM) rating of 'very good'. The new wing will use less energy per square metre than existing parts of the Trust estate, mainly due to better insulation reducing the demand for heating and cooling.

The Trust's Estates Department is half way through the installation of its £3.9m energy saving scheme for the Trust. This project is upgrading existing plant and equipment with new energy efficient technologies.

Installation is progressing to programme. At our Becton site, lighting replacement is complete, new boilers and a Micro-CHP (combined heat and power) system has been installed, with commissioning work is ongoing. On the hospital site, a new combined heat and power plant, together with new boilers, has been installed. Piping for the new primary heat network and gas supply is nearing completion

and work to connect and commission will continue through summer 2018. The new energy centre is expected to be operational in autumn 2018.

The combined heat and power approach will deliver significant energy savings over conventional gas boilers and grid supplied electricity. There will also additional LED lighting and other energy saving improvements on the hospital site.

The project is being realised via the Carbon and Energy Fund (CEF), which has facilitated £200m of infrastructure replacement and delivers £14m of annual energy savings for the public sector.

The Trust currently spends over £1m on gas and electricity annually, and the energy savings that will result from this project are significant. The project capital cost is entirely financed from projected savings.

Progress towards Climate Change Act targets

Further work is required to establish baseline and current year emissions data for both procurement (how we buy goods and transport them to the Trust) and travel. Current data recording systems are not structured to allow straightforward measurement of emissions from procurement.

The lack of accurate data makes it difficult to establish whether the Trust met its 2015 target

of an overall 10 per cent emissions reduction on 2007 levels. Future work will need to focus on obtaining reliable data in order to better monitor progress.

Social, community, anti-bribery and human rights issues

We are committed to ensuring that services are accessible, appropriate and sensitive to the needs of the whole community, with a workforce representative at all levels of the population it serves.

The Trust is working hard to deliver services to its patients and staff, which reflect equality and diversity in all areas and respect of human rights, in accordance with the requirements of the Equality Act 2010, and the Workforce Race Equality Scheme (WRES). An action plan to address issues related to the WRES is being monitored by the Board.

We are committed to ensuring the advancement of equality of opportunity between different groups, whether they are employees or the patients and public we serve. As a public body we believe it is our duty to work towards eliminating discrimination and help foster positive relations between the different groups that make up society.

Our work within the Sheffield Accountable Care Partnership (ACP) is focused on partnership across the city to identify shared equality goals and reduce health inequalities.

The Trust does not tolerate any form of fraud, bribery or corruption by, or of, its employees, associates or any person or body acting on its behalf. Maintaining fraud levels at an absolute minimum ensures that more funds are available for patient care and services.

Throughout 2017/18, the Board has remained committed to maintaining an honest and open atmosphere, ensuring that all concerns involving potential fraud have been identified and rigorously investigated. In all cases appropriate civil, disciplinary and/or criminal sanctions have been applied, where guilt has been proven.

Considerable further work across the Trust is required to achieve the next and more challenging 34 per cent emissions reduction required by 2020.

The Trust engages 360 Assurance as its Local Counter Fraud Specialist (LCFS) to support its work in this area. This has helped to create an anti-fraud culture, which has enabled deterrence and prevention measures to be embedded in the organisation.

The Trust's Risk and Audit Committee agrees the annual work plan for the LCFS and receives routine reports on progress against its delivery. The Committee has agreed the Trust's policy for dealing with suspected fraud, bribery and corruption.

Overseas operations

The Trust does not have any overseas operations.

Important events since the end of the financial year affecting the Foundation Trust

There are no events since the end of the financial year affecting the Trust.

Performance Report signed by the Chief Executive in capacity as Accounting Officer



John Somers
Chief Executive
23 May 2018

Section Two: Accountability Report

Directors' report

The Board of Directors is led by the Chair and comprises of five other non-executive directors and six executive directors, including the Chief Executive.

The Directors' report is presented in the name of the directors of the Board of Directors, the individuals occupying position on the Board during 2017/18, together with their attendance at Trust Board meetings is listed as:

Sarah Jones, Trust Chair

Sarah was appointed as Trust Chair in September 2016, following holding a non-executive director role on the Board from August 2008.

Sarah is also a trustee of The Children's Hospital Charity. As Trust Chair, Sarah also chairs the Council of Governors and the Board Nominations and Remuneration Committee. She also sits on the Hospital Redevelopment Project Board. Sarah's current term of office expires on 30 August 2019.

Outside the Trust, Sarah is Chair of Digital Outreach Ltd, which supports the harder to reach in our communities with various campaigns and she is also a trustee of the RAF Charitable Trust.

Previously Sarah was CEO and then Deputy Chair of Learndirect, the UK's largest provider of skills, training and employment services. She is an MBA graduate and joined Learndirect with experience from BAE Systems.

Board Attendances in 2017-2018: 12/12

Andy Baker, Non-executive Director

Andy is currently the CEO of Plusnet and has worked for the BT Group for more than ten years in a number of senior roles. He is an Advisory Board Member for Sheffield City Growth Board.

Andy was appointed to the Board of Directors for a three-year term of office from 01 September 2016. During 2017/18, he was a member of the Finance and Resources Committee (taking on its Chairmanship from 01 April 2018) and also a member of the Risk and Audit Committee and the Board Nominations and Remuneration Committee.

Board Attendances in 2017-2018: 11/12

John Cowling, Non-executive Director (and Senior Independent Director)

John is a qualified chartered accountant. He was for many years a senior regional partner in the northern offices of PricewaterhouseCoopers and most recently, the partner in charge of the Sheffield office, until his retirement in June 2012. John is currently the Chair of the Board of Music in the Round, a chamber music charity based in Sheffield, the Chair of The Sheffield Museums and Galleries Trust and a non-executive director of The Sheffield Theatres Trust.

John was appointed to the Board of Directors on 01 October 2014. He is the current Chair of the Risk and Audit Committee and a member of the Finance and Resources Committee and the Board Nominations and Remuneration Committee. John's second term of office was approved by the Council of Governors in 2017 and will run the end of September 2020.

Board Attendances in 2017-2018: 11/12

Peter Lauener, Non-executive Director

Until November 2017, Peter was Chief Executive of the Skills Funding Agency and the Education Funding Agency, two executive agencies of the Department for Education. Prior to this, he was the Chief Executive of the Young People's Learning Agency and has had several director roles within the Department for Children, Schools and Families and the Department for Education and Skills. Peter is a trustee of development charity Educators International and was awarded a CB in 2004.

Peter was appointed to the Board of Directors for a three-year term of office from 01 September 2016. During 2017/18, Peter was a member of the Quality Committee, the Finance and Resources Committee and the Board Nominations and Remuneration Committee.

Board Attendances in 2017-2018: 11/12

Neil MacDonald, Non-executive Director (and Deputy Chair) until 31 March 2018

Neil is a qualified chartered accountant and has had an extremely successful career as group finance director, both at international aerospace engineering firm Firth Rixson and then at AES Engineering in Rotherham.

Neil retired from executive life in October 2012 when he became Master Cutler for the year. He is a non-executive director at Pressure Technologies and, until December 2015, the Horbury Group. Neil is also involved with a number of other Sheffield-based organisations, including being Chair at both St Luke's Hospice and Yorkshire Artspace and being a Board member of Sheffield City Region Local Enterprise Partnership (LEP). He is also on the Board of Governors at Sheffield Hallam University and a trustee at Museums Sheffield.

Until stepping down from the Board at the end of his second term of office in March 2018, Neil chaired the Finance and Resources Committee and was also a member of the Quality Committee, the Hospital Redevelopment Project Board and the Board Nominations and Remuneration Committee.

Board Attendances in 2017-2018: 10/12

Patricia Mitchell, Non-executive Director and from 01 April 2018 Deputy

Patricia left her legal practice as a commercial litigator and partner in private practice in 2005 after 25 years of working in London and Bristol.

After completing a sponsored MBA, Patricia joined the charity sector as a result of her role as the carer for a family member with Alzheimer's. Patricia worked for four years as the income generation manager for Alzheimer's Support before coming back to her roots in 2010 as Chief Executive Officer of Sheffield-based charity Neurocare, a role she undertook until June 2015. Both these roles involved her in working closely with many different health providers in the public sector. She also served as a trustee for Age UK for three years between 2010 and 2013.

Patricia was appointed to the Board in 2014 and her second term of office was approved by the Council of Governors in 2017 and will run the end of September 2020.

During 2017/18 Patricia was a member of the Risk and Audit Committee, is the current Chair of the Quality Committee and is a member of Board Nominations and Remuneration Committee. From 01 April 2018 Patricia has been Deputy Trust Chair.

Board Attendances in 2017-2018: 9/12

Executive directors

John Somers, Chief Executive

John was appointed as Chief Executive of Sheffield Children's NHS Foundation Trust in September 2016.

He has more than 18 years of Board-level experience in both the public and private sector, and joined the Trust as Chief Finance Officer in 2014 following senior NHS roles in Rotherham, Lincolnshire and Wakefield.

John is the regional lead for the Children's Health Services workstream of the Integrated Care System in South Yorkshire and Bassetlaw.

Board Attendances in 2017-2018: 12/12

Ruth Brown, Director of Strategy and Operations (from 31 July 2017)

Ruth joined Sheffield Children's as an executive director in 2017, bringing 28 years NHS experience.

Ruth previously held roles as Operations Director at Sheffield Teaching Hospitals NHS Foundation Trust where she led the integration of community and acute services for adults. She is experienced in managing complex change and promoting improved patient experience and service delivery across organisations. Ruth is responsible for the performance and activity of services as well as the development of the Trust's strategic direction. She works closely with colleagues on the Executive Team and in partner organisations to develop the Trust's role in the Integrated Care System across the region and Accountable Care Partnership across the city.

Board Attendances in 2017-2018: 6/8

Derek Burke, Medical Director

Derek is a consultant in the Emergency Department for much of his time. He took on the role of Medical Director within the Trust in 2007, building on his previous experience as Trust Medical Director from 1998 to 2001. He is responsible for medical activity within the Trust and in particular the training and development of medical staff. Derek is central to the Trust's lead role for paediatric training in the area. Derek works closely with Sally Shearer on quality and patient safety.

In September 2013 Derek was awarded with an honorary chair at Sheffield Hallam University as a result of collaborative work with the university.

Board Attendances in 2017-2018: 10/12

Steven Ned, Director of Human Resources and Organisational Development and Deputy Chief Executive

Steven has worked in the NHS in South Yorkshire and Derbyshire for more than 20 years and joined Sheffield Children's in August 2008 from Sheffield Teaching Hospitals NHS Foundation Trust. He has been working in the foundation trust system since taking Barnsley

through its FT application as Human Resources Director.

Steven is a member of the Chartered Institute of Personnel and Development and is responsible for all aspects of human resources, learning and development, communications, corporate governance and library service functions within the Trust.

Steven currently chairs the Yorkshire and Humber HR directors network, is a member of the National Social Partnership Forum and a member of the NHS Staff Council Executive.

Board Attendances in 2017-2018: 11/12

Sally Shearer, Director of Nursing and Quality

Sally is a registered children's nurse and has worked in the NHS for 35 years. She joined the Trust in October 2015, having previously managed children's acute and community services in London and Nottingham.

Sally has a MA from the University of Nottingham and has previously worked with the Nursing and Midwifery Council. She has a background in the education of the children and young people's workforce.

Sally is responsible for patient experience, children's safeguarding, infection control, clinical governance and regulatory compliance. Sally is also the professional lead for the nurses, health visitors and allied health professionals that work within our hospital, transport and community services.

Sally is also a trustee of The Children's Hospital Charity.

Board Attendances in 2017-2018: 11/12

Mark Smith, Chief Finance Officer

Mark was appointed as Chief Finance Officer in December 2017; having previously been the Deputy Director of Finance at the Trust.

He manages the financial performance of the Trust, is also responsible for estates, with overall responsibility for the New Build project.

Board Attendances in 2017-2018: 12/12

Directors who served during the year, but who had left office before year end

Matt Powls, Interim Chief Operating Officer (from April 2017 – August 2017)

Matt was appointed as Interim Chief Operating Officer in April 2017 and joined the Trust from his role as Interim Director of Commissioning and Performance at Sheffield Clinical Commissioning Group (CCG).

Matt has 20 years of experience of working within a variety of provider and commissioning organisations, including Alder Hey Children's NHS Foundation Trust, Derbyshire Healthcare NHS Foundation Trust and NHS England.

Board Attendances in 2017-2018: 2/4

Board members Register of Interests and Gifts and Hospitality

Company directorships and other declarations of interest or gifts and hospitality were declared by all Board members. The full register of interests is available on our website at <https://www.sheffieldchildrens.nhs.uk/about-us/publications/>

Taking into account the NHS Code of Governance, the Board considers the current Chair and all the non-executive directors to be 'independent'.

The Trust Chair, Ms Sarah Jones is also Chair of Digital Outreach Ltd and is a trustee of the RAF Charitable Trust and The Children's Hospital Charity. There have been no significant changes to the Chair's Commitments since appointment and the Chair is considered able to devote the appropriate time commitment to this role.

Statement on the balance, completeness and appropriateness of the membership of the Board

In year assessment of the composition of the Board, in the context of current and anticipated issues and challenges impacting the Trust and the skills and qualities needed on the Board, has been made by the Board Nominations and Remuneration Committee. This is undertaken routinely as part of the process of considering appointments and reappointments to the Board.

In 2017/18 the balance and completeness of the Board has been considered on recruitment to the position of Medical Director in advance of the planned retirement of Professor Derek Burke in 2018 and in also appointing to a scheduled non-executive director vacancy from 31 March 2018.

As outlined within the above biographies of Board members, the executive directors and non-executive directors of the Board provide a balance and breadth of knowledge. The Board comprises individuals with senior level experience in the public and private sectors, across a range of disciplines including clinical and patient care, finance, strategic and operational planning, commercial development, governance, risk management, human resources and change management.

The Board is satisfied that its current membership allows it to function effectively.

Meetings of the Board of Directors and its committees

The Board of Directors is the decision-making body for strategic direction and the overall allocation of resources. It delegates decision making for the operational running of the Trust to the Trust executive directors. The Board take decisions consistent with the approved strategy.

The Board set the Trust's strategic objectives for the year 2017/18, agreeing the annual operating plan, and provided active leadership of the Trust, ensuring that the Trust exercises its functions effectively and delivers agreed goals and targets and that the Trust exercises its functions effectively.

The Board also acts as the body through which assurance is provided that the Trust's statutory obligations, as well as its overall performance (including safety and quality), is of the standard expected or that appropriate action is taken to ensure compliance with those standards, either directly or through its committee structure.

It delegates decision-making for the operational running of the Trust to the Trust Executive Group in accordance with the Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions. This group has both clinical and management representation from across the Trust.

The Trust's Standing Orders set out matters which are reserved for the Board of Directors to decide. These relate to regulation and control, appointments, strategic and business planning and policy development, direct operational decisions, financial and performance reporting arrangements, audit arrangements and investment decisions.

In addition to holding 12 formal Board meeting during 2017/18, the whole Board was convened on a number of occasions to hold strategy workshops, one of which was a joint meeting with the Council of Governors.

Development of the Board takes place in response to ongoing review of the

effectiveness of its meetings, to outcomes from assessment of performance, both collectively and individually, as part of an annual appraisal system and through the formal review and agreement of a Board annual work programme. During 2017/18 emphasis has been placed on ensuring that the Board is appropriately supported to focus on key strategic challenges and opportunities. Review of the standing Board agenda, strengthening of formal delegation and reporting lines from its assurance committees and development of an integrated performance report are examples of in-year enhancement of Board effectiveness

Each of the standing assurance committees of the Board is chaired by a non-executive director to enhance independent scrutiny and challenge and each committee chair reports formally to the Board; to confirm delivery of assurance or escalate matters as necessary.

The Board committee structure includes the statutory committees of Risk and Audit and Nominations and Remuneration, and also comprises of a Quality Committee and Finance and Resources Committee.

These committees use formalised mechanisms to report and refer matters between themselves. This integrated governance approach is also supported by arrangements for cross Non-executive membership ensuring that an individual Non-executive member is able to act as a conduit of information and assurance across two committees.

The Board keeps the performance of its committees under regular review and requires that each committee considers its performance and effectiveness during the year and sets development objectives for the year ahead. In line with this further work has taken place in-year to embed committee exception reporting to the Trust Board, to formalise the referral of matters arising between committees and to introduce the routine review of work plans at the close of each meeting. This development reflects the Board's response to governance best practice and continued

regard to the Well-led Governance Framework.

In its role of overseeing the system of internal control and overall assurance process associated with managing risk, the Risk and Audit Committee also annually reviews the terms of reference of aligned Board committees, i.e. the Finance and Resources Committee and the Quality Committee.

In 2018 the Board established an additional formal sub-committee of the Board. On agreement of a new 'Committees in Common' governance structure for the Working Together Partnership Vanguard, and in line with other partner trust boards, the Board has delegated a number of decision-making abilities to a committee whose membership comprises of the Chair and Chief Executive. The Committee takes place at the same time and in the same venue as the committees of partner Trusts in which their Chair and Chief Executive have been delegated the same authorities.

This governance structure will enable partner trusts to work together to implement change as part of the Working Together Vanguard.

Risk and Audit Committee

The Risk and Audit Committee comprises three independent non-executive directors and chaired by Mr John Cowling, who has recent and relevant financial experience. It met six times during 2017/18.

Fig: Member attendance at meetings of the Risk and Audit Committee 2017/18

NED membership	Attendances
John Cowling, Chair	6 from 6
Andy Baker	4 from 6
Patricia Mitchell	5 from 6

The Committee provides the Board of Directors with an independent and objective review of the effectiveness system of internal control (both financial and non-financial) and the underlying assurance processes associated with managing risk.

The Committee is responsible for commissioning and reviewing work from

independent external and internal audit services, counter fraud services and other bodies as required.

The Trust's internal audit service is provided by 360 Assurance, a consortium principally serving a number of foundation trusts and clinical commissioning groups in the region. Through detailed examination, evaluation and testing of Trust systems, this service plays a key role in the Trust's assurance processes.

Local counter fraud provision is commissioned from 360 Assurance. The local counter fraud service supports the Trust to create an anti-fraud culture: deterring, preventing and detecting fraud, investigating suspicions that arise, and seeking to apply appropriate sanctions and redress in respect of monies obtained through fraud.

The Committee is responsible for making a recommendation to the Council of Governors on the appointment and removal of the external auditors.

In November 2016, following a formal selection process overseen by a joint working group drawn from Governors and members of the Risk and Audit Committee, KPMG were appointed by the Council of Governors as the Trust's external auditor for a three year period commencing with the 2016/17 audit cycle (subject to annual satisfactory evaluation) with an option to extend for two further one-year extensions.

On the basis of a positive assessment in September 2017, the Risk and Audit Committee presented a recommendation to Governors that KPMG be reappointed as the Trust's external auditors for a further year. This reappointment was confirmed at the November 2017 Council of Governors meeting.

The Committee routinely receives progress reports from KPMG, including updates on key emerging national issues / developments and where relevant challenge questions in respect of these emerging issues. The statutory audit fee for the 2017/18 audit was £41,685 plus VAT and a further £11,906 plus VAT for the audit of the Trust's Quality Report.

KPMG provides its services within the Audit Code for NHS foundation trusts. The Risk and Audit Committee has delegated authority to commission additional investigative and advisory services outside this code. Where services would fall outside this code, the Committee is advised of the objectives of the work to ensure the integrity, independence and objectivity of the auditors. No such additional work was commissioned in 2017/18.

Meetings of the Risk and Audit Committee are attended, in accordance with the agenda, by the internal and external auditors, local counter fraud service, Chief Finance Officer, Director of Nursing and Quality and the Head of Legal and Governance. Other directors and senior managers attend when invited by the Committee. The Chief Executive and the Trust Chair are invited to attend the meeting at which the annual accounts are presented. The Associate Director of Corporate Affairs is the Committee Secretary.

Both the internal and external auditors have the opportunity to meet with Risk and Audit Committee members in private (without Executives present) to discuss any concerns relating to the performance of management.

Copies of the terms of reference of the Risk and Audit Committee can be obtained from the Corporate Affairs Office and are published on the Trust's website.

The following outlines the principal areas of review and significant issues considered by the Committee during 2017/18, reflecting the key objectives set out in its terms of reference.

Internal control and risk management

- Reviewing the Board Assurance Framework (BAF) prior to presentation to the Board and overseeing its ongoing development through its alignment with a newly articulated Risk Appetite Statement agreed by the Board.
- Supporting the Board's focus on strategic risk by rotating consideration of the key strategic risks featured on the BAF. Over its annual work cycle the Committee has discussed each BAF risk by inviting

Executive risk owners to present risks and mitigations for the Committee to assess whether the Board, through its own schedule of business and that of its sub committees, receives satisfactory, routine assurance around the mitigations in place.

- Reviewing the annual financial statements, with particular focus given to major areas of judgement and changes in accounting policies, and the basis of the Board's determination that the Trust remains a going concern.
- Receiving assurance from the Executive Risk Management Committee on all serious incidents and high rated risks, together with routine and exception-based reports from aligned Board committees, including the Quality Committee and Finance and Resources Committee. This allows the Committee to discharge its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control, forming the basis for the Annual Governance Statement.

Internal audit

- Agreeing at the start of the financial year the internal audit work plan for 2017/18 focused on providing assurance against identified risks which could impact on the achievement of the Trust's strategic objectives; taking into account risk assessment work undertaken by 360 Assurance with the Executive team.
- Reviewing the findings of internal audit's work against this work plan which encompassed reviews across a range of areas including, performance development reviews, business planning, performance management, workforce planning, cyber security, data quality and financial controls; seeking where appropriate management assurance that action has been taken.
- Oversight of implementation follow up recommendations to drive improvements in completion rates.

Local counter fraud

- Overseeing the annual counter fraud work plan and progress against identified areas for improvement through consideration of both routine progress reports and an annual report.

External audit

- Agreeing the external audit plan 2017/18. This included an analysis of the External Auditor's assessment of significant audit risks, the proposed elements of the financial statements audit and its reporting timetable and other matters.

The Chief Executive, as the Accounting Officer, is responsible for the preparation of the financial statements prior to them being audited by the External Auditors. These responsibilities are detailed within the statement of Accounting Officer's responsibilities and in the Independent Auditor's report.

The Risk and Audit Committee gives full consideration to any significant risks and areas of audit focus raised in the external audit plan. In 2017/18 the one area of audit focus related to valuation of land and building. The related accounting judgement and disclosure considered by KPMG and how this was assessed by the Committee can be set out as:

- Valuation of land and buildings

The valuation of land and buildings that is incorporated in the financial statements represents an estimate of value at the date of the Trust's balance sheet. It has been determined using the outcomes from a valuation exercise that was carried out for the Trust by the District Valuer's office, which forms part of Her Majesty's Valuation Office Agency. The valuation recognises the differing treatment that has to be adopted for assets of a specialised and non-specialised nature, full details of which are included at item 1.6 within the Trust's Accounting Policies. The Trust has also spent over £15m in the year on the construction of new buildings as part of the hospital redevelopment.

On this area the Committee has been able to place reliance on work undertaken by the external auditors, KPMG, as part of the work that they have undertaken to enable them to develop their Audit Opinion.

Quality Committee

The Quality Committee of the Board has been established to enable the Board of Directors to obtain assurance that high standards of care are provided by the Trust and it obtains assurance, in particular, that:

- adequate and appropriate clinical governance structures, processes and controls are in place throughout the Trust to promote safety and excellence in patient care; and
- there is effective and efficient use of resources through evidence-based clinical practice.

The Committee is chaired by a non-executive director and, with the exception of August, meets monthly. Its core membership includes two further non-executive directors, the Director of Nursing and Quality, the Medical Director and the Head of Legal of Governance. The Committee's work plan ensures routine attendance by subgroup representatives including infection control, clinical governance and safeguarding and also mandatory attendance by divisional management teams. This supports a planned programme of quarterly deep-dive reviews, which provide greater focus and assurance on quality and safety within clinical divisions.

Building on the oversight the Committee has given over the previous two years to the development of the quality metrics that support Ward to Board engagement in the clinical quality agenda and the quality assurance / reporting infrastructures at operational and executive levels that underpin its assurance function, during 2017/18 the Committee has given its full support to a proposal for the implementation of a Ward Accreditation Scheme. A new reporting line into the Committee will be established from a new Nursing Quality Board will allow the

Committee to oversee priorities associated with this best practice scheme.

The Committee's focus on serious incident reporting and in-year consideration of a deep dive review of serious incidents has further enhanced the embedding of clear, effective and transparent processes for the sharing the learning. This also extends to learning from complaints, clinical audits, patient feedback and Trust quality priorities that cascade from the Board to the clinical and non-clinical areas.

The Committee is monitoring the implementation of actions underpinning the Trust's newly developed Care Experience Mission Statement and receives routine reports from the Care Experience Board.

The Committee is also responsible for overseeing the development of the Quality Report and monitoring progress on agreed quality priorities set out within in. It also approves the Trust's Clinical Audit plan and has during the course of 2017/18 used clinical audit activity to seek assurance on exception reports, for example relating to emergency department re-attendance rates.

Finance and Resources Committee

The Finance and Resources Committee has been established to provide the Board of Directors with in-year assurance concerning the development and delivery of the Trust's annual business plan. This Committee undertakes a strategic advisory role in ensuring that the Trust develops effective long-term strategy in relation to workforce, information management and technology and capital. It ensures that financial plans address all identified business risks and opportunities and support the provision of care and services and getting best value for money and use of resources.

The Committee provides oversight of the Trust's Transformation and Recovery programme and has approved revised governance arrangements in this area.

The Committee met 11 times during 2017/18 and is chaired by a non-executive director.

Membership includes two additional non-executive directors, the Chief Executive, Chief Finance Officer, Director of Strategy and Operations and the Director of Human Resources and Organisational Development. Associate Directors from divisions and corporate areas are required to attend at the request of the Committee.

In addition to its focus on developing and overseeing robust financial strategy and delivery of efficiency savings, the Committee's 2017/18 work plan has included oversight of the development of a new performance management framework, discussion around strategic workforce risks. IM&T strategy development and staff survey action plans. More consideration is being given through the Committee's 2017/18 annual effectiveness review around balancing the elements of the Committee's terms of reference.

Board Nominations and Remuneration Committee

The Board of Directors Nominations and Remuneration Committee met four times during 2017/18. It comprises of the six Non-executive members of the Board with the Chief Executive and Director of Human Resources and Organisational Development in attendance. The Associate Director of Corporate Affairs is the Committee Secretary.

The Committee is responsible for setting the remuneration and conditions of service for the Chief Executive and other executive directors (and, where applicable, senior managers on locally determined pay). In this respect its key objective is to ensure that the remuneration packages are sufficient to recruit and retain executive directors of the quality required for the successful operation of the Trust, while avoiding paying excessively for this purpose.

Across the reporting year the Committee met to discuss and approve an executive pay policy, agreed executive remuneration for 2017/18 and progressed the setting of executive directors' annual objectives. Further details are contained within the Remuneration Report. This Committee also leads the process for executive Board appointments, non-executive and executive succession planning

and evaluating whether the Board has the right skills and experience to effectively lead the organisation.

During 2017/18 the Committee oversaw the process to recruit to the post of Medical Director and appointed Dr Jeff Perring who will take up his post on the retirement of Professor Derek Burke later in 2018. The Committee also considered the balance of the Board and made a recommendation to the Council of Governors Recruitment Committee around succession planning to fill a planned Non-executive vacancy at the end of the term of office of Mr Neil MacDonald. The appointment of Mr Scott Green from 01 April 2018 was approved by the Council of Governors in March 2018.

Committee in Common

Sheffield Children's NHS Foundation Trust Committee in Common is a formal sub-committee of the Board participating in the Working Together Partnership Vanguard governance structure.

The Committee's term of reference were agreed by the Board in September 2017 and sees the Board delegate a number of decision-making abilities to a committee featuring their Chair and Chief Executive.

Holding its first meeting in January 2018, the Committee met twice during 2017/18. These meetings have not taken any formal decisions to date but received updates on Working Together Partnership matters.

Non-executive membership of other Trust project working groups and committees

The governance arrangements in respect of the Trust's major capital project, the Hospital New Build, involve the Hospital Development Project Board which includes non-executive director representation and also formally reports into the Finance and Resources Committee which escalates matters to Board as necessary.

Focus in-year has been placed on actively managing the clinical and financial risks arising as a result of the delay to this project in terms of being able to effectively plan for safe handover of the new facilities and contractual negotiations.

Arrangements in place to ensure that the Trust's services are well led

The Board has undertaken routine annual self-assessment using Well-led guidance² and uses this to inform the continued development of its governance arrangements.

It has been one of the key instruments in informing review of the Board committee structure and supporting the development of quality governance arrangements to provide increased focus on quality and strengthen the underpinning quality assurance / reporting infrastructure at operational and executive levels through which we are embedding ward to board engagement in the quality agenda.

Our most recent Well-led self-assessment in late March 2018 was facilitated by our internal auditors and followed the publication of revised guidance issued by the Care Quality Commission (CQC) and NHS Improvement (NHSI).

The Board's open and honest reflection brought into focus clear priorities for development action to further strengthen and evidence the arrangements we have to ensure services are well led. Much of this development work is linked to priorities agreed by the Board for next steps to underpin our recent strategy refresh and will require some focused action.

² Developmental reviews of leadership and governance using the well-led framework: guidance for NHS trusts and NHS foundation trusts, NHSI (Jun 2017)

Governors' report

The role of the Council of Governors

As an NHS foundation trust, the Council of Governors has responsibility to represent the views and interests of the membership and partnership organisations, to hold the non-executive directors to account for the performance of the Board of Directors and to ensure that it is acting in a way that will not breach its provider licence.

It consists of elected and nominated governors who provide an important link between the Trust, the population it draws its patients from and key stakeholder organisations, by sharing information and views that can be used to develop and improve Trust services.

The Council of Governors works with the Board of Directors to shape the future strategy of the organisation and is responsible for providing feedback from the membership and stakeholders on strategic developments at the Trust. It also should keep members and stakeholders informed about any developments at the Trust. At each council meeting governors also receive a summary of key Trust communication messages for use in any dialogue they have with members of their constituencies.

The Trust keeps the Council of Governors fully informed on all aspects of the Trust's performance and seeks their advice on key service developments. This is done through formal council meetings, where a summary of the Board's business agenda remains a standing item on the agenda, and through working groups set up by the Council of Governors. Governors are also invited to sit on a number of Trust working groups.

The Council of Governors comprises elected and nominated Governors as shown below and has decision-making powers defined by statute. These powers are described in the Trust's Constitution and principally refer to the appointment, removal and remuneration of the Trust Chair and non-executive directors on the Board; the appointment and removal of the

Trust's external auditors; the approval of the appointment of the Chief Executive; and receiving the foundation trust's annual accounts, any report of the auditor on the accounts, and the Annual Report.

In line with additional statutory duties introduced by the Health and Social Care Act 2012 and the abolition of the 'private patient cap', the Council of Governors votes on whether it is satisfied that plans to generate income from activities other than the provision of goods and services for the Health Service in England will not significantly interfere with the Trust's ability to undertake its principle purpose (the provision of goods and services for the Health Service in England). Information was provided to the Council of Governors at its meeting in May 2017 which demonstrated that the planned proportion of total income earned from non-principal purpose activities did not constitute an increase of five per cent or more from the previous year.

While the Council of Governors is responsible for holding the Board, and, in particular, the non-executive directors, to account and ensuring that it is acting in a way that means that the Trust will meet its obligations, it continues to remain the Board's responsibility to oversee the running of the Trust.

The full Council of Governors met formally four times during 2017/18 to discuss a wide range of subjects, including the patient experience, the Trust's business agenda and its service and strategic development plans. A record is kept of the number of meetings attended by individual governors.

The members of the Council of Governors who served during 2017/18 are outlined in the following tables.

Composition of the Council of Governors 2017/18

As at 31 March 2018 there were 32 seats on the Council of Governors: 14 to represent public members, four to represent patients / carers, six to represent staff members and eight appointed by partner organisations.

Fig: Patient / Carer Governors (elected)

Name	Constituency	Term of office	Elected from	Attendance
Lindsey Thompson	Carer	2 nd	Sept 2014	2 from 2
Debbie Mander	Carer	1 st	Sept 2017	1 from 2
Sophie Lewis	Patient – rest of England	1 st	Sept 2015	0 from 4
Ayman Salman	Patient – Sheffield	1 st	Sept 2015	2 from 4

Fig: Public Governors (elected)

Name	Constituency	Term of office	Elected from	Attendance
Thomas Hall	Sheffield South East	2 nd	Sept 2014	2 from 2
Phil Parkes	Sheffield South East	1 st	Sept 2017	1 from 2
Luke Jenkinson	Sheffield South East	2 nd	Sept 2015	3 from 4
Erminia Armentano	Sheffield South East	1 st	Sept 2015	0 from 4
Jacqueline Griffin (lead governor)	Sheffield North East	2 nd	Sept 2015	4 from 4
Matt Dixon	Sheffield North West	1 st	Sept 2015	4 from 4
Mandy Stockley	Sheffield North West	1 st	Sept 2014	1 from 2
Steve Bell	Sheffield North West	1 st	Sept 2017	2 from 2
Helen Smith	Sheffield South West	2 nd	Sept 2017	4 from 4
Katie Anderson	Sheffield South West	1 st	Sept 2015	4 from 4
Nicola Strafford	Sheffield South West	1 st	Sept 2015	4 from 4
Jo Hague	Barnsley	1 st	Sept 2014	0 from 2
Rebecca Kent	Barnsley	2 nd	Sept 2017	1 from 2
Amanda Butt	Doncaster	1 st	Sept 2014	0 from 2
Sarah West	Rotherham	1 st	Sept 2015	1 from 4
Hassan Hajat	Rest of England & Wales	2 nd	Sept 2014	1 from 2
Robert Peace	Rest of England & Wales	1 st	Sept 2017	1 from 2

Fig: Staff Governors (elected)

Name	Constituency	Term of office	Elected from	Attendance
David Jefferson	Non clinical	2 nd	Sept 2014	2 from 2
Jennifer Butler	Non clinical	1 st	Sept 2015	0 from 0
Kathryn Holden	Other clinical	2 nd	Sept 2017	3 from 4
Nicholas Roe	Nursing & midwifery	2 nd	Sept 2015	1 from 4
Deborah Salvin	Nursing & midwifery	2 nd	Sept 2014	0 from 2
Carrie MacKenzie	Medical/dental	2 nd	Sept 2017	4 from 4

Fig: Partner Governors (appointed)

Name	Partner Organisation	Appointed from	Attendance
Vacancy	Yorkshire Ambulance NHS FT		
Nikki Bates	Sheffield CCG	Jun 2014	2 from 4
Ruth Barley	Sheffield Hallam University	Sept 2015	2 from 4
Amaka Offiah	University of Sheffield	Oct 2009	2 from 4
Dawn Walton	Sheffield City Council	Oct 2009 <i>(stepped down Aug 2017)</i>	2 from 2
Bethan Plant	Sheffield City Council	Sept 2017	2 from 2
Vacancy	Specialist Commissioners		
Vacancy	0-19+ Partnership		
Vacancy	0-19+ Partnership		

Governors are required to declare any interests which are relevant and material to the business of the Trust. There are then entered onto the publicly available register of interests which can be accessed from the Trust's website.

Elections held within the reporting period

Council of Governor elections took place during summer 2017 with the results declared on 5 July 2017. Nominations were sought for 14 seats across 13 constituencies.

15 nominations were received from people who wished to stand for election including three current governors seeking reappointment. Four constituencies were contested: Sheffield South East, Sheffield South West, Staff - nursing and midwifery and the carer constituency.

Five constituency seats received no nominations leaving these unfilled through the round of elections: Sheffield patient (patient / carer), Doncaster (public), Sheffield North East (public) and two non-clinical (staff) seats.

Six new governors and three reappointed governors officially started their terms of office immediately after the annual members' meeting on 12 September 2017.

The overall turnout rate across all contested seats was 7.75 per cent.

Full details of the composition of the Council of Governors and of previous election results are posted on our website at <http://www.sheffieldchildrens.nhs.uk/about-us/council-of-governors/>. All elections are held in accordance with the election rules set out in our constitution.

In the event of an elected governor's seat falling vacant for any reason before the end of a term of office, it shall be filled by the second placed candidate in the last election held for that seat provided that this candidate achieved at least five per cent of the vote.

Public, patient / carer and staff governor vacancies were carried forward until the next scheduled round of annual elections; nominations for which ran from 6 March to 3 May 2018. In addition to filling vacant seats, these elections, held after the reporting period, were to fill seats in constituencies where governors were nearing the end of their current term of office. Again, results are posted on our website and will be reported in next year's annual report.

There are currently vacancies for governor positions appointed to represent partner organisations. In the context of our current strategic partnership alliances, the Trust Board and Council of Governors will give consideration to which are the most relevant organisations to ask to nominate partner governors to fill these vacancies. This will be reflected in our planned review of our constitution.

Lead Governor

In line with the FT Code of Governance, the Council of Governors elects one of the public governors to be 'Lead Governor'. This is to act as the main point of contact for NHSI should the regulator wish to contact the Council of Governors on an issue for which the normal channels of communication are not appropriate.

In May 2017 a formal nomination process for the position of Lead Governor was held, through which public governor Jacqueline Griffin was re-appointed as Lead Governor for a further one year appointment.

The Lead Governor receives from governors and communicates to the Chair any comments, observations and concerns expressed by governors regarding the performance of the Trust or its business, other than those expressed directly by governors at meetings of the Council of Governors. The Lead Governor regularly meets with the Chair. In addition, the Lead Governor communicates with other governors by way of regular email correspondence and also meets on an ad-hoc basis with small groups of governors to discuss relevant matters.

Strengthening links between the Board and Governors and members

The Board of Directors continues to demonstrate a strong commitment to working in partnership with the Council of Governors, acknowledging the role of governors in encouraging openness and accountability between the Trust, patients, carers and the public.

Executive and non-executive directors are not members of the Council of Governors but have a standing invitation to attend all council meetings to listen to the views of governors. The Chair of the Trust Board also chairs the Council of Governors and provides a link between the two, supported by the Foundation Trust Secretary. Non-executive directors lead on the presentation and facilitation of relevant agenda items, providing the opportunity for governors to question the non-executive directors on the performance of the Board.

Fig: Attendance by directors at Council of Governors meetings

Name		Attendance
Andy Baker	Non-executive Director	4 from 4
Ruth Brown	Director of Strategy and Operations <i>(from 01 August 2017)</i>	2 from 2
Derek Burke	Medical Director	3 from 4
John Cowling	Non-executive Director & Senior Independent Director	3 from 4
Sarah Jones	Chair	4 from 4
Peter Lauener	Non-executive Director	2 from 4
Neil MacDonald	Non-executive Director & Deputy Chair <i>(to 31 March 2018)</i>	1 from 4
Patricia Mitchell	Non-executive Director	4 from 4
Matt Powls	Interim Chief Operating Officer <i>(from April 2017 – July 2018)</i>	1 from 1
Steven Ned	Director of Human Resources & Organisational Development	4 from 4
Sally Shearer	Director of Nursing and Quality	4 from 4
Mark Smith	Chief Finance Officer	4 from 4
John Somers	Chief Executive	3 from 4

Board Directors also attend the Annual Members' Meeting to liaise with members. This was held on 12 September 2017. The Board and Governors also meet jointly at least annually, most recently in January 2018 as part of enabling governors to input into discussion relating to the Trust's strategic environment and direction.

Trust Board meetings are held in public and there is also an open invitation for public governor observers to attend the private session of Trust Board meetings and Board sub-committees to widen opportunities for Governors to observe Trust Board business, supporting them in fulfilling their statutory duty of holding the Board of Directors to account and to inform their assessment of the performance of non-executive directors.

Governors are invited to take part in the Board's Back to the Floor programme by accompanying directors on visits to areas of the hospital. Feedback from these activities is shared at Council of Governor meetings and focus is being placed on more formally capturing learning points to feed into patient experience work streams.

There has also been continued focus on involving the Council of Governors in key developments and issues impacting the Trust. A summary of the involvement of governors in the activities of the Trust during 2017/18 includes:

- involvement in hospital cleanliness inspections and audits;
- participation in a session with the Board of Directors to discuss forward plans and the Trust's external strategic environment;
- appointment of a Trust non-executive director;
- reappointment of the Trust's external auditors;
- attendance at the Trust Board's Risk and Audit Committee;
- involvement in the promotion of governor elections;
- review of the Trust's financial plans in respect of non-principal purpose income;
- consulted on the development of the Trust's quality priorities;
- participation in the Staff Awards judging panel;
- attendance at the Staff Awards event and presentation of the governor staff award;
- held an Annual Members' meeting to formally receive the Trust's Annual Report and report of the auditor;
- involvement in the recruitment process for a new Medical Director through representation on a stakeholder panel;
- jointly attended back to the floor visits to services with non-executive directors;
- attended an Integrated Care System conference alongside governors from other partner trusts;
- participation in a wheelchair challenge within the Trust to identify accessibility issues, and implement learning;
- consideration of the Trust's risk appetite framework;
- involvement in a governor survey to review the interests and skill mix of the Council;
- received a presentation and gave considered to an overview on the Trust's IM&T strategy;
- received regular updates on the Care Quality Commission action plan following inspection in June 2016;
- maintained close working relationship with the Trust Youth Forum, and
- invited to formally input into the appraisal of the performance of the Trust Chair and the non-executive directors.

Membership report

The Trust is accountable to the population it serves and members of the public can be Members of the Trust. Members share their views and influence the way in which the Trust runs and develops its services. The Trust considers its membership to be a valuable asset, which helps guide its work and the decisions it makes, while also holding the organisation to account and ensuring we adhere to NHS values. It is one of the ways the Trust communicates with patients, the public and staff.

The Trust has three membership categories:

- **Patient and carer:** anyone who has attended any of the Trust's facilities as a patient or carer³ in the period of five years immediately preceding the date of application for membership. Persons in this membership category must be over 14 years of old, and in the case of a patient under 19 years of age.

- **Public:** residents over 14 years of age and living in the areas the Trust has specified as a public constituency (North West Sheffield, North East Sheffield, South West Sheffield, South East Sheffield, Barnsley, Doncaster, Rotherham and the rest of England and Wales). Notwithstanding those that are individual members of one of the classes of the patients' and carers' constituency or staff constituency

- **Staff:** employees whose contract means that they can work for the Trust for longer than 12 months. Staff employed by other organisations exercising functions on behalf of the Trust are also eligible to become members, such as university staff employed on an honorary contract.

Members are able to vote and stand for election to the Council of Governors.

³ provided that such person is not providing care in pursuance of a contract [including a contract of employment] or as a volunteer for a voluntary organisation.

Membership strategy

During 2017/18, the Trust recruited more than four hundred new members and we currently have almost eleven thousand members. In order to ensure that our membership is current, routine data cleansing exercise of our membership database was conducted during 2017/18. Our overall membership figures therefore remain very similar to those for the previous year, despite a successful year of recruiting new members.

Our membership strategy centres on delivering a membership that is fully representative of the diverse communities the Trust provides services to, regardless of gender, race, disability, ethnicity, religion or any other groups covered under the Equality Act 2012. Our current membership does broadly reflect the local and regional populations we serve. We continue to note the effectiveness of social media as a recruitment strategy and will continue to capitalise on this as a means to increase the coverage of our engagement activities in as cost effective a manner as possible.

Governors are regularly encouraged to participate in a varied Back to the Floor programme joining members of the Board in their visits to areas of the Trust. This provides an opportunity for engagement with patients and staff. Governors are also invited to be part of regional events attended by the Trust, allowing governors to engage with members and local people and hear their views first hand.

We will seek to actively involve members and the public in the consultation around the Hospital Services Review. Our Board and Council of Governors will work together to ensure we can support ways to ensure the

views of members and the public are taken into account in the reshaping of services to ensure that patients and local communities have access to appropriate, safe and high quality care.

As in previous years, all members were invited to our Annual Members' Meeting (AMM) held on 12 September 2017.

Fig: Membership breakdown at 31 March 2018

constituency	sub-constituency	number of members
patient membership	patients living outside Sheffield	205
	patients living in Sheffield	315
	Carers of patients	1,295
	sub-total	1,815
public membership	<i>in Sheffield</i>	
	North East Sheffield	1,014
	North West Sheffield	931
	South East Sheffield	1,019
	South West Sheffield	1,262
	<i>out of Sheffield</i>	
	Barnsley	260
	Doncaster	281
	Rotherham	451
	rest of England & Wales	581
sub-total	5,799	
staff membership	medical and dental	403
	other clinical	1,030
	nursing	958
	non clinical	945
	sub-total	3,336
grand total		10,950

Financial and other public interest disclosures

Cost allocation and charging requirements

Sheffield Children's NHS Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury. There is no additional charge for material made available to meet the needs of particular groups of people, e.g. in braille or other languages. The standard fee of £10, as set by the Information Commissioner's Office, is charged for subject access requests made under the Data Protection Act. Fees for copies of medical records are set as a maximum of £50. The Trust does not impose any fees for responding

to requests under the Freedom of Information Act unless the amount of information exceeds the appropriate limit as defined in section 12 of the Freedom of Information Act.

Political donations

There are no political donations to disclose.

Employee benefits

Accounting policies for pensions and other retirement benefits are set out in note 9 of the

accounts. Details of senior employee's remuneration can be found in the remuneration report.

Payment of creditors

The Trust aims to comply with the Better Payment Practice Code. Performance for the financial year is set out in the table below.

Fig: Better payment practice code table

	Expected Sign	Actual	Actual
		31/03/18	31/03/18
		YTD	YTD
		Number	£'000
Non NHS			
Total bills paid in year	+	44,945	78,990
Total bills paid within target	+	24,762	58,233
Percentage of bills paid within target	%	55.1%	73.7%
NHS			
Total bills paid in year	+	3,421	18,202
Total bills paid within target	+	1,265	5,656
Percentage of bills paid within target	%	37.0%	31.1%
Total			
Total bills paid in year	+	48,366	97,192
Total bills paid within target	+	26,027	63,889
Percentage of bills paid within target	%	53.8%	65.7%

Non-NHS income

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the Trust's income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2017/18, the Trust met this requirement, with 97 per cent (£183,415k) of the Trust's income generated by activities for the purpose of the health service in England.

This information is annually presented to the Council of Governors to satisfy themselves

that, as the vast majority of Trust income is categorised as generated by activities for the purpose of the health service in England, carrying on with the activities to generate non-principal purpose income would not to any significant extent interfere with fulfillment by the Trust of its principal purpose.

Serious incidents involving data loss or confidentiality breach

The Trust takes its responsibility to keep personal data safe very seriously. New staff receive information governance training as part of the Trust's induction training programme and it is mandated that all staff undertake information governance training annually. The Trust is required to annually certify the Trust's compliance with NHS information governance standards.

There was one serious incident relating to inappropriate disclosure of personal data during 2017/18. This was reported to the Information Commissioners Office and a formal action plan was confirmed following a thorough review of the incident. The Trust continues to monitor and assess its information and data security risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

Directors' Disclosure to Auditors

The Directors of Sheffield Children's NHS Foundation Trust confirm that as far as they are aware there is no relevant audit information of which the Trust's auditors are unaware. The Directors have taken all steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The Directors consider that 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 Trust's performance, business model and strategy.

Remuneration report

The Remuneration Report outlines appointments and payments made to Trust Executive and Non-executive Directors in-year.

The Board of Directors delegates responsibility to a Board Nominations and Remuneration Committee to make decisions regarding the nomination, appointment, remuneration and conditions of service for executive directors including the Chief Executive.

This Committee only determines the reward package of directors and senior managers on locally-determined pay.

The vast majority of staff remuneration, including the first layer of management below board level, is determined in accordance with the national NHS pay framework, Agenda for Change. It is not currently anticipated that this will change.

Medical and dental staff employed by the Trust are covered by separate national terms and conditions of service set by the Doctors and Dentists Review Body.

The setting of non-executive directors' remuneration is the responsibility of the Council of Governors own Remuneration and Recruitment Committee.

The membership of the Board Nominations and Remuneration Committee comprises of the Chair and all the non-executive directors.

During 2017/18, the Committee met four times and attendance at the meetings is set out in the figure below

Fig: Board Nominations and Remuneration Committee membership attendance

Name	25 April 2017	27 June 2017	26 Sept 2017	28 Nov 2017*
Sarah Jones, Chair	✓	✓	✓	✓
Andy Baker, Non-executive Director	X	✓	✓	✓
John Cowling, Non-executive Director	✓	✓	✓	✓
Peter Lauener, Non-executive Director	✓	✓	✓	✓
Neil MacDonald, Non-executive Director	✓	✓	✓	✓
Patricia Mitchell, Non-executive Director	✓	✓	✓	✓

** note – the 28/11/17 meeting was reconvened on three separate occasions immediately prior or after the close of Board meetings (19/12/17, 30/01/18 and 27/03/18) for updates to be provided on matters arising in order to progress recruitment processes. All members were present on each occasion.*

Annual statement from the Chair of the Board Nominations and Remuneration Committee

In April 2017 the Board Nominations and Remuneration Committee considered executive director remuneration for 2017/18. The Committee received independent benchmarking data in respect of established pay ranges in acute NHS trusts and foundation trusts published by NHS Improvement (NHSI). With regard to this information and to the context of pay awards for other groups of Trust staff and the broader public sector, the Committee agreed the executive director pay award for 2017/18.

Further reviewing the executive pay structure, the Committee noted the impact of previous independent remuneration decisions taken on making individual director level appointments. The Committee agreed the need for a review of the current executive pay structure and approach to setting executive remuneration to assess whether current remuneration fully reflected the relativities between executive roles and portfolios.

During 2017/18 the Committee has overseen work to develop a formal executive pay policy framework which will continue to support the Committee in setting to remuneration at an appropriate level to recognise the responsibilities of directors and to attract and retain individuals with the necessary skills, experience and ability.

The executive pay policy agreed in November 2017 is based on the following principles:

- where appropriate to set specific objectives linked to executive remuneration for monitoring and measurement of performance against these objectives.
- when setting salary on appointment to executive director roles to adopt latest NHSI median salary indicator guidance for the relevant role.
- where market conditions dictate, and the candidate demonstrates the relevant knowledge, skill and experience; to consider appointment to the upper quartile of the recommended salary range, agreeing stretching objectives commensurate with level of experience and the salary to which they are appointed.
- in cases where it is a candidate first executive director post, to consider appointment on the lower quartile of the recommended salary range, setting appropriate development objectives with the expectation of progression to the median recommended salary point within a determined period.

This new policy has been used to make in-year adjustments to individual executive director remuneration.

In line with guidance around pay for very senior managers, the opinion of NHSI has been sought in the specific case of the adjustment of the remuneration of the Chief Executive, while noting the broader review of all executive remuneration.

As noted, the agreed pay strategy provides a framework within which stretch and development objectives can be agreed to motivate, reward and retain executive directors.

Monitoring and measurement of performance against these objectives will be undertaken through the annual performance review process undertaken by the Chair (where the objectives

relate to the Chief Executive) or the Chief Executive (where the objectives relate to an executive director).



Sarah Jones

Chair of the Board Nominations and Remuneration Committee

Senior managers' remuneration policy

The Trust is required to set out what constitutes the senior managers' remuneration policy in tabular format:

Fig: Senior manager's remuneration policy

Element	policy
Base pay	Base pay is determined by using annual benchmarked data in order to attract and reward the right calibre of leaders to deliver the Trust's aims and priorities
Pension	Executive directors are able to join the standard pension scheme that is available to all staff
Remuneration related to performance	Specific objectives aligned to Trust aims and priorities are set where appropriate, linked to executive remuneration for monitoring and measurement of performance against these objectives.
On call payment	Board members receive on call payments in line with on call responsibilities
Benefits	The Trust operates a number of salary sacrifice schemes including childcare vouchers and a car lease scheme. These are open to all members of staff.
Travel expenses	Appropriate travel expenses are paid for business mileage
Declaration of gifts	As will all employees executive and non-executive directors must declare any gifts or hospitality according to Trust policy

The Trust has paid certain senior managers more than £150,000⁴ and believes that this is appropriate given the market conditions both at the time of appointment and at present.

⁴ The threshold set out in NHSI guidance above which NHS Foundation Trusts should make a disclosure.

Executive director appointments

Two appointments have been made to the Board in 2017/18. These have been overseen by the Board Nominations and Remuneration Committee who put in place arrangements for processes to identify and nominate candidates for appointment to the post of Director to Strategy and Operations and also to the post of Medical Director. Both recruitment processes were supported by executive search consultants.

The appointment of Ms Ruth Brown as Director of Operations and Strategy took effect from 01 August 2017. Dr Jeff Perring will take up his new post of Medical Director on the retirement of Professor Derek Burke in summer 2018.

In order to attract executive directors of sufficient calibre, contracts are permanent with appropriate notice periods in line with employment law rather than fixed term. This is consistent with similar contracts in the marketplace.

Planned and progressive refreshing of the Board of Directors is achieved through turnover of non-executive directors as terms expire and natural turnover of executive directors in the progression of their careers.

The Council of Governors' Remuneration and Recruitment Committee

The Council of Governors has previously taken the decision to combine two sub-committees to form a single Remuneration and Recruitment Committee. Membership of the Committee during 2017/18 comprised of the Trust Chair, three public governors and two staff governors. The Chief Executive, Director of Human Resources and Organisational Development and the Foundation Trust Secretary are invited to attend to provide advice to the Committee.

It meets annually, or as required, to recommend to the Council of Governors the nomination of appropriate candidates for the posts of non-executive directors, including the Chair. The Committee also has responsibility for making recommendations to the Council of Governors with regard to the remuneration, and other terms and conditions of office for non-executive directors. The Committee is also responsible for recommending their remuneration and overseeing Chair and non-executive appraisals.

The Committee's work plan for 2017/18 focused on the recruitment to a non-executive director

position on the Board. In advance of the end of the second term of office of non-executive director, Mr Neil MacDonald, the Committee led the recruitment to fill this vacancy.

This required committee member involvement in a schedule of long listing, short listing and interview panels and members were convened a total of four occasions over the recruitment processes. Additionally, a meeting was held in May 2017 to consider Chair and Non-executive appraisals and review their remuneration.

The recommendation that Mr Scott Green be appointed as a non-executive director from 01 April 2018 was approved by the Council of Governors at its meeting held in March 2018.

As a serving senior police officer, Mr Green brings experience of working across organisational boundaries within the public sector in South Yorkshire as well as serving as a trustee of a number of charitable organisations working with children and young people.

Scott took up his position on the Board from 01 April 2018, and sits on the Risk and Audit Committee, Board Nominations and Remuneration Committee and Quality Committee.

Remuneration of non-executive directors

The Council of Governors did not change the amount of remuneration paid to non-executive directors during 2017/18.

At its meeting on 4 May 2017 members of the Committee latest benchmarking information was provided from data supplied by NHS Providers. In evaluating this comparative data the committee was satisfied that levels of remuneration were sufficient to attract directors of quality and with relevant skills and experience.

Use of this externally sourced data was also considered by the Committee to satisfy the Code of Governance requirement to undertake an independent market review exercise of non-executive director remuneration. The context for determining whether there was a need to make annual uplift to non-executive director remuneration levels also included consideration of pay awards given to other groups of NHS staff.

2017/18 remuneration and pensions

Current Remuneration and Pensions		Financial Year 1 April 17 - 31 March 18		
		Salary and Fees inc on-call Bands of £5,000	Pension Related Benefits Bands of £2,500	Total Bands of £5,000
Name	Title	£'000	£'000	£'000
John Somers	Chief Executive	160 – 165	105 – 107.5	265 – 270
Ruth Brown (1)	Director of Strategy and Operations	75 – 80	37.5 – 40	115 – 120
Sally Shearer	Director of Nursing & Quality	100 – 105	57.5 – 60	160 – 165
Derek Burke (2)	Medical Director	160 – 165	70 – 72.5	230 – 235
Mark Smith	Chief Finance Officer	105 – 110	125 – 127.5	230 – 235
Steven Ned	Director of HR and OD / Deputy Chief Executive	115 – 120	125 – 127.5	240 – 245
Matt Powls (3)	Interim Chief Operating Officer	50 - 55		50 - 55
Sarah Jones	Chair	45 – 50		45 – 50
Neil MacDonald (4)	Non-executive Director	10– 15		10– 15
John Cowling	Non-executive Director	10 – 15		10 – 15
Patricia Mitchell	Non-executive Director	10 – 15		10 – 15
Peter Lauener	Non-executive Director	10 – 15		10 – 15
Andy Baker	Non-executive Director	10 – 15		10 – 15

No directors received benefits in kind and the Foundation Trust has made no contributions to stakeholder pensions.

(1) Ruth Brown commenced in post 01 August 2017

(2) Derek Burke spends a proportion of time performing clinical duties, as well as those of an executive director. The salary, including on-call, of these duties is in the £75-80k banding. Derek also holds a national bronze clinical excellent award.

(3) Matt Powls joined the Board on 16 May 2017 and covered the vacant post of Chief Operating Officer on an interim basis until 31 July 2017. Costs relate to amounts paid to the employment agency, including VAT.

(4) Neil MacDonald stepped down from the Board in 31 March 2018 at the end his second term of office.

2017/18		Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2018	Lump sum at pension age related to accrued pension at 31 March 2018	Cash Equivalent Transfer Value at 1 April 2017 (or start date if later)	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2018
Name	Title	Bands of £2,500		Bands of £5,000		Nearest £000		
John Somers	Chief Executive	5.0 – 7.5	0	25 – 30	0	260	80	343
Ruth Brown *	Director of Strategy & Operations	0 – 2.5	-2.5 -0	15 – 20	30 - 35	204	20	227
Derek Burke	Medical Director	0 – 2.5	5.0 – 7.5	65 – 70	200 - 205	1417	125	1556
Steven Ned	Director of HR & OD	5.0 - 7.5	7.5 – 10	45 – 50	115 - 120	680	126	812
Sally Shearer	Director of Nursing & Quality	0 – 2.5	5.0 - 7.5	45 – 50	140 - 145	881	91	981
Mark Smith	Chief Finance Officer	5.0 – 7.5	10 – 12.5	25 – 30	60 - 65	280	95	378

* Figures relate to time employed by the Trust

M Powls not included as interim appointment was via an agency, hence no pension contributions

Four Directors were reimbursed a total of £2,355 for out of pocket expenses during the year (2016/17: Eight Directors were reimbursed a total of £2,778). No Governor claimed for out of pocket expenses during the year. (2016/17: Again no Governors claimed).

Band of Highest Paid Director's Total Remuneration	160 - 165
Median Total Remuneration Ratio	28,746
	5.65

The multiple has decreased slightly from 2016/17 as the basis for the comparator in terms of the highest paid director was a different individual director in 2017/18.

2016/17 remuneration and pensions

Current Remuneration and Pensions		Financial Year 1 April 16 - 31 March 17		
		Salary and Fees inc on-call	Pension Related Benefits	Total
		Bands of £5,000	Bands of £2,500	Bands of £5,000
Name	Title	£'000	£'000	£'000
Simon Morritt (1)	Chief Executive	75 – 80	45 – 47.5	125 – 130
John Somers (2)	Chief Executive	75 – 80	137.5 – 140	275 – 280
	Chief Finance Officer	60 – 65		
Isabel Hemmings (3)	Chief Operating Officer	90 – 95	45 – 47.5	135 – 140
Sally Shearer	Director of Nursing & Quality	100 – 105	85 – 87.5	185 – 190
Derek Burke (4)	Medical Director	175 – 180	52.5 – 55	225 – 230
Mark Smith (5)	Chief Finance Officer	40 – 45	67.5 – 70	110 – 115
Steven Ned	Director of HR and OD	105 – 110	97.5 – 100	200 – 205
George Briggs (6)	Interim Chief Operating Officer	55 - 60		55 - 60
Nicholas Jeffrey (7)	Chair	15 – 20		15 – 20
Sarah Jones (8)	Chair	25 – 30		30 – 35
	Non-executive Director	5 – 10		
Neil MacDonald	Non-executive Director	10 – 15		10 – 15
Richard Gregory (9)	Non-executive Director	0 – 5		0 - 5
John Cowling	Non-executive Director	10 – 15		10 – 15
Patricia Mitchell	Non-executive Director	10 – 15		10 – 15
Peter Lauener (10)	Non-executive Director	5 – 10		5 – 10
Andy Baker (11)	Non-executive Director	5 – 10		5 – 10

(1) Simon Morritt left the Board on 25 September 2016

(2) John Somers left his position as Chief Finance Officer and became Chief Executive on 26 September 2016

(3) Isabel Hemmings left the Board on 20 January 2017

(4) Derek Burke spends a proportion of time performing clinical duties, as well as those of an executive director. The salary, including on-call, of these duties is in the £70-75k banding. Derek also holds a national bronze clinical excellent award.

(5) Mark Smith was appointed as Interim Chief Finance Officer on 26 Sept 2016 and appointed as Chief Finance Officer on 5 Dec 2016

(6) George Briggs joined the Board on 21 January 2017 on a temporary basis. Costs relate to amounts paid to the employment agency, including VAT

(7) Nicholas Jeffrey left the Board on 31 August 2016

(8) Sarah Jones left her position as non-executive director and became Chair on 01 September 2016

(9) Richard Gregory left the Board on 31 March 2016, but some costs are recognised in 2016/17

(10) Peter Lauener joined the Board on 01 September 2016

(11) Andy Baker joined the Board on 01 September 2016

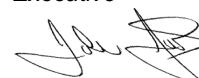
2016/17		Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2017	Lump sum at pension age related to accrued pension at 31 March 2017	Cash Equivalent Transfer Value at 1 April 2016 (or start date if later)	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2017
Name	Title	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	Nearest £000		
Simon Morritt *	Chief Executive	2.5 - 5	0 - 2.5	50 - 55	140 – 145	870	39	910
Isabel Hemmings*	Chief Operating Officer	0 - 2.5	5 – 7.5	40 - 45	120 – 125	775	N/A	N/A
John Somers	Chief Finance Officer / Chief Executive	5 – 7.5	0	15-20	0	194	66	260
Sally Shearer	Director of Nursing & Quality	2.5 - 5	10 - 12.5	40 - 45	130 – 135	784	97	881
Derek Burke	Medical Director	0 – 2.5	5 – 7.5	60-65	190-195	1327	90	1417
Mark Smith **	Chief Finance Officer	2.5 - 5	25 – 27.5	15 - 20	50 – 55	248	31	280
Steven Ned	Director of HR & OD	0 - 2.5	2.5 - 5	35 - 40	105 – 110	621	18	639

* Figures relate to time employed by the Trust ** Figures relate to time as executive director at the Trust
G Briggs not included as interim appointment was via an agency, hence no pension contributions

Eight directors were reimbursed a total of £2,778 for out of pocket expenses during the year (2015/16: Seven directors were reimbursed a total of £4,370). No governor claimed for out of pocket expenses during the year. (2015/16: One governor was reimbursed a total of £240).

Band of Highest Paid Director's Total Remuneration	175 – 180
Median Total Remuneration Ratio	28,462
Remuneration Ratio	6.24

Remuneration report signed by the Chief Executive



John Somers, 23 May 2018

Staff report

The staff and volunteers of Sheffield Children's NHS Foundation Trust are the reason for our continued success. Our 3300-plus workforce is vital to ensuring we continue to deliver high quality care. Without them we would not be able to deliver high quality patient care or offer the range of clinical services that we do.

Our values

Throughout this year we have continued the work to develop and embed our organisational values.

<i>'Together we care'</i>				
<i>Excellence</i>	<i>Accountability</i>	<i>Compassion</i>	<i>Teamwork</i>	<i>Integrity</i>
We will seek to improve the way we work and deliver a high quality standard of care	We will create a supportive working environment where everyone take responsibilities for their own actions	We will show empathy and understanding, treating everyone with dignity and courtesy	We will work together with and for our patients and their families	We will value differences and treat everyone with a fair and consistent approach
We will be open to new ideas, through innovation, research, education – nationally and internationally		We will respect each other and those we care for	We will work to the best of our ability and take pride in our achievements	We will take an open, honest and ethical approach

Staff numbers

At the end of the year we had 3392 employees in the organisation. This equated to 2,856 whole time equivalents. A breakdown of whole time equivalents by staff group is listed below.

Fig: Average number of employees (whole time equivalent basis)

	2017/18		2016/17	
	Permanent	Other	Total	Total
Medical and dental	353	57	411	412
Ambulance staff	-	-	-	-
Administration and estates	729	37	766	658
Healthcare assistants and other support staff	218	-	218	415
Nursing, midwifery and health visiting staff	856	26	882	803
Nursing, midwifery and health visiting learners	6	-	6	-
Scientific, therapeutic and technical staff	428	-	428	373
Healthcare science staff	147	-	147	154
Social care staff	-	-	-	-
Other	-	-	-	1
Total average numbers	2,736	120	2,856	2,816
Of which				
Number of employees (WTE) engaged on capital projects	13	-	13	13

Fig: Breakdown of total employees by gender

as at 31 Mar 2018	Female		Male	
Directors	4	31%	9	69%
All employees (including the above)	2819	83%	573	17%

Average annual sick days per full time employee for the year January to December 2017 was 10.9 days

For 2017/18 the Trust has reported a sickness absence rate of 4.6 per cent compared to a national average of 4.2 per cent.

We are working with staff and trade union representatives to ensure that we maintain fair and robust policies to support our staff to remain healthy at work. We continue to be one of the better performing trusts in the region in respect of managing sickness absence.

Staff costs.

Fig: Analysis of staff costs

	2017/18			2016/17
	Permanent £000	Other £000	Total £000	Total £000
Salaries and wages	100,719	6,183	106,902	103,428
Social security costs	9,108	-	9,108	8,935
Apprenticeship levy	534	-	534	-
Employer's contributions to NHS Pensions	12,574	-	12,574	12,068
Pension cost – others	66	-	66	27
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	5	-	5	30
Temporary staff	-	3,751	3,751	5,184
Total gross staff costs	123,006	9,934	132,940	129,672
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	123,006	9,934	132,940	129,672
Of which				
Costs capitalised as part of assets	729	-	729	633

Working with our staff

Statement of approach to staff engagement

Staff engagement is a priority for the Trust. It is a vital part of our ability to deliver consistently high quality clinical services and is part of our underpinning workforce strategy to employ caring and cared for staff.

Our organisational values were launched four years ago and while these have become embedded in many of our policies, practices and behaviours, they are undergoing a refresh in 2018 as part of our new organisational strategy and to ensure that we continue to make decisions and behave in a way that reflects our values.

We recently received the results of our 2017 staff survey. Our response rate increased to 48.4 per cent (from 39 per cent in 2016). Our overall staff engagement score has dropped slightly to 3.8 out of 5 (from 3.9 in 2016). Our results are similar to the previous year, with some improvements and some areas of improvement. We are actively reviewing the feedback from staff to identify themes that we can work with our staff to improve their experience at work. Our full survey results are available at www.nhsstaffsurvey.co.uk

The Trust has a well-established Joint Negotiating and Consultative Committee where policies and procedures are formally agreed in addition to seeking wider staff views on a broad range of subjects that may affect them through their representatives. Another forum for consultation and feedback is our Council of Governors, membership of which includes staff representatives and this Annual Report outlines the involvement of Governors in the review of our corporate objectives, plans for embedding our Trust values and the development of our quality priorities.

The Trust's communication strategy supports effective communication with staff and patients, developing our brand as a Trust and supporting our strategy for improved staff engagement. One of its three objectives is to develop more effective internal communications channels and focus has been placed on the development of more effective use of email bulletins and investment made in our intranet site.

Staff awards

Each year the hard work, commitment and dedication of our staff is recognised through our annual Staff Awards ceremony. This year we received a record number of 636 nominations and moved our award ceremony to Ponds Forge International Sports Centre to accommodate a larger number of staff attendees with all 500 tickets taken. The sell-out event was hosted by Richard McCourt (of famed children's TV presenting duo Dick and Dom) and the Siddiqui family, regulars on Channel 4's popular Gogglebox series, attended to celebrate with staff and present some of the awards.

Back to the Floor programme

Throughout this year we have continued with our programme which sees members of the Trust Board experience the services we deliver from the 'sharp end'. The programme enables executive and non-executive directors to experience the services we provide rather than just hearing about them in the boardroom. The programme also enables staff to communicate directly with Board members about the challenges and opportunities of delivering front line services. Regular feedback from these visits is provided to the Council of Governors, members of which have also taken the opportunity to undertake visits to service areas, including visits to ward areas.

The executive directors have delivered a series of open sessions on how we are doing, to which all staff are invited and these continue in 2018/19.

National staff survey

As noted above, each year the Trust takes part in the national staff survey. This survey provides invaluable information to ensure that the views of staff at work are heard and appropriate responses to the feedback are made.

Supporting our staff

The Trust continues to provide learning and development opportunities for all staff and in 2017 we had a review of our learning provision to ensure we are using our resources effectively.

We are replacing our first line managers programme with a programme focussed on building leadership capability and exploring opportunities to utilise the apprenticeship levy effectively. We continue to provide support for staff in difficulty through our free counselling service, and through clinical review of challenging cases to aid understanding and learning. Staff give positive feedback on both of these services.

Our performance management review process provides for all staff to have an annual personal development review (PDR) and personal development plan (PDP). This framework provides the opportunity for staff to discuss their training needs and career development and have clear objectives for the coming year. We have increased our level of training on how to conduct an effective PDR and have increased awareness of the benefits and importance of the PDR

Our revamped learning and development intranet page makes it easier for staff to book onto courses and for managers to report a PDR has taken place. After a successful promotion to increase PDR compliance in 2016 such that we achieved our target of 80 per cent compliance, we stretched the target further to aim for 90 per cent this year and achieved 82 per cent compliance. More positively, our mandatory training compliance has ended the year at 88 per cent against a stretch target 90 per cent.

Maintaining an environment that is safe for staff, patients and visitors is of the utmost importance to us. We place a strong focus on providing a safe and healthy working environment for staff.

Our Health and Wellbeing Steering Group involves an enthusiastic representation of all staff groups and trade union colleagues. In 2017 we promoted ways for staff to maintain a healthy work life balance including promoting physical activity, mental wellbeing, promoting hobbies and personal safety. We introduced interventions to help prevent stress and address stress in the workplace and have plans to expand on this in 2018. We continue to provide a free to staff fast-track physiotherapy service and a confidential staff counselling service.

Through our occupational health service provider we offer a confidential service for employees to discuss health related matters and the impact of these on their work.

Volunteering

We continue with our successful volunteer service. Some of our volunteers have been with us for many years; others come for one year and transfer their valuable experience to university, back into employment or onto other volunteering opportunities. Our volunteers work across all areas, including patient-facing and corporate roles and at any one time we have more than one hundred volunteers actively working within the Trust. Our volunteers are subject to the same stringent recruitment process and safeguarding checks as our employees and are easily identified by their red t-shirt uniform.

We recognise the valuable work of our volunteers through a specific volunteering category in our annual Star Awards. We also host an annual event where Trust executive directors meet our volunteers to thank them for their support to the Trust. We are one of a few NHS foundation trusts who have been accredited with the Investing in Volunteers (IIV) award.

Apprenticeships

Our apprenticeship programme enables the Trust to 'grow our own' talent, through attracting young people to the NHS including those who are looking for a career change. We offer a variety of apprenticeships including administration, customer care, healthcare, pharmacy, health and social care (mental health and wellbeing), healthcare science in laboratory services and allied healthcare. We are continuing to review and expand the type of apprenticeships offered by Trust to meet the demands of our services, and to take advantage of the opportunities provided by the apprenticeship levy.

Work placements

The Trust recognises the need for young people to gain an overview of the behaviours, skills and values that are required when joining the NHS as an employee. We offer work placements and workshops, where suitable, to students aged 16 to 24 (and occasionally people outside of this age group seeking a career change) to help them make informed career choices. We continue with our partnership with the Master Cutler's scheme which enables groups of sixth-form students to engage with a variety of Trust staff to gain an insight into working life in the NHS.

Charitable support

The Trust continues to receive support from The Children's Hospital Charity, whose fundraising efforts support and enhance the Trust's services enabling the new wing to the hospital to open following a £10m capital appeal.

The charity funds four key areas: specialist medical equipment, research into the prevention and cure of childhood illnesses, new facilities to extend the range of treatment provided and improvements to the hospital environment.

Charity highlights over the last year have included:

- 46 single bedrooms in the new wing and six four-bed bays, all of which were sponsored by kind-hearted supporters and businesses. Working with acclaimed designer Morag Myerscough, Artfelt, The Children's Hospital Charity's art programme devised four colourways - from bright to calm across all the en-suite bedrooms and a different scheme for the multi-occupancy bays in the hospital's newest wing. This charitably funded bedroom scheme won a national Design Week award in 2017.
- 13 clinical treatment rooms such as the Action Lab; Growth & Measurement suite; the Plaster Room and Occupational Therapy Room have also been charitably sponsored by companies and supporters.
- Providing patient entertainment systems - integrated touchscreen displays that enable TV and internet. Each unit cost £3,000 and the charity has provided funding for the units throughout the new wing of the hospital.
- Funding a SPECT CT Scanner, which incorporates both nuclear medicine gamma scanning with an inbuilt CT scanning function. This allows radiologists to get the benefit of both methods in one session and improves diagnostic confidence, meaning faster access to tailored treatment, which avoids unnecessary medicines and therapies.
- Funding a Vitamin D Analyser, called a liquid chromatography tandem mass spectrometer, which is the gold standard for diagnosing vitamin D deficiency. Early identification can prevent conditions like rickets going undiagnosed and therefore prevent the risk of lifelong disability and musculoskeletal problems.
- Funding an EOS ultra-low dose 2D and 3D X-ray system which allows sitting and weight-bearing images of the entire body, including importantly the lower limbs and the spine. The extremely low radiation makes it suitable for multiple scans in

very small children and the 3D images allow rapid in-built calculation of several length and angular abnormalities.

- Providing a portable sensory unit, allowing wards to have more flexibility - taking the equipment to the patient wherever they are in the hospital. Sensory stimulation is vital for children with special needs, particularly in hospital, where it provides distraction.
- Funding flexible video endoscopes, which will be employed for some of the most critically ill or injured patients and those undergoing emergency surgery when they cannot provide enough oxygen to their bodies without assistance. The new equipment will enable the supply of oxygen to be administered as soon as possible.
- Providing four iPads as a distraction tool for when a patient is due to enter theatre for surgery. The iPad is placed in front of the child, covering where the anaesthetic is administered, minimising the stress and anxiety from both the patient and parent.
- Supporting research projects including:
 - Investigating high resolution thermal imaging as a non-contact airflow measurement: a child-friendly method to monitor paediatric airflow.
 - Studying the feasibility of Amplitude electroencephalography (aEEG) monitoring in preterm infants.
 - A study determining the stability of Vitamin D in Stored Guthrie Dry Blood Spot Cards.
 - Analysing the role of 3D images and models to aid the management of Congenital Diaphragmatic Hernia (CDH) cases.
 - A pilot study investigating psychosocial outcomes and readiness for transition in adolescent and young adult patients with uveitis.
 - Examining the feasibility and acceptability of physical activity monitoring as an educational tool in the management of paediatric type 1 diabetes.

Artfelt, The Children's Hospital Charity's in-house arts programme, transforms the hospital's walls and spaces with bright art, helping children recover in an environment tailored to them. In 2017/18, they delivered numerous projects across the Trust, including:

- **New Wing** – Artfelt provided the new wing of the hospital with artwork, special furniture, sculptures and points of interest making the space specifically designed for children. The programme worked with exciting collaborations for the three new wards and external spaces have made the hospital a welcoming place to be. In the Ward and Burns treatment rooms, distraction has been carefully created, resulting in everyone feeling more relaxed.
- **Ryegate Centre Gait Lab** – The Gait Lab at the hospital's Ryegate Centre now has an enhanced waiting area with the help of Artfelt, proving a more welcoming and cohesive feel for children and families. The walls were utilised to communicate service information to visitors in a child-friendly way and new furniture helped make it more comfortable for waiting families.
- **Workshops** – 45 Artfelt workshops took place last year with 508 children taking part. From mosaics and bunting to animation and cello playing, our Workshop Co-ordinator uses visual arts, crafts and music to get children socialising, expressing and enjoying themselves – a valuable way to distract patients from their treatment.
- **The Long Gallery** – In 2017, the Long Gallery moved to the hospital's main atrium, continuing its work bringing new and varied artists to hospital visitors

Consultancy

The Trust expenditure on consultancy services was £353k. This was for a range of activities including recruitment searches, advice and benchmarking.

Off payroll engagements

The Trust has not off-payroll engagements in relation to members of staff. As a result of IR35 regulations which came into effect on 06 April 2017 the Trust has done a review of all such arrangements and is satisfied that it will remain so.

Exit packages

One staff exit package was used within the year.

Fig: Compensation scheme - exit packages

Exit package cost band (including any special payment element)	Staff exit packages 2017/18			2016/17		
	Compulsory redundancies	Other departures agreed	Total exit packages	Compulsory redundancies	Other departures agreed	Total exit packages
< £10,000	0	1	1	1	0	1
£10,001 - £25,000	0	0	0	1	0	1
£25,001 - £50,000	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0
Total number by type	0	1	1	2	0	2
Total resource cost (£000)	0	5	5	30	0	30

Fig: Exit packages: other (non-compulsory) departure payments

	2017/18		2016/17	
	Payment agreed	Total value of	Payment agreed	Total value of
Voluntary redundancies including early retirement contractual costs		£000		£000
Mutually agreed resignation (MARS) contractual costs	1	5	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payment following Employment Tribunals or court orders	-	-	-	-
Non contractual payments requiring HMT approval				
Total	1	5	-	-
Of which:				
Non-contractual payments requiring HMT approval made to individuals where payment value was more than 12 months' of their annual salary	-	-	-	-

Compliance with NHS Foundation Trust Code of Governance

Sheffield Children's NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply and 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 continues to seek to comply with the new code and through the Risk and Audit Committee has reviewed compliance against provisions of the code.

With the exception of the provisions in this disclosure, the Board considers itself compliant with the NHS Code of Governance and has made the required disclosures within this Annual Report.

The Board has also identified further areas where the Trust's compliance could be strengthened. Some of these areas relate to the Governors' consultation and engagement with the membership (provision B.5.6).

Further details of how the Trust has applied the code principles and complied with its provisions are set out here and throughout the Annual Report. The disclosures required by the FT Code of Governance in relation to the role and activities of the Board, its statutory committees and the Council of Governors and Membership are included earlier in this accountability section of the report. The disclosures required by the code in relation to the Remuneration Committee are contained in the Remuneration Report.

The responsibilities of both the Trust Board and the Council of Governors are also laid out in the Trust's Constitution which can be downloaded from:
<https://www.sheffieldchildrens.nhs.uk/about-us/publications/>

NHS FT Code of Governance disclosures

Provision B1.2 states that "At least half the Board, excluding the Chair, should comprise non-executive directors determined by the Board to be independent."

Explanation: The balance of the Board is routinely reviewed by the Board Nominations Committee.

Presently, the Board of Directors consists of six executive directors including the Chief Executive and six non-executive directors including the Chair. When the Chair is absent, the Board of Directors is chaired by another non-executive director. Paragraph 3.1(7) of the standing orders ensures that where a vote is taken at a Board of Directors meeting, the Chair of the meeting has a second, casting vote. This ensures that the non-executive members of the Board can outnumber the executive members when a vote is required.

Provision B6.2 states that "Evaluation of the Boards of NHS foundations trusts should be externally facilitated at least every three years. The evaluation needs to be carried out against the Board leadership and governance framework set out by Monitor."

Explanation: While not using independent facilitation, the Board has undertaken successive annual self-assessment using Well-led guidance.

On discussion with our regulator, taking into account new leadership arrangements at the Trust in late 2016, our 2017/18 self-assessment awaited the publication of revised guidance issued by the Care Quality Commission (CQC) and NHS Improvement (NHSI).

The Board is now using the output from a facilitated self-assessment exercise against the shared NHSI / CQC updated well-led framework to inform the development of a Board agreed action plan.

Single oversight framework

NHS Improvement's 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 one to four, where 'four' reflects providers receiving the most support, and 'one' reflects providers with maximum autonomy. A foundation trust will only be in segments three or four where it has been found to be in breach or suspected breach of its licence.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from one to four, where one reflects the strongest performance. These scores are then weighted to give an overall score. 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.

Fig: Finance and use of resources scorings

Area	Metric	2017/18 Scores				2016/17 Scores	
		Q4	Q3	Q2	Q1	Q4	Q3
Financial stability	Capital service capacity	2	4	4	4	2	2
	Liquidity	1	1	1	1	1	1
Financial efficiency	Income and Expenditure (I&E) margin	1	3	4	4	1	2
Financial controls	Distance from financial plan	1	1	1	1	1	1
	Agency spend	1	1	1	1	2	3
Overall scoring		1	3	3	3	2	2

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

Segmentation

NHS Improvement has reviewed the Trust's performance and information available to it and placed the Trust in Segment (2). This segmentation information is the trust's position as at May 2018.

Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Accountability Report signed by the Chief Executive in capacity as Accounting Officer



John Somers,
Chief Executive
23 May 2018

Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Sheffield Children's NHS Foundation Trust

The National Health Service Act 2006 (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 Sheffield Children's 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 Sheffield Children's NHS Foundation Trust and of its income and expenditure, items of other comprehensive income 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 the NHS Foundation Trust Annual Reporting 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 & Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

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 them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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. The accounting officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

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



John Somers, Chief Executive

Date: 23 May 2018

Annual governance statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Sheffield Children's NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sheffield Children's NHS Foundation Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Leadership

The Board is responsible for reviewing the effectiveness of the system of internal control including systems and resources for managing all types of risk. A robust board-approved risk management strategy and policy clearly sets out the accountability and reporting arrangements to the Board for the

identification, evaluation and management of risk within the Trust.

This strategy provides the Board with assurance that appropriate structures are in place to assess and minimise risk within the organisation. It clarifies individual and collective responsibility for risk management; starting with the Chief Executive having overall responsibility, and delegation to named Executive Directors, with leadership further embedded by ownership at local level through managers taking responsibility for risk assessment and analysis to all staff within the organisation having a responsibility for the identification and reporting of risks and incidents.

The Risk Management Strategy also sets out the Trust's attitude to risk and includes guidance on risk identification, risk assessment, risk scoring and risk monitoring, as well as outlining the agreed principles for effective risk management within the Trust, along with clarity of roles of the Board sub-committees and groups within the Trust executive sub-structure.

Incident reporting is openly encouraged through staff training and the Trust promotes open and honest reporting of incidents, risks and hazards through its incident reporting policy. This is supported by a clear and structured process and the Trust can evidence a strong reporting culture and sharing of learning across the divisions and departments. Root cause analysis from serious incidents is routinely used to learn from incidents and tailor standard operating procedures.

The Trust is committed to using information such as trends in incidents, complaints and claims to continually enhance and improve its services and standards of patient care. Internal audit reports and clinical audit work is used to provide assurance that changes to practice have become embedded. Major reports from healthcare regulators are used to identify learning from significant incidents and events

in other healthcare organisations. In year we have reviewed learning from recent terrorist atrocities to inform our major incident planning. This information is filtered to frontline staff via internal communications, directorate meetings and reports / newsletters. Following the introduction of Datix we will be able to utilise the service level data we hold in real time relating to incidents, risks and complaints to enhance shared learning across the Trust. The Quality Committee has oversight of serious incidents and a standing exception report on actions following serious incident investigations is monitored by the Risk and Audit Committee.

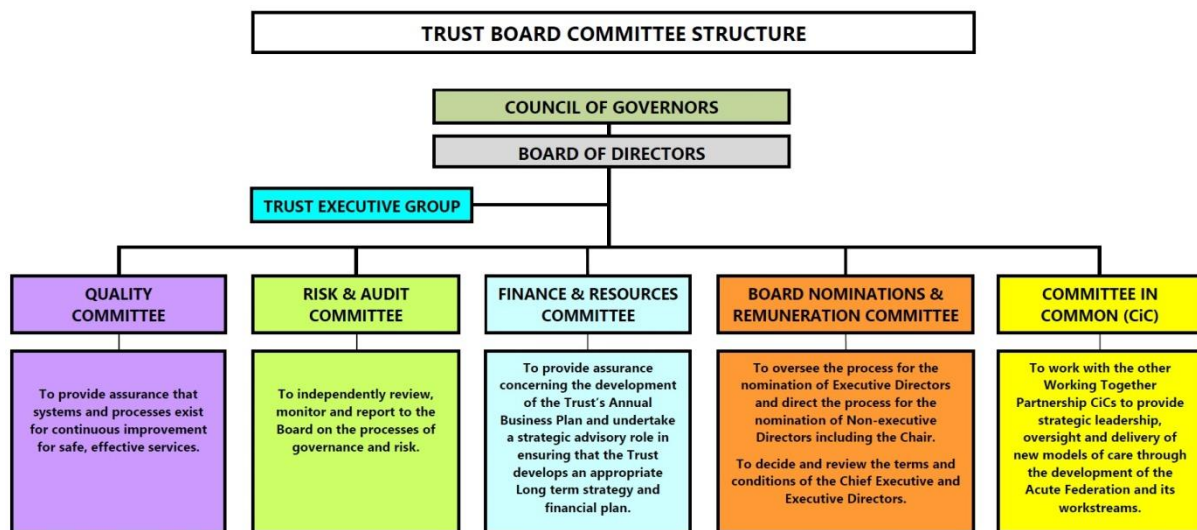
Evidence for compliance against NHS Litigation Authority (NHSLA) and Care Quality Commission (CQC) standards is held electronically and updated annually. Changes to National Institute of Clinical Excellence (NICE) guidance, national audit recommendations, information governance toolkit performance and the output from

serious incidents are analysed and incorporated into policies and training.

As noted above, the Board has established a committee structure to provide assurance on and challenge to the Trust's risk management process. These integrated committees of the Trust board are the key structures in ensuring quality, safety and management of risk and provide the mechanism for managing and monitoring risk throughout the Trust and reporting through to the Trust Board.

Each of the standing committees of the Board is chaired by a Non-executive Director to enhance independent scrutiny and challenge and each Committee Chair reports formally to the Board; to confirm delivery of assurance or escalate matters as necessary. Executive directors provide leadership on the management of key areas of risk commensurate with their roles and are represented across the Board committee structure.

Fig: Trust Board Committee structure



The Risk and Audit Committee oversees the system of internal control and overall assurance process associated with managing risk. It receives assurance from the Executive Risk Management Committee on all serious untoward incidents and routine and exception-based reports from aligned Board committees.

This allows this Committee to discharge its responsibility for providing assurance to the Trust Board in relation to all aspects of governance, risk management and internal control.

Staff training and guidance on the management of risk

Risk management training and awareness is incorporated within the Trust's induction programme for new starters and is a key element of annual mandatory training for all staff. The frequency and level of risk management training is identified through training need assessments, which ensures that individual members of staff have the relevant training to equip them for their duties and level of responsibility.

The risk and control framework

Risk management and the Board assurance framework

A robust and on-going risk management process, embedded across the organisation, is the basis for the Trust's system of internal control. As referenced above, a comprehensive board-approved risk management strategy and policy clearly describe a structured and systematic approach to the identification, evaluation and control of risk. The document describes the Trust's overall risk management process, within which the operation of a Board Assurance Framework (BAF) and risk registers ensure that risk management is an integral part of clinical, managerial and financial processes across the Trust.

The Trust's risk appetite matrix has been defined by the Risk and Audit Committee and adopted by the Trust Board. This clearly articulates what risks the Board is willing or unwilling to take in order to achieve the Trust's strategic objectives and defines tolerances for balancing different elements of risk, including patient safety, reputation, workforce and financial / value for money, based on how much, or little the Trust wishes to commit in terms of risk. The definition of this risk appetite informs discussion of controls and assurances in place in relation to our key strategic risks set out within our BAF and, on embedding further, will be a tool in the future consideration of service changes or investment decisions.

Additionally, a range of policies are in place and available to staff via the Trust intranet which describe the roles and responsibilities in relation to the identification, management and control of risk. Staff are made aware of these policies and actively encouraged to access them to ensure that they understand their own roles and responsibilities in this area.

The use of a single standard assessment tool to identify risks ensures a consistent approach is taken to the evaluation and monitoring risk. Using a grading matrix of likelihood and consequence to produce a risk score enables risks to be prioritised against other risks on risk registers. Low scoring risks (less than 12) are managed by the area in which they are found, while higher scoring risks are actively discussed at the Executive Risk Management Committee. Risk scores over 16 are reported to the Risk and Audit Committee.

To support reporting of risks from Ward to Board, the risk escalation process through our governance structure is defined within the risk management strategy, with top scoring risks being additionally reported to the Trust Board monthly. All risk control measures are identified, implemented and monitored to reduce the potential for adverse consequences.

The BAF is a mechanism for proactively assessing risk and control at the very highest level and provides the structure for the evidence to support the annual governance statement. It focuses on a core set of broad overarching risks identified by the Board as risks to the achievement of the Trust's key strategic aims. Throughout the course of the year scrutiny is given to associated controls in place and sources of assurance through which the controls can be seen to be effectively working. This allows assessment by the Board

of areas where gaps in control exist and consideration of any measures the Trust would wish to introduce to reduce identified risks.

The Risk and Audit Committee has continued, as a standing item on its agenda, rotated the consideration and review of key BAF risks during 2017/18. This has brought together, and documented, evidence that routine discussion relating to key strategic risks takes place across the wider agenda of the Trust Board and its committees. Where the Committee has not been able to satisfy itself that adequate discussion is taking place, these assurance gaps can be addressed within the work programme of the Board or its most appropriate committee.

As part of the ongoing development of the BAF, focus over the last six months has been placed at discussion within Risk and Audit Committee meetings on applying the Board's newly defined risk appetite statement to review target risks scores for each BAF risk. This work ensures that the Board is clear on actions to be taken to reduce risks scores in line with agreed timelines.

Quality governance arrangements

The Trust's commitment to quality governance is embedded in its values and strategic aims, which clearly reference providing high quality patient experience and outcomes. The Board takes clear responsibility for ensuring the quality and safety of the Trust's services and ensuring that there are robust structures in place in relation to quality performance management and clear quality risk management processes/reporting mechanisms.

A review in 2016 of Board committee arrangements for quality governance and work to redefine the underpinning quality assurance / reporting infrastructure at operational and executive levels of the Trust has further developed the quality metrics that support Ward to Board engagement in the clinical quality agenda.

The recent introduction of Datix incident management, implementation in 2018/19 of a ward accreditation scheme and planned

review of the Risk Management Strategy to ensure closer alignment with the Board Assurance Framework and clarity regarding levels of accountability will further strengthen this.

Embedding of a clear, effective and transparent process for sharing the learning from complaints, serious incidents, audits, patient feedback, incidents and Trust quality priorities that cascade from the Board to the clinical and non-clinical areas further supports integrated governance reporting.

The continued development of detailed quality governance reporting at divisional level allows quality metrics across risk management, patient experience and clinical effectiveness to be reported alongside performance and finance. Each month divisional performance review meetings are held where executive directors meet senior clinical and managerial staff from each division to review performance against a range of measures. Divisional performance scorecards containing in-month data and historical trends allow quality indicators to be triangulated alongside other performance measures to identify achievement and allow assessment on where improvement is necessary.

Observations of the quality of care are undertaken through a Back to the Floor programme where Trust Board members visit clinical and non-clinical departments to maintain an oversight on performance. These visits also provide a valuable opportunity for members of the Board to discuss specific aspects of day-to-day challenges and ideas for improving patient experience and staff productivity. The Medical Director and the Director of Nursing and Quality also undertake a routine programme of Walkarounds which support Ward to Board engagement and the identification of quality risks.

Monitoring of quality impact takes place through divisional performance reviews. A standing item on the agenda of the Quality Committee is exception reporting in relation to quality impact assessments as a means of Board oversight of the quality impact assessment process. The quarterly divisional

deep-dive reviews presented to the Quality Committee provide a further opportunity to assess the cumulative impact of schemes. The Trust Executive Group approves all changes to service provision and challenge occurs within that forum in respect of unwanted impact on other services.

The Trust's quality impact assessment policy which sets out an agreed process for assessing the impact on quality of cost improvement or service development plans. Key elements of this policy are:

- clear guidelines for schemes that require a quality impact assessment;
- template project documentation which includes a description of the benefit to patients, quality indicators, patient safety issues to be considered, impact on clinical outcomes for consideration, impact on patient experience and any implications for the health, safety and performance of staff;
- where an adverse impact is identified, a risk assessment of the current position must be provided together with any controls taken to mitigate the risk. The risk assessment process follows the standard Trust format;
- risks are recorded and any projects with scores of 12 and over should be reviewed monthly;
- an overview of approved quality impact assessments are discussed at the monthly Quality Committee, with any high risks being discussed in full; and
- documentation with omitted information, lack of clarity or areas of clinical concern are not approved and are returned to the division for further work if appropriate.

In-year assessment against Monitor's Well Led Framework provides a tool for the Board to self-assess its governance arrangements and in respect of quality governance. It has allowed

for an honest reflection and has been one of the key instruments in informing review of the Board committee structures and supporting quality governance arrangements. Our most recent self-review undertaken at the end of March 2018 has identified some clear areas for development and the Board recognises the importance of delivering action against agreed priorities.

Quality of Performance Information

As part of our quality governance arrangements, a framework exists for the management and accountability of data quality. This is supported by a formal Data Quality Group which develops and prioritises a work programme each financial year that addresses data quality issues within the Trust. The work programme is presented for consideration by the Trust's Information Governance Committee which reports into the Finance and Resources Committee. Reports against agreed data quality standards include:

- completeness and accuracy of data submitted to the secondary uses service, including the use of that data under the payment by results system
- comparison of data to externally produced data quality reports and to external benchmarking information
- the accuracy of Trust's activity coding.

Reviews of data quality and the accuracy, validity and completeness of Trust performance information are also considered by the Risk and Audit Committee through in-year review of work undertaken by internal and external audit. This has included external assurances on the Quality Report as part of the mandatory scope of the external auditor and focus within the internal audit plan on specific areas of data quality. The Trust's data quality framework was subject of a specific Internal Audit report in 2017/18, with recommendations then incorporated into an updated data quality policy, applicable to all staff.

Care Quality Commission (CQC) compliance

The Trust was subject to a routine inspection of its services in June 2016. This involved inspections of Child and Adolescent Mental Health Services (Tier 3), Child and Adolescent Mental Health inpatient wards (Becton, Tier 4) and Community Child Health services. There was also a follow-up inspection of the Sheffield Children's Hospital acute site. This involved areas that had not previously been inspected during May 2014 and also areas that were rated as 'Requires Improvement' in May 2014.

In its report published on 26 October 2016 the Trust was judged 'Good' overall and was rated across all services as 'Good' for the Care domain. The Trust received 'Requires Improvement' ratings for both the inpatient and community Child and Adolescent Mental Health Services and also for the Safe domain on the acute site. The work required was

broadly divided into three main themes - transition from children's to adult services, Child and Adolescent Mental Health Services and safeguarding.

The Trust has responded to the issues raised by the CQC through the implementation of a comprehensive action plan, driven by Executive leads and delivery monitored through divisional performance reviews and reported against to the Trust Board and Quality Committee.

The Trust has made good progress against all actions with some challenge experienced in the transition workstream due to external factors. The Trust hosted deep dive visits from the CQC in respect of Child and Adolescent Mental Health Services (October 2017) and transition (January 2018) which received positive feedback.

The organisation's major risks

The Board Assurance Framework (BAF) bases itself around an assessment of the Trust's future risk profile and describes the key risks which, if not managed, would impact on the Trust's ability to deliver its strategic goals.

Each BAF risk consolidates a number of individual key current and future organisational risks. The mapping of relevant high level risks entered onto the Trust risk register identifies current risks which would impact on the delivery of strategic aims.

As at May 2018 these risks can be categorised under the following themes:

- failure to effectively deliver healthcare impacts on the safety and quality of patient experience, regulatory compliance and loss of confidence of the wider community
- failure to develop our leadership, management and governance arrangements to ensure delivery of sustainable high quality person-centred care, support learning and innovation, and promote an open and fair culture prevents the Trust from demonstrating it is a well led organisation
- risk to clinical service viability due to failure to meet nationally-defined quality standards or changes to the commissioning and / or configuration of services
- operational constraints and failure to deliver transformation impact on our ability to deliver planned activity and manage demand impacting on operational efficiency, service quality and financial performance
- failure to ensure that the required IT infrastructure and strategy is in place to deliver clinical services and support clinical strategy and transformation impacts on the Trust's ability to safeguard patient safety, improve quality and transform services
- failure to ensure that the Trust recruits staff in the right numbers and with the appropriate breadth of skills and competencies to deliver high quality services now and in the future

- failure to ensure that the Trust has a motivated, suitably trained and engaged workforce impacts on operational performance, transformational change and achievement of strategic objectives
- risk that we do not maintain financial stability due to failure to deliver our financial plan or the negative impact of movement to a system-wide financial planning regime, resulting in requirements for additional CIPs or reduction in level and standard of quality of our services
- failure to manage the Trust's cash position would result in the Trust not being able to satisfy its obligations in respect of pay and non-pay costs

Additionally, the BAF also identifies the following risks to the delivery of our future strategy:

- failure to engage with our clinicians prevents the development / implementation of an effective clinical strategy to deliver high quality services that responds to the needs of patients and other health and social care partners and prevents us from capitalising on research, innovation and technology
- failure to engage effectively with partner organisations and the local community threatens the ability of the Trust to deliver its strategic ambition
- risk that insufficient leadership capacity and capability prevents necessary transformational change

These risks are being mitigated through close monitoring, but will continue to be principal risks for the organisation in the year ahead.

More details around the key risks that the Trust will seek to manage over the coming year in the context of our current financial and operating environment are outlined within the performance section of this annual report.

Compliance and validity of the NHS Foundation Trust condition 4 (FT Governance): Corporate Governance Statement

The Board annually considers the corporate governance statement with a view to confirming compliance with condition FT(4) of the provider licence. To assure validity of this statement, a schedule of evidence of compliance with each element of the declaration is prepared by the executive team for review by the Board prior to final sign off.

Each element of the corporate governance Board statement is presented alongside sources of assurances which include internal audit work, routine reports and papers to the Board and Trust practice. This documents any risks to compliance identified on the Board Assurance Framework / Risk Register and corresponding mitigating actions.

All statements were confirmed in the May 2018 review with no unmitigated risks to compliance identified.

The Trust believes that effective systems and processes are in place to maintain and monitor the following:

- The effectiveness of governance structures
- The responsibilities of directors and sub-committees
- Reporting lines and accountabilities between the Board, its sub-committees and the executive team
- The submission of timely and accurate information to assess risks to compliance with the Trust's licence
- The degree and rigour of oversight the Board has over the Trust's performance

Public involvement in risk management

The views of our public stakeholders are very important to the Trust. Learning from many varied sources external to the Trust enable the organisation to learn and develop practices in response to genuine need.

As a foundation trust the organisation aims to make best use of its membership and of its Council of Governors. We take opportunities to involve the public in all aspects of our business and all public Board documents are available on the Trust website at www.sheffieldchildrens.nhs.uk/about-us/board-of-directors.htm

We take opportunities to engage the Council of Governors to ensure that the Trust's operational strategy is being developed in line with membership expectations. Included routinely on council meeting agendas are items on areas of risk.

The level of public and patient involvement in the development of our services provides assurance that the Trust is not operating in isolation and is putting the needs of children and their families at the centre of our services.

Examples of where public stakeholders have been actively engaged by the Trust during 2017/18 in an effort to bring continuous improvement to the Trust include:

- inviting Healthwatch representatives to attend meetings of the Trust Board Quality Committee on a quarterly basis
- visiting Young Healthwatch to invite participation in the preparation of our annual report
- actively involving the Youth Forum in Trust activities such as executive interviews and how pharmacy services are delivered
- actively involving Chilypop and Sheffield Futures in our transition awareness week. They have also been integral to our patient involvement work across our Mental Health Services
- regular presentation of patient stories at Trust Board meetings
- review of the Annual Quality Report

- quarterly Council of Governors meetings to review Trust operations and plans
- Governor representation on the Risk and Audit Committee
- Engagement with Local Authority Overview and Scrutiny Committee.

Information governance

Information governance is the responsibility of the Chief Information Officer, who is the Trust's designated senior information risk owner (SIRO), supported by a network of information assets owners who ensure the integrity of the systems they are responsible for.

Cyber Security has been a prominent focus throughout 2017/18, which included the international WannaCry incident in May 2017. The Trust Executive Group formally approved a three year Cyber Programme Plan in November 2017, which includes activities across 16 defined projects.

The reporting and management of both data and security risks are supported by ensuring that all employees of the Trust are reminded of their data security responsibilities through education and awareness. Over 2,700 staff members completed updated information governance staff training in a 9 month period up from June 2017, when a new training package was made available. Regular reminders and lessons learned are shared through staff communications, including where identified as a requirement following local incident reviews and risk assessments.

In addition to mandatory staff training, a range of measures are used to manage and mitigate information risks, including: physical security, data encryption, access controls, audit trail monitoring, departmental checklists and spot checks. In addition, a comprehensive assessment of information security is taken annually as part of the information governance toolkit and further assurance is provided from internal audit and other reviews.

The effectiveness of these measures is reported to the Information Governance Committee. This includes details of any

personal data-related serious incidents, the Trust's annual information governance toolkit score and reports of other information governance incidents and audit reviews.

There was one serious incident relating to information governance (inappropriate

disclosure of personal data) during the 2017/18 financial year. This was reported to the Information Commissioners Office, along with the Trust's action plan to prevent re-occurrence. The case has subsequently closed with no further action to be taken.

Registration with the Care Quality Commission (CQC)

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC) and its current registration status is unconditional.

The Care Quality Commission has not taken enforcement action against the Trust during 2017/18.

Pension Scheme

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

Equality, Diversity and Human Rights

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

Carbon reduction

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

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

Key processes are in place to ensure that resources are used economically, efficiently and effectively. In 2017/18 these have included:

- Monthly monitoring of delivery of a Board approved financial plan and at both Trust level at Board and via a performance management / escalation framework incorporating divisional performance reviews led by the Executive team;
- Monthly reporting to the Trust Board on key performance indicators including finance, activity, quality and performance;
- scheme of delegation and reservation of powers approved by the Board sets out the decisions, authorities and duties delegated to officers of the Trust;
- standing financial instructions detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that an organisation's transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness;
- robust competitive processes are used for procuring non-staff expenditure items. Above £35k, procurement involves competitive tendering;

- application of controls around the use of agency and temporary staffing;
- commissioning of external diagnostic support (Foureyes / Deloitte) to inform opportunity for efficiency savings;
- commissioning of MBI healthcare to undertake a review of the safeguarding service in terms of leadership, relationship between different professional groups and external stakeholders / accountability and systems / processes;
- participation in an external benchmarking club, which analyses the comparative resource use in paediatric centres;
- the further development of robust business planning processes including implementation of a revised Trust Investment Policy;
- assessment of efficiency schemes for their impact in quality with local clinical ownership and accountability; and
- Use of internal and external audit services to support governance arrangements deliver economic, efficient and effective use of resources.

The Trust Board has gained assurance from the Risk and Audit Committee in respect of financial and budgetary management across the organisation. The Risk and Audit Committee receives as standing items on its agenda reports regarding losses, special payments and compensations, write-off of bad debts and contingent liabilities. The Committee also reviews the effectiveness of controls put in place to reduce non-purchase order expenditure and salary overpayments.

In year we implemented a range of temporary controls around discretionary expenditure in order to mitigate risks relating to the delivery of our year-end financial position.

The Trust has continued to embed enhanced governance and process around cash management overseen by a Cash Committee which meets monthly and reports into the

Finance and Resources Committee. Continued focus has been placed on debts that are overdue and there has been a push on settling outstanding amounts, which has yielded positive results.

In the context of work being undertaken in partnership with other organisations in Sheffield and in the sub-region to deliver high quality and sustainable services, the Trust recognises that its systems of control and arrangements for governance and the management of risk will need to continue to develop in the coming year, to reflecting increasing cross-organisation and sector partnerships.

Mirroring the approach taken in preparation for the opening of our new Outpatients Department, an operational group was established to oversee and plan for the handover of new ward spaces on completion of the final phase of the Hospital redevelopment. This group reported into the Hospital Redevelopment Project Board and was critical in mitigating clinical risks by ensure that the move into our new facility was planned and delivered with minimal risk to both patients and families.

Identified by the Board as a material financial risk was the position in relation to delays to the completion of building work, both in terms of impact on delivery of activity planning assumption and also contractual settlement. Overseen by the Hospital Redevelopment Project Board the Trust Board has had oversight of contractual negotiations through receipt of routine updates from the Chair and Chief Executive.

Efficiency schemes were not delivered in full in 2017/18. The under-delivery in-year needs to be carried forward to deliver in 2018/19, and is a significant factor in the requirement to deliver around £8.6m of financial efficiencies in 2018/19.

To support the achievement of this ambitious savings target, a Recovery and Transformation Programme has been put in place; the development of which has been guided by external diagnostic support commissioned

during 2017/18. Further engagement work with managers and clinicians has helped identify savings plans structured around ten programme workstreams, all with executive director lead responsibility.

Acknowledging that delivery of our Recovery and Transformation Programme is a key risk to continued successful delivery of care to patients and to our future financial sustainability, we have further reviewed governance in this respect; strengthening arrangements for Board sub-committee oversight and for delivery, through the establishment of a Chief Executive-chaired Recovery and Transformation Board.

Further information on the Trust's financial future regarding the going concern assessment is included in the performance analysis section within the body of this annual report. This draws specific attention to the Trust's financial performance and the challenging financial context facing the Trust.

Internal audit continues to review systems and processes in place during the year and publishes reports detailing specific actions to ensure the economy, efficiency and effectiveness of the use of resources is maintained. The outcome of these reports and the recommendations therein are also graded according to their perceived level of risk to the organisation, therefore assisting management action.

These have included internal audit reports on key financial systems, workforce planning, performance management, business planning, partnerships with Sheffield Teaching Hospitals NHS Foundation Trust, research, cyber security, Personal Development Reviews (PDRs), data quality, General Data Protection Regulations (GDPR) / Information Governance (IG) Toolkit and E-rostering. These have all been reported to the Risk and Audit Committee. Internal audit also facilitated the Board's self-review work against Well-led guidance noted above.

In accordance with NHS internal audit standards, the Head of Internal Audit is required to provide an overall annual opinion

statement to the Trust, based upon and limited to the work performed on, the overall adequacy and effectiveness of the Trust's risk management, control and governance processes. This is one component that is taken into account in making this annual governance statement.

The Trust has received a statement from its internal auditors that based on work undertaken in 2017/18, significant assurance can be given that there is generally a sound system of internal control, designed to meet the Trust's objectives, and that controls are generally being applied consistently. During 2017/18, 14 internal audit reports have been reported to the Risk and Audit Committee with two audit assignments with draft reports issued and in the process of being finalised. No high risks issues have been identified from internal audit reports issued in 2017/18.

In considering the internal audit statement and on presentation with internal audit reports across the course of the year, members of the Risk and Audit Committee have noted a number of internal audit reports issued with limited assurance opinions. Recommendations within the reports are welcomed by members of the executive team. Focus continues to be placed on tracking actions against recommendations through reports submitted to the Risk and Audit Committee and the reporting arrangements in place across the committee structure supports the escalation of matters between committees.

Internal audit work has been supplemented by the external audit reports which provide assurance on the Trust's arrangements for achieving economy, efficiency and effectiveness in its use of resources as part of the value for money element of its annual audit work.

The Board of Directors also received assurances on the use of resources from outside agencies including NHSI and the Care Quality Commission. Monitor requires the Trust to self-assess on a monthly basis.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Steps which have been put in place to assure the Board that the Quality Report presents a balanced picture over the period 01 April 2017 and 31 March 2018 and that there are appropriate controls in place to ensure accuracy of data include the following:

- the Board of Directors has appointed the Director of Nursing and Quality as the executive lead for the Quality Report. The annual Quality Report provides a narrative of progress towards achieving the quality improvement indicators agreed in consultation with our key stakeholders
- the Quality Report is compiled by the Director of Nursing and Quality following both internal and external consultation to inform the improvement indicators; details of the consultation process are to be found in the annex to the Quality Report
- data is provided by nominated leads in the Trust which include the Head of Legal and Governance, the Head of Planning and Performance and the Clinical Governance department. These leads are responsible for ensuring the accuracy of the data they provide. The quality data reflects that which has generally been available in summary to the Trust Board or, in more detail, to the Board committees. Once compiled, the Quality Report is scrutinised by the Director of Nursing and Quality who is ultimately responsible to the Trust Board and its committees for the accuracy of the Quality Report.
- the Quality Report is subject to robust challenge at a meeting of the Quality Committee on both substantive issues and on data quality. Where a variance against a specific quality target is identified an explanation is provided by the lead for the individual metric. Following scrutiny at this Committee the draft report is also presented to the Risk and Audit Committee who are responsible for determining the report's completeness, objectivity, integrity and accuracy before it is submitted to the Board of Directors for approval.
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting guidance as well as the standards to support data quality for the preparation of the Quality Report. The report is reviewed by external auditors KPMG prior to submission to NHS Improvement and the Department of Health.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Risk and Audit Committee and Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The system of internal control has been reviewed and modified in the past year. The

Trust committee structure provides balance between the three areas of quality, finance and performance management. Internal audit has been routinely used to clarify issues where assurance is required.

My review is also informed by:

- the Board Assurance Framework
- regular executive reporting to Board and escalation processes through the Board committees
- audit reports prepared independently by both the internal and external audit agencies. In particular, the ISA audit highlight memorandum produced by KPMG, our external auditor
- the published results of the quarterly performance management processes undertaken by NHSI under the Single Oversight Framework
- the Trust's compliance with annual performance indicators published by the Department of Health
- the inspection report and progress made against recommendations following the CQC's announced visit in June 2016 and follow up visits
- external validations and peer reviews
- investigation reports and action plans following serious incidents and learning events and deep dive reviews
- the Board of Director's further consideration of the Well Led Framework based upon self-assessment work
- responses to all formal complaints
- patient surveys undertaken by an independent organisation
- the results of the NHS Staff Survey

Conclusion

The system of internal control has been in place in Sheffield Children's NHS Foundation Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

In summary, I am assured that the NHS foundation trust has an overall sound system of internal control in place, which is designed to manage the key organisational objectives and minimise the NHS foundation trust's exposure to risk. There are no significant control issues identified, however, actions are in place to address recommendations for improvement to this system made within internal audit limited assurance reports and we also continue to review and update the governance assurance processes to further strengthen arrangements to ensure our services are well led. The Board of Directors is committed to continuous improvement and enhancement of the system of internal control.

Signed



Chief Executive

23 May 2018

Section Three: Quality Report

Sheffield Children's NHS Foundation Trust is a dedicated children's NHS trust. We are fortunate to have responsibility for most areas of local child health other than GP services and maternity. Our services encompass:

- **primary child healthcare** – e.g. health visitors and school nurses.
- **secondary healthcare** – e.g. Sheffield Children's Hospital and community paediatrics.
- **tertiary child care** – e.g. neurosurgery, cancer care, critical care.
- **children and young peoples' mental health services** – community, day patient and inpatient mental health services.

Our health visitors and school nurses work with the local authority and GPs to ensure that children are kept healthy. Our community paediatricians, nurses and therapists work with families to minimise hospital stays. In addition, we saw over 144,000 outpatients; admitted almost 25,000 children and young people for inpatient or day case treatment and our Emergency Department reviewed up to 56,000 cases, on average seeing 155 children a day.

We hope that you find our annual Quality Report informative.

Part 1: Statement on quality from the Chief Executive of Sheffield Children's NHS Foundation Trust

At Sheffield Children's, children and families are at the heart of all we do. Guided by our Trust values of commitment to excellence, teamwork, accountability, compassion and integrity, we continue to work together to provide holistic, high quality care to the children and young people of Sheffield and beyond. By specialising in children's health, we have a focus on each child and their family. Our goal is to keep children healthy, safe and able to achieve their potential.

In 2017/18 we continued in our efforts to strengthen the quality of care we provide by improving the transition process for patients moving to adult services. We also worked with our mental health teams to complete our 2016 CQC inspection action plan. We were encouraged by a recent CQC visit, where they agreed that excellent progress has been made.

Our community services joined forces this year to launch an integrated 0-19 Community Service, with health visitors and school nurses working more closely together to safeguard the children of the city, promote better health and support families.

We are very proud to have opened our three new wards, completing our new wing with its improved facilities for our patients. Soon to follow will be the new Haematology and Oncology Clinic, providing bright and spacious surroundings for children and young people undergoing outpatient treatment for cancer, tumours and blood disorders. Like our new wards, this represents a leap forward in quality and patient experience and is a concrete example of our commitment to improving care wherever possible.

Alongside these physical improvements, we are transforming the way our services function to improve patient experience, efficiency and outcomes. Our Well Prepared programme in Theatres is leaving no stone unturned as it re-

examines the systems and processes used when a patient has surgery.

With different teams working together, we hope to deliver a higher quality patient experience for families undergoing routine and day case theatre admissions. This type of work is happening all over the Trust, as we work to increase quality by using more efficient processes, which should not only improve patient experience, but also sustainability and staff satisfaction.

This approach, championing improvement and sustainability, is being carried into the Integrated Care System, where we are regional leaders for children's health services. Working in partnership with other providers and organisations in the region, we continue to advocate quality, patient safety and early intervention as principles that are key not only to achieving sustainability of services, but to every child reaching their potential.

Financially, this has been one of the most challenging years for the Trust, as adjustments in the children's tariff, centrally mandated savings targets and a change in commissioning arrangements begin to have an impact on our organisation. Next year promises more of the same. Despite this we have achieved our quality targets on waiting times, cancer treatment and yet again been one of the top five performing Trusts in England for Emergency Department waiting times.

Central to these achievements are the compassion and expertise of our staff, always the Trust's greatest asset. Our Staff Survey results reflected the pressure felt by the organisation, and yet staff recommendation of the Trust as a place to work or receive treatment continues to exceed the national average. Staff also feel more confident in reporting unsafe clinical practices if they saw them than the national average for other similar organisations. Overall, the results reflect what we know to be true locally, that we have caring and compassionate staff who share the Trust values of excellence, and are not satisfied with 'good enough' when it comes to the quality of patient care.

The Quality Report set out below is accurate, to the best of my knowledge, and is a balanced and accurate reflection of the quality assurance processes, structures and outcomes in use at Sheffield Children's NHS Foundation Trust.

I hope you will find the report informative and that it will encourage you to work with us to improve children's health.



Best wishes,

John Somers
Chief Executive

Part 2 Priorities for improvement and statements of assurance from the Board

Priorities for improvement 2018/19

At Sheffield Children's NHS Foundation Trust we are absolutely committed to continually improving patient safety and quality across our acute, community and mental health services. Our priorities for 2018/19 have been determined through listening to suggestions from patients, staff and commissioners. Several factors have been considered, including:

- National improvements that all NHS organisations have to make (targets)
- Actively listening to issues that have been highlighted by staff. This year that has been undertaken as part of our widespread consultation on our strategy refresh

- Reviewing patient and carer feedback around improvements that they would like to see. This year this has been informed by our work on the Care Experience Strategy
- Reviewing the themes that have been identified through the year for quality and safety
- Assessing our performance for quality and safety against best practice

Our three quality improvement priorities are outlined below.

Build upon and develop the transformation of our inpatient and community Child and Adolescent Mental Health Services (CAMHS)

Our reasons: Over the last two years we have worked hard with Sheffield Clinical Commissioning Group (CCG) and our education and social care partners to deliver the transformation agenda that was outlined in the document 'Future in Mind' (2015). This has resulted in widespread improvements for children and young people who need support with their emotional wellbeing. However, the national aspirations have not yet been fulfilled and the mental health agenda for children and young people remains challenging.

The Trust will:

- Work with NHS England and Cygnet Healthcare to develop a lead provider model for CAMHS services across the city
- Transform the provision of inpatient Tier 4 beds for CAMHS across the city (Tier 4 services are specialised CAMHS services that treat patients with more complex needs)
- Continue to develop and extend the work already underway so that more children and young people can benefit from our Improving Access to Psychological Therapies (IAPT) programme
- Continue to develop the service provided by our Psychological Wellbeing Practitioners
- Complete the roll out of the 'Healthy Minds' programme in schools
- Ensure that our transition work in CAMHS is completed
- Develop a research portfolio for mental health services
- Create a single point of access for Attention Deficit Hypersensitivity Disorder (ADHD) and Autism Spectrum Disorder (ASD) pathway
- Improve mental health liaison in the Emergency Department

Extend the improvements we have made to the transition pathway by including partners across South Yorkshire, Bassetlaw and beyond

Our reasons: Supporting young people as they move from a children and young people's service to an adult service is important as getting this right can really impact upon health outcomes. We have improved how consistent transition happens across services and raised awareness across the Trust, with bespoke services for young people with complex care needs. However, this transformational work is not yet complete. In addition to ensuring all of our actions are in place, we do need to consider those hospitals outside Sheffield to whom we transition many young people.

As a regional and tertiary referral centre we support young people to move across to adult services in neighbouring towns. These relationships will grow as we move into a region wide way of delivering healthcare, through the South Yorkshire and Bassetlaw Integrated Care System (ICS). We are also working with providers in neighbouring regions, developing healthcare pathways that mean we will need to ensure transition is a positive process across a much larger geographical footprint.

The Trust will:

- Continue to assess all of our services against the National Institute for Health and Care Excellence (NICE) guideline NG43 (transition from children's to adults' services for young people using health or social care services)
- Complete the actions that arise from these services
- Roll out face-to-face training for all frontline staff in the care of young people undergoing transition
- Develop new pathways for transition with provider Trusts across South Yorkshire. This is an extension of the excellent work we have completed with Sheffield Teaching Hospitals
- As services beyond South Yorkshire develop, ensure that pathways for transition are also developed

Develop a Community Children's Nursing Service

Our reasons: We are working with other agencies across the city to develop joined up services for children, young people and their families. We need to make sure that families can access the right care at the right time. Our aim is to improve health outcomes, reduce hospital admissions and reduce the need for some treatments by stepping in early with the right level of support.

The Trust will:

- Work with our partners in the Clinical Commissioning Group (CCG), Sheffield City Council and Primary Care Sheffield to design a model of providing children's community nursing support to children and young people in the city
- Identify which services currently provided as inpatient / outpatient services by Sheffield Children's NHS Foundation Trust could join together to provide a more integrated service for children, young people and their families, improving care experience and health outcomes
- Identify which services currently provided as inpatient / outpatient services by Sheffield Children's NHS Foundation Trust could be early adopters of a more community-based approach.
- Develop an implementation plan for the model, testing and evaluating pilot projects and using this data to inform the direction of the service
- Work with other health, social care and education providers across the city to understand the estate available and how the service could align with school nursing, health visiting and Multi Agency Support Team (MAST) services.

How performance will be monitored, measured and reported

Progress on all the above indicators will be monitored by quarterly reports to the Quality Committee and the Trust Board. The Board will share its reports with the Council of Governors and its commissioners in NHS Sheffield and NHS England. All board reports will be published on the Trust website.

Performance on quality priorities 2017/18

Last year the Trust set itself the following three quality improvement priorities. Progress against the priorities is outlined in the table below.

Fig: Trust performance against 2017/18 quality priorities

What we said	What we did
<p>Ensure that our community and inpatient Child and Adolescent Mental Health Services (CAMHS) meet best practice quality standards</p>	<ul style="list-style-type: none"> • Rolled out the Healthy Minds Framework to an additional 45 schools following the CAMHS School Link Pilot. All seven localities have schools now receiving 'Healthy Minds'. Our Healthy Minds work was used to inform the Green Paper on Children and Young People's Mental Health. • We continued our Improving Access to Psychological Therapies training, working closely with other agencies such as the Multi Agency Support Teams (MAST), Health Visitors and School Nurses particularly around the 0-5 pathway. • We were a key partner with Chilypep and our young people in the development of a children and young people's (CYP) suicide prevention pathway. The pathway includes referral thresholds advice, information, local resources and assessment tools for professionals. The CYP Suicide Prevention Plan is integrated into the all age Suicide Prevention Strategy. • We improved our performance for seeing CAMHS patients for a first appointment, over the last six months this has never dropped below 95% of children and young people referred to us. We are now working to reduce internal waits once a child/young person has had their first appointment. An SMS text reminder service is now in place to remind young people of their appointments. 16-18 year olds receive a text directly, whilst under 16s have texts sent to their parents. This is in response to young people's feedback to help prevent young people from missing appointments. • The STAR Service was launched in July 2017 and provides intensive community support for children and young people who present with deliberate self-harm. The purpose of this service is to provide high intensity home support and prevent inpatient admissions. • In July 2017, the Section 136 Health Place of Safety opened. This means that any 16/17 year old detained under Section 136 of the Mental Health Act for either their own safety, or that of others, is taken to an appropriate place. Since opening, we have had four patients attend the facility. • We have also seconded a nurse into the Trust-wide transition team. Led by a Consultant Psychologist, we have worked with adult mental health, adult mental health liaison, the adult crisis team, adult safeguarding, CAMHS safeguarding, CAMHS, MAST and our commissioners to achieve our Commissioning for Quality and Innovation (CQUIN) for transition. Chilypep have supported us in this

What we said

Implement a Trust wide Patient Experience and Engagement Strategy

What we did

work to ensure that young people feel supported as they move from CAMHS to adult services.

- Since April 2017 we have been piloting five Psychological Wellbeing Practitioners (funded through NHS England national funding). PWPs are employed by CAMHS and provide early intervention support for children and young people to prevent the need for a CAMHS referral, or a referral to other services. So far, PWPs appear to have prevented over 60 CAMHS referrals and over 20 referrals to Sheffield City Council's Multi-Agency Support Teams (MAST).
- Following extensive consultation with children, young people, their families, carers, partner organisations and staff, the Care Experience Mission Statement launched during Care Experience Week, 4th September 2017. This is available on our website; further work is required to translate this into different languages.
- The Care Experience Mission Statement is underpinned by an action plan which has measurable outputs and will involve all staff across the organisation.
- The Trust holds a register of interested children, young people and their families who wish to be contacted for input into service developments. An example of how this worked well was during the preparation of the 2016/17 Quality Report.
- The team have worked with the baby charity Bliss to provide training for volunteers working in engagement roles.
- A quarterly newsletter for patients and families is now available to explain actions taken following feedback given. This is available on our website for patients, families and the public to view. There is also information on the Patient Advice and Liaison Service (PALS) web page for those families who wish to get involved with work we are taking forward.
- A scoping exercise has been undertaken to understand the multiplicity of feedback systems across the Trust. These have evolved over time by individual services meaning that a holistic view of patient experience at a single point in time has been difficult to describe. Now that this exercise has been completed we can work to streamline processes.
- We have process mapped our Friends and Family Test (FFT) data collection. Outpatient FFT has been challenging to collect and a scheme to offer families a card with the Trust feedback webpage details did not yield the success we hoped for. With the exception of August and December 2017, Inpatient FFT response rates have either been consistent with, or exceeded the England average over the year. We expect this to continue to improve with the implementation of a card-based system.
- A Care Experience Board will commence in April. This will review feedback from themes, challenge actions and ensure learning is shared across the organisation. It will inform the Ward Accreditation scores once that programme is established, enabling full triangulation of data with incidents, staffing levels and staff satisfaction data.
- Following a very successful patient engagement week, the PALS manager now organises a monthly stand in the hospital hub in

What we said	What we did
<p>Improve the experience of young people who transition from children and young people's services to adult providers</p>	<p>partnership with services who wish to engage with families in the development of their services.</p> <ul style="list-style-type: none"> • The Trust ran a very successful Children's Takeover Day on November 22nd with young people working alongside Trust staff for the day. • During 2017 the National Institute for Health and Care Excellence issued five quality standards for Transition from children's to adults' services. We have assessed many of our specialist services against these standards and put action plans into place. • As we now have the Datix incident management system in place, the monitoring of incidents related to transition is much easier for us. This will enable the team to prepare reports of transition-related incidents for sharing at team meetings, study days and within the training programme that commences in April 2018. Prior to the launch of Datix, a paper-based solution was in place to facilitate the monitoring of transition-related incidents and complaints. • We have developed a dedicated space on our new electronic patient notes system (eDMS) for the storage of transition plans for young people. This means that where plans exist they are freely visible to clinicians working with that young person. The ultimate aim is that this will generate a database of young people undergoing transition, although further work is required in this area. This work needs to be replicated in CAMHS who use the Care Notes system. Meetings are arranged to take this work forward. • We need to train all of our front line staff in how to care for young people who are undergoing transition to adult services . The development of a training programme has been challenging due to copyright issues with the desired package identified. However, two very successful cross trust transition study days have now been held since January 2017. Face-to-face training commences next month for all frontline staff with an online refresher e-learning package under development for three yearly updates. • A transition newsletter is distributed every three months outlining the latest transition news and updates. The intranet is constantly updated to keep staff informed. • The Youth Forum has increased the frequency of its meetings. Links have been made with Sheffield Futures and also other groups and youth forums across Sheffield and England. • A very successful Transition Week took place on all sites during September 2017 to increase staff awareness. Sheffield Futures, Chilypep and the Teenage Cancer Trust joined us for these activities. • A Patient Charter is now available thanks to young people from our Youth Forum. It has also been adopted by members of the Yorkshire and Humber network group.

Statements of assurance from the Board

During 2017/18 Sheffield Children's NHS Foundation Trust provided and / or sub-contracted 81⁵ relevant health services.

The Trust has reviewed all the data available to it on the quality of care in 100 per cent of these relevant health services.

The income generated by the relevant health services reviewed in 2017/18 represents 100 per cent of the total income generated from the provision of relevant health services by Sheffield Children's NHS Foundation Trust for 2017/18.

Audit and national confidential enquiry assurance

National clinical audit is a system designed to improve patient outcomes by engaging all healthcare professionals in the systematic evaluation of their clinical practice against recognised standards, and to support and encourage improvements in the quality of treatment and care.

During 2017/18, 15 national clinical audits and 4 national confidential enquiries covered NHS services that Sheffield Children's NHS Foundation Trust provides.

During this period the Trust participated in 100 per cent of the national clinical audits and 100 per cent of the national confidential enquiries that it was eligible to participate in.

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

Fig: Participation in national clinical and national confidential enquiries

National clinical audits and national confidential enquires for which the Trust was eligible to participate	% of eligible cases submitted
National Paediatric Diabetes Audit (NPDA)	100%
Inflammatory Bowel Disease (IBD) Programme – includes paediatric IBD Services)	100%
Learning Disability Mortality Review Programme (LeDeR Programme)	100%
National Confidential Enquiry into Patient Outcome and Death (NCEPOD): Chronic Neurodisability Study	100%
NCEPOD: Cancer in Children and Young Adults	100%
NCEPOD: Young People's Mental Health	100%
National Confidential Inquiry into Suicide and Homicide: Suicide by Children and Young People in England	100% (zero applicable)
Trauma Audit and Research Network (TARN): Major Trauma	100%
Paediatric Intensive Care Audit Network (PICANet)	Embrace: 100% PCCU: 100%
Royal College of Emergency Medicine (RCEM): Pain in Children (care in Emergency Departments)	100%
Royal College of Emergency Medicine: Consultant Sign Off (Emergency Departments)	100%

⁵ Based upon the services specified in the NHS provider contract for 2017/18

National clinical audits and national confidential enquires for which the Trust was eligible to participate	% of eligible cases submitted
National Cardiac Arrest Audit (NCAA): Intensive Care National Audit and Research Centre (ICNARC)	100%
National Diabetes Transition Audit (HES Data linkage via NPDA and NDA)	100%
UK Cystic Fibrosis Registry Paediatric: Cystic Fibrosis Trust	100%
Neurosurgical National Audit Programme Outcome – Publication	100%
International Burns Injury Database (iBID)	80%
British Thoracic Society (BTS): Paediatric Bronchiectasis	TBC
The Ground Air Medical Quality Transport database (GAMUT)	100%
National Transport Group Annual Return	100%
NHS Seven Day Service Audit	100%

National audit and confidential enquiry reviews

The reports of six national clinical audits were reviewed by the provider in 2016/17 and Sheffield Children's NHS Foundation Trust took the following actions to improve the quality of healthcare provided.

(1) National Cardiac Arrest Audit (NCAA) 2016/17

Local actions include:

- Audit findings reviewed by Resuscitation Committee and the Clinical Audit and Effectiveness Committee
- Debriefs are encouraged, as it was considered to be beneficial to review what happens in the event of an arrest

(2) Trauma Audit and Research Network (TARN): Major Trauma (Comparative Performance Reports

Local actions include:

- The Major Trauma Audit Steering Group review and manage all reports

(3) Royal College of Emergency Medicine: Consultant Sign Off 2017/18

Local actions include:

- Audit findings reviewed by the Clinical Audit and Effectiveness Committee and the Emergency Department Team
- New Leaflet written 'First Fits Presenting to Emergency Department' which is now in use in the Emergency Department

(4) Paediatric Intensive Care Audit Network (PICANet)

Local actions included:

- Trust performance was in line with other centres across the UK. Areas such as 'planned post op' show lower compared to other areas as there is no Cardiology service provided by the Trust
- The emergency re-admission rate was noted to be an outlier. This was due to patients being moved between HDU and PICU being incorrectly counted as re-admissions. Reporting has been changed so that they will no longer be classified in this way

(5) NHS Seven Day Service Audit March 2017

- Local actions included:
- Medical Director raised awareness to all Consultant colleagues regarding improvement to documentation of reviews
 - Feedback provided to NHS England regarding design of data collection in relation this being more adult focused

(6) RCEM Moderate and Severe Asthma 2016/17

- Local actions included
- Trust –wide discussion regarding O²
 - Oxygen is now pre-printed on a section part of the drug card
 - There are concerns regarding the audit design along with the timeframes set by British Thoracic Society and Royal College of Emergency Medicine
 - Discharged patients were not included in the study – local audit commenced

(7) RCEM: Consultant Sign Off Re-Audit 2017/18

- Local actions included
- Although not all re-attenders were reviewed by a Consultant, it had been previously agreed that as the Trust is a dedicated paediatric centre, there has been a lot of training for staff regarding typical areas of concern, such as febrile children (related to fevers). As such, junior clinicians are able to look after such patients.
 - Although the Trust re-attendance rates were higher than the national average, this was due to parents/carers being actively encouraged to return to the Emergency Department with their child if they had a concern and that this was a safety netting principle. This covered unplanned re-attendance within 72 hours for the same condition

(8) UK Cystic Fibrosis Registry – at a glance results 2017/18

- Local actions included
- Presented at the Clinical Audit and Effectiveness Committee
 - No recommendations stated

(9) Learning Disabilities Mortality Review Programme 2016/17

- Local actions included
- All applicable data had been submitted
 - No recommendations stated

(10) Ground and Air Medical Quality Transport (GAMUT) 2017/18

- Local actions included
- Project has allowed a better understanding of treatment methodologies, which has resulted in a better identification of local audit projects

(11) National Diabetes Transition 2003 - 2014

- Local actions included
- Consultant Lead presented the national report at the Clinical Audit and Effectiveness Committee

(12) National Paediatric Diabetes Audit (NDPA) 2015/16

- Local actions included
- Consultant Lead presented the report at the Clinical Audit and Effectiveness Committee
 - Trust performing exceptionally well in relation to other UK Paediatric Diabetes Centres. NPDA have sent the Trust a 'Well Done' letter in recognition of this
 - Dieticians and Nurses provide structured education sessions in clinics
 - A MCADD (medium chain acyl-CoA dehydrogenase deficiency) Facebook Group has been set up to provide education as it was felt that the use of social media for this purpose was more effective if driven by the patients rather than the clinicians

(13) The British Association of Endocrine and Thyroid Surgeons Fifth National Audit Report 2017

- Local actions included
- Consultant Lead presented the report at the Clinical Audit and Effectiveness Committee
 - No recommendations for improvement stated

Local audit and service evaluations

Our clinicians are strongly encouraged to set up local in-depth audits to follow up on national audit findings, based on local quality and safety priorities.

The reports of 321 local clinical audits / service evaluations were reviewed by the provider in 2017/18 and Sheffield Children's NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided, for example:

(1) Theatre Checklist Re-Audit 2017 – CA836-3

- Findings included:
- Significant improvement with compliance across the majority of standards with many achieving 100%
- Local actions include:
- Wide dissemination of the report
 - Theatre Checklist Redesigned

(2) Health Visitors Record Keeping Audit - CA1367

- SystemOne team has been approached to provide further infrastructure within the electronic record to improved record keeping

(3) Assessment of Magnetic Resonance Imaging hip scans in children & young people

- Findings include:
- Measuring synovium was unreliable and impractical demonstrating demand for an alternative method.
 - Radiologist reporting was inconsistent between and within readers
 - Disagreement was observed between clinician suspicion and CE-MRI evidence of hip inflammation.
 - Further work should explore in detail the relationship between CE-MRI findings and long-term patient outcomes

- Local actions include:
- Musculoskeletal radiologists to be specific when reporting MRI scans in rheumatology patients regarding level of certainty of findings
 - If resources allow, further research to determine normative data for hip MRI in children and young people

(4) *Service evaluation of current practice in checking pre-procedure pregnancy status in under 16s – SE981*

- Findings include:
- Variation in patient age at which staff ask patients about possibility of pregnancy
 - Majority of staff felt that they had to modify their approach at asking if a patient was pregnant due to the potential embarrassment of the patient
 - Many staff felt that accuracy of the answers given by patients may be compromised by current practice
 - Staff would appreciate more guidance on how this question should be posed to patients

- Local actions include:
- Policy on Pre-Procedure Pregnancy Checking has been completed.

(5) *Re-Audit of the management of displaced supracondylar humeral fractures at the Sheffield Children's Hospital – CA1120-1*

- Findings include:
- Proforma poorly implemented after last audit (used in 41% of cases)
 - Comprehensive neurovascular examination documentation remains poor
 - Surgery occurs promptly and technique sound
 - Post-op neurovascular documentation poor (35% have no examination prior to discharge)

- Local actions include:
- Proforma now easily available in the Emergency Department
 - Education has occurred around the importance of documentation of neurovascular status post operatively
 - Proforma and documentation mentioned in Orthopaedic Trust Induction

(6) *POMH ADHD prescribing in children and adolescents topic 13b- CA1135*

- Findings include
- The need to improve recording of height, weight, risk of substance diversion and misuse, blood pressure (BP) and pulse

- Local actions include
- Require the documentation of height and weight percentile onto growth chart at every visit, along with the plotting of BP. Also added to the ADHD clinic letter template
 - Updated BP and pulse templates were circulated to Clinical Effectiveness and Audit Strategy group, Tier 3 S&P meeting and CAPCom meeting prior to roll out in the community
 - The requirement to the documentation of risk of substance diversion and misuse is now included in ADHD clinic letter

(7) An audit of time taken to compile and submit written reports following assessments conducted on Amber Lodge – CA1474

- Findings include:
- Improvement in management of written reports following assessments required
- Local actions include:
- Amber Lodge adopted the new policy of expecting written reports within two weeks of assessment. Introduction of this new target disseminated to whole team
 - Feedback from audit given by lead to all professionals. Discussion focused on results and how to overcome barriers to good practice

(8) Seclusion / restraint evaluation – CA1040

- Findings include:
- Lack of consistent information regarding the recording and management of information in relation to reducing restrictive practice in Becton
- Local actions include:
- Awareness amongst Becton staff was raised to increase completion of relevant data fields relating to restrictive practice in the incident reporting system
 - The IR1 was adapted and an IR1b created to facilitate robust data collection that was meaningful when presented at the Becton risk grading meetings
 - Training for new staff, clinical staff and governance staff was developed and delivered as part of the trust's mandatory training / recommended training system

(9) Evaluation of the new Sheffield Children's drug card - CA1067

- Findings include:
- Improvements needed in completion of the new drug card
- Local actions include:
- Staff reminded of prescribing standards through Medicines Management Group Newsletter
 - Further pilot carried out before full rollout
 - Additional medicines management training provided to all prescribing staff
 - Amendments made to the drug card to improve completion and prescribing

(10) A multi-disciplinary service evaluation of the transition pathways from paediatric to adult services for young people who attended Ryegate Children's Centre – SE848

- Findings include:
- Improvements needed in the resources available for running clinics, information given to patients/families and standardisation of transition pathways
- Local actions include:
- Use of standardised documentation introduced for all transitioning patients
 - Longer time slots appointed for follow up clinics allowing further time for discussion and completion of transition paperwork
 - Development of written pathway for all transitioning patients

(11) Double reporting for tuberculosis (TB) radiographs – CA1202

- Findings include:
- Not all chest X-rays of TB patients are being double reported by two consultant paediatric radiologists as per Trust guidelines.
- Local actions include:
- Separate reporting lists created for TB patients and general patients
 - Space added on PACS (the medical imaging system) for additional consultant input
 - Reports to be discussed in multi-disciplinary (MDT) where appropriate

(12) Metabolic patient survey re-audit 2017 - CA1053

- Findings include:
- Excellent level of satisfaction with service
- Local actions include:
- Issue identified around Metabolic appointment and ultrasound appointments being separate dates, especially when patients travel long distance. Discussion held with appointments team to ensure additional interventions scheduled for same visit

(13) Audit of use of The Paediatric Observation Priority Score (POPs) in ED – SE1129

- Findings include:
- The Trust has been successful in getting Emergency Department nursing staff to complete POPS at Triage.
- Local actions include:
- Reminders to all staff to complete POPS with observations - email reminder sent to all ED staff
 - POPS teaching at junior doctor induction - session on POPS to be timetabled
 - Use of standardised documentation introduced for all transitioning patients
 - Prompt stickers have been placed on all monitors
 - Electronic devices - business plan written for electronic device for triage room which will calculate score
 - POPS as part of educational conversation - senior staff encourage juniors to include POPS in discussions of patients

(14) Replacement of wrist labels with photo identification– CA1447

- Findings include
- The audit found there was a good level of compliance (96%) with the criteria but room for improvement. One patient found not to have a corresponding photograph in Kardex (actioned at time of audit)
- Local actions include
- All patients have photographic identification
 - All patients have written consent for photograph
 - Staff made aware of audit results at team meeting
 - Re-audit undertaken

Seven day services

The seven day services programme is designed to ensure patients that are admitted as an emergency, receive high quality consistent care, whatever day they enter hospital. Ten national clinical standards for seven day services in hospitals were developed in 2013. These define what seven day services should achieve, no matter when or where patients are admitted. Of these standards, four were identified as priorities on the basis of their potential to positively affect patient outcomes. These are:

- Standard 2 – Time to first consultant review
- Standard 5 – Access to diagnostic tests
- Standard 6 – Access to consultant-directed interventions
- Standard 8 – On-going review by consultant twice daily if high dependency patients, daily for others

All trusts to meet the four standards identified as being 'must do' by 2020. This will ensure patients:

- don't wait longer than 14 hours to initial consultant review
- get access to diagnostic tests with a 24-hour turnaround time - for urgent requests, this drops to 12 hours and for critical patients, one hour
- get access to specialist, consultant-directed interventions
- with high-dependency care needs receive twice-daily specialist consultant review, and those patients admitted to hospital in an emergency will experience daily consultant-directed ward rounds

The Trust has to submit biannual reports nationally against these standards. What is required varies on each submission with the last submission in September 2017, only required data associated with delivery against Standard 2 – Time to first consultant review. Current Trust performance against these four standards and future actions are as follows:

Standard 2 – Time to first consultant review

In the audit completed in September 2017, the Trust saw 76 per cent of patients within 14 hours (target 90 per cent). Since this time the Trust has implemented a revised rota for General Paediatrics over the winter of 2017/18. This has seen extended residence in terms of consultant cover both into the evenings (10pm) and over a weekend. In the next audit, the Trust expects to achieve the target.

Standard 5 – Access to diagnostic tests

This standard applies to ultrasound, CT, MRI, ECG, endoscopy and microbiology. The Trust complies with this standard in all but endoscopy. The clinical need for this in paediatrics is very small, a point recognised nationally. Over the coming months, as part of the Integrated Care Systems work, the Trust will look to explore some form of combined rota.

Standard 6 – Access to consultant-directed interventions

The interventions that this relates to are: Critical care, Interventional radiology, Interventional endoscopy, Emergency general surgery, Emergency renal replacement therapy, Urgent radiotherapy, Stroke thrombolysis, Percutaneous Coronary Intervention and Cardiac pacing. Of those that are relevant, the Trust currently does not meet the standards for interventional radiology or endoscopy. The reasons for this and the required action are for those detailed in Standard 5.

Standard 8 – Ongoing review by consultant twice daily if high dependency patients, daily for others

All patients with high dependency needs should be seen and reviewed by a consultant twice daily. Once a clear pathway of care has been established, patients should be reviewed by a consultant at

least once every twenty four hours, unless it has been determined that this would not affect the patient's care pathway. The Trust currently achieves this target.

Clinical research

Research is very much a part of the modern NHS. Participation in clinical research improves quality of care, medical treatments, patient experience and clinical outcomes. It also gives our patients access to a range of technological developments in healthcare, including a wide range of experimental drugs, devices and procedures that can enhance the quality and scope of the care packages we can offer.

January 2018 saw the 10th Anniversary of the Children's Clinical Research Facility (CCRF) at our Trust. When the facility opened in 2008 it was the first children's facility created specifically to deliver paediatric studies. To mark the milestone, we will be holding some events in 2018 and are particularly looking forward to being part of a Sheffield-wide event in May of this year to mark International Clinical Trials Day with a theme of the NHS at 70.

In terms of research metrics for the year, current data indicates that the number of patients and healthy volunteers that have consented to participate in our Trust's clinical research in 2017/18 is 922, with data for the final quarter of the financial year still to be finalised. So far this financial year 1698 patients have been invited to take part in research, indicating that over half of those invited to take part in research have agreed to do so. Whilst the figure of patients recruited to research is slightly lower than in previous years, it is thought that this is due to a change in the research portfolio, as we are now delivering more of the highly complex studies which require smaller numbers of participants. We are seeing similar trends in other Trusts. To date Sheffield Children's has the highest level of recruitment to children's studies in the Yorkshire & Humber region.

So far in this financial year 317 research projects have been active in the Trust, which represents a 10 per cent increase on the number of studies that ran during 2016/17. Similarly the Trust's commercial research portfolio continues to grow. Currently there are 32 active commercial studies (interventional and observational) open with a further nine in the pipeline. The growth in both the commercial and non-commercial research activity is due in part to the Trust having a good reputation in timely set up and delivery to research targets. We anticipate that this growth in our research portfolio will continue in the year ahead.

Some examples of the research and innovation activity that has run in the Trust during 2017/18 are:

Psychosocial outcomes and readiness to transition in adolescents and young adults with Juvenile Idiopathic Arthritis

The transition from paediatric to adult health services is not always well-managed and is often associated with the deterioration of health in patients with chronic illnesses. Our rheumatology team is working with Sheffield Teaching Hospitals NHS Foundation Trust to conduct a study examining whether patients' psychosocial outcomes influence how ready they feel to transition from paediatric to adult rheumatology services. Adolescents and young adults aged 10-25 years with a diagnosis of Juvenile Idiopathic Arthritis (JIA) are being invited to take part. To date, this study has recruited 36 adolescents aged 10-16 years and their parents/guardians at our hospital and 41 young adults aged 16-24 years at Sheffield Teaching Hospitals. The results from this study are forming the basis of a larger study that aims to prospectively examine the relationships between psychosocial outcomes and transition success at multiple UK centres.

Increasing research activity in the Emergency Department

For many patients their journey through Sheffield Children's Hospital starts in the Emergency Department (ED), which makes it a key area for clinical research to develop. Over the last year we have seen an increase in the number of studies running in our Emergency Department - seeing a 50 per cent increase in the number of active studies. With the appointment of two research nurses

dedicated to supporting research in the ED, we have seen patient participation in research increase from four recruits in 2016/17 to 66 so far this financial year. The positive impact our research nurses have had on the increased participation in research in this clinical area was recognised by the regional National Institute for Health Research Accident and Emergencies Research Speciality Group, which awarded our nurses the title of 'Research Nurse of the Year'.

The relationship between tinnitus, hyperacusis and anxiety in children aged 8-16 years

Tinnitus (sounds perceived in the head or ears) and hyperacusis (lowered tolerance of everyday sounds) are not uncommon in children, and it has been suggested that anxiety can be a factor. This study aims to look at the relationship between levels of anxiety (measured using the State-Trait Anxiety Inventory for Children) and the perceived severity of tinnitus in children, and to compare levels of anxiety in children with and without hyperacusis. This study has so far recruited 95 children with tinnitus attending Hearing Services at Sheffield Children's Hospital, 28 children reporting hyperacusis, and 39 controls with neither condition, and thus has nearly reached its target for recruitment. The study results will contribute to knowledge about children with tinnitus and hyperacusis, determine whether treatment for anxiety should be included in their management, and help direct further research in the area.

Technology and Innovation Transforming Child Health (TITCH) Network

2017/18 has been a busy year for the TITCH network. In autumn 2017 the TITCH Partnership completed the SBRI call 'Self-care and Independence for Children with Long Term Conditions', with five companies successfully being awarded £3.2 million collectively in phase 2 of the call. These companies will develop technology to support children with long term conditions in relation to remote monitoring and rehabilitation. TITCH is also working with NIHR Devices for Dignity (D4D) to support the development of child prosthetics in collaboration with multiple stakeholders including families and patients in the Starworks Network. Workshops have been held across the country in the last two months to bring together a range of stakeholders to discuss the development of appropriate prosthetic limbs for children to allow them to participate in a range of activities and to ensure the best limbs are developed for the NHS. TITCH has recently supported the South West Academic Health Science Network (AHSN) in bringing together the SBRI (Small Business Research Initiative) Healthcare call in mental health, supporting a category related to Child and Adolescent Mental Health at the selection and interview stage. TITCH has also worked with the Incontinence Management and Prevention through Engineering and Sciences (IMPRESS) network at the School of Mechanical Engineering at the University of Leeds to develop a book for children with incontinence available at http://impress-network.com/wp-content/uploads/2017/11/KidsToiletTalk_COMIC.pdf. TITCH is also collaborating with the Leeds City Region Partnership through the Translate Technology Partnership to support a workshop and funding call in Rare Diseases in Children.

The NIHR Children & Young Persons MedTech Co-operative

Our Director for Research & Innovation, Professor Paul Dimitri, led an application submitted to the National Institute for Health Research to fund a Paediatric MedTech & In Vitro Diagnostic Cooperative which was successful. Our Trust is now the host of the Cooperative which launched in January 2018. NIHR Children and Young People MedTech Co-operative (NIHR CYP MedTech) brings together seven NHS Trusts to develop devices and digital technology in seven disease areas in paediatrics, by fostering collaborations with academic and industry partners. Our Trust's theme will be respiratory and sleep. Our partners and their areas of research interest are as follows: Evelina London Children's Hospital will focus on ventilation in paediatrics; Newcastle's Great North Children's Hospital will support technological advances in paediatric oncology; Birmingham Children's Hospital will support rare disease; Alder Hey will focus on paediatric surgical technologies; Great Ormond Street Hospital will focus on epilepsy, movement and muscle disorders; and University Hospitals Birmingham will support technology development in transition as a cross-cutting theme. The NIHR grant has a value of £1.1 million and the research programme will run for a period of five years in the first instance.

Global Research at Sheffield Children's Hospital

In the last year Professors Ann Dalton and Paul Dimitri have worked collaboratively with a team in Bangladesh to support the development of Genomics and point-of-care testing for newborn screening in Congenital Hypothyroidism. Professor Ann Dalton is leading the genetics collaboration and is making excellent progress in establishing partnerships that have the potential to result in advances in genomics research. Professor Paul Dimitri is working with a team from Barisal Biomechanics UK and paediatric endocrinologists from Bangladesh to develop point-of-care testing for babies to identify those with congenital hypothyroidism. If successful, this has the potential to prevent up to 10,000 babies per year developing developmental delay and brain damage due to lack of thyroid hormone.

The number of patients receiving relevant health services provided or sub- contracted by Sheffield Children's NHS Foundation Trust in 2017/2018 that were recruited during that period to participate in research approved by a research ethics committee is 603 patients.

Use of the CQUIN (Commissioning for Quality and Innovation) framework

A proportion of the Trust's income in 2017/18 was conditional upon achieving quality improvement and innovation goals agreed between the 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 (CQUIN).

The amount of income in 2017/18 conditional upon achieving quality improvement and innovation goals was approximately £3.1m; this is an approximate amount as the calculation is based on final contract outturn. The amount conditional upon achieving the CQUINs in 2016/17 was £3m.

A more detailed commentary on our achievement against the commissioning for quality and innovation (CQUIN) quality indicators is given below:

Achievement of CQUIN goals

NHS Sheffield Clinical Commissioning Group and Associates CQUINs

	Title	Description	Forecast Outcome
CCG 1	Staff Wellbeing	Part a – Introduction of health and wellbeing initiatives covering physical activity, mental health and improved access to Physiotherapy for people with musculoskeletal (MSK) issues. Measured by increases in three areas of staff survey.	Not achieved (now a key workstream in health and wellbeing transformation plan)
		Part b – Healthy food for NHS staff, visitors and patients.	Fully achieved
		Part c – Improving uptake of flu vaccinations for frontline clinical staff.	Fully achieved
CCG 2	Sepsis	Timely identification and treatment of sepsis in ED and acute inpatient settings.	Fully achieved
CCG 3	Antimicrobial	Reduction in Antibiotic consumption per 1,000 bed days.	Not achieved (project continues with additional pharmacy resource)
CCG 5	Transitioning out of CAMHS	Improvement to the experience and outcomes for young people when they transition out of Children and Young People's Mental Health Services (CYPMHS) on the basis of their age.	Fully achieved

	Title	Description	Forecast Outcome
CCG 6	Advice and Guidance	Provision of non urgent consultant advice and guidance service to GPs via electronic platform.	Fully achieved
CCG 7	e-Referrals	Optimise NHS e-Referral system (ensure all new GP referable slots available, review directory of services, review polling ranges, reduce appointment slot issues).	Partially achieved
NHS England Commissioners CQUINS			
QIPP	Quality, Innovation, Productivity, and Prevention (QIPP)	QIPP is a national, regional and local level programme designed to support NHS organisations to improve the quality of care whilst making efficiency savings that can be reinvested into the NHS	Fully achieved
W&C 3	CAMHS Referral for patients with long term conditions (LTCs)	Continued roll out of mental health screening for cohorts of patients with long term conditions.	Fully achieved
MH	CAMHS Inpatient Transitions	Improvements in children and young people's experience, involvement and outcomes of transition/transfer from children's to adult's mental health services, social care settings and appropriate packages of care in the community.	Fully achieved
GE2	Patient Activation	Year 2 of roll out of Patient Activation Measure - patient experience measure to enable tailored interventions to improve ownership of own health plan. Continuation of Year 1 implementation.	Fully achieved
PH	Health Inequalities	School Aged Vaccinations and Immunisations - health inequalities health impact assessment	Fully achieved
GE4	Service Re-design Neurodisability	Review of the Neurodisability service - to result in change to pricing and commissioning - local service provision moved to local CCG commissioning. This is a redesign of service rather than purely financial transfer.	Fully achieved
WC4	Paediatric Networked Care	Review of delivery in PICUs and in referring district general hospitals (DGHs) against standards. Recommendations for change from 2018/19	Fully achieved
GE3	Hospital Medicine optimisation	To optimise the use and management of medicines through a series of modules that improve productivity and performance related to medicines.	Partially achieved
B14	Haemoglobinopathy Improving Pathways through Operational Delivery Networks	Continued roll out of the Haemoglobinopathy paediatric network including shared standards and audits	Fully achieved

Registration with the Care Quality Commission

Sheffield Children's NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is unconditional. The Care Quality Commission has not taken enforcement action against the Trust during 2017/18.

Sheffield Children's NHS Foundation Trust has not participated in special reviews or investigations by the Care Quality Commission during 2017/18.

Sheffield Children's Hospital was last subject to a routine inspection of its services in June 2016.

The Trust was judged 'good' overall in June 2016.

The judgement details can be found at

http://www.cqc.org.uk/sites/default/files/new_reports/AAA6507.pdf

The Trust received 'Requires Improvement' ratings for both the inpatient and community Child and Adolescent Mental Health Services and also for the safe domain on the acute site. The action plans to address these issues are almost complete, with full completion scheduled for April 2018.

The CQC has conducted extended engagement visits in October 2017 and January 2018 to review our progress around CAMHS services and transition.

During September 2017 the CQC received an anonymous referral regarding the way in which the intensive community services and Section 136 service was delivered. The Trust supplied extensive evidence and a full response to the CQC, who subsequently visited the service in October 2017. Following some recommendations related to the estate of the Section 136 suite, this matter was closed.

Information on the quality of data

A vast collection of data is created and used by the NHS. This includes information which helps hospitals and GPs to track patients and to make sure that all relevant information about them and their treatment, such as test results, is in the right place and can be found by the relevant staff. It is very important that the data is accurate and up to date, and hospital trusts are required to report on data collection and accuracy every year.

Sheffield Children's NHS Foundation Trust submitted records during 2017/18 (up to month eleven – February 2018) to the secondary uses service (SUS) for inclusion in the hospital episode statistics (HES) 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: 99.7 per cent correct for admitted patient care, 99.9 per cent for outpatient care and 99.6 per cent for accident and emergency care.
- The patient's valid general practitioner registration code was: 100 per cent correct for admitted patient care, 100 per cent for outpatient care and 100 per cent for accident and emergency care.

(The results should not be extrapolated further than the actual sample audited)

The Trust is committed to ensuring that it manages all the information it holds and processes in an efficient, effective and secure manner. This is achieved through the application of robust information governance policies and procedures, in accordance with legislation, and is supported by a range of training and awareness activities.

The Trust's information governance assessment report overall score for 2017/18 was 69 per cent. This was graded green (satisfactory).

The Trust achieved an attainment level of 3 in the Clinical Coding audit carried out as part of Information Governance Requirement 505. This is the highest possible score and is an improvement on the attainment level from previous years.

Improvements to the quality of data

Sheffield Children's NHS Foundation Trust will be taking the following actions to improve data quality:

- Implementing the recommendations of data quality-related audit reports
- Reconciling information from different systems to ensure data accuracy and completeness
- Continuing to improve clinical coding through improved clinical engagement and through the strengthening of the clinical coding team structure
- Investigation and rectification of data quality variances identified through national benchmarking tools
- Continue to provide a forum through a monthly data quality group in which data quality issues can be discussed and addressed
- Implement a data quality improvement plan (DQIP) agreed with commissioners through the contracting process at the start of the financial year

Information on the quality of data

The following section sets out the data published nationally and made available to the Trust. The indicators below represent those relevant for the services provided by this Trust.

Most of the indicators specified are not relevant to a children's specialist trust and following agreement with commissioners, are not submitted as a data return.

Learning from deaths

During 2017/18, 37 Sheffield Children's NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter:

Fig: Patient deaths 2017/18

Quarter	Number of deaths
Quarter 1	11
Quarter 2	9
Quarter 3	3
Quarter 4	14

By March 23rd 2018, 37 case record reviews and two investigations have been carried out in relation to the 37 deaths. The number of cases subject to a case record review and an investigation is:

Fig: Deaths subject to case record reviews / investigations 2017/18

Quarter	Number of case record review / investigation
Quarter 1	1
Quarter 2	0
Quarter 3	0
Quarter 4	1

The percentage of deaths that had a case record review and an investigation and the outcome was judged to be that the deaths were more likely than not due to a care problem is currently unknown. The death in Quarter 1 is subject to an ongoing inquest and the investigation into the death in Quarter 4 has not yet concluded.

The Trust has learnt from and responded to the events described above. Guidelines for the management of tachycardia have been reviewed and an early warning system to identify the deterioration of children and young people in the Emergency Department has taken place. A comprehensive training programme for staff has been undertaken, with an electronic reporting tool currently being piloted. The Trust also purchased additional battery packs for mobile ventilation systems used when transferring patients from one area to another.

There were no cases of death that underwent a case record review and investigation in the previous reporting period that suggest death was more likely than not to have been caused by problems in care. Although our mortality process has been improved for 2017/18 it should be noted that as a standalone children's trust, all patient deaths have for several years been subject to a full case review as part of Child Death Overview Panel procedures.

Figs: reporting against core indicators

Patients readmitted to a hospital within 28 days of being discharged. (i) 0 to 15

	<i>Trust</i>
financial year	%
2017/18*	8.1
2016/17	7.8
2015/16	7.4

Patients readmitted to a hospital within 28 days of being discharged. (ii) 15 or over

	<i>Trust</i>
financial year	%
2017/18*	7.4
2016/17	7.7
2015/16	7.2

C-difficile Infection per 100,000 bed days

financial year	Trust Rate	Average	National Maximum	Minimum
2017/18	4.9	Not available		
2016/17	13.8	13.2	82.7	0
2015/16	19.8	14.9	67.2	0
2014/15	14.4	15.0	62.6	0

The Trust considers that this data is as described for the following reasons:

The Trust has a very stringent approach to testing all symptomatic children aged two years old and over for C-difficile. We have monitored this closely over the year and completed root cause analysis investigations on all cases where toxins were isolated 48 hours post admission.

The Trust intends to take the following actions to improve this percentage, and so the quality of its services:

The Trust has strengthened the approach to infection prevention and control by introducing more comprehensive and stringent commode audits and ward cleanliness scores. We have already seen a rise in scores as cleaning schedules have improved and ward staff have become more aware of their responsibilities, particularly in relation to hand hygiene and commode cleaning. The next phase involves reviewing our antibiotic stewardship procedures. This work remains an ongoing priority for the Trust in 2018/19.

Patient safety incidents			
	2015/16	2016/17	2017/18
Total number of patient safety incidents	2,742	3,632	4234
Total number of patient safety incidents leading to severe harm or death	1	0	3
Percentage of patient safety incidents leading to severe harm or death	0.04	0.00	0.07
Rate of patient safety incidents per 1,000 bed days	68.03	83.90	85
Bed days	40,304	43,288	41,229

The Trust considers that this data is as described for the following reasons:

The Trust has a very low number of incidents that have resulted in severe harm or death. We believe that this is as a result of a positive patient safety culture within the Trust and a positive learning culture from previous incident outcomes that have resulted in an improvement in practice and processes.

The Trust intends to take the following actions to improve this percentage, and so the quality of its services:

To use technology such as an electronic early warning scoring system to identify children and young people at risk of deterioration.

Following the introduction of Datix incident management we will utilise the service level data that we now hold in real-time to share learning across the Trust.

Percentage of staff employed by the Trust who stated that if a friend or relative needed treatment they would be happy to recommend this organisation

2016		2017		Improvement / deterioration
Our Trust	National average	Our Trust	National average	
87%	68%	85%	69%	Deterioration

The Trust considers that this data is as described for the following reasons:

Sheffield Children's NHS Foundation Trust staff survey report is available on the NHS staff survey website. The data is selected from this official source.

Contributory factors to this fall of 2 per cent are considered to be an increased emphasis on raising standards across the Trust and also an ongoing dialogue with staff about the financial challenge faced by the NHS. In line with all NHS Trusts, Sheffield Children's is required to make difficult decisions around resources which may impact on staff perception of care delivery.

The Trust intends to take the following actions to improve this percentage, and so the quality of its services:

Sheffield Children's NHS Foundation Trust has taken the following action to improve this score, and so the quality of its services by:

- Refreshing the Trust strategy which will be underpinned by our organisational development plan. We aim to involve all of our staff in our 'Caring Together' programme to raise standards across the organisation.

- Relaunching the Trust values as part of the Caring Together programme. Feedback from staff at Open Sessions and patient feedback suggests that this is an area we need to focus on.

Serious incidents

- During the last financial year, 2017/18, the Trust reported a total of 19 Serious Incidents. This was an increase from 11 reported the previous year. Some incidents are known complications of treatment or involved external partners and as such were beyond the Trust's control. Each investigation was subject to a full root cause analysis to understand if the incident was avoidable and to release any learning that could be shared with the wider organisation.
- In addition to the investigation of individual Serious Incidents, the Trust also completed a deep dive review in 2017 to look back over the preceding financial year to identify and share any learning from contributory factors to Serious Incidents.
- Learning from Serious Incident reports are shared within the division initially and after discussion at the Executive Risk Management Committee, shared widely across the organisation. Key messages are also shared with divisions at the close of each meeting of the Quality Committee.
- The Board is regularly updated wherever urgent learning requires to be implemented.
- The Trust commits to produce a full report and root cause analysis at the earliest opportunity but acknowledges that occasionally this may be delayed particularly where other trusts are involved or there is a coroner's inquest pending. In circumstances where a coroner's inquest is pending, the Trust provides a report to the Clinical Commissioning Group, which is subsequently amended to reflect the conclusion of the inquest.
- Sheffield Clinical Commissioning Group monitors the timeliness of reports and meets monthly with the Trust to discuss individual cases. Due to capacity issues within the Legal and Governance team, the Trust has been challenged in delivering Serious Incident reports on time this year, reporting a performance of 41% reports delivered on time. Actions to address this have included broadening the number of investigators within the Trust by the provision of Root Cause Analysis training and working closely with the Quality Manager at the CCG.

The serious incidents for 2017/18 are detailed below:

Fig: Serious incidents

serious incident	outcome
<p>As part of on-going building works to the new hospital extension, work commenced on spraying fire retardant paint to steelwork attached to the Clarkson Street side of the existing hospital building. This work involved the use of Firetex FX1003, which when sprayed in a mist entered the main existing building in a number of locations. These were mainly staff only areas, including the Genetics Department and the Kitchens. The Cystic Fibrosis (CF) Unit was also affected. A large number of staff reported feeling sick and suffering from but not limited to headaches, loss of voice and dizziness. There was no reported patient harm, however the CF Unit does cater for respiratory compromised patients and there will be on-going monitoring.</p>	<p>The Trust has committed to undertaking a full risk assessment for all future projects prior to commencement of any works and all procedures have been reviewed. The completion of clinical risk analysis, evaluation and control during the introduction of new projects is now Trust protocol.</p>

serious incident	outcome
<p>A patient died of sepsis following a Bone Marrow Transplant. The departmental Morbidity and Mortality meeting raised concern about the clinical/infection management during the 24 hour period prior to the patient's death. Whilst it is unlikely that the death could have been prevented, it is possible that care could have been managed more effectively.</p>	<p>There has been a review of the protocols for recognising and treatment of sepsis for all levels of staff and especially when working with adolescents. A Trust-wide sepsis campaign was delivered to raise awareness. An electronic Paediatric Early Warning Score (PEWS) system has been introduced with emphasis on escalation.</p>
<p>A cystic fibrosis patient attended the Trust presenting with loose stools, vomiting bile and pain around scar tissue. The patient was reviewed, a treatment plan was implemented and the patient was discharged. The patient re-attended two days later tachycardic, vomiting, tolerating only small sips of fluid, pale and with poor urine output. The patient was transferred to PICU, where they decompensated before surgical intervention. Following clinical review, it is thought that there might have been a failure to recognise and treat sepsis.</p>	<p>The Trust delivered a programme of training and awareness raising activities for Sepsis Awareness Week and shared sepsis information materials on its intranet, via email and through printed materials. Training has been reviewed at both ward and clinical level and training materials have been improved.</p>
<p>A patient in status epilepticus was not maintaining their airway and intravenous (IV) access was difficult. IV phenytoin was administered into a peripheral cannula in her right hand. The cannula had extravasated and was left in situ for the Plastics Team to flush. The patient had a portocath in situ which was difficult to access and phenytoin was needed. The patient was seen quickly by the Plastics Registrar before transfer to the Paediatric Critical Care Unit (PCCU). The next day, the staff nurse who cared for the patient identified that the child's hand had blistered and was swollen. The thumb was noted to have become very dusky in colour and cool.</p>	<p>Incident downgraded as it was no longer considered to be a Serious Incident as it was identified following investigation of previous extravasation events that the patient has multiple sensitivities which contributed to events. The patient is now undergoing patch testing under the Allergy team. The electronic document system (EDMS) shows several flags and warnings for multiple sensitivities.</p>
<p>An inpatient at the Becton Centre – the Child and Adolescent Mental Health Unit - was found in their bedroom where they had tied a ligature and were hanging from the shower room door. Staff released the ligature and commenced oxygen and resuscitation (CPR). An ambulance was called and attended the site, taking over physical care.</p>	<p>The review showed that staff were to be commended for their actions at the scene. There has been a full review of protocol for rare events and all staff have undertaken refresher training in the use of ligature cutters. Debrief procedures for staff and patients have been assessed and guidelines produced.</p>
<p>A patient was admitted onto the High Dependency Unit (HDU) with diagnosed left side pneumothorax and surgical empyema via Embrace transfer with chest drain in situ. The chest drain was changed from transport chest drain to hospital (rocket) drain. Water was placed in the chest drain to fill the line, however, no underwater seal was created as no tubing was used to go into water. The tubing from the patient was attached to the chest drain vent. The chest drain was not effective. The patient deteriorated, requiring transfer to the Paediatric Intensive Care Unit (PICU) and intubation.</p>	<p>Chest drain training programme has been developed and delivered. The safe transfer of patients with chest drains guideline has been revisited. Standard Operating Procedures based on National Guidelines are now displayed on both units.</p>

serious incident	outcome
<p>Three double sided pages of ward handover information, including names, ages, conditions and care plan actions were found by a member of the public outside the Trust. This information related to 74 children.</p>	<p>A full review of all staff Information Governance (IG) training and compliance has been undertaken. Training coverage reports are monitored at IG Committee. Awareness has been raised for all clinical staff and the Deanery were informed. An electronic handover sheet is under development.</p>
<p>Failure to connect intravenous line for post chemotherapy hydration for a patient resulted in an acute kidney injury and delayed surgery.</p>	<p>A formal learning event has taken place for all ward staff. IV guidelines have been developed for ward and documentation (fluid balance) charts revisited and adapted.</p>
<p>A patient was undergoing an upper gastrointestinal series and colonoscopy in Theatres. The gastroscope used on the patient had also been used on the previous patient in the same theatre. An infection screen was completed and is negative.</p>	<p>A Standard Operating Procedure (SOP) has been developed for the change in process required when scopes are sent to an external Trust for cleaning and a system of clear task allocation has been introduced at the beginning of each shift.</p>
<p>A patient was reviewed in Medical Daycare following an admission for jaundice, to assess progression and repeat blood tests. Results were reviewed, but clinical staff failed to recognise that jaundice was worsening. Further follow up was not undertaken as planned and no follow up was arranged. Patient presented twelve days later with Liver Failure.</p>	<p>Clinical induction materials have been reviewed and enhanced to improve the recording of clinical discussions and actions. A guideline on Interpretation of Liver Function has been developed and education has taken place to improve the use of a Situation, Background, Assessment, Recommendation (SBAR) tool.</p>
<p>An inpatient was handed over from the night staff, but documentation failed to note the patient was having desaturations. The patient continued to deteriorate during the day, but a medical review was not requested. Failure of staff nurse to escalate concerns in relation to the deterioration of a patient in their care, despite there being clear escalation processes and guidance.</p>	<p>A learning event has been taken place for all ward staff which included the use of an (SBAR) tool, early detection and intervention of the deteriorating child, Situational Awareness For Everyone SAFE principles and 'Safety Huddle'. Implementation of electronic paediatric warning scores (EPEWS) on ward.</p>
<p>A patient with MCAD (Medium-chain acyl-CoA dehydrogenase deficiency) was admitted for an elective shunt insertion. Fluid plan in place. At the start of the night shift the Glasgow Coma Score was recorded as 11, a drop from 15. Fluid balance documentation was inaccurate or not completed and did not reflect nursing notes entries. Patient deteriorated overnight and went into fat wasting, resulting in a crash call.</p>	<p>Metabolic Medicine team to provide education and training to the ward to develop knowledge of patients with Metabolic disorders. To include a review of referral systems and processes.</p>

serious incident	outcome
<p>A prolonged period of postal disruption, spanning more than two weeks prior to Christmas, had a direct impact on the number of Newborn Blood Spot Screening samples being received into the Trust from multiple provider units via a pre-paid Royal Mail envelope. This delay led to a request for repeat samples of an invasive procedure and possible significant clinical consequences due to the delay in treatment for patients.</p>	<p>The department has introduced the use of specialist envelopes and a plan has been agreed to use an alternative to Royal Mail at times of known disruption. An escalation policy for delay in postal delivery has been developed and external maternity units have been alerted to escalation processes when there is an increase in the number of babies flagging up on Failsafe.</p>
<p>Following a medical review, a decision was made to transfer a patient from the High Dependency Unit (HDU) to Ward M2. A care plan was in place and indicated that the patient was to continue on 30 litres high flow oxygen on M2 via Airvo system. The patient was placed on 10 litres of oxygen for transfer. On arrival on the ward the patient was, at their request, sat on the nurse's knee while the cubicle was organised. Patient was stable. During this time it was identified that the Airvo machine was not switched on. The machine was switched on. The patient collapsed.</p>	<p>Transfer policy to be reviewed and will include the standards of handover for nursing staff and include an equipment handover checklist. The Trust has invested in further Hi Flow Oxygen equipment to ensure that all oxygen equipment is available for all transfers.</p>

The following investigation reports are included in the Quality Report but have yet to be approved by the Trust's Executive Risk Management Committee:

Fig: Serious incidents awaiting approval

incident	outcome
<p>A patient was seen and investigations were organised and completed. A review appointment was arranged. Due to the patient becoming unwell, the family cancelled the appointment and then the clinician went on annual leave. The next appointment allocated was several months later. At the clinic appointment it was identified that the patient had reduced left kidney function and surgical intervention was required.</p>	<p>Investigation in progress</p>
<p>Non-compliance with NICE Interventional Procedure Guidance 196 – patient safety and reduction of risk of Creutzfeldt-Jakob Disease (CJD) via interventional procedures.</p>	<p>Investigation in progress</p>

A patient underwent a Bowel Laparotomy for a Small Bowel Perforation. This was within 24 hours of attempted endoscopic removal of Trichobezoar (a mass formed from the ingestion of hair). Laparotomy surgery undertaken and patient transferred to PICU. Investigation in progress

A patient was discharged by the STAR team having been seen as an outpatient. Nine days later, it was reported to the STAR team by the Adult Mental Health Liaison Team that the patient had been found at home having made a suicide attempt. Investigation in progress

A cast had been applied to a patient post-operatively in theatre. The edges of the cast were later trimmed whilst the patient was an inpatient on Ward S3, following surgery. On discharge the operating surgeon requested an 8 week follow up appointment. 8 weeks later the cast was removed in outpatients clinic (plaster room) and a Grade 4 pressure area was discovered on right knee of a patient when the cast was removed. Investigation in progress

Once signed off by an Executive Director, reports relating to Serious Untoward Incidents are shared with the relevant Associate and Clinical Director, or equivalent, in addition to being presented at the Executive Risk Management Committee.

Following the Executive Risk Management Committee, and in order to facilitate organisational learning, the reports are discussed at each Divisional Board meeting with any recommendations being monitored through the Executive Risk Management Committee.

All potential Serious Untoward Incidents are subject to a root cause analysis and the result shared with the Risk and Audit Committee. The Risk and Audit Committee is one of three sub-committees of the Trust Board.

Patient experience surveys

The Trust undertook 103 registered patient experience and engagement audits during 2017/18, all of which align with Regulation 9 of the CQC fundamental standards, 'Care and treatment must be appropriate and meet people's needs and preferences'.

59 per cent of the audits are active and 41 per cent of audits are in the change management phase.

As a result of the audits a number of developments have been made:

- We have changed the length of appointment times for young people who are undergoing transition and are using our hearing and speech service.
- All parents who are attending Learning Disability and Mental Health (LDMH) appointments will have access to the LDMH training and support sessions and be provided with written information at every appointment.
- We have reviewed and revised the temperature guideline for those patients who are being transferred by Embrace (our intensive care transport service) to ensure that patients maintain an optimum temperature range during transfer.

- We have improved our links with those organisations who provide access to sports activities for patients who attend our Ryegate Centre.
- We have hosted an annual event to promote sport and its benefits to young people.
- The pain service team have presented their audit results on pre service attendance to a parliamentary reception.
- We have developed and improved our patient information and advice leaflets for patients with atopic eczema, to help families to recognise flares in their condition.
- Transition patients now have a named key worker and a clear transition plan in place ensuring clarity on the process
- A poster has been produced to explain to parents on the neonatal surgical ward that they can be present on ward rounds to hear about planned care and engage with their child's team
- The information given to parents post tonsillectomy related to vomiting has been improved.
- Postoperative analgesia for post tonsillectomy patients has been improved through staff education.

The undertaking of audit and service evaluation continues to be a key priority for the Trust allowing us to learn from our children, young people, their families and carers. As a central part of the Care Experience Mission Statement is to 'listen involve and inform' we will continue to encourage services to propose new audits, in conjunction with the audit and effectiveness team. We will also promote the sharing of results with others, the learning and application of the findings and most importantly, the gathering of feedback from our service users.

Friends and Family Test data

During 2017/18 the Trust has continued to work to improve the Friends and Family Test (FFT) response rates, the number of people who would recommend the Trust to their friends and family, and our responsiveness to the feedback this provides. Our work has included:

- A scoping exercise to understand how feedback is currently collected across the Trust, barriers to collection and how the feedback is shared amongst our teams.
- Development of an information card that has been handed out to all families attending the outpatients department. This explains to families following an outpatient appointment how to access the FFT online. Our response rate following outpatient appointments has been very poor and this initiative was aimed at improving the number of families accessing the survey. Unfortunately to date this has not had the impact that we hoped for.
- Similarly, community staff have provided a sticker on their first contact information packs for families, actively requesting feedback.
- Our volunteers have asked families who are waiting for outpatient appointments for feedback using Kindles.
- We have tried to encourage families to leave feedback by using our 'you said, we did' boards on the wards. We felt that if families could see that their feedback was making changes they would see the benefit of completing our FFT surveys.
- In addition to providing a card based system to make feedback easier for families, we have introduced 'FFT Friday' across the Trust. This initiative which encourages all staff to actively seek feedback on a Friday, is gaining momentum, with wards handing out cards and noting their feedback prior to sending on to the central collecting point. This ownership of the feedback has allowed teams to make real time action plans and display the outcomes on their

wards and departments promptly. Work will continue with both the information and communications departments to further develop this work and it is a priority for 2018/19.

The actions the Trust has taken have been carefully planned and monitored for a defined period of time to allow us to evaluate which intervention has had the greatest impact. The information cards used in outpatients displaying how to leave your FFT feedback have had limited impact, with a very small increase noted. However our clinicians wish to continue to distribute them to families for a while longer.

As a Trust we find the comments that families leave on their FFT surveys really helpful. Over the last six months the percentage of families leaving a comment when they have completed their FFT has shown a steady rise, with a 7 per cent increase in positive comments.

Although we experienced a dip in FFT response rates during December due to a technical issue, we are proud to report that our response rate is consistent with, or higher than the England average.

Our work around FFT has previously focused upon the processes related to receiving data into our central systems. We are now able to move forward with inpatient, outpatient, Emergency Department and community data and focus upon what this is telling us, how that triangulates with incident and staffing data and what we need to change to bring about real improvement in patient care. This is completed by the Care Experience Board with representation from all areas of the Trust.

Complaints

During the financial year 2017/2018, a total of 158 formal complaints were received by the Trust. The rate of complaints has remained consistent with other years.

Fig: complaints by 10,000 Episodes

Year	Episodes of care	Complaints	Number of complaints per 10,000 episodes
2015/16	451,738	147	3.25
2016/17	439,977	154	3.50
2017/18	420,475	158	3.75

'Episodes of Care' includes activity across all points of delivery. All divisions and specialities. This is taken from the annual report

Further analysis shows the following are the main services receiving complaints.

Fig: complaints by division or service 2017/18

Division	Number of complaints
Medicine	61
Surgery and Critical Care	41
CWAMH	35
General Services	14 (in future these will be logged under MEDicine)
Pharmacy Diagnostics and Genetics	3
Research	1
Non Clinical Services	1
Corporate services	1
Support Services	1
Total	158

Reason for the complaint

Complaints are coded according to national coding descriptions. One complaint may cover several subject areas, which are each reported individually, and therefore the total figure is likely to be significantly higher than the number of formal complaints received.

Fig: Complaints by reason

Type of Complaint	Number
Clinical treatment	43
Access to treatment and drugs	10
Admissions, discharges, or transfers	1
Appointments	16
Commissioning Services	0
Communications	27
Consent	3
End of life care	0
Facilities services	2
Integrated care	0
Patient Care	9
Prescribing errors	2
Privacy, dignity and wellbeing	1
Restraint	1
Staffing numbers	0
Transport	1
Trust Policies and Procedures	8
Values and behaviour	31
Waiting times	3
Other	0

The 'clinical treatment' category is a wide one set by the NHS complaints coding system. The main issues that we find in this relate to dissatisfaction with the diagnosis or treatment outcomes.

The Trust endeavours to acknowledge receipt of the complaint within three working days and provide the final response within 25 working days. To date, the Trust acknowledged 96 per cent of complaints within three working days and responded to 77 per cent of complaints within 25 working days. Responses to complaints in 25 days is up to the end of quarter 3.

To date, of the total number of complaints received, 28 per cent were upheld, 45 per cent were partially upheld and 27 per cent were not upheld.

Learning from complaints

Although it is always disappointing when services fall below the expectations of a patient or family, complaints give the Trust an opportunity to identify further opportunities for service improvement. Wherever possible lessons are learned from complaints, and appropriate measures put in to place to prevent any recurrence of the problem or error.

Fig: Examples of action taken following complaint

complaint	action
Regular delays to start of particular outpatient clinic	Clinic start time altered to allow more time for Consultant to travel to clinic from surgical meeting and prevent delays
Appointment/information leaflet for particular sleep study did not make the necessary length of admission clear	Information for families reviewed and altered to improve clarity
Delay in providing mental health advocacy to a young person upon admission	Change of process for requesting and contacting mental health advocacy services
Patient received small cut to genitals during hernia operation	Changes made to draping technique used in inguinal hernia surgery
Appointment letters giving confusing or incorrect location information	Review of all available letter templates, with removal of outdated/obsolete templates
Repeated unwelcome automated appointment reminder calls	Process altered to allow easier 'opt-out' of automated reminders for families

Referrals to the Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) was set up by Parliament to help those patients and their families who believe that there has been injustice or hardship because an organisation has failed to act properly or fairly, or has given a poor service and not put things right.

During 2017/18, one complainant referred their complaint regarding Sheffield Children's NHS Foundation Trust to the Parliamentary and Health Services Ombudsman (PHSO).

Fig: Complaints referred to the ombudsman

division	referral made	summary of complaint	PHSO decision
CWAMHS	November 2017	Rejection of CAMHS referral for initial MAST input	Awaiting decision

Duty of candour

'Duty of candour' arises where harm has occurred to children and young people whilst they are receiving care and treatment within our services. The statutory Duty of Candour is outlined in Regulation 20 of the Health and Social Care Act 2008. The Act:

- Requires the Trust to act in an open and honest way in relation to care and treatment provided
- Involves a representative informing and supporting patients and relatives, as soon as reasonably practicable, after becoming aware of a notifiable patient safety incident.
- Requires that we say that we are sorry for the event that caused the harm, explaining to patients and their families how the incident occurred and what now needs to be done,
- Requires that the above actions occur both in person and in writing. If the family cannot be contacted the Trust needs to keep a record of attempts made to do so.
- Requires that the Trust keeps patients and their families regularly updated if the investigation is ongoing.

The Trust has in place an approved policy that sets out the process for being open and transparent with patients and parents following any incident (Policy for Communicating with Patients / Parents following an Incident, Complaint or Claim (CP 549). This policy was amended during 2016/17 as a result of an internal audit of our Duty of Candour procedures. The audit was undertaken to ensure that we were fulfilling our responsibilities properly. The policy now reflects the need to document the explanation of the event, the plan for further actions and the apology at the time of the incident, in addition to ongoing and further communication with families as the investigative process progresses.

Staff training in incident reporting has been refreshed with the introduction of Datix.

Our compliance with this legislation is monitored through our Integrated Governance report which is presented bi-monthly to our Board and our Quality Committee.

Part 3 Other information

The Trust set a number of quality indicators to be monitored during 2017/18. Our performance against those quality indicators is set out below. Where changes are proposed, the old indicators will continue to be monitored and any deterioration will be highlighted in future reports.

Patient safety indicators for 2017/18

Sign up to Safety

'Sign up to Safety' is a national patient safety campaign launched in 2014 with the aim of making the NHS the safest healthcare system in the world. You can read more about this at:

<https://www.england.nhs.uk/signuptosafety/>

A huge number of NHS organisations have already pledged their safety priorities on the Sign Up To Safety website and Sheffield Children's NHS Foundation Trust joined them on 22 February 2016.

Our pledges outline the Trust commitment to continually improve our patient safety record by supporting staff to build upon previous achievements. We have selected this year's priorities by reviewing our patient safety incident data, our nursing quality dashboard and as part of the refresh of our strategy 'Caring Together'.

Our Sign Up To Safety improvement plan is outlined below:

Sign-up to Safety pledges 2018/19

Pledge	how will we know when we have achieved this ?
<i>Put safety first</i>	
We will apply our access policy with consistency	This will be evidenced through our 18 week performance monitoring
We will continue to develop 7 day services	We will report compliance against the 4 priority standards
We will review and strengthen our work to reduce the number of pressure ulcers	We will note a reduction in the number of pressure ulcers and moisture lesions across the Trust. These are reported monthly in the nursing quality dashboard
We will introduce an Electronic PEWS system	We will audit the data in relation to escalation and response to electronic notification of deteriorating scores being sent direct to medical staff

Pledge	how will we know when we have achieved this ?
Continually learn	
Our Care Experience Board will report on the themes from patient feedback.	We will produce reports of key themes that we can share across the Trust
We will share feedback data and develop and monitor action plans	Action plans will be in place and we will report improvements made in our Care Experience newsletter
We will set up a Ward Accreditation system to objectively understand quality. Our 'good' wards will help other wards to improve	The system will measure how well a ward is doing using a series of indicators. It will enable us to objectively describe how well a ward is doing
Honesty	
We will trial and embed a new integrated performance dashboard	The dashboard will be in place at divisional performance reviews. This will enable us to consider patient safety alongside our performance and financial information
We will develop and implement an app for recording hand hygiene audits	The app will be in use on the wards, lodges and departments and hand hygiene scores will be stored electronically
Collaboration	
We will strengthen relationships to undertake benchmarking and national safety projects	We will be able to compare our patient safety data, across some specific themes with similar organisations. This will be reported in our Integrated Governance Report
Support	
We will develop and progress our organisational development strategy	We will be able to report upon our staff engagement activities and our staff will be able to describe our refreshed 'Caring Together' strategy
We will provide staff with training to improve care	We will hold a series of training events to enable staff to undertake their role

Sign Up to Safety achievements in 2017/18

Pledge	progress made
We will continue our S.A.F.E work and embed this process on the surgical wards. We will also develop a system for recording the huddle conversations.	Regular PEWS audits are now fully embedded across wards S1, S2 and S3 and results are regularly above 90% Huddles and safety crosses are taking place across both medicine and surgery. A daily huddle with executive presence also occurs to review the whole hospital position each afternoon
We will improve hand hygiene compliance and the rigour of ward cleanliness auditing	We held a hand hygiene and cleanliness awareness week in May 2017. Despite continued work, cleanliness scores have not shown the level of improvement required. Heads of Nursing have now committed to trajectories for improvement on these scores. A hand held bedside auditing tool will be rolled out during Q1 2018/19

Pledge	progress made
We will develop and improve our approach to the prevention of pressure ulcers and the promotion of skin integrity	Work has continued to reduce pressure ulcer incidence. There were 10 low grade pressure areas in 2016/17, the majority related to long term immobile children on surgical and PCCU areas, some related to devices to support breathing. Current work includes review of the policy, development of a screening tool consistent with eDMS and staff training programme underway. Pressure ulcer and moisture lesion data is reviewed monthly at both Trust Board and divisional level
We will develop and implement an early warning scoring system for use in the Emergency Department (ED)	Tool integrated into ED documentation in April 2017 for all children and young people who are 'unwell' or have a head injury. Teaching package and competency assessment is mandatory for all staff working in the department. Regular audits set up
We will roll out an electronic PEWS system across all acute site wards	This software is being piloted on Ward S2 and is ready for roll out over the next three months
We will embed the sepsis flowchart across the acute site	<p>CQUIN achieved for quarter 1, 2, 3. Children meeting the criteria of possible serious infection are screened as per guideline</p> <p>Children meeting the criteria for severe sepsis / septic shock receive IV/IO Antibiotics within one hour of being seen</p> <p>Antibiotic management reviewed within three days of admission</p> <p>There were two serious incidents related to inpatients where sepsis was not detected as promptly as possible. These events led to the sepsis awareness campaign during August</p> <p>Sepsis has also been incorporated into mock arrest scenario training</p>
We will improve the awareness of patient safety issues at the frontline of patient care	<p>We focused the delivery of learning and sharing information with frontline staff in a series of clinically-based activities. These included a Nurses Day celebration where the nursing and Associated Health Professional (AHP) strategy and action plan was launched. This piece of work encompassed the quality and patient safety priorities for 2017/18, and how nursing contributes to that. Further work is ongoing with the AHP community.</p> <p>In May 2017, awareness of infection control and ward cleanliness was raised by static and mobile ward stands involving all staff</p> <p>A very successful sepsis awareness week coincided with junior doctor induction in August; again a daily sepsis awareness tour of all clinical areas was complemented by a comprehensive training programme for all clinical staff,</p>

Pledge	progress made
<p>We will link our electronic roster system to our patient acuity and dependency system to ensure that safe staffing levels exist across the organisation</p>	<p>mock sepsis simulations and an intranet page for ongoing learning</p> <p>The programme of events continued with the launch of the Care Experience Mission Statement and action plan in September.</p> <p>Transition awareness events took place from September 2017.</p> <p>The winter has focused upon flu awareness and training for the launch of the Datix incident management system.</p> <p>The rollout of the Allocate eRoster software was successfully completed across the Trust, reflected within a very positive internal audit report</p> <p>Safe Care is a live, real time acuity tool that is currently being rolled out across acute site areas. This data is refreshed four times a day and will enable bed managers and nurse leaders to see at glance areas of greatest acuity across the Trust, enabling resources to be diverted to area of greatest need. The resource also enables leaders to assess demand for nursing hours against current provision, offering a useful contribution to nursing establishments</p>
<p>We will continue progress made towards trust-wide compliance with DH 2014 'Positive and Safe' guidance on reducing restrictive practice</p>	<p>There is a monthly reducing restrictive practice operational group and a steering group for oversight. A quarterly report goes to Quality Committee</p>
<p>We will ensure that all nursing and medical staff are competent in the management of nasogastric tube insertion, checking and use</p>	<p>A nasogastric (NG) tube working group is in place. A service evaluation and notes audit was undertaken to review training need, knowledge and documentation compliance</p> <p>A bundle of NG competencies are now in use throughout the Trust</p> <p>All educators have been updated in a formal teaching session, to ensure standardised practice. Training is being cascaded to all staff with local training records held. Nasogastric theory is now included on the band 5 Trust induction weeks. Band 2 and 3 staff also receive training at ward level or during their Calderdale Framework study days.</p>

Clinical effectiveness

Performance against 2017/18 clinical effectiveness indicators

Pledge	progress Made
We will match ward nurse staffing levels to areas where this is most clinically required	Safe Care is a real time acuity tool for calculating the number of nurses we need on each shift. We have almost completed the roll out of this across the Children's Hospital site. This data is refreshed four times a day and will enable bed managers and nurse leaders to see at glance areas of greatest nursing need across the Trust. The resource also enables leaders to assess demand for nursing hours against current provision, offering a useful contribution to nursing establishments.
We will reduce Length Of Stay for our long term and complex needs patients	We have a full time continuing care nurse in post, who leads the discharge pathway and unblocks issues that are preventing discharge. Some issues remain due to social needs.
We will develop a dashboard to monitor efficiency across our mental health services	This dashboard is ready in draft and awaiting executive sign off. We aim to start using this in the new financial year.

Proposed new clinical effectiveness indicators 2018/19

Indicator	rationale
Development of our Organisational Development and Workforce strategies	We have refreshed our strategy 'Caring Together' and know that in order to provide a high quality service we need to invest in our staff. These two strategies will enable us to prepare for the future to make sure we have a sustainable workforce that feels valued, engaged and involved with delivering the priorities we have identified.
Modernising Outpatients project	We are aware that we could manage our outpatients service more efficiently. We want to ensure that we deliver outpatient care in a way that is easy for patients to access and responsive to what they need.
Well Prepared surgery programme	We have scoped out how we currently prepare patients and their families for elective surgery and are aware that we could do things better between the decision that surgery is required and when this takes place. We need to update our processes so that they offer families a really efficient experience of our care.

Patient experience

Progress against our 2017/18 patient experience indicators

Indicator	progress made
<p>Ensure that the Trust achieves the Accessible Information Standard.</p>	<p>By law (section 250 of the Health and Social Care Act 2012), all organisations that provide NHS care must follow the Standard in full from 31st July 2016 onwards. The law requires that we ask patients and their families how they wish us to make contact with them, that we record this information in a set way and that we provide our information in a variety of formats to meet people's needs.</p> <p>Our Communications Team has taken the following actions:</p> <ul style="list-style-type: none"> • We write documents in plain English • We advocate for minimum text sizes in print documents • We do not use colour backgrounds that we know make our documents more difficult to read • We use designs that support ease of reading • We support our families by producing specific materials, such as our Makaton theatres video <p>The website is also a hugely important way to improve accessibility as:</p> <ul style="list-style-type: none"> • Information on the website can be accessed using read aloud software • We provide accessibility tools on our website including options to increase the text size and alter colour display and contrast • We use other accessibility aids on the website including clean structural code for menu systems, have a hierarchical site map, our search is compatible with assistive technology, we have a breadcrumb trail, we use auto titles and tagging and we display a prominent contact link • Overall the coding conventions correspond with the World Wide Web Consortium (W3C) Web Accessibility Initiative (WAI) Web Content Accessibility Guidelines • We are looking to invest in further team membership to facilitate work around patient information leaflets further.
<p>Involve children and young people in the development of the 2018/19 Annual Report. Seek their involvement in the monitoring of and holding to account, of progress against quality work plans</p>	<p>A preliminary meeting was held with members of Young Healthwatch in January 2018.</p> <p>At the time of the report we are awaiting feedback from the group as to the level of engagement that they would like to have.</p>

Modernise and streamline the complaints process

During 2017/18 the complaints manager and the PALS lead (Patient Advice and Liaison Service) have worked closely together to develop a more streamlined response to families who transfer between the two services. This has resulted in a stabilisation of the number of formal complaints over the last six months as more patient and family concerns are addressed at an earlier stage.

This process has been improved by our new incident management system Datix. This software enables PALS and complaints data to be held within one area of the system, enabling the two services to access and share data, providing a more responsive service to families.

Proposed new patient experience indicators 2017/18

indicator	Rationale
Our Friends and Family Test data will be collected at one central point in the Trust. This will reduce the multiple routes that have existed historically, enabling one 'story' of how patients and families experience our services, which is timely and well managed.	<p>Historically FFT data has come into the Trust from a multiple of entry points, web based, from patient entertainment systems and from a variety of paper based systems that have been locally developed. Submission dates have not been synchronised meaning that the Trust has not been able to tell one story of how it feels to experience our care at a point in time. This has made it very difficult to triangulate the data with other information that we hold, such as numbers of incidents or safe staffing levels.</p> <p>We have worked hard over the last year to understand the systems that we do have in place. This is the final piece of that work to ensure that our services are responsive to patient feedback.</p>
We will establish and embed our Care Experience Board.	<p>We need a team in place to review all of our patient experience data, using all sources of patient feedback, from all areas of the Trust. This will provide the Trust with a rounded impression of what it feels like at a moment in time, to receive care and treatment from our services.</p> <p>We will be able to monitor how quickly we are improving services and take prompt action on those issues that are not responsive to the needs of children, young people and their families.</p> <p>We will do this by monitoring local action plans.</p>
We will develop our Care Experience webpage	<p>A final part of our Care Experience Strategy is to develop a webpage for children, young people, families and staff. This will share information including tools and resources to enable everyone to participate in this really important part of our work.</p>

National Staff Attitude Survey

Summary of our performance

Our response rate

2016		2017		improvement / deterioration
Our Trust	National average	Our Trust	National average	
39%	39%	48%	43%	Improvement

Our top five ranking scores⁶

- Percentage of staff experiencing physical violence from staff in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
Our Trust	national average	our Trust	national average	
1%	2%	1%	2%	no change

- Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
9%	13%	11%	14%	deterioration

- Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
21%	23%	20%	24%	improvement

- Percentage of staff experiencing discrimination at work in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
6%	10%	8%	10%	deterioration

⁶ These scores are the five key findings from the staff attitude survey where Sheffield Children's NHS Foundation Trust compares most favourably with other combined acute and community Trusts

- Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
17%	26%	22%	27%	deterioration

Bottom five ranking scores⁷

- Staff satisfaction with the quality of work and patient care they are able to deliver (the higher the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
3.76	3.92	3.73	3.90	deterioration

- Staff motivation at work (the higher the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
3.86	3.94	3.83	3.91	deterioration

- Percentage of staff feeling unwell due to work related stress in the last 12 months (the lower the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
38%	36%	44%	38%	deterioration

- Support from immediate managers (the higher the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
3.75	3.74	3.69	3.76	deterioration

- Percentage of staff reporting good communication between senior management and staff (the higher the score the better)

2016		2017		improvement / deterioration
our Trust	national average	our Trust	national average	
29%	32%	28%	33%	deterioration

⁷ These scores are the five key findings from the staff attitude survey where Sheffield Children's NHS Foundation Trust compares least favourably with other combined acute and community trusts in England

There are 32 key findings from the 2017 national Staff Survey that are directly comparable with the 2016 survey.

Of these, one indicator for the Trust has shown improvement, 27 have remained the same and four have deteriorated.

The overall staff engagement score has decreased slightly from 3.87 to 3.82. This is average for combined acute and community Trusts. Staff recommending the Trust as a place to work or receive treatment has deteriorated slightly from 3.97 to 3.91, although this remains above the national average of 3.75.

Future priorities and targets

One of our key priorities is to ensure that we build on the increase in the number of staff reporting that they have an appraisal, as this is seen as a key driver for improving staff engagement. We will also look to improve the number of staff who report that they feel motivated at work and improve the communication between senior management and staff.

Performance against key performance targets

Fig: Performance against key indicators and thresholds

performance indicator	target or threshold	2016/17 Trust performance	2017/18 Q4	2017/18
maximum time of 18 weeks from point of referral to treatment for admitted patients	90%	74.96%	77.30%	80.43%
maximum time of 18 weeks from point of referral to treatment for non-admitted patients	95%	92.49%	91.70%	90.93%
maximum time of 18 weeks from point of referral to treatment for patients on an incomplete pathway	92%	93.62%	93.16%	93.20%
A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge	95%	97.17%	96.82%	97.23%
all cancers: 62 day wait for first treatment from:				
urgent GP referral for suspected cancer	85%	N/A	N/A	N/A
NHS cancer screening service referral	90%	N/A	N/A	N/A
all cancers: 31-day wait for second or subsequent treatment, comprising:				
surgery	94%	100%	100%	100%
anti-cancer drug treatments	98%	100%	100%	100%
radiotherapy	94%	N/A	N/A	N/A
all cancers: 31-day wait from diagnosis to first treatment	96%	100%	100%	100%
cancer: two-week maximum wait from referral to first seen, comprising:				
all urgent referrals (cancer suspected)	93%	98.73%	100%	100%
for symptomatic breast patients (cancer not initially suspected)	93%	N/A	N/A	N/A
C.difficile infection (trust attributable)	3	6	1	2

The table above summarises the Trust's performance for 2017/2018 against the targets used by NHSI to calculate risk ratings under the risk assessment framework/single oversight framework.

Additional information

Diagnostic waits – Since January 2017, the Trust has achieved month-on-month the target for diagnostic waits - with the exception being December 2017 and January 2018 due to consultant sickness and capacity within the sleep service. The Trust has continued to pass the diagnostic waiting times target since January 2018.

RTT performance non-admitted and admitted targets – The NHS Constitution was updated in June 2015 to solely measure the Incomplete Waiting Times. The Trust has continued to monitor the Non-Admitted and Admitted targets.

RTT performance at speciality level: Dental Breaches - The Trust continues to have difficulties with this indicator. A proportion of the breaches are as a result of delays at the Outpatient end of the pathway from Charles Clifford Dental Hospital (CCDH), with a high number of patients transferred beyond their breach dates.

- **Paediatric Dentistry Incomplete** – Breaches occurred in 12 out of 12 months.
Some improvements have been made by working closely with the CCDH on those cases that are jointly delivered. The Trust is also working to reduce breaches that are not attributable to long waits at CCDH. Actions include providing additional ad-hoc waiting lists to address the increased outpatient activity with a view to making these lists permanent.

Outpatient review list - During 2016 the Trust had significant issues with overdue review lists due to both administrative/data quality errors and clinical capacity. The review lists were administratively validated and data quality checks put in place to prevent a recurrence of these issues. Standing operating procedures from that process remain in place.

The overdue review lists have been clinically validated. The review list has significantly improved March 2018 there were 1459 patients overdue by three months or more, compared to 2270 in April 2017. The overdue review list is reviewed on a weekly basis to ensure patients are booked in clinical priority order.

RTT performance – surgery and critical care – In August 2017, the Division of Surgery and Critical Care failed the RTT Incomplete waiting time target. The incomplete waiting time target has continued to be a challenge for the Division due to capacity within certain specialities. The Division has put on extra theatre lists and additional outpatient activity to address this issue and is looking at new ways to create capacity moving into 2018/19.

ANNEX 1: Statements from commissioners, local Healthwatch organisations and overview and scrutiny committees

A number of staff, families and organisations were involved in the consultation process to produce this report and the Trust is grateful for the time and effort of all who have contributed. The final version has tried to accommodate the comments received or the minutes of the meetings at which it was discussed but it is accepted the production of the report is ultimately the responsibility of the Board of Directors.

Consulted agencies or groups

Sheffield Clinical Commissioning Group

The first draft report was provided to NHS Sheffield on 27th March 2018. The following response was received on 2nd May 2018

Statement from NHS Sheffield Clinical Commissioning Group

NHS Sheffield Clinical Commissioning Group (CCG) has reviewed the information provided by Sheffield Children's Hospital NHS Foundation Trust in this report. In so far as we have been able to check the factual details, the CCG view is that the report is materially accurate and gives a fair representation of the Trust's performance.

The CCG supports the Trust's identified three Quality Improvement Priorities for 2018/19. The actions in Priority 1 'Build upon and develop the transformation of our inpatient and community Child Adolescent Mental Health Services (CAMHS)' is a priority for the CCG, who are keen to ensure quality seamless CAMHS services supporting transitions, crisis care and early interventions.

The actions in Priority 2 'Extend the improvement we have made to the transition pathway by including partners across South Yorkshire, Bassetlaw and beyond' is also fully supported by the CCG and is a recognised CCG priority to ensure patients feel supported at transition and that this is considered at a regional level, not just for those patients transitioning to Sheffield services.

Finally, Priority 3 'Develop a Community Children's Nursing Service' is again supported by the CCG and is a CCG priority. We are keen to ensure that children and families receive the best possible care, which is accessible and delivered in the community closer to home.

Submitted by Beverly Ryton on behalf of:

Mandy Philbin
Chief Nurse

Sophie Ludlam
Head of Contracts – Children's & Locally Commissioned Primary Care

Sheffield Healthwatch

The first draft report was provided to Healthwatch on 27th March 2018. The following response was received on 27th April 2018.

Thank you for inviting us to comment on this year's Quality Account. We are pleased to have built on our productive relationship with the Trust this year and were please to read about the progress that has been made in involving young people and improving the experience of transition into adult services.

We broadly welcome your quality objectives for 2018/19. To ensure that your priorities have a better chance to drive improvement, each objective would benefit from greater clarity about what you plan to achieve by when, so that progress can be meaningfully measured.

Access to CAMHS continues to be raised with us as problematic and we believe there is much to gain from putting service user experiences at the heart of service design and improvement. We hope to see focus on Tier 3 as well as Tier 4 provision in order to improve waiting times. We are aware that a significant percentage of referrals to CAMHS are rejected and we hope to see a clear offer of support available to those young people and families who do not go on to receive care from CAMHS.

Transition remains a priority for the Trust, and whilst we support extending your excellent partnership working into the region, we hope that you will ensure a determined focus remains on completing the transition pathways in the city.

We strongly support your third priority, the development of a Community Children's Nursing Service and believe this will provide great benefits to local families.

As mentioned in the report, Young Healthwatch were invited to provide feedback on your Quality Account. Young Healthwatch members found the Account difficult to read from an outsider's perspective because of the use of jargon and acronyms. They were pleased with the inclusion of CAMHS in your priorities.

In considering whether your account reflects the experiences shared with us by service users and their families, we note that the review of the neurodisability service is described as 'partially achieved' but no further information is provided. We hear from many families about difficulties accessing assessment at Ryegate and we would welcome a review of the Austistic Spectrum Disorder and mental health pathways, with a focus on whether these waiting lists work together effectively.

Finally, we noted that nearly 40% of complaints were related to communication, values and behaviour and we encourage you to reflect on whether you are sufficiently learning from people's real experiences in these areas to help you to provide better services year on year.

ENDS

Sheffield Children's NHS Foundation Trust Parent Register

The first draft report was provided to parents of children and young people currently using our services, who have been appointed to our new Parent Register. We acknowledge that it can be difficult for families to attend events and the opportunity for families to contribute 'virtually' has been very successful this year. Whilst some parents commented on the style, tone and presentation of the report, others provided an overall impression, as represented below.

The Parent Register received the report on 27th March 2018 and responses were received between 9th and 20th April 2018.

The Trust continues to value the input of members of the parent register in the preparation of this report. Response received from members of the Parent Register included the following comments:

Parent 1

Examining its systems & processes used when a patient is undergoing surgery is of great interest to me as I feel that the methods currently used are poorly equipped to deal with special needs patients, eg, sensory distraction methods would be of great help as opposed to toys which is currently what is being used

Creating a single point of access for attention ADHS & ASD patients would be very welcomed from a parent of special needs child's point of view.

Develop a Community Children's Nursing Service - this is an excellent plan - often complex children like my son are trapped when they become ill as it may be too complex for a GP but often not 'worthy' of an A & E visit.

I feel that there is an impressive amount of the Trust's number of patients consenting to participate in Clinical Research, although fewer than in recent years it still says a lot for the Trust as its style the highest in the region.

Increasing research activity in the ED - achieving the award for Research Nurse of the Year is brilliant.

Achievement of CQUIN Goals - Happy to see most goals set have been at least partially achieved.

Complaints ~ 96% acknowledges within 3 days is very reassuring as a parent.

Overall I am thrilled to see the continued excellence of Sheffield Children's Hospital, we have received excellent care over the past ten years and consider ourselves lucky to live in Sheffield. As a parent I appreciate the opportunity to highlight areas that could be improved to help my son and his complex medical care.

Parent 2

The format and quality of the report is significantly improved from 2016/17.

The priorities appear appropriate given national priorities, the Trusts previous work and reflective of the wide range of services delivered by the organisation..

The reduction in CDiff is excellent

Inclusion of information around Research is positive as an example of innovation.

Clear outlines of actions following audit

Clear evidence of ensuring needs of Young people are core to service design and delivery

Significant progress is evident around patient and family engagement and how this has supported service delivery.

Positive to see the Trust has signed up to "Sign up to safety" campaign

Member of the Youth Forum

Its all pretty easy to read, obviously not all the terminology make sense to me but I could get a gist of what was being said. The format was ok, I feel like there could do to be some sort of visual separator to go between the different sections as when you're scrolling through the document it all melts into one. Overall it seems pretty reader friendly!"

Other issues raised related to the provision of services and meetings were arranged with the relevant service leads to address these matters.

Sheffield City Council Healthier Communities and Adult Social Care Scrutiny and Policy and Development Committee

The first draft report was provided to Sheffield City Council Healthier Communities and Adult Social Care Scrutiny and Policy and Development Committee on 27th March 2018. The following response was received on 19th April 2018:

The Healthier Communities and Adult Social Care Scrutiny Committee thanks Sheffield Children's NHS Foundation Trust for the opportunity to comment on the draft 2017/2018 Quality Account.

During our work this year, we haven't been made aware of any particular concerns over the Trust's performance or service delivery.

The Committee is supportive of the priorities the Trust has identified for this year. We are pleased to see the inclusion of Child and Adolescent Mental Health Services - the Committee is well aware of the challenging mental health agenda and fully recognises the importance of building on and developing the improvements that have been made so far. Through our involvement with the South Yorkshire, Derbyshire and Nottinghamshire Joint Health Overview and Scrutiny Committee we have considered service reconfigurations that have led to services being concentrated in specialist centres such as Sheffield. Including the improvement of the transition pathway across South Yorkshire, Bassetlaw and beyond therefore feels like an appropriate and timely priority. The Committee is pleased to see the development of Community Services and partnership working through the Community Children's Nursing service, and looks forward to seeing how the service progresses and the impact that it has.

The Committee has noted the slight deterioration in the results of the staff survey this year, and we hope to see this turn around in 2018/19. We recognise that these are difficult times for the NHS, and we would like to take this opportunity to thank staff at the Children's Hospital who work so hard to deliver vital services in challenging circumstances.

Council of Governors, Sheffield Children's NHS Foundation Trust

The first draft report was provided to Council of Governors, Sheffield Children's NHS Foundation Trust on 27th March 2018. The following response was received on 9th May 2018:

Quality Report

Mrs Shearer, Director of Nursing and Quality presented an overview of the Quality Accounts and provided an update on the indicator testing. The following points and comments were noted:

- i. The Council was reassured that a full consultation process had taken place on the Quality Report with partners such as Sheffield Clinical Commissioning Group, the Overview and Scrutiny Committee, Sheffield Healthwatch, the Trust's Parent Register and Youth Forum.
- ii. A meeting was scheduled with KPMG, the Trust's Auditors on 11 May 2018 to discuss the external assurance work undertaken by them on quality indicators discussed and agreed previously with Governors.
- iii. Mrs Shearer provided an overview of the content of the report and the Trust's performance against the 2017/18 quality priorities was noted, together with the alignment of 2018/19 priorities with the Trust's strategy refresh, 'Caring Together'. A number of successes were noted, in particular the Healthy Minds Project, which had been showcased in Parliament for new Green Paper, and ongoing Patient Engagement strategy work to provide a view on what it feels like to be a patient at the Trust. Governors would be invited to participate in the Ward Accreditation programme, aimed at raising standards on wards. The Council's attention was drawn to the improvement in Friends and Family Test response rates which were now being reported above the national average.
- iv. Mrs Shearer presented an update on areas which had not yet been fully achieved and Governors were reassured of ongoing work to achieve these including training for all frontline staff in transition awareness, Accessible information standard, and pressure ulcer prevention training.
- v. Ms Jones, Chair commended the report and in particular noted the amount of work being taken forward across the Trust.
- vi. Governors noted work was being taken forward to understand and improve the percentage of respondents to the Friends and Family Test survey who would recommend the Trust.
- vii. With input from LA Partner Governor, Bethan Plant, discussion took place around the in-reach opportunities provided by the school setting with the example of the successful Health Minds programme cited. It was agreed that this model should be extended to other areas of health and focus on early years prevention.
- viii. A public governor relayed examples from discussion with constituents around individual experiences of moving between child and adult health services and therefore welcomed the Trust's focus on this but asked how this would be monitored. Mrs Shearer confirmed that the NICE audit would pick this up.
- ix. It was confirmed to the Council that the number of deaths referred to within the report related to patients that were specifically under the care of the Trust.
- x. Governors commented on the medically orientated terminology used within the serious incident section. This information had been taken directly from the serious incident reporting system and the use of terminology would be born in mind for future years' reports.

ANNEX 2: Statement of directors' responsibilities for the quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 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 March 2018
 - papers relating to quality reported to the board over the period April 2017 to May 2018
 - feedback from commissioners dated 2nd May 2018
 - feedback from governors dated 9th May 2018
 - feedback from local Health watch organisations dated 27th April 2018
 - feedback from Overview and Scrutiny Committee dated 19th April 2018
 - Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 12th April 2018
 - latest national staff survey dated 6th March 2018
 - head of internal audit's annual opinion over the Trust's control environment dated 21st May 2018
 - CQC inspection report dated 31st October 2016
- 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 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

23/05/18	Date		Chairman
23/05/18	Date		Chief Executive

ANNEX 3: Independent auditor's report to the Council of Governors of Sheffield Children's NHS Foundation Trust on the Quality Report

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

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge.

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

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* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2017/18* ('the Guidance'); 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 Requirements for external assurance for quality reports for foundation trusts 2017/18*.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual 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 and papers 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 commissioners, dated 2nd May 2018;
- feedback from governors, dated 9th May 2018;
- feedback from local Healthwatch organisations, dated 27th April 2018;
- feedback from Overview and Scrutiny Committee, dated 19th April 2018;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the latest national staff survey, dated 6th March 2018;

- Care Quality Commission Inspection, dated 31st October 2016;
- the 2017/18 Head of Internal Audit's annual opinion over the trust's control environment, dated 21st May 2018; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Sheffield Children's NHS Foundation Trust as a body, to assist the Council of Governors in reporting the 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 indicator. 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 Sheffield Children's NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- 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* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by Sheffield Children's NHS Foundation Trust.

Basis for qualified conclusion

As set out in the Trust's Quality Report (page 88) a number of actions to improve the quality of data have been identified by the Trust to address concerns with accuracy of data. Our sample testing identified erroneous pathways which had been included in the data used to create the Trust's monthly reported performance results.

These findings support the Trust's identification of the need to 'improve clinical coding through improved clinical engagement and through the strengthening of the clinical coding team structure'.

As a result of these issues, we have concluded that we are unable to test sufficiently 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.

Qualified conclusion

Based on the results of our procedures, except for the effects of the matters described in the 'Basis for qualified conclusion' section above, 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 the Guidance; and
- the remaining indicator in the Quality Report subject to limited assurance has not been 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 Guidance.



KPMG LLP
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

25 May 2018

Section Four: Auditor's Report



Independent auditor's report

to the Council of Governors of Sheffield Children's NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Sheffield Children's NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2018 and of its income and expenditure for the year then ended; and
- the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2017/18 and the Department of Health & Social Care Group Accounting Manual 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£2.5m (2016/17:£2.5m)
financial statements as a whole	1.32% (2016/17: 1.37%) of total income from operations

Risks of material misstatement vs 2016/17

Recurring risks	Valuation of Land & Buildings	▲
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2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matter (unchanged from 2017), in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings ("our results") from those procedures in order that the Trust's Council of Governors as a body may better understand the process by which we arrived at our audit opinion. 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

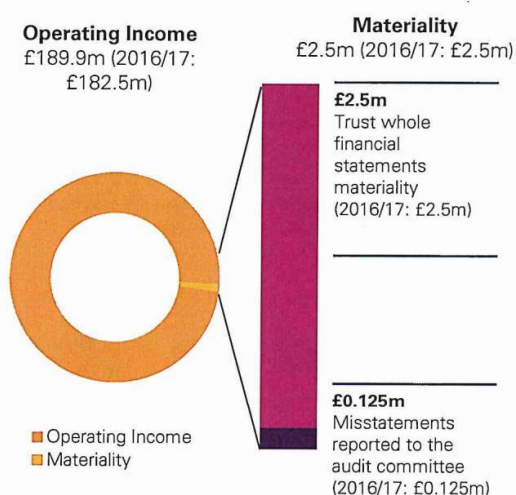
	The risk	Our response
<p>Valuation of Land and Buildings</p> <p>£84.957 million; (2016/17: £76,067 million) – including Assets Under Construction</p> <p><i>page 8, note 1.6 (accounting policy) and page 26, note 15 (financial disclosures)</i></p>	<p>Subjective Valuation:</p> <p>Land and buildings are required to be held at current value in existing use.</p> <p>As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with an equivalent asset. (Depreciated Replacement Cost or DRC).</p> <p>When considering the cost to build a replacement asset the Trust consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic.</p> <p>The Trust's valuation is completed by an external expert engaged by the Trust using construction indices and so accurate records of the current estate are required. Full valuations are required to be completed every five years, with interim desktop valuations completed in interim periods. The 2017/18 year was an interim period with a full desktop revaluation carried out.</p> <p>The Trust also took full ownership and control of the remaining 2 floors of the new hospital building towards the end of the year. The Trust accounted for this asset as having been brought into use in year. There was therefore a corresponding effect of vacating the ward space previously occupied within the old building and any potential impact upon its valuation.</p> <p>Valuations are inherently judgmental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, are appropriate and correctly applied. We also reviewed whether any assumptions regarding the future use of vacated space were reasonable and supported by evidence.</p> <p>Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported surplus or deficit for the year.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Assessing the Valuer's Credentials: We critically assessed the competence, capability, objectivity and independence of the Trust's external valuer and the overall methodology used against the requirements of the Department of Health Group Accounting Manual 2017/18; — Data Comparisons: We considered the accuracy of the information provided to the valuer to underlying records of the Trust's estate; — Methodology Choice: We critically assessed the calculation of DRC costings and methodology applied to reach an appropriate DRC valuation. — Benchmarking Assumptions: We challenged the appropriateness of the factors used to index the valuation with reference to third party indices and sector practice; — In Year Additions: We agreed a sample of in-year land and building additions to relevant supporting documentation; — Impairment Indicators and Surplus Assets: We considered how management had assessed the need for an impairment across its asset base either due to loss of value or reduction in future benefits that would be achieved; and — Assessing Transparency: We considered the adequacy of the disclosures about the key judgements and degree of estimation involved in concluding on the values of the assets held by the Trust. — Key Judgements: we considered the judgement made with regards to the continued occupation of the recently vacated ward space and any subsequent impact upon the valuation of this space. — Accounting analysis: We re-performed the gain or loss on revaluation for all applicable assets and checked whether the accounting entries are consistent with the NHS Group Accounting Manual; <p>Our results</p> <ul style="list-style-type: none"> — We found the estimated valuation of land and buildings, and the accounting for impairments, to be acceptable.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £2.5 million (2016/17: £2.5 million), determined with reference to a benchmark of total operating income (of which it represents approximately 1.32% (2016/17: 1.37%)). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.125 million (2016/17: £0.125 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was performed at the Trust's headquarters in Sheffield.



4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement of accounting officer's responsibilities, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- 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.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources .

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Financial Sustainability & CIP Delivery	<p>The Trust set a Cost Improvement Plan (CIP) target of £7m for the year. When planning our audit the Trust was forecasting an underperformance against this target of £2.26 million. The final CIP delivery in year was £3.96m.</p> <p>There is a risk that without the identification and delivery of the necessary non-recurrent CIP savings the Trust does not deliver sustainable, ongoing resource deployment.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> - Review of the management arrangements put in place by the Trust to oversee the identification and delivery of CIP savings; - Review of the in year reporting of the CIP shortfall; and - Review of the final Trust outturn position and whether this met the budgeted control total. <p>Our findings on this risk area:</p> <p>The Trust had adequate arrangements in place with regards the governance and monitoring of CIP delivery.</p> <p>The Trust had utilised outside agencies to help with the identification of CIP plans.</p> <p>Whilst some shortfall with regards to delivery of CIP (£3.96m of £7m delivered) had been experienced, the Trust had achieved its budgeted control total.</p> <p>We concluded that the Trust had adequate arrangements in place for planning finances effectively to support the sustainable delivery of its strategic priorities.</p>
Capital Programme Delivery	<p>Continued delays in the successful delivery of the new building development has meant that the Trust is at risk of both incurring additional unplanned cost but also missing out on activity income as a result.</p> <p>We were aware at our planning stage of ongoing discussions between the Trust and the developer relating to the final contract balance. We understand that these discussions have now substantially completed.</p> <p>There was a reputational risk to the Trust with its patients, regulators and other stakeholders if the project continued to suffer overruns in both time and budget. This could impact upon the sustainable resource deployment, working with third parties and informed decision making VFM criteria. The Trust has taken possession of the new building prior to the year end.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> - Assessment of arrangements for managing the project successfully, including monitoring and reporting of the potential financial and quality implications of delays in completion; - We reviewed the final contract sums and the governance arrangements around the agreement reached with the contractor; and - Reviewed the current position of the new build and confirmed that the Trust had taken possession of the building prior to the year end and had a clear plan in place for its occupation. <p>Our findings on this risk area:</p> <p>The Trust had a number of monitoring and reporting processes in place with regards to the management of the new build.</p> <p>The Trust agreed the final delivery price of the building in year with appropriate Board oversight of this process.</p> <p>The Trust had taken possession of the building in year, with a clear plan to transfer operations into it.</p> <p>We concluded that the Trust had adequate arrangements in place for monitoring the progress of the building project, enabling it to make informed decisions, plan the deployment of resources effectively and meet third party expectations.</p>

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Sheffield Children's NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

**Clare Partridge****for and on behalf of KPMG LLP (Statutory Auditor)***Chartered Accountants*

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

25 May 2018



Section Five: Annual Accounts 2017/18

Foreword to the accounts

These accounts, for the year ended 31 March 2018, have been prepared by Sheffield Children's NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed:

A handwritten signature in black ink, appearing to read 'John Somers', written over a horizontal line.

John Somers
Chief Executive

Date: 23 May 2018

Statement of Comprehensive Income

		2017/18	2016/17
	Note	£000	£000
Operating income from patient care activities	3	159,618	155,513
Other operating income	4	30,313	26,944
Total operating income from continuing operations		<u>189,931</u>	<u>182,457</u>
Operating expenses	6, 8	(183,057)	(177,122)
Net impairments		(3,583)	(12,161)
Operating surplus/(deficit) from continuing operations		<u>3,291</u>	<u>(6,826)</u>
Finance income	11	62	64
Finance expenses	12	(1,221)	(1,153)
PDC dividends payable		(805)	(1,315)
Net finance costs		<u>(1,964)</u>	<u>(2,404)</u>
Other gains / (losses)	13	(119)	35
Surplus / (deficit) for the year		<u><u>1,208</u></u>	<u><u>(9,195)</u></u>
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(2,067)	(11,811)
Total comprehensive income / (expense) for the period		<u><u>(859)</u></u>	<u><u>(21,006)</u></u>

	2017/18	2016/17
	£000	£000
Surplus/(deficit) for the year	1,208	(9,195)
Add back: Net impairments	3,583	12,161
Adjusted operational surplus for the year	<u>4,791</u>	<u>2,966</u>
Less: Sustainability and Transformation Fund income	(5,018)	(2,727)
Adjusted surplus/(deficit) for the year	<u><u>(227)</u></u>	<u><u>239</u></u>

Statement of Financial Position

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Intangible assets	14	2,109	2,378
Property, plant and equipment	15	94,749	86,683
Total non-current assets		96,858	89,061
Current assets			
Inventories	18	2,663	2,375
Trade and other receivables	19	15,741	12,603
Cash and cash equivalents	20	20,954	29,312
Total current assets		39,358	44,290
Current liabilities			
Trade and other payables	21	(23,023)	(19,107)
Borrowings	23	(2,102)	(2,102)
Provisions	25	(95)	(81)
Other liabilities	22	(1,282)	(1,614)
Total current liabilities		(26,502)	(22,904)
Total assets less current liabilities		109,714	110,447
Non-current liabilities			
Borrowings	23	(42,418)	(44,520)
Provisions	25	(692)	(641)
Other liabilities	22	(42)	(177)
Total non-current liabilities		(43,152)	(45,338)
Total assets employed		66,562	65,109
Financed by			
Public dividend capital		39,804	37,492
Revaluation reserve		4,268	6,335
Income and expenditure reserve		22,490	21,282
Total taxpayers' equity		66,562	65,109

The notes on pages 6 to 39 form part of these accounts

Name: 

Position: Chief Executive

Date: 23 May 2018

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2017 - brought forward	37,492	6,335	21,282	65,109
Surplus/(deficit) for the year	-	-	1,208	1,208
Impairments	-	(2,067)	-	(2,067)
Public dividend capital received	2,312	-	-	2,312
Taxpayers' equity at 31 March 2018	39,804	4,268	22,490	66,562

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2016 - brought forward	37,265	18,146	30,477	85,888
Surplus/(deficit) for the year	-	-	(9,195)	(9,195)
Impairments	-	(11,811)	-	(11,811)
Public dividend capital received	227	-	-	227
Taxpayers' equity at 31 March 2017	37,492	6,335	21,282	65,109

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

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

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

Statement of Cash Flows

	2017/18	2016/17
Note	£000	£000
Cash flows from operating activities		
	3,291	(6,826)
Non-cash income and expense:		
Depreciation and amortisation	6.1 4,458	5,096
Net impairments	7 3,583	12,161
Income recognised in respect of capital donations	4 (1,744)	(752)
(Increase) / decrease in receivables and other assets	(3,273)	(1,720)
(Increase) / decrease in inventories	(288)	(196)
Increase / (decrease) in payables and other liabilities	877	2,093
Increase / (decrease) in provisions	65	(1,160)
Net cash generated from / (used in) operating activities	6,969	8,696
Cash flows from investing activities		
Interest received	62	64
Purchase of intangible assets	(318)	(296)
Purchase of property, plant, equipment and investment property	(14,142)	(13,137)
Sales of property, plant, equipment and investment property	-	56
Receipt of cash donations to purchase capital assets	750	-
Net cash generated from / (used in) investing activities	(13,648)	(13,313)
Cash flows from financing activities		
Public dividend capital received	2,312	227
Movement on loans from the Department of Health and Social Care	(2,102)	8,298
Other interest paid	(1,219)	(1,126)
PDC dividend (paid) / refunded	(670)	(1,558)
Net cash generated from / (used in) financing activities	(1,679)	5,841
Increase / (decrease) in cash and cash equivalents	(8,358)	1,224
Cash and cash equivalents at 1 April	29,312	28,088
Cash and cash equivalents at 31 March	20.1 20,954	29,312

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention

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

Note 1.1.2 Going concern

These accounts have been prepared on a going concern basis.

After making enquiries, the directors have a reasonable expectation that Sheffield Children's NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. Whilst the Trust is operating in a difficult environment, it believes that it has sufficient resources and plans in place to ensure continuity of operation.

Note 1.2 Critical judgements in applying accounting policies

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

Note 1.2.1 Sources of estimation uncertainty

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The main area of estimation uncertainty within the Trust is the carrying value of the property portfolio and the assumptions used in the determination of fair value at the Statement of Financial Position date. However, the Trust commissioned a property revaluation exercise as at 31 March 2018, which significantly reduces the risk of material misstatement.

Note 1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services. At the year end, the trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

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

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

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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

Note 1.4 Expenditure on employee benefits**Short-term employee benefits**

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

Pension costs*NHS Pension Scheme*

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

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

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

Note 1.5 Expenditure on other goods and services

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

Note 1.6 Property, plant and equipment**Note 1.6.1 Recognition**

Property, plant and equipment is capitalised where:

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

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

Note 1.6.2 Measurement**Valuation**

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

All assets are measured subsequently at valuation. The valuation basis is identified in Note 1.2.1. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Subsequent expenditure

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Note 1.6.3 Property, plant and equipment cont.

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.6.4 Derecognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

Note 1.6.5 Donated and grant funded assets

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

Note 1.6.6 Useful economic lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	Lease Term	
Buildings, excluding dwellings	Lease Term	
Plant & machinery	5	15
Transport equipment	7	7
Information technology	5	5
Furniture & fittings	10	10

Note 1.7 Intangible assets**Note 1.7.1 Recognition**

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

Software

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

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

Note 1.7.2 Measurement

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

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 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.

Note 1.7.3 Useful economic lives of intangible assets

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

	Min life Years	Max life Years
Intangible assets – internally generated		
Information Technology	5	5
Intangible assets – purchased		
Software	5	5

Note 1.8 Inventories

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

Note 1.9 Cash and cash equivalents

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

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

Note 1.10 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO₂ it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO₂ emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO₂ emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Allowances acquired under the scheme are recognised as intangible assets.

Note 1.11 Financial instruments and financial liabilities***Recognition***

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

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

All other financial assets and financial liabilities are recognised when the 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.

Classification and measurement

Financial assets are categorised as 'loans and receivables' or 'available for sale financial assets'. Financial liabilities are classified as 'other financial liabilities'."

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

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

Loans and receivables

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

The trust's loans and receivables comprise: 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified within loans and receivables. They are included in non-current assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Financial liabilities

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

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

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

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from discounted cash flow analysis.

Impairment of financial assets

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

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

Note 1.12 Leases

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

Note 1.12.1 The trust as lessee***Finance leases***

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

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

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

Operating leases

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

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

Leases of land and buildings

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

Note 1.12.2 The trust as lessor***Finance leases***

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

Operating leases

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

Note 1.13 Provisions

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS resolution on behalf of the trust is disclosed at note 25 but is not recognised in the trust's accounts.

Non-clinical risk pooling

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

Note 1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are also disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.15 Public dividend capital

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

- i. donated assets (including lottery funded assets),
- ii. average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- iii. any PDC dividend balance receivable or payable.

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

Note 1.16 Value added tax

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

Note 1.17 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at "fair value through income and expenditure") are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.18 Third party assets

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

Note 1.19 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

Note 1.20 Gifts

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

Note 1.21 Early adoption of standards, amendments and interpretations

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

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

The following presents a list of recently issued accounting standards and amendments which have not yet been adopted within the *FReM*, and are therefore not applicable to these accounts in 2017/18.

- **IFRS 9 Financial Instruments** - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the *FReM*: early adoption is not therefore permitted.
- **IFRS 14 Regulatory Deferral Accounts** - Not EU endorsed
- **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.

Note 2 Operating Segments

The Trust Board, as the chief operating decision maker as defined by IFRS 8, consider that all of the Trust's activities fall under the single segment of 'Provision of Healthcare'. They consider that this is consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments. No further segmental analysis is therefore required.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)	2017/18	2016/17
	£000	£000
Acute services		
Elective income	34,116	36,301
Non elective income	21,088	18,703
First outpatient income	11,529	11,073
Follow up outpatient income	22,612	22,573
A & E income	6,046	5,406
Other NHS clinical income	52,011	48,906
Community services		
Community services income from CCGs and NHS England	11,623	12,035
All services		
Private patient income	165	406
Other clinical income	428	110
Total income from activities	159,618	155,513

Other NHS clinical income includes income for mental health services £15,245,000 (2016/17 - £14,971,000); non outpatient community services £1,612,000 (2016/17 - £1,611,000); genetics £3,542,000 (2016/17 - £3,311,000); screening £1,588,000 (2016/17 - £1,605,000); blood products income £2,690,000 (2016/17 - £3,012,000); drugs £9,372,000 (2016/17 - £8,891,000); Critical Care patient transport service £4,348,000 (2016/17 - £4,343,000) and Health Visitors and School Nursing £8,366,000 (2016/17 - £8,366,000)

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18	2016/17
	£000	£000
NHS England	98,832	97,426
Clinical commissioning groups	50,151	47,201
Other NHS providers	309	444
Local authorities	9,222	9,781
Non-NHS: private patients	119	330
Non-NHS: overseas patients (chargeable to patient)	46	76
NHS injury scheme	428	110
Non NHS: other	511	145
Total income from activities	159,618	155,513
Of which:		
Related to continuing operations	159,618	155,513
Related to discontinued operations	-	-

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

	2017/18	2016/17
	£000	£000
Income recognised this year	46	76
Cash payments received in-year	119	67
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	-	-

Note 4 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	1,779	1,599
Education and training	5,767	6,323
Receipt of capital grants and donations	1,744	752
Charitable and other contributions to expenditure	111	700
Non-patient care services to other bodies	2,240	1,665
Sustainability and transformation fund income	5,018	2,727
Rental revenue from operating leases	49	49
Income in respect of staff costs where accounted on gross basis	6,540	6,447
Diagnostic test income	6,039	5,588
Other income	1,026	1,094
Total other operating income	<u>30,313</u>	<u>26,944</u>
Of which:		
Related to continuing operations	30,313	26,944
Related to discontinued operations	-	-

Other income includes catering income £715,000 (2016/17 - £778,000).

Charitable and other contributions are from The Children's Hospital Charity and Sheffield Hospitals Charitable Trust. Such transactions are disclosed within note 30.

Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2017/18	2016/17
	£000	£000
Income from services designated as commissioner requested services	159,025	154,997
Income from services not designated as commissioner requested services	<u>30,906</u>	<u>27,460</u>
Total	<u>189,931</u>	<u>182,457</u>

Note 4.2 Profits and losses on disposal of property, plant and equipment

The Trust has not disposed of any property, plant and equipment which is used in the provision of commissioner requested services.

Note 5 Fees and charges

The Trust does not have any material fees or charges in either 2017/18 or 2016/17

Note 6.1 Operating expenses

	2017/18	2016/17
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	6,596	5,609
Purchase of healthcare from non-NHS and non-DHSC bodies	577	578
Staff and executive directors costs	132,206	129,009
Remuneration of non-executive directors	130	115
Supplies and services - clinical (excluding drugs costs)	15,043	14,803
Supplies and services - general	1,847	2,028
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	10,181	9,972
Consultancy costs	353	413
Establishment	2,057	1,701
Premises	6,419	5,520
Transport (including patient travel)	265	638
Depreciation on property, plant and equipment	3,982	4,685
Amortisation on intangible assets	476	411
Net impairments	3,583	12,161
Increase/(decrease) in provision for impairment of receivables	(380)	(361)
Increase/(decrease) in other provisions	41	(858)
Change in provisions discount rate(s)	(32)	58
Audit fees payable to the external auditor		
audit services- statutory audit	50	50
other auditor remuneration (external auditor only)	14	14
Internal audit costs	95	94
Clinical negligence	1,584	1,031
Legal fees	136	69
Insurance	64	61
Research and development	81	19
Education and training	330	426
Rentals under operating leases	773	876
Redundancy	5	30
Car parking & security	62	68
Hospitality	81	48
Losses, ex gratia & special payments	21	15
Total	186,640	189,283
Of which:		
Related to continuing operations	186,640	189,283
Related to discontinued operations	-	-

Note 6.2 Other auditor remuneration

	2017/18	2016/17
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	14	14
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	14	14

Note 6.3 Limitation on auditor's liability

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

Note 7 Impairment of assets

	2017/18	2016/17
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Other	3,583	12,161
Total net impairments charged to operating surplus / deficit	3,583	12,161
Impairments charged to the revaluation reserve	2,067	11,811
Total net impairments	5,650	23,972

The net impairment in both 2016/17 and 2017/18 was as a result of the Trust utilising the Modern Equivalent Asset valuation method of valuing land and buildings and bringing into use various elements of the New Hospital Wing development in both years.

Note 8 Employee benefits

	2017/18	2016/17
	Total	Total
	£000	£000
Salaries and wages	106,902	103,428
Social security costs	9,108	8,935
Apprenticeship levy	534	-
Employer's contributions to NHS pensions	12,574	12,068
Pension cost – other	66	27
Termination benefits	5	30
Temporary staff (including agency)	3,751	5,184
Total gross staff costs	132,940	129,672
Recoveries in respect of seconded staff	-	-
Total staff costs	132,940	129,672
Of which		
Costs capitalised as part of assets	729	633

Note 8.1 Retirements due to ill-health

During 2017/18 there was 1 early retirement from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2017). The estimated additional pension liabilities of ill-health retirements is £43k (£75k in 2016/17).

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

There are no director long term incentive schemes, other pension benefits, guarantees or advances.

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

c) Alternative pension schemes

As a result of "automatic enrolment", the Trust has taken steps to ensure those members of staff who are not eligible for the NHS Pension Scheme, are enrolled into a pension scheme. The Trust treats such pension arrangements as a defined contribution pension and as such, no actuarial assumptions are required to measure the obligation or the expense and there is not possibility of any actuarial gain or loss.

The costs incurred by the Trust for this scheme can be seen in Note 8.

Note 10 Operating leases**Note 10.1 Sheffield Children's NHS Foundation Trust as a lessor**

This note discloses income generated in operating lease agreements where Sheffield Children's NHS Foundation Trust is the lessor.

	2017/18 £000	2016/17 £000
Operating lease revenue		
Minimum lease receipts	49	49
Total	49	49
	31 March 2018 £000	31 March 2017 £000
Future minimum lease receipts due:		
- not later than one year;	45	49
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	45	49

Note 10.2 Sheffield Children's NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Sheffield Children's NHS Foundation Trust is the lessee.

	2017/18 £000	2016/17 £000
Operating lease expense		
Minimum lease payments	773	876
Total	773	876
	31 March 2018 £000	31 March 2017 £000
Future minimum lease payments due:		
- not later than one year;	856	561
- later than one year and not later than five years;	2,046	1,422
- later than five years.	394	394
Total	3,296	2,377

Note 11 Finance income

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

	2017/18	2016/17
	£000	£000
Interest on bank accounts	62	64
Total	62	64

Note 12.1 Finance expenditure

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

	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,221	1,149
Total interest expense	1,221	1,149
Unwinding of discount on provisions	-	4
Total finance costs	1,221	1,153

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

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

Note 13 Other gains / (losses)

	2017/18	2016/17
	£000	£000
Gains on disposal of assets	-	35
(Losses) on disposal of assets	(119)	-
Total gains / (losses) on disposal of assets	(119)	35

Note 14.1 Intangible assets - 2017/18

	Software licences £000	Total £000
Valuation / gross cost at 1 April 2017 - brought forward	4,724	4,724
Additions	318	318
Disposals / derecognition	(198)	(198)
Gross cost at 31 March 2018	<u>4,844</u>	<u>4,844</u>
Amortisation at 1 April 2017 - brought forward	2,346	2,346
Provided during the year	476	476
Disposals / derecognition	(87)	(87)
Amortisation at 31 March 2018	<u>2,735</u>	<u>2,735</u>
Net book value at 31 March 2018	2,109	2,109
Net book value at 1 April 2017	2,378	2,378

Note 14.2 Intangible assets - 2016/17

	Software licences £000	Total £000
Valuation / gross cost at 1 April 2016	4,677	4,677
Additions	296	296
Disposals / derecognition	(249)	(249)
Valuation / gross cost at 31 March 2017	<u>4,724</u>	<u>4,724</u>
Amortisation at 1 April 2016	2,184	2,184
Provided during the year	411	411
Disposals / derecognition	(249)	(249)
Amortisation at 31 March 2017	<u>2,346</u>	<u>2,346</u>
Net book value at 31 March 2017	2,378	2,378
Net book value at 1 April 2016	2,493	2,493

Note 15.1 Property, plant and equipment - 2017/18

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2017 - brought forward	9,352	53,164	13,551	21,611	9	4,995	529	103,211
Additions	-	3,782	10,840	1,365	-	1,667	52	17,706
Impairments	-	(5,650)	-	-	-	-	-	(5,650)
Reclassifications	(5,096)	26,381	(21,285)	-	-	-	-	-
Disposals / derecognition	-	(1,999)	-	(42)	-	-	-	(2,041)
Valuation/gross cost at 31 March 2018	4,256	75,678	3,106	22,934	9	6,662	581	113,226
Accumulated depreciation at 1 April 2017 - brought forward	-	-	-	12,664	8	3,462	394	16,528
Provided during the year	-	1,999	-	1,563	1	377	42	3,982
Disposals / derecognition	-	(1,999)	-	(34)	-	-	-	(2,033)
Accumulated depreciation at 31 March 2018	-	-	-	14,193	9	3,839	436	18,477
Net book value at 31 March 2018	4,256	75,678	3,106	8,741	-	2,823	145	94,749
Net book value at 1 April 2017	9,352	53,164	13,551	8,947	1	1,533	135	86,683

Note 15.2 Property, plant and equipment - 2016/17

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2016 - as previously stated	7,349	51,725	32,243	21,976	120	5,603	650	119,666
Additions	-	1,078	9,848	1,507	-	625	-	13,058
Impairments	(3,097)	(24,508)	-	-	-	-	-	(27,605)
Reversals of impairments	3,563	70	-	-	-	-	-	3,633
Reclassifications	1,575	26,965	(28,540)	-	-	-	-	-
Disposals / derecognition	(38)	(2,166)	-	(1,872)	(111)	(1,233)	(121)	(5,541)
Valuation/gross cost at 31 March 2017	9,352	53,164	13,551	21,611	9	4,995	529	103,211
Accumulated depreciation at 1 April 2016 - as previously stated	-	-	-	12,801	118	3,994	450	17,363
Provided during the year	38	2,166	-	1,725	1	694	61	4,685
Disposals/ derecognition	(38)	(2,166)	-	(1,862)	(111)	(1,226)	(117)	(5,520)
Accumulated depreciation at 31 March 2017	-	-	-	12,664	8	3,462	394	16,528
Net book value at 31 March 2017	9,352	53,164	13,551	8,947	1	1,533	135	86,683
Net book value at 1 April 2016	7,349	51,725	32,243	9,175	2	1,609	200	102,303

Note 15.3 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018								
Owned - purchased	4,256	69,453	1,982	5,500	-	2,422	93	83,706
Owned - donated	-	6,225	1,124	3,241	-	401	52	11,043
NBV total at 31 March 2018	4,256	75,678	3,106	8,741	-	2,823	145	94,749

Note 15.4 Property, plant and equipment financing - 2016/17

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017								
Owned - purchased	8,904	48,680	12,883	5,615	1	1,533	134	77,750
Owned - donated	448	4,484	668	3,332	-	-	1	8,933
NBV total at 31 March 2017	9,352	53,164	13,551	8,947	1	1,533	135	86,683

Note 16 Donations of property, plant and equipment

The Trust has received capital donations of £1,744,000 in year (2016/17: £752,000) relating to medical equipment and upgrades of clinical environments.

Note 17 Revaluations of property, plant and equipment

All land and buildings are revalued using professional valuations in accordance with IAS 16 to ensure that property is stated at fair value. The default frequency of these valuations is currently every five years, in accordance with the FT ARM. However, interim valuations are also carried out as deemed appropriate by the Trust. Valuations are performed by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisals and Valuation Manual. The Trust commissioned a full valuation of its land and buildings as at 31 March 2017, which was undertaken by the District Valuer Services within the Valuation Office Agency, an Executive Agency of HM Revenue and Customs.

In both 2016/17 and 2017/18, the Trust undertook a revaluation based on a Modern Equivalent Asset basis on its land and buildings. This has had a significant downward impact on the residual value of the assets in 2016/17 and 2017/18, which can be seen on the face of the Statement of Comprehensive Income. Due to the underlying land and property prices in the region, there has also been a significant upward revaluation of assets in 2017/18.

This valuation has had an immaterial impact on the useful economic lives of the assets and the depreciation methods have not changed.

Note 18 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	586	665
Consumables	<u>2,077</u>	<u>1,710</u>
Total inventories	<u>2,663</u>	<u>2,375</u>

Inventories recognised in expenses for the year were £24,392k (2016/17: £22,644k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

Note 19.1 Trade receivables and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	5,178	6,167
Accrued income	5,794	2,731
Provision for impaired receivables	(442)	(978)
Prepayments (non-PFI)	1,751	1,502
PDC dividend receivable	350	485
VAT receivable	469	409
Other receivables	<u>2,641</u>	<u>2,287</u>
Total current trade and other receivables	<u>15,741</u>	<u>12,603</u>

Of which receivables from NHS and DHSC group bodies:

Current	11,672	9,737
Non-current	-	-

Note 19.2 Provision for impairment of receivables

	2017/18	2016/17
	£000	£000
At 1 April	978	1,484
Increase in provision	357	557
Amounts utilised	(156)	(145)
Unused amounts reversed	(737)	(918)
At 31 March	442	978

Note 19.3 Credit quality of financial assets

	31 March 2018		31 March 2017	
	Trade and other receivable s £000	Investment s & Other financial assets £000	Trade and other receivable s £000	Investment s & Other financial assets £000
Ageing of impaired financial assets				
0 - 30 days	-	-	-	-
30-60 Days	-	-	-	-
60-90 days	-	-	-	-
90- 180 days	-	-	-	-
Over 180 days	442	-	978	-
Total	442	-	978	-
Ageing of non-impaired financial assets past their due date				
0 - 30 days	825	-	321	-
30-60 days	427	-	80	-
60-90 days	254	-	56	-
90- 180 days	479	-	82	-
Over 180 days	261	-	-	-
Total	2,246	-	539	-

The Trust believes that the level of impairment of financial assets is appropriate given the credit quality of the assets involved, particularly given trading conditions in the sector.

Note 20.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2017/18	2016/17
	£000	£000
At 1 April	29,312	28,088
Net change in year	(8,358)	1,224
At 31 March	<u>20,954</u>	<u>29,312</u>
Broken down into:		
Cash at commercial banks and in hand	600	178
Cash with the Government Banking Service	20,354	29,134
Total cash and cash equivalents as in SoFP and SoCF	<u>20,954</u>	<u>29,312</u>

Note 20.2 Third party assets held by the trust

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. The Trust held no such assets during the year.

Note 21.1 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade payables	11,152	10,442
Capital payables	3,712	1,142
Accruals	5,337	4,858
Social security costs	1,467	1,414
Other taxes payable	1,164	1,062
Accrued interest on loans	191	189
Total current trade and other payables	<u>23,023</u>	<u>19,107</u>

Of which payables from NHS and DHSC group bodies:

Current	6,016	4,592
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Note 21.2 Early retirements in NHS payables above

There are no early retirements included in NHS payables

Note 22 Other liabilities

	31 March 2018 £000	31 March 2017 £000
Current		
Deferred income	<u>1,282</u>	<u>1,614</u>
Total other current liabilities	<u>1,282</u>	<u>1,614</u>
Non-current		
Deferred income	<u>42</u>	<u>177</u>
Total other non-current liabilities	<u>42</u>	<u>177</u>

Note 23 Borrowings

	31 March 2018 £000	31 March 2017 £000
Current		
Loans from the Department of Health and Social Care	2,102	2,102
Total current borrowings	<u>2,102</u>	<u>2,102</u>
Non-current		
Loans from the Department of Health and Social Care	42,415	44,517
Obligations under finance leases	3	3
Total non-current borrowings	<u>42,418</u>	<u>44,520</u>

A loan facility of £8 million was arranged with the Independent Trust Financing Facility (formerly Foundation Trust Financial Facility) in 2009/10 to fund a new mental health services development. £1 million was drawn down in 2009/10 and a further £4 million was drawn down in 2011/12. The loan repayment terms were renegotiated prior to the second drawdown and the remainder of the loan is now repayable over 20 years, commencing in January 2014. Previously, the loan was repayable over 25 years commencing in July 2011. £3.912 million is outstanding on this loan (31st March 2017: £4,149 million) and £0.237 million has been repaid in the year (2016/17: £0.237 million).

The age profile of the loan is as follows:	£ (million)
0 - 1 year	0.237
2 - 5 years	0.948
5 + years	2.727
Total payable	<u>3.912</u>

Additional loan facilities, again with the Independent Trust Financing Facility was agreed, to assist with funding the construction of the new hospital wing development. The first facility is up to a sum of £25 million, repayable over 25 years, with £12.5 million drawn down in the year ended 31st March 2015 and the remaining drawn down in the year ended 31st March 2016. £1.065m was repaid in the year (2016/17: £1.065m) with £21.805m outstanding on the loan at 31st March 2017 (31st March 2016: £22.870m)

The age profile of the loan is as follows:	£ (million)
0 - 1 year	1.065
2 - 5 years	4.260
5 + years	16.480
Total payable	<u>21.805</u>

In 2015/16, a loan facility totalling £10m, again with the Independent Trust Financing Facility was been agreed, to assist with funding the construction of the new hospital wing development, repayable over 25 years. The £10m facility was drawn down in full in 2015/16 and with repayments totalling £0.4m during the year (2016/17: £0.4 million) with £9.2m outstanding on the loan at 31st March 2018 (31st March 2017: £9.6m)

The age profile of the loan is as follows:	£ (million)
0 - 1 year	0.400
2 - 5 years	1.600
5 + years	7.200
Total payable	<u>9.200</u>

Finally, a loan facility totalling £10m, again with the Independent Trust Financing Facility was agreed, to assist with funding the construction of the new hospital wing development, repayable over 25 years. The £10m facility was drawn down in full in 2016/17 and with repayments totalling £0.4m during the year (2016/17: £nil) with £9.6m outstanding on the loan at 31st March 2018 (31st March 2017: £10m)

The age profile of the loan is as follows:	£ (million)
0 - 1 year	0.400
2 - 5 years	1.600
5 + years	7.600
Total payable	<u>9.600</u>

Repayments for all loans are in six monthly instalments.

Note 24 Finance leases**Note 24.1 Sheffield Children's NHS Foundation Trust as a lessee**

Obligations under finance leases where Sheffield Children's NHS Foundation Trust is the lessee.

	31 March 2018 £000	31 March 2017 £000
Gross lease liabilities	10	10
of which liabilities are due:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	10	10
Finance charges allocated to future periods	(7)	(7)
Net lease liabilities	3	3
of which payable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	3	3
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as an expense in the period	-	-

Note 24.2 Sheffield Children's NHS Foundation Trust as a lessor

The Trust has not entered into any finance leases as a lessor.

Note 25.1 Provisions for liabilities and charges analysis

	Pensions - early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2017	6	41	675	722
Change in the discount rate	-	-	(32)	(32)
Arising during the year	-	12	145	157
Utilised during the year	-	(5)	(11)	(16)
Reclassified to liabilities held in disposal groups	-	-	-	-
Reversed unused	-	(14)	(30)	(44)
Unwinding of discount	-	-	-	-
At 31 March 2018	6	34	747	787
Expected timing of cash flows:				
- not later than one year;	-	34	61	95
- later than one year and not later than five years;	-	-	343	343
- later than five years.	6	-	343	349
Total	6	34	747	787

The provision for legal claims is in respect of employer's liability and public liability cases made against the Trust. This figure is based on information provided by the NHS Litigation Authority which at present represents the Trust's best assessment of the likely future costs associated with processing the claims. The eventual settlement costs and legal expenses may be higher or lower than that provided.

Other provisions include £375,000 (2016/17: £345,000) in respect of injury benefit cases. The provision has been calculated based on information provided by the NHS Business Services Authority - Pensions Division. There are uncertainties surrounding these provisions as the amounts incorporate assumptions made concerning the life expectancy of the individuals. £300,000 (2016/17: £300,000) within other provisions relates to anticipated dilapidations costs for short leasehold property currently leased by the Trust. Also included within other provisions is £71,000 (2016/17: £30,000) regarding employment cases.

£43,498,000 is included in the provisions of NHS Resolution at 31 March 2018 (£35,960,000 as at 31 March 2017) in respect of clinical negligence liabilities of the Trust (and is not included in the provisions of the Trust).

Note 25.2 Clinical negligence liabilities

At 31 March 2018, £43,498k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Sheffield Children's NHS Foundation Trust (31 March 2017: £35,960k).

Note 26 Contingent assets and liabilities

	31 March 2018 £000	31 March 2017 £000
Value of contingent liabilities		
NHS Resolution legal claims	(9)	(34)
Gross value of contingent liabilities	<u>(9)</u>	<u>(34)</u>
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	<u>(9)</u>	<u>(34)</u>
Net value of contingent assets	-	-

The contingent liabilities relate to personal litigation claims above the amount included in provisions up to the maximum excess amount for which the Trust is liable.

Note 27 Contractual capital commitments

	31 March 2018 £000	31 March 2017 £000
Property, plant and equipment	-	-
Intangible assets	-	-
Total	<u>-</u>	<u>-</u>

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Note 28 Financial instruments

Note 28.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

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Currency risk

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

Credit Risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's trade receivables. As the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure. Therefore the maximum exposure to credit risk at the reporting date was £9,794,000 (2016/17: £9,630,000), being the total of the carrying amount of financial assets.

With regard to the credit quality of financial assets and impairment losses, the movement in the allowance for impairment in respect of trade receivables during the year is disclosed in note 17.2 and the ageing of non-impaired trade receivables past their due date at 31 March 2018 is disclosed in note 17.3.

Interest Rate Risk

All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition, the only element of the Trust's financial assets that is currently subject to a variable rate is cash held in the Foundation Trust's main bank accounts and in a short term deposit account. The Trust is therefore not exposed to significant risk of fluctuations in interest rates.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and other NHS or Government bodies, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from cash reserves or loans. All major capital expenditure is supported by detailed financial assessment including the assessment of cash flow requirements and impact on liquidity and any funding is within the Trust's prudential borrowing limit, as set by NHS Improvement. The Trust is not, therefore, exposed to significant liquidity risks.

Note 28.2 Carrying values of financial assets

	Loans and receivables £000	Total book value £000
Assets as per SoFP as at 31 March 2018		
Trade and other receivables excluding non financial assets	9,794	9,794
Cash and cash equivalents at bank and in hand	20,954	20,954
Total at 31 March 2018	30,748	30,748

	Loans and receivables £000	Total book value £000
Assets as per SoFP as at 31 March 2017		
Trade and other receivables excluding non financial assets	12,496	12,496
Cash and cash equivalents at bank and in hand	29,312	29,312
Total at 31 March 2017	41,808	41,808

Note 28.3 Carrying value of financial liabilities

	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Liabilities as per SoFP as at 31 March 2018			
Borrowings excluding finance lease and PFI liabilities	44,517	-	44,517
Obligations under finance leases	3	-	3
Trade and other payables excluding non financial liabilities	20,298	-	20,298
Provisions under contract	786	-	786
Total at 31 March 2018	65,604	-	65,604

	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	46,619	-	46,619
Obligations under finance leases	3	-	3
Trade and other payables excluding non financial liabilities	15,931	-	15,931
Provisions under contract	722	-	722
Total at 31 March 2017	63,275	-	63,275

Note 28.4 Fair values of financial assets and liabilities

The fair value of all financial assets and liabilities held by the Trust at 31 March 2017 and 31 March 2018 are not significantly different to book value.

Note 28.5 Maturity of financial liabilities

	31 March 2018	31 March 2017
	£000	£000
In one year or less	22,777	20,212
In more than one year but not more than two years	2,183	2,119
In more than two years but not more than five years	6,632	6,632
In more than five years	<u>34,012</u>	<u>34,312</u>
Total	<u>65,604</u>	<u>63,275</u>

Note 29 Losses and special payments

	2017/18		2016/17	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	1	-	1	-
Bad debts and claims abandoned	68	152	126	145
Stores losses and damage to property	-	-	6	1
Total losses	<u>69</u>	<u>152</u>	<u>133</u>	<u>146</u>
Special payments				
Compensation under court order or legally binding arbitration award	8	12	8	15
Ex-gratia payments	17	1	28	3
Total special payments	<u>25</u>	<u>13</u>	<u>36</u>	<u>18</u>
Total losses and special payments	<u>94</u>	<u>165</u>	<u>169</u>	<u>164</u>

Note 30 Related parties

The total value of receivables and payables balances held with related parties as at 31 March is:

	31 March 2018	31 March 2017
	Receivables	Receivables
	£000	£000
Department of Health	4	496
Other NHS bodies	10,383	9,242
Other bodies (including WGA Bodies)	469	409
	<u>10,856</u>	<u>10,147</u>
	31 March 2018	31 March 2017
	Payables	Payables
	£000	£000
Other NHS bodies	4,568	4,591
Other bodies (including WGA Bodies)	4,577	4,186
	<u>9,145</u>	<u>8,777</u>

The Department of Health ("the Department") is regarded as a related party. During the year, the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities include NHS England, Clinical Commissioning Groups, NHS Foundation Trusts, NHS Trusts, the NHS Litigation Authority, the NHS Business Services Authority and the NHS Purchasing and Supply Agency. The main NHS entities are:

- Sheffield Clinical Commissioning Group (CCG)
- NHS England
- Sheffield Teaching Hospitals NHS Foundation Trust

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with HM Revenue and Customs (including National Insurance Fund), NHS Pension Scheme and Sheffield City Council.

At 31 March 2018, funds to the value of £178,000 (31 March 2017 - £310,000) were held on trust. Included in this are outstanding expenditure commitments of £89,000 at 31 March 2018 (31 March 2017 - £nil). The Trust received donated income of £17,000 in the year (2016/17: £nil) from Sheffield Hospitals Charity, who hold the responsibility for the management of these funds. Sheffield Hospitals Charity is a registered charity within whose accounts the transactions are reported.

During the year ended 31 March 2018, the Trust also received revenue and capital funding from The Children's Hospital Charity, a registered charity that mainly supports the work of the Sheffield Children's NHS Foundation Trust and its reputation as a regional centre of excellence for the research, prevention and cure of childhood illnesses, as well as other organisations. In the year ended 31 March 2017, the charity raised a total of £2,400,000 (year ended 31 March 2017 - £2,800,000) and the Trust recognised donated income of £1,073,000 (2016/17: £1,452,000) from the charity. Two members of the Trust's Board are also Trustees of the charity. Also, the wife of a Non-Executive Director of the Trust is a Trustee of the charity.

The Trust Board has agreed that the Trust does not have control over either Sheffield Hospitals Charitable Trust or the Children's Hospital Charity and as a result, consolidation of these charities has not taken place for 2016/17, in line with IAS 27.

Note 31 Events after the reporting date

There are no material events after the reporting period.

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