



The Royal Wolverhampton
NHS Trust

Annual Report 2017-18

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Introduction

Statement by the Chairman

It is a privilege to introduce the Annual Report and Annual Accounts for the period 1 April 2017 to 31 March 2018, another memorable year of successful progress for The Royal Wolverhampton NHS Trust working in partnership with its many stakeholders.

The year under review was more one of consolidation and development than the years immediately preceding it. No large new facilities were opened or major acquisitions of services took place. However, the scale and pace of innovation and improvement across the organisation was palpable, both locally and nationally. For example, 7 Day Services were introduced as part of a bold national pilot programme for key clinical areas, building on investment and plans started (with strong local commissioner support) many years previously. The now well embedded Safehands radio frequency tracking system won a keynote national award from Lord Carter of Coles, the government's lead on modern efficiency across the NHS.

Perhaps even more striking was the local progress in connecting Primary Care practices to the Community and Acute services already established in the Trust. From 3 GP practices in June 2016, the scale of this ambitious development had grown to 9 by March 2018. Already the gains from this synergy are measurable, including thousands of extra GP appointments per annum, new social prescribing assistance and over 40 fewer emergency hospital admissions monthly from the patient cohort covered. This pilot scheme became business as usual as the year progressed, attracting national commentary and attention from policy makers, researchers and system leaders.

Further developments, such as an Ambulatory Care and Frailty unit and a merging of Stroke Services for the Walsall and Wolverhampton populations, both sited at New Cross Hospital, demonstrated how closely the Trust now works with commissioning and partner organisations and neighbouring health providers. Work has also begun on an even larger scheme to centralise the bulk of routine Pathology services for the Black Country in Wolverhampton.

None of these developments were solely created and delivered by RWT alone. Key partners like Healthwatch Wolverhampton, City of Wolverhampton Council, West Midlands Ambulance Service, Wolverhampton Clinical Commissioning Group and a host of others in Staffordshire and the Black Country, have combined with the NHS regulatory bodies responsible (for primary and secondary care) to inspect, assure, rate and support the range of services at RWT. Although performance in some areas has been challenged – particularly urgent and emergency care, and waits for some operations and cancer treatments – the Trust nonetheless compares well to its peers on a wide spectrum of measurement, and continues to have no regulatory concerns about its quality of care, financial

standing or governance. Once again, a modest financial surplus was delivered which can be reinvested in the period ahead to further improve services.

Perhaps the most memorable feature of 2017/18 across the whole NHS was the difficult and lengthy period of "winter pressures". Several waves of heavy snow (which bring both operating difficulties and follow-on surges of care demand) plus a high prevalence influenza and wider acute morbidity in many populations, resulted in nationally worsened performances. However the staff and volunteers at RWT were ever more determined to sustain a full range of services for the higher numbers of patients and their carers. Nurses were driven from home through snow by community volunteers, medical educational staff enabled other community members to organise large on-site children's crèches (enabling many hospital staff to continue working, even when schools closed) and as a result fewer operations were cancelled and more services run at RWT than many observers expected. Major inspections by national regulators also continued - even as the snows fell - meaning RWT was inspected by the Care Quality Commission and NHS Improvement in some of the most demanding circumstances possible for health services.

This report contains great detail on the very many aspects of a busy year at a large NHS Trust. The services of the Trust are delivered by a wide variety of workforce roles, including employees, apprentices and volunteers, and many others engaged in further professional training or research.

The Trust Board met ten times and held a public Annual General Meeting in discharging its responsibility for being accountable to the public and regulators for the strategy, performance and culture of the Trust. On behalf of the Trust Board during 2017/18 I would personally like to thank every member of staff, whatever their role and contribution, for enabling the delivery of safe, effective and efficient care with the utmost compassion.



Jeremy Vanes - Chairperson

A - Performance Report

A1 - Performance Overview

Statement from the Chief Executive providing his perspective on performance over the period.

Over the past 12 months, the NHS has continued to go through some substantial changes and the demands on our services have increased yet again. Despite the on-going pressures our staff continue to do a fantastic job, day in day out, and I would like to take this opportunity to say a personal 'thank-you' for their continued outstanding efforts and commitment to the Trust.

Taking into account the ongoing high service demands, we continue to perform well and fulfil our aim to deliver an increasing and better quality range of services to the people of Wolverhampton, Cannock, the wider Black Country and surrounding areas.

A total of nine GP practices are now part of the Trust and we continue to encourage others to join our organisation. This means that we are now directly responsible for the delivery of primary care. This vertical integration offers a unique opportunity to redesign services from initial patient contact, thought to ongoing management to end of life care. It provides a seamless provision of care to the people of Wolverhampton, Cannock and beyond.

During the year we have also continued to engage with other Black Country stakeholders to further develop the sustainability and transformation plans. These plans are designed to identify ways for the NHS to work more collaboratively and to explore ways of providing healthcare services more efficiently.

I am in no doubt that everyone at the Trust strives to continually improve the quality of care delivered. Many innovative ways of providing high quality and effective care have been implemented. We have opened a new stroke unit at New Cross Hospital so patients from Walsall and Wolverhampton can access vital services 24 hours a day. This will be a great asset for the Trust.

We are also working towards creating a pathology hub at New Cross which will carry out tests for The Royal Wolverhampton NHS Trust, Sandwell and West Birmingham Hospitals NHS Trust, The Dudley Group NHS Foundation Trust and Walsall Healthcare NHS Trust. It will provide an improved service with extended hours for some services and faster turnaround times. The creation of the hub will require an extension to the existing facility at New Cross to accommodate the additional testing volumes which we hope will be opened by October 2019.

In addition, we continue to see reductions in harm from patient falls in hospital as a result of the continuing falls collaborative work.

I mentioned earlier that one of our strengths comes from the staff who work at the Trust. A large number of our staff have been given national awards this year. Examples include; one staff nurse who was one of very few nurses countrywide to receive the title of Queen's Nurse, a RWT dental promoter received a national award for her services to vulnerable members of the community and a continence care nurse manager came third in the British Journal of Nursing Continence Nurse of the Year award for her work.

Also our Rapid Intervention Team were recently nominated for a Burdett Nursing Award for their dedication and success in safely caring for acutely unwell patients at home, preventing hospital admissions. Due to the success of the team there has been a reduction in attendances at A&E and a reduction in readmissions. Not to mention countless other nominations and awards for our staff's hard work and commitment.



This year we have strived to recruit and retain key clinical professional staff using new strategies, methods, and imaginative approaches. We are in no doubt staffing will continue to be a challenge in the forthcoming year but we have excellent measures and processes in place to help with this.

This last year, and moving into next year, has seen financial pressures continue to be an issue. We have looked at how we can deliver our increasing range of services both more effectively and efficiently. We can demonstrate some success with this which has meant we end the year in a good position. This does not underestimate the work needed to ensure we meet our financial plan, particularly our cost improvement targets in 2017/18.

Our performance as assessed by national standards will be covered in detail in this report; however I would like to highlight a number of areas. Whilst we have struggled to achieve the national standards relating to the 4 hour wait in our emergency department and the 18 week referral to treatment standard, we remain in a positive position when our performance is benchmarked both regionally and nationally. We recognise the importance of these and indeed all of the national performance standards, as we work collaboratively with partners to ensure we continually deliver a good service and positive experiences for our patients.

During 2016 we received the conclusion of the independent review into our governance and leadership. This review was commissioned by NHS Improvement (NHSI) and was conducted independently by Deloitte. The report concluded that we have a stable, cohesive and experienced executive team. We have used this report positively and to help give some direction to how we can continue to improve and make changes where necessary. This year we have worked hard to implement the actions and changes agreed and I am pleased to say this has been achieved with some follow up work to be completed early into the new financial year.

Finally, I would like to take this opportunity to acknowledge our continued and heartening commitment to clinical research. Our research program continues to go from strength to strength with over 13,000 people taking part in research at the Trust over the last 5 years. Of these, over 11,500 patients participated in National Institute for Health Research (NIHR) studies. I am pleased to report that these participants have been involved in over 900 different studies. These have included trials testing ground-breaking treatments for cancer, heart and lung disease, musculoskeletal, skin conditions, renal, stroke and respiratory conditions and those affecting children. We would like to applaud those local people who help to progress healthcare both locally and nationally and strengthen our position as a research centre.

Whilst I believe the challenges will be as great as they ever have been in the coming year, we are as well placed as we can be through our ongoing commitment to ensure we meet our priorities and continue to provide a comprehensive range of services.



A handwritten signature in black ink.

David Loughton, CBE Chief Executive



Statement of the Purpose and Activities of the Organisation - What we do

The Royal Wolverhampton NHS Trust is a statutory body which came into existence on 1 April 1994 under The NHS Trust (Establishment) Order 1993, No 2574.

We are a major acute, community and primary care Trust providing a comprehensive range of services for the people of Wolverhampton, the wider Black Country, South Staffordshire, North Worcestershire and Shropshire. The Trust gained Cancer Centre status in 1997, were designated as the 4th Regional Heart & Lung Centre during 2004/05, and we are designated as the only specialist services tier 2 hospital in the Black County.

We are the largest teaching hospital in the Black Country providing teaching and training to more than 130 medical students on rotation from the University of Birmingham Medical School. We also provide training for nurses, midwives and allied health professionals through well-established links with the University of Wolverhampton. During 2014 the Trust was established as the Host for the Clinical Research Network: West Midlands. On 1st November 2014 we acquired services and assets, including Cannock Chase Hospital, from the Mid Staffordshire NHS Foundation Trust.

From 1 June 2016 we entered into an agreement with certain Wolverhampton GP practices for a pilot model of vertical integration of services. As at March 2018, nine GP Practices are now part of the Trust. This means that we are directly responsible for the delivery of primary care. This vertical integration programme offers a unique opportunity to redesign services from initial patient contact, through ongoing management to end of life care.

We are one of the largest acute and community providers in the West Midlands providing c800 beds at our New Cross site (including intensive care beds and neonatal cots). From April 2018, following a £2.4m development, we will also open a specialist Hyper Acute Stroke Unit (HASU) at New Cross Hospital. The new Stroke unit will provide an additional 15 beds, bringing the total number of stroke beds to 49 and will provide an HASU care for both Wolverhampton and Walsall residents. This will improve the standard of clinical care for stroke patients at Walsall and Wolverhampton as we will be able to provide comprehensive care across 7 days, onsite stroke specialist for 12 hours and daily Transient Ischaemic Attack (TIA) clinics. There are a further 56 rehabilitation beds at West Park Hospital, and 54 beds at Cannock Chase Hospital.

We are the largest employer in Wolverhampton, with more than 8,000 staff, providing services from the following locations:

- New Cross Hospital - Secondary and tertiary services, Maternity, Accident & Emergency, Critical Care and Outpatients.
- West Park Hospital - Rehabilitation, Inpatient and Day Care services, Therapy services, and Outpatients.
- Community Services - More than 20 community sites providing services for children and adults, Walk-in Centres, and Therapy and Rehabilitation services.
- Cannock Chase Hospital - General Surgery, Orthopaedics, Breast Surgery, Urology, Dermatology, and Medical Day Case investigations and treatment (including Endoscopy).
- Primary Care - Nine GP practices have now joined us across Wolverhampton and Staffordshire.

Our Local Population – some public health indicators

Our New Cross site resides in the heart of a diverse city with a CCG registered population of 255,000 people. Recognising the close proximity to neighbouring areas, the wider population that we serve is closer to 450,000. This covers patients from across the three Staffordshire CCGs (South East Staffordshire and Seisdon Peninsula, Cannock Chase and Stafford & Surrounds), Walsall, and, to a lesser extent, patients from other areas of the Black Country and Shropshire.

The Office of National Statistics (ONS) estimates that the population of Wolverhampton will grow to 260,000 in 2019 and 268,000 in 2024, an overall increase of 5%. The population of Cannock Chase will grow slightly from 99,000 in 2014 to 100,000 in 2019 and 102,000 in 2024, an increase of 3%.

Whilst the current age profile shows a slight outlier in terms of national comparison for the number of children (20.4% v 19%) and fewer older people (16.8% v 17.7%) compared to England respectively, the ONS projections demonstrate that this trend is likely to change, and Wolverhampton will begin to close this gap.

Given this data, a key challenge locally will be the rise in the number of older people. The ONS predict that the population aged over 65 in Wolverhampton will increase from 42,000 in 2014 to 45,000 in 2019 and 47,000 in 2024, an increase of 12%. The Cannock Chase population aged over 65 will grow from 18,000 in 2014 to 20,000 in 2019 and 22,000 in 2024, a 22% increase.

The key demographic and Health indicators for Wolverhampton are identified below:

Ethnic Background	<p>White: 68% (with a growing population from Eastern Europe).</p> <p>BME: 32% (higher than the national average of 14.3%).</p> <p>BME 0-15: total 49,423 Wolverhampton of which 55.3% White British and 44.7% BME (from Wolverhampton Equalities Analysis 2014 - most recent available).</p>
Life Expectancy	<p>Based on 2010-12 figures:</p> <p>Males: 77.4 years.</p> <p>Females: 81.7 years.</p> <p>2 years lower than national average.</p>
Quality of Life	<p>Disability-free life expectancy:</p> <p>Males: 58 years (3 years lower than national average).</p> <p>Females: 61 years (2 years lower than national average).</p>
Deprivation	<p>21st most deprived local authority and expected to worsen. 51.1% of population amongst the 20% most deprived nationally.</p> <p>Life expectancy gap between the most and least deprived:</p> <p>Males: 7 years.</p> <p>Females: 3 years.</p>
Morbidity	<p>27.7% suffer from one or more LTCs.</p> <p>Single greatest cause of years of life lost: Cardiovascular Disease.</p>
Infant Mortality	<p>7.7 per 1000 live births (Highest in England. England average - 4.3).</p> <p>Infant mortality in Wolverhampton is 10th highest compared to other local authorities and is significantly higher compared to England average.</p>

Data taken from Health Profile 2016 and 2017, Public Health England and Wolverhampton JSNA.

We work closely with colleagues and stakeholders from all across the City to plan services that meet the needs of the population. The lead group for this is the Health and Wellbeing Board (HWB) which the Chief Executive and the Chair both attend. The HWB has identified three priorities for action:

- Childhood obesity
- Child and adolescent mental health and
- Integration with a dual focus on: - dementia and - care closer to home.

Activity Overview 2017-2018

During the 2016/17 financial year, the Trust took the decision to migrate community activity data so that it is now recorded within the same patient administration system as acute activity. As a result we are now able to provide activity summary tables that combine acute and community activity for Inpatient and Outpatient services. Service contacts that occur outside of hospital sites in community settings are still outlined separately.

During 2016/17 and 2017/18 there was a planned increase in the number of maternity admissions and births. This is due to a number of reasons including a growth in the number of mothers from the Wolverhampton/Staffordshire border choosing to give birth at RWT, alongside a formal agreement to support 500 mothers who were diverted to New Cross hospital from Walsall Healthcare whilst work was taking place at the Manor Hospital site to improve the estate and staffing resources.

Vocare are a private provider delivering a GP led Urgent Care service within the New Cross Urgent and Emergency Care Centre, since November 2016. Vocare numbers for 2017/18 represent its first full financial year in operation.

As part of the reconfiguration of the musculoskeletal pathway in Wolverhampton, some services previously provided by the Trust are now provided by Connect Health, which has led to a decrease in Referrals, Outpatient activity and Community Contacts.



Trust activity is summarised in the tables below:

Table 1 Admissions

Admissions						Percentage difference				
Year	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2012/13 - 2013/14	2013/14 - 2014/15	2014/15 - 2015/16	2015/16 - 2016/17	2016/17 - 2017/18
<i>Admission Method:</i>										
Emergency	37,824	42,675	45,802	44,177	42,427		12.8%	7.3%	-3.5%	-4.0%
Planned Overnight Stays	8,089	7,732	7,874	7,597	7,193		-4.4%	1.8%	-3.5%	-5.3%
Planned Day Admissions	45,536	47,254	58,774	61,252	61,469		3.8%	24.4%	4.2%	0.4%
Regular Day Admissions	30,572	30,553	30,843	30,694	30,459		-0.1%	0.9%	-0.5%	-0.8%
Transfers	883	936	738	550	599		6.0%	-21.2%	-25.5%	8.9%
Maternity	8,984	9,364	9,845	11,356	11,458		4.2%	5.1%	15.3%	0.9%
Births	4,197	4,199	4,567	5,066	5,311		0.0%	8.8%	10.9%	4.8%
Total	136,085	142,713	158,443	160,692	158,916		4.9%	11.0%	1.4%	-1.1%

Table 2 Emergency Activity

Emergency Activity						Percentage difference			
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018				
New Cross A&E (Type1)	109,375	117,290	127,906	131,134	133,328	7.2%	9.1%	2.5%	1.7%
GP Urgent Care Centre	-	-	-	31,131	48,690				56.4%
Phoenix Walk in Centre Attendances	35,179	36,740	38,824	38,975	40,225	4.4%	5.7%	0.4%	3.2%
Cannock Minor Injuries Unit	-	1,115	13,124	14,207	15,345			8.3%	8.0%
Total	144,554	155,145	179,854	215,447	237,588	7.3%	15.9%	19.8%	10.3%

Table 3 Referrals

Referrals						Percentage difference			
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018				
New	226,908	273,624	332,621	373,881	376,556	20.6%	21.6%	12.4%	0.7%
Total	226,908	273,624	332,621	373,881	376,556	20.6%	21.6%	12.4%	0.7%

Table 4 Outpatient Attendances

Outpatient (Attendances)						Percentage difference			
Patient Type:	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018				
New	168,572	191,070	230,661	258,287	252,738	13.3%	20.7%	12.0%	-2.1%
Review	387,580	434,719	509,521	542,279	520,585	12.2%	17.2%	6.4%	-4.0%
Total	556,152	625,789	740,182	800,566	773,323	12.6%	19.4%	8.2%	-3.4%

Table 5 Community Contacts

Community Contacts						Percentage difference				
Year	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2012/13 - 2013/14	2013/14 - 2014/15	2014/15 - 2015/16	2015/16 - 2016/17	2016/17 - 2017/18
First	53,142	54,020	56,133	59,660	53,203		1.7%	3.9%	6.3%	-10.8%
Subsequent	449,414	463,355	458,122	447,860	428,370		3.1%	-1.1%	-2.2%	-4.4%
Total	502,556	517,375	514,255	507,520	481,573		2.9%	-0.6%	-1.3%	-5.1%

Our Vision and Values

Recognising our continued evolution and the pioneering work around integration with primary care, the Trust has refreshed the Strategy, Vision and Strategic objectives to ensure absolute consistency across the organisation. We have reaffirmed our commitment to the Trust Values and have incorporated a stronger message around the communities with which we work within our Vision.

The new vision and the links to the supporting values can be seen below:



Our Strategic Objectives and the risks to achieving them

In line with our refreshed vision, we have taken the opportunity to ensure the Strategic Objectives are still fit for purpose and reflect the challenges for the organisation. As a result, we have modified two of the Strategic Objectives for 2018-21:

1. Create a culture of compassion, safety and quality.
2. Proactively seek opportunities to develop our services.
3. To have an effective and well integrated local health and care system that operates efficiently.
4. Attract, retain and develop our staff, and improve employee engagement.
5. Maintain financial health - Appropriate investment to patient services.
6. Be in the top 25% of all key performance indicators.

Our risk and assurance framework is more fully described in the Annual Governance statement.

The Trust Board has identified a number of key risks to the achievement of its strategic objectives in 2017/18:

- Workforce - Recruitment and retention of staff across the Trust and in particular the future pipeline of nursing and medical staff.
- Risk of adverse impact on the Trust following service transfer from Mid Staffordshire FT in November 2014 due to underlying financial gap of £6million.
- That there is a failure to deliver recurrent CIP's.
- That the deficit plan (before Sustainability and Transformation Funds) for 2016-2017 is not achieved and the medium term financial plan fails to bring the Trust back to surplus.
- That the Trust fails to generate sufficient cash to pay for its commitments.
- Shortage of qualified nurses across the Division.
- Risk to quality of patient care: reduced manpower.
- Lack of robust system for review and communication of test results.
- Delays in Emergency Department Cubicle Assessment and Triage.

Going Concerns

It is clear that the Trust should account on a going concern basis as there is no case for the Trust ceasing the provision of services, evidenced by published documents with regard to the 2018-2019 Financial and Performance Plan, as well as other strategic documentation.

As an existing trading entity, the Trust is not likely to be wound up and as such, it can be concluded that the Trust is a going concern. This is reaffirmed by the Trust's Statement of Financial Position as at 31 March 2018.



What We Achieved – Performance Summary 2017-2018

As a truly integrated organisation, we provide a whole range of services covering primary, secondary and community care, across a number of sites and locations. The only way we can maintain good clinical care is through the excellent support and commitment from all of our staff, including the grounds and estates maintenance, transport, portering, catering, housekeeping, IT, corporate services such as finance, business development and human resources, governance, procurement, security, and the mortuary. Taken together, it is the combined effort of every member of staff, whatever their role, which enables the Trust to provide high quality and effective services.

Some of key achievements over the past 12 months are:

- The Schwartz Rounds were fully embedded this year. This provides all staff with an opportunity to come together and discuss, reflect and better understand the emotional and social aspects of working in healthcare. 16 sessions have been attended by more than 625 staff, where multi-disciplinary panels have shared experiences on providing patient care.
- We won the Lord Carter Hospital Innovation award for using technology to support service transformation. As part of the Falls Collaborative, the Trust has also rolled out the Visual Acuity assessment tool training for healthcare staff to improve standards and safety for patients.
- The Rapid Intervention Team (RIT) has been shortlisted for the Burdett Nursing award. The awards recognise nursing teams for their sustained commitment to providing high quality care.
- A free Wi-Fi service was rolled out across New Cross, Cannock, and community sites. The service was designed to enhance the experience of patients by enabling them to stay in touch with family and friends during their stay in hospital.
- A Managed Print solution was rolled out across all sites. The service aimed to reduce expenditure and waste, improve Trust-wide information governance, and has an estimated recurrent cost saving in excess of £270,000 per annum.
- A new CCTV system has been implemented at the New Cross site, and the District Nurses have all received Lone Working devices, which has an SOS GPRS function to use in emergencies. The Security team have provided Conflict Resolution training to all frontline staff.



- Our Stroke services have expanded, and we now provide a Hyper Acute Stroke Unit. Both Wolverhampton and Walsall patients who are suspected as having a stroke will be seen in New Cross emergency department, before being transferred to our new Stroke Unit.
- Over 450 managers have been trained up to the new approach to staff wellbeing interventions. We listened to the staff when they said that they hoped for a better work/home life balance and have introduced a range of schemes including offering staff the opportunity to buy/sell up to 5 days annual leave.
- We have reinforced our commitment to providing support to the armed forces community by signing the Armed Forces Covenant. The Trust has pledged to provide support to serving and retired personnel among its staff.
- We have engaged with local schools to discover students interested in entering the Healthcare professions.
- We have launched apprenticeship schemes, and reconfigured our divisional structures to promote the development of existing staff, and invest in apprenticeships, including armed forces personnel.
- We have worked in partnership with the University of Wolverhampton and local NHS Trusts in the development of the Nursing Associate curriculum. We have also implemented the Collaborative Learning in Practice (CLiP) model for students, which supports a coaching approach in practice, rather than one-to-one mentoring.
- The Clinical Fellowship programme established in the Trust has had a positive impact on the middle grade doctor establishment. Innovative partnership with the Academy Institute of Medicine, University of Wolverhampton, has resulted in 48 Clinical Fellows joining us in 2017-18.
- Our Core Medical Training Programme was recognised both regionally and nationally as the 2nd highest scorer for positive feedback in the UK. We have also received critical praise from the University of Birmingham Medical School for our clear educational governance structure, successful delivery of medical education, consultant input to undergraduate education, and providing a welcoming environment.
- A technique called the Team Optimisation (TOM) was implemented during 2017/18, which looked at team working, and reviewed departments' philosophy, processes, and objectives. This has made a notable improvement to departmental culture and staff wellbeing.
- We have introduced additional special diet menus for fork mashable and texture modified foods, and rolled out allergen folders to all wards to improve patient choice.
- We have refined and standardised screening to detect and effectively manage septic patients. We introduced a sepsis awareness programme for staff and patients, and a sepsis educational programme for nursing and medical staff.
- We have implemented a number of new IT solutions, including:
 - 4x new GP websites, and a new Embrace website ensuring that patients have access to information, appointments etc.
 - Integrated Clinical Environment (ICE) for Pathology/Radiology and GP surgeries for ordering and viewing of diagnostic tests.
 - Fibonacci for the Better Care Fund (BCF) bringing Primary Care, Secondary Care, Mental Health, and Social Services together for real-time patient information.
 - Mobile working in the community - over 180 iPad devices, ensuring nursing staff can complete clinical documentation remotely which automatically store in Clinical Web Portal.

A number of challenges were faced during the year, notably:

Overall we are pleased to have delivered an increasing range of high quality services within a financially constrained environment. This has been achieved set against a number of challenges faced over the year. These are notably:

- Ensuring we had the right numbers of staff with the necessary qualifications and experience.
- The need to identify and deliver a cost improvement programme with no detrimental impact on the quality of service delivery.
- Increasing numbers of ambulance journeys to our Emergency Department.
- Increasing demands on the service causing pressures on achieving the National performance targets.
- Service reconfiguration to maintain / improve the delivery of high quality services.

A2 - Performance Analysis

We have a comprehensive performance reporting framework in place across the Trust that enables us to monitor, manage and report progress against a range of indicators. The Trust Board, sub committees, and Executive Director level groups receive monthly performance reports which present quality and performance indicators.

The reports adopt a risk-based approach so that variances in performance against the target are highlighted, along with supporting narrative or corrective actions as appropriate.

Some highlights of our performance against key performance indicators are given below:

- Patients will wait no longer than 31 days from diagnosis of cancer to first treatment = 97.20% (target 96%).
- C Difficile = 28 cases (year-end target of 35), this is an improvement of 17 from last year (45).
- Stroke - Percentage of patients that have spent 90% or more of their stay in hospital on ASU = 85.39% (target 80%).
- Where possible patients will not have their operation cancelled at short notice = 0.53% (target <0.8%).
- Falls resulting in serious harm = 18 (this is an improvement from last year which was 50).
- Percentage of patients with fractured neck of femur undergoing surgery within two days of admission = 96.56% (target 80%).
- Electronic discharge summary completed and dispatched within 24 hours of patient discharge for Base Wards = 95.31% (target 95%).

Other areas within the Trust have faced significant challenges this year, and these include:-

- 18 weeks referral to treatment incomplete pathways = 90.81% (target 92%).
- Patients treated/admitted from A&E with 4 hours = 89.9% a decrease of 0.76% from last year's performance of 90.66 % (target 95%).
- Ambulance handover = 1000 (30-60 minute) breaches and 162 (>60 minute) breaches.
- Patients with a diagnosis of cancer will wait no longer than 62 days = 74.87% (target 85%); the Trust has a detailed recovery plan in place to address this performance.
- MRSA = 2 cases in year against a target of 0.

Cancelled Operations at Short Notice

The Trust achieved this target with a year-end performance of 0.53% against a target of <0.8%. The single biggest reason for cancelled operations on the day of surgery during the year was due to lack of bed/HDU capacity and this represented 32% of the total cancellations for the year. The second highest reason for cancellations was running out of theatre time, this is largely due to complex cases in theatre taking longer than anticipated thus leaving no time to finish the scheduled list and this represented 20% of the total year.

Patients Treated/admitted from A&E within 4 hours

We saw increased numbers through the Emergency Department during 2017/18, with an additional 2,194 (1.65%) attendances at the New Cross site, 1,213 (3.02%) at the Phoenix Walk in Centre and 1,140 (7.43%) at Cannock Minor Injuries Unit. On an average basis, this equates to an additional 378 attendances per month during the year.

There were 3 patients who breached the 12 hour decision to admit target during the year:-

- 2 were children waiting for Paediatric Intensive Care beds.
- 1 was due to the patient's condition being too unstable to move from the department, this patient was eventually moved onto ITU.

Ambulance Handover

The Trust saw an increase in ambulance conveyance numbers during the year with an additional 1,187 (2.53%) ambulances. However, we saw a decrease in handover breaches specifically within the Ambulance handovers over 60 Minutes.

18 weeks Referral to Treatment – Incomplete

The Trust was unable to deliver the Referral to Treatment target of ensuring that 92% of patients receive treatment within 18 weeks of referral. This is primarily due to capacity pressures experienced within a number of key specialties. In particular there is a backlog of patients waiting for cataract surgery and for complex spinal surgery.

The Trust was able to improve on the number of patients waiting longer than 52 weeks. Following the delivery of the recovery plan for Orthodontics in May, no patient has breached this target.

Patients with a Diagnosis of Cancer will wait no longer than 62 days

Similar to the national position, the Trust has not been able to deliver on the cancer standard to ensure that 85% of patients with a diagnosis of cancer will wait no longer than 62 days. This is an on-going issue for the Trust where we have sought external support to try and identify opportunities for improvement. Following on from the Intensive Support Team visit we engaged the support of the Cancer Alliance in 2017/18 to review clinical pathways and operational processes. There has been some improvement following this work and we continue to implement their findings. However, certain factors continue to impact on the Trust: the continued late receipt of tertiary referrals, increased referrals in identified specialties (Breast) and patient choice for specified surgery (Urology).

Infection Prevention

The Trust has a strong track record for promoting and pioneering innovative solutions around infection prevention. Following a reduction in the numbers of patients with Clostridium Difficile last year, the Trust saw a further reduction in 2017/18: 28 against a target of 35. However, 2 patients were identified as MRSA positive against a zero threshold.



Key Financial Performance Information

The following summary of financial performance during 2017-2018 is drawn from the Annual Accounts.

The Department of Health assesses the Trust's financial performance against the following four targets, all of which have been achieved:

Income and Expenditure:

As a minimum, the Trust is required to break even each year. In 2017-2018 the Trust made a surplus of £4,327,000 after impairment and allowing for accounting adjustments.

Capital Cost Absorption Rate:

Within its overall expenditure, the Trust is required to pay the Department of Health a sum equivalent to 3.5% of average net relevant assets. This payment is known as the Public Dividend Capital payment. We paid a sum equivalent to 3.5%.

External Financing Limit:

This refers to the agreed amount of cash that the Trust is allowed by the Department of Health to consume over and above the amount it generates through its normal activities in year. This may be through a reduction in its own cash balances or receiving cash from external sources. The Trust is expected to not exceed its External Finance Limit (EFL) and in 2017/18 it achieved this, spending £3,626,000 (£4,626,000 2016/17) (against a target of £3,626,000 (£4,638,000 in 2016/17)).





Capital Resource Limit:

This is a limit, imposed by the Department of Health, on the level of capital expenditure which the Trust can incur in the year. The Trust should maintain its' spend at or below this level. We spent £19,909,000 (£21,817,000 in 2016/17) against a limit of £20,068,000 (£22,263,000 in 2016/17).

Valuation of Trusts Land & Buildings:

The value of the Trust's land and buildings has been assessed by an independent professional valuer. It is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Trust's service requirements can be met from the alternative site. The value of the Trust's land and buildings at 31 March 2018 has then been subject to revaluation using indices provided by the professional valuer. New additions and refurbishments completed in year were valued by the same independent valuer on a modern equivalent asset basis.

Other key financial information includes the following:

- 114,817 invoices received during the year, 83,306 (72.6%) were paid within 30 days of receipt of goods or a valid invoice (whichever is the latter).
- Against a turnover of £548,538,000, the break-even in-year position was £4,327,000, with a break-even cumulative position of £51,122,000.
- The accounts for the Trust were produced in line with the Department of Health's Group Accounting Manual, with particular judgment being exercised this year in regard to provisions, leases and useful economic lives of assets.

Sustainable Development

Sustainability is the ability to achieve sustainable development and is defined as “Development which meets the present without compromising the ability of future generations to meet their needs” (World Commission for Environment and Development WCED 1987).

We are committed to the principles of sustainable development and are developing a comprehensive Sustainable Development Management Plan. This plan will incorporate a carbon reduction strategy identifying practical solutions to achieving NHS targets carbon reduction. The Sustainable Development Management Plan will incorporate objectives for transport, procurement, energy consumption, waste, and design of the built environment.

Initiatives We Are Undertaking

The current Carbon Management Plan aims to minimise the impact of our activities on the environment by improving energy efficiency, exploring greener forms of energy generation and more efficient sources for our buildings and equipment.

We continue with initiatives identified in the transport and travel plan including providing secure bicycle shelters, changing facilities and free bike MOT checks. Options to purchase bicycles through salary sacrifice schemes continue in order to encourage those staff living close to their employment to use healthier modes of transport. A travel card scheme is offered to staff enabling the purchase of discounted annual bus and rail tickets. Additionally an hourly shuttle bus services between New Cross and Cannock Chase Hospitals is free of charge to patients and staff. Electric car charging points are available at New Cross Hospital.

Procurement continues to ensure that goods and supplies purchased are disposed of in an environmentally sustainable and socially responsible manner. Electronic tendering and purchasing continues to be developed in more departments reducing the need for printing large documents.

Our major projects will continue to be designed with practical environmental and sustainable design solutions maximising passive lighting and natural ventilation where possible. LED lighting with smart controls is now standard in all new projects as is the use of heat recovery systems and BMS managed heating.

New waste incineration plant linked to the CHP is being developed. This will further improve energy efficiency at New Cross Hospital by harnessing excess heat to generate free electricity and re-using excess heat.

Table 6 Site Carbon figures in tons (1000kg)

2016/2017

Carbon conversion	Community	New Cross	West Park	Cannock Chase	Total	Source
0.545	435.27	4978.64	332.56	1996.04	7742.51	Electricity
0.185	341.78	11446.19	427.45	1217.86	13433.29	Gas
0.275	0.00	208.68	0.55	1.09	210.32	Oil
Total	777.05	16633.50	760.57	3215.00	21386.11	

Engagement with Public, Patient & Stakeholders

Patient and public engagement (or involvement) is a continual process of working with patients, carers and other stakeholders (including relatives and advocates) to design, shape and develop services to improve services for its patients and their representatives. The Trust has a rolling 3 year strategy for Patient and Public Engagement which identifies the benefits of local engagement, and provides us with a framework to achieve our objectives.

Whilst the Trust has made some significant improvements with increasing patient and user engagement, in particular the creation of a Council of Members, ensuring that the voice of the patient is embedded throughout the organisation at a strategic level, the Trust aim to build on key relationships with the community and empower patients from every background to embrace and engage in the process.

Our aim during 2017/18 is to increase public and patient engagement, in particular to:

- Have a patient voice heard at Trust Policy Group for every policy change ensuring that the patient is always at the centre of service change.
- To undertake public consultations on key issues before service delivery change. The Trust is keen to involve local people in decisions which will determine how healthcare is provided.
- Increase membership of the Council of Members ensuring that members reflect the diverse population of the patients we serve.
- To undertake a series of engagement sessions to community groups specifically to gain views of patients accessing services for protected characteristic groups.
- Continue to implement a broad range of initiatives to encourage patient involvement and utilizing various methods and platforms to ensure inclusivity.

The Trust holds bi-monthly meetings with council members to seek their views on our services, and help us shape future developments. Specific projects are undertaken by members, and this involves collaborative work with both the Trust and our external stakeholders.

We continue to hold a bi-monthly Equality and Diversity Steering Group, run with significant input from the Patient Experience Team. This group considers matters important in the Trust from an Equality Diversity and Inclusion perspective, in which we encourage participation from local stakeholders, to ensure voices of marginalised groups are listened to and understood in our service delivery and policies.

Representatives from the Trust, including from the Patient Experience Department attends regular meetings with the Vertical Engagement Patient Participation Group to extend our engagement with GP surgery patients. The Patient Experience Team have been pro-active in attending local events to publicise the work of the Patient Experience service and seek local views on the way Trust delivers care.

We encourage patients and carers to share their 'Patient Stories' with us by recording their experience of care and allowing us to share these recordings at Trust Board and Senior Management Forums, as both a staff learning tool, and opportunity for patients to express how it feels to receive care from the us.



Serious Incidents

Occasionally things go wrong and we have designed a system for reporting and learning from such events. During 2017-2018 we reported 102 serious incidents (SI's) and 203 reportable incidents (RI's) through the serious and reportable incident system (STEIS) see Table 9. In the same period we reported 6 national never events and these are detailed below, see Table 10 – these figures are included in the accumulated figures table. Each of these incidents have been subjected to a rigorous root cause analysis investigation resulting in a corrective action plan being developed, which the implementation is followed up and monitored. We use these incident investigation reports to learn and to bring about improvements into the care we deliver.



Table 7 Serious Incidents Reported

Category	01/04/17 to 31/03/18
Confidential Breach	12
Diagnostic	30
Infection (C.Diff)	25 (5)
(Infection)	(15)
(MRSA)	(5)
Medical Equipment	1
Medication	1
Never Event (Retained Foreign Object)	6 (2)
(Wrong Site Surgery)	(4)
Sub Optimal Care	1
Surgical/Invasive Procedure	6
Treatment Delay	11
Unexpected Death	6
Unexpected Injury	1
VTE	2
TOTAL	102

Category	01/04/17 to 31/03/18
Maternity	5
Pressure Injuries (grade 3 and 4)	175
Slip/Trip/Fall (with serious harm)	23
TOTAL	203

Table 8 Never Events Reported

During the financial year April 2017 to March 2018, 6 NE incidents have been reported. Of these incidents 3 (50%) did not cause patient harm and 1 incident has been identified to have caused low patient harm, 1 incident has been identified to have caused moderate patient harm and 1 incident caused severe harm.

Date	Location	Category	Level of Harm	Progress
April 2017	ED	Retained foreign object	Moderate	Investigation completed
July 2017	Radiology	Wrong Site Surgery	Low	Investigation completed
August 2017	Obstetrics	Wrong Site Surgery	Severe	Investigation completed
October 2017	Gynaecology	Retained foreign object post-procedure	None	Investigation completed
November 2017	Dental	Wrong Site Surgery	None	Investigation completed
November 2017	T&O	Wrong Site Surgery	None	Investigation completed and request made to the CCG re: de-escalation. Outcome awaited.

Workforce

We are one of the largest employers within the local community, with 8,300 substantive staff at end of March 2018, and have a responsibility and intention to recruit a workforce which is representative of the diversity of the local community. We employ a significant proportion of our workforce from the Wolverhampton postcode and are committed to strengthening its networks with local schools, colleges and universities to provide a range of opportunities for employment at all levels including apprenticeships, entry level roles and healthcare career pathways.

We have made significant progress towards developing a more inclusive workforce and culture, increasing levels of engagement with staff, and raising awareness of Equality issues. It is envisaged that this progress will continue with greater staff participation and increased contribution, more involvement with local communities and addressing any identified issues of inequality experienced by our workforce.



The workforce profile is shown below:

Gender, Disability and Ethnicity

Table 9 Headcount: 31 March 2018

Staff Type	Female	Male	Total
Apprentice	24	14	38
Medical and Dental	343	501	844
Other Staff	6133	1056	7189
Senior Manager (B8a+ or VSM)	266	101	367
Student Nurse	26	3	29
Trust Board- Execs	2	7	9
Trust Board- Non Execs	4	4	8
Grand Total	6798	1686	8484

Table 10 Proportion:

Staff Type	Female %	Male %
Apprentice	63.16	36.84
Medical and Dental	40.64	59.36
Other Staff	85.31	14.69
Senior Manager (B8a+ or VSM)	72.48	27.52
Student Nurse	89.66	10.34
Trust Board- Execs	22.22	77.78
Trust Board- Non Execs	50.00	50.00
Grand Total	80.13	19.87

Disability:

The proportion of employees who have declared that they have a disability has decreased by 0.62% going from 1.82% in 2017. One of the ways of us encouraging people to declare is through awareness sessions and employee voice forums that target areas such as disability.

Table 11 Disability

Disability	%
No	66.70%
Not Declared	32.10%
Yes	1.20%
Grand Total	100.00%

Ethnicity:

Table 12 Ethnicity

The proportion of BAME within the workforce as at 31 March 2018 has shown an increase to 26.74% from 25.48%.

Ethnicity	%
African	2.11%
Asian	2.96%
Bangladeshi	0.28%
Black	0.02%
Caribbean	3.06%
Chinese	0.62%
Indian	10.95%
Mixed White	1.70%
Other Black	0.66%
Other Mixed	0.37%
Other/Not Known	2.19%
Pakistani	1.82%
White	73.26%
Grand Total	100.00%

Staff Catchment Area

At the end of the financial year March 2018, 61.61% of staff had a WV postcode on the Electronic Staff Record; this was broadly comparable to March 2017 at 61.23%.

Listening to Our Staff

We continue to be committed to providing the right conditions for our staff to strive continuously to improve patient experience and outcomes. The People and Organisation Development Strategy 2016 – 2020 outlines our approach to workforce including staff engagement and participation and sets out an improvement pathway to enable a healthy work place where our values and behaviours are evident on a daily basis.

Our staff engagement and motivation levels continue to be higher than the national average and we are continuing to build on these indicators to enhance patient experience and outcomes and staff involvement in service improvements. The link between staff engagement and patient experience and outcomes is well documented and we are following the tools and approaches contained within the Engage for Success framework* to enhance both staff and patient experience. We are committed to listen to staff, to encourage individuals to voice their opinions for improvements in service, and to support staff to work towards our vision and values at all times.

*<http://engageforsuccess.org/the-four-enablers>

The People and Organisation Development Strategy provides four key pathways for action, each aiming to provide an environment where staff can develop and grow personally and professionally in order to continually improve patient care.

Pathway One - Engagement and Culture

- Equality and Diversity
- Employee Relations and Retention
- Reward and Recognition
- Leadership, Engagement and Continuous Improvement

Pathway Two - Organisation Development

- Health, Wellbeing and Resilience
- Managing for Excellent Performance
- Leadership and Workforce Development
- Organisation Design

Pathway Three - Future Workforce

- Attraction, Recruitment and Retention – Employer Branding
- Apprentices and Graduates
- Best Start and Educational Pathways
- Career Pathways and Succession Planning

Pathway Four - Workforce Intelligence and Planning

- Workforce Planning
- Effective use of technology
- Workforce Analytics and Intelligence
- HR Metrics and Performance



We have made good progress in a number of these areas, in particular Attraction and Recruitment, Health, Wellbeing and Resilience, HR metrics and performance and Employee relations; we have launched a new Early Resolution Policy which is intended to support managers and staff with tools, such as coaching, facilitated conversation and mediation to resolve any potential conflict within the workforce at the earliest opportunity. This included a framework on Dignity and Respect at work which aims to ensure the Trust values are embedded within the workforce for employees.

We continue to work on the development of action planning and deliverables for this coming year.

Regulation 8, Schedule 2

2017/328 Declaration of Facility Time (Table 13)

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1-50%	
51%-99%	
100%	2

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£33, 907
Provide the total pay bill	£327, 811m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 = 0%.



Volunteer Services

The last 12 months have again shown a busy period for Volunteer Services in recruitment, widening the types of opportunities we have on offer, and working in partnership with our existing and new stakeholders. As always we hold provision of a positive patient experience at the forefront of our volunteering activity, and we aim to place volunteers into roles which complement, but do not replace, paid members of staff.

We currently have 24 different volunteer roles and opportunities within the Trust. Many of these roles are well established, however in the last 12 months we have also developed the following new opportunities in partnership with staff:

- **Ophthalmology volunteers** - volunteers who can support the uptake of patient satisfaction surveys and also support patients waiting to be admitted on to the ward.
- **Reminiscence Room (Elderly Care)** - Volunteers who help provide reminiscence type activities from our patient's Reminiscence Room.
- **Outpatients One** - Wayfinders who operate specifically from OPD1 to help patients be signposted on to other departments.
- **Discharge Lounge** - Volunteers who support patients waiting to be discharged.
- **Hairdressing (Elderly Care)** - Volunteers on placement from a local training provider, who provide hairdressing to inpatients.
- **Dementia Outreach** - Volunteers who support our Dementia Outreach team with visiting patients who have dementia and offering companionship and distraction activities.

The Trust is committed to supporting our volunteers and recognising the important work that they do. Once again an event was held for volunteers to thank them for their input, and some awards were presented to outstanding volunteers who were nominated by staff for their contributions. The event was held in November 2017 in the presence of our Executive team and Deputy Mayor of Wolverhampton, and was held in collaboration with the Trust Charity. Volunteer Services also supports several other charities and groups who run volunteer services throughout the Trust, with recruitment of their volunteers, and other key administrative functions. These include:

- BLISS Neo Natal Charity.
- Breastfeeding Peer Support Group (In collaboration with Wolverhampton Breastfeeding Network).
- Hospital Radio Stafford.
- League of Friends of Stafford and Cannock Hospitals.
- League of Friends of Wolverhampton Eye Infirmary.
- Macmillan.
- Pets as Therapy.
- Radio Wulfrun.
- Wolverhampton Coronary Aftercare Support Group.
- Wolverhampton Hearing Services Volunteer Group.

Volunteering Summary Information Table 14

Current number of active volunteers in the Trust - 429.

Number of new volunteers to the Trust in last 12 months - 67.

Number of volunteers who left the Trust in the last 12 months - 92.

Estimated number of volunteer hours provided to Trust in last 12 months - 164,736.

Number of volunteers based within each location of the Trust:

- New Cross Hospital - 245.
- West Park Hospital / Community Services - 89.
- Cannock Chase Hospital - 95.



The Trust Charity

Our Charity makes a real difference to our patients, their families and the staff that treat them above and beyond the services provided by the NHS.

We aim to support the Trust to realise its vision to be an NHS organisation striving to continuously improve patients' experiences and outcomes.

Ways in which the charity makes a difference to the patients, their families and the staff who treat them, above and beyond that provided by the NHS, include:

- Additional facilities and an improved environment.
- Additional equipment that can make a real difference to patient care.
- Opportunities for staff training above and beyond their mandatory training.
- Opportunities to further medical knowledge through research.

Purchases using money donated to the charity during 2017-2018 include the following items:

- Activity packs and colouring books for Children attending the Emergency Care Centre.
- Specialist therapy chairs for Rheumatology patients.
- Aromatherapy for patients with Cancer.
- x2 Scanners and a Retinomax machine for Ophthalmology.

The annual report of the Trust Charity will be published in the late summer 2018 and will contain more information about this aspect of our work.



The Royal Wolverhampton
NHS Trust Charity



B - Accountability Report

B1 - Corporate Governance Report

Directors Report

The Directors of the Trust

During the year 2017-2018 and up to the signing of the Annual Report and Annual Accounts, the Accountable Officer for the Trust was David Loughton, CBE and the Trust Chairperson was Jeremy Vanes. The Trust Board comprised Mr Loughton and Mr Vanes and the following Directors (any with less than a full year of Board membership are denoted accordingly):

Dr J Anderson (retired July 2017)

Non-Executive Director & Senior Independent Director

J Small (from August 2017)

Non-Executive Director

R Dunshea

Non-Executive Director, Senior Independent Director (from August 2017), Chair of Audit Committee

R Edwards

Non-Executive Director

C Etches, OBE

Chief Nurse and Deputy Chief Executive

J Hemans

Non-Executive Director

A Duffell

Director of Workforce

S Mahmud

Director of Integration

M Martin

Non-Executive Director

G Nuttall

Chief Operating Officer

Dr J Odum

Medical Director

S Rawlings

Non-Executive Director

M Sharon

Director of Strategic Planning and Performance

K Stringer

Chief Financial Officer

The Audit Committee comprised the following Non-Executive Directors during 2017-2018 and up to the signing of the Annual Report and Accounts: R Dunshea (Chairperson), J Anderson (to retirement), M Martin and R Edwards.

The Remuneration Committee comprised the following Non-Executive Directors during 2017-2018 and up to the signing of the Annual Report and accounts: J Vanes, J Anderson (to retirement), J Small (from August 2017), R Dunshea, R Edwards, J Hemans, M Martin and S Rawlings.

The roles and activities of the Trust Board committees are covered in more detail in the Annual Governance Statement (section B1 of this report).

During 2017/18 the Trust Board comprised the Chairman; the Chief Executive; four Executive Directors; six Non-Executive Independent Directors; and was supported by three additional Directors and two Associate Non-Executive Directors. Each Executive Director and Independent Non-Executive Director has an equal vote on the Trust Board. Executive Directors are responsible to the Trust Board for the delivery and performance for services within their portfolios. Independent Non-Executive Directors provide challenge and a level of independent scrutiny to decision-making, implementation and reviewing organisational performance. Their backgrounds and experience provide a balance of skills to provide a level of challenge across the range of activities of the Trust Board. The Chief Executive Officer is the Accountable Officer to Parliament.

During 2017-2018 the Trust Board met monthly, except in August and December 2017 (as scheduled in the Trust Board Timetable), conducting most of its business in public and allowing time for the press, public and other observers to ask questions of the Directors at each meeting.

A fuller account of the Trust Board's work is provided in the Annual Governance Statement.

The Appointment of Associate Non-Executive Directors

Professor Rob Stockley joined the Trust Board as an Associate Non-Executive Director with effect from 1 April 2016.

Dr Jonathan Darby joined the Trust Board as an Associate Non-Executive Director with effect from 1 March 2017.

Board Membership



David Loughton CBE - Chief Executive

Appointed 2004

Mr Loughton joined our Trust in 2004 having had extensive experience as a Chief Executive within the NHS. During his career he has developed a new Medical School with Warwick University and achieved financial close on a £400 million new hospital Private Finance Initiative (PFI). He has now turned around one of the 17 most financially challenged Trusts in the NHS, whilst improving the quality of care provided to patients.

Mr Loughton is a member of the National Institute for Health Research Advisory Board and West Midlands Chief Executive representative for the NHS Confederation Council.

Board Attendances in 2017-2018: 09/10

Declaration of interests

- National Institute for Health Research – Member of Advisory Board.
- Dementia Health and Care Champion Group – Member.
- Health policy adviser to the Labour and Conservative Parties.
- Staffordshire, Shropshire and Black Country New-born and Maternity Network (SSBCNN) – Chair (Stepped down February 2018).



Jeremy Vanes - Chairman of the Board

Appointed 2006
(Chairman since 2013)

Mr Vanes is a Chartered Manager with diplomas in health, social care and public service leadership; his original degree was fine art. His career since 1986 includes youth social work, counselling, community arts, managing legal advice services and developing social welfare policy across four West Midlands local authorities. During 1992-2015 he was chief executive of Citizens Advice Bureau services, initially in Sandwell and later Wolverhampton.

Mr Vanes is currently an approved foster carer for Wolverhampton City Council, a director of the Refugee and Migration Centre in Wolverhampton and company secretary for Wolverhampton Advice Agencies Consortium. He sits on the City Board of Wolverhampton.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- Member of Chartered Management Institute.
- Member of Labour Party (individual member).
- Approved foster carer receiving placements from Wolverhampton City Council.
- Trustee Director of Refugee and Migrant Centre, Wolverhampton (Stepped down 31 March 2018).



**Cheryl Etches OBE -
Chief Nurse, Deputy
Chief Executive &
Lead Executive for
Safeguarding**

**Appointed 2005,
retired 31 March 2018**

Ms Etches joined the Board at Wolverhampton in June 2005 after holding the position of Deputy Director of Nursing at Heartlands Hospital in Birmingham. She has Board responsibility for Quality and Safety and professional standards.

She previously held positions in Derby Hospitals and the Middle East. Ms Etches is a Trustee for the South Staffordshire Medical Foundation and Governor for the Health Futures Technical College, located in West Bromwich.

Board Attendances in 2017-2018: 8/10

Declaration of interests

- ICD Medical - Director.
- Arbonne International – District Manager, Independent Consultant.
- Calabar Vision 2020 Link – Trustee.
- Healthcare Futures UTC – Governor.



**Alan Duffell – Director
of Workforce**

Appointed April 2017

Alan has wide experience within the NHS, incorporating OD, learning & development, leadership & management development, as well as other HR related roles.

He joined the board of Wolverhampton in April 2017 after previously holding the position of Director of HR & OD at Leicestershire Partnership NHS Trust, where he had been for 5 years, with board level responsibility for a wide ranging workforce portfolio, as well as H&S and Business Continuity. Prior to this, he was the Director of Workforce and Learning within the Black Country Partnership NHS Foundation Trust and at that time was also a director for Skills for Care, representing the NHS. Prior to joining the NHS, Alan was in the Royal Air Force spanning a range of roles including avionics engineer, training & development, and leadership development.

He holds membership of the Chartered Institute of Personnel & Development (CIPD), Chartered Management Institute (CMI) and holds an MSc in Human Resource Development.

Board Attendances in 2017-2018: 9/10

Declaration of interests

- Member of Chartered Management Institute.
- Member of the CIPD (Chartered Institute for Personnel and Development).



Sultan Mahmud - Director of Integration

Appointed September 2014

Mr Mahmud has been in the NHS for 15 years and joins the Trust from NHS England where he was the Director of Commissioning for the Shropshire and Staffordshire Area Team.

He has undertaken senior management roles in both provision and commissioning arms of the NHS including clinical and business informatics, programme management, performance management, primary and secondary care commissioning. Sultan has also enjoyed a spell in the pharmaceutical industry working in medical regulatory affairs.

Board Attendances in 2017-2018: 9/10

Declaration of interests

- None declared for 2017-2018



Gwen Nuttall - Chief Operating Officer

Appointed 2012

Ms Nuttall has over 20 years' experience working across a diverse range of Acute Hospitals, having previously worked for Local Government.

Gwen has worked in various management roles at The Chelsea & Westminster Hospital, Barts and The London NHS Trust and more recently she was the Chief Operating Officer at West Suffolk Foundation Trust Hospital for 8 years.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- None declared for 2017-2018



Jonathan Odum - Medical Director

Appointed 2011

Dr Odum qualified from Birmingham University in 1984 and his post graduate training and studies were undertaken in the West Midlands (1984-91) and Adelaide, South Australia (1991-93). He was awarded a Sheldon Research Fellowship by the West Midlands Regional Health Authority in 1988 and following completion of the research his thesis was awarded an MD by the University of Birmingham in 1993.

He took up post as a Consultant in General Internal Medicine and Nephrology at New Cross Hospital Wolverhampton in 1993. His clinical interests include diagnosis and management of hypertension and pathophysiological mechanisms underlying and treatment of glomerular disease.

Dr Odum was elected as a fellow of the Royal College of Physicians (RCP) in 1999 and has been an MRCP PACES examiner from 1999 to the present day.

He has a significant interest in service development and as Clinical Director for Renal Services (1995-2005) was responsible for the expansion of renal services at Wolverhampton into Walsall and Cannock and the opening of the satellite Haemodialysis units at Walsall and in Cannock Chase Hospital.

Dr Odum has held several medical managerial positions in the Trust including Clinical Director of Medicine, Divisional Director posts from 2003-11 and was appointed into the post of Medical Director from April 2011.

Within the Royal Wolverhampton NHS Trust, Dr Odum is the Responsible Officer for revalidation of doctors, the Caldicott Guardian and the Medical Director of the West Midlands LCRN.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- None declared for 2017-2018



Kevin Stringer - Chief Financial Officer

Appointed 2009

Mr Stringer is a qualified accountant with the Chartered Institute of Management Accountants (CIMA) and holds a Masters qualification in Business Administration (MBA). With over 25 years of experience in the NHS, with 13 of those years as a Board Director, he has experience of commissioning and provider organisations.

His experience covers –

- Primary Care, Community Services and Commissioning (with successor organisations being Walsall CCG and Birmingham cross-city CCG)
- Secondary and Tertiary Care (at University Hospitals of Coventry and Warwickshire, Sandwell and West Birmingham Hospitals)
- Specialist Secondary Care (Birmingham Children's Hospital Foundation Trust where he helped the Trust secure FT status)
- Regional NHS Planning and Oversight (West Midlands Regional Health Authority)

His role is to provide professional advice to the Board and wider Trust to ensure delivery of the Board's financial strategy, key statutory financial targets and ensure good internal control.

He is a member and advocate for Healthcare Financial Management (HFMA) having been a past Chairman of the West Midlands Branch where he is now the Treasurer.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- Healthcare Financial Management Association – Chairman of Governance and Audit Group
- Treasurer, West Midlands Branch – Healthcare Financial Management Association Member of CIMA (Chartered Institute of Management Accountants)
- Midlands and Lancashire Commissioning Support Unit – brother in law is the Managing Director
- Member of CIMA (Chartered Institute of Management Accountants)



Mr Michael Sharon - Director of Strategic Planning and Performance

Appointed 1 January 2016

Mr Sharon commenced his working life as a hospital porter. What has stayed with him is a firm belief in the difference we can all make as individuals, no matter what our role, to the wellbeing of patients.

After a long spell at Guy's and St Thomas' in operational management and in strategy, Mike became CEO of a GP company providing services to practices, followed by time as a PCT CEO.

Subsequently Mike has been a Director at University Hospital Birmingham FT and at Sandwell and West Birmingham Trust where he was acting CEO for a short time.

Between these roles Mike has spent a year working in a teaching hospital in Chicago, supported 37 GP practices to create a Federation, set up the Birmingham and Solihull Lift Company, and led two large health economy wide strategic change programmes.

Mike really does enjoy spending time with his teenage children and also walking in the Lake District.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- None declared for 2017-2018.



Janet Anderson - Non-Executive Director (Senior Independent Director)

**Appointed April 2010
retired July 2017**

Dr Anderson was a Consultant Paediatrician at the Royal Wolverhampton Hospitals NHS Trust from 1982-2007. During this time she was also Regional Advisor in Paediatrics to the Royal College of Physicians (1993-1997), Chair of the WM Regional Training Committee for Paediatrics (1997-2002), Chair of the General Professional Training Committee Royal College of Paediatrics and Child Health (1997-2002) and Paediatric Lead for Children's, Young People and Maternity Reconfiguration Group, West Midlands SHA (2006-2009).

Dr Anderson was principal regional examiner in Paediatrics for the Far East (RCPCH 2007-2012) and continues to teach and examine in the UK. She is a Hon. Senior Lecturer for Birmingham Children's Hospital (1985-ongoing).

Board Attendances in 2017-2018: 4/4 (retired July 2017)

Declaration of interests

- RCPCH – Member of Examinations Board.
- Chair of Governors at Penn Hall School.
- Compton Hospice – Trustee / Director.



Roger Dunshea - Non-Executive Director

Date Appointed April 2014

Mr Dunshea has worked in the NHS in Scotland, Wales and England in a variety of positions including Staff Nurse, Project Manager, Clinical General Manager and Executive Director roles. Between 1997 and 2013 he was a Director with OFWAT (the economic regulator of the water sector in England and Wales) with responsibilities covering finance, information systems, human resources and procurement. He has been the chair of governors at a central Birmingham high school and a Non-Executive Director with the Shrewsbury and Telford NHS Trust.

He is a member of the General Chiropractic Council, an independent member of the Medical Research Council's Audit and Risk Committee, an independent member of the Equality and Human Rights Commission's Audit and Risk Committee and a member of the Geological Society's Audit Committee. He is a volunteer field worker with Natural England and a community bus driver in north Shropshire. He is a Chartered Public Finance Accountant and Fellow of the Geological Society.

Board Attendances in 2017-2018: 9/10

Declaration of interests

- General Chiropractic Council – Lay member.
- Medical Research Council - independent member of Risk and Audit Committee.
- Equality and Human Rights Commission - independent member of Audit and Risk Committee.
- Geological Society of London – Member of Audit Committee.
- North Salop Wheelers Ltd (Community Bus company) – Social services (contract with NHS) – bus driver.



Rosi Edwards - Non-Executive Director

Appointed as an Associate Non-Executive Director in July 2013, and became a Non-Executive Director with effect from November 2013

Before joining the Board, Ms Edwards was the Regional Director for Wales, Midlands and the South West in the Health and Safety Executive. A senior manager with over 20 years' experience of working in a large well established regulatory body, managing leaders of operational and specialist teams and overseeing investigations into deaths, injuries and occupational ill-health and subsequent legal action.

Over 30 years in regulating businesses and assessing their risk management abilities and failings and identifying practical measures to enable them to perform adequately.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- Labour Party, Hall Green Constituency – member of Executive Committee (vice chair: Policy).
- Labour Party, Moseley and Kings Heath Branch - Vice Chair, Auditor, Member of Election Campaign Committee.
- Lay member of West Midlands ACCEA.
- Daughter as an employee of Unite the Union takes part in union campaigning, including on the NHS.
- President of Birmingham Health Safety and Environment Association (from March 2016)
- Daughter is a governor at the Heart of England Foundation Trust.



Junior Hemans - Non-Executive Director

Appointed May 2015

Mr Hemans has significant years of experience within the public and voluntary sectors. He previously worked for the Housing Corporation for 10 years as a regulation manager and as a consultant for PricewaterhouseCoopers for ten years.

Junior was a founding member and the first treasurer of the African Caribbean Community Initiative Mental Health Project, which provides support to individuals and families that are experiencing mental health issues. He has also served as treasurer to the West Midlands Caribbean Parents & Friends Association and to the Heath Town Senior Citizens Welfare Project.

Junior currently runs his own small consultancy and is a property developer / landlord. He specialises in governance, business start-up, business development and social housing and regeneration.

Junior is also a visiting lecturer at the University of Wolverhampton Business School, lecturing in strategic management, marketing, leisure and operations.

Board Attendances in 2017-2018: 8/10

Declaration of interests

- Libran Enterprises (2011) Ltd - Director.
- Tuntum Housing Association (Nottingham) - Chair of the Board.
- Wolverhampton Cultural Resource Centre - Chair of the Board.
- Prince's Trust - Business Mentor.
- Kairos Experience Ltd – Company Secretary.
- Member of Labour Party.
- Wolverhampton University – visiting lecturer.
- University College Birmingham – visiting lecturer.



Mary Martin - Non-Executive Director

Appointed July 2013

Ms Martin has senior executive experience in both the public and private sectors. Her business focus has included strategy, business risk assessment, team building, change management, quality management, investigations, controls and reporting. Financing activities cover bank refinancing, private equity, acquisitions and disposals of business and major assets and exit planning.

She currently runs her own small consultancy business having for four years been Pro-Vice Chancellor of Birmingham City University. Prior to this her career has included working with Advantage West Midlands; a private venture fund manager focused on technology start-ups and she was a Partner with Arthur Andersen, one of the largest international accounting practices.

Mary is a Trustee of two major Midlands based arts charities - Performances Birmingham and Midland Art Centre.

She is a Fellow of the Institute of Chartered Accountants and Oxford University engineering graduate.

Board Attendances in 2017-2018: 10/10

Declaration of interests

- Martin Consulting (West Midlands) Ltd – Director / owner of business.
- Performances Birmingham Ltd – Trustee / Director, Non-Executive member of Board for the charity.
- Midlands Art Centre – Trustee / Director, Non-Executive member of the Board for the charity.
- Guardian of the Standard of the Wrought Plate for Birmingham Assay Office.
- Friday Bridge Management Company Limited (residential property management company).
- Extracare Charitable Trust – non-executive director/Trustee from 16/11/17.



Sue Rawlings - Non-Executive Director

Appointed July 2013 (Served as an Associate Non-executive Director from October 2012)

Mrs Rawlings is a Chartered Certified Accountant who has worked in the public, private and voluntary sector (last position: Finance and Development Director for Groundwork Black Country, an environmental charity). For the past 16 years she has been joint director of the consultancy firm RHCS, a well-established, highly skilled consultancy firm working with a range of cross sector clients from the voluntary / community / charitable and public sectors. Sue has extensive experience in evaluating the effectiveness of public expenditure and has worked with the British Red Cross in various parts of the country, conducting needs assessments, developing performance monitoring and carrying out evaluations. She works with voluntary and community sector organisations to develop their business planning, their future sustainability and identifies their impact. Previously a local improvement advisor appointed via IDeA to the Regional Improvement Efficiency Partnership in the West Midlands, she is also a Trustee of both the Beacon Centre for the Blind and a Director of Beacon4Life CIC.

Board Attendances in 2017-2018: 8/10

Declaration of interests

- Rawlings Heffernan Consultancy Services Ltd (RHCS Ltd) - Director / Company Secretary.
- Beacon Centre for the Blind - Trustee.
- Beacon4Life Community Interest Company – Director.



Jacqueline Small – Non-Executive Director

Appointed August 2017

Jacqueline Small has extensive experience of working within the NHS and local government where she has held a range senior management and executive level roles within Public Health.

Her career since 1984 includes nursing, midwifery, developing, commissioning, and implementing community-based health improvement and wellbeing services and campaigns, and programme and project management in Leeds, London, Birmingham and Staffordshire.

Jacqueline trained as a Nurse and Midwife in Birmingham. She has a first degree in Social Policy, and an MSc in Health Improvement.

Jacqueline is currently the Lead Commissioner for Public Health and Prevention services at Staffordshire County Council.

Board Attendances in 2017-2018: 6/6

Declaration of interests

- Employee of Staffordshire County Council.

Professor Rob Stockley - Associate Non-Executive Director

Joined with effect from 1 April 2016

Prof. Stockley joined the Trust Board with a particular expertise and interest in research. He is currently employed at the University Hospitals Birmingham NHS Foundation Trust as Director - Lung Immuno Biochemical Research laboratory.

Board Attendances in 2017-2018: 1/4

Declaration of interests

- West Midlands Chest Fund – Chairman Research Charity.
- COPD Conferences Ltd – Director, International Clinical Meeting.
- Bronkotest – Co-Director (Patient reported outcome tool for clinical trials).
- MRC – Co applicant, research project.
- EU – Principal Investigator, research project.
- Alpha One Foundation – Co applicant, research group.
- National Institute of Health Research – Principal Investigator, research collaboration.



Dr Jonathan Darby - Associate Non- Executive Director

Joined with effect from 1 April 2017

Jonathan Darby is a General Practitioner in Halesowen West Midlands. He qualified from Birmingham University in 1984 and after junior posts in various Birmingham hospitals, trained as a GP in Stourbridge before taking over as Senior Partner in a practice in Halesowen. The practice moved into purpose built premises in 2001, and is now named St Margaret's Well Surgery, and has been built up from a 2 GP practice with 3500 patients to a 5 GP training practice with 3 trainees and 10,000 patients. Jonathan also sits on the Board of Dudley Clinical Commissioning Group, and is the lead for Information Technology and Business Systems and Processes, as well as Clinical Lead for Cardiology. He is also the CCG's Caldicott Guardian."

Board Attendances in 2017-2018: 3/6

Declaration of interests

- General practitioner, St Margaret's Well Surgery, 2 Quarry Lane, Halesowen – senior partner.
- Dudley CCG – Board member and IT Lead.
- Manor Abbey Investments – Director.
- BBC Birmingham – Medical Advisor.

Personal data incidents 2017-2018

Summary of serious incidents requiring investigation involving personal data as reported to the Information Commissioner's office in 2017-2018.

This information can be found in the Governance Statement.

Statement on disclosure to the Auditors

Each Executive Director has given a formal statement to the effect that s/he knows of no information which would be relevant to the auditors for the purpose of their audit report and of which the auditors are not aware and has taken all the steps which s/he ought to have taken to make himself / herself aware of any such information and to establish that the auditors are aware of it.

Statement of Accountable Officers responsibility

The Chief Executive of NHS Improvement has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of NHS Improvement. These include ensuring that:

- There are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance.
- Value for money is achieved from the resources available to the Trust.
- The expenditure and income of the Trust has been applied to the purpose intended by Parliament and conform to the authorities which govern them.
- Effective and sound financial management systems are in place and
- Annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure recognised gains and losses and cash flows for the year.

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

I confirm that the Annual Report and Accounts are as a whole fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

Signature:

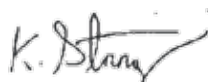


David Loughton, CBE

Chief Executive

Date: 25 May 2018

Signature:



Kevin Stringer

Chief Financial Officer

Date: 25 May 2018

Governance Statement 2017-2018

1. Scope of Responsibility

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

1.1 Partnership

I acknowledge that I must discharge my duty of partnership, and have undertaken this in a number of ways. As Chief Executive, I attend the Wolverhampton City Council Overview and Health Scrutiny Panel where a range of topics have been discussed with local authority elected members. Reflecting our footprint in Staffordshire, I have also engaged with Overview and Scrutiny Panels and Healthwatch within the County of Staffordshire. During the year a proportion of my time, and that of Director Colleagues, has included continued involvement in the development of Sustainability and Transformation Plans (STP) in both the Black Country and Staffordshire.

There has continued to be close contact with commissioning organisations, and members of my Executive Team and I have attended meetings with Wolverhampton Healthwatch, and the Wolverhampton Health and Wellbeing Board.

Close links have been maintained with NHS England and NHS Improvement (NHSI) through a range of group, individual, formal and informal meetings. I have continued to participate in the meetings of West Midland NHS Provider Trust Chief Executives meetings. All my Executive Directors are fully engaged in the relevant networks, including finance, nursing, medical, operations and human resources.

I am supported in my engagement with partner organisations by the Chairman of the Board, who this year has met with his counterparts at The Dudley Group NHS Foundation Trust, Walsall Healthcare NHS Trust, University Hospital of Birmingham/Heart of England NHS Foundation Trusts, Sandwell and West Birmingham Hospital NHS Trust, The Shrewsbury and Telford Hospital NHS Trust, the University Hospital of North Midlands NHS Trust, Black Country Partnership NHS Foundation Trust, West Midlands Ambulance Service NHS Foundation Trust, as well as regular meetings with local authority members and officers, and other key players in the city's business and third sector communities. He too has taken part in discussions towards further developing the sustainability and transformation plans (STPs).

I have met periodically with the local Members of Parliament and senior members of the national NHS team present and past.

Whilst the detailed provisions of the UK Corporate Governance Code are not mandatory for public sector bodies, compliance with relevant principles of the Code is considered to be good practice. This Governance Statement is intended to demonstrate how the Trust had regard to the principles set out in the Code considered appropriate for the Trust for the financial year ended 31 March 2018.

2. The purpose of the system of internal control

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

3. The Governance Framework of the Organisation

We have a well-established framework for governance to inform the Trust Board of operational and strategic risks as well as to provide assurance on business performance and compliance. The framework sets in place under the Trust Board a high level committee and management structure for the delivery of assured governance.

Sub Trust Board assurance committees are constituted to ensure the delegated operation of effective risk management systems, processes and outcomes. These committees inform and assure the Trust Board through the functioning and reporting of sub-groups and specialist working groups defined in their terms of reference.

In March 2018 the Trust piloted two new groups to replace the functions of the current Quality Standards Action Group and Patient Safety Improvement Group. The new groups will report into the Quality Governance Assurance Committee and are proposed to facilitate independent overview and assurance through a new Compliance Oversight Group; and to strengthen Quality and Safety monitoring and accountability through a new Quality and Safety Intelligence Group. The new arrangements are in the early stages of development and will continue to evolve during 2018/19.

In November 2017 internal audit reviewed the design and operation of the Trust's Risk Management Assurance Strategy and arrangements, which is underpinned by the Risk Management and Patient Safety Reporting Policy (OP10). The report concluded that the processes provide significant assurance with good practice highlighted as well as improvement required to further strengthen levels of assurance to the Board. Their recommendations are formed into an action plan that is regularly monitored by the Audit Committee. Finally, due to the increasing emphasis on Workforce issues a new Trust Board 'Workforce & Organisational Development Committee' was formed.

3.1 Trust Board

The Trust Board has met monthly (except in August and December). Other than for matters requiring commercial confidence or having sensitive human resources implications it has conducted its business in public and allowed time for the press, public and other observers to ask questions of the Directors at each meeting. A high attendance rate by Directors was recorded during the year.

The Chairman's term of office continues to March 2019. A new Non-executive Director took up position in August 2017, replacing Dr Anderson who reached the end of her term with the Trust. The new Director of Human Resources took up his position on 5 April 2017. The process to recruit another associate Non-executive Director is planned for during the latter part of 2018. At 31 March 2018 the Board comprised 6 female and 8 male directors; two from a minority ethnic background.

At each meeting the Trust Board considered reports on:

- Quality and safety
- Serious incidents
- Operational performance
- Financial issues and performance
- The progress of the Financial Recovery Board
- GP Vertical Integration
- Reports and minutes from the Trust Board's standing committees
- Cost improvement programme (financial and qualitative delivery – within the Finance Report)
- Mortality (within the Integrated Quality and Performance Report)



The Trust Board receives a monthly Integrated Quality and Performance Report (IQPR) (including national performance measures and 12 month trends). This report includes workforce data such as staff turnover and appraisal rates, metrics relevant to patient experience (such as medication incidents, infection prevention, friends and family test scores and safety thermometer), and those relating to operational performance (such as targets for referral to treatment times, time spent in the Emergency Department, ambulance handover times, cancelled operations and cancer waiting times). The indicators within the report are reviewed annually and approved by the Trust Board. This is added to by the Report of the Director of Workforce.

The Trust Board also considered the conclusion of the Care Quality Commission (CQC) review, as requested by the Trust Board, into the ratings awarded following their inspection carried out in June 2015. The review recommended that in a number of areas, the original score should be increased. This can be summarised as follows:

New Cross Hospital children and young people services – the well-led and safe scores were increased to good and the service as a whole was lifted from requires improvement to good. For the Cannock Chase Hospital urgent and emergency care service the well-led and safe scores were increased to good and the service across both the New Cross Hospital and Cannock Chase Hospitals improved to good. The community children and young people service the ratings for caring and well-led were increased to outstanding. These changes resulted in the overall score for the service being increased to outstanding.

Whilst the Trust rating was not affected by the review, the Trust Board accepted the revised conclusion of the CQC following the lengthy review of our appeal. The Trust was recently re-inspected by the CQC in February and March 2018 and the Trust is awaiting the draft Report.

The Trust Board strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former in 2017-2018 were: the recruitment of key staff particularly doctors and nurses, the 5-year capital programme, the continued development of the University of Wolverhampton Postgraduate Academic Institute of Medicine and the Trust's own clinical fellowship programme, vertical integration of GP practices, the development of an accountable care organisation, contributing to the development of the sustainability and transformation plans, and the financial challenges within the NHS.

The Trust Board maintains strong relations with stakeholders, including local commissioners, Healthwatch, and local authority overview and scrutiny committees.

The Non-Executive Directors (NED) are committed to self-development and learning, as evidenced by frequent attendance at events arranged by NHS Improvement (NHSI), NHS Providers, Healthcare Financial Management Associate (HFMA) NED forum, Chair and NED events put on by the Health Services Management Centre, and networking via private firms (particularly legal firms specialising in healthcare law).

Table 15 summarises the Trust Boards achievements in ensuring good and effective governance arrangements in managing the Trust Board over the year.

Board Governance
All voting positions substantively filled
New Senior Independent Director in position (following retirement of previous)
Clarity over who is entitled to vote at Trust Board meetings
At least half of the Board of Directors comprises Non-Executive Directors who are independent
Appropriate blend of NEDs from the public, private and voluntary sectors
One NED has clinical healthcare experience
Appropriate balance between Directors who are new to the Trust Board and those who have served for longer
Majority of the Trust Board are experienced board members
Chairman has had previous non-executive director experience
Membership and terms of reference of Trust Board committees reviewed during the year
Two members of the Audit Committee have recent and relevant financial experience
Trust Board members have a good attendance record at all formal board and committee meetings, and at other board events.
A positive result from the independent external review of governance reported in year.

3.2 Audit Committee

Members: R Dunshea, J Anderson (to July 2017), M Martin, and R Edwards

The aims of the Committee are to provide the Trust Board with an independent and objective review of its financial systems, financial information, risk management and compliance with laws, guidance, and regulations governing the NHS.

During 2017-2018 the Audit Committee met quarterly, and at each meeting considered progress updates on: risk management and assurance, internal audit, external audit, fraud prevention, security management and tracking of the implementation of auditors' recommendations across the Trust. Each meeting received an update on any new risks or assurance concerns from the chairs of the Quality Governance Assurance Committee (QGAC), the Finance and Performance Committee (F&PC) and the Trust Management Committee (TMC).

One joint meeting was held with QGAC.

The Committee received and discussed reports on the:

- Annual Report for Trust Charitable Funds 2016-17.
- Trust Annual Report 2016-17.
- Quality Account and Annual Accounts 2016-17.
- Consultant job planning.
- Serious incident follow up.
- Vertical integration.

These matters featured in the Committee's reports to the Trust Board, including a high level summary of the Internal Audit reports received at each meeting. The Trust Board have been kept informed of when audit reports showed high or medium risk recommendations requiring management attention, and has been assured that mitigating actions are being taken in accordance with the agreed timeframes.

The Committee also receives regular reports from the Local Counter Fraud Specialist. The Trust currently complies fully with the National Strategy to combat and reduce NHS fraud, having a zero tolerance policy on fraud, bribery and corruption. The Trust has a counter fraud plan and strategy in place designed to make all staff aware of what they should do if they suspect fraud.

The Committee monitors this strategy and oversees when fraud is suspected and fully investigated. The Committee seeks assurance that appropriate action has been taken, which can result in criminal, disciplinary and civil sanctions being applied. There were no significant frauds detected during the year, although some cases reported to the counter fraud team remain on-going.

The Chair of the Quality Governance Assurance Committee (QGAC) is a member of the Audit Committee, which helps to maintain the flow of information between the two committees, particularly on clinical audit matters. Two of the three Committee members have recent and relevant financial experience.

Non-Executive Directors' attendances were recorded as being high during the year, and the Committee was quorate at each meeting.

3.3 Quality Governance Assurance Committee (QGAC)

Members: J. Anderson (retired July 2017) J Small (from 20 September 2017), R. Edwards, M. Martin

The Trust has established the QGAC to assure the Board of the effective functioning of risk management systems through a reporting framework. The framework reviews care standards and targets, monitors quality and safety performance, identifies risks and escalates as appropriate to the Board. High Non-Executive Directors' attendance rates at the monthly meetings of this Committee were recorded throughout the year.

The Committee received reports and minutes from its sub groups (listed below):

- Patient Safety Improvement Group (PSIG)**.
- Quality Standards Action Group (QSAG)**.
- Complaints, Litigation, Incidents and PALs group (CLIP) - the committee received the quarterly reports on themes and trends of incidents, complaints and claims.

**From March 2018 QGAC agreed to pilot two new subgroups to replace the functions of the current Quality Standards Action Group and Patient Safety Improvement Group.

The new groups are proposed to facilitate independent overview and assurance through a new Compliance Oversight Group; and to strengthen Quality and Safety monitoring and accountability through a new Quality and Safety Intelligence Group. Minutes and chairman reports are provided to QGAC from the new groups.

The Committee considered various matters during the year. The Board Assurance Framework (BAF) and Trust Risk Register (TRR) and the Integrated Quality and Performance Report (IQPR) were reviewed in detail at each meeting.

Other topics reported during the year included:

- Health and Safety assurance.
- External review registry.
- Safeguarding assurance.
- CQC regulatory compliance assurance.
- Claims and litigation.
- Annual audit plan.
- Themes and trends of incidents, complaints and claims.
- National Reporting and Learning System report (Incident benchmarking).

To inform QGAC, the PSIG and QSAG sub groups have conducted detailed reviews of compliance and risk status on the following key areas:

- Compliance with the use of the safer surgical checklist.
- National Safety Standard for Invasive Procedures (NatSSIPs)/Local Safety Standard for Invasive Procedures (LocSIPPs) audits.
- Ward Performance Indicators.
- New Procedure applications.
- Policy audit reports e.g. Risk Management and Integrated Governance strategy, Being open.
- Safe Discharges report/action plan.
- Review of prospective audit schedule.
- Safety alert compliance e.g. National Patient Safety Agency (NPSA), Medicine & Healthcare products Regulatory Agency (MHRA), Medical Device Alerts (MDA).
- Serious Untoward Incident (SUI) management (process, investigation outcomes and action tracking).
- CQC standard Compliance (including internal Quality review visits).
- National Clinical guidelines/standards e.g. The National Institute for Health and Care Excellence (NICE), National Confidential Enquiry (NCE), Royal College reports.
- National and Local audit performance for a number of clinical services.
- External assessment and accreditation for a number of clinical services.
- Health and Safety Management.
- Approval and review of new [clinical] procedure applications.
- Radiation protection.
- Information Governance.
- Organ Donation.
- Medicines management.
- Patient Experience.
- Equality Diversity regulatory Compliance.
- Creating Best Practice Group.
- Sign up to Safety Group.
- Swan Steering Group – now End of Life Steering Group from October 2017.
- Clinical Product Evaluation Group.

The non-exhaustive list above is factored into an annual plan of work for the QSAG/PSIG subgroups with upward reporting to QGAC through chairman reports and minutes. (The above items were reported between April 2017 and Feb 2018 until the inaugural meetings of the new meeting structure in March 2018).

The Committee also reviewed the annual Governance Statement (alongside the draft opinion of the Head of Internal Audit). The Committee recognised progress made with the completion of The Board Assurance Framework (BAF) and has challenged assurances and action update within the Trust Risk Register (TRR). As well as routine reporting the QGAC requested themed reviews (deep dive reports) for assurance on safeguarding performance (in September 2017 and February 2018).

The following items were escalated / notified to the Trust Board in the period:

- Late Observations.
- Maternity – births exceeded threshold and impact of capacity and workforce levels.
- BAF and TRR updates and new risks.
- Changes to BAF format further to Internal Audit recommendations.
- New data monitoring of late moves to impact efficient discharge.
- Reduction of falls with harm within the period.
- Assurance requested on outstanding Serious Untoward Incident (SUI) actions.
- Cancer breaches.
- Decrease in Pressure injuries incidents.
- Decrease in Falls overall and falls with serious harm (noting falls collaborative work).
- Increased trend of Carbapenemase producing Enterobacteriaceae (CPE) cases.
- Safety Checklist audit results.
- Progress on Safeguarding assurance – training compliance improvements and staff appointments ongoing.
- Complaint response rates improved. FFT response rates above average except for Emergency Department (ED) where focus is being attended. The Royal Wolverhampton NHS Trust (RWT) recommendation rate slightly lower than average at 93% (av 94.5%) within the period.
- Good performance on Clostridium difficile (Cdiff) - below target.
- Safety Culture Audit in theatres.
- Urgent care provision under-performance against 4 hour target.
- Largely positive assurance on NatSSIPs audits reviewed thus far.
- Progress update of Sign up to Safety Project to address Safety culture.
- Rise in Emergency Caesarean section (C-section) rate – Assurance reported requested.
- Review of new meeting structure and early feedback.



From June 2016 the Trust acquired 9 Primary Care General Practices as part of the Vertical Integration (VI) pilot. A Primary Care Directorate has been created to manage the affairs of these new services and reports into Trust Management Committee and Trust Board within an interim integration structure. QGAC have therefore not reviewed reports pertaining to VI quality/safety compliance or performance. This work is managed within the Primary Care Directorate and reported to the Trust Management Committee during 2017/18. Moving forward the creation of a third Division (to include Primary Care) from April 2018 will align with reporting into the new QSIG.

3.4 Finance and Performance Committee

Members: M Martin, S Rawlings, and J Hemans.

The F&PC provides assurance to the Trust Board on the effective financial and external performance targets of the organisation. It also supports the development, implementation and delivery of the medium term financial plan, and the efficient use of financial resources. The Committee meets monthly and considers in detail, among other things, the Trust's financial position, budget training report, the progress of the capital programme, and performance aspects of the Trust Board's quality and performance report. It also considers the work of the Financial Recovery Board and Cost Improvement Programme Group, Service Line Reporting, Sustainability and Transformation Programme (STP), contractual performance against contractual standards, Commissioning for Quality and Innovation (CQUIN), Local Clinical Research Network (LCRN) finance report, the procurement strategy and other matters associated with operational finance and budgeting. As the Committee with oversight of the majority of risks highlighted on the BAF, it has spent a considerable amount of time reviewing progress with the mitigations against each of the risks assigned.

The Committee meetings have always been quorate and well attended. As with the other Committees, the Chair submits a report on each meeting to the next available Board and highlights pertinent issues. This is done in a timely fashion as the Committee meets the week before the Board. In addition, the minutes are submitted to the Board for information. The Committee had set itself two objectives for the year. The first was to improve the presentation of the supplementary finance report coming to the Committee, which has been achieved. The second was to support the coding/data capture process where there is now on-going training for all involved. We have not set the objectives for 2018/19 at the time of the preparation of this report.

3.5 Workforce & Organisational Development (WOD) Committee

Chair: Junior Hemans, Member: Roger Dunshea + one 'floating' Member

One of the Trust Strategic Objectives was and is to attract, retain and develop all employees and improve employee engagement year on year. This links to the Board Assurance Framework risk relating to the requirement for Recruitment and Retention of staff across the Trust and in particular the future pipeline of nursing and medical staff.

The Committee was established as a Committee of the Trust Board with its Terms of Reference being approved in September 2017 and it commenced operation in October 2017.

The Committee was formed to give greater emphasis and assurance on workforce governance relating to Resourcing, Skills, Leadership & Organisational Effectiveness, Engagement and Productivity.





The outline remit of the committee is as follows:

- The organisational development and workforce strategy, structures, systems and processes are in place and functioning to support employees in the provision and delivery of high quality, safe patient care
- Processes are in place to support optimum employee performance to enable the delivery of strategy and business plans in line with the Trust's values
- The Trust is meeting its legal and regulatory duties in relation to its employees
- Where there are human resource risks and issues that may jeopardise the Trusts ability to deliver its objectives, that these are being managed in a controlled way.

In order to meet the requirements of the committee, the following points are key areas of focus:

1. The implementation of an overarching organisational development and human resources strategy that enables the Trust to deliver its strategy, vision and values.
2. Effective identification and mitigation of Human Resources risks within the supporting infrastructure of the Board Assurance Framework and Risk Register.
3. Robust workforce planning and recruitment processes are in place, supported with attraction & retention approaches, to ensure that the Trust has a workforce to deliver its strategy and annual plan.
4. Mechanisms in place and effective to communicate with and inform the workforce in relation to strategy as well as constitution, values and ethos.
5. The monitoring of staff engagement and experience, reviewing staff surveys (national & local) and delivering its plans to achieve a highly motivated and engaged workforce to enhance the quality of patient care.
6. The monitoring of processes in place to identify and develop organisational structures, leadership and management capability to ensure the delivery of the Trust's strategy.
7. Arrangements for the effective training and education of the workforce in all professions and disciplines.
8. The Trust is delivering its ambition and legal obligations in relation to the Diversity/Equal opportunity of the workforce.
9. Processes & resources are in place, to ensure the development of healthy teams and indicators of poor team health are acted upon, as well as support the wider Trust Health &Well-Being agenda.
10. Performance management reports are reviewed.



3.6 Remuneration Committee

Members: J Vanes, J Anderson (retired July 2017), R Dunshea, R Edwards, J Hemans, M Martin, S Rawlings and J Small (joined August 2017).

The purpose of this Committee is to advise the Trust Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors. The Remuneration Committee met several times during the year and reviewed Executive Director Remuneration and appraised the performance of the Chief Executive (in his absence). The Chairman appraised all of the Non-Executive Directors. NHS Improvement undertakes the appraisal of the Chairman, which took place in April 2017.

3.7 Charitable Funds Committee

Members: S Rawlings, R Dunshea, and J Vanes.

The aim of the Committee is to administer the Trust's Charitable Funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

During 2017/18, the Committee has continued to benefit from the dedicated support of an in-house fundraising coordinator, plus the support of the new Head of Communications and her team, as well as the on-going help of the finance team and external investment adviser. This year it has launched its new Newsletter and has drafted new processes and procedures for Fund Management - which will go live in 2018/19. More fund managers are also given the opportunity to attend and present at committee meetings.

Some of the projects supported during the year include the Reminiscence Room - to support dementia care; a Book of Celebration - to celebrate fundraisers and donors; the RWT Singers - a choir made up of staff members who perform for patients across the hospital and offer concerts; plus a range of medical equipment for various departments.

3.8 Trust Management Committee

The Trust Management Committee (TMC) provides a formal platform for the major decision-making process for clinical and non-clinical operations, and as such is not attended by Non-Executive Directors, but all of the Executives attend, along with Divisional Medical Directors and Heads of Service. High attendance rates were recorded at all of these meetings.

The Committee, chaired by the Chief Executive, receives monthly reports from the Divisions on governance, nursing and quality issues, as well as business cases above a certain value. The Committee also receives monthly updates on

finance, human resources, the capital programme, vertical integration, nursing and midwifery professional issues, policies, the IQPR, and the Trust efficiency programme. Quarterly updates are presented on cancer services, infection prevention, research and development, information governance and the integrated electronic patient record project. Reports on other matters, such as education and training, are also submitted periodically. During the year, the Committee started to include on its agendas a strategic matter for discussion, in order to engage the members in considering and debating together some of the bigger issues facing the organisation going forward.

It approves in line with Standing Financial Instructions, some Business Cases and all new or significantly changed Policies, Strategies and Procedures.

4. Capacity to handle risk

4.1 Risk Assessment

The Trust Board has approved a Risk Management Assurance Strategy, which identifies that the Chief Executive has overall responsibility for risk management within the Trust. Within the strategy (and supporting policies) all managers and staff have delegated responsibility identified for the management of risk as part of their core duties. Training is provided to equip staff with appropriate knowledge and skills via a combination of e-training packages and handbook resources. The risk management training for senior managers was reviewed, and a new Risk Management e-training package developed and further revised for all staff. The training for all staff will be considered for mandatory status in 2018/19.

We manage risk through a series of processes that identifies risks, assesses their potential impact, and implements action to reduce / control that impact.

In practice this means:

- Interrogating internal sources of risk intelligence and activity to inform local and Trust level risk registers and assurance frameworks (e.g. incident, complaint, claim, audit, and compliance)
- Using committee / subgroup reporting to inform the risk registers
- Reviewing external / independent accounts of our performance to inform risk status (e.g. CQC standards, national benchmarks, external reviews and internal audit reports)
- Integrating functions (strategic and operational) at all levels of the Trust to feed a risk register and escalation process
- Using a standardised approach to risk reporting, grading and escalation. Our categorisation matrix supports a standard approach to risk tolerance
- Monitoring controls through positive and negative assurance and treatment actions for each risk, to mitigate and manage residual risks
- Developing and implementing a risk management and patient safety reporting policy (OP10) across the Trust
- Refinement of risk management training made available to all staff (including senior managers)

4.2 Management of the Risk Registers within the Trust:

Risk registers are managed at the following levels:

- Divisional / Directorate / Departmental – operational risks that include clinical, business / service, financial, reputational, and patient / staff / stakeholders
- Trust Risk Register (TRR) – Any risks graded as 12 or above are escalated to the TRR for consideration by Directors. This has the purpose to inform Directors and the Trust Board of operational risks which may adversely impact the BAF and strategic objectives. Risks / elements of controls may also be delegated from the BAF to operational risk registers for management
- Board Assurance Framework (BAF) – Contains all risks which impact on our strategic objectives

Each risk on the BAF and TRR has an identified Director and operations lead to manage the risk.

The TRR and BAF are reviewed by Directors and the Board at the following frequencies:

- QGAC – Monthly
- Trust Board – Bi Monthly
- Finance & Performance Committee - Monthly
- Delegated Committees - Monthly

During the year we have maintained focus on the quality of controls assigned to risks at all levels and the principles of measurable controls are applied. For risk registers to remain effective priority is also placed on the completion and update of assurances and actions to manage risk.

A total of 57 risks on the BAF and TRR were managed during the year 2017-2018, of these 20 were new risks identified in year. The 57 risks comprised of the following categories, 14 were red (red being the highest risk rating), 36 were amber, 6 were yellow, and 1 green.

There were 22 risks closed as at 31 March 2018, the remaining 40 to be carried forward to 2018/19 are:

RED (3 – Board Assurance Framework (BAF) and 5 Trust Risk Register (TRR)

- Workforce - Recruitment and Retention of staff across the Trust and in particular the future pipeline of nursing and medical staff (BAF).
- That there is a failure to deliver recurrent CIP's (BAF).
- That financial balance (and surplus) is not achieved. (BAF).
- Risk to quality of patient care: reduced manpower (TRR).
- Lack of robust system for review and communication of test results (TRR).
- Division 1 failure to achieve CIP target (TRR).
- Delays in Cubicle Assessment and Triage (TRR).
- Risk of non-compliance with Thoracic Service Specification (TRR).

29 risks are RAG rated amber (4 – BAF and 25 - TRR), and 3 risks RAG rated yellow (3 – TRR). All remaining risks will be managed and regularly reviewed on the Trust Risk Register and BAF.



4.3 The Risk and Control Framework

The Board-approved Risk Management Assurance Strategy includes the following:

- The aims and objectives for risk management in the organisation, aligned to our vision.
- A description of the committee arrangements and relationships between various corporate committees and subgroups.
- The BAF and process for management of risk registers.
- The identification of the roles and responsibilities of all staff with regard to risk management, including accountability and reporting structures.
- The promotion of standard risk management systems as an integral part of assurance provision.
- A description of the risk management process and a requirement for all risks to be recorded in a risk register prioritised (i.e. graded) and escalated using a standard scoring methodology.

We seek to identify risks through all available intelligence sources including independent review, external review and assessment. The risk management process is supported by a number of policies which direct risk assessment, incident reporting and investigation, mandatory training, health and safety, conflict resolution, violence and aggression, complaints, infection prevention, fire safety, human resources management, consent, manual handling and security. All policies have identified audit, monitoring and training arrangements.

The BAF identifies the risks to our strategic objectives, the key controls in place to manage these risks and the effectiveness of the controls shown in positive and negative assurance. The Internal Audit of Risk Management (Nov 2017) reported recognisable alignment between the TRR and BAF and duplication was not evident.

In addition, during 2017-2018 the local audit of the Risk Management Reporting Policy (OP10) showed good compliance with risk register reviews at all levels and sustained improvement with risk escalation/management.

All Committees of the Trust Board (excluding TMC) are chaired by Non-Executive Directors to reflect the need for independence and objectivity, ensuring that effective governance and controls are in place. This structure facilitates appropriate scrutiny and challenge of the performance of the organisation. The Committees met regularly throughout the year, and reported to the Trust Board following their meetings.

We have a well-developed framework for assessing on-going compliance with CQC Fundamental standards of care (and 5 key questions of Safe, Caring, Effective, Responsive and Well Led) known as Quality Review Visits (QRV's). The assessment of compliance uses a combination of quality performance indicators, clinical audits and observational ward and department visits to measure on-going compliance with care standards. Following each QRV we use the CQC rating characteristics to make judgements about compliance with the fundamental standards of care and judgments are cross checked and challenged at Divisional Management Performance & Quality meetings and by Executives at Trust groups. This approach allows for information to be triangulated between performance results and observation of care standards and allows for assurance to be reported from ward to Board.

The programme aims to:

- Create a positive and proactive approach to observational assessment and external reviews.
- Ensure robust / reliable compliance reporting: ward to Trust Board.
- Support continuous quality improvement and patient safety.
- Highlight good practice and areas of excellence.

During 2017 we conducted 8 QRVs identifying areas of good and excellent practice to be shared, as well as areas for improvement for local follow up. The QRVs are well embedded within the Trust with positive feedback and quality benefits being reported by both the clinical areas visited and those conducting the inspections.

A follow-up visit process has commenced in 2017 where areas requiring improvements are followed up. Six visits which met the criteria agreed by the Trust have been completed to date. These have shown some good improvements.

In areas not currently undertaking the QRV programme, self-assessments have been completed against CQC requirements with local improvement actions taken forward. Consideration will be given in 2018/19 to extend the QRV programme to vertically integrated GP practices.

4.4 The Risk and Control Framework - Looking Forward to 2018-2019

Over the coming year we will continue to progress enhancements to its internal assurance including a focus on strengthening local ownership and accountability through its reporting structures, monitoring the consistency of good governance standards across all Directorates, monitor compliance with CQC standards through the QRV revisit programme and develop a framework and internal arrangements to build capacity for learning and improvement. Having reviewed its strategic objectives during 2017/18, there will be further emphasis on developing the BAF to monitor and manage threats to Trust objectives.

The key strategic risks identified as we go into the new financial year are:

- Workforce – Recruitment and retention of staff across the Trust.
- Risk of adverse impact on the Trust following service transfer from Mid Staffordshire Foundation Trust in November 2014 due to underlying financial gap of £6million.
- Black Country or Staffordshire Sustainability Transformation Plans has an adverse impact on The Royal Wolverhampton NHS Trust (RWT) income and services.
- Failure to deliver recurrent Cost Improvement Programmes (CIPs).
- That we fail to generate sufficient cash to pay for its commitments.
- Condition of the existing estate – quality and flexibility.
- That the underlying deficit for the Trust of c£30million is not addressed by the medium term financial plan and fails to bring us back to surplus.

The Trust will develop a strategy, systems and processes to develop its capacity for learning and improvement. The strategy will include arrangements for the extraction and publication of lessons for improvement as well as evidence based components that support the nurturing of a learning organisation.



4.5 Compliance Summary

The Trust is fully compliant with the Self-assessment, declaration and registration requirements of the Care Quality Commission.

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

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

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

The Trust has a robust governance structure in place ensuring monitoring and control of the effective and efficient use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, F&PC, TMC and at Divisional Team meetings.

The Trust has achieved all of its statutory financial targets, achieving an end of year surplus of £4.3m, delivering the Capital Programme within its Capital Resource Limit and achieving its External Funding Limit.

The Trust has arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable and scrutiny of cost savings plans to ensure achievement, with regular monitoring of performance against the plans.

This is done through:

- Approval of the annual budget by the Trust Board.
- Monthly reporting to the Trust Board on key performance indicators covering finance, activity, governance, quality and performance.
- Monthly reporting to the F&PC.
- Regular reporting at Operational and Divisional meetings on financial performance.
- Finance Recovery Board meetings to oversee the Lord Carter economies work streams, and the Cost Improvement Programme.

Internal Audit has provided assurance on internal controls, risk management and governance systems to the Audit Committee and to the Trust Board. Where scope for improvement in controls or value for money was identified during their review, appropriate recommendations were made and actions were agreed with management for implementation. The implementation of these actions is monitored by the Audit Committee.

6. Information Governance

The table below details the level 2 or above incidents reported on the NHS Digital incident reporting tool and to the Information Commissioners Office (ICO), within the financial year 2017/18. Any incidents that are still being investigated for the period 2017/18 are not included. The incidents listed below are for The Royal Wolverhampton NHS Trust and for the Vertical Integration (VI) GP partnerships that have joined the Trust as listed below.

Table 16 – Information Governance Incidents Reported to the ICO

Date incident occurred (Month)	Nature of incident	Number of data subjects potentially affected	Description/ Nature of data involved	Further action on information risk
March 2018	Default system password to a clinical observation system sent out in error in an email to all Trust staff in communication to highlight new process to be followed by staff.	Any patient currently on the system the system.	Demographic data Limited patient data (i.e. name and ward)	Password was changed to system to prevent unauthorised access and no reports of authorised access received.
July 2017	Member of staff had been taking pictures of clinical information on personal mobile phone and sending to someone outside the Trust – without knowledge and approval of the Trust.	11-100 individuals	Patient list from a specific service.	The Trust liaised with ICO, police and forensic investigators to seek assurances around deletion.
October 2017	Ex member of staff has alleged that they have access to 120 patient details and that they will make contact with the patients following outcome of a separate investigation.	120 individuals		The Trust has requested all data not belonging to ex staff member be returned since they are not authorised to have in their possession. No evidence to suggest any data was actually held or obtained or if it was a threat. No further concerns/ issues following this containment.
May 2017	A condemned medical device was sent for sale to a Trust approved medical equipment auctioneer company. When tested the device they found patient identifiable data. Company then contacted manager to make aware that the device still contains this data and data was securely deleted to Trust standard.	501-1,000 individuals	Medical images and patient identifiers.	The company was under contract with the Trust and immediately informed and deleted the data to the required standard when it was discovered.

Incidents classified at lower severity level

Incidents classified at severity level 1 are aggregated and provided in table below for RL4. VI practices recorded no level Information Governance (IG) incidents for the period of 2017/18.

Table 17 – Lower Level Incidents

Summary of other Personal Data Related Incidents in 2017-18		
Category	Breach Type	Total
A	Corruption or inability to recover electronic data	0
B	Disclosed in Error	49
C	Lost in Transit	1
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	10
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	2
H	Uploaded to website in error	1
I	Technical security failing (including hacking)	3
J	Unauthorised access/disclosure	7
Total		74

6.1 Information Governance Toolkit Return 2017-2018

The annual self-assessment submission (V14.1) on the Information Governance Toolkit to the Department of Health for 2017/18, the overall scores are as follows:

- RL4 - The Royal Wolverhampton NHS Trust - 77% Satisfactory (45 requirements)
- Alfred Squire M92002 - 89% Satisfactory (13 Requirements)
- MGS Medical Practice M92654 - 71% Satisfactory (13 Requirements)
- Lea Road M92007 - 66% Satisfactory (13 Requirements)
- West Park M92042 - 66% Satisfactory (13 Requirements)
- Warstones M92044 - 76% Satisfactory (13 Requirements)
- Ettingshall Medical Centre Y02735 - 100% Satisfactory (13 Requirements)
- Thornley Street M92028 - 82% Satisfactory (13 Requirements)
- Penn Manor M92011 - 97% Satisfactory (13 Requirements)

6.2 Looking forward to 2018/19 for Information Governance and General Data Protection Regulation 2018

The Trust are continuing to monitor patterns and trends of Information Governance incidents and implementing measures to reduce these to the lowest level practicable, in line with the Trusts Information Governance Strategy 2016-18.

The Trust is implementing a programme of work to ensure compliance with the new General Data Protection Regulation 2016 (GDPR), in readiness for May 2018 when the regulation comes into force. The Trust is also working closely with GP Partnerships that have joined the organisation to align practices and share good practice.

7. 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. Guidance has been issued to NHS Trust Boards on the form, content and reporting arrangements of annual quality reports. Our priorities for 2017-2018 were chosen after consulting both our staff and clinical teams who work in the Trust, looking at what patients and members of the public say about us and our services in national and local surveys and in patient feedback received through complaints, compliments and the Friends and Family Test. We have also taken account of our CQC feedback and of what people say nationally about health services and where services need to improve.

The Department of Health Quality Accounts Toolkit 2015/16 influenced the format and content of the Quality Account. The existing reporting structure has been the source for information, for example Datix for numbers and themes of complaints and incidents. Specific information has been validated by the key leaders in the Trust, for example Infection Prevention data provided by the Director of Infection Prevention and Control (DIPC), and incident data by the Head of Governance and Legal Services.

A draft version of the Quality Account is approved by Directors before being circulated to the local authority's Overview and Scrutiny Committee, Wolverhampton Healthwatch and Clinical Commissioning Group. The Quality Account is subject to a limited assurance review by the Trust External Auditors before a final version is produced for publication.



8. Operational Performance

The Trust is committed to delivering the national requirements and operational performance standards. These are robustly monitored and managed to ensure patients receive the most appropriate levels of care.

A comprehensive and robust performance management process exists across the Trust to monitor delivery against operational standards. This involves weekly review at the Chief Operating Officer's performance meeting and through subsequent meetings across the Divisions. A detailed Integrated Quality and Performance Report (IQPR) is produced monthly; performance is discussed in-depth at the monthly Finance and Performance Committee, which is chaired by a Non-executive Director, with further scrutiny taking place at the full Trust Board. Examples of the Operating Framework targets can be evidenced below:

- The Trust was unable to achieve compliance with the headline position for RTT incomplete pathways across the year. Demand for certain services continues to rise and the ability to respond is restricted by a national shortage of consultants in key areas. Whilst the overall backlog is beginning to reduce, there are specific problems in orthopaedics, urology and ophthalmology where there is insufficient capacity to meet the demand for certain procedures. The Trust successfully completed the recovery plan for long waiting patients and is able to confirm that there have been zero 52 week waiters since June 2017.
- The Emergency Department saw a like-for-like increase in attendances of just over 3% on the previous year. The peak winter months saw bigger increases with January experiencing a 9% growth on the previous year. This has had the inevitable detrimental impact on performance. Overall the Trust saw an increase of 2.5% in ambulances which meant 1,187 additional conveyances received during the year. Whilst the Trust did not achieve the A&E standard, our performance puts us above average with a ranking of 40/137 Trusts nationally. Across the year there were four 12 hour trolley waits. Three of these related to the need to transfer patients to other care providers for specialist support (Mental Health and Paediatrics) however, a suitable bed could not be found.
- Despite implementing the findings of the Intensive Support Team (IST) action plan, undertaking pathway reviews with the Cancer Alliance and working with regional providers to improve late tertiary referrals, we were unable to deliver the 62-day Cancer target during 2017-18. This remains a high priority for the Trust and we have produced a refreshed action plan to help improve performance. However, demand for some cancer sites continues to rise and additional capacity needs to be secured in order to adequately support this.





8.1 Emergency Planning / Resilience

Under the Civil Contingencies Act 2004, (CCA) every NHS Organisation has to have Emergency Preparedness, Response and Resilience (EPRR) arrangements in place. The Trust is further required to meet the core standards set out by NHS England under the EPRR arrangements (updated 2017) and alignment to the Business Continuity Standard ISO 22301.

As a requirement in the Core Standards we need to plan for and respond to a wide range of emergencies and business continuity incidents that could affect health or patient safety. These could be anything from severe weather to an infectious disease outbreak or a major or mass casualty incident. For the second year running the Trust was assessed as being 'fully compliant' in meeting these standards.

The Trust is an active member and participates in the local health and multi-agency groups to ensure a proactive and co-ordinated approach to warning and informing and sharing best practice, encouraging a joint approach to emergency preparedness in terms of planning, responding and recovery.

West Midlands Ambulance Service (WMAS) reviewed the readiness of the Trust on its Chemical, Biological, Radiological and Nuclear (CBRN) status to respond effectively to incidents involving contamination. A self-assessment tool was completed prior to a site visit, to undertake a challenge and confirm process on the Trust's submitted responses and to observe a practical demonstration of decontamination equipment in March 2018. Post their visit, WMAS confirmed the Trust as being ready with no recommendations.

The Trust has focused on improving training and has produced and launched four E-learning packages for staff in responding to any type of incident or disruption, with one of the packages becoming a mandatory requirement for Strategic and Tactical commanders to complete.

The Trust has undertaken a series of exercises over the last 12 months in line with CCA requirements, with one exercise with the West Midlands Fire Service in responding to a fire in our main Theatre services area.

As a Trust we responded well to what was an unprecedented incident with no reports of harm to patients or of patient data being compromised or stolen. This was the ransomware attack, known as "WannaCry", which affected a wide range of countries and sectors. The Trust has not been complacent and continues to improve and gain leverage on current capabilities to improve security across the Trust.

An Emergency Preparedness annual report and plan has been produced, identifying the status of the Trust's resilience over the last 12 months and identifying objectives for the year.

8.2 Health and Safety at Work

The Trust Health and Safety risk profile has been maintained and shows compliance with relevant Health and Safety Executive (HSE) legislation. Work continues to identify gaps and provide action plans to fill these gaps giving the Board an improved assurance around compliance with the Regulations. Estates and Facilities continue to work towards compliance with the Premises Assurance Model (PAM) accreditation system, this is adding to the robustness of assurance received from Estates. Estates Facilities are also maintaining their accreditation for CHAS (Contractors Health & Safety Assessment Scheme) allowing them to use the logo on their letterheads as approved contractors.

Cannock Chase Hospital is fully aligned to The Royal Wolverhampton NHS Trust Health and Safety processes and compliance with Trust policy as are the GP practices within the Vertical Integration Team; we continue to work with these groups to ensure they also meet policy compliance.

This year has seen the Trust receive two visits from the HSE, one being a planned inspection of the Laboratory and one being prompted by a Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable incident. Both visits resulted in a positive outcome and no further action was taken by the HSE.

There has been a 13.8% reduction in the number of health and safety incidents when comparing 2017-2018 to 2016-2017. Focus has remained on the high incident reporting areas; ensuring investigations are undertaken where needed and risk assessments reviewed to improve control measures. Focus continues on sharing lessons identified across the Trust, using various forums to do this including the Safety Representative Forum, the Health and Safety newsletter and our Risk Newsletter 'Risky Business'.



The top 5 reported health and safety related incidents for the year are:

- Sharps incidents (28% decrease)
- Personal Contact Injury (18% decrease)
- Manual Handling (15% decrease)
- Violence and Aggression (9% decrease)
- Slips, trips & falls (2% decrease)

This would indicate a turn in the right direction for RWT and we hope to sustain this over the coming year.

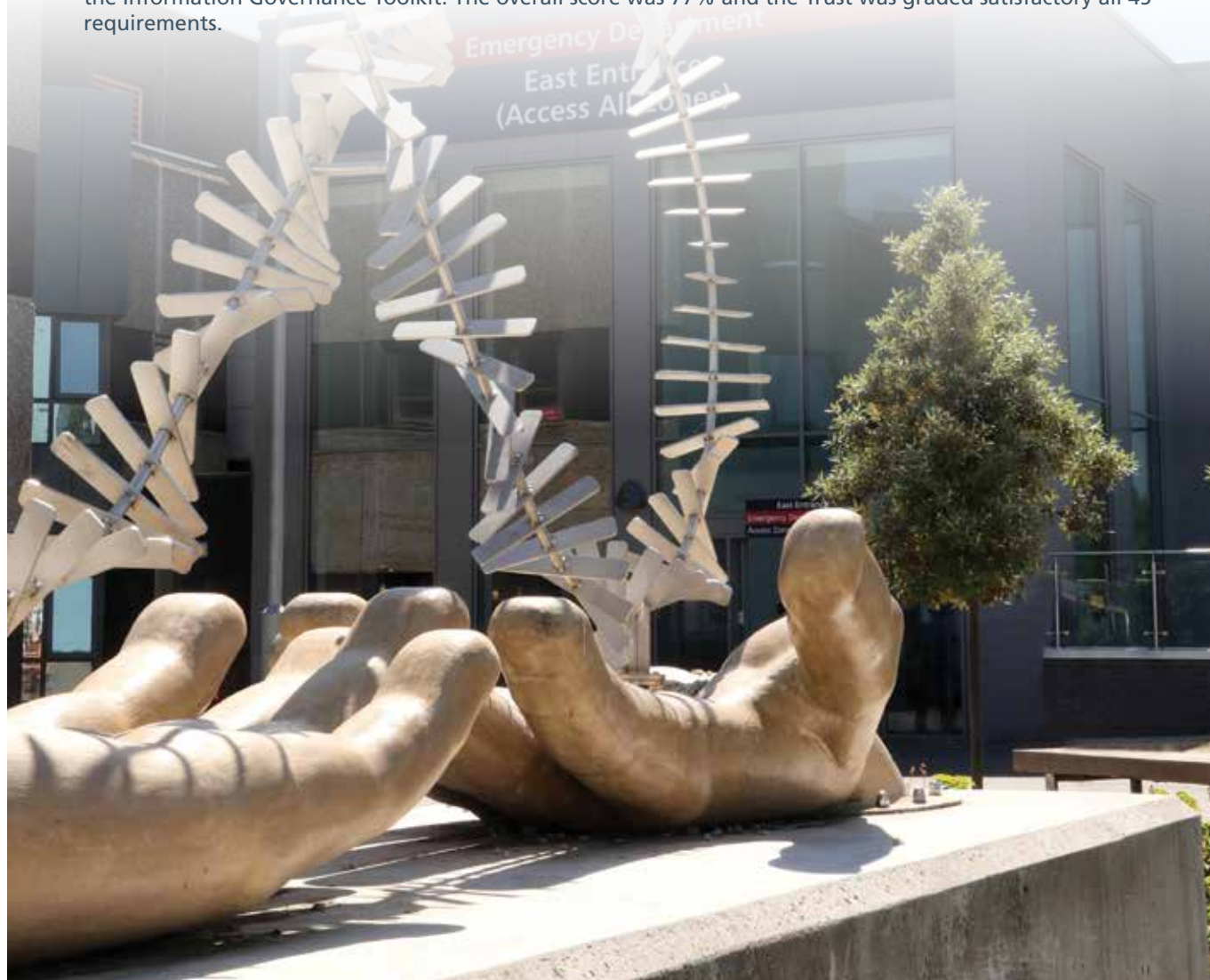
8.3 Social Economic Responsibilities: Modern Slavery and Forced Labour

The Trust is committed to its Social Economic Responsibilities and ensuring that it is a Good Corporate Citizen (GCC). In its procurement practices the Trust stipulate that: the successful contractor will ensure that its supply chain is monitored and that there is zero tolerance of modern slavery within their supply chain; the successful contractor must ensure that at no point, throughout the delivery of their contractual agreement with the Trust, will any materials used to deliver the agreement be created through the use of bonded labour or infringement of human rights; and that where any such issues arise within the extended supply chain, the successful contractor will act to remove these items from entering the Trust's extended supply chain and implement ethical sourcing programs and supply chain audits to prevent any repetition.

In addition, sourcing staff within the Procurement team access external e-learning which covers Ethical & Sustainable Procurement."

9. Annual Declarations

1. The Royal Wolverhampton NHS Trust is required to register with the CQC and its current registration status is active. The Royal Wolverhampton NHS Trust has no conditions with its continued registration. The CQC has not taken enforcement action against The Royal Wolverhampton NHS Trust during 2017-2018.
2. 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. The Trust as part of the Pensions Regulations is required to complete an Annual Assurance Statement for the Pension Agency by the 5th of April each year, and this has been done.
3. Control measures are in place aiming to ensure that the Trust's obligations under equality, diversity, inclusion, human rights and employment legislation are complied with. The Trust strives to deliver safe, accessible and fair services to the diverse population that we serve. We value our greatest asset, our diverse workforce, and strive to create working environments in which everyone is able to reach their full potential and flourish, this in turn will help us deliver truly inclusive services that treat people with respect, care, dignity and compassion and improve the overall patient experience.
4. 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 the United Kingdom Climate Impact Programme (UKCIP) 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.
5. The Trust made its annual self-assessment submission to the Department of Health by the 31st March 2018 on the Information Governance Toolkit. The overall score was 77% and the Trust was graded satisfactory all 45 requirements.



10. Head of Internal Audit Opinion

Based on the work of internal audit completed during the year we conclude that we can provide significant assurance with some improvements required to enhance the design and/or operation of internal controls, in respect of governance, risk and control.

During the course of our work we did identify certain higher risk recommendations which have been accepted by Management and are being implemented. In particular we would highlight the Trust's ongoing work in respect of consulting job planning and ensuring all job plans are in place and approved at the start of each financial year. Internal Audit reports have been presented to the Audit Committee during the year, actions accepted and the Committee receives a quarterly report from Internal Audit outlining progress in closing outstanding actions.

11. Review of effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality Governance Assurance Committee have a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is informed by reports from external inspecting bodies including external audit and the Patient-Led Assessments of the Care Environment (PLACE) inspections (the system for assessing the quality of the patient environment). It is also informed by comments made by the External Auditors in their report to those charged with governance (ISA 260) and other reports. I have been advised on the implications of the result of my review of effectiveness of the system of internal control by the Trust Board, the Audit Committee, and the QGAC and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has continued to undertake regular Development meetings throughout the year and has recently commenced a review to inform future Board development. It has monitored the performance and effectiveness of the Trust Board Committee's including the Audit Committee, Finance and Performance Committee and the Quality Governance Assurance Committee all of which have key roles in the assessment of assurance and effectiveness of the Trust and in the identification of and mitigation of any identified risks.

The Audit Committee has managed on behalf of the Trust Board the agreed programme of Audit including internal audit, external audit and clinical audit (alongside the Quality Governance Assurance Committee). The Board receives the presentation of examples of clinical audit work.

I have not identified any significant internal control issues or gaps in control from the work and assurances provided to me and to the Trust Board.

12. Conclusion

No significant internal control issues have been identified during 2017-2018.

Accountable Officer: David Loughton CBE

Organisation: The Royal Wolverhampton NHS Trust

Signature:



Date: 25 May 2018

B2 - Remuneration and Staff Report

Staff Report

The following tables summarises the numbers and categories of staff, sickness absence and exit packages made during 2017-2018:

Table 18 Exit Package Cost Banding 2017-2018

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£s
Less than £10,000	1	5,698	29	67,375	30	73,073	1	5,000
£10,000 - £25,000	0	0	1	11,165	1	11,165	0	0
£25,001 - £50,000	1	26,712	0	0	1	26,712	0	0
£50,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	2	32,410	30	78,540	32	110,950	1	5,000

The Trust had nil non-contractual payments in lieu of notice in 2017/18. The Trust had one special payment approved with HM Treasury in 2017/18 for £5,000.

Table 19 Exit Package Cost Banding 2016-2017

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£s
Less than £10,000	0	0	20	65,199	20	65,199	0	0
£10,001 - £25,000	0	0	1	11,054	1	11,054	0	0
£25,001 - £50,000	0	0	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	0	0	21	76,253	21	76,253	0	0

Table 20 Average Staff Numbers

Average number of employees (WTE basis)	Total 2017/18 No.	Permanent 2017/18 No.	Other 2017/18 No.	Total 2016/17 No.
Medical and dental	923	824	99	865
Administration and estates	1,137	1,072	65	653
Healthcare assistants and other support staff	2,454	2,312	142	2,910
Nursing, midwifery and health visiting staff	2,138	2,057	81	2,168
Nursing, midwifery and health visiting learners	26	26	0	20
Scientific, therapeutic and technical staff	619	609	10	633
Healthcare Science Staff	245	245	0	239
Total average numbers	7,542	7,145	397	7,488
Of which:				
Number of employees (WTE) engaged on capital projects	8	8	0	0

Table 21 Staff Sickness Absence

Staff Sickness Absence	2017/18 Number	2016/17 Number
Total days lost	69,226	72,677
Total staff years	7,158	7,052
Average working days lost (per WTE)	10	10

During 2017/18 we spent £1.7m on consultancy services (2016/17 £1.3m). The Trust employed 8 senior managers during the year ending 31 March 2018.

Remuneration Report

The Trust has a Remuneration Committee whose role is to advise the Board on appropriate remuneration and terms of service for the Chief Executive and other Executive Directors. Membership of the Committee comprised of the Chairman and all Non-Executive Directors.

Remuneration for the Trust's Executive Directors is set by reference to job scope, personal responsibility and performance. This also takes into account the comparison with remuneration levels for similar posts, both within the National Health Service and the local economy. Whilst performance is taken into account in setting and reviewing remuneration, there are currently no arrangements in place for "performance related pay".

It is not the Trust's policy to employ Executive Directors on "rolling" or "fixed term" contracts. All Directors' contracts conform to NHS standard for directors, with arrangements for termination in normal circumstances by either party with written notice of six months.

Remuneration for the Trust's Executive and Non-Executive Directors during the financial year ended 31 March 2018 is set out in the attached schedules.

Signature:



David Loughton CBE

Date: 25 May 2018

7. Remuneration

	2017-18					2016-17				
	Salary	Other Remuneration	Expense Payments (taxable) Benefits in Kind	All pension related benefits	Total	Salary	Other Remuneration	Expense Payments (taxable) Benefits in Kind	All pension related benefits	Total
Name and Title	(bands of £5000)	(bands of £5000) £000	Rounded to the nearest £100	(bands of £2,500)	(bands of £5,000)	(bands of £5000)	(bands of £5000) £000	Rounded to the nearest £100	(bands of £2,500)	(bands of £5,000)
Executive Directors										
D Loughton - Chief Executive	245-250	0	0	15-17.5	260-265	245-250	0	0	30-32.5	275-280
C Etches - Chief Nursing Officer (to 31/03/2018)	145-150	10-15 ¹	0	20-22.5	180-185	145-150	0	0	20-22.5	165-170
G Nuttall - Chief Operating Officer	145-150	0	0	35-37.5	180-185	145-150	0	0	157.5-160	305-310
J Odum - Medical Director	150-155	75-80 ²	0	20-22.5	245-250	150-155	70-75 ²	0	80-82.5	305-310
K Stringer - Chief Financial Officer	150-155	0-5 ³	0	40-42.5	195-200	150-155	0	0	7.5-10	160-165
Non-Executive Directors										
J Vanes - Chairman	35-40	0	0	0	35-40	35-40	0	0	0	35-40
J Anderson - Non-Executive Director (to 31/07/2017)	0-5	0	0	0	0-5	5-10	0	0	0	5-10
J Darby - Non Executive Director (from 01/03/2017)	0-5	0	0	0	0-5	0-5	0	0	0	0-5
R Dunshea - Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10
D Edwards - Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10
J Hemans - Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10
M Martin - Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10
J Parkes - Non-Executive Director (to 30/06/2016)	0	0	0	0	0	0-5	0	0	0	0-5
S Rawlings - Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10
J Small - Non Executive Director (from 01/08/2017)	0-5	0	0	0	0-5	0	0	0	0	0
R Stockley - Non Executive Director (to 31/08/2018)	0-5	0	0	0	0-5	5-10	0	0	0	5-10
Directors - Non Voting										
A Duffell - Director of Workforce (from 05/04/2017)	115-120	0	0	7.5-10	125-130	0	0	0	0	0
L Holland - Interim Director of Human Resources (from 01/07/2016 to 31/03/2017)	0	0	0	0	0	90-95	0	0	57.5-60	150-155
L Holland ⁴ - Acting Director of Human Resources (from 01/09/2015 to 30/06/2016)	0	0	0	0	0	40-45	0	0	0	40-45
S Mahmud ⁵ - Director of Integration	120-125	0	0	0	120-125	115-120	0	0	0	115-120
M Sharon - Director of Strategic Planning and Performance	135-140	0-5 ³	0	17.5-20	160-165	135-140	0	0	200-202 ⁵	335-340

Please note:-

1. This relates to payment in respect of annual leave not taken at the time this Director left the Trust.
2. This relates to the Medical Director's role as a Renal Physician
3. This relates to remuneration following the selling of annual leave in line with the Trust's Buying and Selling of Annual Leave scheme for all staff.
4. This Acting Director was paid via the Consultancy Company of which they are a Director.
5. This Director opted out of the Pension Scheme and their prior years benefit was also withdrawn.

Total remuneration for senior managers in year ended 31 March 2018 was £1,410,102 0.26% of income (31 March 2017 £1,353,624, 0.25% of income).

The definition of senior managers used to establish who should be included in the table above is that given in the Manual for Accounts:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities within the group body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

The Pension related benefits are all benefits received in year from participating in pension schemes excluding any contributions by the employee in the period.

Pension Benefits

	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 2018	Cash Equivalent Transfer Value at 31 March 2017	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2018	Employer's Contribution to Stakeholder Pension
Name and title	(bands of £2500)	(bands of £2500)	(bands of £5000)	(bands of £5000)	£000	£000	£000	£000
D Loughton ¹ - Chief Executive	0-2.5	5-7.5	75-80	235-240	0 ¹	0 ¹	0 ¹	0
A Duffell ² - Director of Workforce	0-2.5	2.5-5	20-25	65-70	428	47	481	0
C Etches - Chief Nursing Officer	0-2.5	5-7.5	60-65	190-195	1,337	106	1,456	0
S Mahmud ³ - Director of Integration	0	0	0	0	0	0	0	0
G Nuttall ⁴ - Chief Operating Officer	2.5-5	0	55-60	145-150	912	86	1,007	0
J Odum - Medical Director	0-2.5	5-7.5	50-55	160-165	1,069	96	1,176	0
M Sharon - Director of Strategic Planning and Performance	0-2.5	5-7.5	55-60	165-170	1,191	97	1,300	0
K Stringer - Chief Financial Officer	2.5-5.	7.5-10	60-65	190-195	1,190	113	1,315	0

1. The real increase in Cash Equivalent Transfer Value is not applicable for D Loughton given that he is now over 60.
2. This Director was only employed by the Trust in year but comparatives are available as he previously worked in a NHS Trust.
3. Relates to Directors that opted out of the Pension scheme and their prior years benefit was also, withdrawn.
4. The Director has changed pension scheme membership and as a result the benefits have been calculated on the new scheme.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Fair Pay Disclosure

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

The mid-point banded remuneration of the highest paid director in the Trust in the financial year 2017-2018 was £247.5k (2016-17, £247.5k). This was 10.5 times (2016-17, 10.6) the median remuneration of the workforce which was £23.6k (2016-17 £23.4k)

In 2017-2018, 2 employees (2016-17, zero employees) received total remuneration in excess of the highest-paid director.

In 2017-2018 remuneration paid to employees ranged from £7k to £247.5k [mid-point banded] (2016-17 £6k - £247.5k [mid-point banded]).

Remuneration as quoted above is based on basic salary of staff in post as at 31st March 2018 including bank and agency staff. It does not include employer pension contributions or cash equivalent transfer value of pensions.

Annualised remuneration may not reflect actual remuneration in year, for example where an individual was in post for only part of the year. The Executive Director payments are variable and may change from one year to another, subject to approval through the Trust Remuneration Committee to the Board. The vast majority of Trust employees are subject to national pay settlements and have, in accordance with those national settlements, received an inflationary increase in pay in 2017/18 of 1% and where applicable, employees have continued to make incremental progression within existing pay scales.

Off Payroll Engagements

Recruitment is properly devolved to Trust Managers who are required link with the Workforce Department to ensure that all off payroll engagements are subject to appropriate assessments regarding IR35 status.

For all off-payroll engagements as of 31 March for more than £245 per day and that last for longer than six months.

	Number
Number of existing engagements as of 31 March 2018	1
Of which...	
Number that have existed for less than one year at the time of reporting	1
Number that have existed for between one and two years at the time of reporting	
Number that have existed for between two and three years at the time of reporting	
Number that have existed for between three and four years at the time of reporting	
Number that have existed for four years or more at the time of reporting	

For all off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months.

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018.	1
Of which...	
Number assessed as caught by IR35	1
Number assessed as not caught by IR35	
Number engaged directly (via PSC contracted to department and are on the departmental payroll.	
Number engagements reassessed for consistency / assurance purposes during the year.	
Number engagements that saw a change to IR35 status following the consistency review	

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

	Number
Number of off payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year.	
Number of individuals that have been deemed "board members / senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements	18

C - Financial Statement

Forward and Financial Performance Overview

The summary financial statements are an extract of the information in the full Annual Accounts. These include the Annual Governance Statement of the Trust for year ended 31 March 2018. The summary financial statements only give an overview of the financial position and performance of the Trust but might not contain sufficient information for a full understanding of the Trust's performance. For more detailed information please refer to the full Annual Accounts for the Trust. These are available free of charge from The Chief Financial Officer, The Royal Wolverhampton NHS Trust, New Cross Hospital, Wolverhampton, WV10 0QP.

The Annual Accounts have been prepared in accordance with the 2017/18 Department of Health Group Accounting Manual (GAM). From 2009/10 the GAM follows the International Financial Reporting Standards (IFRS) and interpretations to the extent that they are meaningful and appropriate to public body entities.

The financial performance of the Trust is assessed by the Department of Health against four targets.

These are:

- **Income and Expenditure**
As a minimum, the Trust is required to break even each year. Where a deficit is incurred, the Trust is required to achieve surpluses in subsequent years until break-even, taking one year with another, is achieved.
- **Capital Cost Absorption Rate**
Within its overall expenditure, the Trust is required to pay the Department of Health a sum equivalent to 3.5% of average net relevant assets. This payment is known as the Public Dividend Capital payment.
- **External Financing Limit:**
This refers to the agreed amount of cash that the Trust is allowed by the Department of Health to consume over and above the amount it generates through its normal activities in year. This may be through a reduction in its own cash balances or receiving cash from external sources. The Trust is expected to not exceed its External Finance Limit (EFL) and in 2017/18 it achieved this, spending £3,626,000 (against a target of £3,626,000).
- **Capital Resource Limit**
This is a limit, imposed by the Department of Health, on the level of capital expenditure that the Trust can incur in the year. The Trust is expected to maintain its' spend at or below this level.

Table 22 Financial Target Performance

	Target	Actual	Achieved
Income & Expenditure Break-even (£'000)	1,288	4,327	✓
Capital Cost Absorption Rate (%)	3.5%	3.5%	✓
External Financing Limit £'000	3,626	3,626	✓
Capital Resource Limit £'000	20,068	19,909	✓

Table 23 The Income and Expenditure position for each of the last five years:

	2013/14 £000s	2014/15 £000s	2015/2016 £000s	2016/2017 £000s	2017/2018 £000s
Breakeven duty in-year financial performance	7,891	3,663	153	8,542	4,327
Breakeven duty cumulative position	34,437	38,100	38,253	46,795	51,122
Operating income	394,045	461,810	509,405	536,028	548,538
Cumulative breakeven position as a percentage of operating income	8.74%	8.25%	7.51%	8.73%	9.32%

Cumulative Position

Table 23 shows that the Trust achieved its statutory break-even duty in 2017/18. In 2017/18 the Trust achieved a surplus for the 12th consecutive year. This surplus amounted to £4,327k after impairment and adjustments for changes in accounting treatment.

Private Finance Transactions

The Trust has an on-balance sheet scheme relating to the provision and maintenance of the Radiology building and equipment including replacement and upgrading. The contract for the scheme covers the period 1 April 2002 to 31 March 2032. Although the interest rate changes affect future performance, the impact to date has not been significant.

Better Payment Practice Code

The Department of Health requires that Trusts aim to pay their non-NHS and NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, (whichever is the latter), unless other terms have been agreed with the supplier. The target is to achieve 95% compliance and, over the last two years, the Trust's performance is shown in table 24.

Table 24 Better Payment Practice Code Summary

	2017/18		2016/17	
	Number	£'000	Number	£'000
Total Invoices Paid in Year	114,817	312,703	120,516	315,185
Total Invoices Paid Within Target	83,306	244,422	98,263	275,540
Percentage of Invoices Paid Within Target	72.56%	78.16%	81.54%	87.42%

Prompt Payment Code

The Trust is an approved signatory to the Prompt Payment Code.

Staff Sickness Absence

The following table provides details of the Trusts Sickness Absence:

Table 25 Staff Sickness Absence

Staff Sickness Absence	2017-18 Number	2016-17 Number
Total days lost	69,226	72,677
Total staff years	7,158	7,052
Average working days lost (per WTE)	10	10
Number of persons retired early on ill health grounds	2	7
Total additional pensions liabilities accrued in the year (£000s)	90	295

Pension Liabilities

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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". Further details can be found in the full set of accounts available on request.

Accounting Policies

The accounts for the Trust were produced in line with the Department of Health Group Accounting Manual. Full details of the accounting policies are included within the Trust Annual Accounts which are available on request. Particular areas where judgement has had to be exercised are:

- Useful economic lives of assets - The Trust estimates the useful economic lives of its non-current assets. Every care is taken to ensure that estimates are robust; however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held. It should be noted that in 2015-16 the Trust changed the asset life methodology for Buildings to a Single Residual Life Methodology, resulting in a reduction to annual depreciation.
- Provisions - When considering provisions for events such as pension payments, NHSLA claims and other legal cases the Trust uses estimates based on expert advice from agencies such as the NHS Litigation Authority and the experience of its managers.
- Leases - The Trust applies the tests contained in IAS17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available may be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision may be made. There have been no major policy changes that have impacted on the position of the Trust. Additionally the Trust is required to adopt accounting standard IAS27 which requires the Trust to consolidate its Charitable Funds into its accounts if material. These were not consolidated as they are not considered material.

Financing

Auditors

The Trust's external auditors are KPMG LLP. The total charge for audit work undertaken in 2017/18 was £61k excluding VAT (2016/17 £62k). Other auditors remuneration in 2017/18 was £9k (2016/17 £11k) and is in respect of non-audit services. As far as the Directors are aware, there is no relevant audit information the Trust's auditors are unaware of and the Directors have taken all steps that they ought to have taken, as Directors, to make themselves aware of any relevant audit information and to establish that the Trust's Auditors are aware of that information. Non-audit work may be performed by the Trust's external auditors where the work is clearly audit related and the external auditors are best placed to do that work. For such assignments the Audit Committee approved protocol is followed. This ensures that all such work is properly considered and that the external auditor's independence is not compromised through the Trust using them for other non-audit services.

The Trust is able to ensure this as:

- All work is controlled and monitored by the Audit Committee which is made up of Non-Executive Directors. They approve all work and provide a check to ensure independence is maintained.
- Any additional work carried out by the External Auditors has to be approved by the Audit Commission if its value is greater than 20%.

Table 26 Statement of Comprehensive Income for the Year Ended 31 March 2018

	2017-18	2016-17
	£000s	£000s
Operating income from patient care activities	464,033	442,957
Other operating income	84,505	93,071
Operating expenses	(529,386)	(538,251)
Operating surplus/(deficit) from continuing operations	19,152	(2,223)
Finance income	52	39
Finance expenses	(1,728)	(1,615)
PDC dividends payable	(10,170)	(9,467)
Net finance costs	(11,846)	(11,043)
Other gains / (losses)	31	44
Surplus / (deficit) for the year	7,337	(13,222)

Table 27 Other Comprehensive Income for the Year Ended 31 March 2018

	2017-18	2016-17
	£000s	£000s
Will not be reclassified to income and expenditure:		
Revaluations	16,905	(74,234)
Other reserve movements	(2)	1
Total comprehensive income / (expense) for the period	24,240	(87,455)

Table 28 Financial Performance for the Year Ended 31 March 2018

	2017-18	2016-17
	£000s	£000s
Retained surplus/(deficit) for the year	7,337	(13,222)
Impairments (Excluding IFRIC 12 Impairments)	(3,157)	22,547
Adjustments in respect of donated gov't grant asset reserve elimination	147	(783)
Adjusted retained surplus/(deficit)	4,327	8,542

Table 29 Statement of Financial Position as at 31 March 2018

	31 March 2018	31 March 2017
	£000s	£000s
Non-current assets		
Intangible assets	1,115	979
Property, plant and equipment	331,382	306,710
Trade and other receivables	0	624
Total non-current assets	332,497	308,313
Current assets		
Inventories	6,357	6,337
Trade and other receivables	35,572	33,157
Non-current assets for sale and assets in disposal groups	800	800
Cash and cash equivalents	16,982	14,180
Total current assets	59,711	54,474
Current liabilities		
Trade and other payables	(52,971)	(48,522)
Borrowings	(1,979)	(2,123)
Provisions	(6,219)	(5,463)
Other liabilities	(3,205)	(3,689)
Total current liabilities	(64,374)	(59,797)
Total assets less current liabilities	327,834	302,990
Non-current liabilities		
Borrowings	(5,299)	(6,037)
Provisions	(581)	(594)
Total non-current liabilities	(5,880)	(6,631)
Total assets employed	321,954	296,359
Financed by		
Taxpayers' equity		
Public dividend capital	232,753	231,398
Revaluation reserve	67,355	50,457
Other reserves	190	190
Income and expenditure reserve	21,656	14,314
Total taxpayers' equity	321,954	296,359

The financial statements were approved by the Board on 25 May 2018 and signed on its behalf by:

David Loughton CBE, Chief Executive:



Date: 25 May 2018

Table 30 Statement of Changes in Taxpayers' Equity For the year ending 31 March 2018

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000s	£000s	£000s	£000s	£000s
Taxpayers' equity at 1 April 2017 - brought forward	231,398	50,457	190	14,314	296,359
Surplus/(deficit) for the year	0	0	0	7,337	7,337
Other transfers between reserves	0	(7)	0	7	0
Revaluations	0	16,905	0	0	16,905
Public dividend capital received	1,355	0	0	0	1,355
Other reserve movements	0	0	0	(2)	(2)
Taxpayers' equity at 31 March 2018	232,753	67,355	190	21,656	321,954

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

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000s	£000s	£000s	£000s	£000s
Taxpayers' equity at 1 April 2016 - brought forward	229,568	125,320	190	26,906	381,984
Surplus/(deficit) for the year	0	0	0	(13,222)	(13,222)
Other transfers between reserves	0	(629)	0	629	0
Revaluations	0	(74,234)	0	0	(74,234)
Public dividend capital received	1,830	0	0	0	1,830
Other reserve movements	0	0	0	1	1
Taxpayers' equity at 31 March 2017	231,398	50,457	190	14,314	296,359

Information on Reserves

Public Dividend Capital

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

Retained Earnings

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

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.

Other Reserves

Other reserves arose at the time of inception of the Trust and are considered likely to remain at the present value.



Table 31 Statement of Cash Flow for the Year Ended 31 March 2018

	2017-18 £000s	2016-17 £000s
Cash flows from operating activities		
Operating surplus / (deficit)	19,152	(2,223)
Non-cash income and expense:		
Depreciation and amortisation	15,237	14,855
Net impairments	(3,157)	22,547
Other investments / financial assets	(74)	(984)
Amortisation of PFI deferred credit	0	(124)
(Increase) / decrease in receivables and other assets	(5,563)	(7,085)
(Increase) / decrease in inventories	(20)	644
Increase / (decrease) in payables and other liabilities	4,148	(1,972)
Increase / (decrease) in provisions	742	2,170
Net cash generated from / (used in) operating activities	30,465	27,828
Cash flows from investing activities		
Interest received	52	39
Purchase of intangible assets	(485)	(1)
Purchase of property, plant, equipment and investment property	(18,490)	(17,167)
Sales of property, plant, equipment and investment property	31	52
Receipt of cash donations to purchase capital assets	74	984
Net cash generated from / (used in) investing activities	(18,818)	(16,093)
Cash flows from financing activities		
Public dividend capital received	1,355	1,830
Capital element of finance lease rental payments	(259)	(16)
Capital element of PFI, LIFT and other service concession payments	(1,920)	(1,871)
Interest paid on finance lease liabilities	(18)	0
Interest paid on PFI, LIFT and other service concession obligations	(1,710)	(1,613)
PDC dividend (paid) / refunded	(6,293)	(12,812)
Net cash generated from / (used in) financing activities	(8,845)	(14,482)
Increase / (decrease) in cash and cash equivalents	2,802	(2,747)
Cash and cash equivalents at 1 April - brought forward	14,180	16,927
Cash and cash equivalents at 31 March	16,982	14,180

Glossary of Terms

1. Public Dividend Capital dividend – this is a payment made to the Department of Health, representing a 3.5% return on the Trust's net relevant assets.
2. Revenue from activities – this is the majority of the Trust's income and is derived in the main from the provision of healthcare to Commissioners.
3. Other operating revenue – is mostly in respect of training and research and development.
4. Intangible assets – this relates to software licences.
5. Tangible assets – this refers to the Trust's land, buildings and equipment.
6. Provisions for liabilities and charges – when there is a reasonable degree of certainty that the Trust will be liable for a particular cost, and where it has not yet actually been incurred, a provision is made to reflect that liability.
7. Impairment – this term is most usually applied when a decision has been made that reduces the life and / or value of a Trust asset (most often a building). Such reductions in value are charged to the income and expenditure account when there are insufficient balances on the revaluation reserve.

Statement of the Chief Executive's Responsibility as the Accountable Officer of the Trust

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

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

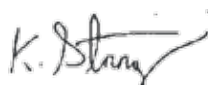
To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signature:



David Loughton, CBE
Chief Executive
Date: 25 May 2018

Signature:



Kevin Stringer
Chief Financial Officer
Date: 25 May 2018

Statement of Directors' Responsibilities in Respect of the Accounts

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

Signature:

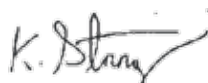


David Loughton, CBE

Chief Executive

Date: 25 May 2018

Signature:



Kevin Stringer

Chief Financial Officer

Date: 25 May 2018

English

If you need information in another way like easy read or a different language please let us know.

If you need an interpreter or assistance please let us know.

Lithuanian

Jeigu norėtumėte, kad informacija jums būtų pateikta kitu būdu, pavyzdžiui, supaprastinta forma ar kita kalba, prašome mums apie tai pranešti.

Jeigu jums reikia vertėjo ar kitos pagalbos, prašome mums apie tai pranešti.

Polish

Jeżeli chcieliby Państwo otrzymać te informacje w innej postaci, na przykład w wersji łatwej do czytania lub w innym języku, prosimy powiedzieć nam o tym.

Prosimy poinformować nas również, jeżeli potrzebowaliby Państwo usługi tłumaczenia ustnego lub innej pomocy.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਹ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ, ਜਿਵੇਂ ਪੜ੍ਹਨ ਵਿਚ ਆਸਾਨ ਰੂਪ ਜਾਂ ਕਿਸੇ ਦੂਜੀ ਭਾਸ਼ਾ ਵਿਚ, ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ ਦੱਸੋ।

ਜੇ ਤੁਹਾਨੂੰ ਦੁਆਸ਼ੀਏ ਦੀ ਜਾਂ ਸਹਾਇਤਾ ਦੀ ਲੋੜ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ ਦੱਸੋ।

Romanian

Dacă aveți nevoie de informații în alt format, ca de exemplu caractere ușor de citit sau altă limbă, vă rugăm să ne informați.

Dacă aveți nevoie de un interpret sau de asistență, vă rugăm să ne informați.

Traditional Chinese

如果您需要以其他方式了解信息，如易读或其他语种，请告诉我们。

如果您需要口译人员或帮助，请告诉我们。

Annual Accounts 2017-18



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Foreword to the Accounts

Financial Review - year ended 31 March 2018

The Financial results achieved by the Trust are shown in the table below. In common with all NHS Trusts we are required to meet a number of financial

Financial Target	Actual Performance	
	2017-18	2016-17
To break even on income and expenditure, taking one year with another	Surplus of £7.337m	Deficit of £13.222m
To achieve a capital cost absorption rate of between 3% and 4%	3.5%	3.5%
To operate within an External Financing Limit set by the Department of Health	On plan	Undershoot of £0.012m
To remain within a Capital Resource Limit set by the Department of Health	Under-spent by £0.159m	Under-spent by £0.446m
To pay 95% of non-NHS trade creditors within 30 days	76%	88%



Kevin Stringer
Director of Finance
25 May 2018

RL4 The Royal Wolverhampton NHS Trust – Annual Accounts 2017-18

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

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

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

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

Signed  Chief Executive

Date.....25 May 2018.....

RL4 The Royal Wolverhampton NHS Trust – Annual Accounts 2017-18

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

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

By order of the Board

..25 May 2018.....Date..........Chief Executive

..25 May 2018.....Date..........Finance Director



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE ROYAL WOLVERHAMPTON NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Royal Wolverhampton NHS 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 Taxpayers Equity and 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
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health 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.

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.

Other information in the Annual Report

The Accountable Officer is 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

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health Group Accounting Manual 2017/18. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health Group Accounting Manual 2017/18.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 113, the directors are 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. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 111 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

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

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its 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

As explained in the statement set out on page 111, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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.

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:

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Directors of The Royal Wolverhampton NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board 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 The Royal Wolverhampton NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Andrew Bostock, for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Queensway
Birmingham
B4 6GH

25 May 2017

GOVERNANCE STATEMENT 2017-2018

Organisational Code: RL4

1. Scope of Responsibility

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

1.1 Partnership

I acknowledge that I must discharge my duty of partnership, and have undertaken this in a number of ways. As Chief Executive, I attend the Wolverhampton City Council Overview and Health Scrutiny Panel where a range of topics have been discussed with local authority elected members. Reflecting our footprint in Staffordshire, I have also engaged with Overview and Scrutiny Panels and Healthwatch within the County of Staffordshire. During the year a proportion of my time, and that of Director Colleagues, has included continued involvement in the development of Sustainability and Transformation Plans (STP) in both the Black Country and Staffordshire.

There has continued to be close contact with commissioning organisations, and members of my Executive Team and I have attended meetings with Wolverhampton Healthwatch, and the Wolverhampton Health and Wellbeing Board.

Close links have been maintained with NHS England and NHS Improvement (NHSI) through a range of group, individual, formal and informal meetings. I have continued to participate in the meetings of West Midland NHS Provider Trust Chief Executives meetings. All my Executive Directors are fully engaged in the relevant networks, including finance, nursing, medical, operations and human resources.

I am supported in my engagement with partner organisations by the Chairman of the Board, who this year has met with his counterparts at The Dudley Group NHS Foundation Trust, Walsall Healthcare NHS Trust, University Hospital of Birmingham/Heart of England NHS Foundation Trusts, Sandwell and West Birmingham Hospital NHS Trust, The Shrewsbury and Telford Hospital NHS Trust, the University Hospital of North Midlands NHS Trust, Black Country Partnership NHS Foundation Trust, West Midlands Ambulance Service NHS Foundation Trust, as well as regular meetings with local authority members and officers, and other key players in the city's business and third sector communities. He too has taken part in discussions towards further developing the sustainability and transformation plans (STPs).

I have met periodically with the local Members of Parliament and senior members of the national NHS team present and past.

Whilst the detailed provisions of the UK Corporate Governance Code are not mandatory for public sector bodies, compliance with relevant principles of the Code is considered to be good practice. This Governance Statement is intended to demonstrate how the Trust had regard to the principles set out in the Code considered appropriate for the Trust for the financial year ended 31 March 2018.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Royal Wolverhampton NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal

control has been in place in The Royal Wolverhampton NHS Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

3. The Governance Framework of the Organisation

We have a well-established framework for governance to inform the Trust Board of operational and strategic risks as well as to provide assurance on business performance and compliance. The framework sets in place under the Trust Board a high level committee and management structure for the delivery of assured governance.

Sub Trust Board assurance committees are constituted to ensure the delegated operation of effective risk management systems, processes and outcomes. These committees inform and assure the Trust Board through the functioning and reporting of sub-groups and specialist working groups defined in their terms of reference.

In March 2018 the Trust piloted two new groups to replace the functions of the current Quality Standards Action Group and Patient Safety Improvement Group. The new groups will report into the Quality Governance Assurance Committee and are proposed to facilitate independent overview and assurance through a new Compliance Oversight Group; and to strengthen Quality and Safety monitoring and accountability through a new Quality and Safety Intelligence Group. The new arrangements are in the early stages of development and will continue to evolve during 2018/19.

In November 2017 internal audit reviewed the design and operation of the Trust's Risk Management Assurance Strategy and arrangements, which is underpinned by the Risk Management and Patient Safety Reporting Policy (OP10). The report concluded that the processes provide significant assurance with good practice highlighted as well as improvement required to further strengthen levels of assurance to the Board. Their recommendations are formed into an action plan that is regularly monitored by the Audit Committee. Finally, due to the increasing emphasis on Workforce issues a new Trust Board 'Workforce & Organisational Development Committee' was formed.

3.1 Trust Board

The Trust Board has met monthly (except in August and December). Other than for matters requiring commercial confidence or having sensitive human resources implications it has conducted its business in public and allowed time for the press, public and other observers to ask questions of the Directors at each meeting. A high attendance rate by Directors was recorded during the year.

The Chairman's term of office continues to March 2019. A new Non-executive Director took up position in August 2017, replacing Dr Anderson who reached the end of her term with the Trust. The new Director of Human Resources took up his position on 5 April 2017. The process to recruit another associate Non-executive Director is planned for during the latter part of 2018. At 31 March 2018 the Board comprised 6 female and 8 male directors; two from a minority ethnic background.

At each meeting the Trust Board considered reports on:

- Quality and safety
- Serious incidents
- Operational performance
- Financial issues and performance
- The progress of the Financial Recovery Board
- GP Vertical Integration
- Reports and minutes from the Trust Board's standing committees
- Cost improvement programme (financial and qualitative delivery – within the Finance Report)
- Mortality (within the Integrated Quality and Performance Report)

The Trust Board receives a monthly Integrated Quality and Performance Report (IQPR) (including national performance measures and 12 month trends). This report includes workforce data such as staff turnover and appraisal rates, metrics relevant to patient experience (such as medication incidents, infection prevention, friends and family test scores and safety thermometer), and those relating to operational performance (such as targets for referral to treatment times, time spent in the Emergency Department, ambulance handover times, cancelled operations and cancer waiting times). The indicators within the report are reviewed annually and approved by the Trust Board. This is added to by the Report of the Director of Workforce.

The Trust Board also considered the conclusion of the Care Quality Commission (CQC) review, as requested by the Trust Board, into the ratings awarded following their inspection carried out in June 2015. The review recommended that in a number of areas, the original score should be increased. This can be summarised as follows:

New Cross Hospital children and young people services – the well-led and safe scores were increased to good and the service as a whole was lifted from requires improvement to good. For the Cannock Chase Hospital urgent and emergency care service the well-led and safe scores were increased to good and the service across both the New Cross Hospital and Cannock Chase Hospitals improved to good. The community children and young people service the ratings for caring and well-led were increased to outstanding. These changes resulted in the overall score for the service being increased to outstanding.

Whilst the Trust rating was not affected by the review, the Trust Board accepted the revised conclusion of the CQC following the lengthy review of our appeal. The Trust was recently re-inspected by the CQC in February and March 2018 and the Trust is awaiting the draft Report.

The Trust Board strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former in 2017-2018 were: the recruitment of key staff particularly doctors and nurses, the 5-year capital programme, the continued development of the University of Wolverhampton Postgraduate Academic Institute of Medicine and the Trust's own clinical fellowship programme, vertical integration of GP practices, the development of an accountable care organisation, contributing to the development of the sustainability and transformation plans, and the financial challenges within the NHS.

The Trust Board maintains strong relations with stakeholders, including local commissioners, Healthwatch, and local authority overview and scrutiny committees.

The Non-Executive Directors (NED) are committed to self-development and learning, as evidenced by frequent attendance at events arranged by NHS Improvement (NHSI), NHS Providers, Healthcare Financial Management Associate (HFMA) NED forum, Chair and NED events put on by the Health Services Management Centre, and networking via private firms (particularly legal firms specialising in healthcare law).

Table 1 summarises the Trust Boards achievements in ensuring good and effective governance arrangements in managing the Trust Board over the year.

Table 1 – Board Composition and Commitment / Experience

Board Governance
All voting positions substantively filled
New Senior Independent Director in position (following retirement of previous)
Clarity over who is entitled to vote at Trust Board meetings
At least half of the Board of Directors comprises Non-Executive Directors who are independent
Appropriate blend of NEDs from the public, private and voluntary sectors
One NED has clinical healthcare experience
Appropriate balance between Directors who are new to the Trust Board and those who have served for longer

Majority of the Trust Board are experienced board members
Chairman has had previous non-executive director experience
Membership and terms of reference of Trust Board committees reviewed during the year
Two members of the Audit Committee have recent and relevant financial experience
Trust Board members have a good attendance record at all formal board and committee meetings, and at other board events.
A positive result from the independent external review of governance reported in year.

In addition to the Committees listed, Non-Executive Directors have individually taken part in the new format safety walkabouts, the Royal Awards, and chairing consultant interview panels.

As well as meeting formally, the whole Trust Board meets every month for a development session, this programme has covered a mixture of informal presentations around strategic and operational matters, as well as informal briefings and discussions, such as on financial pressures and service development opportunities in the Black Country. The Trust Board has also held two away days during the year.

3.2 Audit Committee

Members: R Dunshea, J Anderson (to July 2017), M Martin, and R Edwards

The aims of the Committee are to provide the Trust Board with an independent and objective review of its financial systems, financial information, risk management and compliance with laws, guidance, and regulations governing the NHS.

During 2017-2018 the Audit Committee met quarterly, and at each meeting considered progress updates on: risk management and assurance, internal audit, external audit, fraud prevention, security management and tracking of the implementation of auditors' recommendations across the Trust. Each meeting received an update on any new risks or assurance concerns from the chairs of the Quality Governance Assurance Committee (QGAC), the Finance and Performance Committee (F&PC) and the Trust Management Committee (TMC).

One joint meeting was held with QGAC.

The Committee received and discussed reports on the:

- Annual Report for Trust Charitable Funds 2016-17
- Trust Annual Report 2016-17
- Quality Account and Annual Accounts 2016-17
- Consultant job planning
- Serious incident follow up
- Vertical integration

These matters featured in the Committee's reports to the Trust Board, including a high level summary of the Internal Audit reports received at each meeting. The Trust Board have been kept informed of when audit reports showed high or medium risk recommendations requiring management attention, and has been assured that mitigating actions are being taken in accordance with the agreed timeframes.

The Committee also receives regular reports from the Local Counter Fraud Specialist. The Trust currently complies fully with the National Strategy to combat and reduce NHS fraud, having a zero tolerance policy on fraud, bribery and corruption. The Trust has a counter fraud plan and strategy in place designed to make all staff aware of what they should do if they suspect fraud.

The Committee monitors this strategy and oversees when fraud is suspected and fully investigated. The Committee seeks assurance that appropriate action has been taken, which can result in criminal, disciplinary and civil sanctions being applied. There were no significant frauds detected during the year, although some cases reported to the counter fraud team remain on-going.

The Chair of the Quality Governance Assurance Committee (QGAC) is a member of the Audit Committee, which helps to maintain the flow of information between the two committees, particularly on clinical audit matters. Two of the three Committee members have recent and relevant financial experience. Non-Executive Directors' attendances were recorded as being high during the year, and the Committee was quorate at each meeting.

3.3 Quality Governance Assurance Committee (QGAC)

Members: J. Anderson (retired July 2017) J Small (from 20 September 2017), R. Edwards, M. Martin

The Trust has established the QGAC to assure the Board of the effective functioning of risk management systems through a reporting framework. The framework reviews care standards and targets, monitors quality and safety performance, identifies risks and escalates as appropriate to the Board. High Non-Executive Directors' attendance rates at the monthly meetings of this Committee were recorded throughout the year.

The Committee received reports and minutes from its sub groups (listed below):

- Patient Safety Improvement Group (PSIG)**
- Quality Standards Action Group (QSAG)**
- Complaints, Litigation, Incidents and PALs group (CLIP) - the committee received the quarterly reports on themes and trends of incidents, complaints and claims.

**From March 2018 QGAC agreed to pilot two new subgroups to replace the functions of the current Quality Standards Action Group and Patient Safety Improvement Group. The new groups are proposed to facilitate independent overview and assurance through a new Compliance Oversight Group; and to strengthen Quality and Safety monitoring and accountability through a new Quality and Safety Intelligence Group. Minutes and chairman reports are provided to QGAC from the new groups.

The Committee considered various matters during the year. The Board Assurance Framework (BAF) and Trust Risk Register (TRR) and the Integrated Quality and Performance Report (IQPR) were reviewed in detail at each meeting.

Other topics reported during the year included:

- Health and Safety assurance
- External review registry
- Safeguarding assurance
- CQC regulatory compliance assurance
- Claims and litigation
- Annual audit plan
- Themes and trends of incidents, complaints and claims
- National Reporting and Learning System report (Incident benchmarking)

To inform QGAC, the PSIG and QSAG sub groups have conducted detailed reviews of compliance and risk status on the following key areas:

- Compliance with the use of the safer surgical checklist
- National Safety Standard for Invasive Procedures (NatSSIPs)/Local Safety Standard for Invasive Procedures (LocSIPPs) audits
- Ward Performance Indicators
- New Procedure applications
- Policy audit reports e.g. Risk Management and Integrated Governance strategy, Being open

- Safe Discharges report/action plan
- Review of prospective audit schedule
- Safety alert compliance e.g. National Patient Safety Agency (NPSA), Medicine & Healthcare products Regulatory Agency (MHRA), Medical Device Alerts (MDA)
- Serious Untoward Incident (SUI) management (process, investigation outcomes and action tracking)
- CQC standard Compliance (including internal Quality review visits)
- National Clinical guidelines/standards e.g. The National Institute for Health and Care Excellence (NICE), National Confidential Enquiry (NCE), Royal College reports
- National and Local audit performance for a number of clinical services
- External assessment and accreditation for a number of clinical services
- Health and Safety Management
- Approval and review of new [clinical] procedure applications
- Radiation protection
- Information Governance
- Organ Donation
- Medicines management
- Patient Experience
- Equality Diversity regulatory Compliance
- Creating Best Practice Group
- Sign up to Safety Group
- Swan Steering Group – now End of Life Steering Group from October 2017
- Clinical Product Evaluation Group

The non-exhaustive list above is factored into an annual plan of work for the QSAG/PSIG subgroups with upward reporting to QGAC through chairman reports and minutes. (The above items were reported between April 2017 and Feb 2018 until the inaugural meetings of the new meeting structure in March 2018).

The Committee also reviewed the annual Governance Statement (alongside the draft opinion of the Head of Internal Audit). The Committee recognised progress made with the completion of The Board Assurance Framework (BAF) and has challenged assurances and action update within the Trust Risk Register (TRR). As well as routine reporting the QGAC requested themed reviews (deep dive reports) for assurance on safeguarding performance (in September 2017 and February 2018).

The following items were escalated / notified to the Trust Board in the period:

- Late Observations
- Maternity – births exceeded threshold and impact of capacity and workforce levels
- BAF and TRR updates and new risks
- Changes to BAF format further to Internal Audit recommendations
- New data monitoring of late moves to impact efficient discharge
- Reduction of falls with harm within the period
- Assurance requested on outstanding Serious Untoward Incident (SUI) actions
- Cancer breaches
- Decrease in Pressure injuries incidents
- Decrease in Falls overall and falls with serious harm (noting falls collaborative work)
- Increased trend of Carbapenemase producing Enterobacteriaceae (CPE) cases
- Safety Checklist audit results
- Progress on Safeguarding assurance – training compliance improvements and staff appointments ongoing
- Complaint response rates improved. FFT response rates above average except for Emergency Department (ED) where focus is being attended. The Royal Wolverhampton NHS Trust (RWT) recommendation rate slightly lower than average at 93% (av 94.5%) within the period
- Good performance on Clostridium difficile (Cdiff) - below target
- Safety Culture Audit in theatres

- Urgent care provision under-performance against 4 hour target
- Largely positive assurance on NatSSIPs audits reviewed thus far
- Progress update of Sign up to Safety Project to address Safety culture
- Rise in Emergency Caesarean section (C-section) rate – Assurance reported requested
- Review of new meeting structure and early feedback

From June 2016 the Trust acquired 9 Primary Care General Practices as part of the Vertical Integration (VI) pilot. A Primary Care Directorate has been created to manage the affairs of these new services and reports into Trust Management Committee and Trust Board within an interim integration structure. QGAC have therefore not reviewed reports pertaining to VI quality/safety compliance or performance. This work is managed within the Primary Care Directorate and reported to the Trust Management Committee during 2017/18. Moving forward the creation of a third Division (to include Primary Care) from April 2018 will align with reporting into the new QSIG.

3.4 Finance and Performance Committee

Members: M Martin, S Rawlings, and J Hemans.

The F&PC provides assurance to the Trust Board on the effective financial and external performance targets of the organisation. It also supports the development, implementation and delivery of the medium term financial plan, and the efficient use of financial resources. The Committee meets monthly and considers in detail, among other things, the Trust's financial position, budget training report, the progress of the capital programme, and performance aspects of the Trust Board's quality and performance report. It also considers the work of the Financial Recovery Board and Cost Improvement Programme Group, Service Line Reporting, Sustainability and Transformation Programme (STP), contractual performance against contractual standards, Commissioning for Quality and Innovation (CQUIN), Local Clinical Research Network (LCRN) finance report, the procurement strategy and other matters associated with operational finance and budgeting. As the Committee with oversight of the majority of risks highlighted on the BAF, it has spent a considerable amount of time reviewing progress with the mitigations against each of the risks assigned.

The Committee meetings have always been quorate and well attended. As with the other Committees, the Chair submits a report on each meeting to the next available Board and highlights pertinent issues. This is done in a timely fashion as the Committee meets the week before the Board. In addition, the minutes are submitted to the Board for information. The Committee had set itself two objectives for the year. The first was to improve the presentation of the supplementary finance report coming to the Committee, which has been achieved. The second was to support the coding/data capture process where there is now on-going training for all involved. We have not set the objectives for 2018/19 at the time of the preparation of this report.

3.5 Workforce & Organisational Development (WOD) Committee

Chair: Junior Hemans, Member: Roger Dunshea + one 'floating' Member

One of the Trust Strategic Objectives was and is to attract, retain and develop all employees and improve employee engagement year on year. This links to the Board Assurance Framework risk relating to the requirement for Recruitment and Retention of staff across the Trust and in particular the future pipeline of nursing and medical staff.

The Committee was established as a Committee of the Trust Board with its Terms of Reference being approved in September 2017 and it commenced operation in October 2017.

The Committee was formed to give greater emphasis and assurance on workforce governance relating to Resourcing, Skills, Leadership & Organisational Effectiveness, Engagement and Productivity.

The outline remit of the committee is as follows:

- The organisational development and workforce strategy, structures, systems and processes are in place and functioning to support employees in the provision and delivery of high quality, safe patient care

- Processes are in place to support optimum employee performance to enable the delivery of strategy and business plans in line with the Trust's values
- The Trust is meeting its legal and regulatory duties in relation to its employees
- Where there are human resource risks and issues that may jeopardise the Trusts ability to deliver its objectives, that these are being managed in a controlled way.

In order to meet the requirements of the committee, the following points are key areas of focus:

1. The implementation of an overarching organisational development and human resources strategy that enables the Trust to deliver its strategy, vision and values
2. Effective identification and mitigation of Human Resources risks within the supporting infrastructure of the Board Assurance Framework and Risk Register
3. Robust workforce planning and recruitment processes are in place, supported with attraction & retention approaches, to ensure that the Trust has a workforce to deliver its strategy and annual plan
4. Mechanisms in place and effective to communicate with and inform the workforce in relation to strategy as well as constitution, values and ethos
5. The monitoring of staff engagement and experience, reviewing staff surveys (national & local) and delivering its plans to achieve a highly motivated and engaged workforce to enhance the quality of patient care
6. The monitoring of processes in place to identify and develop organisational structures, leadership and management capability to ensure the delivery of the Trust's strategy
7. Arrangements for the effective training and education of the workforce in all professions and disciplines
8. The Trust is delivering its ambition and legal obligations in relation to the Diversity/Equal opportunity of the workforce
9. Processes & resources are in place, to ensure the development of healthy teams and indicators of poor team health are acted upon, as well as support the wider Trust Health &Well-Being agenda.
10. Performance management reports are reviewed

3.6 Remuneration Committee

Members: J Vanes, J Anderson (retired July 2017), R Dunshea, R Edwards, J Hemans, M Martin, S Rawlings and J Small (joined August 2017).

The purpose of this Committee is to advise the Trust Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors. The Remuneration Committee met several times during the year and reviewed Executive Director Remuneration and appraised the performance of the Chief Executive (in his absence). The Chairman appraised all of the Non-Executive Directors. NHS Improvement undertakes the appraisal of the Chairman, which took place in April 2017.

3.7 Charitable Funds Committee

Members: S Rawlings, R Dunshea, and J Vanes.

The aim of the Committee is to administer the Trust's Charitable Funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

During 2017/18, the Committee has continued to benefit from the dedicated support of an in-house fundraising coordinator, plus the support of the new Head of Communications and her team, as well as the on-going help of the finance team and external investment adviser. This year it has launched its new Newsletter and has drafted new processes and procedures for Fund Management - which will go live in 2018/19. More fund managers are also given the opportunity to attend and present at committee meetings. Some of the projects supported during the year include the Reminiscence Room - to support dementia care; a Book of Celebration - to celebrate fundraisers and donors; the RWT Singers - a choir made up of staff members who perform for patients across the hospital and offer concerts; plus a range of medical equipment for various departments.

3.8 Trust Management Committee

The Trust Management Committee (TMC) provides a formal platform for the major decision-making process for clinical and non-clinical operations, and as such is not attended by Non-Executive Directors, but all of the Executives attend, along with Divisional Medical Directors and Heads of Service. High attendance rates were recorded at all of these meetings.

The Committee, chaired by the Chief Executive, receives monthly reports from the Divisions on governance, nursing and quality issues, as well as business cases above a certain value. The Committee also receives monthly updates on finance, human resources, the capital programme, vertical integration, nursing and midwifery professional issues, policies, the IQPR, and the Trust efficiency programme. Quarterly updates are presented on cancer services, infection prevention, research and development, information governance and the integrated electronic patient record project. Reports on other matters, such as education and training, are also submitted periodically. During the year, the Committee started to include on its agendas a strategic matter for discussion, in order to engage the members in considering and debating together some of the bigger issues facing the organisation going forward.

It approves in line with Standing Financial Instructions, some Business Cases and all new or significantly changed Policies, Strategies and Procedures.

4. Capacity to handle risk

4.1 Risk Assessment

The Trust Board has approved a Risk Management Assurance Strategy, which identifies that the Chief Executive has overall responsibility for risk management within the Trust. Within the strategy (and supporting policies) all managers and staff have delegated responsibility identified for the management of risk as part of their core duties. Training is provided to equip staff with appropriate knowledge and skills via a combination of e-training packages and handbook resources. The risk management training for senior managers was reviewed, and a new Risk Management e-training package developed and further revised for all staff. The training for all staff will be considered for mandatory status in 2018/19.

We manage risk through a series of processes that identifies risks, assesses their potential impact, and implements action to reduce / control that impact.

In practice this means:

- Interrogating internal sources of risk intelligence and activity to inform local and Trust level risk registers and assurance frameworks (e.g. incident, complaint, claim, audit, and compliance)
- Using committee / subgroup reporting to inform the risk registers
- Reviewing external / independent accounts of our performance to inform risk status (e.g. CQC standards, national benchmarks, external reviews and internal audit reports)
- Integrating functions (strategic and operational) at all levels of the Trust to feed a risk register and escalation process
- Using a standardised approach to risk reporting, grading and escalation. Our categorisation matrix supports a standard approach to risk tolerance
- Monitoring controls through positive and negative assurance and treatment actions for each risk, to mitigate and manage residual risks
- Developing and implementing a risk management and patient safety reporting policy (OP10) across the Trust
- Refinement of risk management training made available to all staff (including senior managers)

4.2 Management of the Risk Register within the Trust:

Risk registers are managed at the following levels:

- Divisional / Directorate / Departmental – operational risks that include clinical, business / service, financial, reputational, and patient / staff / stakeholders
- Trust Risk Register (TRR) – Any risks graded as 12 or above are escalated to the TRR for consideration by Directors. This has the purpose to inform Directors and the Trust Board of operational risks which may adversely impact the BAF and strategic objectives. Risks / elements of controls may also be delegated from the BAF to operational risk registers for management
- Board Assurance Framework (BAF) – Contains all risks which impact on our strategic objectives

Each risk on the BAF and TRR has an identified Director and operations lead to manage the risk.

The TRR and BAF are reviewed by Directors and the Board at the following frequencies:

- QGAC – Monthly
- Trust Board – Bi Monthly
- Finance & Performance Committee - Monthly
- Delegated Committees - Monthly

During the year we have maintained focus on the quality of controls assigned to risks at all levels and the principles of measurable controls are applied. For risk registers to remain effective priority is also placed on the completion and update of assurances and actions to manage risk.

A total of 57 risks on the BAF and TRR were managed during the year 2017-2018, of these 20 were new risks identified in year. The 57 risks comprised of the following categories, 14 were red (red being the highest risk rating), 36 were amber, 6 were yellow, and 1 green.

There were 22 risks closed as at 31 March 2018, the remaining 40 to be carried forward to 2018/19 are:

RED (3 – Board Assurance Framework (BAF) and 5 Trust Risk Register (TRR))

- Workforce - Recruitment and Retention of staff across the Trust and in particular the future pipeline of nursing and medical staff (BAF)
- That there is a failure to deliver recurrent CIP's (BAF)
- That financial balance (and surplus) is not achieved. (BAF)
- Risk to quality of patient care: reduced manpower (TRR)
- Lack of robust system for review and communication of test results (TRR)
- Division 1 failure to achieve CIP target (TRR)
- Delays in Cubicle Assessment and Triage (TRR)
- Risk of non-compliance with Thoracic Service Specification (TRR)

29 risks are RAG rated amber (4 – BAF and 25 - TRR), and 3 risks RAG rated yellow (3 – TRR). All remaining risks will be managed and regularly reviewed on the Trust Risk Register and BAF.

4.3 The Risk and Control Framework

The Board-approved Risk Management Assurance Strategy includes the following:

- The aims and objectives for risk management in the organisation, aligned to our vision
- A description of the committee arrangements and relationships between various corporate committees and subgroups
- The BAF and process for management of risk registers
- The identification of the roles and responsibilities of all staff with regard to risk management, including accountability and reporting structures.
- The promotion of standard risk management systems as an integral part of assurance provision

- A description of the risk management process and a requirement for all risks to be recorded in a risk register prioritised (i.e. graded) and escalated using a standard scoring methodology

We seek to identify risks through all available intelligence sources including independent review, external review and assessment. The risk management process is supported by a number of policies which direct risk assessment, incident reporting and investigation, mandatory training, health and safety, conflict resolution, violence and aggression, complaints, infection prevention, fire safety, human resources management, consent, manual handling and security. All policies have identified audit, monitoring and training arrangements.

The BAF identifies the risks to our strategic objectives, the key controls in place to manage these risks and the effectiveness of the controls shown in positive and negative assurance. The Internal Audit of Risk Management (Nov 2017) reported recognisable alignment between the TRR and BAF and duplication was not evident.

In addition, during 2017-2018 the local audit of the Risk Management Reporting Policy (OP10) showed good compliance with risk register reviews at all levels and sustained improvement with risk escalation/management.

All Committees of the Trust Board (excluding TMC) are chaired by Non-Executive Directors to reflect the need for independence and objectivity, ensuring that effective governance and controls are in place. This structure facilitates appropriate scrutiny and challenge of the performance of the organisation. The Committees met regularly throughout the year, and reported to the Trust Board following their meetings.

We have a well-developed framework for assessing on-going compliance with CQC Fundamental standards of care (and 5 key questions of Safe, Caring, Effective, Responsive and Well Led) known as Quality Review Visits (QRV's). The assessment of compliance uses a combination of quality performance indicators, clinical audits and observational ward and department visits to measure on-going compliance with care standards. Following each QRV we use the CQC rating characteristics to make judgements about compliance with the fundamental standards of care and judgments are cross checked and challenged at Divisional Management Performance & Quality meetings and by Executives at Trust groups. This approach allows for information to be triangulated between performance results and observation of care standards and allows for assurance to be reported from ward to Board.

The programme aims to:

- Create a positive and proactive approach to observational assessment and external reviews
- Ensure robust / reliable compliance reporting: ward to Trust Board
- Support continuous quality improvement and patient safety
- Highlight good practice and areas of excellence

During 2017 we conducted 8 QRVs identifying areas of good and excellent practice to be shared, as well as areas for improvement for local follow up. The QRVs are well embedded within the Trust with positive feedback and quality benefits being reported by both the clinical areas visited and those conducting the inspections.

A follow-up visit process has commenced in 2017 where areas requiring improvements are followed up. Six visits which met the criteria agreed by the Trust have been completed to date. These have shown some good improvements.

In areas not currently undertaking the QRV programme, self-assessments have been completed against CQC requirements with local improvement actions taken forward. Consideration will be given in 2018/19 to extend the QRV programme to vertically integrated GP practices.

4.4 The Risk and Control Framework - Looking Forward to 2018-2019

Over the coming year we will continue to progress enhancements to its internal assurance including a focus on strengthening local ownership and accountability through its reporting structures, monitoring the consistency of good governance standards across all Directorates, monitor compliance with CQC standards through the QRV revisit programme and develop a framework and internal arrangements to build capacity for learning and improvement. Having reviewed its strategic objectives during 2017/18, there will be further emphasis on developing the BAF to monitor and manage threats to Trust objectives.

The key strategic risks identified as we go into the new financial year are:

- Workforce – Recruitment and retention of staff across the Trust
- Risk of adverse impact on the Trust following service transfer from Mid Staffordshire Foundation Trust in November 2014 due to underlying financial gap of £6million
- Black Country or Staffordshire Sustainability Transformation Plans has an adverse impact on The Royal Wolverhampton NHS Trust (RWT) income and services
- Failure to deliver recurrent Cost Improvement Programmes (CIPs)
- That we fail to generate sufficient cash to pay for its commitments
- Condition of the existing estate – quality and flexibility
- That the underlying deficit for the Trust of c£30million is not addressed by the medium term financial plan and fails to bring us back to surplus

The Trust will develop a strategy, systems and processes to develop its capacity for learning and improvement. The strategy will include arrangements for the extraction and publication of lessons for improvement as well as evidence based components that support the nurturing of a learning organisation.

4.5 Compliance Summary

The Trust is fully compliant with the Self-assessment, declaration and registration requirements of the Care Quality Commission.

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

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

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

The Trust has a robust governance structure in place ensuring monitoring and control of the effective and efficient use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, F&PC, TMC and at Divisional Team meetings.

The Trust has achieved all of its statutory financial targets, achieving an end of year surplus of £4.3m, delivering the Capital Programme within its Capital Resource Limit and achieving its External Funding Limit.

The Trust has arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable and scrutiny of cost savings plans to ensure achievement, with regular monitoring of performance against the plans.

This is done through:

- Approval of the annual budget by the Trust Board
- Monthly reporting to the Trust Board on key performance indicators covering finance, activity, governance, quality and performance
- Monthly reporting to the F&PC
- Regular reporting at Operational and Divisional meetings on financial performance
- Finance Recovery Board meetings to oversee the Lord Carter economies work streams, and the Cost Improvement Programme

Internal Audit has provided assurance on internal controls, risk management and governance systems to the Audit Committee and to the Trust Board. Where scope for improvement in controls or value for money was identified during their review, appropriate recommendations were made and actions were agreed with management for implementation. The implementation of these actions is monitored by the Audit Committee.

6. Information Governance

The table below details the level 2 or above incidents reported on the NHS Digital incident reporting tool and to the Information Commissioners Office (ICO), within the financial year 2017/18. Any incidents that are still being investigated for the period 2017/18 are not included. The incidents listed below are for The Royal Wolverhampton NHS Trust and for the Vertical Integration (VI) GP partnerships that have joined the Trust as listed below.

Table 2 – Information Governance Incidents Reported to the ICO

Date incident occurred (Month)	Nature of incident	Number of data subjects potentially affected	Description/ Nature of data involved	Further action on information risk
March 2018	Default system password to a clinical observation system sent out in error in an email to all Trust staff in communication to highlight new process to be followed by staff.	Any patient currently on the system the system.	Demographic data limited patient data (i.e. name and ward)	Password was changed to system to prevent unauthorised access and no reports of authorised access received.
July 2017	Member of staff had been taking pictures of clinical information on personal mobile phone and sending to someone outside the Trust – without knowledge and approval of the Trust.	11-100 individuals	Patient list from a specific service.	The Trust liaised with ICO, police and forensic investigators to seek assurances around deletion.
October 2017	Ex member of staff has alleged that they have access to 120 patient details and that they will make contact with the patents following outcome of a separate investigation.	120 individuals		The Trust has requested all data not belonging to ex staff member be returned since they are not authorised to have in their possession. No evidence to suggest any data was actually held or obtained or if it was a threat. No further concerns/ issues following this containment.
May 2017	A condemned medical device was sent for sale to a Trust approved medical equipment auctioneer company. When tested the device they found patient identifiable data. Company then contacted manager to make aware that the device still contains this data and data was securely deleted to Trust standard.	501-1,000 individuals	Medical images and patient identifiers.	The company was under contract with the Trust and immediately informed and deleted the data to the required standard when it was discovered.

Incidents classified at lower severity level

Incidents classified at severity level 1 are aggregated and provided in table below for RL4. VI practices recorded no level Information Governance (IG) incidents for the period of 2017/18.

Table 3 – Lower Level Incidents

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2017-18		
Category	Breach Type	Total
A	Corruption or inability to recover electronic data	0
B	Disclosed in Error	49
C	Lost in Transit	1
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	10
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	2
H	Uploaded to website in error	1
I	Technical security failing (including hacking)	3
J	Unauthorised access/disclosure	7
		74

6.1 Information Governance Toolkit Return 2017-2018

The annual self-assessment submission (V14.1) on the Information Governance Toolkit to the Department of Health for 2017/18, the overall scores are as follows:

- RL4 - The Royal Wolverhampton NHS Trust – 77% Satisfactory (45 requirements)
- Alfred Squire M92002 - 89% Satisfactory (13 Requirements)
- MGS Medical Practice M92654 - 71% Satisfactory (13 Requirements)
- Lea Road M92007 - 66% Satisfactory (13 Requirements)
- West Park M92042 - 66% Satisfactory (13 Requirements)
- Warstones M92044 - 76% Satisfactory (13 Requirements)
- Ettingshall Medical Centre Y02735 - 100% Satisfactory (13 Requirements)
- Thornley Street M92028 - 82% Satisfactory (13 Requirements)
- Penn Manor M92011 - 97% Satisfactory (13 Requirements)

6.2 Looking forward to 2018/19 for Information Governance and General Data Protection Regulation 2018

The Trust are continuing to monitor patterns and trends of Information Governance incidents and implementing measures to reduce these to the lowest level practicable, in line with the Trusts Information Governance Strategy 2016-18.

The Trust is implementing a programme of work to ensure compliance with the new General Data Protection Regulation 2016 (GDPR), in readiness for May 2018 when the regulation comes into force. The Trust is also working closely with GP Partnerships that have joined the organisation to align practices and share good practice.

7. 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. Guidance has been issued to NHS Trust Boards on the form, content and reporting arrangements of annual quality reports. Our priorities for 2017-2018 were chosen after consulting both our staff and clinical teams who work in the Trust, looking at what patients and members of the public say about us and our services in national and local surveys and in patient feedback received through complaints, compliments and the Friends and Family Test. We have also taken account of our CQC feedback and of what people say nationally about health services and where services need to improve.

The Department of Health Quality Accounts Toolkit 2015/16 influenced the format and content of the Quality Account. The existing reporting structure has been the source for information, for example Datix for numbers and themes of complaints and incidents. Specific information has been validated by the key leaders in the Trust, for example Infection Prevention data provided by the Director of Infection Prevention and Control (DIPC), and incident data by the Head of Governance and Legal Services.

A draft version of the Quality Account is approved by Directors before being circulated to the local authority's Overview and Scrutiny Committee, Wolverhampton Healthwatch and Clinical Commissioning Group. The Quality Account is subject to a limited assurance review by the Trust External Auditors before a final version is produced for publication.

8. Operational Performance

The Trust is committed to delivering the national requirements and operational performance standards. These are robustly monitored and managed to ensure patients receive the most appropriate levels of care. A comprehensive and robust performance management process exists across the Trust to monitor delivery against operational standards. This involves weekly review at the Chief Operating Officer's performance meeting and through subsequent meetings across the Divisions. A detailed Integrated Quality and Performance Report (IQPR) is produced monthly; performance is discussed in-depth at the monthly Finance and Performance Committee, which is chaired by a Non-executive Director, with further scrutiny taking place at the full Trust Board. Examples of the Operating Framework targets can be evidenced below:

- The Trust was unable to achieve compliance with the headline position for RTT incomplete pathways across the year. Demand for certain services continues to rise and the ability to respond is restricted by a national shortage of consultants in key areas. Whilst the overall backlog is beginning to reduce, there are specific problems in orthopaedics, urology and ophthalmology where there is insufficient capacity to meet the demand for certain procedures. The Trust successfully completed the recovery plan for long waiting patients and is able to confirm that there have been zero 52 week waiters since June 2017.
- The Emergency Department saw a like-for-like increase in attendances of just over 3% on the previous year. The peak winter months saw bigger increases with January experiencing a 9% growth on the previous year. This has had the inevitable detrimental impact on performance. Overall the Trust saw an increase of 2.5% in ambulances which meant 1,187 additional conveyances received during the year. Whilst the Trust did not achieve the A&E standard, our performance puts us above average with a ranking of 40/137 Trusts nationally. Across the year there were four 12 hour trolley waits. Three of these related to the need to transfer patients to other care providers for specialist support (Mental Health and Paediatrics) however, a suitable bed could not be found.
- Despite implementing the findings of the Intensive Support Team (IST) action plan, undertaking pathway reviews with the Cancer Alliance and working with regional providers to improve late tertiary referrals, we were unable to deliver the 62-day Cancer target during 2017-18. This remains a high priority for the Trust and we have produced a refreshed action plan to help improve performance. However, demand for some cancer sites continues to rise and additional capacity needs to be secured in order to adequately support this.

8.1 Emergency Planning / Resilience

Under the Civil Contingencies Act 2004, (CCA) every NHS Organisation has to have Emergency Preparedness, Response and Resilience (EPRR) arrangements in place. The Trust is further required to meet the core standards set out by NHS England under the EPRR arrangements (updated 2017) and alignment to the Business Continuity Standard ISO 22301.

As a requirement in the Core Standards we need to plan for and respond to a wide range of emergencies and business continuity incidents that could affect health or patient safety. These could be anything from severe weather to an infectious disease outbreak or a major or mass casualty incident. For the second year running the Trust was assessed as being 'fully compliant' in meeting these standards.

The Trust is an active member and participates in the local health and multi-agency groups to ensure a proactive and co-ordinated approach to warning and informing and sharing best practice, encouraging a joint approach to emergency preparedness in terms of planning, responding and recovery.

West Midlands Ambulance Service (WMAS) reviewed the readiness of the Trust on its Chemical, Biological, Radiological and Nuclear (CBRN) status to respond effectively to incidents involving contamination. A self-assessment tool was completed prior to a site visit, to undertake a challenge and confirm process on the Trust's submitted responses and to observe a practical demonstration of decontamination equipment in March 2018. Post their visit, WMAS confirmed the Trust as being ready with no recommendations.

The Trust has focused on improving training and has produced and launched four E-learning packages for staff in responding to any type of incident or disruption, with one of the packages becoming a mandatory requirement for Strategic and Tactical commanders to complete.

The Trust has undertaken a series of exercises over the last 12 months in line with CCA requirements, with one exercise with the West Midlands Fire Service in responding to a fire in our main Theatre services area.

As a Trust we responded well to what was an unprecedented incident with no reports of harm to patients or of patient data being compromised or stolen. This was the ransomware attack, known as "WannaCry", which affected a wide range of countries and sectors. The Trust has not been complacent and continues to improve and gain leverage on current capabilities to improve security across the Trust.

An Emergency Preparedness annual report and plan has been produced, identifying the status of the Trust's resilience over the last 12 months and identifying objectives for the year.

8.2 Health and Safety at Work

The Trust Health and Safety risk profile has been maintained and shows compliance with relevant Health and Safety Executive (HSE) legislation. Work continues to identify gaps and provide action plans to fill these gaps giving the Board an improved assurance around compliance with the Regulations. Estates and Facilities continue to work towards compliance with the Premises Assurance Model (PAM) accreditation system, this is adding to the robustness of assurance received from Estates. Estates Facilities are also maintaining their accreditation for CHAS (Contractors Health & Safety Assessment Scheme) allowing them to use the logo on their letterheads as approved contractors.

Cannock Chase Hospital is fully aligned to The Royal Wolverhampton NHS Trust Health and Safety processes and compliance with Trust policy as are the GP practices within the Vertical Integration Team; we continue to work with these groups to ensure they also meet policy compliance.

This year has seen the Trust receive two visits from the HSE, one being a planned inspection of the Laboratory and one being prompted by a Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable incident. Both visits resulted in a positive outcome and no further action was taken by the HSE.

There has been a 13.8% reduction in the number of health and safety incidents when comparing 2017-2018 to 2016-2017. Focus has remained on the high incident reporting areas; ensuring investigations are undertaken where needed and risk assessments reviewed to improve control measures. Focus continues on sharing lessons identified across the Trust, using various forums to do this including the Safety Representative Forum, the Health and Safety newsletter and our Risk Newsletter 'Risky Business'.

The top 5 reported health and safety related incidents for the year are:

- Sharps incidents (28% decrease)
- Personal Contact Injury (18% decrease)
- Manual Handling (15% decrease)
- Violence and Aggression (9% decrease)
- Slips, trips & falls (2% decrease)

This would indicate a turn in the right direction for RWT and we hope to sustain this over the coming year.

8.3 Social Economic Responsibilities: Modern Slavery and Forced Labour

The Trust is committed to its Social Economic Responsibilities and ensuring that it is a Good Corporate Citizen (GCC). In its procurement practices the Trust stipulate that: the successful contractor will ensure that its supply chain is monitored and that there is zero tolerance of modern slavery within their supply chain; the successful contractor must ensure that at no point, throughout the delivery of their contractual agreement with the Trust, will any materials used to deliver the agreement be created through the use of bonded labour or infringement of human rights; and that where any such issues arise within the extended supply chain, the successful contractor will act to remove these items from entering the Trust's extended supply chain and implement ethical sourcing programs and supply chain audits to prevent any repetition.

In addition, sourcing staff within the Procurement team access external e-learning which covers Ethical & Sustainable Procurement."

9. Annual Declarations

1. The Royal Wolverhampton NHS Trust is required to register with the CQC and its current registration status is active. The Royal Wolverhampton NHS Trust has no conditions with its continued registration. The CQC has not taken enforcement action against The Royal Wolverhampton NHS Trust during 2017-2018.
2. 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. The Trust as part of the Pensions Regulations is required to complete an Annual Assurance Statement for the Pension Agency by the 5th of April each year, and this has been done.
3. Control measures are in place aiming to ensure that the Trust's obligations under equality, diversity, inclusion, human rights and employment legislation are complied with. The Trust strives to deliver safe, accessible and fair services to the diverse population that we serve. We value our greatest asset, our diverse workforce, and strive to create working environments in which everyone is able to reach their full potential and flourish, this in turn will help us deliver truly inclusive services that treat people with respect, care, dignity and compassion and improve the overall patient experience.
4. 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 the United Kingdom Climate Impact Programme (UKCIP) 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

5. The Trust made its annual self-assessment submission to the Department of Health by the 31st March 2018 on the Information Governance Toolkit. The overall score was 77% and the Trust was graded satisfactory all 45 requirements.

10. Head of Internal Audit Opinion

Based on the work of internal audit completed during the year we conclude that we can provide significant assurance with some improvements required to enhance the design and/or operation of internal controls, in respect of governance, risk and control.

During the course of our work we did identify certain higher risk recommendations which have been accepted by Management and are being implemented. In particular we would highlight the Trust's ongoing work in respect of consulting job planning and ensuring all job plans are in place and approved at the start of each financial year. Internal Audit reports have been presented to the Audit Committee during the year, actions accepted and the Committee receives a quarterly report from Internal Audit outlining progress in closing outstanding actions.

11. Review of effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality Governance Assurance Committee have a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is informed by reports from external inspecting bodies including external audit and the Patient-Led Assessments of the Care Environment (PLACE) inspections (the system for assessing the quality of the patient environment). It is also informed by comments made by the External Auditors in their report to those charged with governance (ISA 260) and other reports. I have been advised on the implications of the result of my review of effectiveness of the system of internal control by the Trust Board, the Audit Committee, and the QGAC and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has continued to undertake regular Development meetings throughout the year and has recently commenced a review to inform future Board development. It has monitored the performance and effectiveness of the Trust Board Committee's including the Audit Committee, Finance and Performance Committee and the Quality Governance Assurance Committee all of which have key roles in the assessment of assurance and effectiveness of the Trust and in the identification of and mitigation of any identified risks.

The Audit Committee has managed on behalf of the Trust Board the agreed programme of Audit including internal audit, external audit and clinical audit (alongside the Quality Governance Assurance Committee). The Board receives the presentation of examples of clinical audit work.

I have not identified any significant internal control issues or gaps in control from the work and assurances provided to me and to the Trust Board.


12. Conclusion

No significant internal control issues have been identified during 2017-2018.

Accountable Officer: David Loughton CBE

Organisation: The Royal Wolverhampton NHS Trust

Signature:

A handwritten signature in blue ink, appearing to read 'D. Loughton', is positioned to the right of the 'Signature:' label.

Date: 25 May 2018

Statement of Comprehensive Income for year ended 31 March 2018

		2017-18	2016-17
	Note	£000s	£000s
Operating income from patient care activities	3	464,033	442,957
Other operating income	4	84,505	93,071
Operating expenses	6, 8	(529,386)	(538,251)
Operating surplus/(deficit) from continuing operations		19,152	(2,223)
Finance income	11	52	39
Finance expenses	12	(1,728)	(1,615)
PDC dividends payable		(10,170)	(9,467)
Net finance costs		(11,846)	(11,043)
Other gains / (losses)	13	31	44
Surplus / (deficit) for the year		7,337	(13,222)

Other comprehensive income

	2017-18	2016-17
	£000s	£000s
Will not be reclassified to income and expenditure:		
Revaluations	16,905	(74,234)
Other reserve movements	(2)	1
Total comprehensive income / (expense) for the period	24,240	(87,455)

Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £000s	31 March 2017 £000s
Non-current assets			
Intangible assets	14	1,115	979
Property, plant and equipment	15	331,382	306,710
Trade and other receivables	19	0	624
Total non-current assets		332,497	308,313
Current assets			
Inventories	18	6,357	6,337
Trade and other receivables	19	35,572	33,157
Non-current assets held for sale / assets in disposal groups	20	800	800
Cash and cash equivalents	21	16,982	14,180
Total current assets		59,711	54,474
Current liabilities			
Trade and other payables	22	(52,971)	(48,522)
Borrowings	24	(1,979)	(2,123)
Provisions	26	(6,219)	(5,463)
Other liabilities	23	(3,205)	(3,689)
Total current liabilities		(64,374)	(59,797)
Total assets less current liabilities		327,834	302,990
Non-current liabilities			
Borrowings	24	(5,299)	(6,037)
Provisions	26	(581)	(594)
Total non-current liabilities		(5,880)	(6,631)
Total assets employed		321,954	296,359
Financed by			
Public dividend capital		232,753	231,398
Revaluation reserve		67,355	50,457
Other reserves		190	190
Income and expenditure reserve		21,656	14,314
Total taxpayers' equity		321,954	296,359

The notes on pages 33 to 64 form part of these accounts.

Chief Executive

Date: 25 May 2018

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

	Public dividend capital £000s	Revaluation reserve £000s	Other reserves £000s	Income and expenditure reserve £000s	Total £000s
Taxpayers' equity at 1 April 2017 - brought forward	231,398	50,457	190	14,314	296,359
Surplus/(deficit) for the year	0	0	0	7,337	7,337
Other transfers between reserves	0	(7)	0	7	0
Revaluations	0	16,905	0	0	16,905
Public dividend capital received	1,355	0	0	0	1,355
Other reserve movements	0	0	0	(2)	(2)
Taxpayers' equity at 31 March 2018	232,753	67,355	190	21,656	321,954

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

	Public dividend capital £000s	Revaluation reserve £000s	Other reserves £000s	Income and expenditure reserve £000s	Total £000s
Taxpayers' equity at 1 April 2016 - brought forward	229,568	125,320	190	26,906	381,984
Surplus/(deficit) for the year	0	0	0	(13,222)	(13,222)
Other transfers between reserves	0	(629)	0	629	0
Revaluations	0	(74,234)	0	0	(74,234)
Public dividend capital received	1,830	0	0	0	1,830
Other reserve movements	0	0	0	1	1
Taxpayers' equity at 31 March 2017	231,398	50,457	190	14,314	296,359

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Available-for-sale investment reserve

This reserve comprises changes in the fair value of available-for-sale financial instruments. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure.

Merger reserve

This reserve reflects balances formed on merger of NHS bodies.

Income and expenditure reserve

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

Statement of Cash Flows for the year ended 31 March 2018

	Note	2017-18 £000s	2016-17 £000s
Cash flows from operating activities			
Operating surplus / (deficit)		19,152	(2,223)
Non-cash income and expense:			
Depreciation and amortisation	6.1	15,237	14,855
Net impairments	7	(3,157)	22,547
Other investments / financial assets	4	(74)	(984)
Amortisation of PFI deferred credit		0	(124)
(Increase) / decrease in receivables and other assets		(5,563)	(7,085)
(Increase) / decrease in inventories		(20)	644
Increase / (decrease) in payables and other liabilities		4,148	(1,972)
Increase / (decrease) in provisions		742	2,170
Net cash generated from / (used in) operating activities		30,465	27,828
Cash flows from investing activities			
Interest received		52	39
Purchase of intangible assets		(485)	(1)
Purchase of property, plant, equipment and investment property		(18,490)	(17,167)
Sales of property, plant, equipment and investment property		31	52
Receipt of cash donations to purchase capital assets		74	984
Net cash generated from / (used in) investing activities		(18,818)	(16,093)
Cash flows from financing activities			
Public dividend capital received		1,355	1,830
Capital element of finance lease rental payments		(259)	(16)
Capital element of PFI, LIFT and other service concession payments		(1,920)	(1,871)
Interest paid on finance lease liabilities		(18)	0
Interest paid on PFI, LIFT and other service concession obligations		(1,710)	(1,613)
PDC dividend (paid) / refunded		(6,293)	(12,812)
Net cash generated from / (used in) financing activities		(8,845)	(14,482)
Increase / (decrease) in cash and cash equivalents		2,802	(2,747)
Cash and cash equivalents at 1 April - brought forward		14,180	16,927
Cash and cash equivalents at 31 March	21.1	16,982	14,180

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention

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

Note 1.1.2 Going concern

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

Note 1.2 Critical accounting judgements and key sources of estimation uncertainty

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

Note 1.2.1 Sources of estimation uncertainty

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

- Leases

The Trust applies the tests contained in IAS17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available may be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision may be made.

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

-Useful Economic Lives of Assets

The Trust estimates the useful economic lives of its non-current assets. Every care is taken to ensure that estimates are robust however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held.

-Provisions

When considering provisions for events such as pension payments, NHSLA claims and other legal cases the Trust uses estimates based on expert advice from agencies such as the NHS Litigation Authority, legal advice from Trust advisors and the experience of its managers.

Note 1.2 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.

The NHS trust receives income from the National Institute for Health Research (NIHR) for the hosting of the Greater Midlands Clinical Research Network.

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

Note 1.3 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 not accrued for at the year end on the grounds of immateriality.

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 1.4 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 1.5 Property, plant and equipment

Note 1.5.1 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 1.5.2 Measurement

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value under IFRS 13 where there are no restrictions preventing access to the market at the reporting date and if it does not meet the requirement of IAS 40 or IFRS 5.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31 March 2017 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Trust's service requirements can be met from the alternative site.

The fair value of land and buildings is determined by valuations carried out by the Trust's Valuer GVA. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS). A desktop valuation (excluding assets under construction/work in progress) was carried out as at 31 March 2018.

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

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit is taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.5.3 Derecognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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 1.5.4 Donated and grant funded assets

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

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

Note 1.5.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

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

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

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

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

The element of the annual unitary payment allocated to lifecycle replacement is predetermined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

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

Note 1.5.6 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	Max life
	Years	Years
Buildings, excluding dwellings	1	90
Dwellings	5	60
Plant & machinery	5	15
Transport equipment	5	7
Information technology	4	5
Furniture & fittings	7	10

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

Note 1.6 Intangible assets

Note 1.6.1 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.

Note 1.6.2 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 of IFRS 5.

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

Amortisation

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

Note 1.6.3 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
Software licences	4	5

Note 1.7 Inventories

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

Note 1.8 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 NHS trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.9 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 1.10 Financial Assets & Liabilities

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

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

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the NHS trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and where there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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

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 expenditure through a provision for impairment of receivables.

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

Financial liabilities

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

Loans from the Department of Health are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value.

Other financial liabilities

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

Note 1.11 Leases

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

Note 1.11.1 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 1.11.2 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 1.12 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 26.2 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 1.13 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 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, 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 1.14 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 1.15 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 1.16 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 1.17 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*. Details of third party assets are given in Note 21.2 to the accounts.

Note 1.18 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 1.19 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 1.20 Transfers of functions from other NHS bodies

For functions that have been transferred to the trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

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 HM Treasury *FReM* does not require the following Standards and Interpretations to be applied 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 – This is not EU-endorsed and applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH group bodies.
- 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.

The Trust is not expecting the above standards to have significant impact on the Trust's accounts once adopted but will be further reviewing the impact in detail

Note 2 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Trust Board that makes strategic decisions.

The Trust has identified two operating segments:-

Healthcare Services

This is the core activity of the Trust. It is primarily the provision of NHS Healthcare services to patients, paid for by the relevant NHS Commissioner.

Clinical Research Network

The Trust hosts the Greater Midlands Clinical Research Network. It receives funds from the National Institute for Health Research and pays for research provided by 29 NHS Trusts (including this Trust) plus 3 Universities. The total turnover for the Network is £27.4m. The Network operates on a break even basis.

	Healthcare Services		Clinical Research Network: West Midlands		Total	
	2017-18 £000s	2016-17 £000s	2017-18 £000s	2016-17 £000s	2017-18 £000s	2016-17 £000s
Income	521,153	506,913	27,385	29,115	548,538	536,028
Surplus/(Deficit)						
Segment surplus/(deficit)	(1,676)	(1,576)		0	(1,676)	(1,576)
Common costs	(539,525)	(518,559)	(27,385)	(29,115)	(566,910)	(547,674)
Surplus/(deficit)	(20,048)	(13,222)	0	0	(20,048)	(13,222)
Net Assets:						
Segment net assets	321,954	296,359	0	0	321,954	296,359

All assets & liabilities are reported to the Trust Board at a consolidated level so it is not possible to separate these by segment.

Note 3 Operating income from patient care activities**Note 3.1 Income from patient care activities (by nature)**

	2017-18 £000s	2016-17 £000s
Acute services		
Elective income	69,488	67,911
Non elective income	107,991	90,815
First outpatient income	31,871	28,343
Follow up outpatient income	39,339	40,602
A & E income	17,422	15,338
High cost drugs income from commissioners (excluding pass-through costs)	47,766	38,445
Other NHS clinical income	95,685	111,554
Community services		
Community services income from CCGs and NHS England	38,896	40,010
Income from other sources (e.g. local authorities)	6,353	7,408
All services		
Private patient income	1,241	1,123
Other clinical income	7,981	1,408
Total income from activities	464,033	442,957

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017-18 £000s	2016-17 £000s
NHS England	109,428	99,864
Clinical commissioning groups	332,450	325,300
Other NHS providers	2,588	2,880
NHS other	0	12
Local authorities	9,029	9,970
Non-NHS: private patients	1,241	1,123
Non-NHS: overseas patients (chargeable to patient)	338	90
NHS injury scheme	1,337	1,254
Non NHS: other	7,622	2,464
Total income from activities	464,033	442,957
Of which:		
Related to continuing operations	464,033	442,957

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

	2017-18 £000s	2016-17 £000s
Income recognised this year	338	90
Cash payments received in-year	80	80
Amounts added to provision for impairment of receivables	121	995
Amounts written off in-year	33	121

Note 4 Other operating income

	2017-18 £000s	2016-17 £000s
Research and development	30,004	31,648
Education and training	15,984	15,796
Receipt of capital grants and donations	74	984
Non-patient care services to other bodies	12,013	10,528
Support from the Department of Health and Social Care for mergers	6,000 ¹	7,000
Sustainability and transformation fund income	8,547	11,628
Rental revenue from operating leases	351	379
Other income	11,532	15,108
Total other operating income	84,505	93,071
Of which:		
Related to continuing operations	84,505	93,071

¹ Support from DOHSC for mergers relates to income received following the dissolution of Mid-Staffordshire NHS Foundation Trust

Note 5 Fees and charges

	2017-18 £000s	2016-17 £000s
Income	4,701	2,784
Full cost	(2,356)	(1,250)
Surplus / (deficit)	2,345	1,534

Note 6.1 Operating expenses

	2017-18 £000s	2016-17 £000s
Purchase of healthcare from NHS and DHSC bodies	3,474	3,835
Purchase of healthcare from non-NHS and non-DHSC bodies	1,197	1,227
Staff and executive directors costs	317,645	310,543
Remuneration of non-executive directors	92	92
Supplies and services - clinical (excluding drugs costs)	49,357	49,883
Supplies and services - general	10,662	10,170
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	56,835	54,923
Inventories written down	0	10
Consultancy costs	1,654	1,254
Establishment	4,886	5,863
Premises	17,701	15,335
Transport (including patient travel)	2,216	1,720
Depreciation on property, plant and equipment	14,888	14,536
Amortisation on intangible assets	349	319
Net impairments	(3,157)	22,547
Increase/(decrease) in provision for impairment of receivables	632	402
audit services- statutory audit	61	62
other auditor remuneration (external auditor only)	9	11
Internal audit costs	137	98
Clinical negligence	10,087	7,292
Legal fees	270	337
Insurance	97	72
Research and development	29,184	28,334
Education and training	4,350	2,628
Rentals under operating leases	2,551	2,346
Redundancy	33	0
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	2,188	2,136
Car parking & security	646	547
Losses, ex gratia & special payments	5	0
Other	1,337	1,729
Total	529,386	538,251
Of which:		
Related to continuing operations	529,386	538,251

Note 6.2 Other auditor remuneration

	2017-18 £000s	2016-17 £000s
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	0	0
2. Audit-related assurance services	9	11
3. Taxation compliance services	0	0
4. All taxation advisory services not falling within item 3 above	0	0
5. Internal audit services	0	0
6. All assurance services not falling within items 1 to 5	0	0
7. Corporate finance transaction services not falling within items 1 to 6 above	0	0
8. Other non-audit services not falling within items 2 to 7 above	0	0
Total	9	11

Note 6.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2017-18 or 2016-17.

Note 7 Impairment of assets

	2017-18 £000s	2016-17 £000s
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(3,157)	22,547
Total net impairments charged to operating surplus / deficit	(3,157)	22,547
Impairments charged to the revaluation reserve	0	0
Total net impairments	(3,157)	22,547

Note 8 Employee benefits

	2017-18 £000s	2016-17 £000s
Salaries and wages	259,611	249,103
Social security costs	25,494	23,158
Apprenticeship levy	1,197	0
Employer's contributions to NHS pensions	31,314	29,835
Termination benefits	73	76
Temporary staff (including agency)	10,611	15,776
Total gross staff costs	328,300	317,948
Recoveries in respect of seconded staff	0	0
Total staff costs	328,300	317,948
Of which		
Costs capitalised as part of assets	489	507

Note 8.1 Retirements due to ill-health

During 2017-18 there were 2 early retirements from the Trust agreed on the grounds of ill-health (7 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £90k (£295k in 2016-17).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

Note 10 Operating leases**Note 10.1 The Royal Wolverhampton NHS Trust as a lessor**

This note discloses income generated in operating lease agreements where The Royal Wolverhampton NHS Trust is the lessor.

Included within this note are a number of 3rd party services and retail outlets on site with whom The Trust have a leasing arrangement.

	2017-18	2016-17
	£000s	£000s
Operating lease revenue		
Minimum lease receipts	<u>351</u>	<u>379</u>
Total	<u>351</u>	<u>379</u>
	2017-18	2016-17
	£000s	£000s
Future minimum lease receipts due:		
- not later than one year;	312	331
- later than one year and not later than five years;	1,073	1,205
- later than five years.	0	250
Total	<u>1,385</u>	<u>1,786</u>

Note 10.2 The Royal Wolverhampton NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where The Royal Wolverhampton NHS Trust is the lessee.

Included in this note is the arrangement for the lease of buildings from NHS Property Services which were previously owned by Wolverhampton City PCT. The value of this arrangement is £2.5 million per annum, some of the leased properties transferring to the Trust and others being transferred to NHS Property Services. There are no other individually significant operating leases included in the figures below.

	2017-18	2016-17
	£000s	£000s
Operating lease expense		
Minimum lease payments	<u>2,551</u>	<u>2,346</u>
Total	<u>2,551</u>	<u>2,346</u>
	2017-18	2016-17
	£000s	£000s
Future minimum lease payments due:		
- not later than one year;	328	601
- later than one year and not later than five years;	396	1,330
- later than five years.	1	1,063
Total	<u>725</u>	<u>2,994</u>
Future minimum sublease payments to be received	<u>0</u>	<u>0</u>

Note 11 Finance income

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

	2017-18 £000s	2016-17 £000s
Interest on bank accounts	52	39
Total	52	39

Note 12.1 Finance expenditure

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

	2017-18 £000s	2016-17 £000s
Interest expense:		
Finance leases	18	0
Main finance costs on PFI and LIFT schemes obligations	404	452
Contingent finance costs on PFI and LIFT scheme obligations	1,305	1,161
Total interest expense	1,727	1,613
Unwinding of discount on provisions	1	2
Total finance costs	1,728	1,615

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

	2017-18 £000s	2016-17 £000s
Total liability accruing in year under this legislation as a result of late payments	0	0
Amounts included within interest payable arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

Note 13 Other gains / (losses)

	2017-18 £000s	2016-17 £000s
Gains on disposal of assets	31	44
Total gains / (losses) on disposal of assets	31	44

Note 14.1 Intangible assets - 2017-18

	Software licences £000s	Intangible assets under construction £000s	Total £000s
Valuation / gross cost at 1 April 2017 - brought forward	3,456	-	3,456
Additions	26	459	485
Reclassifications	459	(459)	0
Gross cost at 31 March 2018	3,941	-	3,941
Amortisation at 1 April 2017 - brought forward	2,477	-	2,477
Provided during the year	349	0	349
Amortisation at 31 March 2018	2,826	-	2,826
Net book value at 31 March 2018	1,115	-	1,115
Net book value at 1 April 2017	979	-	979

Note 14.2 Intangible assets - 2016-17

	Software licences £000s	Intangible assets under construction £000s	Total £000s
Valuation / gross cost at 1 April 2016 - as previously stated	2,971	-	2,971
Prior period adjustments	0	0	0
Valuation / gross cost at 1 April 2016 - restated	2,971	-	2,971
Additions	1	0	1
Reclassifications	484	0	484
Valuation / gross cost at 31 March 2017	3,456	-	3,456
Amortisation at 1 April 2016 - as previously stated	2,158	-	2,158
Prior period adjustments	0	0	0
Amortisation at 1 April 2016 - restated	2,158	-	2,158
Provided during the year	319	0	319
Amortisation at 31 March 2017	2,477	-	2,477
Net book value at 31 March 2017	979	-	979
Net book value at 1 April 2016	813	-	813

Note 14.3 Intangible non-current assets

Intangible assets are not revalued. They are valued at fair value using historic cost as an approximation.

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year, they can be valued and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives, which is usually estimated at being 5 years.

Note 15.1 Property, plant and equipment - 2017-18

	Land £000s	Buildings excluding dwellings £000s	Dwellings £000s	Assets under construction £000s	Plant & machinery £000s	Transport equipment £000s	Information technology £000s	Furniture & fittings £000s	Total £000s
Valuation/gross cost at 1 April 2017 - brought forward	9,011	249,651	1,489	10,423	81,624	749	19,929	6,173	379,049
Additions	0	1,593	0	14,553	2,905	14	219	214	19,498
Impairments	0	(1,410)	0	0	0	0	0	0	(1,410)
Reversals of impairments	0	4,567	0	0	0	0	0	0	4,567
Revaluations	225	10,688	72	0	0	0	0	0	10,985
Reclassifications	0	10,344	0	(16,592)	4,728	0	1,127	393	0
Disposals / derecognition	0	0	0	0	(3,520)	(54)	0	0	(3,574)
Valuation/gross cost at 31 March 2018	9,236	275,433	1,561	8,384	85,737	709	21,275	6,780	409,115
Accumulated depreciation at 1 April 2017 - brought forward	0	0	0	0	52,713	599	13,932	5,095	72,339
Provided during the year	0	5,873	47	0	6,764	35	1,848	321	14,888
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	0	(5,873)	(47)	0	0	0	0	0	(5,920)
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals / derecognition	0	0	0	0	(3,520)	(54)	0	0	(3,574)
Accumulated depreciation at 31 March 2018	-	-	-	-	55,957	580	15,780	5,416	77,733
Net book value at 31 March 2018	9,236	275,433	1,561	8,384	29,780	129	5,495	1,364	331,382
Net book value at 1 April 2017	9,011	249,651	1,489	10,423	28,911	150	5,997	1,078	306,710

Note 15.2 Property, plant and equipment - 2016-17

	Land £000s	Buildings excluding dwellings £000s	Dwellings £000s	Assets under construction £000s	Plant & machinery £000s	Transport equipment £000s	Information technology £000s	Furniture & fittings £000s	Total £000s
Valuation / gross cost at 1 April 2016 - as previously stated	21,968	327,502	1,920	10,195	75,544	671	17,479	6,214	461,493
Additions	0	914	0	17,000	4,391	74	427	3	22,809
Impairments	(6,081)	(16,463)	0	0	0	0	0	0	(22,544)
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	(6,796)	(72,665)	(461)	0	0	0	0	0	(79,922)
Reclassifications	(80)	10,363	30	(16,772)	3,892	4	2,023	56	(484)
Disposals / derecognition	0	0	0	0	(2,203)	0	0	(100)	(2,303)
Valuation/gross cost at 31 March 2017	9,011	249,651	1,489	10,423	81,624	749	19,929	6,173	379,049
Accumulated depreciation at 1 April 2016 - as previously stated	0	0	0	0	48,535	572	11,790	4,886	65,783
Provided during the year	0	5,643	45	0	6,370	24	2,144	310	14,536
Impairments	0	0	0	0	3	0	0	0	3
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	0	(5,643)	(45)	0	0	0	0	0	(5,688)
Reclassifications	0	0	0	0	0	3	(2)	(1)	0
Disposals/ derecognition	0	0	0	0	(2,195)	0	0	(100)	(2,295)
Accumulated depreciation at 31 March 2017	-	-	-	-	52,713	599	13,932	5,095	72,339
Net book value at 31 March 2017	9,011	249,651	1,489	10,423	28,911	150	5,997	1,078	306,710
Net book value at 1 April 2016	21,968	327,502	1,920	10,195	27,009	99	5,689	1,328	395,710

Note 15.3 Property, plant and equipment financing - 2017-18

	Land £000s	Buildings excluding dwellings £000s	Dwellings £000s	Assets under construction £000s	Plant & machinery £000s	Transport equipment £000s	Information technology £000s	Furniture & fittings £000s	Total £000s
Net book value at 31 March 2018									
Owned - purchased	9,236	266,530	1,561	8,384	22,919	129	5,495	1,364	315,618
Finance leased	0	0	0	0	1,790	0	0	0	1,790
On-SoFP PFI contracts and other service concession arrangements	0	8,041	0	0	4,444	0	0	0	12,485
Owned - donated	0	862	0	0	627	0	0	0	1,489
NBV total at 31 March 2018	9,236	275,433	1,561	8,384	29,780	129	5,495	1,364	331,382

Note 15.4 Property, plant and equipment financing - 2016-17

	Land £000s	Buildings excluding dwellings £000s	Dwellings £000s	Assets under construction £000s	Plant & machinery £000s	Transport equipment £000s	Information technology £000s	Furniture & fittings £000s	Total £000s
Net book value at 31 March 2017									
Owned - purchased	9,011	241,303	1,489	10,423	22,007	150	5,997	1,075	291,455
Finance leased	0	0	0	0	1,966	0	0	0	1,966
On-SoFP PFI contracts and other service concession arrangements	0	7,549	0	0	4,166	0	0	0	11,715
Owned - donated	0	799	0	0	772	0	0	3	1,574
NBV total at 31 March 2017	9,011	249,651	1,489	10,423	28,911	150	5,997	1,078	306,710

Note 16 Donations of property, plant and equipment

The Royal Wolverhampton Hospitals NHS Trust Charity was the donor of all assets donated to the Trust in the year ended 31 March 2018.

Note 17 Revaluations of property, plant and equipment

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value under IFRS 13 where there are no restrictions preventing access to the market at the reporting date and if it does not meet the requirement of IAS 40 or IFRS 5.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – depreciated replacement cost, modern equivalent asset basis.

The fair value of land and buildings is determined by valuations carried out by a Professional Valuer GVA. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. A desktop valuation (excluding assets under construction/work in progress) was carried out as at 31 March 2018 and assets lives were also reviewed by the GVA as at this date. This valuation was based on published data from the Building Cost Information Service (BCIS) which provides a level of consistency in reporting and forecasting future trends. The valuation and the associated data was based on all in forecast Tender Price Index (TPI) as at 31 March 2018.

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

Note 18 Inventories

	31 March 2018 £000s	31 March 2017 £000s
Drugs	1,931	2,051
Consumables	4,148	4,034
Energy	138	129
Other	140	123
Total inventories	6,357	6,337
of which:		
Held at fair value less costs to sell	0	0

Inventories recognised in expenses for the year were £86,021k (2016-17: £87,295k). Write-down of inventories recognised as expenses for the year were £0k (2016-17: £10k).

Note 19.1 Trade receivables and other receivables

	31 March 2018 £000s	31 March 2017 £000s
Current		
Trade receivables	26,356	24,279
Accrued income	6,670	2,070
Provision for impaired receivables	(2,104)	(836)
Prepayments (non-PFI)	2,891	2,023
PDC dividend receivable	0	3,667
VAT receivable	919	1,240
Other receivables	840	714
Total current trade and other receivables	35,572	33,157
Non-current		
Trade receivables	0	1,307 ¹
Provision for impaired receivables	0	(788) ¹
PFI lifecycle prepayments	0	105
Total non-current trade and other receivables	0	624
Of which receivables from NHS and DHSC group bodies:		
Current	25,596	25,771
Non-current	0	0

1 Prior year non- current assets relating to ICR income have been recategorised in year and are included in current assets for 2017-18

Note 19.2 Provision for impairment of receivables

	2017-18 £000s	2016-17 £000s
Balance at 1 April 2017	1,624	1,338
Increase in provision	1,055	402
Amounts utilised	(152)	(116)
Unused amounts reversed	(423)	0
Balance at 31 March 2018	2,104	1,624

Factors determining whether a receivable is impaired include the age of the debt and whether or not the debt is collectable or collectable by instalments.

Note 19.3 Credit quality of financial assets

	31 March 2018 Trade and other receivables £000s	31 March 2017 Trade and other receivables £000s
Ageing of impaired financial assets		
0-30 days	0	368
30-60 Days	3	220
60-90 days	33	2
90-180 days	252	0
Over 180 days	627	156
Total	915	746
Ageing of non-impaired financial assets past their due date		
0-30 days	382	160
30-60 Days	159	284
60-90 days	62	0
90-180 days	85	245
Over 180 days	657	76
Total	1,345	765

Note 20 Non-current assets held for sale and assets in disposal groups

	2017-18 £000s	2016-17 £000s
NBV of non-current assets for sale and assets in disposal groups at 1 April	800	800
NBV of non-current assets for sale and assets in disposal groups at 31 March	800	800

The non-current assets held for sale are the building and land relating to the former Eye Infirmary Unit on Compton Road, in Wolverhampton. These assets became surplus to requirements following the rationalisation of the Trust's estate onto the New Cross Hospital site.

The Compton Road site has been valued on the open market by a professional chartered surveyor for at least £0.8m, and the Trust is engaging expert advice from NHSI to determine the best outcome/price with regards to this site.

Note 21.1 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 £000s	2016-17 £000s
At 1 April	14,180	16,927
Net change in year	2,802	(2,747)
At 31 March	16,982	14,180
Broken down into:		
Cash at commercial banks and in hand	19	16
Cash with the Government Banking Service	16,963	14,164
Total cash and cash equivalents as in SoFP	16,982	14,180
Total cash and cash equivalents as in SoCF	16,982	14,180

Note 21.2 Third party assets held by the Trust

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

	31 March 2018 £000s	31 March 2017 £000s
Monies on deposit	45	58
Total third party assets	45	58

Note 22.1 Trade and other payables

	31 March 2018 £000s	31 March 2017 £000s
Current		
Trade payables	17,335	17,792
Capital payables	7,083	7,476
Accruals	16,821	18,685
Social security costs	3,737	3
VAT Payables	74	32
Other taxes payable	3,146	0
PDC dividend payable	210	0
Other payables	4,565	4,534
Total current trade and other payables	52,971	48,522
Non-current		
Total non-current trade and other payables	0	0
Of which payables from NHS and DHSC group bodies:		
Current	5,984	7,945
Non-current	0	0

Note 22.2 Early retirements in NHS payables above

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

	31 March 2018 £000s	31 March 2017 £000s
- outstanding pension contributions	4,348	4,065

Note 23 Other liabilities

	31 March 2018 £000s	31 March 2017 £000s
Current		
Deferred income	3,205	3,689
Total other current liabilities	3,205	3,689
Non-current		
Total other non-current liabilities	0	0

Note 24 Borrowings

	31 March 2018 £000s	31 March 2017 £000s
Current		
Obligations under finance leases	196	203
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	1,783	1,920
Total current borrowings	1,979	2,123
Non-current		
Obligations under finance leases contracts	1,497	1,748
	3,802	4,289
Total non-current borrowings	5,299	6,037

Note 25 Finance leases**Note 25.1 The Royal Wolverhampton NHS Trust as a lessee**

Obligations under finance leases where The Royal Wolverhampton NHS Trust is the lessee.

	31 March 2018 £000s	31 March 2017 £000s
Gross lease liabilities	1,813	2,151
of which liabilities are due:		
- not later than one year;	211	215
- later than one year and not later than five years;	844	962
- later than five years.	758	974
Finance charges allocated to future periods	(120)	(200)
Net lease liabilities	1,693	1,951
of which payable:		
- not later than one year;	196	203
- later than one year and not later than five years;	784	874
- later than five years.	713	874
 Total of future minimum sublease payments to be received at the reporting date	 0	 0
Contingent rent recognised as an expense in the period	0	0

Note 26.1 Provisions for liabilities and charges analysis

	Legal claims £000s	Other £000s	Total £000s
At 1 April 2017	856	5,201	6,057
Arising during the year	329	3,048	3,377
Utilised during the year	(233)	(2,173)	(2,406)
Reversed unused	(82)	(147)	(229)
Unwinding of discount	1	0	1
At 31 March 2018	871	5,929	6,800
Expected timing of cash flows:			
- not later than one year;	290	5,929	6,219
- later than one year and not later than five years;	163	0	163
- later than five years.	418	0	418
Total	871	5,929	6,800

Legal claims represent provisions for personal injury and injury benefits. For these claims the Trust has taken legal advice regarding legal liability and cash flow settlement timings.

Other includes: provisions for the possible return of money received by the Trust for contractual income and provisions for payments to be made regarding HR issues.

Note 27.2 Clinical negligence liabilities

At 31 March 2018, £186,171k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of The Royal Wolverhampton NHS Trust (31 March 2017: £135,838k).

Note 28 Contingent assets and liabilities

	31 March 2018 £000s	31 March 2017 £000s
Net value of contingent liabilities	0	0
Net value of contingent assets	700	700

The Trust has submitted Fleming VAT reclaims totalling approximately £0.7m (2013-14 £0.7m) to H.M. Revenue and Customs under s.121 of the Finance Act 2008. The outcome and timing of these claims is uncertain at 31 March 2018.

Note 29 Contractual capital commitments

	31 March 2018 £000s	31 March 2017 £000s
Property, plant and equipment	3,943	3,947
Total	3,943	3,947

Note 29 On-SoFP PFI, LIFT or other service concession

The Trust has one PFI scheme and this relates to the provision of Radiology services.

The Trust and Wolverhampton Radiology Limited. Company No: 4235982 (formally trading as Impregilo Wolverhampton Limited) entered into a contract dated 20 March 2002 for the design, construction, financing and equipping of, and provision of certain services in connection with the provision of a new serviced radiology facility.

The agreement allows for Variations to the project. For example there were contract variations in 2004 and again in 2010 in line with service requirement.

Operational period of contract years is 30 years. The SPV is now Wolverhampton Radiology Limited (Company No: 4235982) of Third Floor Broad Quay House Prince Street Bristol BS1 4DJ.

Service payments are made to the Operator monthly following the submission to the Trust of an invoice accompanied by a Payment Report and a Performance Monitoring Report which list any payment adjustments.

Under IFRIC 12, the substance of the contract is that the Trust has a finance lease and payments comprise 2 elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are provided in the tables below.

Note 29.1 Imputed finance lease obligations

The Royal Wolverhampton NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2018 £000s	31 March 2017 £000s
Gross PFI, LIFT or other service concession liabilities	7,534	8,221
Of which liabilities are due		
- not later than one year;	1,783	1,920
- later than one year and not later than five years;	3,880	4,023
- later than five years.	1,871	2,278
Finance charges allocated to future periods	(1,949)	(2,012)
Net PFI, LIFT or other service concession arrangement obligation	5,585	6,209
- not later than one year;	1,783	1,920
- later than one year and not later than five years;	2,855	2,847
- later than five years.	947	1,442

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2018 £000s	31 March 2017 £000s
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	95,934	101,750
Of which liabilities are due:		
- not later than one year;	6,023	5,817
- later than one year and not later than five years;	25,254	24,939
- later than five years.	64,657	70,994

Note 29.3 Analysis of amounts payable to service concession

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

	31 March 2018 £000s	31 March 2017 £000s
Unitary payment payable to service concession operator	5,817	5,620
Consisting of:		
- Interest charge	404	452
- Repayment of finance lease liability	1,920	1,871
- Service element and other charges to operating expenditure	2,188	2,136
- Contingent rent	1,305	1,161
Total amount paid to service concession operator	5,817	5,620

Note 30 Financial instruments

Note 30.1 Financial risk management

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

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

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with primary care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Carrying values of financial assets

	Loans and receivables £000s	Total book value £000s
Assets as per SoFP as at 31 March 2018		
Trade and other receivables excluding non financial assets	23,283	23,283
Cash and cash equivalents at bank and in hand	16,982	16,982
Total at 31 March 2018	40,265	40,265

	Loans and receivables £000s	Total book value £000s
Assets as per SoFP as at 31 March 2017		
Trade and other receivables excluding non financial assets	24,144	24,144
Cash and cash equivalents at bank and in hand	14,180	14,180
Total at 31 March 2017	38,324	38,324

Note 30.3 Carrying value of financial liabilities

	Other financial liabilities £000s	Total book value £000s
Liabilities as per SoFP as at 31 March 2018		
Obligations under finance leases	1,693	1,693
Obligations under PFI, LIFT and other service concession contracts	5,585	5,585
Trade and other payables excluding non financial liabilities	39,430	39,430
Total at 31 March 2018	46,708	46,708

	Other financial liabilities £000s	Total book value £000s
Liabilities as per SoFP as at 31 March 2017		
Obligations under finance leases	1,951	1,951
Obligations under PFI, LIFT and other service concession contracts	6,209	6,209
Trade and other payables excluding non financial liabilities	48,487	48,487
Total at 31 March 2017	56,647	56,647

Note 30.4 Fair values of financial assets and liabilities

Book value used as a reasonable approximation of fair value for financial assets and liabilities

Note 30.5 Maturity of financial liabilities

	31 March 2018 £000s	31 March 2017 £000s
In one year or less	41,409	50,610
In more than one year but not more than two years	0	1,424
In more than two years but not more than five years	3,639	2,297
In more than five years	1,660	2,316
Total	46,708	56,647

Note 31 Losses and special payments

	2017-18		2016-17	
	Total number of cases Number	Total value of cases £000s	Total number of cases Number	Total value of cases £000s
Losses				
Cash losses	11	3	1	0
Fruitless payments	1	0	0	0
Bad debts and claims abandoned	71	47	24	155
Total losses	83	50	25	156
Special payments				
Ex-gratia payments	43	118	47	170
Special severance payments	1	5	0	0
Total special payments	44	123	47	170
Total losses and special payments	127	173	72	326
Compensation payments received		0		0

Note 32 Related parties

During the year none of the Department of Health Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with The Royal Wolverhampton NHS Trust.

The Department of Health is regarded as a related party. During the year 2017-18 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 are listed below where income and/or expenditure has been in excess of £500,000.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000s's	£000s's	£000s's	£000s's
Birmingham Community Healthcare NHS Foundation Trust	243	1,177	24	441
Birmingham Women's and Children's Hospital NHS Foundation Trust	2,092	747	294	322
Black Country Partnership NHS Foundation Trust	382	598	122	295
Burton Hospitals NHS Foundation Trust	824	143	295	44
Community Health Partnerships	1,727	0	188	0
Department of Health and Social Care	0	33,677	0	500
Health Education England	4	15,294	0	516
Heart of England NHS Foundation Trust	2,219	73	58	24
HM Revenue & Customs - Other taxes and duties and NI contributions	26,691	0	6,883	0
HM Revenue & Customs - VAT	0	0	74	919
NHS Birmingham Crosscity CCG	0	1,164	164	0
NHS Blood and Transplant	1,911	60	0	198
NHS Cannock Chase CCG	0	46,288	296	2,863
NHS Dudley CCG	40	7,521	0	18
NHS England	14	117,966	33	5,620
NHS Improvement (Trust Development Authority)	0	653	0	20
NHS Pension Scheme	31,314	0	4,348	0
NHS Resolution (formerly NHS Litigation Authority)	10,068	0	1	0
NHS Sandwell and West Birmingham CCG	0	2,428	1	55
NHS Shropshire CCG	0	4,595	2	379
NHS South East Staffs and Seisdon Peninsular CCG	0	28,546	89	167
NHS Stafford and Surrounds CCG	0	16,310	1,067	0
NHS Telford and Wrekin CCG	0	2,707	0	207
NHS Walsall CCG	0	30,121	312	0
NHS Wolverhampton CCG	0	198,716	1,271	10,478
Sandwell And West Birmingham Hospitals NHS Trust	1,018	621	43	164
Shrewsbury and Telford Hospital NHS Trust	770	565	0	48
South Staffordshire and Shropshire Healthcare NHS Foundation Trust	529	501	16	57
The Dudley Group NHS Foundation Trust	2,689	2,149	442	375
University Hospitals Birmingham NHS Foundation Trust	2,710	107	310	103
University Hospitals Coventry And Warwickshire NHS Trust	1,889	38	636	1
University Hospitals of North Midlands NHS Trust	2,220	1,094	150	379
Walsall Healthcare NHS Trust	370	2,553	267	1,533
Wolverhampton City Council	784	8738	43	243

The Trust has also received revenue and capital payments from a number of charitable funds for which the Trust acts as the Corporate Trustee, under the umbrella of Royal Wolverhampton NHS Trust Charitable Funds. Charitable funds held by the Trust are a related party as the Trust is Corporate Trustee for the funds.

Note 33 Better Payment Practice code

	2017-18 Number	2017-18 £000s	2016-17 Number	2016-17 £000s
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	111,667	254,137	116,956	259,153
Total non-NHS trade invoices paid within target	81,182	194,257	95,462	227,031
Percentage of non-NHS trade invoices paid within target	72.70%	76.44%	81.62%	87.61%
NHS Payables				
Total NHS trade invoices paid in the year	3,150	58,566	3,560	56,032
Total NHS trade invoices paid within target	2,124	50,165	2,801	48,509
Percentage of NHS trade invoices paid within target	67.43%	85.65%	78.68%	86.57%

Note 34 External financing

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

	2017-18 £000s	2016-17 £000s
Cash flow financing	3,626	2,690
Finance leases taken out in year	-	1,936
External financing requirement	3,626	4,626
External financing limit (EFL)	3,626	4,638
Under / (over) spend against EFL	0	12

Note 35 Capital Resource Limit

	2017-18 £000s	2016-17 £000s
Gross capital expenditure	19,983	22,809
Less: Disposals	0	(8)
Less: Donated and granted capital additions	(74)	(984)
Charge against Capital Resource Limit	19,909	21,817
Capital Resource Limit	20,068	22,263
Under / (over) spend against CRL	159	446

Note 36 Breakeven duty financial performance

	2017-18 £000s
Adjusted financial performance surplus / (deficit) (control total basis)	4,327
Remove impairments scoring to Departmental Expenditure Limit	0
Add back income for impact of 2016-17 post-accounts STF reallocation	0
Add back non-cash element of On-SoFP pension scheme charges	0
IFRIC 12 breakeven adjustment	0
Breakeven duty financial performance surplus / (deficit)	4,327

Note 37 Breakeven duty rolling assessment

	2008/09	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016-17 £000s	2017-18 £000s
Breakeven duty in-year financial performance		8,035	7,964	9,297	8,688	7,891	3,663	153	8,542	4,327
Breakeven duty cumulative position	(7,438)	597	8,561	17,858	26,546	34,437	38,100	38,253	46,795	51,122
Operating income		289,830	306,023	374,417	384,917	394,045	461,810	509,405	536,028	548,538
Cumulative breakeven position as a percentage of operating income		0.21%	2.80%	4.77%	6.90%	8.74%	8.25%	7.51%	8.73%	9.32%

NHS Improvement has provided guidance that the first year for consideration for the breakeven duty should be 2009/10. The Royal Wolverhampton NHS Trust is subject to a three year period for recovery of any deficit incurred.

Breakeven duty financial performance is determined as guided by NHS Improvement, in a manner to be consistent with previous years in this note

English

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Lithuanian

Jeigu norėtumėte, kad informacija jums būtų pateikta kitu būdu, pavyzdžiui, supaprastinta forma ar kita kalba, prašome mums apie tai pranešti.

Jeigu jums reikia vertėjo ar kitos pagalbos, prašome mums apie tai pranešti.

Polish

Jeżeli chcieliby Państwo otrzymać te informacje w innej postaci, na przykład w wersji łatwej do czytania lub w innym języku, prosimy powiedzieć nam o tym.

Prosimy poinformować nas również, jeżeli potrzebowaliby Państwo usługi tłumaczenia ustnego lub innej pomocy.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਹ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ, ਜਿਵੇਂ ਪੜ੍ਹਨ ਵਿਚ ਆਸਾਨ ਰੂਪ ਜਾਂ ਕਿਸੇ ਦੂਜੀ ਭਾਸ਼ਾ ਵਿਚ, ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ ਦੱਸੋ।

ਜੇ ਤੁਹਾਨੂੰ ਦੁਆਲੀਏ ਦੀ ਜਾਂ ਸਹਾਇਤਾ ਦੀ ਲੋੜ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ ਦੱਸੋ।

Romanian

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Dacă aveți nevoie de un interpret sau de asistență, vă rugăm să ne informați.

Traditional Chinese

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如果您需要口译人员或帮助，请告诉我们。