



## Annual Accounts 2018/19

# The Royal Wolverhampton NHS Trust - Annual Accounts 2018-19

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## Foreword to the Accounts

### Financial Review - year ended 31 March 2019

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 targets set by the Department of Health and Social Care. Our performance against these targets is set out in the table below:

| Financial Target  | Actual Performance     |                        |
|---|------------------------|------------------------|
|   | 2018-19                | 2017-18                |
| To break even on income and expenditure, taking one year with another                         | Surplus of £1.382m     | Surplus of £7.337m     |
| 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 and Social Care | Under-spent by £0.080m | On plan                |
| To remain within a Capital Resource Limit set by the Department of Health and Social Care     | Under-spent by £0.013m | Under-spent by £0.159m |
| To pay 95% of non-NHS trade creditors within 30 days  | 59%                    | 76%                    |



Kevin Stringer  
Finance Director  
24 May 2019


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

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

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

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

Signed.....



.....Chief Executive

Date.....24 May 2019.....



## 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.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy

By order of the Board

24 May 2019.....Date..........Chief Executive

24 May 2019.....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 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in 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 2019 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 2018/19.

#### **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 2018/19. 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 2018/19.





## **Directors' and Accountable Officer's responsibilities**

As explained more fully in the statement set out on page 5, the directors are responsible for: the preparation of financial statements that give a true and fair view. 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; 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 4 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](http://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 4, 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  
Birmingham

28 May 2019



**GOVERNANCE STATEMENT 2018-2019**  
**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 2019.

## **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 2019 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 have been reporting into the Quality Governance Assurance Committee and have facilitated the independent overview and assurance using the new Compliance Oversight Group; and have strengthened the Quality and Safety monitoring and accountability through the Quality and Safety Intelligence Group. The new arrangements continue to proceed through the stages of development and will continue to evolve during 2019/20.

In March 2019 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 partial assurance with 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.

The Trust has appointed a 'Freedom to speak up' (FTSU) Guardian and the Trust is taking a number of actions to support a positive, speaking up culture. To support the

commitment to an open and transparent culture where speaking up is the norm and where employees feel safe to raise concerns, the Trust has revised its Raising Concerns Policy, started to build a network of Speak Up Contact Links and the work for the FTSU Guardian. The number of concerns reported can be found in this report.

### 3.1 Trust Board

The Trust Board has met monthly (except in August 2018 and January 2019). 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 continued to March 2019. At 31 March 2019 the Board comprised 5 female and 7 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 strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former in 2018-2019 were:

- the recruitment of key staff particularly doctors and nurses,
- the development of innovation programmes and exploration of the use of artificial intelligence, data and technology in improving healthcare,
- the development of a clinical quality improvement programme,
- the 5-year capital programme revisions,



- the continued development of the University of Wolverhampton Postgraduate Academic Institute of Medicine and
- the Trust's own clinical fellowship programme,
- the continued vertical integration of GP practices,
- the development of an accountable care organisation,
- the contributions to the development of the sustainability and transformation plans, and
- the ongoing 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 13 – Board Composition and Commitment / Experience**

| Board Governance  |
|---|
| <ul style="list-style-type: none"> <li>• All voting positions substantively filled</li> <li>• Senior Independent Director in position</li> <li>• Clarity over who is entitled to vote at Trust Board meetings</li> <li>• At least half of the voting Board of Directors comprises Non-Executive Directors who are independent</li> <li>• Appropriate blend of NEDs from the public, private and voluntary sectors</li> <li>• One NED has clinical healthcare experience</li> <li>• Appropriate balance between Directors who are new to the Trust Board and those who have served for longer</li> <li>• Majority of the Trust Board are experienced board members</li> <li>• Chairman has had previous non-executive director experience</li> <li>• Membership and terms of reference of Trust Board committees reviewed during the year</li> <li>• Two members of the Audit Committee have recent and relevant financial experience</li> <li>• Trust Board members have a good attendance record at all formal board and committee meetings, and at other board events.</li> <li>• A positive result from the independent external review of governance reported in year.</li> </ul> |

In addition to the Committees listed, Non-Executive Directors have individually taken part in the new format safety walkabouts, the Royal Awards, and charring 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, 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 2018-2019 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 2017-18
- Trust Annual Report 2017-18
- Quality Account and Annual Accounts 2017-18
- Board Assurance Framework, Strategic Risk Register and related governance processes
- Theatre Productivity
- Waiting List Initiatives
- Consultant Job Planning

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 Small (to December 2018), 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.

Within the reporting year period 18/19 the Trust has sustained reporting and escalation through its Committee and subgroup structure. It has reviewed format of the BAF and lead for maintenance of the BAF was transferred to the Company Secretary (as BAF custodian). BAF risks were reduced from 7 (as at Mar 18) to 4 (as at Mar 19), all risks have had regular updates by Exec leads.

The Trust assesses ongoing CQC Compliance via Quality Review Visits (QRV) and lead assessment against the Fundamental standards of care, and self-assessment against Core service frameworks.

The Trust has completed a programme of quality review visits throughout 18/19 to assess ongoing compliance with Care Quality Commission (CQC) regulations. QRVs are now well embedded and included a programme of review follow up delivered in 2018/2019. An annual report on the 18/19 visit programme will be presented during 2019/2020.

The QGAC have reviewed reports in line with its terms of reference (including items below) and escalated risks and assurances to the Board via monthly chairman reports and minutes to the trust Board.

- Board Assurance Framework (BAF) – Monthly
- Trust Risk Register (TRR) – Monthly
- Integrated Quality and Performance Report – Monthly
- Mortality Quality Improvement plan – commenced monthly in year
- External review Compliance – 6 monthly
- CQC Compliance – Monthly
- Clinical Audit – Annually
- Claims and Litigation – Annually
- Health & Safety – Annually
- Safeguarding - Annual

The Committee maintains links with the Audit Committee through a standing agenda item ('issues of significance from Audit Committee') which ensures a two way feed of information between the committees. There is also attendance overlap by a non-



executive director to both committees. QGAC has seen a change in NED membership with Mary Martin replacing Jackie Small as the QGAC NED member.

To inform the Committee, the QSIG and COG 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
- Policy audit reports e.g. Transfer, Discharge, Risk management and integrated Governance strategy, Being open, Legal services
- Safety alert compliance e.g. NPSA, MHRA, MDA
- SUI management (process, investigation outcomes and action tracking)
- CQC standard Compliance
- National Clinical guidelines/standards e.g. NICE, NCE, Royal College reports
- National and Local audit performance for a number of clinical services
- External assessment and validation for a number of clinical services
- Health and Safety Management
- Approval and review of new [clinical] procedure applications
- Safeguarding performance
- Radiation protection
- Information Governance
- Organ Donation
- Medicines management
- Patient and Staff survey reports
- Creating best practice group
- Sign up to Safety group
- Swan group
- Clinical Product Evaluation group

The non-exhaustive list above is managed on an annual plan of work for the QSIG / COG subgroups with upward reporting to QGAC through chairman reports and minutes. An issues log is shared with QSIG members to communicate issues for redress from oversight/assurance reports reviewed at COG.

The new meeting structure implemented in 2018/19 is well embedded and feedback on the new process has been received and actioned. Although timescales are tight for the new reporting arrangements, the information/reports produced are relevant, timely and prudent for Trust and Divisional review.

**Committee objectives** - During the year ahead QGAC has agreed two primary objectives:

1) That the Trust will have developed during the year metrics which will enable the Board to be assured that it can adequately assess the performance of all the divisions including in particular the new Community and Primary Care Division 3.

2) Mortality:

- To understand the drivers for elevated mortality ratios
- To have a robust improvement plan, including target dates
- To be able to demonstrate that we are providing reliable care

QGAC has monitored progress with these using the Integrated Quality and Performance report and the Mortality Report and BAF updates as the basis for questioning and discussion.

**Committee Self-Assessment** - QGAC assessed its competence and capability using a questionnaire based on one adapted by Finance and Performance from a questionnaire assessment tool developed by HFMA. The results were generally positive and were reported back to the committee with comments from the chair. The assessment will be repeated in 2020/21.

### **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.

The Committee had oversight of two risks highlighted on the BAF and ensured that it reviewed 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 support improvements in cash flow management with quarterly reports coming to the Committee, which has been achieved. The second was to monitor the cancer recovery plan where the Trust is benefiting from working with the National Intensive Cancer support team.

### **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, R Dunshea, R Edwards, J Hemans, M Martin, S Rawlings and J Small (to December 2018).**

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 2018/19, the Committee has continued to benefit from the dedicated support of an in-house fundraising coordinator, ably supported by the Head of Communications and her team, as well as the on-going help of the finance team and external investment adviser. The Newsletter and increased use of social media has raised further awareness of the charity and our work.

Processes have been revised, which means that fund advisors now have the opportunity to attend and present their applications for funding at committee meetings.

Some of the projects supported during the year include welfare rights service for renal patients, complimentary therapies for cancer patients; the RWT Singers - a choir made up of staff members who perform for patients across the hospital; 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 and Procedures.

### 3.9 Freedom to speak up - concerns raised

NHSi and NGO Trust board self-review tool requires RWT to deliver;

- The Trust's Annual Report contains high level, anonymised data relating to speaking up as well as information on actions the trust is taking to support a positive speaking up culture.
- The Chief Executive and Chair are responsible for ensuring the Annual Report contains information about FTSU.

Creating a Positive Speaking Up Culture: Freedom to Speak Up. The Trust has undertaken a number of actions:

1. Produced a Trust Vision Poster
2. Revised Raising Concerns (Freedom to Speak Up) Policy,
3. Grown a network of Speak Up Contact Links,
4. Appointed a Freedom to Speak Up Guardian since October 2016,
5. Developed training for both staff and managers for raising and responding to speaking up concerns and
6. Over 100 Speaking Up concerns have been raised through the Freedom to Speak Up Guardian and Contact Link route.

Trust Freedom to Speak Up data recorded for the Financial year 2018/19 and reported to the our Trust Board, as well as our national requirement to report this data to the National Guardian Office; an independent, non-statutory body with the remit to lead culture change in the NHS so that speaking up becomes business as usual. The office is not a regulator, but is sponsored by the CQC, NHS England and NHS Improvement.

**Table 14**

| Year<br>2018/19 | Total number of cases<br>brought to Freedom to Speak<br>Up Guardians, Champions<br>and Ambassadors in our trust | #Cases raised<br>anonymously | #Patient<br>safety/quality | #Bullying or<br>harassment | #Suffering<br>detriment |
|-----------------|---|------------------------------|----------------------------|----------------------------|-------------------------|
| Q1              | 12  | 6                            | 2                          | 10                         | 0                       |
| Q2              | 11  | 1                            | 1                          | 8                          | 1                       |
| Q3              | 23  | 7                            | 5                          | 18                         | 4                       |
| Q4              | 11  | 0                            | 5                          | 5                          | 4                       |

Freedom to Speak Up at The Royal Wolverhampton NHS Trust has taken a successful journey and already we have begun to see some positive outcomes as result of Freedom to Speak Up interventions. There was an internal audit review that provided significant assurance in respect of the FTSU process.

## 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 2019/20.

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, the Board and management at the following frequencies:

- QGAC – Monthly
- Trust Board – Bi Monthly
- Finance & Performance Committee - Monthly
- Delegated Committees – Monthly
- TMC review TRR – monthly
- Divisional Governance - 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 58 risks on the BAF and TRR were managed during the year 2018-2019, of these 19 were new risks identified in year. The 58 risks comprised of the following categories, 12 were red (red being the highest risk rating), 41 were amber, and 5 were yellow.

There were 18 risks closed as at 31 March 2019, the remaining 40 to be carried forward to 2019/20 are:

RED (4 – Board Assurance Framework (BAF) and 7 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 the underlying deficit that the Trust has (in 2017/18) is not eliminated in medium term to bring the Trust back to financial surplus (BAF)
- Mortality rates – reputational risk (BAF)
- Risk to quality of patient care: reduced manpower (TRR)
- Lack of robust system for review and communication of test results (TRR)
- Divisions inability to achieve CIP (TRR)
- Delays in Cubicle Assessment and Triage (TRR)
- Fragility of SaTh Service (TRR)
- Lack of Network Support for Vascular Services at RWT (TRR)
- ePMA downtime / outage issues (TRR)

28 risks are RAG rated amber (28 - TRR), and 1 risk RAG rated yellow (1 – 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 2018-2019 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 2018 we conducted nine 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 since 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. The 2019/20 programme includes community areas and 2020/21 programme will include GP Practices.

#### 4.4 The Risk and Control Framework - Looking Forward to 2019-2020

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

- Workforce – Recruitment and retention of staff across the Trust
- Black Country or Staffordshire Sustainability Transformation Plans has an adverse impact on The Royal Wolverhampton NHS Trust (RWT) income or services
- That there is a failure to deliver recurrent Cost Improvement Programmes (CIPs)
- That the underlying deficit that the Trust has (in 2018/19) is not eliminated in the medium term 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

#### Developing Workforce Safeguards and Workforce Planning

We have considered the guidance and requirements set out within 'Developing Workforce Safeguards' published by NHS Improvement in October 2018. The Trust established Role Development Group focusing on new or expanded roles responding to service challenges and needs. This links into workforce planning and we are reviewing our approach to this to ensure engagement and integration. As part of improved workforce planning, Trusts are expected to make use of the *Operational workforce planning self-assessment tool*, which we undertook in early Autumn 2018 which highlighted engagement and integration at service levels as an area of focus and we have started to make good progress in this area.

The Trust's ambition is that we will enable our staff to be the best they can be in their chosen career. We will continue to explore and develop new roles, including



widening our offer of Apprenticeships across the organisation, which will support care delivery that will be required by our patients in the future.

In terms of the nursing and midwifery workforce, a gap analysis of the compliance with the Developing Workforce Safeguards has been undertaken which has identified some areas the Trust requires to strengthen. A resultant action plan has been developed in order to progress these areas and achieve full compliance. Allied Health Professionals are currently in the process of completing a gap analysis and will develop an action plan as necessary.

## **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 £3.0m, 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 & Data Security

### **SUMMARY OF SERIOUS INCIDENT REQUIRING INVESTIGATIONS INVOLVING PERSONAL DATA AS REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2018-19**

The next table details the incidents **reported** on the NHS Digital incident reporting tool and to the Information Commissioners Office (ICO), within the financial year 2018/19. Any incidents that are still being investigated for the period 18/19 are not included. The incidents listed below are for the Royal Wolverhampton NHS Trust and for the Vertical Integration GP partnerships that have joined the Trust as listed below.

**Table 15**

| <b>Date incident occurred (Month)</b> | <b>Nature of incident</b>   | <b>Number of data subjects potentially affected</b> | <b>Description/ Nature of data involved</b> | <b>Further action on information risk</b>   |
|---------------------------------------|---|---|---|---|
| November 2018                         | YouTube clip had been found showing unauthorised access to old hospital building. The clip showed that there is what appears to be 'patient notes' found left in the building. The video was published in May 2018  | 1200  | Clinical information                        | Approved contractors appointed to enter the building and attempt to recover and destroy any data that may have been left. It cannot be retained due to risk of documents being contaminated due to environment. |
| August 2018                           | Screen shot sent to complainant contained demographics of 15 other patients which were obscured, due to image being cropped.  | 15  | Demographic data                            | Complainant was asked to delete data  |
| August 2018                           | Ex Member of staff alleged to have access to 120 patient names and addresses and has advised would contact them once employment was ceased. Data had also been shared with NMC.   | 120+  | Demographic data                            | Ex Staff member has been written to on several occasions' requesting return of information. ICO contacted to pursue retrieval of information.   |
| July 2018                             | Social media disclosure, a clip containing patient data was made available via twitter as a part of a promotional video.  | 13  | Clinical information                        | Clip was taken down and amended as soon as this was made known to Trust.  |
| July 2018                             | An excel spread sheet containing staff sickness & absence information was sent in error via email to Trust email addresses. The Manager had intended to attach a staff briefing.  | 78  | Staff information                           | All recipients were contacted and requested information deleted.  |
| June 2018                             | A staff member who works for a third party that the Trust contract to provide a service, took a clinic laptop and clinical paperwork home in their car. The staff member's car was broken into and the laptop bag containing the laptop and clinical paperwork had been stolen. Incident was reported to the police. It was noted that all recent paperwork had demographic details only completed. | 4   | Demographic data                            | Reported to Police and Trust. Paper records were recovered but laptop was not, but was encrypted. Third party conducted investigation, and Trust carried out further assurance checks of provider.              |

**Table 16 Incidents classified at lower severity level**

Incidents classified at severity level 1 are aggregated and provided in table below:

| <b>SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2018-19</b> |  |     |
|--|--|-----|
| <b>Category</b>  | <b>Breach Type</b>                                 |     |
| A  | Corruption or inability to recover electronic data | 1   |
| B  | Disclosed in Error                                 | 111 |
| C  | Lost in Transit                                    | 6   |
| D  | Lost or stolen hardware                            | 0   |
| E  | Lost or stolen paperwork                           | 15  |
| F  | Non-secure Disposal – hardware                     | 0   |
| G  | Non-secure Disposal – paperwork                    | 4   |
| H  | Uploaded to website in error                       | 2   |
| I  | Technical security failing (including hacking)     | 16  |
| J  | Unauthorised access/disclosure                     | 7   |
|  |  | 162 |

**Table 17 Data Protection and Security Toolkit Return 2018/ 2019**

Data Protection and Security Toolkit 2018/19 overall scores are as follows:

|                                   |  |
|-----------------------------------|--|
| The Royal Wolverhampton NHS Trust | RL4 - Standards Not Met (Plan Agreed) (96/100) |
| Alfred Squire                     | M92002- Standards Met (52/52)                  |
| West Park Surgery                 | M92042- Standards Met (52/52)                  |
| Thornley Street                   | M92028 - Standards Met (52/52)                 |
| Ettingshall                       | Y02735- Standards Met (52/52)                  |
| Lea Road                          | M92007- Standards Met (52/52)                  |
| Penn Manor                        | M92011 - Standards Met (52/52)                 |
| Coalway Road                      | M92006- Standards Met (52/52)                  |
| Warstones                         | M92044 - Standards Met (52/52)                 |
| Lakeside                          | M83132 - Standards Met (52/52)                 |

## 6.2 Looking forward to 2019/20 Data security and Protection

The Trust is working with NHS Digital to ensure that an agreed action plan for the DSPT toolkit is implemented, ensuring the Trust is equivalent to 'Standards Met'. Through specialist sub groups such as IG steering group, risks to compliance with the DSPT toolkit will be monitored.

The Trust continues to monitor patterns and trends of data security incidents and implementing measures to reduce these to the lowest level practicable. Current risks include continued and increasing risk of external threats in relation to Cyber security, particularly via email phishing. Other risks to data security include disclosure in error



via various means, and this is attributed to the ways of working in health which the Trust is aiming to improve with digital innovation and improvements in IT systems.

The Trust are continuing to embed the requirements of the General Data Protection Regulation 2016 (GDPR ) into Trust practices, monitored via the GDPR implementation group ensuring data privacy is at the forefront of the care that we provide and the information that is captured. The Trust is also working closely with GP Partnerships that have joined the organisation to align practices and share good practice.

The Trust is yet to have its Well Led review, but anticipate the focus will be on areas of business continuity in relation to data security, assurance around access to key information assets and how this is monitored as well as how data flows are mapped and monitored. This program of work will be monitored through the committees as follows;

- The Trust has several committees dedicated to reviewing assurance in relation to DSPT and GDPR, chaired by senior board members.
- The Medical Director is the Trust's trained Caldicott guardian, and is responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing. The Guardian plays a key role in ensuring that Trust satisfies the highest practical standards for handling patient identifiable information, and Chairs the IG Steering group and GDPR implementation group.
- The Chief Financial Officer is the Trust's Senior Information Risk Officer (SIRO) and is responsible for monitoring the Trust's overall information risk, ensuring we have a robust incident reporting process for information risks. The SIRO reports to the Trust Board and provides advice on the matter of information risk. The SIRO is also a member of the IG steering Group and co-chair of the GDPR implementation group.
- The Trust has appointed a Data Protection Officer who acts independently to ensure compliance with the GDPR as well as monitoring its application across the Trust. The DPO has a reporting line into the Caldicott Guardian through to the Trust board.
- The Trust is in the process of establishing clear responsibilities for Information Asset Owners across the Trust to facilitate robust and timely escalation of information risk escalation to the SIRO.
- Regular reports are provided to the Trust Board during the year to ensure that they are sighted on and support the Trust's plans in relation to data security and protection. To support this each toolkit assertion is aligned to a director responsible on the board.
- All Trust board members received NHS Digital approved GCHQ cyber and data security training, and will receive updates and briefings in relation to the Trust performance in this area.

## **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 for Quality Accounts remains in place nationally, which outlines the requirements with respect of the format, content and reporting arrangements for the annual Quality Accounts. The Trust used this guidance to ensure that its requirements were included in the Trust's Quality Account 2018/2019.

The Trust's quality priorities for 2018/19 were selected as part of a consultation process with our staff and external stakeholders. In addition, the Trust reviewed what patients and members of the public said about us through national and local surveys, in-patient feedback received through complaints, compliments and the Friends and Family Test. In addition, various national and local guidance and feedback from the Care Quality Commission were considered.

A variety of data reporting systems remained the source of information for the Quality Account 2017/18. For example, the incident and complaints data was extracted from Datix (incident reporting system). In addition, information was validated with individual leads, for example, the governance team, patient experience team, infection prevention and control lead, performance team. In terms of the elective waiting time data, the Trust has continued to employ a robust process of validation prior to submission. This involves an automated process which produces a data extract from Patient Administration System (PAS) to outline patient that have been listed for surgery, which is validated for duplicates and anomalies for investigation and correction. Following this, the data is reviewed further by a validation team to ensure patient records are accurate, up to date and reflect individual patient journeys and pathways. This process is repeated up until the point of submission to ensure any data lag issues are resolved in a timely manner.

Each year, a draft version of the Quality Account is approved by directors via the internal governance processes prior to being shared with the Local Authority's Overview and Scrutiny Committee, Wolverhampton Healthwatch and Clinical Commissioning Group. In addition, the Quality Account is subject to a limited assurance review by the Trust's independent auditors prior to the final version being shared with the Trust Board for approval and subsequently published.

## **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 performance management process exists across the Trust to monitor delivery against these standards alongside trust wide organisational efficiency metrics and other quality based indicators of effective standards of care.

The framework we employ is multi-faceted and covers many levels across the organisation. This includes 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. Specific details of the Trust performance against the key operating standards can be found in section "What We Achieved – Performance Summary 2018-2019".

### **8.1 Emergency Planning / Resilience**

As a provider of NHS-funded care the Trust has a legal duty under the Civil Contingencies Act (CCA) 2004 to have in place emergency plans to respond to a wide range of major, critical and business continuity incidents which could affect patient care. These could be anything from an infectious disease outbreak, cyber threat or a mass casualty incident.

In order to show that effective arrangements are in place to deliver its Emergency Preparedness Response and Resilience (EPRR) function the Trust is required to complete an annual assurance self-assessment based on the NHS England Core Standards for EPRR. For last year the Trust rated itself as being 'substantially compliant' in meeting these standards.

The Trust actively engages and cooperates with partner organisations to ensure a coordinated approach to planning and response to incidents. This is undertaken at a multi-agency level such as the Local Health Resilience Forum and provides a principle mechanism for information sharing and joint working.

In terms of preparedness activities the Trust over the last year has reviewed and updated a number of emergency plans. This includes revision of the Trust major incident plan which now contains a mass casualty addendum as well as refined processes for surgical triage within the Emergency Department.

The Trust has a rolling programme of exercises that are designed to test and develop our plans. One such exercise undertaken involved the setup of the Trust incident control centre in order to test the multi-agency response to a mass casualty incident. With regards to EPRR training the Trust has focused on improving training and has introduced a market stand during Trust Induction to provide awareness for all new starter staff.

Over the last year the Trust has seen good developments in resilience arrangements however more work is required to achieve full compliance with the EPRR Core Standards 2019. An action plan has been established and is being monitored through respective governance groups. Substantial progress has already been made and the Trust continues to improve current capabilities and resilience across the Trust.

An Emergency Preparedness annual report has been produced, identifying the status of the Trust's resilience over the last twelve months and identifying key priorities for the forthcoming 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.

There has been a 6.73% reduction in the number of health and safety incidents when comparing 2018/19 to 2017/18. 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, and our Risk Newsletter 'Risky Business' and direct email depending which method is felt most suitable at the time.

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

- Sharps incidents (14% increase)
- Personal Contact Injury (4% increase)
- Violence and Aggression (7% decrease)
- Manual Handling (15% decrease overall) (patient handling 20% decrease; objects 9% decrease)
- Slips, trips & falls (25% decrease)

This shows an overall decrease in incidents, however a slight increase in 2 areas, The increase in 'sharps' incidents relates largely to non- clinical sharps incidents, a new category has been added to Datix for 2019/20. The H&S Team review and investigate for areas of concern.

## **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: suppliers shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chain and will monitor and notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains. Suppliers will also provide to the Trust any reports or other information as requested as evidence of the supplier's compliance.

In addition, sourcing staff within the Procurement team access external e-learning which covers Ethical & Sustainable Procurement. Procurement contracts now include the following stipulations:



*10.1.15 it shall: (i) comply with all relevant Law and Guidance and shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chains; and (ii) notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains;*

*10.1.16 it shall at all times conduct its business in a manner that is consistent with any anti-slavery Policy of the Authority and shall provide to the Authority any reports or other information that the Authority may request as evidence of the Supplier's compliance with this Clause 10.1.16 and/or as may be requested or otherwise required by the Authority in accordance with its anti-slavery Policy;*

## 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 2018-2019.

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.

3. 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 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 2019 on the Information Governance Toolkit. The Trust declared compliance in 96/100 standards with a plan agreed for the remaining 4. All integrated practices declared full compliance (see Data Protection and security Toolkit Return section of this report).

6. The trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance.

7. The trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

## 10. Head of Internal Audit Opinion

"Overall, significant assurance with some improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. We identified weaknesses which put system objectives at risk in relation to the Data Security and Protection Toolkit, Risk Management and Financial Sustainability. Otherwise, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.

Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.”

## **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 and 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, the Quality Governance Assurance Committee and the Workforce and Organisational Development 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 2018-2019.

**Accountable Officer:** David Loughton CBE

**Organisation:** The Royal Wolverhampton NHS Trust

**Signature:**

A handwritten signature in blue ink, appearing to read 'D. Loughton', with a stylized flourish at the end.

**Date:** 24 May 2019

## Statement of Comprehensive Income for year ended 31 March 2019

|   |      | 2018-19               | 2017-18              |
|---|------|-----------------------|----------------------|
|   | Note | £000                  | £000                 |
| Operating income from patient care activities                 | 3    | 489,963               | 464,033              |
| Other operating income  | 4    | 103,012               | 84,505               |
| Operating expenses  | 7, 9 | <u>(579,390)</u>      | <u>(529,386)</u>     |
| <b>Operating surplus/(deficit) from continuing operations</b> |      | <b>13,585</b>         | <b>19,152</b>        |
| Finance income  | 12   | 127                   | 52                   |
| Finance expenses  | 13   | (2,074)               | (1,728)              |
| PDC dividends payable   |      | <u>(10,316)</u>       | <u>(10,170)</u>      |
| <b>Net finance costs</b>                                      |      | <b>(12,263)</b>       | <b>(11,846)</b>      |
| Other gains / (losses)  | 14   | 60                    | 31                   |
| <b>Surplus / (deficit) for the year</b>                       |      | <b><u>1,382</u></b>   | <b><u>7,337</u></b>  |
| <b>Other comprehensive income</b>                             |      |                       |                      |
| <b>Will not be reclassified to income and expenditure:</b>    |      |                       |                      |
| Revaluations  | 18   | (2,880)               | 16,905               |
| Other reserve movements                                       |      | <u>0</u>              | <u>(2)</u>           |
| <b>Total comprehensive income / (expense) for the period</b>  |      | <b><u>(1,498)</u></b> | <b><u>24,240</u></b> |



# Statement of Financial Position as at 31 March 2019

|  |      | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|--|------|--------------------------|--------------------------|
|  | Note |                          |                          |
| <b>Non-current assets</b>                                    |      |                          |                          |
| Intangible assets  | 15   | 2,625                    | 1,115                    |
| Property, plant and equipment                                | 16   | 334,455                  | 331,382                  |
| Receivables  | 20   | 4,002                    | 0                        |
| <b>Total non-current assets</b>                              |      | <b>341,082</b>           | <b>332,497</b>           |
| <b>Current assets</b>  |      |                          |                          |
| Inventories  | 19   | 6,607                    | 6,357                    |
| Receivables  | 20   | 36,180                   | 35,572                   |
| Non-current assets held for sale / assets in disposal groups | 21   | 0                        | 800                      |
| Cash and cash equivalents                                    | 22   | 15,988                   | 16,982                   |
| <b>Total current assets</b>                                  |      | <b>58,775</b>            | <b>59,711</b>            |
| <b>Current liabilities</b>                                   |      |                          |                          |
| Trade and other payables                                     | 23   | (56,811)                 | (52,971)                 |
| Borrowings   | 25   | (2,013)                  | (1,979)                  |
| Provisions   | 27   | (4,612)                  | (6,219)                  |
| Other liabilities  | 24   | (3,009)                  | (3,205)                  |
| <b>Total current liabilities</b>                             |      | <b>(66,445)</b>          | <b>(64,374)</b>          |
| <b>Total assets less current liabilities</b>                 |      | <b>333,412</b>           | <b>327,834</b>           |
| <b>Non-current liabilities</b>                               |      |                          |                          |
| Borrowings   | 25   | (7,982)                  | (5,299)                  |
| Provisions   | 27   | (542)                    | (581)                    |
| <b>Total non-current liabilities</b>                         |      | <b>(8,524)</b>           | <b>(5,880)</b>           |
| <b>Total assets employed</b>                                 |      | <b>324,888</b>           | <b>321,954</b>           |
| <b>Financed by</b>   |      |                          |                          |
| Public dividend capital                                      |      | 237,185                  | 232,753                  |
| Revaluation reserve  |      | 60,892                   | 67,355                   |
| Other reserves   |      | 190                      | 190                      |
| Income and expenditure reserve                               |      | 26,621                   | 21,656                   |
| <b>Total taxpayers' equity</b>                               |      | <b>324,888</b>           | <b>321,954</b>           |

The notes on pages 43 to 72 form part of these accounts.

Name David Loughton  
Position Chief Executive  
Date 24 May 2019

## Statement of Changes in Equity for the year ended 31 March 2019

|  | Public<br>dividend<br>capital<br>£000 | Revaluation<br>reserve<br>£000 | Other<br>reserves<br>£000 | Income and<br>expenditure<br>reserve<br>£000 | Total<br>£000  |
|--|---------------------------------------|--------------------------------|---------------------------|--|----------------|
| <b>Taxpayers' equity at 1 April 2018 - brought forward</b> | <b>232,753</b>                        | <b>67,355</b>                  | <b>190</b>                | <b>21,656</b>                                | <b>321,954</b> |
| Surplus/(deficit) for the year                             | 0                                     | 0                              | 0                         | 1,382  | <b>1,382</b>   |
| Revaluations   | 0                                     | (2,880)                        | 0                         | 0  | <b>(2,880)</b> |
| Transfer to retained earnings on disposal of assets        | 0                                     | (3,583)                        | 0                         | 3,583  | <b>0</b>       |
| Public dividend capital received                           | 4,432                                 | 0                              | 0                         | 0  | <b>4,432</b>   |
| <b>Taxpayers' equity at 31 March 2019</b>                  | <b>237,185</b>                        | <b>60,892</b>                  | <b>190</b>                | <b>26,621</b>                                | <b>324,888</b> |

\* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve' However the Trust does not have a 'Available for sale investment reserve'

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

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

## **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 and Social Care 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.

### **Financial assets reserve/Available for sale investment reserve**

Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve'. This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevivable election at recognition.

### **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 2019

|   |      | 2018-19         | 2017-18         |
|---|------|-----------------|-----------------|
|   | Note | £000            | £000            |
| <b>Cash flows from operating activities</b>                         |      |                 |                 |
| Operating surplus / (deficit)                                       |      | 13,585          | 19,152          |
| <b>Non-cash income and expense:</b>                                 |      |                 |                 |
| Depreciation and amortisation                                       | 7.1  | 14,575          | 15,237          |
| Net impairments   | 8    | 1,731           | (3,157)         |
| Income recognised in respect of capital donations                   | 4    | (289)           | (74)            |
| (Increase) / decrease in receivables and other assets               |      | (44)            | (5,563)         |
| (Increase) / decrease in inventories                                |      | (250)           | (20)            |
| Increase / (decrease) in payables and other liabilities             |      | 4,261           | 4,148           |
| Increase / (decrease) in provisions                                 |      | (1,648)         | 742             |
| <b>Net cash generated from / (used in) operating activities</b>     |      | <b>31,921</b>   | <b>30,465</b>   |
| <b>Cash flows from investing activities</b>                         |      |                 |                 |
| Interest received   |      | 127             | 52              |
| Purchase of intangible assets                                       |      | (1,877)         | (485)           |
| Purchase of property, plant, equipment and investment property      |      | (21,571)        | (18,490)        |
| Sales of property, plant, equipment and investment property         |      | 860             | 31              |
| Receipt of cash donations to purchase capital assets                |      | 289             | 74              |
| <b>Net cash generated from / (used in) investing activities</b>     |      | <b>(22,172)</b> | <b>(18,818)</b> |
| <b>Cash flows from financing activities</b>                         |      |                 |                 |
| Public dividend capital received                                    |      | 4,432           | 1,355           |
| Capital element of finance lease rental payments                    |      | (227)           | (259)           |
| Capital element of PFI, LIFT and other service concession payments  |      | (1,785)         | (1,920)         |
| Interest paid on finance lease liabilities                          |      | (17)            | (18)            |
| Interest paid on PFI, LIFT and other service concession obligations |      | (2,056)         | (1,710)         |
| PDC dividend (paid) / refunded                                      |      | (11,090)        | (6,293)         |
| <b>Net cash generated from / (used in) financing activities</b>     |      | <b>(10,743)</b> | <b>(8,845)</b>  |
| <b>Increase / (decrease) in cash and cash equivalents</b>           |      | <b>(994)</b>    | <b>2,802</b>    |
| <b>Cash and cash equivalents at 1 April - brought forward</b>       |      | <b>16,982</b>   | <b>14,180</b>   |
| <b>Cash and cash equivalents at 31 March</b>                        | 22.1 | <b>15,988</b>   | <b>16,982</b>   |

## 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 2018/19 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 the 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 1.2 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 1.3 Income

##### Note 1.3.1 Income from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Income in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The main source of income for the Trust is contracts with commissioners in respect of health care services. The timing of the satisfaction of performance obligations is in line with typical timing of payment (i.e. 14-30 days dependant on credit terms agreed with customer). At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

##### *Income from NHS contracts*

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Income is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of income. Income is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at every month end, with the final value being agreed on a quarterly basis. At year end this portion of revenue is deferred as a contract liability.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract. CQUIN payments are recognised when there is a high probability that income will not be reversed.

### **Income from research contracts**

Where research contracts fall under IFRS 15, income is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises income as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

The Trust receives income from the National Institute for Health Research (NIHR) for the hosting of the Greater Midlands Clinical Research Network, which comprises the majority of the Trust's Research and Development Income.

### **NHS injury cost recovery scheme**

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

### **Note 1.3.2 Income grants and other contributions to expenditure**

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### **Note 1.3.3 Other income**

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

### **Note 1.4 Expenditure on employee benefits**

#### **Short-term employee benefits**

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is 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 1.5 Expenditure on other goods and services**

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

### **Note 1.6 Property, plant and equipment**

#### **Note 1.6.1 Recognition**

Property, plant and equipment is capitalised where:

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

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



## **Note 1.6.2 Measurement**

### **Valuation**

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values 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 on a 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 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 Grimley Ltd trading as Avison Young. 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 2019.

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, borrowings costs. Assets are revalued and depreciation commences when the assets 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 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 to be 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 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 have been reclassified as 'held for sale' cease 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 1.6.3 De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned 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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### Note 1.6.4 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 1.6.5 Private Finance Initiative (PFI) transactions

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

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

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 1.6.6 Useful lives of property, plant and equipment

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

|                                | Min life<br>Years | Max life<br>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 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 1.7 Intangible assets

### Note 1.7.1 Recognition

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

#### *Internally generated intangible assets*

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

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the Trust intends to complete the asset and sell or use it
- the Trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g., 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, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

### Note 1.7.2 Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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

#### *Amortisation*

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

### Note 1.7.3 Useful economic life of intangible assets

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

|                   | Min life | Max life |
|-------------------|----------|----------|
|                   | Years    | Years    |
| Software licences | 4        | 5        |

### Note 1.8 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 1.9 Cash and cash equivalents

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

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

### Note 1.10 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO<sub>2</sub> emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO<sub>2</sub> it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO<sub>2</sub> emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO<sub>2</sub> emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Allowances acquired under the scheme are recognised as intangible assets.

## **Note 1.11 Financial assets and financial liabilities**

### **Note 1.11.1 Recognition**

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e., when receipt or delivery of the goods or services is made.

### **Note 1.11.2 Classification and measurement**

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

#### ***Financial assets and financial liabilities at amortised cost***

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest income or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

#### ***Impairment of financial assets***

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' require an allowance for an expected credit loss. Lifetime credit losses are recognised if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that have an impact on the estimated future cash flows of the asset. However NHS bodies are not allowed to recognise any impairments against intra-DHSC balances as it is expected that they will be recoverable, therefore no lifetime credit losses are made against NHS bodies.

When estimating lifetime credit losses in relation to Injury Cost Recovery (ICR) receivables, the GAM instructs the Trust to include an amount within the credit loss allowances for contract receivables to reflect income that is not expected to be recoverable. Each year, the Compensation Recovery Unit (CRU) advises a percentage probability of not receiving the income. For 2018/19 this is 21.89% (2017/18 22.84%). In addition the Trust are in a position to make a reliable estimate of their own percentage and lifetime credit losses are recognised if there is objective evidence of impairment as result of one or more events that occurred after initial recognition of the asset and that have an impact on the estimated future cash flows of the asset.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

### **Note 1.11.3 Derecognition**

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

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

#### **Note 1.12 Leases**

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

##### **Note 1.12.1 The trust as lessee**

#### **Finance leases**

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

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

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

#### **Operating leases**

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

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

#### **Leases of land and buildings**

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

##### **Note 1.12.2 The trust as lessor**

#### **Finance leases**

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

#### **Operating leases**

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

#### **Note 1.13 Provisions**

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

#### **Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 27.2 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 1.14 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

#### **Note 1.15 Public dividend capital**

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

- (i) donated assets (including lottery funded assets),
- (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

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

#### **Note 1.16 Value added tax**

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

**Note 1.17 Foreign exchange**

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

**Note 1.18 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FRoM. Details of third party assets are given in Note 22.2 to the accounts.

**Note 1.19 Losses and special payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal income expenditure).

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

**Note 1.20 Gifts**

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

**Note 1.21 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 1.22 Critical judgements in applying accounting policies**

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.

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's 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.

**Note 1.22.1 Sources of estimation uncertainty**

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

**-Useful Economic Lives**

The Trust exercises judgement to determine the Useful Lives and residual values of property, plant and equipment and computer software. Depreciation and amortisation is provided so as to write down the value of these assets to their residual value over their estimated Useful Lives. 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, NHS Resolution claims and other legal cases The Trust uses estimates based on expert advice from agencies such as NHS Resolution, legal advice from Trust advisors and the experience of its managers.

**Note 1.23 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2018-19.

**Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted**

The HM Treasury FRoM does not require the following Standards and Interpretations to be applied in 2018/19.

- IFRS 14 Regulatory Deferral Accounts – This is not EU endorsed and applied to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, however FRoM has deferred implementation of the Standard until accounting period beginning on 1 April 2020, with the possible early adoption not applicable for the Trust
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by FRoM: early adoption is therefore not permitted
- 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. Income for this segment is disaggregated in Note 3.1 and Note 4 except for Research and Development which includes Clinical Research Network to which the proportion relating to Clinical Research Network within Research and Development is shown in this Note.

### Clinical Research Network

The Trust hosts the Greater Midlands Clinical Research Network, which has a separate Chief Operating Officer and is separately accounted for, so is an operating segment for the Trust. 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 income for the Network is c.£27.8m. The Network operates on a break even basis. Income for this segment derives from Research and Development (contract) as disclosed in Note 4 of the accounts.

|                   |                           | Healthcare Services |                 | Clinical Research<br>Network: West<br>Midlands |                 | Total            |                 |
|-------------------|---------------------------|---------------------|-----------------|--|-----------------|------------------|-----------------|
|                   |                           | 2018-19<br>£000     | 2017-18<br>£000 | 2018-19<br>£000                                | 2017-18<br>£000 | 2018-19<br>£000  | 2017-18<br>£000 |
| Income            |                           | <b>565,128</b>      | 521,153         | <b>27,847</b>                                  | 27,385          | <b>592,975</b>   | 548,538         |
| Surplus/(Deficit) |                           |                     |                 |  |                 |                  |                 |
|                   | Segment surplus/(deficit) | <b>(1,947)</b>      | (1,676)         | <b>0</b>                                       | 0               | <b>(1,947)</b>   | (1,676)         |
|                   | Common costs              | <b>(561,800)</b>    | (512,140)       | <b>(27,847)</b>                                | (27,385)        | <b>(589,647)</b> | (539,525)       |
| Surplus/(Deficit) |                           | <b>1,382</b>        | 7,337           | <b>0</b>                                       | 0               | <b>1,382</b>     | 7,337           |
| Net Assets:       |                           |                     |                 |  |                 |                  |                 |
|                   | Segment net assets        | <b>324,888</b>      | 321,954         | <b>0</b>                                       | 0               | <b>324,888</b>   | 321,954         |

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

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3.1

### Note 3.1 Income from patient care activities (by nature)

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| <b>Acute services</b>  |                 |                 |
| Elective income  | <b>72,969</b>   | 69,488          |
| Non elective income  | <b>116,601</b>  | 107,991         |
| First outpatient income  | <b>32,090</b>   | 31,871          |
| Follow up outpatient income  | <b>40,553</b>   | 39,339          |
| A & E income   | <b>18,585</b>   | 17,422          |
| High cost drugs income from commissioners (excluding pass-through costs) | <b>47,991</b>   | 47,766          |
| Other NHS clinical income  | <b>99,109</b>   | 95,685          |
| <b>Community services</b>  |                 |                 |
| Community services income from CCGs and NHS England                      | <b>40,326</b>   | 38,896          |
| Income from other sources (e.g. local authorities)                       | <b>6,124</b>    | 6,353           |
| <b>All services</b>  |                 |                 |
| Private patient income   | <b>1,010</b>    | 1,241           |
| Agenda for Change pay award central funding                              | <b>4,934</b>    | 0               |
| Other clinical income  | <b>9,671</b>    | 7,981           |
| <b>Total income from activities</b>                                      | <b>489,963</b>  | 464,033         |

**Note 3.2 Income from patient care activities (by source)**

| <b>Income from patient care activities received from:</b> | <b>2018-19</b> | <b>2017-18</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| NHS England   | <b>108,716</b> | 109,428        |
| Clinical commissioning groups                             | <b>352,760</b> | 332,450        |
| Department of Health and Social Care                      | <b>4,934</b>   | 0              |
| Other NHS providers                                       | <b>1,709</b>   | 2,588          |
| Local authorities   | <b>8,609</b>   | 9,029          |
| Non-NHS: private patients                                 | <b>1,010</b>   | 1,241          |
| Non-NHS: overseas patients (chargeable to patient)        | <b>291</b>     | 338            |
| Injury cost recovery scheme                               | <b>1,196</b>   | 1,337          |
| Non NHS: other  | <b>10,738</b>  | 7,622          |
| <b>Total income from activities</b>                       | <b>489,963</b> | <b>464,033</b> |
| <b>Of which:</b>  |                |                |
| Related to continuing operations                          | <b>489,963</b> | 464,033        |

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

|  | <b>2018-19</b> | <b>2017-18</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Income recognised this year                              | <b>291</b>     | 338            |
| Cash payments received in-year                           | <b>130</b>     | 80             |
| Amounts added to provision for impairment of receivables | <b>44</b>      | 121            |
| Amounts written off in-year                              | <b>189</b>     | 33             |

**Note 4 Other operating income**

|   | <b>2018-19</b>            | <b>2017-18</b> |
|---|---------------------------|----------------|
|   | <b>£000</b>               | <b>£000</b>    |
| <b>Other operating income from contracts with customers:</b>                        |                           |                |
| Research and development (contract)   | <b>30,675</b>             | 30,004         |
| Education and training (excluding notional apprenticeship levy income)              | <b>17,474</b>             | 15,915         |
| Non-patient care services to other bodies   | <b>22,674</b>             | 12,013         |
| Provider sustainability / sustainability and transformation fund income (PSF / STF) | <b>12,230</b>             | 8,547          |
| Other contract income   | <b>12,903</b>             | 11,532         |
| <b>Other non-contract operating income</b>  |                           |                |
| Education and training - notional income from apprenticeship fund                   | <b>426</b>                | 69             |
| Receipt of capital grants and donations   | <b>289</b>                | 74             |
| Support from the Department of Health and Social Care for mergers                   | <b>6,000</b> <sup>1</sup> | 6,000          |
| Rental revenue from operating leases  | <b>341</b>                | 351            |
| <b>Total other operating income</b>   | <b>103,012</b>            | <b>84,505</b>  |
| <b>Of which:</b>  |                           |                |
| Related to continuing operations  | <b>103,012</b>            | 84,505         |

Other contract income includes car parking income, catering income, pharmacy sales, staff accommodation rental and other income generation schemes (recognised under IFRS 15).

<sup>1</sup> Support from Department of Health and Social Care for mergers relates to income received following the dissolution of Mid-Staffordshire NHS Foundation Trust.

**Note 5.1 Additional information on income from contracts with customers recognised in the period****2018-19****£000**

Income recognised in the reporting period that was included in within contract liabilities at the previous period end

**581****Note 5.2 Transaction price allocated to remaining performance obligations**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

The majority of the Trust Income derives from patient activities. The Trust does not expect to have any contracts where the period between the transfer of the promised goods or services to the patient and payment by the commissioner exceeds one year. As a consequence, the provider does not adjust any of the transaction prices for the time value of money.

For all other income this is derived from contracts with a duration of one year or less and the Trust recognises income directly corresponding to work done to date. Therefore for all other income the Trust has utilised the practical expedients from IFRS 15 paragraph 121.

**Note 6 Fees and charges**

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

|                            | <b>2018-19</b>      | <b>2017-18</b>      |
|----------------------------|---------------------|---------------------|
|                            | <b>£000</b>         | <b>£000</b>         |
| Income                     | <b>5,373</b>        | 4,701               |
| Full cost                  | <b>(2,644)</b>      | (2,356)             |
| <b>Surplus / (deficit)</b> | <b><u>2,729</u></b> | <b><u>2,345</u></b> |

The fees and charges income generated by the Trust include income from non-patient care income generation activities such as car parking, staff residences and catering. The objective is to ensure all costs associated with the operation of such activities are covered and that any surplus generated for the Trust is used to re-invest in the operation of its core services.

**Note 7.1 Operating expenses**

|   | <b>2018-19</b>        | <b>2017-18</b>        |
|---|-----------------------|-----------------------|
|   | <b>£000</b>           | <b>£000</b>           |
| Purchase of healthcare from NHS and DHSC bodies                                 | <b>3,340</b>          | 3,474                 |
| Purchase of healthcare from non-NHS and non-DHSC bodies                         | <b>1,038</b>          | 1,197                 |
| Staff and executive directors costs   | <b>353,210</b>        | 317,645               |
| Remuneration of non-executive directors   | <b>87</b>             | 92                    |
| Supplies and services - clinical (excluding drugs costs)                        | <b>52,256</b>         | 49,357                |
| Supplies and services - general   | <b>10,656</b>         | 10,662                |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs)       | <b>57,826</b>         | 56,835                |
| Inventories written down  | <b>15</b>             | 0                     |
| Consultancy costs   | <b>1,631</b>          | 1,654                 |
| Establishment   | <b>4,467</b>          | 4,886                 |
| Premises  | <b>21,016</b>         | 17,701                |
| Transport (including patient travel)  | <b>2,017</b>          | 2,216                 |
| Depreciation on property, plant and equipment                                   | <b>14,208</b>         | 14,888                |
| Amortisation on intangible assets   | <b>367</b>            | 349                   |
| Net impairments   | <b>1,731</b>          | (3,157)               |
| Movement in credit loss allowance: contract receivables / contract assets       | <b>82<sup>1</sup></b> | 0                     |
| Movement in credit loss allowance: all other receivables and investments        | <b>0<sup>1</sup></b>  | 632                   |
| Audit fees payable to the external auditor                                      |                       |                       |
| audit services- statutory audit   | <b>59</b>             | 61                    |
| other auditor remuneration (external auditor only)                              | <b>9</b>              | 9                     |
| Internal audit costs  | <b>137</b>            | 137                   |
| Clinical negligence   | <b>12,608</b>         | 10,087                |
| Legal fees  | <b>349</b>            | 270                   |
| Insurance   | <b>112</b>            | 97                    |
| Research and development  | <b>29,740</b>         | 29,184                |
| Education and training  | <b>5,395</b>          | 4,350                 |
| Rentals under operating leases  | <b>2,564</b>          | 2,551                 |
| Redundancy  | <b>0</b>              | 33                    |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) | <b>2,329</b>          | 2,188                 |
| Car parking & security  | <b>681</b>            | 646                   |
| Losses, ex gratia & special payments  | <b>2</b>              | 5                     |
| Other   | <b>1,458</b>          | 1,337                 |
| <b>Total</b>  | <b><u>579,390</u></b> | <b><u>529,386</u></b> |
| <b>Of which:</b>  |                       |                       |
| Related to continuing operations  | <b>579,390</b>        | 529,386               |

<sup>1</sup> Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis has not been restated under IFRS 15.

**Note 7.2 Other auditor remuneration**

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Other auditor remuneration paid to the external auditor:</b>                 |                 |                 |
| 1. Audit of accounts of any associate of the trust                              | 0               | 0               |
| 2. Audit-related assurance services   | 9               | 9               |
| 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               |
| <b>Total</b>  | <b>9</b>        | <b>9</b>        |

**Note 7.3 Limitation on auditor's liability**

There is no limitation on auditor's liability for external audit work carried out for the financial years 2018-19 or 2017-18.

**Note 8 Impairment of assets**

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Net impairments charged to operating surplus / deficit resulting from:</b> |                 |                 |
| Changes in market price   | 1,731           | (3,157)         |
| <b>Total net impairments charged to operating surplus / deficit</b>           | <b>1,731</b>    | <b>(3,157)</b>  |
| Impairments charged to the revaluation reserve                                | 0               | 0               |
| <b>Total net impairments</b>  | <b>1,731</b>    | <b>(3,157)</b>  |

**Note 9 Employee benefits**

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| Salaries and wages                       | 290,533         | 259,611         |
| Social security costs                    | 28,129          | 25,494          |
| Apprenticeship levy                      | 1,439           | 1,197           |
| Employer's contributions to NHS pensions | 34,423          | 31,314          |
| Termination benefits                     | 111             | 73              |
| Temporary staff (including agency)       | 9,758           | 10,611          |
| <b>Total gross staff costs</b>           | <b>364,393</b>  | <b>328,300</b>  |
| Recoveries in respect of seconded staff  | 0               | 0               |
| <b>Total staff costs</b>                 | <b>364,393</b>  | <b>328,300</b>  |
| <b>Of which</b>                          |                 |                 |
| Costs capitalised as part of assets      | 481             | 489             |

**Note 9.1 Retirements due to ill-health**

During 2018-19 there were 2 early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £50k (£90k in 2017-18).

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

## **Note 10 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 2019, is based on valuation data as at 31 March 2018, updated to 31 March 2019 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

## Note 11 Operating leases

### Note 11.1 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 third party services and retail outlets on site with whom the Trust have a leasing arrangement.

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| <b>Operating lease revenue</b>                       |                 |                 |
| Minimum lease receipts                               | 341             | 351             |
| <b>Total</b>   | <u>341</u>      | <u>351</u>      |
|  |                 |                 |
|  | 2018-19<br>£000 | 2017-18<br>£000 |
| <b>Future minimum lease receipts due:</b>            |                 |                 |
| - not later than one year;                           | 313             | 312             |
| - later than one year and not later than five years; | 889             | 1,073           |
| <b>Total</b>   | <u>1,202</u>    | <u>1,385</u>    |

### Note 11.2 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 £2.5m 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:

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| <b>Operating lease expense</b>                       |                 |                 |
| Minimum lease payments                               | 2,564           | 2,551           |
| <b>Total</b>   | <u>2,564</u>    | <u>2,551</u>    |
|  |                 |                 |
|  | 2018-19<br>£000 | 2017-18<br>£000 |
| <b>Future minimum lease payments due:</b>            |                 |                 |
| - not later than one year;                           | 129             | 328             |
| - later than one year and not later than five years; | 240             | 396             |
| - later than five years.                             | 0               | 1               |
| <b>Total</b>   | <u>369</u>      | <u>725</u>      |
| Future minimum sublease payments to be received      | 0               | 0               |



**Note 12 Finance income**

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

|                             | 2018-19<br>£000 | 2017-18<br>£000 |
|-----------------------------|-----------------|-----------------|
| Interest on bank accounts   | 127             | 52              |
| <b>Total finance income</b> | <b>127</b>      | <b>52</b>       |

**Note 13.1 Finance expenditure**

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

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Interest expense:</b>                                    |                 |                 |
| Finance leases  | 17              | 18              |
| Main finance costs on PFI and LIFT schemes obligations      | 574             | 404             |
| Contingent finance costs on PFI and LIFT scheme obligations | 1,481           | 1,305           |
| <b>Total interest expense</b>                               | <b>2,072</b>    | <b>1,727</b>    |
| Unwinding of discount on provisions                         | 2               | 1               |
| <b>Total finance costs</b>                                  | <b>2,074</b>    | <b>1,728</b>    |

**Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| Total liability accruing in year under this legislation as a result of late payments | 0               | 0               |
| Amounts included within interest payable arising from claims under this legislation  | 0               | 0               |
| Compensation paid to cover debt recovery costs under this legislation                | 0               | 0               |

**Note 14 Other gains / (losses)**

|                                     | 2018-19<br>£000 | 2017-18<br>£000 |
|-------------------------------------|-----------------|-----------------|
| Gains on disposal of assets         | 60              | 31              |
| <b>Total other gains / (losses)</b> | <b>60</b>       | <b>31</b>       |

## Note 15.1 Intangible assets - 2018-19

|   | Software<br>licences<br>£000 | Intangible<br>assets under<br>construction<br>£000 | Total<br>£000 |
|---|------------------------------|--|---------------|
| <b>Valuation / gross cost at 1 April 2018 - brought forward</b> | <b>3,941</b>                 | <b>0</b>   | <b>3,941</b>  |
| Additions   | 121                          | 1,756  | 1,877         |
| Disposals / derecognition                                       | (40)                         | 0  | (40)          |
| <b>Valuation / gross cost at 31 March 2019</b>                  | <b>4,022</b>                 | <b>1,756</b>                                       | <b>5,778</b>  |
| <b>Amortisation at 1 April 2018 - brought forward</b>           | <b>2,826</b>                 | <b>0</b>   | <b>2,826</b>  |
| Provided during the year  | 367                          | 0  | 367           |
| Disposals / derecognition                                       | (40)                         | 0  | (40)          |
| <b>Amortisation at 31 March 2019</b>                            | <b>3,153</b>                 | <b>0</b>   | <b>3,153</b>  |
| <b>Net book value at 31 March 2019</b>                          | <b>869</b>                   | <b>1,756</b>                                       | <b>2,625</b>  |
| <b>Net book value at 1 April 2018</b>                           | <b>1,115</b>                 | <b>0</b>   | <b>1,115</b>  |

## Note 15.2 Intangible assets - 2017-18

|  | Software<br>licences<br>£000 | Intangible<br>assets under<br>construction<br>£000 | Total<br>£000 |
|--|------------------------------|--|---------------|
| <b>Valuation / gross cost at 1 April 2017 - as previously stated</b> | <b>3,456</b>                 | <b>0</b>   | <b>3,456</b>  |
| Prior period adjustments   | 0                            | 0  | 0             |
| <b>Valuation / gross cost at 1 April 2017 - restated</b>             | <b>3,456</b>                 | <b>0</b>   | <b>3,456</b>  |
| Additions  | 26                           | 459  | 485           |
| Reclassifications  | 459                          | (459)  | 0             |
| <b>Valuation / gross cost at 31 March 2018</b>                       | <b>3,941</b>                 | <b>0</b>   | <b>3,941</b>  |
| <b>Amortisation at 1 April 2017 - as previously stated</b>           | <b>2,477</b>                 | <b>0</b>   | <b>2,477</b>  |
| Prior period adjustments   | 0                            | 0  | 0             |
| <b>Amortisation at 1 April 2017 - restated</b>                       | <b>2,477</b>                 | <b>0</b>   | <b>2,477</b>  |
| Provided during the year   | 349                          | 0  | 349           |
| <b>Amortisation at 31 March 2018</b>                                 | <b>2,826</b>                 | <b>0</b>   | <b>2,826</b>  |
| <b>Net book value at 31 March 2018</b>                               | <b>1,115</b>                 | <b>0</b>   | <b>1,115</b>  |
| <b>Net book value at 1 April 2017</b>                                | <b>979</b>                   | <b>0</b>   | <b>979</b>    |

## Note 15.3 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 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 16.1 Property, plant and equipment - 2018-19**

|   | Land<br>£000 | Buildings<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture &<br>fittings<br>£000 | Total<br>£000  |
|---|--------------|---|-------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Valuation/gross cost at 1 April 2018 - brought forward</b>     | <b>9,236</b> | <b>275,433</b>                              | <b>1,561</b>      | <b>8,384</b>                         | <b>85,737</b>                | <b>709</b>                     | <b>21,275</b>                     | <b>6,780</b>                    | <b>409,115</b> |
| Additions   | 0            | 37  | 0                 | 18,803                               | 2,816                        | 100                            | 136                               | 0                               | 21,892         |
| Impairments   | 0            | (2,088)                                     | 0                 | 0                                    | 0                            | 0                              | 0                                 | 0                               | (2,088)        |
| Reversals of impairments  | 0            | 357   | 0                 | 0                                    | 0                            | 0                              | 0                                 | 0                               | 357            |
| Revaluations  | 0            | (7,959)                                     | (59)              | 0                                    | 0                            | 0                              | 0                                 | 0                               | (8,018)        |
| Reclassifications   | 0            | 4,173                                       | 0                 | (7,276)                              | 2,636                        | 27                             | 437                               | 3                               | 0              |
| Disposals / derecognition   | 0            | 0   | 0                 | 0                                    | (2,933)                      | 0                              | 0                                 | 0                               | (2,933)        |
| <b>Valuation/gross cost at 31 March 2019</b>                      | <b>9,236</b> | <b>269,953</b>                              | <b>1,502</b>      | <b>19,911</b>                        | <b>88,256</b>                | <b>836</b>                     | <b>21,848</b>                     | <b>6,783</b>                    | <b>418,325</b> |
| <b>Accumulated depreciation at 1 April 2018 - brought forward</b> | <b>0</b>     | <b>0</b>                                    | <b>0</b>          | <b>0</b>                             | <b>55,957</b>                | <b>580</b>                     | <b>15,780</b>                     | <b>5,416</b>                    | <b>77,733</b>  |
| Provided during the year  | 0            | 5,099                                       | 39                | 0                                    | 6,907                        | 36                             | 1,858                             | 269                             | 14,208         |
| Revaluations  | 0            | (5,099)                                     | (39)              | 0                                    | 0                            | 0                              | 0                                 | 0                               | (5,138)        |
| Disposals / derecognition   | 0            | 0   | 0                 | 0                                    | (2,933)                      | 0                              | 0                                 | 0                               | (2,933)        |
| <b>Accumulated depreciation at 31 March 2019</b>                  | <b>0</b>     | <b>0</b>                                    | <b>0</b>          | <b>0</b>                             | <b>59,931</b>                | <b>616</b>                     | <b>17,638</b>                     | <b>5,685</b>                    | <b>83,870</b>  |
| <b>Net book value at 31 March 2019</b>                            | <b>9,236</b> | <b>269,953</b>                              | <b>1,502</b>      | <b>19,911</b>                        | <b>28,325</b>                | <b>220</b>                     | <b>4,210</b>                      | <b>1,098</b>                    | <b>334,455</b> |
| <b>Net book value at 1 April 2018</b>                             | <b>9,236</b> | <b>275,433</b>                              | <b>1,561</b>      | <b>8,384</b>                         | <b>29,780</b>                | <b>129</b>                     | <b>5,495</b>                      | <b>1,364</b>                    | <b>331,382</b> |

**Note 16.2 Property, plant and equipment - 2017-18**

|  | Land<br>£000 | Buildings<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture &<br>fittings<br>£000 | Total<br>£000  |
|--|--------------|---|-------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Valuation / gross cost at 1 April 2017 - as previously stated</b>   | <b>9,011</b> | <b>249,651</b>                              | <b>1,489</b>      | <b>10,423</b>                        | <b>81,624</b>                | <b>749</b>                     | <b>19,929</b>                     | <b>6,173</b>                    | <b>379,049</b> |
| 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)        |
| <b>Valuation/gross cost at 31 March 2018</b>                           | <b>9,236</b> | <b>275,433</b>                              | <b>1,561</b>      | <b>8,384</b>                         | <b>85,737</b>                | <b>709</b>                     | <b>21,275</b>                     | <b>6,780</b>                    | <b>409,115</b> |
| <b>Accumulated depreciation at 1 April 2017 - as previously stated</b> | <b>0</b>     | <b>0</b>                                    | <b>0</b>          | <b>0</b>                             | <b>52,713</b>                | <b>599</b>                     | <b>13,932</b>                     | <b>5,095</b>                    | <b>72,339</b>  |
| Provided during the year   | 0            | 5,873                                       | 47                | 0                                    | 6,764                        | 35                             | 1,848                             | 321                             | 14,888         |
| Revaluations   | 0            | (5,873)                                     | (47)              | 0                                    | 0                            | 0                              | 0                                 | 0                               | (5,920)        |
| Disposals / derecognition  | 0            | 0   | 0                 | 0                                    | (3,520)                      | (54)                           | 0                                 | 0                               | (3,574)        |
| <b>Accumulated depreciation at 31 March 2018</b>                       | <b>0</b>     | <b>0</b>                                    | <b>0</b>          | <b>0</b>                             | <b>55,957</b>                | <b>580</b>                     | <b>15,780</b>                     | <b>5,416</b>                    | <b>77,733</b>  |
| <b>Net book value at 31 March 2018</b>                                 | <b>9,236</b> | <b>275,433</b>                              | <b>1,561</b>      | <b>8,384</b>                         | <b>29,780</b>                | <b>129</b>                     | <b>5,495</b>                      | <b>1,364</b>                    | <b>331,382</b> |
| <b>Net book value at 1 April 2017</b>                                  | <b>9,011</b> | <b>249,651</b>                              | <b>1,489</b>      | <b>59 10,423</b>                     | <b>28,911</b>                | <b>150</b>                     | <b>5,997</b>                      | <b>1,078</b>                    | <b>306,710</b> |

**Note 16.3 Property, plant and equipment financing - 2018-19**

|  | Land<br>£000 | Buildings<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture &<br>fittings<br>£000 | Total<br>£000  |
|--|--------------|---|-------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Net book value at 31 March 2019</b>                             |              |   |                   |                                      |                              |                                |                                   |                                 |                |
| Owned - purchased  | 9,236        | 261,271                                     | 1,502             | 19,911                               | 21,982                       | 220                            | 4,210                             | 1,098                           | <b>319,430</b> |
| Finance leased   | 0            | 0   | 0                 | 0                                    | 1,582                        | 0                              | 0                                 | 0                               | <b>1,582</b>   |
| On-SoFP PFI contracts and other service<br>concession arrangements | 0            | 7,878                                       | 0                 | 0                                    | 4,026                        | 0                              | 0                                 | 0                               | <b>11,904</b>  |
| Owned - donated  | 0            | 804   | 0                 | 0                                    | 735                          | 0                              | 0                                 | 0                               | <b>1,539</b>   |
| <b>NBV total at 31 March 2019</b>                                  | <b>9,236</b> | <b>269,953</b>                              | <b>1,502</b>      | <b>19,911</b>                        | <b>28,325</b>                | <b>220</b>                     | <b>4,210</b>                      | <b>1,098</b>                    | <b>334,455</b> |

**Note 16.4 Property, plant and equipment financing - 2017-18**

|  | Land<br>£000 | Buildings<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture &<br>fittings<br>£000 | Total<br>£000  |
|--|--------------|---|-------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Net book value at 31 March 2018</b>                             |              |   |                   |                                      |                              |                                |                                   |                                 |                |
| 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<br>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          |
| <b>NBV total at 31 March 2018</b>                                  | <b>9,236</b> | <b>275,433</b>                              | <b>1,561</b>      | <b>8,384</b>                         | <b>29,780</b>                | <b>129</b>                     | <b>5,495</b>                      | <b>1,364</b>                    | <b>331,382</b> |

#### Note 17 Donations of property, plant and equipment

The Royal Wolverhampton NHS Trust Charity was the donor of all assets donated to the Trust in the year ended 31 March 2019.

#### Note 18 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 Grimley Limited trading as Avison Young. 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 Social Care and HM Treasury. A desktop valuation (excluding assets under construction/work in progress) was carried out as at 31 March 2019 and assets lives were also reviewed by GVA Grimley Limited trading as Avison Young 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 2019.

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 19 Inventories

|                                       | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|---------------------------------------|--------------------------|--------------------------|
| Drugs                                 | 2,190                    | 1,931                    |
| Consumables                           | 4,087                    | 4,148                    |
| Energy                                | 150                      | 138                      |
| Other                                 | 180                      | 140                      |
| <b>Total inventories</b>              | <b>6,607</b>             | <b>6,357</b>             |
| <b>of which:</b>                      |                          |                          |
| Held at fair value less costs to sell | 0                        | 0                        |

Inventories recognised in expenses for the year were £66,007k (2017-18: £86,021k). Write-down of inventories recognised as expenses for the year were £15k (2017-18: £0k).

**Note 20.1 Trade receivables and other receivables**

|   | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|---|-----------------------------------|--------------------------|
| <b>Current</b>  |                                   |                          |
| Contract receivables*                                 | <b>32,517</b>                     | 0                        |
| Trade receivables*                                    | <b>0</b>                          | 26,356                   |
| Accrued income*                                       | <b>0</b>                          | 6,670                    |
| Allowance for impaired contract receivables / assets* | <b>(2,003)</b>                    | 0                        |
| Allowance for other impaired receivables              | <b>0</b>                          | (2,104)                  |
| Prepayments (non-PFI)                                 | <b>3,588</b>                      | 2,891                    |
| PDC dividend receivable                               | <b>564</b>                        | 0                        |
| VAT receivable  | <b>972</b>                        | 919                      |
| Other receivables                                     | <b>542</b>                        | 840                      |
| <b>Total current trade and other receivables</b>      | <b><u>36,180</u></b>              | <b><u>35,572</u></b>     |
| <b>Non-current</b>                                    |                                   |                          |
| PFI lifecycle prepayments                             | <b>4,002</b>                      | 0                        |
| <b>Total non-current trade and other receivables</b>  | <b><u>4,002</u></b>               | <b><u>0</u></b>          |

**Of which receivables from NHS and DHSC group bodies:**

|             |               |        |
|-------------|---------------|--------|
| Current     | <b>24,812</b> | 25,596 |
| Non-current | <b>0</b>      | 0      |

\*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

**Note 20.2 Allowances for credit losses - 2018-19**

|   | <b>Contract<br/>receivables<br/>and contract<br/>assets<br/>£000</b> | <b>All other<br/>receivables<br/>£000</b> |
|---|--|---|
| <b>Allowances as at 1 Apr 2018 - brought forward</b>        | <b>0</b>   | <b>2,104</b>                              |
| Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018 | <b>2,104</b>   | <b>(2,104)</b>                            |
| New allowances arising                                      | <b>778</b>   | <b>0</b>                                  |
| Reversals of allowances                                     | <b>(696)</b>   | <b>0</b>                                  |
| Utilisation of allowances (write offs)                      | <b>(183)</b>   | <b>0</b>                                  |
| <b>Allowances as at 31 Mar 2019</b>                         | <b><u>2,003</u></b>  | <b><u>0</u></b>                           |

**Note 20.3 Allowances for credit losses - 2017-18**

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

|   | <b>All<br/>receivables<br/>£000</b> |
|---|-------------------------------------|
| <b>Allowances as at 1 Apr 2017 - as previously stated</b> | <b>1,624</b>                        |
| Increase in provision                                     | 1,055                               |
| Amounts utilised  | (152)                               |
| Unused amounts reversed                                   | (423)                               |
| <b>Allowances as at 31 Mar 2018</b>                       | <b><u>2,104</u></b>                 |

**Note 20.4 Exposure to credit risk**

The Trust under IFRS 9 has adopted the simplified approach, recognising full lifetime credit losses on initial recognition. Balances with Department of Health and Social Care and associated agencies are assessed at zero credit risk, therefore are excluded from impairment calculation below.

|  | <b>31 March<br/>2019<br/>Trade and<br/>other<br/>receivables<br/>£000</b> | <b>31 March<br/>2018<br/>Trade and<br/>other<br/>receivables<br/>£000</b> |
|--|---|---|
| <b>Ageing of impaired financial assets</b>                         |   |   |
| 0-30 days  | 16  | 0   |
| 31-60 days   | 13  | 3   |
| 61-90 days   | 27  | 33  |
| 91-180 days  | 165   | 252   |
| Over 181 days  | 501   | 627   |
| <b>Total</b>   | <b>722</b>  | <b>915</b>  |
| <b>Ageing of non-impaired financial assets past their due date</b> |   |   |
| 0-30 days  | 269   | 382   |
| 31-60 days   | 61  | 159   |
| 61-90 days   | 125   | 62  |
| 91-180 days  | 58  | 85  |
| Over 181 days  | 834   | 657   |
| <b>Total</b>   | <b>1,347</b>  | <b>1,345</b>  |

**Note 21 Non-current assets held for sale and assets in disposal groups**

|   | <b>2018-19<br/>£000</b> | <b>2017-18<br/>£000</b> |
|---|-------------------------|-------------------------|
| <b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>  | <b>800</b>              | <b>800</b>              |
| Assets sold in year   | (800)                   | 0                       |
| <b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b> | <b>0</b>                | <b>800</b>              |

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 was sold on 28th February 2019.

**Note 22.1 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.

|   | <b>2018-19<br/>£000</b> | <b>2017-18<br/>£000</b> |
|---|-------------------------|-------------------------|
| <b>At 1 April</b>                                 | <b>16,982</b>           | <b>14,180</b>           |
| Net change in year                                | (994)                   | 2,802                   |
| <b>At 31 March</b>                                | <b>15,988</b>           | <b>16,982</b>           |
| <b>Broken down into:</b>                          |                         |                         |
| Cash at commercial banks and in hand              | 24                      | 19                      |
| Cash with the Government Banking Service          | 15,964                  | 16,963                  |
| <b>Total cash and cash equivalents as in SoFP</b> | <b>15,988</b>           | <b>16,982</b>           |
| <b>Total cash and cash equivalents as in SoCF</b> | <b>15,988</b>           | <b>16,982</b>           |

**Note 22.2 Third party assets held by the Trust**

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

|                                 | <b>31 March<br/>2019<br/>£000</b> | <b>31 March<br/>2018<br/>£000</b> |
|---------------------------------|-----------------------------------|-----------------------------------|
| Monies on deposit               | 4                                 | 45                                |
| <b>Total third party assets</b> | <b>4</b>                          | <b>45</b>                         |



## Note 23.1 Trade and other payables

|  | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|--|--------------------------|--------------------------|
| <b>Current</b>   |                          |                          |
| Trade payables   | 20,939                   | 17,335                   |
| Capital payables   | 6,676                    | 7,083                    |
| Accruals   | 15,676                   | 16,821                   |
| Social security costs                                    | 4,354                    | 3,737                    |
| VAT payables   | 116                      | 74                       |
| Other taxes payable                                      | 3,589                    | 3,146                    |
| PDC dividend payable                                     | 0                        | 210                      |
| Other payables   | 5,461                    | 4,565                    |
| <b>Total current trade and other payables</b>            | <b>56,811</b>            | <b>52,971</b>            |
| <b>Non-current</b>                                       |                          |                          |
| <b>Total non-current trade and other payables</b>        | <b>0</b>                 | <b>0</b>                 |
| <b>Of which payables from NHS and DHSC group bodies:</b> |                          |                          |
| Current  | 5,803                    | 5,984                    |
| Non-current  | 0                        | 0                        |

\*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

## Note 24 Other liabilities

|  | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|--|--------------------------|--------------------------|
| <b>Current</b>                             |                          |                          |
| Deferred income: contract liabilities      | 3,009                    | 3,205                    |
| <b>Total other current liabilities</b>     | <b>3,009</b>             | <b>3,205</b>             |
| <b>Non-current</b>                         |                          |                          |
| <b>Total other non-current liabilities</b> | <b>0</b>                 | <b>0</b>                 |

## Note 25 Borrowings

|   | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|---|--------------------------|--------------------------|
| <b>Current</b>  |                          |                          |
| Obligations under finance leases  | 196                      | 196                      |
| Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle) | 1,817                    | 1,783                    |
| <b>Total current borrowings</b>   | <b>2,013</b>             | <b>1,979</b>             |
| <b>Non-current</b>  |                          |                          |
| Obligations under finance leases  | 1,270                    | 1,497                    |
| concession contracts  | 6,712                    | 3,802                    |
| <b>Total non-current borrowings</b>   | <b>7,982</b>             | <b>5,299</b>             |

## Note 25.1 Reconciliation of liabilities arising from financing activities

|   | Other loans<br>£000 | Finance<br>leases<br>£000 | PFI and<br>LIFT<br>schemes<br>£000 | Total<br>£000 |
|---|---------------------|---------------------------|------------------------------------|---------------|
| Carrying value at 1 April 2018                            | 0                   | 1,693                     | 5,585                              | 7,278         |
| Cash movements:   |                     |                           |                                    |               |
| Financing cash flows - payments and receipts of principal | 0                   | (227)                     | (1,785)                            | (2,012)       |
| Financing cash flows - payments of interest               | 0                   | (17)                      | (574)                              | (591)         |
| Non-cash movements:                                       |                     |                           |                                    |               |
| Additions   | 0                   | 0                         | 4,729                              | 4,729         |
| Application of effective interest rate                    | 0                   | 17                        | 574                                | 591           |
| Carrying value at 31 March 2019                           | 0                   | 1,466                     | 8,529                              | 9,995         |

## Note 26 Finance leases

### Note 26.1 The Royal Wolverhampton NHS Trust as a lessee

Obligations under finance leases where The Royal Wolverhampton NHS Trust is the lessee.

|  | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|--|--------------------------|--------------------------|
| Gross lease liabilities  | 1,571                    | 1,813                    |
| of which liabilities are due:  |                          |                          |
| - not later than one year;   | 211                      | 211                      |
| - later than one year and not later than five years;                           | 844                      | 844                      |
| - later than five years.   | 516                      | 758                      |
| Finance charges allocated to future periods                                    | (105)                    | (120)                    |
| Net lease liabilities  | 1,466                    | 1,693                    |
| of which payable:  |                          |                          |
| - not later than one year;   | 196                      | 196                      |
| - later than one year and not later than five years;                           | 784                      | 784                      |
| - later than five years.   | 486                      | 713                      |
| 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 27.1 Provisions for liabilities and charges analysis

|  | Pensions:<br>injury<br>benefits*<br>£000 | Legal<br>claims<br>£000 | Other<br>£000 | Total<br>£000 |
|--|--|-------------------------|---------------|---------------|
| At 1 April 2018                                      | 622                                      | 249                     | 5,929         | 6,800         |
| Arising during the year                              | 1  | 190                     | 3,653         | 3,844         |
| Utilised during the year                             | (41)                                     | (96)                    | (5,251)       | (5,388)       |
| Reversed unused                                      | 0  | (103)                   | (1)           | (104)         |
| Unwinding of discount                                | 2  | 0                       | 0             | 2             |
| At 31 March 2019                                     | 584                                      | 240                     | 4,330         | 5,154         |
| Expected timing of cash flows:                       |  |                         |               |               |
| - not later than one year;                           | 42                                       | 240                     | 4,330         | 4,612         |
| - later than one year and not later than five years; | 163                                      | 0                       | 0             | 163           |
| - later than five years.                             | 379                                      | 0                       | 0             | 379           |
| Total  | 584                                      | 240                     | 4,330         | 5,154         |

Legal claims represent provisions for personal injury benefits. For these claims the Trust is provided the information by NHS Resolution.

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.

\* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within Legal claims.

## Note 27.2 Clinical negligence liabilities

At 31 March 2019, £209,709k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of The Royal Wolverhampton NHS Trust (31 March 2018: £186,171k).

**Note 28 Contingent assets and liabilities**

|  | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|--|-----------------------------------|--------------------------|
| <b>Net value of contingent liabilities</b> | <b>0</b>                          | <b>0</b>                 |
| <b>Net value of contingent assets</b>      | <b>575</b>                        | <b>700</b>               |

The Trust has submitted Fleming VAT reclaims totalling approximately £700k (2013/14 £700k) to H.M. Revenue and Customs under s.121 of the Finance Act 2008. During the Financial Year 2018/19 £125k plus £275k interest was received in respect to one of the Fleming VAT reclaims. The outcome and timing of the remaining balance of £575k of these claims is uncertain at 31 March 2019.

**Note 29 Contractual capital commitments**

|                               | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|-------------------------------|-----------------------------------|--------------------------|
| Property, plant and equipment | <b>10,709</b>                     | 3,943                    |
| <b>Total</b>                  | <b>10,709</b>                     | <b>3,943</b>             |

**Note 30 On-SoFP PFI, LIFT or other service concession arrangements**

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 comprising of two elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are provided in the tables below.

**Note 30.1 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:

|   | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|---|-----------------------------------|--------------------------|
| <b>Gross PFI, LIFT or other service concession liabilities</b>          | <b>10,995</b>                     | 7,534                    |
| <b>Of which liabilities are due</b>                                     |                                   |                          |
| - not later than one year;  | <b>1,817</b>                      | 1,783                    |
| - later than one year and not later than five years;                    | <b>5,054</b>                      | 3,880                    |
| - later than five years.  | <b>4,124</b>                      | 1,871                    |
| Finance charges allocated to future periods                             | <b>(2,466)</b>                    | (1,949)                  |
| <b>Net PFI, LIFT or other service concession arrangement obligation</b> | <b>8,529</b>                      | 5,585                    |
| - not later than one year;  | <b>1,817</b>                      | 1,783                    |
| - later than one year and not later than five years;                    | <b>3,912</b>                      | 2,855                    |
| - later than five years.  | <b>2,800</b>                      | 947                      |

**Note 30.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

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

|   | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|---|-----------------------------------|--------------------------|
| <b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b> | <b>89,928</b>                     | 95,934                   |
| <b>Of which liabilities are due:</b>  |                                   |                          |
| - not later than one year;  | <b>6,169</b>                      | 6,023                    |
| - later than one year and not later than five years;  | <b>25,597</b>                     | 25,254                   |
| - later than five years.  | <b>58,162</b>                     | 64,657                   |

**Note 30.3 Analysis of amounts payable to service concession operator**

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

|  | <b>31 March<br/>2019<br/>£000</b> | 31 March<br>2018<br>£000 |
|--|-----------------------------------|--------------------------|
| <b>Unitary payment payable to service concession operator</b>  | <b>6,023</b>                      | 5,817                    |
| <b>Consisting of:</b>  |                                   |                          |
| - Interest charge  | <b>574</b>                        | 404                      |
| - Repayment of finance lease liability   | <b>1,785</b>                      | 1,920                    |
| - Service element and other charges to operating expenditure   | <b>2,183</b>                      | 2,188                    |
| - Contingent rent  | <b>1,481</b>                      | 1,305                    |
| Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment | <b>146</b>                        | 0                        |
| <b>Total amount paid to service concession operator</b>  | <b>6,169</b>                      | 5,817                    |

**Note 31 Financial instruments****Note 31.1 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 Royal Wolverhampton NHS Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's 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.

**Credit risk**

Because the majority of the Trust's income arises from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2019 are in contract receivables, as disclosed in the Trade and Other Receivables note.

## Liquidity risk

The Trust's operating costs are primarily incurred under contracts with NHS Commissioning Organisations, 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.

## 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 the 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.

## Market risk

The Trust is part of the NHS which is supported by the government and unless there is a major overall of healthcare provision, most importantly a reduction to access to free healthcare, then the Trust has low market risk.

### Note 31.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

|   | Held at<br>amortised<br>cost<br>£000 | Total book<br>value<br>£000 |
|---|--------------------------------------|-----------------------------|
| <b>Carrying values of financial assets as at 31<br/>March 2019 under IFRS 9</b> |                                      |                             |
| Trade and other receivables excluding non financial<br>assets                   | 31,056                               | 31,056                      |
| Cash and cash equivalents at bank and in hand                                   | 15,988                               | 15,988                      |
| <b>Total at 31 March 2019</b>   | <b>47,044</b>                        | <b>47,044</b>               |

|   | Loans and<br>receivables<br>£000 | Total book<br>value<br>£000 |
|---|----------------------------------|-----------------------------|
| <b>Carrying values of financial assets as at 31<br/>March 2018 under IAS 39</b> |                                  |                             |
| Trade and other receivables excluding non financial<br>assets                   | 23,283                           | 23,283                      |
| Cash and cash equivalents at bank and in hand                                   | 16,982                           | 16,982                      |
| <b>Total at 31 March 2018</b>   | <b>40,265</b>                    | <b>40,265</b>               |

**Note 31.3 Carrying value of financial liabilities**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

|  | Held at<br>amortised<br>cost<br>£000 | Total book<br>value<br>£000 |
|--|--------------------------------------|-----------------------------|
| <b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b> |                                      |                             |
| Obligations under finance leases   | 1,466                                | 1,466                       |
| Obligations under PFI, LIFT and other service concession contracts               | 8,529                                | 8,529                       |
| Trade and other payables excluding non financial liabilities                     | 43,045                               | 43,045                      |
| <b>Total at 31 March 2019</b>  | <b>53,040</b>                        | <b>53,040</b>               |

|  | Other<br>financial<br>liabilities<br>£000 | Total book<br>value<br>£000 |
|--|---|-----------------------------|
| <b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b> |   |                             |
| 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                      |
| <b>Total at 31 March 2018</b>  | <b>46,708</b>                             | <b>46,708</b>               |

**Note 31.4 Fair values of financial assets and liabilities**

Book value used as a reasonable approximation of fair value for financial assets and liabilities

**Note 31.5 Maturity of financial liabilities**

|   | 31 March<br>2019<br>£000 | 31 March<br>2018<br>£000 |
|---|--------------------------|--------------------------|
| In one year or less                                 | 45,058                   | 41,409                   |
| In more than two years but not more than five years | 5,144                    | 3,639                    |
| In more than five years                             | 2,838                    | 1,660                    |
| <b>Total</b>  | <b>53,040</b>            | <b>46,708</b>            |

**Note 32 Losses and special payments**

|  | 2018-19                               |                                    | 2017-18                               |                                 |
|--|---------------------------------------|------------------------------------|---------------------------------------|---------------------------------|
|  | Total<br>number of<br>cases<br>Number | Total<br>value of<br>cases<br>£000 | Total<br>number of<br>cases<br>Number | Total value<br>of cases<br>£000 |
| <b>Losses</b>                            |                                       |                                    |                                       |                                 |
| Cash losses                              | 12                                    | 3                                  | 11                                    | 3                               |
| Fruitless payments                       | 1                                     | 18                                 | 1                                     | 0                               |
| Bad debts and claims abandoned           | 213                                   | 406                                | 71                                    | 47                              |
| <b>Total losses</b>                      | <b>226</b>                            | <b>427</b>                         | <b>83</b>                             | <b>50</b>                       |
| <b>Special payments</b>                  |                                       |                                    |                                       |                                 |
| Ex-gratia payments                       | 41                                    | 81                                 | 43                                    | 118                             |
| Special severance payments               | 1                                     | 2                                  | 1                                     | 5                               |
| <b>Total special payments</b>            | <b>42</b>                             | <b>83</b>                          | <b>44</b>                             | <b>123</b>                      |
| <b>Total losses and special payments</b> | <b>268</b>                            | <b>510</b>                         | <b>127</b>                            | <b>173</b>                      |
| Compensation payments received           |                                       | 0                                  |                                       | 0                               |

**Note 33.1 Initial application of IFRS 9**

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

The implementation of IFRS 9 has no material impact on the Trust's annual accounts. The implementation of the standard has not led to any change in categorisation of class or measurement of financial assets or financial liabilities. Financial assets and financial liabilities continue to be held at amortised cost.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. This has had a nil effect on the Trust's Annual Accounts due to the Trust already classifying Injury Cost Recovery as a financial asset in prior years.

**Note 33.2 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The application of IFRS 15 has had no material impact for the Trust.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

The Trust have applied the practical expedient offered in paragraph 121 of the standard and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Trust have also applied the practical expedient in paragraph C5(d) of the standard and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Trust expects to recognise that amount as income for the year ended 31 March 2019.



## Note 34 Related parties

During the year none of the Department of Health and Social Care 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 and Social Care is regarded as a related party. During the year 2018/19 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<br>to Related<br>Party | Receipts<br>from<br>Related<br>Party | Amounts<br>owed to<br>Related<br>Party | Amounts<br>due from<br>Related<br>Party |
|--|---------------------------------|--------------------------------------|--|---|
|  | £000's                          | £000's                               | £000's                                 | £000's                                  |
| Birmingham Community Healthcare NHS Foundation Trust               | 211                             | 1,134                                | 49                                     | 194                                     |
| Birmingham Women's and Children's Hospital NHS Foundation Trust    | 2,032                           | 658                                  | 260                                    | 125                                     |
| Black Country Partnership NHS Foundation Trust                     | 491                             | 670                                  | 82                                     | 165                                     |
| Community Health Partnerships                                      | 2,005                           | 0                                    | 509                                    | 0                                       |
| Department of Health and Social Care                               | 0                               | 38,800                               | 45                                     | 413                                     |
| Health Education England   | 6                               | 16,726                               | 0                                      | 30                                      |
| HM Revenue & Customs - Other taxes and duties and NI contributions | 29,568                          | 0                                    | 7,943                                  | 0                                       |
| HM Revenue & Customs - VAT   | 0                               | 0                                    | 116                                    | 972                                     |
| Midlands Partnership NHS Foundation Trust                          | 935                             | 840                                  | 287                                    | 124                                     |
| NHS Birmingham and Solihull CCG                                    | 0                               | 1,485                                | 0                                      | 22                                      |
| NHS Blood and Transplant   | 1,921                           | 23                                   | 0                                      | 51                                      |
| NHS Cannock Chase CCG  | 0                               | 50,003                               | 332                                    | 3,128                                   |
| NHS Dudley CCG   | 0                               | 7,493                                | 1                                      | 97                                      |
| NHS England  | 40                              | 121,159                              | 136                                    | 6,285                                   |
| NHS Pension Scheme   | 34,423                          | 0                                    | 0                                      | 0                                       |
| NHS Property Services  | 908                             | 14                                   | 398                                    | 30                                      |
| NHS Resolution (formerly NHS Litigation Authority)                 | 12,623                          | 0                                    | 19                                     | 0                                       |
| NHS Sandwell and West Birmingham CCG                               | 23                              | 2,886                                | 48                                     | 520                                     |
| NHS Shropshire CCG   | 0                               | 4,658                                | 2                                      | 185                                     |
| NHS South East Staffs and Seisdon Peninsular CCG                   | 0                               | 29,435                               | 89                                     | 281                                     |
| NHS Stafford and Surrounds CCG                                     | 40                              | 17,793                               | 37                                     | 501                                     |
| NHS Telford and Wrekin CCG   | 0                               | 2,574                                | 45                                     | 0                                       |
| NHS Walsall CCG  | 0                               | 34,373                               | 13                                     | 2,926                                   |
| NHS Wolverhampton CCG  | 0                               | 205,634                              | 966                                    | 6,127                                   |
| Sandwell And West Birmingham Hospitals NHS Trust                   | 1,116                           | 5,991                                | 131                                    | 68                                      |
| Shrewsbury and Telford Hospital NHS Trust                          | 725                             | 503                                  | 2                                      | 97                                      |
| The Dudley Group NHS Foundation Trust                              | 2,428                           | 5,662                                | 459                                    | 577                                     |
| University Hospitals Birmingham NHS Foundation Trust               | 5,034                           | 135                                  | 1,048                                  | 47                                      |
| University Hospitals Coventry And Warwickshire NHS Trust           | 2,158                           | 63                                   | 542                                    | 1                                       |
| University Hospitals of North Midlands NHS Trust                   | 1,928                           | 1,061                                | 120                                    | 26                                      |
| Walsall Healthcare NHS Trust                                       | 496                             | 4,595                                | 626                                    | 1,539                                   |
| Wolverhampton City Council   | 320                             | 8,339                                | 0                                      | 352                                     |
| Worcestershire Acute Hospitals NHS Trust                           | 594                             | 25                                   | 211                                    | 1                                       |

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 35 Better Payment Practice code

|   | 2018-19<br>Number | 2018-19<br>£000 | 2017-18<br>Number | 2017-18<br>£000 |
|---|-------------------|-----------------|-------------------|-----------------|
| <b>Non-NHS Payables</b>                                 |                   |                 |                   |                 |
| Total non-NHS trade invoices paid in the year           | 113,985           | 285,615         | 111,667           | 254,137         |
| Total non-NHS trade invoices paid within target         | 37,533            | 167,332         | 81,182            | 194,257         |
| Percentage of non-NHS trade invoices paid within target | 32.9%             | 58.6%           | 72.7%             | 76.4%           |
| <b>NHS Payables</b>                                     |                   |                 |                   |                 |
| Total NHS trade invoices paid in the year               | 3,271             | 52,602          | 3,150             | 58,566          |
| Total NHS trade invoices paid within target             | 1,447             | 35,904          | 2,124             | 50,165          |
| Percentage of NHS trade invoices paid within target     | 44.2%             | 68.3%           | 67.4%             | 85.7%           |

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

### Note 36 External financing

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

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Cash flow financing                     | 3,414           | 3,626           |
| <b>External financing requirement</b>   | <b>3,414</b>    | <b>3,626</b>    |
| External financing limit (EFL)          | 3,494           | 3,626           |
| <b>Under / (over) spend against EFL</b> | <b>80</b>       | <b>0</b>        |

### Note 37 Capital Resource Limit

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| Gross capital expenditure                    | 23,769          | 19,983          |
| Less: Disposals                              | (800)           | 0               |
| Less: Donated and granted capital additions  | (289)           | (74)            |
| <b>Charge against Capital Resource Limit</b> | <b>22,680</b>   | <b>19,909</b>   |
| Capital Resource Limit                       | 22,693          | 20,068          |
| <b>Under / (over) spend against CRL</b>      | <b>13</b>       | <b>159</b>      |

### Note 38 Breakeven duty financial performance

|   | 2018-19<br>£000 |
|---|-----------------|
| Adjusted financial performance surplus / (deficit)<br>(control total basis) | 3,021           |
| Remove impairments scoring to Departmental<br>Expenditure Limit             | 0               |
| Add back non-cash element of On-SoFP pension<br>scheme charges              | 0               |
| IFRIC 12 breakeven adjustment   | 0               |
| <b>Breakeven duty financial performance surplus /<br/>(deficit)</b>         | <b>3,021</b>    |

### Note 39 Breakeven duty rolling assessment

|  | 1997-98 to<br>2008-09 | 2009-10<br>£000 | 2010-11<br>£000 | 2011-12<br>£000 | 2012-13<br>£000 | 2013-14<br>£000 | 2014-15<br>£000 | 2015-16<br>£000 | 2016-17<br>£000 | 2017-18<br>£000 | 2018-19<br>£000 |
|--|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Breakeven duty in-year financial performance                         |                       | 8,035           | 7,964           | 9,297           | 8,688           | 7,891           | 3,663           | 153             | 8,542           | 4,327           | 3,021           |
| Breakeven duty cumulative position                                   | (7,438)               | 597             | 8,561           | 17,858          | 26,546          | 34,437          | 38,100          | 38,253          | 46,795          | 51,122          | 54,143          |
| Operating income   |                       | 289,830         | 306,023         | 374,417         | 384,917         | 394,045         | 461,810         | 509,405         | 536,028         | 548,538         | 592,975         |
| Cumulative breakeven position as a percentage of<br>operating income |                       | 0.2%            | 2.8%            | 4.8%            | 6.9%            | 8.7%            | 8.3%            | 7.5%            | 8.7%            | 9.3%            | 9.1%            |

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 consistent with previous years in this note.

# Annual Report 2018-2019



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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 2018 to 31 March 2019. This has been another memorable year of successful progress for The Royal Wolverhampton NHS Trust, working in partnership with its many stakeholders.

I will be leaving the Trust at the end of March after serving as a chairman and non-executive director for 13 years; the maximum time allowed by statute. Like many others who work at the Trust, it is with great pride that I have undertaken my role as Chairman and to be associated with the Trust over many years. Since I joined in 2006 I have seen many changes and improvements. This year has been no different with the scale and pace of innovation and improvement across the organisation.

For example, work has begun on a multi-million pound expansion of New Cross Hospital's state-of-the-art pathology centre. When finished, the building will provide a central pathology hub, serving The Dudley Group NHS Foundation Trust, Sandwell and West Birmingham Hospitals NHS Trust, The Royal Wolverhampton NHS Trust and Walsall Healthcare NHS Trust. The new 'hub and spoke model' will enable pathology services across the multiple hospital sites to work together more collaboratively than before. This will result in an enhanced service for staff and offers patients a centre of excellence providing all aspects of a quality pathology service.

Our progression in connecting Primary Care practices to the Community and Acute services already established in the Trust has gathered pace this year. Already the gains from this synergy are measurable, including thousands of extra GP appointments per annum, new social prescribing assistance and fewer emergency hospital admissions monthly from the patient cohort covered.

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 other measurement, and continues to have no regulatory concerns about its quality of care, financial standing or governance. In fact in June we were given a 'Good' rating from the CQC. This is something we are very proud of given the pressure on our staff and services. We have worked hard since the last inspection in 2015 to move from Requires Improvement to Good, and the report outlines this.

Perhaps the most memorable feature of 2018/19 across the whole NHS was the celebrations of 70 years of the NHS. At RWT our staff held tea parties; we had a live radio broadcast from New Cross and were part of a special BBC episode with Denise Lewis, celebrating the NHS.

This report contains many more great details on the very many aspects of a busy year. 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 2018/19 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.

[Signature]

**Jeremy Vanes**  
**Chairperson**



## A - Performance Report

### A1 - Performance Overview

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

Over the last 12 months we have seen the demand on our services increase yet again. Despite the on-going pressures our staff continue to do a brilliant job and I would like to thank each and everyone one of them for their outstanding efforts. Their commitment to high quality care makes our Trust one of the most successful in the area.

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. In June we were rated 'Good' by the Care Quality Commission (CQC) following an inspection. We also received 'outstanding' ratings from the CQC for several services. Some of the areas of outstanding practice included improved outcomes for patients with pressure ulcers and an excellent approach to patient care and dignity within the surgical teams. There were also a number of examples of outstanding practice in maternity service, outpatients department, surgical directorate, medical care and in the urgent and emergency care department. The report emphasises just how 'dedicated, kind, caring and patient focused' staff were and patient feedback was consistently positive. This is by no mean feat given the challenging environment we are in.

Our vertical integration project still continues to go from strength to strength. The programme has helped us work a lot closer with local respected GPs to deliver better patient experience and increase value for the taxpayer and bring together clinicians across the primary, secondary and community care sectors. This year four of our GP practices were rated as 'Good' by the Care Quality Commission (CQC). Alfred Squire Road Health Centre, Lea Road Medical Practice, Warstones Health Centre and West Park Surgery all achieved 'Good' ratings in the 'safe, effective, caring, responsive and well led' categories. We hope to see more practices joining us in the new financial year.

Many innovative ways of providing high quality and effective care have again been implemented. This year we welcomed pathology staff from The Dudley Group NHS Foundation Trust, Sandwell and West Birmingham Hospitals NHS Trust and Walsall Healthcare NHS Trust to the Trust. The four acute Trusts in the Black Country have agreed to work together to have one pathology service. The Black Country Pathology Service is a hub and spoke model with a hub at New Cross Hospital and essential services laboratories (ESLs) at each acute hospital (Russells Hall, Walsall Manor, Midland Metropolitan). This will provide an improved service with extended hours for some services and faster turnaround times.

In July we celebrated 70 years of the NHS. We marked the anniversary by holding tea parties across the Trust and there was a great celebratory atmosphere throughout the Trust. We also recently launched our first ever long-service awards ceremony to mark our longest serving staff's dedication to the NHS. We held the first of three events in March and I was honoured to attend to thank staff and congratulate them on their great achievements.



A large number of our staff have received national awards this year. Examples include; The Rapid Intervention Team winning the Burdett Nursing Award for their dedication and success in safely caring for acutely unwell patients at home, an inspirational matron winning a NHS Windrush 70 award, a nurse announced as a finalist in the RCNi Nurse Awards and our IP team won Infection Prevention Team of the Year. Not to mention countless other nominations and awards for our staff's hard work and commitment.

Finally, I would like to take this opportunity to thank my good friend and work colleague – Jeremy Vanes – for all his support and guidance. Jeremy left the Trust at the end of March 2019 after serving as a chairman and non-executive director for 13 years; the maximum time allowed by statute. We would not be where we are today without Jeremy's leadership and his dedication to improving patient care. Professor Steve Field CBE will be taking over from Jeremy as our new Chairman and I look forward to working with him.

Our main focus in the coming year is that we are doing everything we can to make sure our patients receive safe care which is high quality, whether they are being treated in one of our hospitals, in a community setting or at home. Whilst I believe there will be many challenges, we are in a very strong position moving forward to keep our focus on doing the right thing for patients and provide the best care possible.

[Signature]

**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<sup>st</sup> 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 4<sup>th</sup> Regional Heart & Lung Centre during 2004/05, and we are designated as the only specialist services tier 2 hospital in the Black Country.

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 1<sup>st</sup> November 2014 we acquired services and assets, including Cannock Chase Hospital, from the Mid Staffordshire NHS Foundation Trust.

From 1<sup>st</sup> June 2016 we entered into an agreement with certain Wolverhampton GP practices for a pilot model of vertical integration of services. As at March 2019, eight 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.

From 1<sup>st</sup> April 2018 the Black Country Pathology Service (BCPS) came about as a result of four acute Trusts in the Black Country agreeing to work together to have one pathology service serving The Dudley Group NHS Foundation Trust, Sandwell & West Birmingham Hospitals NHS Trust, Walsall Healthcare NHS Trust and The Royal Wolverhampton NHS Trust. This service is a hub and spoke model with the main hub being located at New Cross Hospital, Wolverhampton.

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 provided an additional 15 beds, bringing the total number of stroke beds to 39 and will provide an HASU care for both Wolverhampton and Walsall residents. This has improved the standard of clinical care for stroke patients at Walsall and Wolverhampton as we are able to provide comprehensive care across 7 days, an 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 - eight GP practices have now joined us across Wolverhampton and Staffordshire.
- BCPS - The centre carries out tests such as; fertility tests, blood/urine analysis, tests for infection and detecting cancer.

### 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 262,000 people. Recognising the close proximity to neighbouring areas, the wider population that we serve is closer to 470,000. 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 creation of the Black Country Pathology Service (BCPS) came about as a result of the four acute Trusts in the Black Country agreeing to work together to have one pathology service serving The Dudley Group NHS Foundation Trust, Sandwell & West Birmingham Hospitals NHS Trust, Walsall Healthcare NHS Trust and The Royal Wolverhampton NHS Trust. This service is a hub and spoke model with the main hub being located at New Cross Hospital, Wolverhampton, and essential services laboratories (ESLs) at each acute hospital (Russell's Hall, Walsall Manor and Midland Metropolitan). As a result the BCPS now serves the 1.4 million people who reside in the Black Country.

The Office of National Statistics (ONS) estimates that the population of Wolverhampton will grow to 264,000 in 2020 and 268,000 by 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 (19.7% v 18.9%) and fewer older people (15.7% v 16.4%) compared to England respectively, the ONS projections demonstrate that this trend is likely to change, and Wolverhampton will begin to close this gap.



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

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

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

## Activity Overview 2018-2019

Following agreement in 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. During 2018/19 the trust had to limit the number of births for safety reasons which has resulted in a slight decline in activity.

2018/19 also saw an increase in emergency admissions, this follows an agreed change in patient pathways which sees suspected stroke patients who would previously have gone to Walsall Manor Hospital now coming to New Cross Hospital.

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.

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.





Trust activity is summarised in the tables below:

**Table 1 Admissions**

| Admissions              |       |           |           |           |           |           | Percentage difference |                   |                  |                  |
|-------------------------|-------|-----------|-----------|-----------|-----------|-----------|-----------------------|-------------------|------------------|------------------|
|                         | Year  | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2014/15 - 2015/16     | 2015/16 - 2016/17 | 2016/17- 2017/18 | 2017/18- 2019/19 |
| Admission Method:       |       |           |           |           |           |           |                       |                   |                  |                  |
| Emergency*              |       | 38,698    | 40,921    | 39,902    | 38,577    | 39,206    | 5.7%                  | -2.5%             | -3.3%            | 1.6%             |
| Planned Overnight Stays |       | 7,732     | 7,874     | 7,597     | 7,193     | 7,392     | 1.8%                  | -3.5%             | -5.3%            | 2.8%             |
| Planned Day Admissions  |       | 47,254    | 58,774    | 61,252    | 61,469    | 61,338    | 24.4%                 | 4.2%              | 0.4%             | -0.2%            |
| Regular Day Admissions  |       | 30,553    | 30,843    | 30,694    | 30,459    | 31,481    | 0.9%                  | -0.5%             | -0.8%            | 3.4%             |
| Transfers (in)          |       | 936       | 738       | 550       | 599       | 418       | -21.2%                | -25.5%            | 8.9%             | -30.2%           |
| Maternity               |       | 9,364     | 9,845     | 11,356    | 11,458    | 11,064    | 5.1%                  | 15.3%             | 0.9%             | -3.4%            |
| Births                  |       | 4,199     | 4,567     | 5,066     | 5,311     | 5,059     | 8.8%                  | 10.9%             | 4.8%             | -4.7%            |
|                         | Total | 138,736   | 153,562   | 156,417   | 141,672   | 155,958   | 10.7%                 | 1.9%              | -9.4%            | 10.1%            |

\*Emergency admission numbers have been recalculated so that only admissions to wards are included.

**Table 2 Emergency Activity**

| Emergency Activity                 |         |         |         |         |         | Percentage difference |       |       |       |
|------------------------------------|---------|---------|---------|---------|---------|-----------------------|-------|-------|-------|
| New Cross A&E (Type1)              | 117,290 | 127,906 | 131,134 | 133,328 | 138,906 | 9.1%                  | 2.5%  | 1.7%  | 4.2%  |
| GP Urgent Care Centre              | -       | -       | 31,131  | 48,690  | 48,583  |                       |       | 56.4% | -0.2% |
| Phoenix Walk in Centre Attendances | 36,740  | 38,824  | 38,975  | 40,225  | 37,485  | 5.7%                  | 0.4%  | 3.2%  | -6.8% |
| Cannock Minor Injuries Unit        | 1,115   | 13,124  | 14,207  | 15,345  | 15,722  |                       | 8.3%  | 8.0%  | 2.5%  |
| Total                              | 155,145 | 179,854 | 215,447 | 237,588 | 240,696 | 15.9%                 | 19.8% | 10.3% | 1.3%  |

**Table 3 Referrals**

| Referrals |         |         |         |         |         | Percentage difference |       |      |      |
|-----------|---------|---------|---------|---------|---------|-----------------------|-------|------|------|
| New       | 273,624 | 332,621 | 373,881 | 376,556 | 381,283 | 21.6%                 | 12.4% | 0.7% | 1.3% |
| Total     | 273,624 | 332,621 | 373,881 | 376,556 | 381,283 | 21.6%                 | 12.4% | 0.7% | 1.3% |

**Table 4 Outpatient Attendances**

| Outpatient (Attendances) |         |         |         |         |         | Percentage difference |       |       |       |
|--------------------------|---------|---------|---------|---------|---------|-----------------------|-------|-------|-------|
| Patient Type:            |         |         |         |         |         |                       |       |       |       |
| New                      | 191,070 | 230,661 | 258,287 | 252,738 | 252,295 | 20.7%                 | 12.0% | -2.1% | -0.2% |
| Review                   | 434,719 | 509,521 | 542,279 | 520,585 | 524,754 | 17.2%                 | 6.4%  | -4.0% | 0.8%  |
| Total                    | 619,740 | 740,182 | 800,566 | 773,323 | 777,049 | 19.4%                 | 8.2%  | -3.4% | 0.5%  |

**Table 5 Community Contacts**

| Community Contacts |       |           |           |           |           |           |
|--------------------|-------|-----------|-----------|-----------|-----------|-----------|
|                    | Year  | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
| First              |       | 54,020    | 56,133    | 59,660    | 53,203    | 55,766    |
| Subsequent         |       | 463,355   | 458,122   | 447,860   | 428,370   | 421,288   |
|                    | Total | 517,375   | 514,255   | 507,520   | 481,573   | 477,054   |

| 2014/15 - 2015/16 | 2015/16 - 2016/17 | 2016/17- 2017/18 | 2017/18- 2019/19 |
|-------------------|-------------------|------------------|------------------|
| 3.9%              | 6.3%              | -10.8%           | 4.8%             |
| -1.1%             | -2.2%             | -4.4%            | -1.7%            |
| -0.6%             | -1.3%             | -5.1%            | -0.9%            |



## 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.

### Our Values:

- **Safe and Effective** – We will work collaboratively to prioritise the safety of all within our care environment.
- **Kind and Caring** – We will act in the best interest of others at all times.
- **Exceeding Expectation** – We will grow a reputation for excellence as our norm.

### Trust Strategic Objectives 2018-2021:

- To have an effective and well integrated health and care system that operates efficiently.
- Proactively seek opportunities to develop our services.
- Create a culture of compassion, safety and quality.
- Attract, retain and develop our staff and improve employee engagement.
- Maintain financial health – appropriate investment to patient services.
- Be in the top 25% for key performance measures.

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 2018/19:

- Workforce - Recruitment and retention of staff across the Trust and in particular the future pipeline of nursing and medical staff.
- That there is a failure to deliver recurrent CIP's.
- That the deficit plan (before Sustainability and Transformation Funds) for 2018-2019 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.
- The high SHMI could reduce the confidence in the quality of care the Trust provides

### Going Concern

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 2019.

### What We Achieved – Performance Summary 2018-2019

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 Royal Wolverhampton NHS Trust has been rated 'Good' by the Care Quality Commission (CQC) following our inspection which took place between February and March 2018. The CQC published their report in June 2018 showing that the Trust had made significant improvements since its last inspection in 2015. RWT is now rated as 'Good' overall as well as achieving 'Good' ratings in the 'effective, caring, responsive and well led' categories.

The Trust's security team have invested almost £250,000 on safety measures and have won a top national award. The team were announced as the winners of the prestigious 'Hospital Security Award' at the Health Business Awards 2018 in London.

Four of the Trust's 8 GP Practices were inspected by the Care Quality Commission in July 2018 and were rated as 'Good'. During the visit inspectors said the staff in all practices treated patients with compassion, kindness, dignity and respect. In addition, feedback from patients was positive about the way staff treat people.

The Infection Prevention Team continues to demonstrate excellence in their field and were honoured at the national awards ceremony with the top accolade. The IP Team won 'Infection Prevention Team of the Year' at the Infection Prevention Society Gala Awards.

The nurse recruitment team won an award for improving the recruitment experience of international nurses. The team beat nine other shortlisted trusts across the country to the top spot at the Nursing times Workforce Summit and Awards in London.

One of the Trust's GP practices made simple but important changes during 2018/19 to become a 'Dementia Friendly' practice. This has made the service more accessible to people living with dementia and their carers. This included enabling all staff to become Dementia Friends, improving signage and developing a register of patients who may need reminding of upcoming appointments.



The Trust launched a 'Well Done Wednesday' social media recognition scheme to celebrate staff and the excellent work they do. The posts were made on Facebook, Twitter and Instagram and have seen a huge positive response from patients and public who want to celebrate the amazing work of the staff.

The Rapid Intervention Team won the Burdett Nursing 'Who Cares, Wins Award' for their success in caring for acutely unwell patients at home, preventing hospital admissions. The service has improved patient choice, control and quality of life.

A new £2.4 million Stroke Unit opened at New Cross. The move has seen all suspected stroke cases from Wolverhampton and Walsall treated at our Specialist Hyper Acute Stroke Unit. The new stroke unit consists of an additional 15 beds bringing the total of stroke beds to 39, a Gym and Activities of Daily Living assessment area. In addition the new unit has an integrated TIA (transient ischaemic attack) clinic for rapid referrals from GP's for patients with a suspected TIA or 'mini stroke'.

The Trust is running an exciting apprenticeship programme which enhances employment prospects for people and creates a fantastic opportunity to step into the NHS. An apprenticeship at RWT gives young people and adults the chance to earn while they learn in a real job, gaining qualifications and experience that will enhance their career prospects.

The new bereavement centre opened in December 2018 and offers:-

- Improved facilities for families
- Dedicated space away from other Trust business
- Space for private discussion
- Registrar from City of Wolverhampton Council
- Medical Examiner
- Bereavement Nurse

A new Pathology service was launched in the Black Country during 2018/19. Staff from neighbouring Trusts have joined RWT as part of the Black Country Pathology Service (BCPS). The BCPS is a 'hub and spoke' service model with the 'hub' located in showcase facilities at New Cross Hospital and Essential Service Laboratories (ESLs) supporting acute services in the other partner sites at Dudley, Walsall and Sandwell & West Birmingham Trusts.

The Trust celebrated 10 years of carrying out Trans-catheter Aortic Valve Implantation (TAVI) cardiac valve replacement procedure in October 2018. RWT was the third Trust in the country to offer TAVI, since then it has become standard practice with over 750 cases having been carried out at New Cross to date. TAVI involves the implantation of an artificial aortic valve into the heart via the groin, rather than open heart surgery which was previously the only option.



The Trust was the first NHS Trust in the West Midlands to sign up to the 'Step into Health' initiative which was publicly launched by HRH Duke of Cambridge. Step into Health helps former military personnel kick-start careers in the NHS, by offering a route into employment and career development opportunities. The programme recognises the transferable skills that armed forces personnel develop when serving and how they are compatible with those required within NHS roles.

### **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.
- Overall rise in cancer referrals (9%), specific specialties affected by this have been Breast (11%), Upper GI (8%) and Colorectal (5%).
- The rise in cancer referrals has also impacted on diagnostic capacity with the Trust carrying out an additional 10,640 tests (7.09%) during the year.

### **EU Exit preparations 'Brexit'**

The focus of The Royal Wolverhampton NHS Trust's preparations for EU Exit, has been to ensure minimal disruption to effective patient care under any EU Exit scenario. Following changes to Government planning assumptions in December 2018, the trust has focussed on preparations for a "No Deal" EU Exit including:

Following operational guidance issued by the Department of Health and Social Care (DHSC) in December 2018.

- Supporting staff to ensure that they are prepared for any potential impacts of EU Exit.
- Supporting EU nationals in our organisation who wish to continue living and working here following the UK's exit from the EU.
- Supporting national planning with the NHS England and NHS Improvement EU Exit programme by participating in regional EU Exit roadshows, responding to guidance and information, and providing assurance and Situational Reports in line with national guidance.
- Working across our local health economy to ensure system wide readiness for EU Exit.

Following the further extension to the Article 50 period to 31 October 2019, necessary preparations for all EU Exit scenarios have been continuing, in line with national guidance. This includes maintaining the ability to stand up no deal plans again if required.



## 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:

- Delayed transfers of care = 3.08% (target <4%), excluding social care delays = 1.08% (target <2%).
- C Difficile = 31 cases (year-end target of 34).
- Stroke - Percentage of patients that have spent 90% or more of their stay in hospital on ASU = 93.55% (target 80%).
- Where possible patients will not have their operation cancelled at short notice = 0.47% (target <0.8%).
- Falls resulting in serious harm = 12 (this is an improvement from last year which was 18).
- Percentage of patients with fractured neck of femur undergoing surgery within two days of admission = 96.11% (target 80%).
- Electronic discharge summary completed and dispatched within 24 hours of patient discharge for Base Wards = 95.77% (target 95%).
- Referral to treatment – no patients waiting longer than 52 weeks = 0

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

- 18 weeks referral to treatment incomplete pathways = 90.44% (target 92%).
- Patients treated/admitted from A&E with 4 hours = 91.12% an improvement of 1.15% from last year's performance of 89.97% (target 95%).
- Ambulance handover = 1,005 (30-60 minute) breaches and 98 (>60 minute) breaches.
- Patients with a diagnosis of cancer will wait no longer than 62 days = 62.65% (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 0.47% against a target of <0.8%. The single biggest reason for cancelled operations on the day of surgery during the year was due to 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 this represented 33% of the total cancellations for the year.



The second highest reason for cancellations was lack of bed/HDU capacity and this represented 20% of the total cancellations for the year.

### **Patients Treated/admitted from Emergency Department (ED) within 4 hours**

We saw increased numbers through the Emergency Department during 2018/19, with an additional 5,544 (3.99%) attendances at the New Cross site, 375 (2.39%) at Cannock Minor Injuries Unit, and a decrease in numbers at the Phoenix Walk in Centre of -2,746 (-7.33%) and Vocare (Urgent Care Centre) -53 (-0.11%). On an average basis, this equates to an overall additional average of 260 attendances per month across all sites during the year.

There were 7 patients who breached the 12 hour decision to admit target during the year:-

- 6 were mental health patients awaiting specialist inpatient beds.
- 1 was a child waiting for Paediatric Intensive Care bed.

It should be noted that whilst we did not achieve the overall ED standard, our performance was still significantly better than average and ranked RWT in the top quartile of all ED performance across the country and 2<sup>nd</sup> best performing Trust across the West Midlands.

### **Ambulance Handover**

The Trust saw an increase in ambulance conveyance numbers during the year with an additional 3,516 (6.97%) ambulances. In addition to this we saw a very slight increase in handover breaches for 30-60 minutes (+5 from previous year) however, significant decrease in handover breaches over 60 minutes (-64 compared with previous year). With the opening of the new Stroke unit in 2018/19 the Trust has experienced a rise in ambulances for this condition and these equate to 5% of the overall ambulance numbers during the year.

### **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 Maxillo Facial procedures. In addition to this we have seen a large increase in cancer 2 week wait referrals during the year taking priority over routine appointments.

The Trust had no patients waiting longer than 52 weeks during 2018/19.

### **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 from the Intensive Support Team to try and identify opportunities for improvement.

Certain factors continue to impact on the Trust: the continued late receipt of tertiary referrals, patient choice for specified surgery (Urology) and increased referrals in identified specialties, particularly Breast (11%), Upper GI (8%) and Colorectal (5%).





## **Infection Prevention**

The Trust has a strong track record for promoting and pioneering innovative solutions around infection prevention. Although we saw a slight increase in numbers during 2018/19 the Trust remained within the yearly target; 31 against a target of 34. However, 2 patients were identified as MRSA positive against a zero threshold.

## **Key Financial Performance Information**

The following summary of financial performance during 2018-2019 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 2018-2019 the Trust made a surplus of £3,021,000 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 2018-2019 it achieved this, spending £3,414,000 (£3,626,000 2017-2018) (against a target of £3,494,000 (target of £3,626,000 in 2017-2018)).

### **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' spending at or below this level. We spent £22,680,000 (19,909,000 in 2017-2018) against a limit of £22,693,000 (£20,068,000 in 2017-18).

### **Valuation of Trust 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 2019 has 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:

- 117,256 invoices received during the year, 38,980 (33.2%) were paid within 30 days of receipt of goods or a valid invoice (whichever is the latter).
- Against a turnover of £592,975,000, the break-even in-year position was £3,021,000, with a break-even cumulative position of £54,143,000.
- The accounts for the Trust were produced in line with the Department of Health's Group Accounting Manual, with particular judgement 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 (SDMP). 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.

#### Sustainable Development Management Plan -SDMP

The SDMP was approved by Trust Management Committee on 26th October 18 and sets out the following:

1. The Trust's vision for sustainability
2. An Action Plan for delivering the organisation's sustainability objectives
3. Review the progress of the plan

The 'Sustainability Group' has now been set up and Terms of Reference Agreed. The group will be responsible for updating the SDMP and monitoring the implementation of the annual action plans.

SDMP Aims & Objectives - The Royal Wolverhampton NHS Trust will:

1. Energy and Carbon Management - Review energy and carbon management at board level, develop better use of renewable energy where feasible, measure and monitor on a whole life cycle cost basis and ensure appropriate behaviours are encouraged in individuals as well as across the organisation.
2. Procurement and Food - Consider minimising wastage at the buying stage, work in partnership with suppliers to lower the carbon impact of all aspects of procurement, make decisions based on whole life cycle costs and promote sustainable food throughout its business.



3. Travel and Transport - Routinely and systematically review the need for staff, patients and visitors to travel, consistently monitor business mileage, provide incentives for low carbon transport and promote care closer to home, telemedicine and home working opportunities.
4. Waste - Endeavour to efficiently monitor report and set achievable targets on the management of domestic and clinical waste including minimising the creation of waste in medicines, food and information technology (IT) and review its approach to single items versus decontamination options.
5. Water - ensure efficient use of water by measuring and monitoring its usage by incorporating waste saving schemes into building developments, by quick operational responses to leaks, by using water efficient technologies and by avoiding the routine purchasing of bottled water.
6. Designing the Built Environment - Aim to address sustainability and low carbon usage in every aspect of the design process and operations. This includes resilience to the effects of climate change, energy management strategies and a broader approach to sustainability including transport, service delivery and community engagement.
7. Organisational and Workforce Development - Encourage and enable all members of the NHS workforce to take action in their workplace to reduce carbon. Staff will be supported by promoting increased awareness, conducting behavioural change programmes, facilitating home working, encouraging low carbon travel, the use of ICT and ensuring sustainable development is included in every job description.
8. Partnerships and Networks - Consolidate partnership working and make use of its leverage within local frameworks including Local Area Agreements and Local Strategic Partnerships.
9. Governance - Adhere to the Good Corporate Citizenship Assessment Model and produce a board approved Sustainable Development Management Action Plan, whilst also setting further interim targets to meet the provisions of the Climate Change Act 2008. The Royal Wolverhampton NHS Trust is also aware that carbon reduction and sustainable development are corporate responsibilities and should be core to each Trust's performance and governance mechanisms.
10. Finance - Become carbon literate, carbon numerate and ensure appropriate investment to meet the commitments required to become part of a low carbon NHS and in preparation for a carbon tax regime. Working in partnership will be essential to deliver relevant incentives, economies and training to support the shift in culture for the local economy.





**Table 6 Site Carbon figures in tons (1000kg)**

| Energy               | Unit | Community | New Cross  | West Park | Cannock   | Carbon Conversion |
|----------------------|------|-----------|------------|-----------|-----------|-------------------|
| Electricity consumed | kWh  | 897,053   | 8,721,385  | 591,043   | 3,360,833 | 0.545             |
| Gas consumed         | kWh  | 2,736,318 | 61,561,895 | 1,074,398 | 7,479,267 | 0.185             |
| Oil consumed         | kWh  | 0         | 846,537    | 3,975     | 13,780    | 0.275             |

| tons of CO2e | Community | New Cross | West Park | Cannock  | Total     |
|--------------|-----------|-----------|-----------|----------|-----------|
| Electricity  | 488.89    | 4,753.15  | 322.12    | 1,831.65 | 7,395.82  |
| Gas          | 506.22    | 11,388.95 | 198.76    | 1,383.66 | 13,477.60 |
| Oil          | -         | 232.80    | 1.09      | 3.79     | 237.68    |
| Total        | 995.11    | 16,374.90 | 521.98    | 3,219.11 | 21,111.10 |

The Trust has a 'Sustainable Development Management Plan' (SDMP) which ensures it satisfies its obligations under the Climate Change Act and which takes into account UK Climate Change Projections 2018.

### Engagement with Public, Patient & Stakeholders

The Trust is in the process of developing a 3 year strategy for Patient Experience, Engagement and Public Involvement, which will identify the benefits of local engagement, and provide a framework to achieve our objectives. The Trust is committed to the people of Wolverhampton, Cannock and the Black Country being involved at the heart of our work and decision making.

The Trust will continue to listen and act upon individual and carer feedback to help inform and shape the services we provide and the experiences and aspirations of our patients.

Initiatives for the year had included:

- Patients and carers were encouraged to express how it feels to receive care from the Trust by the sharing of their 'Patient Stories'. Such stories provided the Trust with an opportunity to learn as an organisation, bringing experiences to life and making them accessible to other people. They can, and do, encourage the Trust to focus on the patient as a whole person rather than just a clinical condition or as an outcome
- In July 2018, the Trust participated in a job fair for people with a health condition or disability at Wolverhampton Job Centre.
- The Council of Members, established in 2017, had continued to make strides by working together more effectively as a group and as individuals contributing to initiatives and meetings at the Trust. This group of committed individuals from our local community was part of key work streams, for example:
  - ☐ The Policy Group Committee and the Equality and Diversity Steering Group
  - ☐ Supporting the hospital with the design of a new Bereavement Centre



- Participating in PLACE assessments to assess the quality of the patient environment
- Contributing to a stakeholder panel to recruit a new Chair for the Board of Governors for the Trust

They had been fundamental in ensuring that the patients' views are always considered in the way in which we shape our services. The group meet on a regular basis and have now produced their own Council of Members Newsletter informing others of the various work streams they are part of. A new work plan has been developed for the forthcoming six months.

## Serious incidents

**Table 7 Serious Incidents (including Never Events) Reported**

| Category                    | 01/04/18 to 30/03/19 |
|-----------------------------|----------------------|
| Accident                    | 2                    |
| Confidential Breach         | 13                   |
| Diagnostic                  | 12                   |
| Consent Not Given           | 1                    |
| Infection                   | 14                   |
| (C.Diff)                    | (1)                  |
| (Infection)                 | (7)                  |
| (MRSA)                      | (6)                  |
| Medical Equipment           | 1                    |
| Medication                  | 2                    |
| Never Event                 | 4                    |
| (Retained Foreign Object)   | (2)                  |
| (Wrong Site Surgery)        | (2)                  |
| Screening                   | 1                    |
| Sub Optimal Care            | 9                    |
| Surgical/Invasive Procedure | 2                    |
| Treatment Delay             | 4                    |
| Unexpected Death            | 0                    |
| Unexpected Injury           | 0                    |
| VTE                         | 1                    |
| <b>TOTAL</b>                | <b>66</b>            |

| Category                           | 01/04/18 to 30/03/19 |
|------------------------------------|----------------------|
| Maternity                          | 9                    |
| Pressure Injuries                  | 18                   |
| (Community)                        | (4)                  |
| (Hospital)                         | (14)                 |
| Slip/Trip/Fall (with serious harm) | 10                   |
| <b>TOTAL</b>                       | <b>37</b>            |

**Total = 103**



## Workforce

We are one of the largest employers within the local community, with ca. 9,400 substantive staff at end of March 2019, 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 continue to make progress towards developing a more inclusive workforce and culture, increasing levels of engagement with staff, and raising awareness of Equality issues and this is reflected in our latest staff survey results and our plans and interventions for the next year are with a focus on Inclusion and greater staff involvement and engagement.

The workforce profile is shown below:

### Gender, Disability and Ethnicity

**Table 8 Headcount: 31 March 2019**

| Staff Type              | Female      | Male        | Grand Total |
|-------------------------|-------------|-------------|-------------|
| Apprentice              | 63          | 23          | 86          |
| Medical & Dental        | 396         | 557         | 953         |
| Other Staff             | 6720        | 1220        | 7940        |
| Student Nurse           | 10          | 2           | 12          |
| Trust Board - Execs     | 3           | 6           | 9           |
| Trust Board - Non Execs | 3           | 2           | 5           |
| VSM/Band 8a+            | 284         | 125         | 409         |
| <b>Grand Total</b>      | <b>7479</b> | <b>1935</b> | <b>9414</b> |

*Note: The headcount has increased by ca. 500 staff through the transfer of Black Country Pathology staff into the Trust.*

**Table 9 Proportion:**

| Staff Type              | Female        | Male          |
|-------------------------|---------------|---------------|
| Apprentice              | 73.26%        | 26.74%        |
| Medical & Dental        | 41.55%        | 58.45%        |
| Other Staff             | 84.63%        | 15.37%        |
| Student Nurse           | 83.33%        | 16.67%        |
| Trust Board - Execs     | 33.33%        | 66.67%        |
| Trust Board - Non Execs | 60.00%        | 40.00%        |
| VSM/Band 8a+            | 69.44%        | 30.56%        |
| <b>Grand Total</b>      | <b>79.45%</b> | <b>20.55%</b> |



### Disability:

The proportion of employees recorded on ESR, having declared that they have a disability has increased slightly by 0.09% (1.20% in 2018). One of the ways of us encouraging people to declare is through awareness sessions, at induction and employee voice forums that target areas such as disability.

**Table 10 Disability**

| Disability           | %              |
|----------------------|----------------|
| No                   | 65.66%         |
| Not Declared         | 32.41%         |
| Prefer Not To Answer | 0.64%          |
| Undefined            | 0.01%          |
| Yes                  | 1.29%          |
| <b>Grand Total</b>   | <b>100.00%</b> |

### Ethnicity:

The proportion of BAME staff within the Trust's workforce as at 31 March 2019 shows a further increase of 2.21% at 28.86% (26.74% in 2018).

**Table 11 Ethnicity**

| Ethnicity          | %              |
|--------------------|----------------|
| African            | 2.56%          |
| Asian              | 2.85%          |
| Bangladeshi        | 0.38%          |
| Black              | 0.02%          |
| Caribbean          | 3.09%          |
| Chinese            | 0.53%          |
| Indian             | 11.33%         |
| Mixed White        | 1.95%          |
| Other Black        | 0.62%          |
| Other Mixed        | 0.42%          |
| Other/Not Known    | 2.93%          |
| Pakistani          | 2.17%          |
| White              | 71.14%         |
| <b>Grand Total</b> | <b>100.00%</b> |

### Staff Catchment Area

At the end of the financial year March 2019, 58.93% of the Trust's workforce reside within a WV postcode (Source: Electronic Staff Record system); compared to 61.61% in March 2018.

### Sickness Absence – also applies to Section C Financial Statements

The rolling sickness for the trust between 01/04/2018 and 31/03/2019 is **4.06%**.



## Staff Engagement

We have seen an improvement in the Trust's staff engagement levels as shown in the 2018 NHS Staff Survey results. The Trust's results were better than the average national comparator and this is consistent across the majority of staff survey themes. We continue to be committed to providing the right conditions for our staff to strive continuously to improve patient experience and outcomes and this is confirmed through a demonstrable increase in staff responding that they would recommend the Trust as a place to work (71%) and as a place to receive treatment (77%).

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 workplace where our values and behaviours are evident on a daily basis.

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

We continue to make positive progress in areas of Attraction and Recruitment, further improvement in reporting and responding to workforce metrics and trends, in employee relations and policy development. We are building on our 'Every Voice Matters' programme following positive feedback on the various employee voice forums and staff health and wellbeing events that have taken place during this last year and building this into our Organisational Development approach for this year. We fully recognise that there is more that we can and will need to do to further improve on staff engagement and equality, diversity and inclusion and 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 12)

### Relevant union officials

| <i>Number of employees who were relevant union officials during the relevant period</i> | <i>Full-time equivalent employee number</i> |
|---|---|
| 2   | 1   |

### Percentage of time spent on facility time

| <i>Percentage of time</i> | <i>Number of employees</i> |
|---------------------------|----------------------------|
| 0%                        |                            |
| 1-50%                     |                            |
| 51%-99%                   |                            |
| 100%                      | 2                          |



## Percentage of pay bill spent on facility time

|   |           |
|---|-----------|
| Provide the total cost of facility time   | £36,545   |
| Provide the total pay bill  | £363,950m |
| Provide the percentage of the total pay bill spent on facility time, calculated as:<br>(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

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. Volunteers add an important 'extra' factor to helping us provide a positive patient and visitors experience in Royal Wolverhampton NHS Trust. Volunteer services has seen a successful year achieving many of its objectives and again, a busy period for volunteer recruitment with new volunteers joining the organisation this year in a variety of roles.

We currently have over 25 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:

- In Ophthalmology- a volunteer to conduct the Friends and Family survey test with outpatients
- Also in Ophthalmology- a meet and greet role to meet those arriving early in the morning for surgery and signpost them to waiting areas.

The introduction of these 2 new roles has been very successful. In addition we have continued to recruit volunteers into other existing roles and have aimed to increase our recruitment of ward support volunteers.

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 2018 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

- Beacon 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

### **Volunteer Service Statistics**

Current number of active volunteers in the Trust on 31/3/2019 - 376

Number of volunteers that joined the Trust in reporting period - 90

Number of volunteers who left the Trust in reporting period - 143

Estimated number of volunteer hours provided to RWT in reporting period - 108,288

Number of volunteers in each location - (as at 31/3/2019)

Cannock Chase Hospital - 79

New Cross Hospital - 226

West Park Hospital/ community services - 71

### **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 2018-2019 include the following items:

- three probes and accessories for breast care.
- a video laryngoscope for the Neonatal unit.
- an ultrasound for cardiac.
- a glidescope for paediatrics.
- endoscopic ear surgery equipment for ENT patients.

The annual report of the Trust Charity will be published in the late summer 2019 and will contain more information about this aspect of our work.





## B – Accountability Report

### B1 – Corporate Governance Report

#### Directors Report

##### The Directors of the Trust

During the year 2018-2019 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):

Prof. A-M Cannaby – Chief Nursing Officer (from April 2018)  
J Small (to December 2018) – Non-Executive Director  
R Dunshea – Non-Executive Director, Senior Independent Director, Chair of Audit Committee  
R Edwards – Non-Executive Director  
C Etches, OBE – Deputy Chief Executive (from April 2018)  
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/deputy Chief Executive

The roles and activities of the Trust Board committees are covered in 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 one Associate Non-Executive Director.

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 2018-2019 the Trust Board met monthly, except in August 2018 and January 2019 (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**

Dr Jonathan Darby joined the Trust Board as an Associate Non-Executive Director with effect from 1 March 2017 and left in November 2018.

### **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 2018-2019: 8/9**

##### **Declaration of interests**

- Health policy adviser to the Labour and Conservative Parties
- Dementia Health and Care Champion Group – Member
- National Institute for Health Research – Member of Advisory Board
- Chair of West Midlands Cancer Alliance (from 06/06/2018)

#### **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 has previously also worked as 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 2018-2019: 9/9**

**Declaration of interests**

- Member of Chartered Management Institute
- Member of Labour Party (individual member)
- Chief Executive, Citizens Advice South Warwickshire (from 01/08/2019)
- Foster carer – Wolverhampton City Council (ceased 25/04/2019)

**Prof Ann-Marie Cannaby**

**Prof Ann-Marie Cannaby- Chief Nurse**

**Appointed April 2018**

Ann-Marie joined the Board at Wolverhampton in April 2018. Ann-Marie is a Professor at Birmingham City University, who has amassed extensive experience working both nationally and internationally in senior nursing leadership roles.

She spent five years as Chief Nursing Officer at Hamad Medical Corporation, the main healthcare provider in Qatar. She was responsible for the organisation's 10,000 nursing and midwifery staff across eight hospitals, a number of community health facilities and the national ambulance service. Before her move to the Middle East, Ann-Marie spent over seven years at University Hospitals Coventry and Warwickshire NHS Trust, a 1,300 bed acute provider spread across two sites with a budget of £640m, where she progressed to the dual role of Chief Nursing Officer and Chief Operating Officer.

Prior to this she spent a number of years at University Hospitals of Leicester NHS Trust in a variety of frontline nursing and leadership posts. Ann-Marie has successfully transitioned into different health systems and environments throughout her career. She has extensive experience in working in Accountable Care Systems (ACS), most recently the Canterbury ACS in New Zealand.

Ann-Marie offers an extensive professional, operational and executive background combined with a strong academic portfolio, she is actively involved in research and education holding a Masters and a PhD, with deep experience in curriculum development.

**Board Attendances in 2018-2019: 9/9**

**Declaration of interests**

- Birmingham City University – Professor of Nursing Sciences
- Royal College of Nursing – Member
- Warwick University – Research fellow (Honorary)
- Higher Education Academy – Teaching Fellow



- Ann-Marie Cannaby Ltd. – Director
- Leicester and Leicestershire Photographic Society - Member
- La Trobe University, Victoria, Australia - Honorary Visiting Fellow

### **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 2018-2019: 8/9**

#### **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 2018-2019: 7/9**

#### **Declaration of interests**

- None in 2018-2019



**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 2018-2019: 7/9**

**Declaration of interests**

- Calabar Vision 2020 Link – Trustee (from 03/12/2018)

**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 2018-2019: 8/9**

**Declaration of interests:**

- None declared for 2018-2019



**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 2018-2019: 9/9**

**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

**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 2018-2019: 9/9**

**Declaration of interests**

- Member of the Liberal Democratic Party.

**Cheryl Etches OBE - Deputy Chief Executive**

**Appointed April 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. She retired at the end of March 2018 as Chief Nurse for the Trust.

**Board Attendances in 2018-2019: 4/7**

**Declaration of interests**

- ICD Medical - Director
- Arbonne International – District Manager, Independent Consultant
- Healthcare Futures UTC – Governor
- Calabar Vision 2020 Link – trustee (ceased 02/12/2018)

**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. He was a Registered General Nurse between 1982 and 1996.



**Board Attendances in 2018-2019: 9/9**

**Declaration of interests**

- General Chiropractic Council – Lay member (from 03/12/2018)
- Medical Research Council - independent member of Risk and Audit Committee (ceased 26/06/2018)
- Equality and Human Rights Commission - independent member of Audit and Risk Committee (ceased 31/03/2019)
- Geological Society of London – Member of Audit Committee (from 14/12/2018)
- North Salop Wheelers Ltd (Community Bus company) – Social services (contract with NHS) – bus driver (ceased 03/12/2018)

**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 2018/2019: 8/9**

**Declaration of interests**

- Labour Party, Hall Green Constituency – member of Executive Committee (vice chair: Policy) (ceased 01/09/2018)
- Labour Party, Moseley and Kings Heath Branch - Vice Chair, Auditor, Member of Election Campaign Committee (ceased 01/12/2018)
- Labour Party member
- 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
- Daughter is a governor at the Heart of England Foundation Trust (ceased 01/05/2018)
- Care Quality Commission Inward Secondment undertaking the role of Executive Reviewer (from 28/09/2018)





### **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 2018-2019: 8/9**

#### **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 three major Midlands based charities – The ExtraCare Charitable Trust, Performances Birmingham and Midlands Art Centre.



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

**Board Attendances in 2018-2019: 9/9**

**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 (ceased 27/03/2019)
- Friday Bridge Management Company Limited (residential property management company)
- Extracare Charitable Trust – non-executive director/Trustee

**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 2018-2019: 9/9**

**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 retired December 2018**

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 has also worked as a Lead Commissioner for Public Health and Prevention services at Staffordshire County Council up to 30 April 2018.

**Board Attendances in 2018-2019: 5/6**

**Declaration of interests**

- Employee of Staffordshire County Council (ceased 08/05/2018)

**Dr Jonathan Darby - Associate Non-Executive Director**  
**Joined with effect from 1 April 2017 retired November 2018**

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 2018-2019: 3/6**

**Declaration of interests**

- General practitioner, St Margaret's Well Surgery, 2 Quarry Lane, Halesowen – senior partner- (Stepped down 30/04/2018, salaried GP from 01/05/2018)
- Dudley CCG – Board member and IT Lead
- Manor Abbey Investments – Director
- BBC Birmingham – Medical Advisor



### Personal data incidents 2018-2019

Summary of serious incidents requiring investigation involving personal data as reported to the Information Commissioner's office in 2018-2019.

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.



**Signed:**

David Loughton CBE, Chief Executive

**Date: 24 May 2019**

**Signed:**

Kevin Stringer, Chief Financial Officer

**Date: 24 May 2019**



## GOVERNANCE STATEMENT 2018-2019

### 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 2019.

## **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 NHS Trust for the year ended 31 March 2019 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 have been reporting into the Quality Governance Assurance Committee and have facilitated the independent overview and assurance using the new Compliance Oversight Group; and have strengthened the Quality and Safety monitoring and accountability through the Quality and Safety Intelligence Group. The new arrangements continue to proceed through the stages of development and will continue to evolve during 2019/20.

In March 2019 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 partial assurance with 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.

The Trust has appointed a 'Freedom to speak up' (FTSU) Guardian and the Trust is taking a number of actions to support a positive, speaking up culture. To support the commitment to an open and transparent culture where speaking up is the norm and where employees feel safe to raise concerns, the Trust has revised its Raising Concerns Policy, started to build a network of Speak Up Contact Links and the work for the FTSU Guardian. The number of concerns reported can be found in this report.

### 3.1 Trust Board

The Trust Board has met monthly (except in August 2018 and January 2019). 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 continued to March 2019. At 31 March 2019 the Board comprised 5 female and 7 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 strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former in 2018-2019 were:

- the recruitment of key staff particularly doctors and nurses,





- the development of innovation programmes and exploration of the use of artificial intelligence, data and technology in improving healthcare,
- the development of a clinical quality improvement programme,
- the 5-year capital programme revisions,
- the continued development of the University of Wolverhampton Postgraduate Academic Institute of Medicine and
- the Trust's own clinical fellowship programme,
- the continued vertical integration of GP practices,
- the development of an accountable care organisation,
- the contributions to the development of the sustainability and transformation plans, and
- the ongoing 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 13 – Board Composition and Commitment / Experience**

| Board Governance  |
|---|
| <ul style="list-style-type: none"> <li>• All voting positions substantively filled</li> <li>• Senior Independent Director in position</li> <li>• Clarity over who is entitled to vote at Trust Board meetings</li> <li>• At least half of the voting Board of Directors comprises Non-Executive Directors who are independent</li> <li>• Appropriate blend of NEDs from the public, private and voluntary sectors</li> <li>• One NED has clinical healthcare experience</li> <li>• Appropriate balance between Directors who are new to the Trust Board and those who have served for longer</li> <li>• Majority of the Trust Board are experienced board members</li> <li>• Chairman has had previous non-executive director experience</li> <li>• Membership and terms of reference of Trust Board committees reviewed during the year</li> <li>• Two members of the Audit Committee have recent and relevant financial experience</li> <li>• Trust Board members have a good attendance record at all formal board and committee meetings, and at other board events.</li> <li>• A positive result from the independent external review of governance reported in year.</li> </ul> |

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, 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 2018-2019 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 2017-18
- Trust Annual Report 2017-18
- Quality Account and Annual Accounts 2017-18
- Board Assurance Framework, Strategic Risk Register and related governance processes
- Theatre Productivity
- Waiting List Initiatives
- Consultant Job Planning

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 Small (to December 2018), 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.

Within the reporting year period 18/19 the Trust has sustained reporting and escalation through its Committee and subgroup structure. It has reviewed format of the BAF and lead for maintenance of the BAF was transferred to the Company Secretary (as BAF custodian). BAF risks were reduced from 7 (as at Mar 18) to 4 (as at Mar 19), all risks have had regular updates by Exec leads.

The Trust assesses ongoing CQC Compliance via Quality Review Visits (QRV) and lead assessment against the Fundamental standards of care, and self-assessment against Core service frameworks.

The Trust has completed a programme of quality review visits throughout 18/19 to assess ongoing compliance with Care Quality Commission (CQC) regulations. QRVs are now well embedded and included a programme of review follow up delivered in 2018/2019. An annual report on the 18/19 visit programme will be presented during 2019/2020.

The QGAC have reviewed reports in line with its terms of reference (including items below) and escalated risks and assurances to the Board via monthly chairman reports and minutes to the trust Board.

- Board Assurance Framework (BAF) – Monthly
- Trust Risk Register (TRR) – Monthly
- Integrated Quality and Performance Report – Monthly
- Mortality Quality Improvement plan – commenced monthly in year
- External review Compliance – 6 monthly



- CQC Compliance – Monthly
- Clinical Audit – Annually
- Claims and Litigation – Annually
- Health & Safety – Annually
- Safeguarding - Annual

The Committee maintains links with the Audit Committee through a standing agenda item ('issues of significance from Audit Committee') which ensures a two way feed of information between the committees. There is also attendance overlap by a non-executive director to both committees. QGAC has seen a change in NED membership with Mary Martin replacing Jackie Small as the QGAC NED member.

To inform the Committee, the QSIG and COG 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
- Policy audit reports e.g. Transfer, Discharge, Risk management and integrated Governance strategy, Being open, Legal services
- Safety alert compliance e.g. NPSA, MHRA, MDA
- SUI management (process, investigation outcomes and action tracking)
- CQC standard Compliance
- National Clinical guidelines/standards e.g. NICE, NCE, Royal College reports
- National and Local audit performance for a number of clinical services
- External assessment and validation for a number of clinical services
- Health and Safety Management
- Approval and review of new [clinical] procedure applications
- Safeguarding performance
- Radiation protection
- Information Governance
- Organ Donation
- Medicines management
- Patient and Staff survey reports
- Creating best practice group
- Sign up to Safety group
- Swan group
- Clinical Product Evaluation group

The non-exhaustive list above is managed on an annual plan of work for the QSIG / COG subgroups with upward reporting to QGAC through chairman reports and minutes. An issues log is shared with QSIG members to communicate issues for redress from oversight/assurance reports reviewed at COG.

The new meeting structure implemented in 2018/19 is well embedded and feedback on the new process has been received and actioned. Although timescales are tight for the new reporting arrangements, the information/reports produced are relevant, timely and prudent for Trust and Divisional review.



**Committee objectives** - During the year ahead QGAC has agreed two primary objectives:  
1) That the Trust will have developed during the year metrics which will enable the Board to be assured that it can adequately assess the performance of all the divisions including in particular the new Community and Primary Care Division 3.

2) Mortality:

- To understand the drivers for elevated mortality ratios
- To have a robust improvement plan, including target dates
- To be able to demonstrate that we are providing reliable care

QGAC has monitored progress with these using the Integrated Quality and Performance report and the Mortality Report and BAF updates as the basis for questioning and discussion.

**Committee Self-Assessment** - QGAC assessed its competence and capability using a questionnaire based on one adapted by Finance and Performance from a questionnaire assessment tool developed by HFMA. The results were generally positive and were reported back to the committee with comments from the chair. The assessment will be repeated in 2020/21.

### 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.

The Committee had oversight of two risks highlighted on the BAF and ensured that it reviewed 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 support improvements in cash flow management with quarterly reports coming to the Committee, which has been achieved. The second was to monitor the cancer recovery plan where the Trust is benefiting from working with the National Intensive Cancer support team.

### 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 Trust's 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, R Dunshea, R Edwards, J Hemans, M Martin, S Rawlings and J Small (to December 2018).**

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 2018/19, the Committee has continued to benefit from the dedicated support of an in-house fundraising coordinator, ably supported by the Head of Communications and her team, as well as the on-going help of the finance team and external investment adviser. The Newsletter and increased use of social media has raised further awareness of the charity and our work.

Processes have been revised, which means that fund advisors now have the opportunity to attend and present their applications for funding at committee meetings.



Some of the projects supported during the year include welfare rights service for renal patients, complimentary therapies for cancer patients; the RWT Singers - a choir made up of staff members who perform for patients across the hospital; 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 and Procedures.





### 3.9 Freedom to speak up - concerns raised

NHSi and NGO Trust board self-review tool requires RWT to deliver;

- The Trust's Annual Report contains high level, anonymised data relating to speaking up as well as information on actions the trust is taking to support a positive speaking up culture.
- The Chief Executive and Chair are responsible for ensuring the Annual Report contains information about FTSU.

Creating a Positive Speaking Up Culture: Freedom to Speak Up. The Trust has undertaken a number of actions:

1. Produced a Trust Vision Poster
2. Revised Raising Concerns (Freedom to Speak Up) Policy,
3. Grown a network of Speak Up Contact Links,
4. Appointed a Freedom to Speak Up Guardian since October 2016,
5. Developed training for both staff and managers for raising and responding to speaking up concerns and
6. Over 100 Speaking Up concerns have been raised through the Freedom to Speak Up Guardian and Contact Link route.

Trust Freedom to Speak Up data recorded for the Financial year 2018/19 and reported to the our Trust Board, as well as our national requirement to report this data to the National Guardian Office; an independent, non-statutory body with the remit to lead culture change in the NHS so that speaking up becomes business as usual. The office is not a regulator, but is sponsored by the CQC, NHS England and NHS Improvement.

**Table 14**

| Year 2018/19 | Total number of cases brought to Freedom to Speak Up Guardians, Champions and Ambassadors in our trust | #Cases raised anonymously | #Patient safety/quality | #Bullying or harassment | #Suffering detriment |
|--------------|--|---------------------------|-------------------------|-------------------------|----------------------|
| Q1           | 12   | 6                         | 2                       | 10                      | 0                    |
| Q2           | 11   | 1                         | 1                       | 8                       | 1                    |
| Q3           | 23   | 7                         | 5                       | 18                      | 4                    |
| Q4           | 11   | 0                         | 5                       | 5                       | 4                    |

Freedom to Speak Up at The Royal Wolverhampton NHS Trust has taken a successful journey and already we have begun to see some positive outcomes as result of Freedom to Speak Up interventions. There was an internal audit review that provided significant assurance in respect of the FTSU process.



## 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 2019/20.

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, the Board and management at the following frequencies:

- QGAC – Monthly
- Trust Board – Bi Monthly
- Finance & Performance Committee - Monthly
- Delegated Committees – Monthly
- TMC review TRR – monthly
- Divisional Governance - 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 58 risks on the BAF and TRR were managed during the year 2018-2019, of these 19 were new risks identified in year. The 58 risks comprised of the following categories, 12 were red (red being the highest risk rating), 41 were amber, and 5 were yellow.

There were 18 risks closed as at 31 March 2019, the remaining 40 to be carried forward to 2019/20 are:

RED (4 – Board Assurance Framework (BAF) and 7 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 the underlying deficit that the Trust has (in 2017/18) is not eliminated in medium term to bring the Trust back to financial surplus (BAF)
- Mortality rates – reputational risk (BAF)
- Risk to quality of patient care: reduced manpower (TRR)
- Lack of robust system for review and communication of test results (TRR)
- Divisions inability to achieve CIP (TRR)



- Delays in Cubicle Assessment and Triage (TRR)
- Fragility of SaTh Service (TRR)
- Lack of Network Support for Vascular Services at RWT (TRR)
- ePMA downtime / outage issues (TRR)

28 risks are RAG rated amber (28 - TRR), and 1 risk RAG rated yellow (1 – 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 2018-2019 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 2018 we conducted nine 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 since 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. The 2019/20 programme includes community areas and 2020/21 programme will include GP Practices.



#### 4.4 The Risk and Control Framework - Looking Forward to 2019-2020

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

- Workforce – Recruitment and retention of staff across the Trust
- Black Country or Staffordshire Sustainability Transformation Plans has an adverse impact on The Royal Wolverhampton NHS Trust (RWT) income or services
- That there is a failure to deliver recurrent Cost Improvement Programmes (CIPs)
- That the underlying deficit that the Trust has (in 2018/19) is not eliminated in the medium term 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

#### Developing Workforce Safeguards and Workforce Planning

We have considered the guidance and requirements set out within 'Developing Workforce Safeguards' published by NHS Improvement in October 2018. The Trust established Role Development Group focusing on new or expanded roles responding to service challenges and needs. This links into workforce planning and we are reviewing our approach to this to ensure engagement and integration. As part of improved workforce planning, Trusts are expected to make use of the *Operational workforce planning self-assessment tool*, which we undertook in early Autumn 2018 which highlighted engagement and integration at service levels as an area of focus and we have started to make good progress in this area.





The Trust's ambition is that we will enable our staff to be the best they can be in their chosen career. We will continue to explore and develop new roles, including widening our offer of Apprenticeships across the organisation, which will support care delivery that will be required by our patients in the future.

In terms of the nursing and midwifery workforce, a gap analysis of the compliance with the Developing Workforce Safeguards has been undertaken which has identified some areas the Trust requires to strengthen. A resultant action plan has been developed in order to progress these areas and achieve full compliance. Allied Health Professionals are currently in the process of completing a gap analysis and will develop an action plan as necessary.

## **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 £3.0m, 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 & Data Security

### SUMMARY OF SERIOUS INCIDENT REQUIRING INVESTIGATIONS INVOLVING PERSONAL DATA AS REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2018-19

The next table details the incidents **reported** on the NHS Digital incident reporting tool and to the Information Commissioners Office (ICO), within the financial year 2018/19. Any incidents that are still being investigated for the period 18/19 are not included. The incidents listed below are for the Royal Wolverhampton NHS Trust and for the Vertical Integration GP partnerships that have joined the Trust as listed below.





**Table 15**

| Date incident occurred (Month) | Nature of incident  | Number of data subjects potentially affected | Description/ Nature of data involved | Further action on information risk  |
|--------------------------------|---|--|--------------------------------------|---|
| November 2018                  | YouTube clip had been found showing unauthorised access to old hospital building. The clip showed that there is what appears to be 'patient notes' found left in the building. The video was published in May 2018  | 1200   | Clinical information                 | Approved contractors appointed to enter the building and attempt to recover and destroy any data that may have been left. It cannot be retained due to risk of documents being contaminated due to environment. |
| August 2018                    | Screen shot sent to complainant contained demographics of 15 other patients which were obscured, due to image being cropped.  | 15   | Demographic data                     | Complainant was asked to delete data  |
| August 2018                    | Ex Member of staff alleged to have access to 120 patient names and addresses and has advised would contact them once employment was ceased. Data had also been shared with NMC.   | 120+   | Demographic data                     | Ex Staff member has been written to on several occasions' requesting return of information. ICO contacted to pursue retrieval of information.   |
| July 2018                      | Social media disclosure, a clip containing patient data was made available via twitter as a part of a promotional video.  | 13   | Clinical information                 | Clip was taken down and amended as soon as this was made known to Trust.  |
| July 2018                      | An excel spread sheet containing staff sickness & absence information was sent in error via email to Trust email addresses. The Manager had intended to attach a staff briefing.  | 78   | Staff information                    | All recipients were contacted and requested information deleted.  |
| June 2018                      | A staff member who works for a third party that the Trust contract to provide a service, took a clinic laptop and clinical paperwork home in their car. The staff member's car was broken into and the laptop bag containing the laptop and clinical paperwork had been stolen. Incident was reported to the police. It was noted that all recent paperwork had demographic details only completed. | 4  | Demographic data                     | Reported to Police and Trust. Paper records were recovered but laptop was not, but was encrypted. Third party conducted investigation, and Trust carried out further assurance checks of provider.              |



**Table 16 Incidents classified at lower severity level**

Incidents classified at severity level 1 are aggregated and provided in table below:

| <b>SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2018-19</b> |  |     |
|--|--|-----|
| <b>Category</b>  | <b>Breach Type</b>                                 |     |
| A  | Corruption or inability to recover electronic data | 1   |
| B  | Disclosed in Error                                 | 111 |
| C  | Lost in Transit                                    | 6   |
| D  | Lost or stolen hardware                            | 0   |
| E  | Lost or stolen paperwork                           | 15  |
| F  | Non-secure Disposal – hardware                     | 0   |
| G  | Non-secure Disposal – paperwork                    | 4   |
| H  | Uploaded to website in error                       | 2   |
| I  | Technical security failing (including hacking)     | 16  |
| J  | Unauthorised access/disclosure                     | 7   |
|  |  | 162 |

**Table 17 Data Protection and Security Toolkit Return 2018/ 2019**

Data Protection and Security Toolkit 2018/19 overall scores are as follows:

|                                   |  |
|-----------------------------------|--|
| The Royal Wolverhampton NHS Trust | RL4 - Standards Not Met (Plan Agreed) (96/100) |
| Alfred Squire                     | M92002- Standards Met (52/52)                  |
| West Park Surgery                 | M92042- Standards Met (52/52)                  |
| Thornley Street                   | M92028 - Standards Met (52/52)                 |
| Ettingshall                       | Y02735- Standards Met (52/52)                  |
| Lea Road                          | M92007- Standards Met (52/52)                  |
| Penn Manor                        | M92011 - Standards Met (52/52)                 |
| Coalway Road                      | M92006- Standards Met (52/52)                  |
| Warstones                         | M92044 - Standards Met (52/52)                 |
| Lakeside                          | M83132 - Standards Met (52/52)                 |

## 6.2 Looking forward to 2019/20 Data security and Protection

The Trust is working with NHS Digital to ensure that an agreed action plan for the DSPT toolkit is implemented, ensuring the Trust is equivalent to 'Standards Met'. Through specialist sub groups such as IG steering group, risks to compliance with the DSPT toolkit will be monitored.

The Trust continues to monitor patterns and trends of data security incidents and implementing measures to reduce these to the lowest level practicable. Current risks



include continued and increasing risk of external threats in relation to Cyber security, particularly via email phishing. Other risks to data security include disclosure in error via various means, and this is attributed to the ways of working in health which the Trust is aiming to improve with digital innovation and improvements in IT systems.

The Trust are continuing to embed the requirements of the General Data Protection Regulation 2016 (GDPR ) into Trust practices, monitored via the GDPR implementation group ensuring data privacy is at the forefront of the care that we provide and the information that is captured. The Trust is also working closely with GP Partnerships that have joined the organisation to align practices and share good practice.

The Trust is yet to have its Well Led review, but anticipate the focus will be on areas of business continuity in relation to data security, assurance around access to key information assets and how this is monitored as well as how data flows are mapped and monitored. This program of work will be monitored through the committees as follows;

- The Trust has several committees dedicated to reviewing assurance in relation to DSPT and GDPR, chaired by senior board members.
- The Medical Director is the Trust's trained Caldicott guardian, and is responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing. The Guardian plays a key role in ensuring that Trust satisfies the highest practical standards for handling patient identifiable information, and Chairs the IG Steering group and GDPR implementation group.
- The Chief Financial Officer is the Trust's Senior Information Risk Officer (SIRO) and is responsible for monitoring the Trust's overall information risk, ensuring we have a robust incident reporting process for information risks. The SIRO reports to the Trust Board and provides advice on the matter of information risk. The SIRO is also a member of the IG steering Group and co-chair of the GDPR implementation group.
- The Trust has appointed a Data Protection Officer who acts independently to ensure compliance with the GDPR as well as monitoring its application across the Trust. The DPO has a reporting line into the Caldicott Guardian through to the Trust board.
- The Trust is in the process of establishing clear responsibilities for Information Asset Owners across the Trust to facilitate robust and timely escalation of information risk escalation to the SIRO.
- Regular reports are provided to the Trust Board during the year to ensure that they are sighted on and support the Trust's plans in relation to data security and protection. To support this each toolkit assertion is aligned to a director responsible on the board.
- All Trust board members received NHS Digital approved GCHQ cyber and data security training, and will receive updates and briefings in relation to the Trust performance in this area.

## 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 for Quality Accounts remains in place nationally, which outlines the requirements with respect of the format, content and reporting arrangements for the annual Quality Accounts. The Trust used this guidance to ensure that its requirements were included in the Trust's Quality Account 2018/2019.

The Trust's quality priorities for 2018/19 were selected as part of a consultation process with our staff and external stakeholders. In addition, the Trust reviewed what patients and members of the public said about us through national and local surveys, in-patient feedback received through complaints, compliments and the Friends and Family Test. In addition, various national and local guidance and feedback from the Care Quality Commission were considered.

A variety of data reporting systems remained the source of information for the Quality Account 2017/18. For example, the incident and complaints data was extracted from Datix (incident reporting system). In addition, information was validated with individual leads, for example, the governance team, patient experience team, infection prevention and control lead, performance team. In terms of the elective waiting time data, the Trust has continued to employ a robust process of validation prior to submission. This involves an automated process which produces a data extract from Patient Administration System (PAS) to outline patient that have been listed for surgery, which is validated for duplicates and anomalies for investigation and correction. Following this, the data is reviewed further by a validation team to ensure patient records are accurate, up to date and reflect individual patient journeys and pathways. This process is repeated up until the point of submission to ensure any data lag issues are resolved in a timely manner.

Each year, a draft version of the Quality Account is approved by directors via the internal governance processes prior to being shared with the Local Authority's Overview and Scrutiny Committee, Wolverhampton Healthwatch and Clinical Commissioning Group. In addition, the Quality Account is subject to a limited assurance review by the Trust's independent auditors prior to the final version being shared with the Trust Board for approval and subsequently published.

## 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 performance management process exists across the Trust to monitor delivery against these standards alongside trust wide organisational efficiency metrics and other quality based indicators of effective standards of care.



The framework we employ is multi-faceted and covers many levels across the organisation. This includes 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. Specific details of the Trust performance against the key operating standards can be found in section "What We Achieved – Performance Summary 2018-2019".

## 8.1 Emergency Planning / Resilience

As a provider of NHS-funded care the Trust has a legal duty under the Civil Contingencies Act (CCA) 2004 to have in place emergency plans to respond to a wide range of major, critical and business continuity incidents which could affect patient care. These could be anything from an infectious disease outbreak, cyber threat or a mass casualty incident.

In order to show that effective arrangements are in place to deliver its Emergency Preparedness Response and Resilience (EPRR) function the Trust is required to complete an annual assurance self-assessment based on the NHS England Core Standards for EPRR. For last year the Trust rated itself as being 'substantially compliant' in meeting these standards.

The Trust actively engages and cooperates with partner organisations to ensure a coordinated approach to planning and response to incidents. This is undertaken at a multi-agency level such as the Local Health Resilience Forum and provides a principle mechanism for information sharing and joint working.

In terms of preparedness activities the Trust over the last year has reviewed and updated a number of emergency plans. This includes revision of the Trust major incident plan which now contains a mass casualty addendum as well as refined processes for surgical triage within the Emergency Department.

The Trust has a rolling programme of exercises that are designed to test and develop our plans. One such exercise undertaken involved the setup of the Trust incident control centre in order to test the multi-agency response to a mass casualty incident. With regards to EPRR training the Trust has focused on improving training and has introduced a market stand during Trust Induction to provide awareness for all new starter staff.

Over the last year the Trust has seen good developments in resilience arrangements however more work is required to achieve full compliance with the EPRR Core Standards 2019. An action plan has been established and is being monitored through respective governance groups. Substantial progress has already been made and the Trust continues to improve current capabilities and resilience across the Trust.





An Emergency Preparedness annual report has been produced, identifying the status of the Trust's resilience over the last twelve months and identifying key priorities for the forthcoming 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.

There has been a 6.73% reduction in the number of health and safety incidents when comparing 2018/19 to 2017/18. 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, and our Risk Newsletter 'Risky Business' and direct email depending which method is felt most suitable at the time.

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

- Sharps incidents (14% increase)
- Personal Contact Injury (4% increase)
- Violence and Aggression (7% decrease)
- Manual Handling (15% decrease overall) (patient handling 20% decrease; objects 9% decrease)
- Slips, trips & falls (25% decrease)

This shows an overall decrease in incidents, however a slight increase in 2 areas, The increase in 'sharps' incidents relates largely to non- clinical sharps incidents, a new category has been added to Datix for 2019/20. The H&S Team review and investigate for areas of concern.

## 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: suppliers shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chain and will monitor and notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains. Suppliers will also provide to the Trust any reports or other information as requested as evidence of the supplier's compliance.



In addition, sourcing staff within the Procurement team access external e-learning which covers Ethical & Sustainable Procurement. Procurement contracts now include the following stipulations:

*10.1.15 it shall: (i) comply with all relevant Law and Guidance and shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chains; and (ii) notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains;*

*10.1.16 it shall at all times conduct its business in a manner that is consistent with any anti-slavery Policy of the Authority and shall provide to the Authority any reports or other information that the Authority may request as evidence of the Supplier's compliance with this Clause 10.1.16 and/or as may be requested or otherwise required by the Authority in accordance with its anti-slavery Policy;*





## 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 2018-2019.

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.

3. 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 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 2019 on the Information Governance Toolkit. The Trust declared compliance in 96/100 standards with a plan agreed for the remaining 4. All integrated practices declared full compliance (see Data Protection and security Toolkit Return section of this report).

6. The trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance.

7. The trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

## 10. Head of Internal Audit Opinion

"Overall, significant assurance with some improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. We identified weaknesses which put system objectives at risk in relation to the Data Security and Protection Toolkit, Risk Management and Financial Sustainability. Otherwise, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.



Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.”

## **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 and 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, the Quality Governance Assurance Committee and the Workforce and Organisational Development 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 2018-2019.

**Accountable Officer:** David Loughton CBE

**Organisation:** The Royal Wolverhampton NHS Trust

**Signature:**

**Date:** 24 May 2019



## B2 – Remuneration and Staff Report

### Staff Report

The Following tables summarise the numbers and categories of staff, sickness absence and exit packages made during 2018-2019:

**Table 18 Exit Package Cost Banding 2018-2019**

| 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  |
| <£10,000   |                                   |                                 | 40                                | 112,811.75                      |                               |                             | 1  | 1500  |
| £10,000 - £25,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| £25,001 - £50,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| £50,001 - 100,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| £100,001 - £150,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| £150,001 - £200,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| >£200,000  |                                   |                                 |                                   |                                 |                               |                             |  |   |
| Total  | 0                                 | £0.00                           | 40                                | £112,811.75                     | 0                             | £0.00                       | 1  | £1,500.00   |

The trust had thirty nine non-contracted payments in lieu of notice in 2018/19. The Trust had one special payment approved with HM Treasury in 2018/19 for £1,500.

**Table 19 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  |
| <£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                                 | £32,410.00                      | 30                                | £78,540.00                      | 32                            | £ 110,950.00                | 1  | £ 5,000.00  |



**Table 20 Average Staff Numbers**

Average number of employees (WTE basis)

|   | <b>Total 2018/19 No.</b> | <b>Permanent 2018/19 No.</b> | <b>Other 2018/19 No.</b> | <b>Total 2017/18 No.</b> |
|---|--------------------------|------------------------------|--------------------------|--------------------------|
| Medical and dental                                    | 966                      | 866                          | 100                      | 923                      |
| Administration and estates                            | 1,178                    | 1,110                        | 68                       | 1,137                    |
| Healthcare assistants and other support staff         | 2,746                    | 2,565                        | 181                      | 2,454                    |
| Nursing, midwifery and health visiting staff          | 2,296                    | 2,197                        | 99                       | 2,138                    |
| Nursing, midwifery and health visiting learners       | -                        |                              |                          | 26                       |
| Scientific, therapeutic and technical staff           | 646                      | 639                          | 7                        | 619                      |
| Healthcare Science Staff                              | 371                      | 367                          | 4                        | 245                      |
| <b>Total average numbers</b>                          | <b>8,203</b>             | <b>7,744</b>                 | <b>459</b>               | <b>7,542</b>             |
| Of Which:   |                          |                              |                          |                          |
| Number of employees (WTE) engaged on capital projects | 0                        |                              |                          | 8                        |

**Table 21 Staff Sickness Absence**

| <b>Staff Sickness Absence</b>       | <b>2018/19 Number</b> | <b>2017/18 Number</b> |
|-------------------------------------|-----------------------|-----------------------|
| Total days lost                     | 70,119                | 69,226                |
| Total staff years                   | 7,524                 | 7,158                 |
| Average working days lost (per WTE) | 9                     | 10                    |

During 2018/19 we spent £1.6m on consultancy services (2017/18 £1.7m). The Trust employed eight senior managers during the year ending 31 March 2019.



## 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 2019 is set out in the attached schedules.

### Signature:



David Loughton, CBE

**Date:** 24 May 2019



## 1. Remuneration

| Name and Title   | 2018-19          |                       |  |                              |                   | 2017-18          |                       |  |                              |                   |
|--|------------------|-----------------------|--|------------------------------|-------------------|------------------|-----------------------|--|------------------------------|-------------------|
|  | Salary           | Other Remuneration    | Expense Payments (taxable)                   | All pension related benefits | Total             | Salary           | Other Remuneration    | Expense Payments (taxable)                   | All pension related benefits | Total             |
|  | (bands of £5000) | (bands of £5000) £000 | Benefits in Kind Rounded to the nearest £100 | (bands of £2,500)            | (bands of £5,000) | (bands of £5000) | (bands of £5000) £000 | Benefits in Kind Rounded to the nearest £100 | (bands of £2,500)            | (bands of £5,000) |
| <b>Executive Directors</b>   |                  |                       |  |                              |                   |                  |                       |  |                              |                   |
| D Loughton - Chief Executive   | 245-250          | 0                     | 0  | 55-57.5                      | 305-310           | 245-250          | 0                     | 0  | 15-17.5                      | 260-265           |
| A Cannaby - Chief Nursing Officer (from 03/04/2018)                    | 140-145          | 0                     | 0  | 15-7.5                       | 155-160           | 0                | 0                     | 0  | 0                            | 0                 |
| C Etches - Chief Nursing Officer (to 31/03/2018)                       | 0                | 0                     | 0  | 0                            | 0                 | 145-150          | 10-15 <sup>1</sup>    | 0  | 20-22.5                      | 180-185           |
| G Nuttall - Chief Operating Officer                                    | 150-155          | 0                     | 0  | 0-2.5                        | 150-155           | 145-150          | 0                     | 0  | 35-37.5                      | 180-185           |
| J Odum - Medical Director  | 155-160          | 75-80 <sup>2</sup>    | 0  | 0                            | 230-235           | 150-155          | 75-80 <sup>2</sup>    | 0  | 20-22.5                      | 245-250           |
| K Stringer - Chief Financial Officer and Deputy Chief Executive        | 155-160          | 0                     | 0  | 0-2.5                        | 155-160           | 150-155          | 0-5 <sup>3</sup>      | 0  | 40-42.5                      | 195-200           |
| <b>Non-Executive Directors</b>   |                  |                       |  |                              |                   |                  |                       |  |                              |                   |
| J Vanes - Chairman (to 31/03/2019)                                     | 35-40            | 0                     | 0  | 0                            | 35-40             | 35-40            | 0                     | 0  | 0                            | 35-40             |
| J Anderson - Non-Executive Director (to 31/07/2017)                    | 0                | 0                     | 0  | 0                            | 0                 | 0-5              | 0                     | 0  | 0                            | 0-5               |
| J Darby - Non Executive Director (to 30/11/2018)                       | 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              |
| 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 to 03/12/2018)       | 0-5              | 0                     | 0  | 0                            | 0-5               | 0-5              | 0                     | 0  | 0                            | 0-5               |
| R Stockley - Non Executive Director (to 31/08/2017)                    | 0                | 0                     | 0  | 0                            | 0                 | 0-5              | 0                     | 0  | 0                            | 0-5               |
| <b>Directors - Non Voting</b>  |                  |                       |  |                              |                   |                  |                       |  |                              |                   |
| A Duffell - Director of Workforce (from 05/04/2017)                    | 125-130          | 0                     | 0  | 102.5-105                    | 230-235           | 115-120          | 0                     | 0  | 7.5-10                       | 125-130           |
| S Mahmud <sup>4</sup> - Director of Integration                        | 120-125          | 0                     | 0  | 0                            | 120-125           | 120-125          | 0                     | 0  | 0                            | 120-125           |
| M Sharon <sup>5</sup> - Director of Strategic Planning and Performance | 130-135          | 0                     | 0  | 0                            | 130-135           | 135-140          | 0-5 <sup>3</sup>      | 0  | 17.5-20                      | 160-165           |

Please note:-

<sup>1</sup> This relates to payment in respect of annual leave not taken at the time this Director left the Trust.

<sup>2</sup> This relates to the Medical Director's role as a Renal Physician

<sup>3</sup> 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.

<sup>4</sup> This Director opted out of the Pension Scheme and their prior years benefit was also withdrawn.

<sup>5</sup> This Director retired and returned in April 2018 and is now in receipt of their pension

Total remuneration for senior managers in year ended 31 March 2019 was £1,394,853 **0.24%** of income (31 March 2018 £1,410,102, 0.26% of income).

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

"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.

Safe & Effective | Kind & Caring | Exceeding Expectation





## Pension Benefits

|  | Workings 1819<br>I8:I19 Ref 1           | Workings 1819<br>I27:I35 Ref 2                   | Greenbury 1819<br>J4:J11 and M4:M11 Ref 3             | Greenbury 1819<br>K4:K11 Ref 4                                      | Greenbury 1718<br>L5:L11 and O5:O11 Ref 5      | Workings 1819<br>I41:I48 Ref 6                  | Greenbury 1819<br>L4:L11 and N4:N11 Ref 7       | Ref 8  |
|--|---|--|---|---|--|---|---|--|
| Name and title   | 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 2019 | Lump sum at pension age related to accrued pension at 31 March 2019 | Cash Equivalent Transfer Value at 1 April 2018 | Real Increase in Cash Equivalent Transfer Value | Cash Equivalent Transfer Value at 31 March 2019 | Employer's Contribution to Stakeholder Pension |
|  | (bands of £2500)                        | (bands of £2500)                                 | (bands of £5000)                                      | (bands of £5000)  | £000   | £000  | £000  | £000   |
| D Loughton <sup>1</sup> - Chief Executive                              | 2.5-5                                   | 10-12.5  | 85-90   | 255-260   | 0 <sup>1</sup>                                 | 0 <sup>1</sup>                                  | 0 <sup>1</sup>                                  | 0  |
| A Cannaby <sup>2</sup> - Chief Nurse                                   | 0-2.5                                   | 0  | 40-45   | 120-125   | 793  | 143   | 960   | 0  |
| A Duffell - Director of Workforce                                      | 5-7.5                                   | 15-17.5  | 25-30   | 85-90   | 481  | 172   | 667   | 0  |
| S Mahmud <sup>3</sup> - Director of Integration                        | 0                                       | 0  | 0   | 0   | 0  | 0   | 0   | 0  |
| G Nuttall <sup>2</sup> - Chief Operating Officer                       | 0-2.5                                   | 0  | 60-65   | 145-150   | 1,007  | 133   | 1,170   | 0  |
| J Odum - Medical Director  | 0-2.5                                   | 0-2.5  | 55-60   | 170-175   | 1,176  | 125   | 1,336   | 0  |
| M Sharon <sup>4</sup> - Director of Strategic Planning and Performance | 0                                       | 0  | 0   | 0   | 0  | 0   | 0   | 0  |
| K Stringer - Chief Financial Officer and Deputy Chief Executive        | 0-2.5                                   | 2.5-5  | 65-70   | 200-205   | 1,315  | 168   | 1,522   | 0  |

<sup>1</sup> The real increase in Cash Equivalent Transfer Value is not applicable for D Loughton given that he is over pension age.

<sup>2</sup> The Director has changed pension scheme membership and as a result the benefits have been calculated as the aggregate of the new scheme and previous schemes.

<sup>3</sup> Relates to a Director that opted out of the Pension scheme and their prior years benefit was also, withdrawn.

<sup>4</sup> Relates to Directors that are in receipt of their pension.

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 banded remuneration of the highest paid director in the Trust in the financial year 2018/19 was £247.5k (2017/18 £247.5k). This was 9.9 times (2017/18, 10.1\*) the median remuneration of the workforce, which was £24.9k (2017/18, £24.5k\*).

In 2018/19, 2 (2017/18, 2) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £5.1k to £247.5K [mid-point banded] (2017/18 £7k to £247.5k [mid-point banded]).

Remuneration as quoted above is based on basic salary of staff in post as at 31st March 2019 including bank and agency staff. It does not include employer pension contributions and the 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 2018/19 of 1% and where applicable, employees have continued to make incremental progression within existing pay scales.

\* 2017/18 comparative has been updated due to a new ESR report being available in 2018/19 financial year presenting more accurate annualised salary figures.

## 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 2019, for more than £245 per day and that last for longer than six months**

|   |   |
|---|---|
| Number of existing engagements as of 31 March 2019  |   |
| Of which, the number that have existed...           |   |
| for less than one year at time of reporting.        |   |
| for between one and two years at time of reporting. | 1 |
| for between 2 and 3 years at time of reporting.     |   |
| for between 3 and 4 years at time of reporting.     |   |
| for 4 or more years at time of reporting.           |   |



**For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months**

|  |   |
|--|---|
| No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019 | 1 |
| Of which...  |   |
| No. assessed as caught by IR35   | 1 |
| No. assessed as not caught by IR35   |   |
| No. engaged directly (via PSC contracted to department) and are on the departmental payroll                  |   |
| No. of engagements reassessed for consistency / assurance purposes during the year.                          |   |
| No. of 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 2018 and 31 March 2019**

|  |    |
|--|----|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.   |    |
| Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements. | 15 |



## 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 2019. 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 2018/19 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 2018/19 it achieved this, spending £3,414,000 (against a target of £3,494,000).
- **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) | (3,158)* | 3,021  | ✓        |
| Capital Cost Absorption Rate (%)        | 3.50%    | 3.50%  | ✓        |
| External Financing Limit (£'000)        | 3,494    | 3,414  | ✓        |
| Capital Resource Limit (£'000)          | 22,693   | 22,680 | ✓        |

\* Target is adjusted control total as agreed with NHSi



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

|   | 2014/15<br>£000s | 2015/16<br>£000s | 2016/17<br>£000s | 2017/18<br>£000s | 2018/19<br>£000s |
|---|------------------|------------------|------------------|------------------|------------------|
| Breakeven duty in-year financial performance                      | 3,663            | 153              | 8,542            | 4,327            | 3,021            |
| Breakeven duty cumulative position                                | 38,100           | 38,253           | 46,795           | 51,122           | 54,143           |
| Operating income  | 461,810          | 509,405          | 536,028          | 548,538          | 592,975          |
| Cumulative breakeven position as a percentage of operating income | 8.25%            | 7.51%            | 8.73%            | 9.32%            | 9.13%            |

### Cumulative Position

Table 23 shows that the trust achieved its statutory break-even duty in 2018/19. In 2018/19 the Trust achieved a surplus for the 13th consecutive year. This surplus amounted to £3,021k 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 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**

|   | 2018/19 |         | 2017/18 |         |
|---|---------|---------|---------|---------|
|   | Number  | £'000   | Number  | £'000   |
| Total Invoices Paid In Year               | 117,256 | 338,217 | 114,817 | 312,703 |
| Total Invoices Paid Within Target         | 38,980  | 203,236 | 83,306  | 244,422 |
| Percentage of Invoices Paid Within Target | 33.24%  | 60.09%  | 72.56%  | 78.16%  |

### 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  | 2018/19<br>Number | 2017/18<br>Number |
|---|-------------------|-------------------|
| Total days lost   | 70,119            | 69,226            |
| Total staff years   | 7,524             | 7,158             |
| Average working days lost (per WTE)                               | 9                 | 10                |
| Number of persons retired early on ill health grounds             | 2                 | 2                 |
| Total additional pensions liabilities accrued in the year (£000s) | 50                | 90                |

## 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.nhsba.nhs.uk/pensions](http://www.nhsba.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 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.
- 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 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 2018/19 was £59k excluding VAT (2017/18 £61k). Other auditors remuneration in 2018/19 was £9k (2017/18 £9k) 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 2019**

|   |   |  |  |  |  | 2018-19         | 2017-18         |
|---|---|--|--|--|--|-----------------|-----------------|
|   |   |  |  |  |  | £000s           | £000s           |
|   |   |  |  |  |  |                 |                 |
|   | Operating Income from patient care activities |  |  |  |  | 489,963         | 464,033         |
|   | Other operating income                        |  |  |  |  | 103,012         | 84,505          |
|   | Operating expenses                            |  |  |  |  | (579,390)       | (529,386)       |
| <b>Operating surplus/(deficit) from continuing operations</b> |   |  |  |  |  | <b>13,585</b>   | <b>19,152</b>   |
|   |   |  |  |  |  |                 |                 |
|   | Finance income                                |  |  |  |  | 127             | 52              |
|   | Finance expenses                              |  |  |  |  | (2,074)         | (1,728)         |
|   | PDC dividends payable                         |  |  |  |  | (10,316)        | (10,170)        |
| <b>Net finance costs</b>                                      |   |  |  |  |  | <b>(12,263)</b> | <b>(11,846)</b> |
|   | Other gains / (losses)                        |  |  |  |  | 60              | 31              |
| <b>Surplus / (deficit) for the year</b>                       |   |  |  |  |  | <b>1,382</b>    | <b>7,337</b>    |

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

|  |                         |  |  |  |  | 2018-19        | 2017-18       |
|--|-------------------------|--|--|--|--|----------------|---------------|
|  |                         |  |  |  |  | £000s          | £000s         |
| <b>Will not be reclassified to income and expenditure:</b>   |                         |  |  |  |  |                |               |
|  | Revaluations            |  |  |  |  | (2,880)        | 16,905        |
|  | Other reserve movements |  |  |  |  |                | (2)           |
| <b>Total comprehensive income / (expense) for the period</b> |                         |  |  |  |  | <b>(1,498)</b> | <b>24,240</b> |

**Table 28 Financial Performance for the Year**

|   |  |  |  |  |  | 2018-19      | 2017-18      |
|---|--|--|--|--|--|--------------|--------------|
|   |  |  |  |  |  | £000s        | £000s        |
| Retained surplus / (deficit) for the year                               |  |  |  |  |  | 1,382        | 7,337        |
| Impairments (Excluding IFRIC 12 Impairments)                            |  |  |  |  |  | 1,731        | (3,157)      |
| Adjustments in respect of donated gov't grant asset reserve elimination |  |  |  |  |  | (92)         | 147          |
| <b>Adjusted retained surplus / (deficit)</b>                            |  |  |  |  |  | <b>3,021</b> | <b>4,327</b> |



**Table 29 Statement of Financial Position as at 31 March 2019**

|  |   |  |  |  |  | 31 March<br>2019 | 31 March<br>2018 |
|--|---|--|--|--|--|------------------|------------------|
|  |   |  |  |  |  | 2,019            | 2,018            |
|  |   |  |  |  |  | £000s            | £000s            |
| <b>Non-current assets</b>                    |   |  |  |  |  |                  |                  |
|  | Intangible assets   |  |  |  |  | 2,625            | 1,115            |
|  | Property, plant and equipment                             |  |  |  |  | 334,455          | 331,382          |
|  | Trade and other receivables                               |  |  |  |  | 4,002            | 0                |
| <b>Total non-current assets</b>              |   |  |  |  |  | <b>341,082</b>   | <b>332,497</b>   |
| <b>Current assets</b>                        |   |  |  |  |  |                  |                  |
|  | Inventories   |  |  |  |  | 6,607            | 6,357            |
|  | Trade and other receivables                               |  |  |  |  | 36,180           | 35,572           |
|  | Non-current assets for sale and assets in disposal groups |  |  |  |  | 0                | 800              |
|  | Cash and cash equivalents                                 |  |  |  |  | 15,988           | 16,982           |
| <b>Total current assets</b>                  |   |  |  |  |  | <b>58,775</b>    | <b>59,711</b>    |
| <b>Current Liabilities</b>                   |   |  |  |  |  |                  |                  |
|  | Trade and other payables                                  |  |  |  |  | (56,811)         | (52,971)         |
|  | Borrowings  |  |  |  |  | (2,013)          | (1,979)          |
|  | Provisions  |  |  |  |  | (4,612)          | (6,219)          |
|  | Other liabilities   |  |  |  |  | (3,009)          | (3,205)          |
| <b>Total current liabilities</b>             |   |  |  |  |  | <b>(66,445)</b>  | <b>(64,374)</b>  |
| <b>Total assets less current liabilities</b> |   |  |  |  |  | <b>333,412</b>   | <b>327,834</b>   |
| <b>Non-current liabilities</b>               |   |  |  |  |  |                  |                  |
|  | Borrowings  |  |  |  |  | (7,982)          | (5,299)          |
|  | Provisions  |  |  |  |  | (542)            | (581)            |
| <b>Total non-current liabilities</b>         |   |  |  |  |  | <b>(8,524)</b>   | <b>(5,880)</b>   |
| <b>Total assets employed</b>                 |   |  |  |  |  | <b>324,888</b>   | <b>321,954</b>   |
| <b>Financed By</b>                           |   |  |  |  |  |                  |                  |
|  | Taxpayers' equity   |  |  |  |  |                  |                  |
|  | Public dividend capital                                   |  |  |  |  | 237,185          | 232,753          |
|  | Revaluation reserve                                       |  |  |  |  | 60,892           | 67,355           |
|  | Other reserves  |  |  |  |  | 190              | 190              |
|  | Income and expenditure reserve                            |  |  |  |  | 26,621           | 21,656           |
| <b>Total taxpayers' equity</b>               |   |  |  |  |  | <b>324,888</b>   | <b>321,954</b>   |



The financial statements were approved by the Board on 24 May 2019 and signed on its behalf by:

[Signature]

**David Loughton CBE, Chief Executive:**

**Date: 24 May 2019**



**Table 30 Statement of Changes in Taxpayers' Equity For the year ending 31 March 2019**

|   |   | Public dividend capital | Revaluation reserve | Other reserves | Income and expenditure reserve | Total   |
|---|---|-------------------------|---------------------|----------------|--------------------------------|---------|
|   |   | £000s                   | £000s               | £000s          | £000s                          | £000s   |
| Taxpayers' equity at 1 April 2018 - brought forward |   | 232,753                 | 67,355              | 190            | 21,656                         | 321,954 |
|   | Surplus / (deficit) for the year                    |                         |                     |                | 1,382                          | 1,382   |
|   | Other transfers between reserves                    |                         |                     |                |                                | 0       |
|   | Revaluations  |                         | (2,880)             |                |                                | (2,880) |
|   | Transfer to retained earnings on disposal of assets |                         | (3,583)             |                | 3,583                          | 0       |
|   | Public dividend capital received                    | 4432                    |                     |                |                                | 4,432   |
|   | Other reserve movements                             |                         |                     |                |                                | 0       |
| Taxpayers' equity at 31 March 2019                  |   | 237,185                 | 60,892              | 190            | 26,621                         | 324,888 |

## 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 2019**

|   |   |  |  |  |  | 2018-19         | 2017-18         |
|---|---|--|--|--|--|-----------------|-----------------|
|   |   |  |  |  |  | £000s           | £000s           |
| <b>Cash flows from operating activities</b>                     |   |  |  |  |  |                 |                 |
|   | Operating surplus / (deficit)                                       |  |  |  |  | 13,585          | 19,152          |
| <b>Non-cash income and expense:</b>                             |   |  |  |  |  |                 |                 |
|   | Depreciation and amortisation                                       |  |  |  |  | 14,575          | 15,237          |
|   | Net impairments   |  |  |  |  | 1,731           | (3,157)         |
|   | Other investments / financial assets                                |  |  |  |  | (289)           | (74)            |
|   | Amortisation of PFI deferred credit                                 |  |  |  |  | 0               | 0               |
|   | (Increase) / decrease in receivables and other assets               |  |  |  |  | (44)            | (5,563)         |
|   | (Increase) / decrease in inventories                                |  |  |  |  | (250)           | (20)            |
|   | Increase / (decrease) in payables and other liabilities             |  |  |  |  | 4,261           | 4,148           |
|   | Increase / (decrease) in provisions                                 |  |  |  |  | (1,648)         | 742             |
| <b>Net cash generated from / (used in) operating activities</b> |   |  |  |  |  | <b>31,921</b>   | <b>30,465</b>   |
| <b>Cash flows from investing activities</b>                     |   |  |  |  |  |                 |                 |
|   | Interest received   |  |  |  |  | 127             | 52              |
|   | Purchase of intangible assets                                       |  |  |  |  | (1,877)         | (485)           |
|   | Purchase of property, plant, equipment and investment property      |  |  |  |  | (21,571)        | (18,490)        |
|   | Sales of property, plant, equipment and investment property         |  |  |  |  | 860             | 31              |
|   | Receipt of cash donations to purchase capital assets                |  |  |  |  | 289             | 74              |
| <b>Net cash generated from / (used in) investing activities</b> |   |  |  |  |  | <b>(22,172)</b> | <b>(18,818)</b> |
| <b>Cash flows from financing activities</b>                     |   |  |  |  |  |                 |                 |
|   | Public dividend capital received                                    |  |  |  |  | 4,432           | 1,355           |
|   | Capital element of finance lease rental payments                    |  |  |  |  | (227)           | (259)           |
|   | Capital element of PFI, LIFT and other service concession payments  |  |  |  |  | (1,785)         | (1,920)         |
|   | Interest paid on finance lease liabilities                          |  |  |  |  | (17)            | (18)            |
|   | Interest paid on PFI, LIFT and other service concession obligations |  |  |  |  | (2,056)         | (1,710)         |
|   | PDC dividend (paid) / refunded                                      |  |  |  |  | (11,090)        | (6,293)         |
| <b>Net cash generate from / (used in) financing activities</b>  |   |  |  |  |  | <b>(10,743)</b> | <b>(8,845)</b>  |
| <b>Increase / (decrease) in cash and cash equivalents</b>       |   |  |  |  |  | <b>(994)</b>    | <b>2,802</b>    |
| <b>Cash and cash equivalents at 1 April - brought forward</b>   |   |  |  |  |  | <b>16,982</b>   | <b>14,180</b>   |
| <b>Cash and cash equivalents at 31 March</b>                    |   |  |  |  |  | <b>15,988</b>   | <b>16,982</b>   |

## 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 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.

### Signature:

David Loughton, CBE  
Chief Executive  
**Date:** 24 May 2019

### Signature:

Kevin Stringer  
Chief Financial Officer  
**Date:** 24 May 2019



## 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.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

**Signature:**

David Loughton, CBE

**Date:** 24 May 2019

**Signature:**

Kevin Stringer

**Date:** 24 May 2019





## **Trust Accounts Consolidation (TAC) Summarisation Schedules for The Royal Wolverhampton NHS Trust**

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2018/19 have been completed and this certificate accompanies them.

### **Finance Director Certificate**

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
  - the financial records maintained by the NHS trust
  - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
  - the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.
2. I certify that the TAC schedules are internally consistent and that there are no validation errors\*.
3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust [**\*\*except for [insert text highlighting where the schedules differ from the accounts and explain the differences]\*\***].

[Signature]

Kevin Stringer, Chief Finance Officer (Director of Finance )  
24 May 2019

### **Chief Executive Certificate**

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.
2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

[Signature]

David Loughton, Chief Executive  
24 May 2019