Worcestershire NHS
Acute Hospitals NHS Trust

Worcestershire Acute Hospitals NHS Trust

Annual Report and Accounts 2011/12

Patients | Respect | Involvement | Delivery | Efficiency

Taking pride in our healthcare services

Welcome from Harry Turner, Chairman

The last 12 months have seen significant changes at Worcestershire Acute Hospitals NHS Trust.

Our staff are at the heart of everything we do and continue to deliver innovative initiatives that improve patient experience and safety. For example, staff at our three hospitals are delivering 'Active Caring for Everyone' (ACE) which is improving the day to day interactions with patients and their families, so that every moment of contact, no matter how small, becomes a positive one.

Our staff now conduct regular care and comfort rounds to check on any patient needs including involving patients in talking to dietitians so that they receive the best possible diet to get well and return home sooner. Leadership skills have been paramount and a specific continuing professional development programme has been supporting our ward sisters and charge nurses to ensure they have the skills and experience to support their pivotal roles in raising and maintaining the highest of standards in care.

The Executive Team provides the necessary skill and capability, complimented by the commercial and industry experience of our Non-Executive Directors to make a strong Board that is supporting, encouraging and challenging our staff so that we will deliver a challenging agenda in 2012/13.

Over the past year, the significant contribution and support from our Non-Executive Directors in very challenging times for the Trust has been tremendous; providing the necessary foundation to the work of the new Board and the Trust as a whole and I would like to thank them for their input.

Their expertise has been further strengthened by the appointment of an Associate Non-Executive Director, Professor Julian Bion who has experience in intensive care medicine and undergraduate training.

The challenges facing the NHS locally and nationally are significant and Penny Venables, our new Chief Executive, who joined the Trust in January 2012 is bringing a new level of leadership to the Alexandra, Kidderminster and Worcestershire Royal Hospitals, enabling us to move forward and find clinically driven and innovative solutions that will benefit patient care.

Specific challenges facing the Trust in 2011/12 were a difficulty in consistently providing the highest standards of stroke care that we strive to deliver for our patients, and ensuring that 95 per cent of patients are seen, treated, admitted or discharged within four hours of arriving at our A&E departments. A significant amount of time and energy has been put into rectifying these issues and we are confident that performance will improve. At the time of writing this Annual Report, I am pleased that improvements in these areas are beginning to be seen.

A full account of our quality performance in 2011/12 can be read in our Quality Account 2011/12.

Despite these challenges, I remain very proud to be Chairman of an organisation which is determined to fulfil its mission of being the safest, most patient-centred and efficient Trust, and take its place amongst the top ten per cent of highest performing Trusts in the country.

Harry Turner
Chairman

Welcome from Penny Venables, Chief Executive

I am delighted to introduce my first Annual Report since joining the Trust in January 2012.

The Chairman has focussed on some of the challenges and developments from the last 12 months. I would like to take the opportunity to focus on the year ahead and how Worcestershire Acute Hospitals NHS Trust is going to build on the successes of the previous year to fulfil not just our mission and vision, but the six strategic priorities we have laid out in our Annual Plan for 2012/13.

It is these **six strategic priorities** which will help pave the way towards the Trust becoming a Foundation Trust. These priorities and 18 underpinning objectives make it really clear for staff, patients and the public what we are working towards over the next 12 months.

The Annual Plan is the first year of a longer term strategy which will be in place later in the year following the completion of the 'Joint Services Review' which is currently looking at how hospital services in the county will be delivered in the future to ensure that they are safe, high quality and affordable.

Six strategic priorities

1. High Quality
Delivering safe, effective, innovative and compassionate patient care

2. High Performing
Achieving strong operational performance compliant with all national requirements

3. Manage the Money
Ensuring the Trust is financially viable and gets the maximum value from the resources at its disposal

4. Build our reputation
Building a positive reputation through enhanced engagement with patients, the public, staff, GPs, partners and wider communities that we serve

5. Patient-centred culture
Developing a culture that is recognised as patient centred, driven by inspiring and accountable leaders

6. Invest in our staff
Investing and realising the full potential of our staff and becoming the preferred employer of choice

We know we need to change the way we deliver services in order to tackle the challenges facing us - these include an ageing population with more long term conditions, increasing public expectations of healthcare services, the necessity to meet changing national guidance on minimum numbers of consultants, and pressure to meet financial challenges.

By the time this Annual Report is published the initial thinking from clinicians across the county's healthcare organisations about how hospital care could be delivered differently will have been published.

We know that there will be difficult decisions to make and difficult conversations to be had; but we are looking forward to an open, honest public consultation process which will help shape the outcome of the review and enable us to provide gold standard hospital care for the patients of tomorrow.

Penny Venables
Chief Executive

Section 1

About the Trust

Our mission is to be the **safest**, most **patient-centred** and **efficient** Trust

Our vision is to be a clinical centre of excellence for Worcestershire where as many acute hospital services as possible are delivered in county and local patients will not have to travel further afield for certain care.

Our values are:
Patients at the centre of all we do
Respect everyone
Involve stakeholders in our work
Deliver safe effective services
Efficient use of resources

More than 750,000 patients are seen or treated within Worcestershire Acute Hospitals NHS Trust every year.

The majority of our services are provided from the Alexandra, Kidderminster and Worcestershire Royal Hospitals but from July 2011 we also started to provide a surgical service at Evesham Community Hospital.

We also took over the management of a number of community services on that date following the Transforming Community Services public consultation - these are the Chronic Obstructive Pulmonary Disease (COPD) Service, Diabetic Service, Heart Failure Service, TB Nursing Service and Wyre Forest Rheumatology Service, as well as the management of the Wyre Forest GP Community Unit at Kidderminster Hospital.

This was particularly exciting for us as the transfer of these services from the former Worcestershire Primary Care NHS Trust Provider Services has enabled us to provide better integrated services and improved pathways for our patients. Clinical teams working within the acute hospital and community have been able to work together to identify ways of supporting patients at home to avoid a hospital admission and putting services in place in the community to enable patients to leave hospital sooner. We have also been able to look at extending the range of services that we can offer within the community setting. Examples of this includes a wider variety of surgery, diagnostic investigations such as endoscopy and medical treatments such as blood transfusion that patients can now access closer to home.

We refreshed our mission, vision and values at the end of 2011/12 to ensure that each of our 5,500 members of staff are focused on achieving the safest and highest quality care for patients and can feel proud to work for the Trust.

Taking pride in our healthcare services

Section 2

Patients at the centre of all that we do

"The reason we are all here is to look after our patients. Ensuring that we continue to develop the services we offer, and that we continue to improve patient experience is central to everything we do. We're proud to have achieved this over the last 12 months in a number of areas and we will continue to work on implementing further improvements into the future."

Helen Blanchard, Chief Nursing Officer

We're helping dialysis patients regain their independence

Dialysis patient Trevor Lobb wanted to become more independent and be in control of his care, allowing him greater flexibility.

He achieved this when he became the first patient to complete the self-care programme at the Kidderminster Dialysis Unit enabling him to dialyse at home.

Samantha Pearson, Ven Veerabudren, Nida Brucal, Trevor and his daughter (centre), Gemma Sumagpao, Sister Grace Malabanan and Christine Williams

Trevor was trained to set up his own dialysis machine and initiate his own treatment, allowing him to take much greater control of his life.

"What I learnt enabled me to complete a further six week course for patients and carers at the Queen Elizabeth Hospital Birmingham, in only two weeks. The self-care course at Kidderminster gave me a massive head start allowing me to reach my goal of home dialysis a lot quicker. I can now dialyse in the comfort of my own home when I want to."

Trevor Lobb, patient

"Each patient's level of independence is different, and for those patients who are unable to dialyse at home, the programme still helps by allowing them to become more self-sufficient whilst dialysing in hospital."

Alison Shelton, Lead Nurse, Renal Services

We're tending to patients' needs hourly

We have been listening carefully to what our patients tell us and making changes, where appropriate, in response. In 2011/12 patients told us:

"At visiting times very few nurses were visible except when doing observations or at protected meal times."

"The nurses would help when asked but would stick to the request; they would not really offer any other assistance."

"Nurses should ask all patients if they want anything otherwise a small number of patients dominate."

As a result of this feedback we began our two hourly care and comfort rounds in July 2011. The higher visibility of our nurses has shown an increase in patient satisfaction, reduced call bell usage, increased patients' confidence and belief that nurses discuss patient needs and also a reduction in falls and hospital acquired pressure ulcers.

We have now increased these to hourly with the support of our medical and therapy staff.

We're tailoring information for cancer patients on prescription

Cancer patients are now offered information prescriptions tailored to their individual needs, as part of the care they receive in our hospitals.

An information prescription is offered to anyone with a long-term condition or social care need, and is put together by healthcare professionals in consultation with patients. They guide patients and their families and carers to relevant and reliable sources of information and can be used as a source of key information on conditions, services and care that is seamlessly and formally integrated into the care process. They also provide a way for us to meet patients' rights to information to support choice and to enable people to be involved in discussions and decisions about their care, as set out in the NHS Constitution.

This can help them to feel more in control and better able to manage their condition and maintain their independence.

Debra Clark, Information Prescription Facilitator is pictured at the launch of the service in September 2011.

"Healthcare professionals working across cancer services continue to discuss any issues and concerns with their patients, but now have the additional ability to be able to provide reliable written information that will help them understand these areas. Patients can take as much or as little information as they want and the 'prescription' is posted to their home or emailed.

Anne Sullivan, Cancer Services Manager and Macmillan Lead Cancer Nurse at the Trust

"I found it had all the information in it that I could ask for, and was easy to read and very relevant to me."

Patient feedback

We're delivering services closer to patients' homes

Our audiology team opened a new clinic at the Droitwich Medical Centre in January. This was the final link in the chain of clinics we now have across the county in Malvern, Pershore, Evesham, Upton, Bromsgrove and Tenbury Wells. These clinics complement the services at the Alexandra, Worcestershire Royal and Kidderminster Hospitals.

Senior Clinical Audiologist Edward Southam and patient Ann Bowen in the new Droitwich Clinic

Our clinical audiologists can undertake a full range of testing using advanced equipment, as well as providing advice and support to those with hearing difficulties.

We're reducing waits for assessment

Patients who require a gynaecology opinion are now referred straight to the gynaecology assessment unit (GAU) at either the Alexandra or Worcestershire Royal Hospital rather than having to go to A&E first.

This has led to patients being reviewed much quicker and in an environment that offers privacy and reflects the sensitive nature of gynaecology. The GAU services are based within the ward areas, which also means easy access to Gynaecology beds if the patient requires admission.

The Trust has also established Surgical Assessment Units (SAUs) on the Alexandra and Worcestershire Royal sites. The SAU provides a service for the rapid assessment and treatment of a variety of surgical conditions. Once patients have been assessed they will be admitted to an appropriate surgical ward, treated on the unit itself, or discharged home. Patients can be referred by their GP directly to the unit so eliminating the need for the patient to attend the Accident and Emergency Department.

The Assessment Units will ensure that patients receive prompt treatment from the appropriate healthcare professionals and in the best possible environment. They will also relieve some of the pressure currently experienced in the Accident and Emergency Departments.

"Patients are finding the service to be patient focussed and appreciate the timeliness of having an appointment system. The vast majority of patients attending the GAU are seen, treated, admitted or discharged within four hours."

Alex Borg, General Manager, Obstetrics and Gynaecology

We're improving information provision

We are continually updating our website so that our patients can access relevant, accurate and informative information at the click of a button.

Over the last 12 months, the Communications Team has been working with a number of departments to help them develop their own web pages to enhance patient experience.

On the audiology pages, members of the public can find out about the signs that might suggest they need a hearing test and, if so, what steps to take next. Patients who have been fitted with a hearing aid can access troubleshooting information if it is not working properly, and there is a wealth of information for patients on what they can expect when they visit the department.

On the comprehensive cancer pages patients can find out about diagnosis, the various treatments available, find out where to access support and read stories from other patients.

We've also added sections on volunteering opportunities and chaplaincy services, made it easier for patients to give us feedback online, and provided more information on tissue viability and renal dialysis.

Visit www.worcsacute.nhs.uk to explore the rest of the site.

Section 3

Respect everyone

"In 2011/12 more than 750,000 patients were treated in our hospitals. Whether they arrived with us as emergency admissions or opted for elective treatment, we aim to provide the best customer service and experience we can to all of our patients. In order to do this a number of programmes have been put in place over the last year which all aim to enhance patient experience and ensure that our hospitals are ones that they would recommend to their family and friends."

Dr Charles Ashton, Medical Director

We're playing our ACE card

Rani Virk, Lead Nurse for Quality and Patient Experience with ACE cards

Our staff are actively involved in the 'Active Caring for Everyone' (ACE) programme, which is about improving the day to day interactions they have with patients and their families, and ensuring every moment of contact - no matter how small - impacts on the patient experience in a positive way.

The programme supports our pledges to treat patients as people; take personal accountability for how we care for our patients and develop clinical leaders who promote positive patient and staff experiences when delivering care.

Staff feedback from the training has been very positive from both nurses and doctors. They have found it 'thought provoking' and 'motivating' and a reminder that whatever the pressures their focus should be on improving the patients' experience.

Most importantly, we are now receiving feedback from our patients (as shown in the table below) about the care they have received which is helping us identify areas for improvement and also share good practice.

The staff who looked after me during my stay/visit:	Never	Sometimes	Often	Always
Greeted me cheerfully and introduced themselves	4	9	25	62
Explained what they were doing and why, in a way that I understood	0	23	23	54
Were attentive to my needs	0	7	45	48
Were courteous to me	3	6	19	72
Showed compassion towards me	3	3	29	64
Were professional when attending to my needs	3	0	19	78
Provided a service that met my personal needs	6	3	25	66
Delivered what they promised me	3	10	29	58
Encouraged me to participate in the healing process	6	6	20	68

We're committed to promoting dignity in care

Promoting dignity awareness through the national dignity campaign across the three hospital sites this year was positively received with 150 trust staff signing the dignity pledge books on the Dignity in Action Day.

Our dignity pledges

1. Have a zero tolerance of all forms of abuse
2. Support people with the same respect you would want for yourself or a member of your family
3. Treat each person as an individual by offering a personalised service
4. Enable people to maintain the maximum possible level of independence, choice and control
5. Listen and support people to express their needs and wants
6. Respect People's Right to Privacy
7. Ensure People feel able to complain without fear of retribution
8. Engage with family members and carers as care partners
9. Assist people to maintain confidence and a positive self-esteem
10. Act to alleviate people's loneliness and isolation

We now have 245 registered Dignity Champions who have pledged their support for the Dignity in Care Campaign and who want to ensure that their patients have a good experience of care.

"We are passionate about all aspects of the standard of care delivered to all our patients on the ward and want our patients to be treated as we would want our own families to be cared for."

Nursing colleagues and Dignity Champions Lyn Hill and Di Frost

We're listening to what our patients are telling us

Over the past 12 months we've made it easier for patients, families and visitors to give us feedback on their experiences.

As well as the traditional route of sending compliments or concerns to us through our Patient Services department or direct to wards, we have introduced an online feedback form on our website. Posters throughout our hospitals encourage patients to share any unsatisfactory experiences as soon as possible direct to their matron or Head of Nursing so that we can take immediate action.

We are also seeing increasing numbers of people leave feedback on websites such as NHS Choices and Patient Opinion and we aim to respond to all of these within 48 hours.

Alongside the regular inpatient and outpatient surveys that take place across our hospitals, these methods are making it easier for us to spot any emerging trends and take action where it is required.

Did you know?

In order to produce reasonable, fair and proportionate resolutions as part of our complaints handling procedures we have adopted the Principles for Remedy. These include:

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement

A new Complaints and PALS Policy is about to be implemented within the Trust. The policy reaffirms the Trust's adoption of the principles and confirms that the Trust would comply with any recommendations made by the Parliamentary and Health Service Ombudsman to provide financial remedy.

"In the last 12 months one of the big things we've done in response to feedback is to introduce care and comfort rounds across the Trust. Nursing staff now check every patients' needs every hour – for example, to ask whether they need a drink, to see if their call bell is working, or whether they need to use the bathroom."

Michelle Norton, Deputy Director of Nursing

We're supporting our patients' diverse needs

Designated awareness weeks throughout the year have provided staff with lots of opportunities to learn more about supporting patients with a wide range of conditions and needs.

Manned stands and information in public areas enabled staff, along with patients and the public, to find out more about the help and advice available regarding, amongst other things, dementia, learning disabilities, prostate cancer, alcohol, organ donation, dignity in care, elder abuse and support for carers.

Our awareness weeks also provided an opportunity to launch the Acute Trust Dementia Care Pathway promoting person-centred care for those people with dementia being cared for within our hospitals.

Pictured: Genette Edmonds, Lead Nurse for Dementia manned a stand reminding the staff and visitors to 'remember the person' when caring for patients, family or friends with dementia.

We're committed to providing a gold standard midwifery service

A Midwifery Strategy has been developed setting out the aims and ambitions of midwives from across our three hospitals and the community to ensure that more than 6,000 women who give birth in the county every year receive gold standard midwifery services, and that staff deliver a safe and quality service to be proud of.

"I would highly recommend the maternity unit. From the moment we arrived in the ante natal assessment unit the midwives couldn't do enough for me. During the early stages of labour we were given a lovely clean room and staff were very supportive. When it was time to move to the delivery suite the care we received was exceptional. We had the same fabulous midwife with us throughout the labour who treated me with complete dignity and respect. I had her full support, giving me advice and coaching me through each contraction until my baby arrived. I don't think the standard of care could have been better."

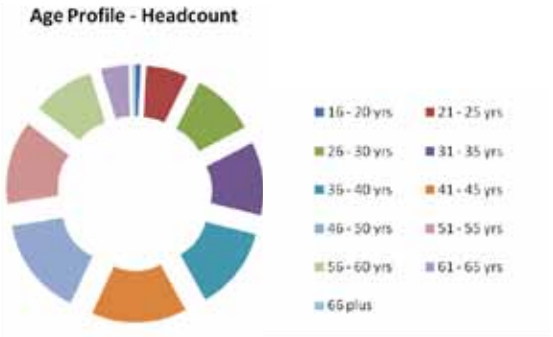
Anonymous, NHS Choices

Respecting our staff

"The Trust has stated a clear commitment to establishing a culture that supports staff health and wellbeing. Strong evidence shows that good health and wellbeing of the workforce is a key indicator of improved organisational performance and positive patient outcomes. Moving forward, investing in our staff is one of our six strategic priorities for 2012/13."

Bev Edgar, Interim Director of Workforce and Organisational Development

Staff Group	Gender	Total
Add Prof Scientific and Technic	Female Male	115 50
Add Prof Scientific and Technic Total		**165**
Additional Clinical Services	Female Male	829 109
Additional Clinical Services Total		**938**
Administrative and Clerical	Female Male	926 129
Administrative and Clerical Total		**1055**
Estates and Ancillary	Female Male	288 119
Estates and Ancillary Total		**407**
Healthcare Scientists	Female Male	125 46
Healthcare Scientists Total		**171**
Medical and Dental	Female Male	259 374
Medical and Dental Total		**633**
Nursing and Midwifery Registered	Female Male	1870 86
Nursing and Midwifery Registered Total		**1956**
Students	Female Male	15 2
Students Total		**17**
Grand Total		**5678**



Age Band	Total
16 - 20 yrs	45
21 - 25 yrs	373
26 - 30 yrs	567
31 - 35 yrs	655
36 - 40 yrs	744
41 - 45 yrs	846
46 - 50 yrs	881
51 - 55 yrs	748
56 - 60 yrs	552
61 - 65 yrs	250
66 plus	17
Grand Total	**5678**

We're committed to being fair to all

We have an approved **Sickness Absence Health and Wellbeing Policy** which covers how we deal with employees who become disabled whilst at work. The Trust holds the "two ticks" symbol and is positive about people with disabilities. Any job applicants who declare that they have a disability will be guaranteed an interview provided they meet the minimum criteria for the post. Where the successful candidate declares a disability we will make reasonable adjustments to enable them to take up the post.

Where a member of staff has (or develops) a long term medical condition or disability which affects their ability to do their job, we give careful consideration to making reasonable permanent adjustments to their duties or working arrangements. This may include reduced hours, lighter duties or alterations to equipment etc. Our specialist Occupational Health Team and HR department will support managers and staff with this process.

Our **Equality and Diversity Policy** sets out our commitment to promote equality of opportunity, and to eliminate any unlawful or unfair discrimination and / or harassment in the workplace and through the services we provide. This applies to all aspects of Trust activity in terms of employment and service delivery or provision. We expect our partner organisations and contractors to comply with equalities legislation.

The Trust is committed to providing EQUITY FOR ALL irrespective of:

- Age
- Disability
- Race & Ethnicity (including colour and nationality)
- Gender (including gender reassignment and marital status)
- Religion, Belief or Spirituality
- Sexual Orientation (including civil partnership status)

We also have a **Recruitment and Selection Policy** which states that the Trust aspires to be an employer of choice, values the diversity of the community it serves and wishes to reflect this diversity in its workforce. We are an equal opportunities employer committed to fair and equal treatment of all our employees and job applicants. As such, no applicant or employee will receive less favourable treatment on the grounds of their gender, marital status, sexual orientation, colour, race, ethnic or national origin, religion, creed, trade union membership, disability, social background or age or be disadvantaged by conditions or requirements which cannot be shown to be relevant to job performance.

In order to achieve this, the Trust adopts a fair and consistent approach to the recruitment and selection process, having continual regard for appropriate employment legislation, NHS Employers Employment Check Standards, Agenda for Change terms and conditions, and Trust Policies and Procedures.

We're helping our staff to return to work

A self-care scheme developed by the Trust has improved staff morale and reduced sickness absence costs.

Working with Human Resources and line managers, our Occupational Health team implemented a 'self care' course, designed by the Working in Partnership Project to support employees, change behaviour and reduce absence rates.
Working with the trainers, staff who participated examined individual perceptions of health and were trained in a model of change, confidence, self esteem and stress management, as well as healthy eating and exercise.

Nearly 70 individuals attended the course which offered practical guidance on individual health beliefs and how this might impact behaviour at work, as well as bespoke tools to help improve overall health and wellbeing.

"While the course was designed to deal with short-term issues, it has been found to be very beneficial for those on long-term absence as well and is now offered to those on long-term sick leave. Feedback from participants shows how bespoke techniques can help change behaviour and improve health at work by tackling the underlying problems, rather than simply dealing with symptoms. The impacts are felt not only by staff, but by their families and patients."

Elizabeth Preece, Occupational Health

We're a healthy staff champion

Our Let's Get Healthy intranet site ensures staff are signposted to the resources they need to live a healthy and balanced life both at work and home.

Over the last 12 months staff have accessed a range of health and wellbeing initiatives, including weight management support, stop smoking advice, free legal advice surgeries, Moodmaster sessions, fitness information and local gym and swim discounts.

Staff enjoying the touch rugby session

We have also hosted a regional Touch Rugby event with over 60 staff participating.

Counselling, neuro-linguistic programming and physiotherapy are also available for staff.

Future staff health and wellbeing developments will be driven by our Health and Wellbeing Strategy which is currently under development.

We're developing the skills of our workforce

We have continued to increase our training programmes in the last year, recognising the importance of well trained and highly skilled staff.

"Senior ward sisters and charge nurses now have access to a specific Leadership Development Programme which reiterates the pivotal role of senior ward sisters and charge nurses in raising and maintaining the highest of standards in care.

Pictured far left, Professor Jan Stevens with senior sisters from across the Trust and far right Helen Blanchard, Director of Nursing and Midwifery at the Worcester event.

"It is an opportunity to challenge and reflect on their current leadership style, values what motivates them to succeed, recognising that this will influence how they take forward their teams."

Helen Blanchard, Chief Nursing Officer

Did you know?

1480 staff supported to undertake local and external training programmes within education at university and higher college level

More than **70** internal training programmes have been provided covering mandatory training, specialist clinical training and a range of accredited leadership and management development programmes

2,346 (84%) of relevant staff have completed their resuscitation training

3000 members of staff have completed other mandatory training in areas such as fire safety, and manual handling.

400 work experience placements in both clinical and administrative settings have been provided to pupils from local schools and colleges.

25 business apprentices have been employed and are making a significant contribution within their departments.

We're investing in new talent

Our third cohort of Business Administration Apprentices based across the Trust received their awards following completion of their NVQ qualifications at both level 2 and 3 throughout their 12 month work placements.

Rebecca Currie received the Apprentice of the Year Award from Worcestershire Group Training Association for her outstanding contribution to the Communications Team, and her performance in her apprenticeship role. Rebecca is now a permanent member of the Communications Team.

Rebecca Currie receives her Apprentice of the Year Award from International swimmer Mark Foster who presented the awards.

"Taking part in the apprenticeship scheme has given me the opportunity to develop and acquire new skills, which I can apply to my current role on a daily basis. During the apprenticeship I completed my NVQ Level 3 in Business Administration and received excellent support throughout the course from everyone around me.

"Working within Communications has allowed me to interact with lots of different departments across the Trust. Working with such a wide variety of people has given me more confidence in myself and the work I produce than I had before the scheme."

Rebecca Currie, Communications Assistant and former Business Administration Apprentice

We celebrate long service

It was the turn of Kidderminster to host the Trust's long service awards in July 2011. All 30 invitees had worked within the Trust for over 25 years and some for as many as 35 years. Chairman Harry Turner thanked them for their dedication and loyalty in a wide variety of clinical and non- clinical roles and former Chief Executive John Rostill presented them with their gift, certificate and badge. Tea and cakes followed which gave everyone a chance to catch up with colleagues from different departments.

Pictured long serving members of Kidderminster Hospital staff with front row left: John Rostill, former Chief Executive and second row left: Helen Blanchard, Director of Nursing and Harry Turner, Chairman, far right.

Section 4

Involving stakeholders in our work

"Ensuring that we effectively involve and engage with our wide range of stakeholders – whether they be patients and the public, other NHS organisations or politicians - is incredibly important. We've worked hard in the last 12 months to continue to build on key relationships and work in partnership across a range of projects. Continuing to build on this good work is a key priority for us in 2012/13."

Chris Fearns, Director of Strategic Development

We're working together to make hospital services healthier

In January, in partnership with NHS Worcestershire, Worcestershire Health and Care Trust, Worcestershire's three GP Clinical Commissioning Groups and Worcestershire County Council we launched a review of our hospital services across the county with the aim of providing safe, high quality and sustainable services for Worcestershire residents in the future.

The process has brought together clinicians from across the NHS and social care sector in Worcestershire who, together, have been working to identify potential clinical models of care for the hospital services of tomorrow.

By the time this Annual Report is published, the emerging thinking on potential models of care which have come out of the first phase of the Joint Services Review will be in the public domain as part of our commitment to carrying out the process as openly as possible.

These models will then be refined using evaluation criteria agreed by clinicians and patients. Final options for how hospital services could be delivered in the future will go out to formal 12 week public consultation in the summer.

"As clinicians we are working together across the NHS in Worcestershire to find solutions for the future healthcare challenges we are facing. We are looking to demonstrate our ability to deliver high quality and safe services that are clinically and financially viable and sustainable."

Anthony Kelly, Chair of Worcestershire Clinical Senate

We're taking sound advice

Following the withdrawal of our Foundation Trust application by Monitor, we were not legally able to continue having a formal Shadow Council of Governors. However, given the valuable role our Governors had played and the relationship that had developed, we established an informal forum enabling all interested former governors to continue to work with the organisation.

"Our 'Sounding Board' is now well established with members meeting quarterly with the Board to discuss key areas of work going on within the Trust. Discussions so far have concentrated on the Joint Services Review, our Annual Plan for 2012/13 and Quality Account 2011/12 and have been very constructive."

Harry Turner, Chairman

"This demonstrates a firm and clear commitment from the Trust towards the continuation of focused and meaningful public engagement, ensuring that the views and needs of the local population are represented and reflected in all strategic and organisational service development. The Sounding Board members are thankful and appreciative of this opportunity to further help develop and shape healthcare services and delivery within the County at a time of great change."

David Allison, Sounding Board member

We're grateful to our great volunteers

We have more around 350 volunteers working across the Trust in various roles and each of them has a vital role to play in delivering our services.

Volunteering opportunities include:

- Working in the WRVS shop
- Assisting in the clinics by answering the phones and dealing with general enquiries
- Taking the library trolley and newspapers and magazines around wards
- Assisting with mealtimes, feeding patients and providing hot and cold drinks
- Supporting new mums with their babies

Tammy Morris and Julie Millman work for the Co-Op in Worcester and are required as a part of their role to undertake some volunteer work.

Tammy Morris from Co-op Travel with patient Jennifer Lamb and Julie Millman, also from Co-op Travel, Worcester.

Tammy and Julie helped us to carry out a Patient Feedback Survey being carried out on the wards. They talked to patients and assisted them to compile their answers to the questionnaire.

Volunteering can also lead to other opportunities within the Trust. Jenny Burley had been volunteering for over a year in the children's clinic at WRH when she applied successfully for a position in the department. Manager Melanie Chippendale says Jenny shone through out of 91 applicants and four interviewees and believes her volunteering experience helped her to gain the position.

Pictured: Jenny Burley with Melanie Chippendale

Our Severn Freewheeler volunteers responded to their 10,000th call for help in September. The team is an emergency voluntary courier service which has been providing a free out-of- hours motorcycle service to the Trust since September 2007.

They transport urgently needed medical supplies, samples and clinical information for the Trust and other hospitals across the region.

Pictured: The Severn Freewheeler team with Harry Turner, Chairman

We're thankful to our Friends

Our tireless Leagues of Friends have provided many items to help patients and staff over the last 12 months. For example:

The Alexandra Hospital League of Friends funded a state-of-the-art bladder scanner which cost just under £8,000, which allows speedier diagnosis for patients with possible retention of urine and enables a decision on whether a catheter needs to be inserted. They also provided ten new beds for A&E and 14 Stedy frames to assist patients leaving bed, going to the bathroom and returning safely.

Pictured l-r Mr Paul Rajjayabun, Consultant Urological Surgeon; Mr David Gemmell, Consultant in Emergency Medicine; Wayne Collins, Verathon Medicine; Angela Smith, Alexandra League of Friends and Sarah Moseley, A&E Sister.

At Kidderminster Hospital the League provided three versatile stands/ transfer aids or 'Stedy' that promote, support and encourage patient mobility and help patients to stand up independently. They are now in use in Imaging, Cookley Ward and the Wyre Forest Community Unit.

Matron Debbie Narburgh said: *"The Stedy equipment has proved to be really good. Patients feel comfortable, safe and supported. It makes a real difference in terms of privacy and dignity as it can be used to transport patients instead of a commode when they are tired or fatigued."*

Pictured l-r Debbie Narburgh, Matron for the Wyre Forest Community Unit; Kathy Crosbie, Ward Manager and Sarah Parkinson, Health Care Assistant and manual handling trainer for the ward.

The Friends of Worcestershire Royal Hospital have been looking at innovative ways of raising funds. They received a boost from Barclays Bank who matched pound for pound money raised at the Worcester Victorian Christmas Fayre.

Pictured is Eluned Smith, Chair of The Friends of WRH accepting a cheque for £649.20 from Mary Croad, from Barclays Bank Ltd, Worcester.

Similarly shoppers at Waitrose put their green 'Community Matters' tokens into the Friends charity box in store after they had been shopping, raising a further £470 towards funds for patient and staff support.

We're inviting others to share our successes

Staff old and new and invited guests including Karen Lumley, MP for Redditch, attended a celebration of 25 years at the Alexandra Hospital in October 2011. The event was an opportunity to showcase developments in nursing, radiology, pharmacy, catering, Ear, Nose and Throat, infection prevention and control, audiology and orthoptics and housekeeping as well as our Baby Friendly and diabetes ThinkGlucose Initiatives. Demonstrations by the Resuscitation and Manual Handling teams also made for an interesting and informative event.

Staff and invited guests cut the celebratory cake donated by the Alexandra Hospital League of Friends.

Sir David Nicholson, Chief Executive of the NHS visited Worcestershire Royal Hospital in April 2011 to talk to maternity and cardiology teams, and see and hear firsthand about the success of the Enhanced Recovery Programme for elective bowel surgery which is helping patients to return home quicker. He was impressed with the enthusiasm and expertise of the people he met.

Pictured: Sir David Nicholson; Alex Borg, General Manager Maternity/Paediatrics; Rachel Carter, Matron in Obstetrics and Gynaecology and Karen Kokoska, Maternity Services Risk Manager in discussion around maternity achievements

We're involving our patients and the public

We work closely with Worcestershire Local Involvement Network and our Patient and Public Involvement Forum and their valued advice has helped us make several improvements over the last 12 months. As part of their role, members carried out several 'Enter and View' visits to wards across the Trust last year.

"As the year progressed we noticed some marked improvements in standards of care particularly for nutrition, hydration and privacy and dignity. We also received many very positive comments from patients and family members about the high quality of care received. The response to our reports is excellent, and we are invited to meet, through the Patients Forum, with those responsible for care in the areas we have visited to discuss the action plan produced as a result of each visit. This enables us to discuss progress."

Ann Montague-Smith, Chair of Worcestershire LINk

Section 5
Delivering safe, effective services

"The successful introduction and roll out of regular patient safety walkrounds across the Trust has improved the visibility of Board members, Non-Executive Directors and former Shadow Governors (now the Sounding Board) and resulted in over 130 actions being followed through. An increased focus on reducing deaths has seen the Trust improve against the Dr Foster HSMR (hospital standardised mortality rate) with 391fewer deaths than expected and 109 lives saved by increased monitoring of deteriorating patients and avoiding cardiac arrests."

Steve Graystone, Medical Director of Patient Safety

We're leading by example

Chris Doughty, Our Senior Resuscitation Officer, Chris Doughty, was elected as an Advanced Life Support (ALS) regional representative for the Resuscitation Council UK in 2011.

The Resuscitation Council UK leads research into life saving techniques, and is the expert body in resuscitation medicine. Chris' role sees him visiting ALS training centres across the West Midlands to ensure the high standards of the Council are maintained and to help support centres where necessary.

The Trust trains around 125 staff every year and following our latest inspection the assessor praised us as "the best centre" she had ever attended.

Chris Doughty training staff in resuscitation

We launched a new dermatology service

Patients from across the county are benefiting from a new form of Dermatological surgery. Mohs surgery is an advanced, precise and highly effective technique used to remove certain forms of skin cancer, particularly the most common type basal cell carcinoma.

During the procedure, skin and underlying tissue is excised under local anaesthetic in stages permitting immediate and complete microscopic examination of the margins to ensure that any roots or extensions of the tumour have been identified and completely removed. Subsequent surgical reconstruction can take place normally on the same day. The service is being provided at Worcestershire Royal Hospital.

Pictured centre: Dr Phil Preston and Dr Christopher Allen with the Worcestershire Mohs Micrographic Surgical team

We're helping babies get the very best start in life

Patti Paine, Head of Midwifery; Penny Turton and Caroline Payne, Infant Feeding Advisers and Vicky Olson, Nursery Nurse

Our midwifery team was awarded the Stage 3 Baby Friendly Initiative award in recognition of the support and commitment maternity services have made to supporting women and babies with their infant feeding choice and in the promotion of breastfeeding.

The Baby Friendly Initiative is a worldwide programme of the World Health Organization and UNICEF. It encourages a high standard of care and raise awareness of infant feeding for pregnant women from their first appointment right through their pregnancy, immediately following birth and when mums and babies go home.

The Trust was congratulated for its excellent work in moving through all the levels to achieve Stage 3 on all sites at the same time; an achievement, which has not been met by any other organisation nationally.

Penny Venables, Chief Executive is pictured with staff from Ward 2

We're flexible to meet demand

The opening of 23 permanent extra beds on Ward 2 at the Alexandra Hospital helped to reduce waiting times for patients during the winter months. The availability of beds impacts directly on the quality of care we provide for our patients and the extra beds were just one of the measures put in place to help ease pressures at Worcestershire Royal as well as the Alexandra.

We're always prepared

We continue to update our business continuity plans to ensure we're as prepared as we can be for every eventuality.

ITU sisters Sally Rudge and Donna Bagnall in action during the exercise to test ward evacuation procedures during a fire.

Last year we continued to demonstrate our capability to respond to major incidents through an extensive programme of exercises - the largest being a major fire evacuation exercise which took place in August 2011 in conjunction with the Worcestershire Health and Care NHS Trust, Fire & Rescue Service and the West Midlands Ambulance Service Hazardous Area Response Team (HART) and supported by nearly 30 volunteers.

Other exercises included communications cascades, industrial action, telephone system testing, decontamination and a major accident exercise.

Major incidents also present another opportunity to test response plans and during the 2011/12 the Trust had cause to activate its Surge Management, Major Outbreak, Fire Evacuation, Industrial Action and Severe Weather Plans. All exercises and incidents were followed by debriefs to identify learning, which has been used to further improve plans.

"Alongside the exercise programme, regular training has been delivered to key groups including executive directors, senior managers and matrons and to staff who might support a Control Team during a major incident."

Lorraine Wilde, Emergency Planning Manager

Section 6
Efficient use of resources

"All NHS Trusts are facing the need to become more efficient and in 2011/12 we managed to deliver £13 million worth of efficiency savings through improved productivity and new ways of working, without compromising the safety or quality of care we provide. Some of the examples of how we've done this can be seen in this chapter. We need to make efficiency savings of around the same amount in 2012/13 and some of the things we will be looking at include theatre and outpatient productivity, improved rostering / reducing sickness, reducing length of stay and reducing our drugs bill."

Chris Tidman, Director of Finance and Performance

We're using new technology to make us more efficient

Our nurses and doctors can keep their patient information up to date with a couple of clicks and in 'real time' thanks to electronic whiteboards which are now on all wards and detail admission, discharge and transfer information.

"The whiteboards have proved a valuable asset in maintaining the efficient running of the ward. By customising certain elements of the boards we can now maintain accurate records in relation to Expected Discharge Dates, diet, MRSA screening, rehabilitation and much more. With the board being in real-time we can see clearly, at a glance, where patients are, which patients are due in and which are due to go. This makes life a lot simpler when dealing with bed management and future planning."

Julian Freshwater, Ward Clerk on Laurel One, Coronary Care Unit and the Cardiac Catheterisation Suite.

Over the last twelve months we have continued the move to locally held electronic patient records. The first stage of this was the successful deployment of the eZ notes 'Clinical Portal. This draws information from our clinical systems so that clinicians can see at a glance information about their patient.

This improves patient care as information is easily available for staff.

The next stage of the project is the delivery of the current countywide paper case note in electronic form. The Trust is having these documents scanned and making them available to clinicians.

"The move to electronic records will improve patient care because case notes will be available 24/7 from all locations, records will be up to date as clinical information is scanned within 24 hours of ward discharge or clinic attendance, all paperwork has barcodes that specify where the document should be filed eliminating misfiles, and security will be improved as access to information is tracked and therefore auditable."

Steve Graystone, Medical Director of Patient Safety

We're always looking to learn from others

Staff from across Trust visited Bosch Production System in Worcester to observe and learn how efficiency processes they have put in place could be transferred into a hospital setting.

Bosch adhere to eight simple principles to improve their processes and procedures. A tour of their factory floor highlighted just how effective their principles are when embedded throughout the organisation and put into practice – they have an incredibly smooth 'production line' in place where every member of staff knows exactly what their role is in delivering the organisation's mission, values and overall strategy.

We're buying better

As part of our determination to deliver 'safe' savings that will not compromise patient care, we continue to look at all aspects of our procurement process to maximum the use of our resources.

Building on the previous year's achievements, our procurement team has concentrated on several large areas of expenditure. Stationery and printer toner cartridges, immunology testing, the standardisation of examination gloves, mattress rentals and masks and oxygen therapy consumables all came under their scrutiny. The result was a saving of £1.6 million last year.

"Procurement and supplies engage closely with both suppliers and clinicians to source products and services at the right quality, at the right price, from the right source, in the correct quantity, for delivery at the right time to the right internal customer. We continue to support the hospitals in managing the procurement process and the supply base as efficiently and effectively as possible. This supports clinicians in delivering the best possible patient care whilst ensuring value for money is achieved."

Charlotte Kings, Deputy Head of Procurement

We're reducing our carbon footprint

As from April 2012 new rules will mean that we will have to pay a 'tariff' to the Government on each tonne of carbon we emit each year.

Our current emissions are 24,654 tonnes a year – this means we could have to pay a tariff of around £300,000 in 2012/13.

We are committed to reducing our carbon emissions – not only to improve sustainability and help the environment, but to ensure that we reduce the amount of tariff we have to pay each year as this is a large sum of money that could otherwise be spent on patient care. To help us do this we have registered with the Carbon Reduction Commission (CRC) on a scheme aimed at improving our energy efficiency and we are now developing our plans on how we are going to do this.

An Environmental/Sustainability committee has been set up and an Environmental/ Sustainability Strategy will be published in the summer.

We also aim to produce an Interim Environmental Charter and will consider partnering with The Carbon Trust or similar organisation to help us roll out energy/carbon saving schemes.

Energy "spend to save" schemes are also on this year's capital programme and, to encourage further consideration of carbon and the environment, mandatory consideration of carbon reduction will be introduced for all business cases seeking capital investment allocation.

Going green

What we've done in the last 12 months:

- Reduced electricity use at Kidderminster by replacing the substation
- Made operating theatre ventilation systems more efficient
- Separated heating zones at the Alexandra to allow greater control
- Installed energy saving lighting controls at the Alexandra

Our plans for the future:

- Increase recycling across all three sites
- Install improved lighting controls at the Alexandra and Kidderminster
- Introduce automatic meter readings to help manage energy use
- Modernise water heating equipment and look into use of renewable energy

Section 7

Our people

The Board

Harry Turner
Chairman

Penny Venables
Chief Executive

Dr Charles Ashton
Medical Director

Helen Blanchard
Chief Nursing Officer

Bev Edgar
Interim Director of Human Resources and Organisational Development

Chris Fearns
Director of Strategic Development

Chris Tidman
Director of Finance and Resources and Deputy Chief Executive

John Burbeck
Non-Executive Director

Bryan McGinity
Non-Executive Director

Andrew Sleigh
Non-Executive Director

Lynne Todd
Non-Executive Director

Nichola Trigg
Vice-Chairman and Senior Independent Director

Tosca Fairchild
Company Secretary

Register of Interests

Name	From/Until	Interests
Harry Turner Chairman		Business Advisor - Metrovacasa Hotels (Spain) HMCS Magistrate – South Worcester Trustee – Charles Hastings Education Centre
Penny Venables Chief Executive	(from January 2012)	Trustee – Sandwell Arts Trust Spouse is the Chief Executive at University Hospital Southampton NHS Foundation Trust
Dr Charles Ashton Medical Director		No interests declared
Helen Blanchard Director of Nursing and Midwifery		No interests declared
John Burbeck Non-Executive Director	His tenure runs until 31 Dec 2014	Director – Burbeck Ltd Director – Kids Taskforce Spouse is the Chief Executive of The Joint Clinic
Bev Edgar Interim Director of Human Resources & Organisational Development	(from 08 Nov 2011)	Owner – Edgar Consultancy (HR Consultancy Company)
Chris Fearns Director of Strategic Development	(from 31 Oct 2011)	No interests declared
Bryan McGinity Non-Executive Director	His tenure runs until 31 Dec 2014	Director, Trustee & Treasurer– Wychavon CAB Director & Vice Chairman – South Worcestershire FE College Director, Trustee & Treasurer - Cystitis and Overactive Bladder (COB) Foundation
Andrew Sleigh Non-Executive Director	His tenure runs until 31 Dec 2014	Development Committee Member – University of Worcester
Chris Tidman Director of Finance & Deputy Chief Executive	(from May 2011)	No interests declared
Lynne Todd Non-Executive Director	His tenure runs until 31 Dec 2014	Associate Director - Shine Business Research Honorary Contract - Hospital Lay Manager (CAMHS) - Birmingham Children's Hospital HMCS - Magistrate - Redditch
Nichola Trigg Non-Executive Director	Her tenure runs until 31 Oct 2015	Company Director - Redcliffe Catering Ltd; Redcliffe Hotels & Catering Ltd; Redcliffe Event Management Ltd; Trigg Administration Services Ltd; Edfm Consultants Ltd. Treasurer - Hagley Community Association; Kidderminster Referees Association.
Tosca Fairchild Company Secretary		No interests declared

Previous Board Members

Graham Bennett
Interim Director of Finance
(until 30 April 2011)

Jeff Crawshaw
Director of Human Resources
(until Nov 2011)

Dr Mark Goldman
Interim Chief Executive (from Aug 2011 to Dec 2011)

Jane Rhead
Non-Executive Director
(until 30 June 2011)

John Rostill OBE
Chief Executive
(until July 2011)

Register of Interests

Name	From/Until	Interests
Graham Bennett Interim Director of Finance	(until April 2011)	Company Director - Graham Bennett Associates
Jeff Crawshaw Director of Human Resources	(until November 2011)	Worcester Business School Advisory Board – Member of Council & Board
Dr Mark Goldman Interim Chief Executive	(from Aug 2011 to Dec 2011)	No interests declared
Jane Rhead Non-Executive Director	(until 30 June 2011)	Partner is Chairman of Wolverhampton City PCT
John Rostill OBE Chief Executive	(until July 2011)	No interests declared

Committees as at 31 March 2012

Remuneration Committee		Title	Attendance
Chairman *(1 April 2011 - 31 March 2012)*	Harry Turner	Trust Chairman	4/4
Vice-Chairman	Nichola Trigg	NED / Trust Vice Chairman	3/4
Members: *(1 April 2011 - 31 March 2012)*	Bryan McGinity	Non-Executive Director	3/4
	Lynne Todd	Non-Executive Director	4/4
	Andrew Sleigh	Non-Executive Director	4/4
	John Burbeck	Non-Executive Director	4/4
	Jane Rhead *(until 30 June 2011)*	Non-Executive Director	1/2
Charitable Funds Committee		**Title**	**Attendance**
Chairman *(1 April 2011 - 31 March 2012)*	Harry Turner	Trust Chairman	2/2
Vice-Chairman	Nichola Trigg	NED / Trust Vice Chairman	1/2
Members:	John Rostill *(until July 2011)*	Chief Executive	1/2
	Mark Goldman *(from Aug 2011 - Dec 2011)*	Interim Chief Executive	0/1
	Penny Venables *(January 2012 - 31 March 2012)*	Chief Executive	No meetings between Jan 12 – Mar 12
	Jeff Crawshaw *(until 4 Oct 2011)*	Director of HR	2/2
	Graham Bennett *(until 31 April 2011)*	Interim Director of Finance	1/1
	Jane Rhead *(until 30 June 2011)*	Non-Executive Director	0/1
	Chris Tidman *(from May 2011)*	Director of Finance/ Deputy CE	1/1
	Helen Blanchard	Director of Nursing & Midwifery	1/2
	Charles Ashton	Medical Director	1/2
	Bryan McGinity	Non-Executive Director	2/2
	Lynne Todd	Non-Executive Director	2/2
	Andrew Sleigh	Non-Executive Director	2/2
	John Burbeck	Non-Executive Director	2/2
Audit Committee		**Title**	**Attendance**
Chairman *(1 April 2011 - 31 March 2012)*	Bryan McGinity	Non-Executive Director	7/7
Vice-Chairman	Andrew Sleigh	Non-Executive Director	7/7
Members:	Nichola Trigg	NED / Trust Vice Chairman	7/7
Quality Assurance & Scrutiny Committee		**Title**	**Attendance**
Chairman *(1 April 2011 - 31 March 2012)*	Lynne Todd	Non-Executive Director	11/11
Vice-Chairman	John Burbeck	Non-Executive Director	11/11
Members:	John Rostill *(until July 2011)*	Chief Executive	1/3
	Mark Goldman *(from Aug 2011 – Dec 2011)*	Interim Chief Executive	4/4
	Chris Tidman*	Director of Finance/ Deputy CE	1/1
	Penny Venables *(from Jan 2012 – March 2012)*	Chief Executive	2/3
	Helen Blanchard	Director of Nursing & Midwifery	11/11
	Charles Ashton	Medical Director	10/11
	Medical Director for Patient Safety	Medical Director for Patient Safety	10/11
Corporate Assurance & Scrutiny Committee *(from Sept 2011 – 31 March 2012)*		**Title**	**Attendance**
Chairman	Andrew Sleigh	Non-Executive Director	2/2
Vice-Chairman	Jeff Crawshaw *(until 4 Oct 2011)*	Director of HR	1/2
	Bev Edgar *(from 8 Nov 2011 – 31 March 2012)*	Interim Director of HR	1/2
Members:	Tosca Fairchild	Trust Secretary	2/2

QIPP Board *(from May 2011 – Dec 2011)*		Title	Attendance**
Chairman	Harry Turner	Trust Chairman	7/11
Vice-Chairman	Bryan McGinity	Non-Executive Director	9/11
Members:	Nichola Trigg	NED /Trust Vice-Chairman	3/11
	Lynne Todd***	Non-Executive Director	5/5
	Andrew Sleigh***	Non-Executive Director	4/4
	John Burbeck***	Non-Executive Director	3/3
	John Rostill *(until July 2011)*	Chief Executive	4/5
	Mark Goldman (*from Aug 2011 – Dec 2011)*	Interim Chief Executive	3/3
	Chris Tidman	Director of Finance / Deputy CE	11/11
	Helen Blanchard	Director of Nursing & Midwifery	9/11
	Charles Ashton****	Medical Director	2/11
Business Development & Performance Committee *(from Sept 2011 –31 March 2012)*		**Title**	**Attendance**
Chairman	Chris Tidman	Director of Finance/ Deputy CE	6/6
Vice-Chairman	Haq Khan	Deputy Director of Finance	6/6
Members:	Chris Fearns *(from Dec 2011)*	Director of Strategic Development	0/3
	Rose Johnson	Medical Director – WRH /KH	5/6
	Karl Bell	Medical Director – AGH	1/6
	Frances Martin	Hospital Director - AGH	5/6
	Lisa Davies-Jones	Hospital Director – WRH/KH	5/6
	Michelle Norton	Deputy Director of Nursing	2/6
	Martin Flowers	Interim Assistant Director of Finance	5/6
	Peter Male *(until Nov 2011)*	Director of Estates & Facilities	3/3
	Steve Lloyd	Interim Director of Estates	2/3
	Lynne Walden	Head of Finance – WRH / KH	6/6
	Jo Kirwan	Head of Finance - AGH	6/6
	Sue Knights	Finance Manager – Core/Corporate	5/6
	Jeremy Thomas	Consultant Anaesthetist	1/6

*Acting Chief Executive
**2 meetings held in the months of May, June, July & Oct
***for quoracy requirements on the number of NEDs
****for quoracy requirements on clinical representation

Section 8

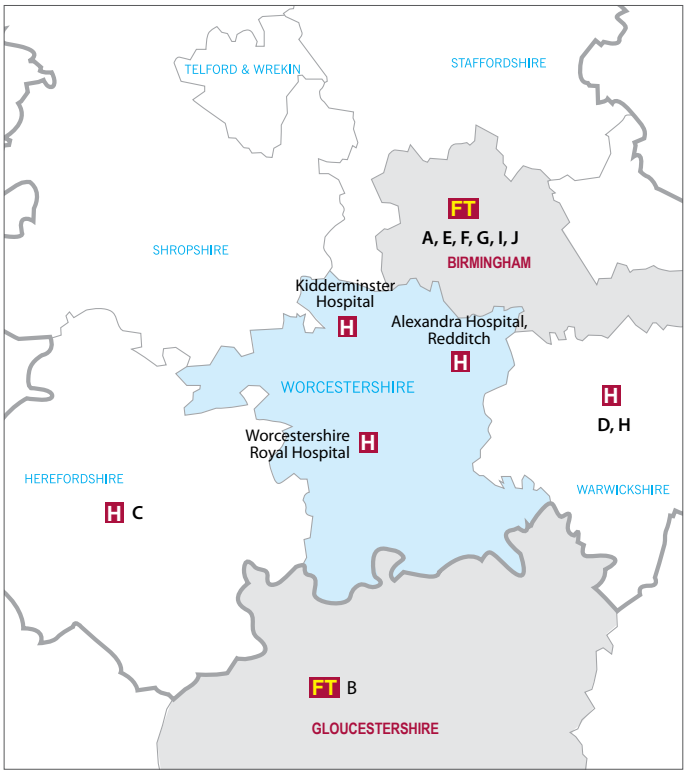
Operating and Financial Review

Business profile

Worcestershire Acute Hospitals NHS Trust was formed on 1 April 2000 following the merger of Worcester Royal Infirmary NHS Trust, Kidderminster Healthcare NHS Trust, and Alexandra Healthcare NHS Trust. Facilities are distributed across the three sites; the Alexandra Hospital, Redditch; the Kidderminster Treatment Centre, and the Worcestershire Royal Hospital. In addition it operates services from four Community Hospitals: Princess of Wales Community Hospital, Tenbury Community Hospital, Evesham Community Hospital and Malvern Community Hospital. The Trust has 942 beds, over 5,600 employees and has an annual income of £330 million. An analysis and profile of the Trust's staffing is included elsewhere within the Annual Report on page 19.

The Trust predominantly serves the population of the county of Worcestershire with a current population of almost 557,000, providing a comprehensive range of surgical, medical and rehabilitation services. This figure is expected to rise to 586,000 by 2026; taken as a whole, the Trust's catchment population is both growing and ageing. Life expectancy continues to rise above the national average and contributes towards the forecast growth in activity due to the increase in over 75s in the local population. The Trust's catchment population extends beyond Worcestershire itself, as patients are also attracted from neighbouring areas including South Birmingham, Warwickshire, Shropshire, Herefordshire, Gloucestershire and South Staffordshire. This results in a catchment population which varies between 420,000 and 800,000 depending on the service type. Referrals from GP practices outside of Worcestershire currently represent some 15% of the Trust's market share. However, currently less than 75% of Worcestershire residents receive their treatment at their local hospital run by this Trust. Other NHS competitors include Trusts in surrounding areas which are adjacent to this Trust's current catchment areas and include:

A. The Dudley Group of Hospitals NHS Foundation Trust
B. Gloucestershire Hospitals Foundation Trust
C. Hereford Hospitals NHS Trust
D. South Warwickshire General Hospitals NHS Foundation Trust
E. University of Birmingham NHS Foundation Trust
F. Heart of England NHS Foundation Trust
G. Sandwell and West Birmingham NHS Trust
H. University Hospitals Coventry and Warwickshire NHS Trust
I. Birmingham Childrens' Hospital NHS Foundation Trust
J. Birmingham Women's NHS Foundation Trust



The Trust has in place a number of contracts with external organisations which are essential to the day-to-day operations of the Trust. These include the contract for the provision and operation of the PFI Hospital with Worcestershire Hospital SPC plc (formerly Catalyst Healthcare (Worcester) PLC); two contracts with Steria Ltd (through a joint venture with the Department of Health) for the provision of financial systems and accounting services, and payroll and pensions services on behalf of the Trust; a contract with the HealthTrust Europe (formerly the Healthcare Purchasing Consortium) for the provision of Procurement and Supplies systems and services for the Trust; a contract with Coventry and Warwickshire Audit Services for the provision of Internal Audit and Counter Fraud services; and a contract with Xerox for a Managed Service relating to the provision of Patient Records.

Performance in 2011/12

The financial year 2011/12 represented a significant challenge because of the following key factors;

- An underlying deficit of £6m was carried forward from the previous financial year
- Tariff reductions of 1.5%, meant that a further £12m needed to be delivered through efficiencies to ensure a breakeven position
- Further PCT QIPP reductions of £8m to contract income in respect of changes to service models and referral patterns
- A £5m surplus was required in order that funds could be set aside to meet the final £5m repayment of a cash loan taken out in 2007.

The Trust did receive some transitional support from NHS Worcestershire provide short term funding to cover "stranded costs" and time delays in the implementation of new PCT QIPP schemes. In response, the Trust agreed to cap the main contract, such that elective over-performance in 2011/12 would not be paid under Payment by Results. The year-end financial position culminated in the Trust delivering an I&E deficit of £1.2m (before any impairments or technical IFRS adjustments). In line with Department of Health guidance on the Break-Even duty for NHS Trusts, costs relating to impairments (£594k) are excluded when measuring a Trust's break-even performance. Factoring in both the Impairments adjustment and those relating to IFRS, the Trust ended the year with an overall surplus of income over expenditure of £83k. This compares favourably to the Trust's control target of achieving a break-even position. The Trust was also still able to make repayment of the final £5m instalment of its £25m cash loan, a situation that was assisted by slowing down a number of capital expenditure projects. The delivery of this financial surplus in 2011/12 was again key in demonstrating the organisation's ability to deliver a sustainable financial position following a lengthy period of intensive financial recovery.

The Trust spent £6.5m on capital investments in 2011/12, which represented an underspend of £1.8m against its financial target of £8.3m. Significant investments were made in IT equipment, fire safety, estates statutory standards, new and replacement medical equipment, and a new Waste Compound and Car Park.

The Trust's performance in respect of the Better Payments Practice Code (BPPC) saw a fall in performance to 50% of invoices by value (33% by volume) paid within 30 days of receipt of a valid invoice. Performance against the BPPC value measure fell by 3% and against the volume measure by 8% compared to 2010/11. Details of compliance with the code are given in note 11.1 of the Trust's 2011/12 Accounts.

The Trust's external auditor is the Audit Commission, to whom a fee of £146,605 (including VAT) has been paid in 2011/12 for the statutory audit of the Trust. In addition the Trust is required to obtain external assurance on their Quality Accounts for 2011/12. The scale fee for this piece of work has been proposed at £15,000 + VAT. No further work has been requested from the Audit Commission by the Trust in respect of further assurance services or other services. The Trust's Directors have confirmed that they are not aware of any relevant audit information which has not been brought to the attention of the Trust's auditors.

Confirmation as to how pension liabilities have been treated by the Trust are contained within notes 1.6 of the Trust's 2011/12 Accounts. This accounting treatment also applies to the figures reported with the Directors' Remuneration statement detailed later within the Annual Report.

The Trust's performance against key operational targets was as follows:

- The Trust has continued to hit its 18 week wait target in all categories throughout 2011/12.
- The Trust achieved five of the six cancer targets for the year, but failed to achieve the 85% target for the 62 day cancer waiting times - urgent GP referral all cancers. The Trust's performance level for 2011/12 was 83.25%.
- The Trust was unable to achieve the A&E waiting time target of 95%, ending the year with an overall performance of 92.15%.
- The Trust achieved the cancelled operations 28 day re-admission target, but failed to achieve the target for cancellations to be less than 0.8% of all operations. Against this target, the Trust's performance was 0.86%.
- The Trust continued its improved performance against the MRSA target, with just 3 cases being reported in 2011/12, against the Trust's target of 5.
- For C-Difficile, in 2011/12 the number of reported cases fell from 125 to 65, a reduction on the previous year of 48%.
- Daycase admissions rose by 10.6% in 2011/12 compared with 2010/11.
- Elective inpatient admissions decreased by 8.5% in comparison with 2010/11.
- Non elective admissions fell by 2.5% compared with 2010/11.
- Attendances at A&E increased by 1.9% compared to 2010/11.
- The Total number of Outpatient Attendances across the Trust increased by 3.7% in comparison with 2010/11.
- The Trust reported 5 losses of data under the arrangements for reporting Serious Untoward Incidents. In all instances a notification to NHS Midlands and East was made in line with NHS Information SUI reporting requirements. All cases were subject to a root cause analysis with remedial action plans being agreed and implemented.
- The Trust's sickness absence rate fell by 0.34% in 2011/12 to an average level of 3.93%.

Looking forward to 2012/13 and beyond

Financial Outlook

The next 2-4 years will be a very challenging for the Trust as it will be for the entire NHS in the wake of the economic downturn. Following a period of significant annual growth of between 5% and 7% per annum, the next few years will bring either zero real terms growth or a reduction as the government works to reduce public

sector spending to repay the high levels of government debt now on its books.

We know that the following two years will see zero levels of growth and with the growth in demand from an ever ageing population and ever higher public expectations, commissioners and providers will have to work together to find new ways of delivering care in a more cost effective way and in many cases will be required to reduce the volume of care provided in a hospital setting. Over the next 4 years NHS Worcestershire has indicated that it is planning to reduce the number of patients referred to acute hospitals by 14% by investing in alternative forms of care largely in a primary care or community setting.

Notwithstanding the significant improvements in the Trust's financial health over recent years, the ongoing delivery of efficiency and transformational programmes to meet new savings targets will be a feature for years to come. The Department of Health's Operating Framework for 2012/13 signalled that the National Efficiency Requirement will be 4% from 2012/13 onwards. The Trust has assessed that in order to deliver an operating surplus in 2012/13, the level of efficiency savings required is actually 5.5%, and the internal Quality, Innovation, Productivity and Innovation (QIPP) target of £15m reflects this.

Further changes have been made to the structure of PBR to ensure that payment systems are more aligned to the delivery of national strategic objectives including:

- The existing 'best practice tariffs' which reward providers for delivering the most effective care pathways have been expanded to incentivise more procedures in a less acute setting and same-day emergency treatments where clinically appropriate; to increase the payment differential between standard and best practice care for fragility hip fracture and stroke; to promote the use of interventional radiology procedures.
- The 30% marginal rate will continue to apply for increases in the value of emergency admissions, as will the policy of non-payment for emergency readmissions following elective surgery.
- The PbR tariff price adjuster will be a reduction of at least 1.5%, and will be applied to non-tariff services.
- An increase in the funding available to meet quality improvements through CQUIN schemes from 1.5% to 2.5%. For WAHT this equated to a total of £6.6m of income that is dependent upon achieving these quality improvements.

The Trust's response to these external factors has been to develop a strategy of sustained efficiency improvement based on a sound management and financial structure which will ensure a combination of service and financial well-being into the future and will deliver over £60m of efficiency savings over the next 5 years.

The Trust's financial plans for the next five years includes several key elements to achieve the following objectives:

- To ensure that the Trust has sound treasury management processes which deliver significant improvements in its cash position, given the legacy debt built up in the balance sheet. In order to achieve this objective in 2012/13, the Trust plans to obtain a Working Capital Loan of £21m from the Department of Health.
- To maintain and develop strong financial management and control within the Trust to ensure it is fit for purpose both now and in the future as a Foundation Trust.
- To identify and manage business risks to ensure that the Trust's objectives progress unhindered.

- To ensure that the Trust's assets are optimised, protected and managed appropriately to sustain and improve the ongoing delivery of services
- To ensure that there is a sound performance management framework in place to enable the Trust to monitor progress against its financial, operational and contractual targets, and to take early corrective action as necessary.

The key risks facing the Trust in 2012/13 are as follows:

- Delivery of the QIPP savings programme through robust planning, implementation and accountability arrangements, whilst maintaining safe clinical services and delivering challenging access targets.
- Missing performance targets, potentially resulting in penalties.
- Reduction in demand for services due to changes in commissioning intentions and competition.
- Over-performing against the emergency activity threshold and receiving income at the 30% marginal rate

The risks will be managed through:

- Effective systems to ensure that performance targets are achieved;
- Assessment and implementation of effective performance management arrangements;
- Monitoring of key performance indicators on a monthly basis at the Trust Board.

Fraud and Corruption Statement

In December 1999 Secretary of State Directions were issued to NHS Trusts (revised November 2004). These directions set out the roles and the responsibilities of each Health Body in countering Fraud and Corruption.

A key requirement is for each NHS body to nominate and appoint a Local Counter Fraud Specialist (LCFS) suitably trained and accredited to carry out operational responsibilities with the investigation of cases of fraud involving the Trust.

The Trust's LCFS Anita Siviter, has undertaken this work for the Trust during 2011-12 in compliance with Directions and to support this work the Trust continually reviews and updates its Fraud and Corruption Policy.

This policy provides direction and help to employees who may identify suspected fraud and provides a framework for responding to suspicions of fraud, advice and information on various aspects of fraud and implications of an investigation.

The LCFS has reported directly to the Trust's Audit Committee and the work undertaken by the LCFS is monitored by the Chief Executive and the Director of Finance to ensure compliance with the Directions.

Statement of Cash Flows for the year ended 31 March 2012

		2011-12	2010-11
	Note	£000	£000
Cash Flows from Operating Activities			
Operating Surplus/Deficit		13,322	12,570
Depreciation and Amortisation		10,363	10,714
Impairments and Reversals		594	1,126
Other Gains / (Losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		(14)	0
Government Granted Assets received credited to revenue but non-cash		0	0
Interest Paid		(10,112)	(9,872)
Dividend Paid		(2,683)	(3,333)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		(416)	(176)
(Increase)/Decrease in Trade and Other Receivables		(4,153)	(539)
(Increase)/Decrease in Other Current Assets		0	0
(Increase)/Decrease in Trade and Other Payables		5,247	(136)
(Increase)/Decrease in other Current Liabilities		(237)	2,647
Provisions Utilised		(304)	(297)
Increase/(Decrease) in Provisions		378	(130)
Net Cash Inflow/(Outflow) from Operating Activities		11,985	12,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		43	29
(Payments) for Property, Plant and Equipment		(5,960)	(6,770)
(Payments) for Intangible Assets		0	0
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		336	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from disposal of investment with DH		0	0
Proceeds from disposal of other financial assets		0	0
Proceeds from disposal of financial assets (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Rental revenue		0	0
Net cash inflow/(outflow) from investing activities		(5,581)	(6,741)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		6,404	5,833

		2011-12	2010-11
	Note	£000	£000
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital Received		0	150
Public Dividend Capital repaid		0	0
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Working Capital Loans		0	0
Other Loans received		0	0
Loans repaid to DH - Capital Investment Loans repayment of Principal		0	0
Loans repaid to DH - Working Capital Loans Repayment of Principal		(5,000)	(5,000)
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts		0	0
Capital Element of Payments in Respect of Finance Leases on On-SoFP PFI and LIFT		(1,667)	(1,698)
Capital grants and other capital receipts		0	0
Net Cash Inflow/(Outflow) from Financing Activities		**(6,667)**	**(6,548)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(263)**	**(715)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		11,203	11,918
Opening balance adjustment - TCS transactions		0	
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		11,203	11,918
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		10,940	11,203

Statement of Comprehensive Income for year ended 31 March 2012

		2011-12	2010-11
	NOTE	£000	£000
			(restated)
Employee benefits	10.1	**(204,571)**	(196,344)
Other costs	8	**(118,701)**	(112,903)
Revenue from patient care activities	5	**307,209**	297,158
Other Operating revenue	6	**29,385**	24,659
Operating surplus/(deficit)		**13,322**	12,570
Investment revenue	12	**43**	29
Other gains and (losses)	13	**(55)**	0
Finance costs	14	**(10,165)**	(9,932)
Surplus/(deficit) for the financial year		**3,145**	2,667
Public dividend capital dividends payable		**(4,338)**	(3,944)
Retained surplus/(deficit) for the year		**(1,193)**	(1,277)
Other Comprehensive Income			
Impairments and reversals		**(887)**	(2,757)
Net gain/(loss) on revaluation of property, plant and equipment		**8,659**	8,022
Net gain/(loss) on revaluation of intangibles		**0**	0
Net gain/(loss) on revaluation of financial assets		**0**	0
Net gain/(loss) on other reserves		**0**	0
Net gain/(loss) on available for sale financial assets		**(15)**	0
Net actuarial gain/(loss) on pension schemes		**0**	0
Reclassification adjustment on disposal of available for sale financial assets		**0**	0
Total comprehensive income for the year		**6,564**	3,988
Financial performance for the year			
Retained surplus/(deficit) for the year		**(1,193)**	
IFRIC 12 adjustment		**515**	
Impairments		**594**	
Adjustments in respect of donated asset/gov't grant reserve elimination		**172**	
Adjusted retained surplus/(deficit)		**88**	

A Trust's reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:

a. The revenue cost of bringing Private Finance Initiative (PFI) assets onto the Statement of Financial Position (due to the introduction of International reporting Standards (IFRS) accounting in 2009/10) - NHS Trusts' financial performance measurement is required to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation's operating position and is narrated above as IFRIC12 adjustment.

b. Impairments to Fixed Assets - 2009/10 was the final year for organisations to revalue their assets to a modern Equivalent Asset (MES) basis of valuation. An impairment charge is not considered part of the organisation's operating position.

c. Adjustment in respect of Donated Asset Reserves elimination - The Treasury revised their reporting manual in 2010-11 to reflect the interpretation of International Accounting Standards (IAS20), resulting in the elimination of Reserved in respect of Donated Assets. The revenue impact of depreciation relating to these assets was previously offset by a release from the Donated Asset Reserve. Following revision to the reporting manuals this cost is charged to the trusts expenditure without any offset. This is therefore not considered part of the Trust's operating position.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2011	139,879	(57,018)	52,721	(861)	**134,721**
Opening balance adjustments		0	0	0	**0**
Adjustments for Transforming Community Services transactions		1,260	30	0	**1,290**
Restated balance at 1 April 2011	139,879	(55,758)	52,751	(861)	**136,011**
Changes in taxpayers' equity for 2011-12					
Retained surplus/(deficit) for the year		(1,193)			**(1,193)**
Net gain/(loss) on revaluation of property, plant, equipment			8,659		**8,659**
Net gain/(loss) on revaluation of intangible assets			0		**0**
Net gain/(loss) on revaluation of financial assets			0		**0**
Net gain/(loss) on revaluation assets held for sale			0		**0**
Impairments and reversals			(887)		**(887)**
Movements in other reserves				0	**0**
Transfers between reserves		791	(791)	0	**0**
Release of reserves to SOCI			0		**0**
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	**0**
Reclassification adjustment on disposal of available for sale financial assets			0		**0**
Reserves eliminated on dissolution	0	0	0	0	**0**
Originating capital for trust established in year	0				**0**
New PDC Received	0				**0**
PDC Repaid in Year	0				**0**
PDC Written Off	0				**0**
Transferred to NHS Foundation Trust	0	0	0	0	**0**
Other Movements in PDC in Year	0				**0**
Net Actuarial Gain/(Loss) on Pension	0			0	**0**
Net recognised revenue/(expense) for the year	0	(402)	6,981	0	**6,579**
Balance at 31 March 2012	**139,879**	**(56,160)**	**59,732**	**(861)**	**142,590**
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments		0	0		0

**The movement between the Revaluation reserve and Income and Expenditure reserve is represents by:
1. £1,268,061 for excess depreciation from 1.4.11 to 31.3.12. In accordance with IAS16:

IFRS is clear that all the depreciation chargeable on revalued assets must pass through the profit and loss account. This means that the extra depreciation incurred because an asset has been indexed or revalued upwards is included in the depreciation charge for the year.

Bodies should, however, release an amount from the Revaluation reserve to the Retained Earnings in respect of this excess depreciation over historic cost. This transfer avoids the anomaly of the revaluation reserve remaining in perpetuity after an asset has become fully depreciated. It is also justified as it recognised a 'realised profit' in Companies Act terms

2. (£466,670) - Following the transition to International Financial Reporting Standards (IFRS) in 2009/10 a prior year adjustment was used to recognise the PFI assets included on the Trusts Statement of Financial Position. Part of the adjustment resulted in the erroneous creation of a negative balance on the Revaluation Reserve in respect of the for the PFI Equipment assets, this should have been written out to Retained Earnings on transition. During 2011/12 the Trust has moves this balance to Retained Earnings.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

Balance at 1 April 2010	139,729	(57,065)	48,780	(861)	130,583
Retained surplus/(deficit) for the year		(1,277)			(1,277)
Net gain / (loss) on revaluation of property, plant and equipment			8,022		8,022
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale					0
Impairments and reversals			(2,757)		(2,757)
Movements in other reserves					0
Transfers between reserves		1,324	(1,324)	0	0
Reclassification adjustment on disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	150				150
PDC Repaid in Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC in Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	150	47	3,941	0	4,128
Balance at 31 March 2011	**139,879**	**(57,018)**	**52,721**	**(861)**	**134,721**
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments		0	0		0

** The movement between the Revaluation Reserve and income and Expenditure Reserve is represented by:

1. £1,324,427 for excess depreciation from 1.4.10 to 31.3.11. In accordance with IAS16:

IFRS is clear that all the depreciation chargeable on revalued assets must pass through the profit and loss account. This means that the extra depreciation incurred because an asset has been indexed or revalued upwards is included in the depreciation charge for the year.

Bodies, should, however, release an amount from the Revaluation reserve to the Retained Earnings in respect of this excess depreciation over historic cost. This transfer avoids the anomal of the revaluation reserve remaining in perpetuity after an asset has become fully depreciated. it is also justified as it recognised a 'realised profit' in Companies Act terms.

Statement of Financial Position as at 31 March 2012

	NOTE	31 March 2012 £000	1 April 2011 (restated) £000	Merger adjustments £000	31 march 2011 (restated) £000	31 March 2010 (restated) £000
Non-current asssets:						
Property, plant and equipment	15	**235,571**	231,816	1,194	230,622	228,900
Intangible assets	16	**54**	141	0	141	345
Investment property		**0**	0	0	0	0
Other financial assets	24	**0**	0	0	0	0
Trade and other receivables	22.1	**1,527**	1,719	0	1,719	1,930
Total non-current assets		**237,152**	233,676	1,194	232,482	231,175
Current assets:						
Inventories	21	**4,934**	4,518	96	4,422	4,246
Trade and other receivables	22.1	**18,148**	15,447	0	15,447	15,149
Other financial assets	24	**0**	0	0	0	0
Other current assets	25	**0**	0	0	0	0
Cash and cash equivalents		**10,940**	11,203	0	11,203	11,918
Total current assets		**34,022**	31,168	96	31,072	31,313
Non-current assets held for sale	27	**0**	350	0	350	350
Total current assets		**34,022**	31,518	96	31,422	31,663
Total assets		**271,174**	265,194	1,290	263,904	262,838
Current Liabilities						
Trade and other payables	28	**(42,539)**	(36,372)	0	(36,372)	(33,936)
Other liabilities	29	**(2,410)**	(2,647)	0	(2,647)	0
Provisions	35	**(616)**	(333)	0	(333)	(342)
Borrowings	30	**(1,657)**	(1,667)	0	(1,667)	(1,699)
Other financial liabilities		**0**	0	0	0	0
Working capital loan from Department		**0**	(5,000)	0	(5,000)	(5,000)
Capital loan from Department		**0**	0	0	0	0
Total current liabilities		**(47,222)**	(46,019)	0	(46,019)	(40,977)
Non-current assets plus/less net current assets/ liabilities		**223,952**	219,175	1,290	217,885	221,861
Non-current liabilities						
Trade and other payables	28	**0**	0	0	0	0
Other liabilities	31	**0**	0	0	0	0
Provisions	35	**(1,802)**	(1,946)	0	(1,946)	(2,304)
Borrowings	30	**(79,560)**	(81,218)	0	(81,218)	(83,974)
Other financial liabilities		**0**	0	0	0	0
Working capital loan from Department		**0**	0	0	0	(5,000)
Capital loan from Department		**0**	0	0	0	0
Total non-current liabilities		**(81,362)**	(83,164)	0	(83,164)	(91,278)
Total Assets Employed		**142,590**	136,011	1,290	134,721	130,583

		31 March 2012	1 April 2011 (restated)	Merger adjustments	31 march 2011 (restated)	31 March 2010 (restated)
		Note	£000	£000	£000	£000
FINANCES BY:						
TAXPAYERS' EQUITY						
Public Dividend Capital		**139,879**	139,879	0	139,879	139,729
Retained earnings		**(56,160)**	(55,758)	1,260	(57,018)	(57,065)
Revaluation reserve		**59,732**	52,751	30	52,721	48,780
Other reserves		**(861)**	(861)	0	(861)	(861)
Total Taxpayers' Equity		**142,590**	136,011	1,290	134,721	130,583

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

The Chief Executive of the NHS 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 Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the trust;

- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are in place; 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.

Signed.....Chief Executive

Date.30.5.12

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 the 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, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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

By order of the Board

30.5.12 Date.....Chief Executive

30/5/12 Date.....Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WORCESTERSHIRE ACUTE HOSPITALS NHS TRUST

I have examined the summary financial statement for the year ended 31 March 2012 which comprises the Statement of Cash Flows, the Statement of Comprehensive Income, the Statement of Changes in Taxpayers' Equity and the Statement of Financial Position set out on pages 48 to 54.

This report is made solely to the Board of Directors of Worcestershire Acute Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement.

I conducted my work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of my opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the Worcestershire Acute Hospitals NHS Trust for the year ended 31 March 2012. I have not considered the effects of any events between the date on which I signed my report on the statutory financial statements 31/05/12 and the date of this statement.

Delyth Morris
Officer of the Audit Commission
1st Floor, No.1 Friars Gate
Solihull, B90 4EB

24 July 2012

Remuneration Report

Details of the membership of the Remuneration Committee.	**The Remuneration Committee of the Trust is a sub-committee of the Trust Board, which determines the remunerations, allowances and terms of service of the Chief Executive and those Executive Directors reporting directly to the Chief Executive. In 2011/12 the membership of the committee comprised of the Chairman of the Trust and all Non-Executive Directors. The Committee undertook the following duties:** a. To agree appropriate remuneration and terms of service for the Chief Executive and other executive directors including: • All aspects of salary (including any performance-related elements/bonuses) • Provisions for other benefits, including pensions b. To monitor and evaluate the performance of individual executive directors c. To advise on, and oversee, appropriate contractual arrangements for executive directors, including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate. d. For 2011/12 the pay of the directors and senior managers was not increased in April 2011, and no performance bonuses were paid to the Chief Executive or the other Directors. e. The remuneration and pension entitlements of senior managers are included in the table on page 107 of this report.
Pay multiples.	Reporting bodies, including the Trust are required to disclose the relationship between the remuneration of the highest paid director in the Trust and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the trust in 2011/12 was £187,500. This was 7 times the median remuneration of the workforce which was £25,500. In 2011/12, 1 employee received remuneration in excess of the highest paid director. Remuneration ranged from £210,000 to £215,000. Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.
The policy on the remuneration of senior managers for current and future financial years.	This is decided by the Remuneration Committee and for 2011/12 the agreement was in line with the national guidance.
The methods used to assess whether performance conditions were met and why those methods were chosen. If relevant, why the methods involved comparison with outside organisations.	The objectives of the Directors are set in line with the Trust's statement of overall objectives. The overall corporate objectives are monitored and disclosed to the Board on a regular basis as well as there being an individual assessment by the Chief Executive with each Director. This is in line with NHS practice.
The relative importance of the relevant proportions of remuneration which are, and which are not, subject to performance conditions.	The Remuneration Committee uses baseline Director salaries, which are then bench-marked against similar NHS Trusts across the NHS.
A summary and explanation of policy on duration of contracts, and notice periods and termination payments.	The policy on contracts is that they are all substantive and the contract follows the national template. All contracts include six months' notice period from the individual and six months from the Trust. Any termination payments are contractual, in line with national guidance and the SHA process. No deviations were agreed.

Details of the service contract for each senior manager who has served during the year: • date of the contract, the unexpired term, and details of the notice period; • provision for compensation for early termination; and • other details sufficient to determine the entity's liability in the event of early termination.	In 2011/12 32 staff left the Trust under the NHS Redundancy Scheme (MARS). The payments involved the sum of £505,000. The staff leaving during the year included 2 senior managers at level 8A and above.
Pension Scheme and liabilities of the Trust.	NHS Creditors include £2,429,000 pension costs at 31 March 2012 (31 March 2011 £4,605,000). The accounting policy for pensions and outline of the scheme is set out in the Trust's Annual Accounts.
Explanation of any significant awards made to past senior managers	Refer to the Remuneration Tables.

Director's Remuneration
Salaries and allowances for Senior Managers

Name and title	2011-12			2010-11		
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £100)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £100)
	£000	£000	£	£000	£000	£
H.Turner – Chairman	20-25	0	300	10-15	0	400
M.O'Riordan - Chairman	0	0	0	10-15	0	600
P.Venables – Chief Executive	35-40	0	0	0	0	0
J.Rostill - Chief Executive	50-55	0	400	160-165	0	600
P.Milligan - Chief Operating Officer	0	0	0	40-45	0	100
J.Crawshaw - Director of Human Resources (Acting Chief Operating Officer 2010-11)	90-95	0	0	115-120	0	0
B. Edgar – Interim Director of HR	45-50	0	0	0	0	0
C. Fearns – Director of Strategic Development	40-45	0	0	0	0	0
M. Goldman – Interim Chief Executive	70-75	0	100	0	0	0
C. Tidman - Director of Finance	125-130	0	100	0	0	0
M. Stevens - Director of Finance	0	0	0	155-160	0	600
G.Bennett - Interim Director of Finance	15-20	0	0	35-40	0	0
H.Blanchard - Director of Nursing and Midwifery	90-95	0	400	95-100	0	700
C.Ashton - Medical Director	55-60	130-135	600	55-60	135-140	700
S.Graystone - Associate Medical Director	10-15	140-145	0	10-15	145-150	0
M.Shepherd - Non Executive Director	0	0	0	0-5	0	100
N.Trigg - Non Executive Director	5-10	0	0	5-10	0	200
R.Adams - Non Executive Director	0	0	0	0-5	0	200
J.Rhead - Designate Non Executive Director	0-5	0	0	5-10	0	0
B.McGinity - Non Executive Director	5-10	0	200	0-5	0	100
A.Sleigh - Non Executive Director	5-10	0	100	0-5	0	100
L.Todd - Non Executive Director	5-10	0	200	0-5	0	100
J. Burbeck - Non Executive Director	5-10	0	100	0-5	0	0

The remuneration of Executive Directors is determined by the Remuneration Committee, in accordance with NHS guidance and with regard to their roles and the complexity of their duties, and approved by the Trust Board.

The Remuneration Committee, which is made up of the Chairman and all Non-Executive Directors is responsible for determining the pay and conditions of employment for Executive Directors and receives and ratifies recommendations from other committees such as the Consultant's Clinical Excellence Award Committee.

In determining the pay of Executive Directors the Committee agrees and twice a year reviews the annual objectives of the Directors. The Committee also compares each year Executive Directors pay against comparative salaries in the NHS. Cost of living awards are made in line with Department of Health guidance. For 2011/12 Executive Directors received no cost of living increase in pay.

Non-Executive Director appointments are selected through the Appointments Commission, and appointed by the SHA/ Trust on a fixed term basis, with a maximum duration of four years. A notice period of three months is normally applicable to these contracts.

Executive Directors are appointed by the Trust on permanent contracts, which have a required notice period of 6 months. Should termination payments be considered necessary at any time, the Trust is fully conversant with the guidance and requirements of both the Department of Health and HM Treasury on this matter.

During the period December 2010 to April 2011, a Service Contract was in place for Mr Graham Bennett, Interim Director of Finance. The contract expired on 28th April 2011, in line with the contract terms.

Notes

C. Tidman – commenced with the Trust on 2/5/11 and was Acting Interim Chief Executive for August 2011

P. Milligan - left the Trust on 31/7/10

M. Goldman – commenced with the Trust on 1/9/11 and left on 31/12/11

B. Edgar – commenced with the Trust 8/11/11

C. Fearns – commenced with the Trust 31/10/11

M. Stevens – left the Trust on 30/11/10

P. Venables – commenced with the Trust 1/1/12

J. Rostill – left the Trust on 31/07/11

G.Bennett - Interim Director Finance started with the Trust 7/12/10 and left on 28/4/11. The figure quoted under Salary represents the payment of fees to Graham Bennett Associates Ltd and there are no additional costs for National Insurance or Superannuation.

J.Crawshaw - Acting Chief Operating Officer from 1/8/10 to 31/3/11 and seconded to NHS Midlands and East Strategic Health Authorityfrom 7/11/11.

M.O'Riordan - left the Trust on 31/10/10

H. Turner - was appointed to the position of Chairman on 1/11/10, having previously held the post of Non-Executive Director

M.Shepherd - left the Trust on 31/8/10

R.Adams - left the Trust on 31/10/11

J. Rhead – left the Trust 30/6/11

B.McGinity - commenced with the Trust 1/1/11

A.Sleigh - commenced with the Trust 1/1/11

L.Todd - commenced with the Trust 1/1/11

J. Burbeck - commenced with the Trust 1/1/11

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 Worcestershire Acute Hospitals NHS Trust in the financial year 2011-12 was £187,500 (2010-11, £192,500). This was 7 times (2010-11, 8) the median remuneration of the workforce, which was £25,500 (2010-11, £24,500). In 2011-12, 1 (2010-11, 1) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £210,000 to £215,000 (2010-11 £210,000 to £215,000).

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

Pension Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500)	Real increase in Lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2012 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2012	Cash Equivalent Transfer Value at 31 March 2011	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
P. Venables – Chief Executive	2.5-5.0	12.5-15.0	45-50	140-145	886	705	160	0
H. Blanchard – Director of Nursing and Midwifery	0-2.5	0-2.5	25-30	75-80	441	374	55	0
C. Fearns – Director of Strategic Development	2.5-5.0	10.0-12.5	20-25	70-75	476	364	100	0
B. Edgar – Interim Director of HR	0-2.5	2.5-5.0	5.10	20-25	136	106	27	0
C. Tidman – Director of Finance	0-2.5	5.0-7.5	30-35	100-105	473	348	114	0
J. Crawshaw - Director of Human Resources	0	0	40-45	120-125	802	878	0	0
C. Ashton - Medical Director	0	0	45-50	145-150	956	859	69	0
S. Graystone – Associate Medical Director	0-2.5	0-2.5	35-40	105-110	628	533	78	0

Remuneration for Non-Executive Directors is in accordance with statutory limits. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

No Cash Equivalent Transfer Value is listed if the individual is over the age of 60.

The Government Actuary Department ("GAD") factors for the calculation of Cash Equivalent Transfer Factors ("CETVs") assume that benefits are indexed in line with CPI which is expected to be lower than RPI which was used previously and hence will tend to produce lower transfer values.

Audit Committee Annual Report
For the year 1st April 2011 - 31 March 2012

Introduction

The Committee's chief function is to advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes.

In order to discharge this function, the Audit Committee is recommended to prepare an annual report for the Board and Accounting Officer. This report includes information provided by Internal Audit and External Audit.

Audit Committees Opinion

Members of the Board should recognise that assurance given can never be absolute. The highest level of assurance that can be provided to the Board is a reasonable assurance that there are no major weaknesses in the Trust's risk management, control and governance processes are adequate and effective and may be relied upon by the Board.

Information Supporting Opinion

Summarised below is the key information/ sources of assurance that the Committee has relied upon when formulating its opinion.

3.1 Internal Audit

At each of its meetings the Committee receives a report from Internal Audit, detailing its work since the last report.

At its meeting on 8th March 2012, the Committee received the Internal Audit Progress Report for the 2011/12 financial year. Subsequently, the Trust has received the Annual Internal Audit Report for 2011/12, which incorporates a summary of all work undertaken throughout the financial year, and the Head of Internal Audit Opinion. The Head of Internal Audit Opinion included the following statement:

"Based on the work undertaken in 2011/12, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisations objectives and that controls are generally being applied consistently. However, some weakness in the design and inconsistent application of controls put the achievement of particular objectives at risk."

The Annual Internal Audit Report also confirmed that the Head of Internal Audit "did not find any weaknesses as a result of my internal audit work that I consider should be included as Significant Internal Control Issues within your Annual Governance Statement". As a consequence of this, the Head of Internal Audit was able to conclude that "It is my view that an Assurance Framework has been established which is designed and operating to meet the requirements of the 2011/12 Annual Governance Statement (AGS) and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation".

The Internal Audit Annual Report reported that only one Audit Report had been issued throughout the 2011/12 financial year with Limited Assurance. This report related to Recruitment Checks. Internal Audit testing found that the personnel files did not contain the full requisite of information as required by the Trust's policy. An action plan to address the issues raised was agreed with the Director of HR. Further testing was carried out later

in the financial year to ascertain whether management actions had been carried out, and to confirm that the remedies were effective. The follow-up review concluded that Moderate Assurance could now be given that the control objectives were being met.

During the 2011/12 financial year, a number of reviews were undertaken which were predominantly testing and validation only, rather than full system reviews and assessments that key control objectives were being met. These reviews produced a number of "narrative" reports (to which management is still required to respond) but do not contain an Internal Audit opinion on the level of assurance that internal controls are being complied with.

The Audit Committee is satisfied that management has put in place action plans to resolve all recommendations but Internal Audit will be asked to continue to rigorously monitor progress over the next year.

3.2 External Audit

The Committee has received reports form External Audit during the year as follows:

- Annual Audit Letter 2010/11
- Regular progress reports against the External Audit Plan 2011/12
- Audit Commission Code of Audit Practice
- Audit Commission Statement of Responsibilities of Auditors

3.3 Other Assurance Providers

3.3.1 Local Counter Fraud Specialist (LCFS)

Regular reports were received from the Local Counter Fraud Specialist and the Committee is satisfied that the Trust has complied with the NHS Counter Fraud Service guidance and Secretary of State Directives. There were no significant frauds detected during the year.

3.3.2 Management

The Committee has considered assurances provided by the Chief Executive, Director of Finance and other Directors in the Communication with the External Auditors. It has also considered the Annual Governance Statement (AGS) provided by the Chief Executive. The Committee has noted that there were no significant control issues listed in the AGS.

4. The Role and Operation of the Audit Committee

4.1 Membership of the Committee

The Members of the Committee during the period of the report were as follows:

The Members of the Committee disclosed their interests which are set out in the Trust's register of interests.

Committee Member	Interest	Seeking to do business with health authorities	Has business dealings with the Trust
Bryan McGinity, Non-Executive Director and Audit Committee Chairman.	Director, Trustee & Treasurer - Wychavon CAB Director & Vice Chairman - South Worcestershire FE College Director, Trustee & Treasurer - Cystitis and Overactive Bladder (COB) Foundation	No	No
Andrew Sleigh, Non-Executive Director and Audit Committee Vice-Chairman	Development Committee Member - University of Worcester	No	University provides nurse training
Nichola Trigg, Non-Executive Director	Company Director - Redcliffe Catering Ltd; Redcliffe Hotels & Catering Ltd; Redcliffe Event Management Ltd; Trigg Administration Services Ltd; Edfm Consultants Ltd. Treasurer – Hagley Community Association; Kidderminster Referees Association.	No	No

The Company Secretary ensures that the Committee functions in accordance with its Terms of Reference. The Committee was supported administratively during the year by the PA to the Director of Finance.

4.2 Operation of the Committee

4.2.1 Meetings and attendance

The Committee is required to meet at least 4 times a year. 7 meetings took place during the period April 2011 to March 2012 and were attended as follows:

Date	Members present	Executive presence
5.5.11 (Special meeting)	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Chris Tidman – Director of Finance Michael White – Assistant DOF
6.6.11 (Special meeting)	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Haq Khan, Deputy Director of Finance Michael White – Assistant DOF
14.7.11	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Tosca Fairchild, Company Secretary Chris Tidman – Director of Finance Michael White – Assistant DOF
8.9.11	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Tosca Fairchild, Trust Secretary Steve Graystone, Director for Patient Safety Chris Tidman – Director of Finance Michael White – Assistant DOF
10.11.11	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Tosca Fairchild, Trust Secretary Chris Tidman – Director of Finance Michael White – Assistant DOF
12.1.12	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Tosca Fairchild, Trust Secretary Steve Graystone, Director for Patient Safety Chris Tidman – Director of Finance Michael White – Assistant DOF
8.3.12	Bryan McGinity – Audit Committee Chair (NED) Andrew Sleigh – Audit Committee Vice Chair (NED) Nichola Trigg – (NED)	Tosca Fairchild, Trust Secretary Chris Tidman – Director of Finance Michael White – Assistant DOF

The quorum for meetings of the Committee is 2 members. The table above shows all meetings of the committee during the period were quorate.

4.2.2 Work Programme

The Committee has a work programme and is satisfied that it has covered all work planned for the period under review.

4.2.3 Committee Self-Assessment

The Committee carried out a self-assessment of its performance during March – April 2012 primarily by assessing itself against the Audit Committee's Handbook 2012 and National Audit Office's Audit Committee checklist of best practice. The Committee focussed on identifying areas where it did not comply or have provisions within its Terms of Reference to meet the 'must dos' identified in the check lists. A gap analysis was developed identifying the areas where relevant action was required.

4.2.4 Key Business Considered by the Committee during the year

The Committee:

a) Received assurance from the internal audit on the design and operation of the Assurance Framework and associated process to support the Trust's AGS.

b) Reviewed and approved changes to the standing financial instructions and scheme of delegation.

c) Reviewed the performance of the Quality Assurance & Scrutiny Committee (QASC).

d) Received assurance on levels of evidence to support data following receipt of a letter from the Strategic Health Authority Chairman asking Trust Boards across the patch to question their satisfaction on their individual Trust's processes in gaining assurance around data quality.

e) Was assured of the process wherein the Data Quality Group met frequently and fed through to the Information Governance Group, chaired by the Director of Finance. Through this process data quality matters such as completeness and timeliness of HES data submissions were dealt with appropriately. An additional task was undertaken during 2011/12 around co-morbidities particularly HSMR work and the level of depth of coding due to recognition that data quality went further than this. In addition, further internal audit work was commissioned on the data quality processes that underpin key performance targets.

f) Reviewed the 2011/12 Annual Accounts and Annual Report, recommending to the Board that these be approved.

g) Reviewed and approved the process to be adopted for the distribution and acknowledgement of receipt of the Trust's SFIs, in particular the emphasis on the declaration of interests for senior clinical staff.

h) Reviewed and approved instances where the Waiver to Tenders procedures has been applied ensuring satisfactory explanation as to why.

i) Reviewed the Internal Audit work plan for 2012/13. For 2013/14, the Committee has emphasised to management, its requirement to be involved in the development of the areas to be included in the programme. For 2012/13, management were

asked to provide satisfactory explanation of the reasons for choosing the areas on the plan.

j) Received regular reports from the Trust's Local Counter Fraud Specialist. During the 2011/12 year, risks associated with Permanently PaId Enhancements that was conducted by the LCFS, which has resulted in a number of further investigations being required. Hence part of the reason why we have increased the LCFS' contracted days from 85 to 100 in 2011/12.

k) Received a report from Local Counter Fraud Services on the Trusts compound indicator rating of 2.

l) Reviewed progress on implementation of actions agreed through audit recommendations.

5. Conclusions

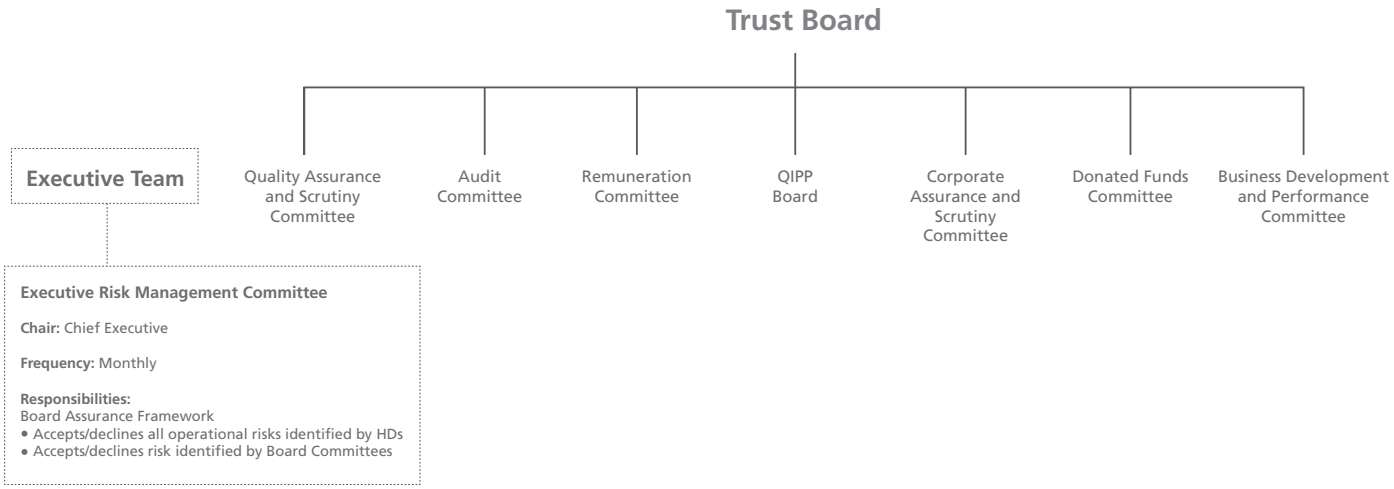
Based on the information presented and discussed at the Audit Committee meetings during the year we have concluded that:

5.1 Assurance Framework

The Assurance Framework has been reviewed by the Audit Committee and full Board during the year. The BAF has undergone significant reformatting during the year with changes reported to the Audit Committee and Board. The QASC has reviewed the clinical risks on the BAF each month and provided assurance on these to the Board.

5.2 Governance Arrangements

The Audit Committee has monitored the work of other Board Committees. The diagram below sets out the governance structure for the period under review:



The CQC standards declaration was reviewed directly by the QASC reporting directly to the Board. The processes have been reviewed by Internal Audit.

Due to timing of the notification from the Department of Health on the requirement for Trusts to produce Annual Governance Statements (AGS), effectively replacing the Statement of Internal Control (SIC), it was not possible for the AC to review the draft AGS. The draft AGS was reviewed and approved by the Board on 25 April 2012. However, the AGS its contents are consistent with the conclusions above.

6. Recommendation

Given the issues identified in Section 4 and our conclusions in Section 5 we recommend that the Board approves the Audit Committee's Annual Report 2012, recognising that it provides it with further assurance to support the Annual Governance Statement (AGS)

Bryan McGinity
Audit Committee Chairman