

To: The Directors of Worcestershire Acute Hospitals NHS Trust

You are required to attend the Annual General meeting of the Worcestershire Acute Hospitals NHS Trust on Thursday 29 September 2016 at Charles Hastings Education Centre, Worcestershire Royal Hospital, 17:00 for 17:30.

The agenda is as set out below.

Caragh Merrick
Chairman

Item	Title	Lead	Enclosure
1	Apologies for absence	Caragh Merrick, Chairman	
2	Declarations of Interest <i>To declare any interest members may have in connection with the agenda.</i>		
3	Minutes of the previous meeting <i>To approve the Minutes of the AGM held on 23 September 2015 as a true and accurate record of discussions.</i>	Caragh Merrick, Chairman	Enc A
4	Introductions and Opening Remarks	Caragh Merrick, Chairman	Presentation
5	Review of 2015/16	Chris Tidman, Interim Chief Executive	Enc B
6	Quality Account 2015/16	Jan Stevens, Interim Chief Nursing Officer	Annual Report Presentation
7	Annual Accounts 2015/16 Annual Audit Letter	Rob Cooper, Interim Director of Finance Jon Roberts, External Auditor, Grant Thornton	Presentation Enc C
8	Key note speaker <ul style="list-style-type: none"> Tarun Sharma, Consultant Ophthalmologist 	Tarun will speak about his nationally recognised work and how he works with new technology	
9	Looking ahead	Caragh Merrick, Chairman	Presentation
10	Date of Next Meeting – to be confirmed		

WORCESTERSHIRE ACUTE HOSPITALS NHS TRUST
MINUTES OF THE ANNUAL GENERAL MEETING HELD ON
WEDNESDAY 23 SEPTEMBER 2015, WORCESTER

Present:

Chairman:	Harry Turner	Chairman
Board Members:	John Burbeck Stephen Howarth Mari Gay Colin Gentile Rab McEwan Bryan McGinity Chris Tidman Lynne Todd	Non-Executive Director Non-Executive Director Interim Chief Nursing Officer Interim Director of Finance Interim Chief Operating Officer Non-Executive Director Interim Chief Executive Non-Executive Director
Board Attendees:	Kimara Sharpe Denise Harnin Sarah Smith Richard Percival Charlotte Bradley	Company Secretary Director of HR & Organisational Development Director of Strategy, Planning and Improvement Partner, Grant Thornton Head of Communications
Members of the Public	42	
Apologies for absence	Stewart Messer Professor Julian Bion Andrew Sleight Mark Wake Marie-Noelle Orzel	Chief Operating Officer Associate Non-Executive Director Non-Executive Director Chief Medical Officer Improvement Director

1/15 (AGM)

Introductions and Opening remarks

The Chairman welcomed everyone to the AGM and invited Board members to introduce themselves to members of the public. He thanked the executive team and the Board for their continued support over the past year.

He stated that the Trust had been through a challenging year. The CQC had undertaken an unannounced inspection to the Emergency Departments in March 2015 and the Trust had a full announced inspection in July 2015. The initial feedback included the fact that the Trust had a big heart.

He went onto state that the Trust Development Authority had commissioned a report from the Good Governance Institute which reported in August 2015. The report found a number of 'hot spots' in the Trust in relation to bullying and harassment but concluded that there was no evidence of endemic bullying.

He recognised that there had been considerable changes with Board level appointments and the current executive team had the full confidence of the non-executives. There was evidence that the Trust was beginning to show improvements.

Finally he thanked those staff who have worked to open the Meadow Birth Centre and the Oncology Centre which was estimated to be saving patients a million miles of travel per year.

He then thanked all the staff and volunteers who worked for the Trust. He was pleased that the Staff Appreciation week was once again being held culminating in the Awards evening on 25 September.

2/15 (AGM)

Declarations of interests

There were no declarations of interest.

The Chairman advised that there was a report on the interests of Board members contained within the Annual Report.

3/15 (AGM)

Minutes of the Annual General Meeting held on 10 September 2014
Resolved: that

- **The Board approved the Minutes of the meeting held on 10 September 2014 were signed as a true record.**

4/15 (AGM)

Review of 2014/15

The Interim CEO gave a short presentation on the activities of year 2014/15. He began by personally thanking the previous chief executive for her tenure and wished her the best for the future.

He went onto state that the year had been very tough with rising demand together with a requirement to deliver more efficiencies. He described the challenges with staff recruitment and retention but was positive about the future for all three hospitals within the Trust.

The CQC unannounced inspection had raised some significant problems within the emergency departments which had been rectified. He assured the audience that he was working to ensure that the urgent care system operated in an effective way.

He reflected that performance was good in certain areas such as stroke. The women and children division had opened the new Meadow Birth Centre which was co-located with the obstetric unit and would see 1000 mothers using this per year. He congratulated the national recognition for the pharmacy teams within the ED and also the work of the glaucoma centre.

He went onto thank University Hospital Coventry and Warwickshire for their support for the Oncology Centre and the University of Worcester for their support for the Meadow Birth Centre.

Finally he said that he was looking forward to moving the Trust forward with clinical leaders and with the staff.

5/15 (AGM)

Quality Account 2014/15

The Interim CNO introduced the Quality Account which was published in the Annual Report 2014/15. It had been developed by patients, partners and staff. She was pleased that the *c difficile* target had been met by clinicians working together. Whilst the MRSA bacteraemia target had been missed, it was set a zero and the one case did not have lasting harm.

She then turned to mortality. This was a key metric which needed to improve and the Interim CMO was leading the work on mortality reviews.

She also mentioned the CQC unannounced visit and the requirement to ensure that all patients were assessed within 15 minutes of arrival. There had been significant improvements with this metric.

She then outlined the quality priorities for 2015/16.

Finally the Interim CNO expressed her thanks to her team.

6/15 (AGM)

Annual Accounts 2014/15

The Interim DF was invited to give an overview of the Annual Accounts for 2014/15. He thanked the auditors and the finance team for their work in the last 12 months.

He was pleased to report that Grant Thornton gave an unqualified opinion on the accounts. The accounts were submitted to the Department of Health on time.

With respect to value for money, as the Trust did not fully achieve the planned cost reductions, there was a qualified opinion issued.

The actual year end deficit was £25.9m against a plan of £9.3m. Due to unprecedented pressure and demand to keep patients safe the Trust spent £4.2m more than it had planned on premium agency staff. There were consequential income reductions due to the operational pressure, in the form of fines and penalties.

He went onto report that £6.7m was invested in the radiotherapy for the new oncology centre which has resulted in a national leading service. In addition, £7.3m was spent on information technology and £3m on property repairs and maintenance.

As far as the outlook goes, demand continues to be high and the Trust continues to overspend. The main areas being tackled are agency spend and improving flow. The Trust is developing a financial recovery plan in conjunction with commissioners.

7/15 (AGM)

Audit Opinion

Mr R Percival, Grant Thornton, presented the independent Audit opinion.

He reminded the audience that Grant Thornton has been appointed nationally to be the external auditor for the Trust. The auditors issue an

opinion on the accounts, value for money and the Quality Accounts.

In 2014/15 all non-Foundation Trusts received an unqualified audit opinion. The number of Trusts receiving qualified value for money opinion has risen from 2013/14 to 2014/15 and referrals to the Secretary of State has risen by 30%.

As for as the Trust was concerned, an unqualified audit opinion was issued on the accounts and a qualified opinion for value for money. The Trust was also referred to the Secretary of State. He also issued a qualified limited assurance on the Quality Accounts due to data quality issues in respect of venous thrombolism.

Finally, Mr Percival thanked the finance staff for their help.

8/15 (AGM)
8/15/1(AGM)

Panel Q&A

Q: Can auditor tell us whether the accounts are published for the public to draw attention to and comment on as they are for local government?

A: Mr Percival confirmed that the requirements were different for the NHS compared to local government and the accounts were published through the Trust Board. The public did not have a right to review and comment on them.

8/15/2(AGM)

Q: Could the accounts identify the expenditure for each of the hospitals?

A: The Interim DF confirmed that the Trust reports by service line and not by site. This is commensurate with other Trusts.

8/15/3(AGM)

Q: the Trust is losing £1m a week. It is unsustainable given the cumulative deficit.

A: The Interim CEO stated that a large number of trusts are in deficit in 2015/16. He confirmed that it was not acceptable for the Trust to lose £1m a week and he was committed to improving the situation. The fundamental drivers were funding, staffing, and reliance on temporary staff.

8/15/4(AGM)

Q: Is it time for the trust to work in partnership to sustain services at the Alexandra Hospital?

A: The Chairman stated that the AGM was not the appropriate place to have a discussion about services at the Alexandra Hospital. The Interim CEO confirmed that the reconfiguration programme was driven by needing safe and effective services not by money.

8/15/5(AGM)

Q: [to the Auditor] Which is more important, safe services or a safe Trust?

A: The Auditor confirmed that as a resident of Worcestershire, he would like safe services.

8/15/6(AGM)

Q: Do we have enough of the share of the national NHS budget in Worcestershire per head of population?

The Interim CEO stated that Worcestershire is currently in the lower quartile for funding. However the current national formula does not take

full account of the frailty of the population and is geared more towards social deprivation.

Mr Hairsnape (Accountable Officer for Wyre Forest and Redditch and Bromsgrove CCGs) concurred with the Interim CEO.

8/15/7(AGM) **Q: The cumulative deficit will rise to over £100m in 2015/16. The PFI costs Worcestershire people in interest. What is the total amount that the Trust is paying in interest payments?**

The Interim DF stated that the Trust pays 3.5% interest on money borrowed from the Department of Health. He explained that accumulated deficits are in a negative balance sheet and as trusts recover financially, the balance sheet is restructured. The Interim CEO stated that there is a fact sheet on the website that explains the PFI contract and associated charges.

8/15/8(AGM) **Q: Clearly the Trust has to make savings. Will this damage the care that I will be receiving?**

The Interim DF confirmed that the Trust would not compromise safety. The Interim CNO explained the process of Quality Impact Analysis which is when any proposed cost saving has to be reviewed by the Interim CNO and CMO to analyse whether there would be any impact on patient care.

8/15/9(AGM) **Q: [to the Auditor] In the audit letter, there is a statement to say that £3.7m income is not agreed with the commissioners. What is the significance of this?**

The Auditor explained that this represents the income not agreed as expenditure by the CCGs. The Interim DF explained that 1% of the total income was normal.

8/15/10(AGM) **Q: Could the accounts be published prior to the AGM?**

A: The Interim CEO apologised and confirmed that they would be next year.

8/15/11(AGM) **Q: What was the delay in the publication of the GGI report? It was received by the Trust on 5 June. Was it re-written prior to the publication on 27 August? Also at a recent board meeting it was stated informally that the policies that are being re-written are only being 'tweaked'. Is this true?**

A: The Chairman confirmed that the Trust Development Authority received the report on 5 June. The Trust had received it in early August to check for factual accuracy. The Trust made two comments on the draft report. He was not aware of any re-writing that was undertaken.

The Director of HR/OD confirmed that the Bullying and Harassment Policy had been rewritten to reflect the findings of the GGI report and best practice.

8/15/12(AGM) **Q: Where does the money from the fines go?**

The Interim DF confirmed that the money was kept within the health economy, locally. It is collected by the CCGs.

9/15 (AGM) **Transforming Stroke Services**

There followed a presentation about the stroke services from the Clinical Lead and the Patient Champion.

The Chairman thanked the presenters for the presentation.

10/15 (AGM) **Looking ahead**

The Chairman thanked the Trust board for the leadership they have provided. He also thanked the staff and volunteers for their hard work.

He outlined the key capital developments in 2015/16 which include the expansion of the Emergency Department at the Worcestershire Royal site; the Breast Unit with the complementary medicine facility and more investment in linear accelerators for the Oncology services.

He was pleased that the Big Conversation with staff had commenced.

He acknowledged that car parking continued to be problematic on all three sites and stated that a bid for a modest expansion was being undertaken for the Worcestershire Royal site. He was pleased that the fundraising for Rory the Robot at Redditch was well underway and was keen to maximise the excellent facilities at Kidderminster for expanding its use for diagnostics and non-complex surgery.

He thanked everyone for attending the AGM.

10/15 (AGM) **Date of next meeting**

To be advised.

The meeting closed at 19:30.

Signed Date ...29 September 2016.....

Caragh Merrick
Chairman

Worcestershire
Acute Hospitals NHS Trust



2015/16

Annual Report



One Trust

Three Hospitals

*Providing NHS acute care throughout
Worcestershire*



ANNUAL REPORT 2015-16

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Our Quality Account for 2015/16 can be found on our website

<http://www.worcsacute.nhs.uk/about-us/quality-account/>

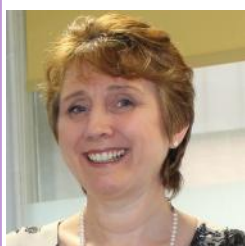
INTRODUCTION

John Burbeck, Interim Chairman

Chris Tidman, Interim Chief Executive

Welcome to Worcestershire Acute Hospital NHS Trust's 2015/16 Annual Report. We have much to celebrate and this report highlights the main achievements of the Trust over the year.

First however, we should like to thank Harry Turner for his tireless energy and enthusiasm as Trust Chair. Harry left after six years as chair and he made a considerable impact on staff engagement and recognition as well as ensuring the visibility of the Trust in the wider local, regional and national communities.



We would also like to pay tribute to the previous Chief Executive, Penny Venables. Penny left the Trust during the year and she made a huge contribution to the forward vision for the Trust. In particular, she introduced the divisional management structure which has enabled senior clinicians to significantly influence the strategic and operational direction for the Trust.

We should like to wish them both well in their future careers.

Key Achievements during the year

'Good' rating for 'caring' domain in the CQC Planned Inspection (November 2015)

Opening of the new Breast Unit at Worcestershire Royal (March 2016)

Commencement of the planned A&E expansion at Worcestershire Royal (December 2015)

Opening of the new modular operating theatre at the Alexandra Hospital (May 2015)

Second CT scanner at the Alexandra Hospital (June 2015)

Refurbishment of the main corridor and waiting area in the emergency department of the Alexandra Hospital (Summer 2015)

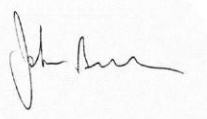
Opening of the new dedicated Breast Screening Unit at Kidderminster Hospital (October 2015)

Installation of a memorial for the families of organ donors across Worcestershire (September 2015)

Presentation of long service awards to over 50 staff (September 2015)

The year has not been without its challenges. The temporary closure of maternity services in November 2015 at the Alexandra Hospital was a difficult decision to be made, but in the interests of safety, had to be undertaken. The Trust was placed in special measures as a result of the CQC planned inspection. This was a huge blow to the dedication of all staff and volunteers who work tirelessly to ensure that patients have as smooth a journey as possible when they are with us. The Trust continues to have challenges with the meeting of key targets. This is in common with many other trusts throughout the country.

We hope that by reading this annual report, which we have tried to make fair, balanced and understandable, you will see the efforts and work that has taken place this year to ensure patients receive the highest possible standard of care throughout the Trust.



John Burbeck
Interim Chairman



Chris Tidman
Interim Chief Executive



OVERVIEW

Chris Tidman, Interim Chief Executive

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- 10 The Future of Acute Hospital Services in Worcestershire

Introduction

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 Hospital and Treatment Centre, and the Worcestershire Royal Hospital, Worcester. In addition it operates services from three Community Hospitals: Princess of Wales Community Hospital, Evesham Community Hospital and Malvern Community Hospital. The Trust has 954 beds, over 5,800 employees and has an annual income of £350 million.

The Trust provides a range of Acute Services for the people of Worcestershire. This includes general surgery, general medicine, emergency care and women and children services. There are a range of support services as well including diagnostics, and pharmacy. A full list of the services provided can be found on our website at <http://www.worcsacute.nhs.uk/services-a-z/>.

The Trust predominantly serves the population of the county of Worcestershire with a current population of almost 580,000, providing a comprehensive range of surgical, medical and rehabilitation services. This figure is expected to rise to 594,000 by 2021; taken as a whole, the Trust's catchment population is both growing and ageing. Both the male and female population show a projected increase from 2014 to 2025 in the older 70-plus age groups. This is especially apparent in the 75-79 age range, although proportionally the projected rise in the 90-plus age range is higher. The forecast increase in numbers of older people is due to increased life expectancy resulting in greater numbers of older people, particularly females, surviving to very old age (ONS, 2010). The number of older people with dementia is expected to double in the next 20 years. Of note the rate of population growth is greatest in the very old age groups who present the greatest requirements for 'substantial and critical' care. Worcestershire has proportionally a greater number of older people resident than the nation in general.

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 13% of the Trust's market share.



Staff on Avon 4



Our Mission

Working together with our partners in health and social care we will provide safe, effective, personalised integrated care for local people, delivered consistently across all services by skilled and compassionate staff



The Trust's Objectives for 2016/17

1. Investing in staff
2. Delivering better performance and flow
3. Improving safety
4. Stabilising our finances



These are supported by our five PRIDE values

Patients are at the centre of everything we do. Everyone is entitled to privacy, dignity and compassion

We **Respect** everyone - treat patients, colleagues and the public as we would want to be treated ourselves

We constantly work to **Improve and Innovate** - to deliver the best patient pathways - think innovatively, value patient feedback and involve stakeholders

We provide **Dependable** services and we recognise the need for delivering good communication. We constantly drive to improve safety and quality: get things right first time and learn from any mistakes

Our Staff are **Empowered** to deliver changes for the benefits of our patients and take personal responsibility for their actions, challenging if something is not right



The Trust was inspected by CQC on 14th to 17th July 2015 as part of the CQC's scheduled inspection programme. The CQC process focused on five key questions as shown below.

Five key questions

- Are our services and premises safe?
- Are our services effective and do they ensure good patient outcomes?
- Are we caring?
- Is the organisation responsive to patients' needs?
- Is the Trust a well-led organisation?

Following the scheduled inspection the Trust was overall rated as 'inadequate'. Of the 115 domains rated by the CQC, the Trust received ratings of 'outstanding' in 2, 'good' in 54, with 13 'inadequate' and the rest 'requiring improvement'.

The overall ratings for the CQC domains are shown below:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Overall trust	Inadequate	Requires improvement	Good	Requires improvement	Inadequate	Inadequate

This inspection followed an unannounced inspection in March 2015 following which a Section 31 condition was placed on the Trust's registration with the CQC. The condition has remained on the Trust's registration for the whole of 2015/16.

In July 2015, the CQC acknowledged the significant improvements that had been made within the Emergency Department since the March inspection. Inspectors said they had seen a complete turnaround, and that both departments were calm, professional, clean and ordered. I am delighted with this recognition for all of the hard work that has been put in by both teams. Kidderminster Minor Injuries Unit was also singled out for praise.



OUTSTANDING PRACTICE

- *An outstanding patient observation chart used within critical care that ensured patient deterioration was identified and acted upon.*
- *The operation an innovative seven day clinical service by the pharmacy department in the Emergency Department with significant benefits for patients and a reduction in hospital admissions*
- *Feedback from women within maternity and gynaecology services of being treated with excellent and compassionate care. Areas of outstanding practice and innovative solutions to problems were identified.*
- *The observation of exceptional care on Avon 4 in particular, with care seen to be respectful, compassionate and caring.*
- *A very fast response time for new referrals to the palliative care team.*

POSITIVE FEEDBACK

- *Staff were friendly, welcoming, caring, compassionate and kind.*
- *Clinical areas were tidy and visibly clean, and staff followed the trust's infection control policy.*
- *There was good feedback from patients about the availability and quality of food and drinks.*

INADEQUATE/AREAS FOR IMPROVEMENT

- *Improving the access and flow of patients.*
- *Reviewing the high dependence units within surgery and vascular to bring them up to all Faculty of Intensive Care Medicine Core Standards.*
- *Improving compliance with the mandatory training target.*
- *Ensuring there are sufficient staff in place.*
- *Ensuring patient records are accurate and complete.*
- *Reviewing the existing incident reporting process.*
- *Taking steps to ensure that all staff are included in lessons learnt from incidents, near misses and mortality reviews.*
- *Responding to complaints within agreed timeframes.*
- *Ensuring there is a sustainable system in place to ensure all surgical patients receive safe and timely care.*

As a consequence of being rated as inadequate overall, the Trust entered the 'special measures' regime. Special measures apply to NHS trusts and foundation trusts that have serious failures in quality of care and where there are concerns that existing management cannot make the necessary improvements without support.

Following publication of the inspection report, a Patient Care Improvement Plan has been developed which covers Urgent Care and Patient Flow, Mortality and Organisational Development and Staff Engagement. Progress against the Improvement Plan continues to be reported monthly to the Improvement Board, the Trust Board and the NHS Improvement/NHS England Quality Oversight Review Group. The Improvement Board also receives reports in relation to outpatients, the high dependency unit, paediatrics and quality and governance.

As part of the special measures regime, the Trust has benefitted from the 'buddying' arrangements with Birmingham Women's, Birmingham Children's and Oxford University NHS Foundation Trusts. These arrangements are securing significant improvements in maternity and children's services as well as reviewing the clinical governance arrangements through out the Trust, in particular the 'ward to board' reporting arrangements. The Trust has been supported by an Improvement Director since May 2015. NHS Improvement has commissioned a review of the capacity and capability of the Trust Board. All these actions are because we are in special measures.



Dedicated Breast Screening Unit opens - Kidderminster

In October 2015, the dedicated breast screening unit was opened at Kidderminster Hospital and Treatment Centre. The Unit will allow more than 200 women a week to receive breast screening within the hospital. This service was previously provided in a mobile van that visited the site. The suite of rooms and state-of-the-art equipment vastly improves the experience of patients being seen in the department. Waiting times have been reduced and patients' privacy has also improved.



Staff Engagement

In respect of our patients, the Trust is committed to fairness, respect, equality, dignity and patient autonomy/choice. We recognise that areas such as nutrition and hydration are fundamental to the human rights of patients. We continue to address concerns raised in the Francis report and we learn from other national investigations relating to care and dignity.

Knowing to say NO

In the summer 2015, the Trust Development Authority commissioned a report into alleged bullying and harassment at the Trust. The report was published in August 2015 and stated that there was insufficient evidence to conclude that bullying and harassment were endemic.

The Trust took immediate action to revise the Dignity at Work policy and the Whistleblowing policy. Additionally, we launched the Big Conversation, a two way dialogue with staff to capture views and opinions more systematically. In April 2016, the Trust launched Listening into Action, a tried and tested method of direct engagement with the workforce. We are also undertaking more frequent staff surveys through 'ChatBack'. This is one of our responses to the poor results of the 2015 Staff Survey.

I am committed to ensuring that staff feel they work in a safe and supportive environment and the Trust has welcomed the feedback that there is no endemic bullying and harassment.



University of Worcester

We are delighted that our relationship with the University of Worcester has developed over the past 12 months and we are looking forward to continue to strengthen this partnership. We have developed with the University a number of programmes to support the development of new roles such as the Physicians' Associate Programme and the Associate Nurse Programme.

Practitioner competencies

In addition we are looking at joint staff appointments in Midwifery and Knowledge Management plus a much closer sharing of resources in clinical training.

Going Concern

Please see page 28 for information on this.



Memorial Feature

To celebrate National Transplant Week in September 2015, the Trust installed a memorial feature at Worcestershire Royal Hospital for the families of organ donors across the county. The memorial, developed by Ruth Gwynn and Rupert Keys was officially opened by the Deputy Lord Lieutenant of Worcestershire Dr Umesh Udeshi and the Mayor of Worcester, Cllr Roger Knight. Featuring the 'gift' from a garden designed to promote organ donation, which received a gold award from the RHS Malvern Spring Festival garden, the memorial offers families a space to remember the unique gift of life their loved ones gave to others.



Volunteers

Volunteers are a crucial partner in our work across all our sites. We have over 450 volunteers who undertake a range of activities and without them; our hospitals would not be the places that they are now.

Volunteering significantly helps us improve patient experience through the provision of facilities and services on our sites and through individual work with patients on wards. It also builds closer relationships between hospitals and communities. It can also assist with tackling health inequalities, promoting health in harder to reach groups and projects such as our Side by Side initiative with the Alzheimer's Society supporting integrated care.

Volunteers also work with the Trust directly helping us to improve services either as members of our various Panels or as members of specific project groups. This year for the first time we have started recording the number of hours that our volunteers give us so that we can recognise their enormous contribution. We are aware that these figures do have some gaps but during the past year recorded volunteers hours exceeded a staggering 53,000 hours. (£381,000 worth of salary costs at living wage level!)

*Our volunteers have given over
53,000 hours to the Trust,
equating to £381,000 at a living
wage rate of pay*

Volunteers also help us improve our services by undertaking a huge range of fundraising work for us. Our Leagues of Friends have raised over £300,000 in the last year to help us fund a variety of projects across the Trust, including purchasing state of the art equipment and improving our hospital environments. Alongside this, individuals and businesses have contributed to the Trust's Charitable Funds raising some £319,000. These voluntary fundraisers help us provide service enhancements, which are over and above current NHS provision, and contribute significantly to supporting patients and families from across Worcestershire.

As a Trust we are indebted to the huge support we get from the local people of Worcestershire who care passionately about the future of their hospitals.



Breast Unit at Worcestershire Royal Hospital



The Unit was handed over as planned in December 2015 with an opening date of the end of February. I would like to put on record my thanks to the amazing efforts of those over the years that have raised the funds for this wonderful facility, and particularly the individuals that established the Worcestershire Breast Campaign. This is a facility for the whole of Worcestershire and brings together the NHS with complementary medicine.





Supporting the transition from hospital to home

Supporting people to go home in a timely way with the right support makes an important contribution to reducing discharge delays and Age UK Herefordshire and Worcestershire has been working closely with the Trust over the last three years to provide a locally tailored service.

In response to the Winter Pressures last year it also provided a bespoke Enhanced Service including staff based within Worcestershire Royal and the Alexandra Hospitals and seven day working.

In the six months between April and September 2015, for example, 790 patients accessed Age UK H&W's service for up to 6 weeks each. Home assessments led to a person centred support plan, backed up by a team of over 60 local volunteers across Worcestershire and over 1100 referrals/signpostings to other organisations for on-going support or advice.

For those with a history of falls, the service's risk assessments can reduce the likelihood of further falls, with 56% reporting no further falls during their first 90 days back home. Support during those first few weeks back home can also reduce readmission rates and between April and September last year only 7% of patients using the service were readmitted within 90 days of their discharge.



Performance summary

The Trust, like many others across the country, has had a challenging year. There has been a significant increase in the number of attendances at our A&E departments. These patients usually are very sick with multiple conditions. Once well enough to be discharged, they require complex packages of care to enable them to return to their community and these packages sometimes take time to organise. As a result, the hospitals struggle to discharge patients in a timely fashion. This leads to a clogging of the flow of patients which inevitably then lead to delays. We are very conscious that the best place for patients is back at home and we have been working with our partners and a national team, Emergency Care Improvement Programme (ECIP), to ensure that discharge happens immediately the patients are medically fit. Twenty seven trusts (and their wider healthcare systems) have been identified to receive this support, of which our Trust (and wider healthcare system) is one. One difference we have made is for our geriatricians to be present within the emergency departments. This helps with the review of elderly patients and has made a significant difference to the number of patients admitted.

The Trust has struggled with compliance with the cancer targets as well as the 18 week referral to treatment time. The A&E four hour target has not been met. More information can be found in the Annual Governance Statement, page 82.



New Modular Theatre

The Trust opened a new modular operating theatre at the Alexandra Hospital in May 2015. Located at the west entrance of the hospital, it has increased capacity and has been beneficial patient experience as more planned operations can be undertaken and less operations have had to be cancelled. Operations being undertaken in the modular theatre include hernia repairs, gall bladder operations, women's surgery and breast surgery.



Performance summary 2015-16

Description of Target	Indicator	2015/16 Target	2015/16 Year End Performance
Quality			
Mortality	HSMR - Hospital Standardised Mortality Ratio	<=100	106 #1
	SHMI - Summary Hospital level Mortality Indicator	<=100	113 #2
Infection Control	Clostridium Difficile	<= 33	29
	MRSA	0	1
Prevention	VTE - Venous Thromboembolism Risk Assessment	>=95%	95%
Patient Experience	Mixed Sex Accommodation Breaches	0	2
Safety thermometer	Harm free score (31 March 2106)	>=95%	93.77%
CQUIN	Patients receiving sepsis screening that have been identified as eligible (sample)	>=75%	34%
CQC Registration	CQC Conditions or Warning Notices	0	4
Operational			
Cancer	62 Days: Wait For First Treatment From Urgent GP Referral: All Cancers	>=85%	81.20%
	31 Days: Wait For First Treatment: All Cancers	>=96%	97.50%
	2 Week Wait: All Cancer Two Week Wait (Suspected cancer)	>=93%	85.70%
	2 Week Wait: Wait for Symptomatic Breast Patients (Cancer Not initially Suspected)	>=93%	80%
18 Weeks waiting time	RTT - Referral to Treatment : Incomplete - 92% in 18 Weeks (31 March 2016)	>=92%	89.20%
Diagnostic Waiting Time	6 week Diagnostic Waits (% of waiting list)	<=1%	1.28%
A&E waiting time	4 Hour Waits (%) - Trust inc MIU	>=95%	87.90%
Stroke (Local)	80% of Patients spend 90% of time on a Stroke Ward (local definition)	>=80%	82.21%
	Direct Admission (via A&E) to Stroke Ward (local definition)	>=70%	74.40%
	TIA - Transient Ischaemic Attack – High Risk Patients seen within 24 hours (local definition)	>=60%	64.23%
Patient Experience			
Friends & family Test	Acute Wards (Score)	>=71	76
	Acute Wards (Response Rate %)	>=30%	15.7%
	A&E (Score)	>=71	70.8
	A&E (Response Rate %)	>=20%	15.1%
	Maternity (Score)	>=71	84.2
	Maternity (Response Rate %)	>=30%	26.3%
Finance			
Financial Risk Rating	I&E Surplus Margin % (income and expenditure)	>1.5%	-16.2%
EBITDA	Earnings before interest, tax, depreciation and amortisation	-1.9%	-9.2%

#1 – rolling 12 months to March 2016

#2 – rolling 12 months to December 2015

The Well Connected programme brings together all the local NHS organisations in Worcestershire, Worcestershire County Council, key representatives from the Voluntary Sector and service user representation through HealthWatch. Together the programme aims to join up and co-ordinate health and care for people more effectively and support them to stay healthy, recover quickly following an illness and ensure that care and treatment is received in the most appropriate place. Currently the programme is focussing on how to join up health and care information systems, how to use the combined budgets more effectively and how to plan a workforce for the future. In November 2013 the programme was named one of just 14 national Pioneers for integrated care and this means that Worcestershire has access to learning from other national programmes around new models of care.

For the significant risks to delivery of objectives, please see page 73.



John Smith recognised for work on Ebola

John Smith Microbiologist at Worcestershire Royal Hospital was presented with a medal for his work in tackling Ebola in West Africa. John flew out in June for five weeks as the leader of a team of NHS volunteers to help people in desperate need in Port Loko, Sierra Leone.

The medal was minted on the request of the Government to recognise the hard work and bravery of all those who gave up their time to travel to West Africa this year helping stop the spread of the deadly disease.

This is the first time a medal has been created specifically to recognise those who have tackled a humanitarian crisis and is in recognition of the highly dangerous environment that workers were required to enter.



The Future of Acute Hospital Services in Worcestershire

The Future of Acute Hospital Services in Worcestershire programme was established in September 2013, with the purpose of taking forward the work of the Joint Services Review. It is led jointly by the three Worcestershire CCGs (NHS Redditch and Bromsgrove CCG, NHS South Worcestershire CCG and NHS Wyre Forest CCG). The plans for reconfiguration have progressed during the year.

In January 2015 the three CCGs approved the clinical model for Worcestershire and agreed it should be put forward to the West Midlands Clinical Senate for review. The West Midlands Clinical Senate approved the majority of the model in 2015 but asked for further work to be done on the urgent care aspects, particularly urgent care for children. This work involved clinicians from both primary and acute care and the ambulance service and was led by Dr Kiran Patel, Medical Director of NHS England West Midlands and Martin Lee, secondary care clinician for both Wyre Forest and Redditch and Bromsgrove CCGs.

THE CLINICAL MODEL PROPOSES

- *To deliver care locally for most patients, with no change to the majority of existing services*
- *The separation of emergency and planned care to improve outcomes and patient experience*
- *The centralisation of*
 - *inpatient care for children*
 - *consultant-led births*
 - *emergency surgery*
- *The creation of centres of excellence for planned surgery*
- *An adult-only emergency department at the Alexandra Hospital with robust arrangements for managing a seriously sick child if they arrive unexpectedly or their condition deteriorates whilst they are in the department*
- *Urgent Care Centre for adults and children at the Alexandra and Worcestershire Royal Hospitals*
- *The care for all people needing acute medical care to continue to be provided at the Alexandra Hospital except those who have had a heart attack or stroke who are already looked after at Worcestershire Royal Hospital*



The Future of Acute Hospital Services in Worcestershire (cont)

Patient safety which is paramount to the programme, is monitored through the Quality and Service Sustainability committee. This committee has representation from several different agencies including NHS England and NHS Improvement. The committee has identified key performance indicators and when these fall below the agreed threshold, recommends changes to Worcestershire Acute Hospitals NHS Trust and the three Clinical Commissioning Groups. This year, the threshold has been breached in the specialties of emergency gynaecology and neonatal services entailing the temporary relocation of services onto the Worcestershire Royal site.

The West Midlands Clinical Senate reviewed the clinical model in April/May 2016 and supported the proposals. The Trust is looking forward to full public consultation in the Autumn.

Summary of the Clinical Model





PERFORMANCE

Sarah Smith, Director of Planning and Development

Rob Cooper, Interim Director of Finance

Contents

- 1 Performance Management Framework
- 2 Performance Measurement
- 3 Performance Framework 2016/17
- 4 Sustainability
- 5 Financial Review

Delivery of Operational Performance Standards

The Trust is committed to delivering strong operational performance and ensuring safe, high quality, efficient services, which provide a good experience for the patient and their families.

Emergency demand and the increased level of sickness of patients, the lack of available capacity and flow within the Trust and within the health and social care system, have been significant challenges in 2015/16 and have been major limiting factors for the Trust achieving best possible operating performance and quality of care.

Nonetheless, through improved internal management processes the Trust in quarter 3 (Q3) of 2015/16 met the national referral to treatment incomplete pathway standard and made some inroads into the backlog of long waiters. The 62 day cancer waiting time standard was also met in December 2015 and January 2016. In Q3 2015/16, the emergency access standard (EAS) was above 90% for the first time in over 12 months. Performance in these key measures declined in February and March 2016 however due to significant capacity constraints.

The summary of performance can be seen within the Overview section, page 14.

Performance Management Framework

In 2015/16, the Trust reviewed its Board sub-committee structures and arrangements and alongside this the Trust balanced scorecard performance dashboard was reviewed, with ownership of key performance indicators aligned to the overarching governance framework. This is designed to support the Board subcommittees (Quality Governance Committee, Workforce Assurance Group and Finance and Performance Committee) with high quality performance information and to provide assurance to the Trust Board through the relevant subcommittee reports and the Trust Integrated Performance Report (IPR). The IPR now provides corrective action statements where performance is below target and the next stage is to include robust forecasts around performance recovery.

The ability to measure quality is essential to improvement and the Trust has developed and utilises a range of indicators and a dashboard presentation to show performance. Following the CQC Inspection in July 2015, as part of the governance and safety action plan, the Trust has reviewed and improved reporting systems and information flows to ensure floor to Board reporting on the key quality performance indicators.

To the Neonatal Staff

*I will never be able to re-pay you for saving
our little treasure*

Thank you for all your support

C&H

Delivery of Operational Performance Standards

Performance measurement

Trust performance is measured with reference to a range of national priority standards and targets, covering operational performance, quality and safety, patient experience and the statutory duty to achieve financial breakeven. 2015/16 was one of the most challenging years since the formation of Worcestershire Acute Hospitals NHS Trust, with significant operational pressures, announced and unannounced visits to the Trust by the Care Quality Commission (CQC) and the Trust recording a significant financial deficit largely as a result of high levels of expenditure on temporary staffing. The focus for 2016/17 is the establishment of the necessary controls to improve Trust performance, in particular financial controls and improved operational performance in both planned and unplanned care. The Trust has developed a comprehensive Patient Care Improvement Plan in response to the quality and safety concerns raised by the CQC and the CQC observed that the standards of care provided by the Trust were good and in some areas outstanding.



Cystic Fibrosis – new service in 2015

We were proud to develop a new cystic fibrosis service in 2015 which has enabled children and young people with the condition can now have a number of their appointments closer to home at the Alexandra and Worcestershire Royal Hospitals.

If they become unwell and need admitting to hospital, they can now stay in the children's ward at Worcestershire Royal. Previously local children with the condition had to travel to Birmingham for their treatment.



Trust control plan 2016/17

Our Aim
for 2016/17

Aiming for **GOOD**. Aspiring to **OUTSTANDING**

Context

- Inspection rating 'Inadequate' Worcestershire Acute Hospitals NHS Trust in special measures regime
- Future of Acute Hospital Services review
- Herefordshire & Worcestershire Five Year Sustainability & Transformation Plan



Trust Priorities



Investing
in Staff



Delivering better
performance and flow



Quality
and Safety



Stabilising
our finances

Developing our 7 day services

Patient Care
Improvement
Plan (PCIP)

- Organisational Development Plan
- Staff Engagement Programme

- Urgent Care and Patient Flow Programme

- Reducing Mortality Programme
- Governance and Safety Action Plan

- Medical Workforce Plan

Other
Improvement
Plans/Major
Projects

Listening into Action



- Acute Services Reconfiguration
- Commissioning for Quality & Innovation (CQUIN)
- Outpatient and Waiting Time Improvement Programme
- Elective Productivity Improvement

In-Year
Essentials

- Best Practice In**
- Recruitment & retention
 - Performance appraisal and personal development plans
 - Mandatory training compliance

- Performance Improvement**
- 4 hour emergency access standard
 - 18 week referral to treatment standard
 - 2 week suspect cancer referral standard
 - 62 day cancer waiting time standard
 - 6 week diagnostic waiting time standard

- Safety and Improvement Culture**
- Build improvement capability
 - Develop new patient and public engagement strategy
 - Design & launch Trust Safety Campaign
 - Improve Incidents and Complaints management
 - Strengthen governance and assurance processes

- Restoring Controls**
- Budgetary management
 - Reducing agency staffing/expenditure
 - Delivering the contract activity plan

Strategic
Developments

A countywide vision and strategy for Medicine
Safe, sustainable countywide service strategies for Women and Children,
Specialist Clinical Services and Surgery



2016/17 Performance Framework

Priorities

Deliverables

Measures



Investing
in Staff

- Improved evidence of staff satisfaction as measured by the national staff opinion survey
- Reduction in staff turnover
- Reduction in sickness absence
- Mandatory training compliance
- Performance appraisal completion

- ChatBack survey results
- Staff turnover %
- Sickness absence %
- Training compliance %
- Appraisal rates %
- Staff Friends & Family Test scores



Delivering better
performance
and flow

- Start consultant-led treatment within a maximum of 18 weeks from referral for non-urgent conditions;
- Seen by a cancer specialist within a maximum of two weeks from urgent GP referral where cancer is suspected.
- A maximum four-hour wait in A&E from arrival to admission, transfer or discharge;
- Patients waiting for a diagnostic test should have been waiting less than 6 weeks from referral;
- A maximum two month (62-day) wait from urgent referral for suspected cancer to first treatment
- All emergency admissions must be seen and have a thorough clinical assessment by a suitable consultant ASAP but at the latest within 14 hours from the time of arrival at hospital

- Referral to Treatment performance and backlog
- Cancer 2week wait performance
- Cancer 62 day performance
- Diagnostic waiting time by modality
- Time to specialty review in Emergency Dept.
- Trust Emergency Access Standard performance
- Time to first Consultant review – emergency admissions
- Patient Friends & Family Test
- Patients discharged before midday



Quality
and Safety

- Build an internal programme of Quality Improvement approaches offering 4 levels of expertise
- A stronger dynamic collaboration with community we serve
- Transparent, efficient incident & complaints processes
- Evidence of co-production
- Targeted improvement:
 - "Safe 6" : Sepsis, Preventing Deterioration, Acute Kidney Injury, Falls, Pressure Ulcers, Fractured Hip
 - Prudent Antimicrobial prescribing
 - Device-related infections
 - Mortality Reviews & learning

- No. staff trained in improvement techniques
- Improvements in patient surveys/feedback
- Complaints compliance to 25 day standard and 100% acknowledgement in 3 days
- Improved HSMR & SHMI due to:
 - Sepsis – compliance to bundle
 - Reduction in cardiac arrests
 - NEWs documentation completed
 - Reduction in device related bacteraemia
 - All patients with Fractured Hip fit for surgery have their operation within 36hrs
- % reduction in falls with harm & overall rate
- Eliminate back-log of open incidents
- 90% Serious Incidents completed within timeframe
- Mortality reviews completed within agreed timeframes
- Patients: Friends & Family test (score)



Stabilising
our finances

- Medical recruitment
- Agency expenditure
- Contract activity delivery
- CIP delivery / budgetary control

- Medical vacancy rates
- % Medical and Nursing agency expenditure
- Actual vs plan Budgetary expenditure
- Actual vs plan Outpatient activity
- Actual vs plan Day case elective activity
- Actual vs plan Inpatient elective activity
- Cost Improvement Programme Progress against plan

Delivery of Operational Performance Standards

Sustainability

The Trust continues to recognise its responsibilities and obligations with regard to the impact of its business activities on the social, economic and environmental wellbeing of the communities of Worcestershire and the surrounding area. Our 5 year Sustainable Development Strategy and Implementation Plan provide the framework for the Trust's journey towards delivering our healthcare business objectives in a sustainable and green manner.

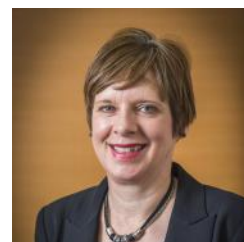
Both the Sustainable Development Strategy and Implementation Plan have been developed to align with and secure compliance with the Department of Health's Sustainable Development Unit model requirements for NHS organisations.

These documents provide an important framework upon which the Trust can manage its business activities, associated services, buildings, facilities and estates in a manner that promotes environmental economic and social sustainability, to conserve and enhance natural resources, prevent environmental pollution and bring about continuous improvement in the Trust's ability to deliver high quality patient care services.

In challenging times, the Trust remains focussed on this important requirement, planning and allocating those resources necessary to drive its sustainability agenda forward, the Strategy and Plan are reviewed on a regular basis to ensure adequacy, continuous improvement and to identify areas in need of further enhancement or expenditure.

Sarah Smith

Sarah Smith
Director of Planning and Development



To all staff on the Garden Suite

'I can't thank you all enough for the excellent and professional care I received from you. You all work so extremely hard and yet you always have time for the patients' needs and nothing was ever too much trouble. You are all very special people.'

'Thanks for all your help in the last 11 months, we will always remember you all.'

'Can't thank you all enough for the care he received from you all.'

'A very big thank you to all the ministering angels in the lovely Garden Suite. You made every visit a happy experience.'

Financial Performance in 2015/16

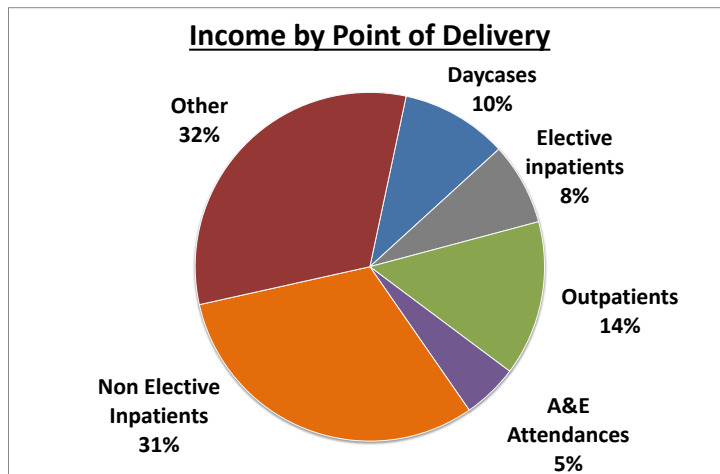
The Trust closed the 2014/15 financial year with a deficit of £25.9m. However, the underlying deficit was £34.1m once non recurrent savings, such as the PFI re-negotiation, is taken into account. This position was driven by 3 primary factors – temporary medical staffing costs, increases in patients stranded in the hospital once their acute care has come to an end and Clinical Commissioning Group (CCG) funding & contractual issues. This underlying £34.1m deficit position formed the basis of the 2015/16 planned deficit of £31.3m once it had been adjusted for price reductions, contractual changes with commissioners, cost pressures and the £15.3m savings target.

The Trust finished the 2015/16 financial year with a deficit of £59.9m against the break even duty. The variance from the originally planned £31.3m deficit position was largely a continuation and exacerbation of the issues arising in the previous year:

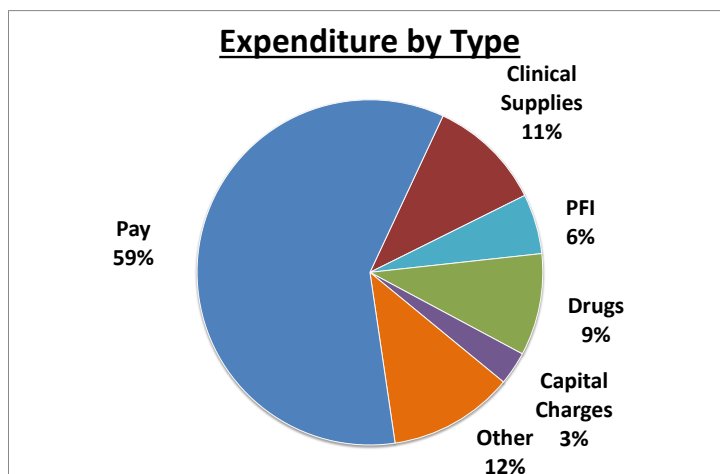
- High levels of agency staff to support the management of high emergency demand and increased vacancies exacerbated by an increase in the rates charged.
- The continuing high emergency demand and high levels of stranded patients who no longer require acute care have had the dual impact of increasing costs through, for example, the use of the independent sector as well as a reduction in elective income levels.
- Income was further adversely impacted by the marginal rate for over performance on the NHS England contracts and fines for ambulance turnaround times, A&E performance and RTT plus the marginal rate for emergency over performance. To a large extent the fines are also linked to emergency demand and high levels of stranded patients.
- As in previous years, despite the pressures and challenges, the Trust delivered around 80% of its £15.6m savings target. Notably the agency expenditure has reduced significantly in the last quarter.

Given this year's deficit a further cash injection of £62.5m was received in 2015/16. Delays in paying creditors continued throughout the year as the additional cash was not sufficient to cover requirements.

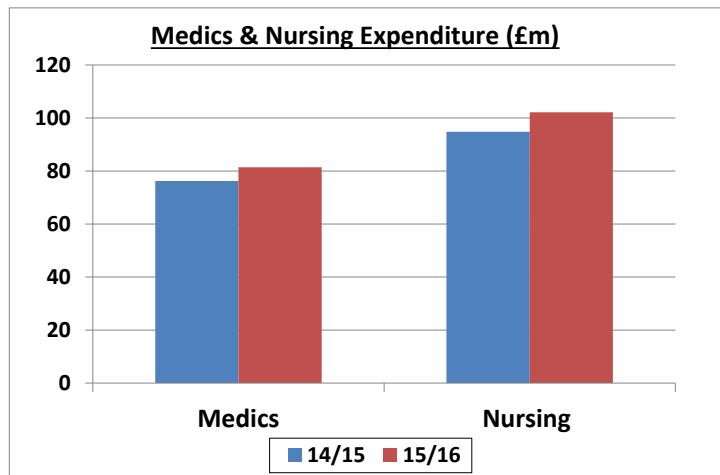
During 2015/16 the Trust earned revenue of £349m for the provision of patient care activities, with the majority receivable from NHS South Worcestershire CCG (36%), NHS Redditch & Bromsgrove CCG (22%) and NHS Wyre Forest CCG (15%). A further 17% is receivable from NHS England in respect of Prescribed Specialised Services, Dental & Screening Services and the Cancer Drugs Fund. The proportion of healthcare income by activity type shown in the chart below is similar to previous years.



As in previous years the majority of the expenditure is on staffing with Medics and Nursing being the largest two staff groups.



The additional capacity required to house the unprecedented levels of stranded patients in the Trust's hospitals has resulted in increased Medics (£5.2m) and Nursing (£7.4m) staffing costs in 2015/16 as shown in the chart below. Additional costs were also incurred from a higher reliance on agency staff due to increased vacancies, continuing emergency pressures, delays in reconfiguration and reduced numbers of training posts filled by the Health Education West Midlands.



The Trust has invested £10.2m of capital resources in line with its Capital Resource Limit. This included major developments such as the Breast Unit and the expansion of the Emergency Department as well as replacement of clinical equipment, improvements in IT systems/infrastructure and maintenance of the estate. The Breast Unit was made possible by a £1m charitable contribution from Worcestershire Hospitals Charitable Trust towards the total £1.5m cost whilst the Emergency Department expansion has been financed by a Department of Health loan.

Looking forward to 2016/17 and beyond

The Trust has a number of workstreams in place to address the issues that gave rise to the £59.9m deficit in 2015/16. Reductions in the numbers of stranded patients will facilitate improvements in flow which in turn will result in higher income levels through increased elective activity and reduced fines and reduced capacity related costs. Along with the introduction of new roles, a re-invigorated recruitment strategy and productivity improvements this will also help to reduce premium staffing costs.

The NHS faces an unprecedented level of future pressure with substantial impending challenges driven by an ageing population; increases in the prevalence of long-term conditions; and rising costs and public expectations within a challenging financial environment. In order to respond to these significant challenges health and social care providers across Worcestershire are working towards a longer term vision for a truly integrated health and social care system.

The Trust is working with local commissioners to reduce demand for acute hospital based services. Whilst the Trust is committed to appropriate contraction of its capacity, the achievement of this must be in line with a robust phased plan of expanded 24/7 care outside of hospital. Whilst this is being developed, the Trust must ensure sufficient acute headroom to maintain a safe operating environment. Our plans will ensure sufficient capacity to manage medical surge pressures throughout the year not just in the winter period, whilst also addressing the capacity challenges to delivering our elective demand; bringing core capacity back into balance and reduction of a backlog of cases.

Based on agreed contracts with commissioners, an assessment of cost pressures and a savings target of £24.3m (6.4% of turnover) the Trust has set a planned deficit of £51.4m for 2016/17. £10m of the savings target has already been achieved largely through a reduction in temporary staffing costs. The Trust is committed to saving money safely through a rigorous quality impact assessment process. This includes an initial quality impact assessment for all schemes which is undertaken by the Chief Medical Officer and Chief Nursing Officer. No scheme will proceed until approval is achieved. Schemes which are likely to impact patient safety, patient experience or clinical effectiveness will be subjected to regular further quality impact assessments during the project life cycle.

In conjunction with the development of the Sustainability and Transformation Plans across the county the Trust's financial plans for the next five years will need to demonstrate a sustainable return to financial balance.

Going Concern

International Accounting Standards require management to assess as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. A key consideration of going concern is that the Trust has the cash resources to continue to meet its obligations as they fall due in the foreseeable future.

The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements the directors have considered the Trust's overall financial position and expectation of future cash support. The Trust Board confirmed the appropriateness of the going concern assumption for the 2016/17 accounts at its meeting on 6th April 2016. The Trust has submitted a financial plan for 2016/17 to NHS Improvement (NHS I) which delivers a £51.4 million deficit after delivery of a £24.3 million savings programme. The plan recognises that the Trust has insufficient cash resources and includes a requirement for £62.3 million of cash support from the Department of Health to maintain the Trust's cash flow in 2016/17.

The Trust agreed a £15.4 million revenue support loan with the Department on Health on the 9th May 2016 which provides sufficient cash resources to meet planned commitments to the end of July 2016. The Directors have received confirmation from NHS I that it supports the Trust's application for cash support and consider that there is sufficient evidence that the services the Trust provides will continue as a going concern for the foreseeable future.

Better Payments

The Better Payments Practice Code (BPPC) targets NHS bodies with paying all non-NHS trade creditors within 30 days of the receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed. Severe cash restrictions arising from the Trust's financial position have led to a deterioration in performance. Details of the Trust's performance against the Better Payments Practice Code are shown below:

BPPC Target Performance : 95%	2015/16	
	Number	£'000
Non NHS Payables		
Total Invoices paid in the year	100,120	209,148
Total invoices paid within the target	36,193	100,323
% of invoices paid within target	36%	48%
NHS Payables		
Total Invoices paid in the year	3,164	30,424
Total invoices paid within the target	1,418	22,427
% of invoices paid within target	45%	74%
Total Payables		
Total Invoices paid in the year	103,284	239,572
Total invoices paid within the target	37,611	122,750
% of invoices paid within target	36%	51%

Moving into 2016/17 cash will remain tight but performance is expected to improve through resetting of the Trust's cash position for the 2015/16 shortfall.

Summarised financial statements

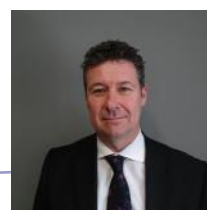
The summary financial statements which follow do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Trust and its policies and arrangements as provided by the full annual accounts; a copy of which is available free of charge by writing to the Director of Finance as follows:

Worcestershire Royal Hospital
Charles Hastings Way
Worcester
WR5 1DD
Tel: 01905 760393

The accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the Trust's accounting policies. Their preparation has been guided by the 2015/16 Manual for Accounts issued by the Department of Health.

The Trust's Accounts Directions are made under the following legislation—National Health Service Act 2006 c. 41 Schedule 15: Preparation of annual accounts

Rob Cooper
Interim Director of Finance





DIVISIONAL PRIORITIES

Rab McEwan, Interim Chief Operating Officer

Contents

1. Specialised Clinical Services
2. Abdominal Aortic Screening Programme
3. Surgery
4. Medicine
5. Pulmonary Rehabilitation
6. Women and Children

Divisional Achievements and Priorities for 2016/17

The Divisional Teams are integral to the operation of the Trust. The Senior Leadership team of a Doctor, Nurse (Midwife) and Manager support the Executive Team to ensure the highest standards of patient safety and experience.

The Trust started the year with five divisions. TACO (Theatres, Ambulatory Care and Outpatients) merged with Clinical Support and formed Specialised Clinical Services. There are now four divisions working cross county.

SPECIALISED CLINICAL SERVICES

Achievements in 2015/16

- National recognition for the ophthalmology outpatient service for reducing risk to patients and unnecessary follow up.
- National approval to commence bowel scope screening at Malvern
- National accreditation for the endoscopy units at Worcester & Malvern
- Continued expansion of the Worcester Oncology Centre working in partnership with University Hospitals Coventry and Warwickshire
- Setting up an in house theatre staff bank

Priorities for 2016/17

- To obtain national accreditation for the Alexandra Hospital & Kidderminster Hospital and Treatment Centre
- To open a theatre admissions unit
- Ensuring patients who need Head and Neck Oncology Services are treated locally in Worcestershire
- Develop an interventional radiology service



The award winning ophthalmology team

Case Study—Abdominal Aortic Screening Programme



The Hereford and Worcester Abdominal Aortic Aneurysm (AAA) Screening Programme celebrated five years of screening men in the year they turn 65. In a recent patient survey, users branded the service efficient, professional and brilliant!

More than 24,000 men across the two counties have attended for this simple free ultrasound scan since the service launched in 2011. The aorta is the main blood vessel in the body. In some people the wall of the aorta in the abdomen can become weak, start to expand and form an abdominal aortic aneurysm. The condition is more common in men aged 65 and over and can be life-threatening if undetected. The scan is quick and painless and results are given immediately. The screening programme visits over 60 different locations across Herefordshire and Worcestershire.

During 2015 the AAA Screening Programme worked in collaboration with our Bowel Cancer Screening and Breast Screening Services to offer those with a learning disability improved access to screening. They have been commended for improvements to services which are typical of the patient-centered focus that this screening service provides.

Men aged over 65 who have not been screened before can contact the programme directly to arrange a test (01905 7338300).



Feedback relating to the Abdominal Aortic Aneurysm (AAA) Screening Programme

Prompt efficient service with clear explanation of process

My appointment today was super-efficient. The staff were friendly, reassuring and confident. Well done!"



Divisional Achievements and Priorities for 2016/17 (cont)

SURGERY

Achievements in 2015/16

- The transfer of elective orthopaedics to the Alexandra Hospital and Kidderminster
- Utilisation of the modular theatre at the Alexandra Hospital
- Opening of the Breast Unit
- Development of the divisional governance team

Priorities for 2016/17

- Recruit substantive staff to eliminate use of locum and agency
- Recruit Physician Associates
- Implement Hospital at Night
- Improve the patient experience for those who have had a fractured neck of femur and those patients who need treatment for cancer

MEDICINE

Achievements in 2015/16

- Development of a vision for county wide medicine services
- Reconfiguration of Gastroenterology services
- Implementation of Ambulatory Care

Priorities for 2016/17

- Implementation of admission avoidance schemes; to include the Older Person's Assessment and Liaison team (OPAL) & Ambulatory Emergency Care (AEC) services countywide.
- To provide Initial Assessment to all patients attending the Emergency Departments countywide within 15 minutes of arrival. This includes the implementation of new nursing roles in the Emergency Department.
- To agree and implement a countywide Frailty pathway with all Worcestershire Health Economy partners.

Case Study—COPD (Chronic Obstructive Pulmonary Disease)



We are a team of specialist nurses, specialist physiotherapists, a specialist pharmacist, a cognitive behavioural psychotherapist, British Lung Foundation fitness instructors and admin support.

We work with respiratory consultant physicians and other health care professionals to improve the quality of life of people living with COPD. Our services are designed around the National Institute for Health and Care Excellence/British Thoracic Society (NICE/BTS) COPD guidelines and local user need.

We provide pulmonary rehabilitation in Redditch & Bromsgrove, Worcester, Evesham, Malvern and Wyre Forest. Pulmonary rehabilitation is a supervised, individually prescribed and progressive exercise class, including both aerobic and resistance training. It provides a defined and structured education programme. The programme is twice per week and runs for six weeks.

To aid with self-management, following the completion of Pulmonary Rehabilitation, we provide a maintenance class called Fit 2 Breathe, providing a supervised exercise session per week.

We also provide home visits and case management of patients.

Referral to the Team is via a health professional

Comments from patients in relation to the Pulmonary Rehabilitation course have been:

"It has changed my life"

"I managed to get in the bath for the first time in 5 years"

"I have conquered my fear of being breathless"

"I can control my panic"

"I was so motivated I went home and walked for 2 miles"

"I felt able to go swimming for the first time in years"

"I have got my life back again"



WOMEN AND CHILDREN

Achievements in 2015/16

- Safe temporary centralisation of neonatal and maternity services
- Opening and attracting patients to the meadow birth centre and exceeding the target of 500 births in year one
- Safely delivering increased paediatric and neonatal activity
- Developing a safety first culture within the division

Priorities for 2016/17

- Continued emphasis on the safety first culture
- To attract, recruit and retain high quality staff enable achievement of full staffing rotas at all levels



To all staff in the Neonatal Unit
Thank you very much for
looking after us and helping us
grow
The V Twins

STAFF

Denise Harnin, Director of Human Resources & Organisational Development

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- 1 Introduction
- 2 Organisational Development and Engagement
- 3 Key Performance Indicators
- 4 Staff Composition
- 5 2015 Staff Survey
- 6 Training and Development
- 7 Equality and Diversity
- 8 Remuneration
- 9 Pension Benefits
- 10 Exit Packages—summary
- 11 Off payroll engagements/consultancy

Introduction

Our staff are our greatest asset. We are hugely indebted to them for all they do to ensure that our patients have a safe journey through the Trust. We should like to thank them for all their hard work.

Staff Communications

We produce regular staff communications including a Weekly Brief (email), monthly Chief Executive Brief (face to face) and we also have a staff engagement group. We have an intranet site which is regularly updated with information on matters of concern to employees. We have good relationships with Trades Unions and regular Joint Consultative and Negotiation Committee (JNCC) meetings are held to consider issues likely to affect staff.

We use a values based recruitment process to ensure that all staff recruited are able to work to our values. These values which place patients at the centre of all that we do and are embedded in the induction and appraisal processes and promoted on the staff intranet.

Changes to our workforce

The most significant changes in our workforce during 2015/16 were related to the final phase of development of radiotherapy services for Worcestershire, the outsourcing of certain elements of information and communications technology, and the temporary reconfiguration of maternity services onto one site.



Organisational Development and Engagement Strategy

We have been developing a revised strategy during 2015/16 and this will be complete by late summer, 2016. The revised Strategy aims to support the delivery of an efficient and effective organisation with at its heart a healthy culture focused on excelling at delivering safe quality patient and person centred care. The activity to support delivering a healthy culture is based on six pillars:

1. Inspiring vision and values
2. Goals and performance
3. Supportive and compassionate behaviours
4. Learning and innovation
5. Effective team working
6. Collective leadership

Crucial to the Strategy is the work we are doing with improving staff engagement, see the Overview section page 9.



Key Performance Indicators

	2013/14	2014/15	2015/16
Cumulative Sickness Absence Rate (12 Months)	3.87%	4.09%	4.35%
Actual staff in post in FTE*	4,940.88	5079.14	5083
Headcount staff in post	5840	5959	5935
Mandatory Training Compliance	72%	78%	76%
Appraisal Completion %	74%	78%	80%
Staff Turnover	9.85%	10.42%	12.97%

* full time equivalent

Sickness and Absence

The Trust has seen an increase in sickness absence rates in the last two years following a 4 year downward trend. In the last year the absence rate has increased by 0.24%. This is in line with regional and national sickness levels with the Trust being 10th out of 18 Acute Trusts within the West Midlands, as at the latest published HSCIC figures using November 2015 data.

Staff Sickness	2015-2016
Total Days lost	48800
Total staff years	5054
Average number of working days lost	9.7

The Trust identified an increase in staff absent due to stress/anxiety in December 2014 and took steps to increase access to counselling. This included widening access to free counselling for home related stress as we recognised that there can be a delay in referrals from GPs. This trend was borne out by the Staff Opinion Survey results for 2014 which showed an increase in work related stress to 39% which was above national average. This intervention appears to have been effective with a 3% reduction in work related stress reported in the 2015 survey bringing it back in line with national acute trust average of 36%.

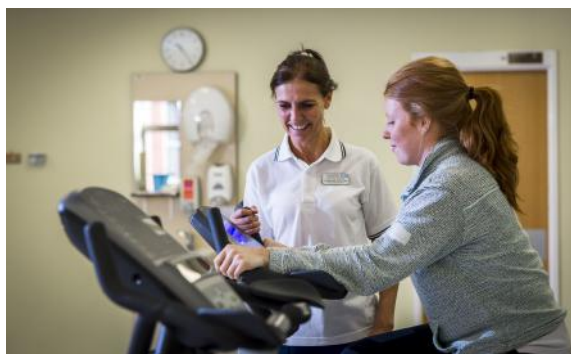
We have continued to provide innovative management development training including "Being Absence Minded" and "Better Behaviours" to help our leaders manage their staff attendance.

Staff composition

Headcount		
Staff Group	Average number 2015/16 wte	Number @ 31 March 2016 wte
Medical and dental	600	591
Administration and estates	910	921
Healthcare assistants and other support staff	1079	1132
Nursing, midwifery and health visiting staff	1691	1674
Nursing, midwifery and health visiting learners	18	19
Scientific, therapeutic and technical staff	743	718
Other (Apprentices)	23	28
Total	5064	5083

Senior Staff by Pay Band as at 31 March 2016 - Headcount						
Staff Category	Band 8	Band 9	Consultant	Personal Salary	Trust Board	Total
Trust Board					15	15
Senior Managers	77	3	17	5		102
Total	77	3	17	5	15	117

Headcount by Contract type as at 31 March 2016	
Contract Type	Total
Fixed Term / Temporary	474
Locum	8
Permanent	5453
Total	5935



2015 Staff Survey

The response rate to the 2015 survey was 44% which is a 6% increase on the previous year. The 2015 results showed a reduction in our staff engagement score for the first year after 3 years of improvement. Our score deteriorated from 3.71 to 3.64 on a scale of 1 – 5 (with 5 being the best). This is worse than the national staff engagement score of 3.79 for Acute Trusts.

There was a 7% reduction in the number of staff saying that they would recommend the Trust as a place to work which was now 10% below acute trust average.

Work related stress has reduced to 36% which is the same as national average. This is a 3% reduction from last year when we saw our highest levels of work related stress. This correlates with a sustained period of pressure around emergency care pathways and bed availability compounded by changes in our maternity and paediatric services and press coverage of our CQC report when we were placed in special measures.

As a result of the 2015 Staff Survey results the Trust has commissioned a number of interventions to improve staff engagement and culture, including launching the Big Conversation, Listening Into Action, and Pulse Surveys to ensure that staff have regular opportunities to engage and give feedback.

Top 4 ranked scores		Trust	National average score
KF24	Percentage of staff / colleagues reporting most recent experience of violence	56%	53%
KF29	Percentage of staff reporting errors, near misses or incidents witnessed in the last month	91%	90%
KF20	Percentage of staff experiencing discrimination at work in last 12 months	10%	10%
KF17	Percentage of staff suffering work related stress in last 12 months	36%	36%

Bottom 4 ranked scores		Trust	National average score
KF6	Percentage of staff reporting good communication between senior management and staff	19%	32%
KF9	Effective team working	3.58	3.73
KF13	Quality of non-mandatory training, learning or development	3.91	4.03
KF10	Support from immediate managers	3.52	3.69

Training and Development

We continue to support our staff with excellent training programmes recognising the importance of supporting staff and managers to become good role models and leaders, and help them develop resilience to cope with the demands of an ever-changing NHS.

The Trust provides a comprehensive induction programme for new employees and mandatory training updates in 16 topics for existing staff using a variety of teaching methods and assessment.

In terms of the workforce of the future over 188 young people completed work experience placements in the trust, and the trust supported 103 new apprentices in both business administration and health and social care. We are developing further apprenticeship programmes in allied health care.

Health and Wellbeing

We are developing a Health and Wellbeing Plan as part of our OD and Engagement Strategy which includes all aspects of the NHS England Healthy Workplaces Toolkit. All our staff are able to self-refer to our SEQOHS accredited Working Well Centre which offers proactive and preventative occupational health support as well as dealing with work related issues such as needle-stick injuries. Our Working Well intranet site and Wellbeing Club signpost staff to the resources they need to live a healthy and balanced life both at work and home.



Staff Appraisals

The Trust believes appraisals are vital in valuing the staff as the Trust prepares to manage significant change within the organisation. More work needs to be done to ensure all staff are appraised regularly to raise the current level of 80% for non-medical staff (31 March 2016).

Employee policies

The Trust has 'Two Ticks' status and we offer guaranteed interviews to all disabled applicants who meet the minimum criteria. We also offer proactive return to work plans and redeployment opportunities or reasonable adjustments for staff who develop health problems or disabilities during their career. Our Recruitment and Selection Policy, Training and Development Policy and Sickness and Wellbeing Policy all give consideration to applicants with disabilities and those staff who have become disabled. We have an Equality, Diversity and Inclusion Policy and Dignity at Work Policy which all cover treatment of staff who are disabled with the expectation that they are treated no less favourably.

We have a programme for reviewing and consulting on changes to staff policies prior to approval at the JNCC. All agreed policies and any other information for staff are subject to an Equalities impact Assessment and are available through email, weekly brief and on the intranet. Training is provided for managers on the fair application of our policies.

Equality and Diversity

We regularly monitor our workforce KPIs at Workforce Assurance Group and Trust Board. The Equality and Diversity Committee monitors staffing in terms of the Equality Act and the 9 protected characteristics. This includes monitoring the recruitment, access to training and development, and parity of pay for staff from all protected groups including those with a Disability. The Trust expects all staff to be treated fairly regardless of any disability or any other protected characteristic. We monitor our use of the Disciplinary, Grievance and Dignity at Work Policies to ensure that staff with disabilities or those from other protected characteristics are not disproportionately involved in formal processes. We also monitor the results of our annual Staff Opinion Survey and quarterly Staff Friends and Family Tests to identify any problems.

The Trust provides a SEQOHS accredited Occupational Health and Wellbeing Service for applicants and staff where advice is provided on reasonable adjustments to accommodate people with disabilities.

Equality and Diversity

Our commitment to Equality and Diversity is stated in all relevant policies including our Recruitment and Selection Policy, Dignity at Work Policy and Equality, Diversity and Inclusion Policy which are available to all staff on the intranet. The Trust is committed to providing fair opportunities and treatment for all applicants and employees which respects diversity and dignity.

Headcount by Ethnicity as at 31 March 2016	
Ethnicity	Total
Asian or Asian British	504
Black or Black British	85
Mixed Race	49
Not Stated/Undisclosed	69
Other	102
White	5126
Total	5935

The Trust Board aims to ensure that all staff are aware that any form of discrimination against people because of their gender, marital status, race, age, sexual orientation, religion, disability, part-time or fixed-term working, is prohibited within the organisation. We have run additional training this year "kNOw Bullying" and "Raising Concerns" as well as our regular Equality and Diversity Training.

The Trust uses the Equality Delivery System (EDS2) as a tool to help address and improve equality. The Action plan and Equality Objectives for this scheme are published on the Trust's Equality and Diversity web pages, along with the Trust's Equality Annual Reports and equalities data.



Denise Harnin
Director of Human Resources and Organisational Development

Remuneration

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 two 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 Consultants' 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 2015/16 Executive Directors did not receive any cost of living increase in pay.

Non-Executive Director appointments are selected through the Appointments Commission, and appointed by NHS Improvement/the 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.

The Trust is 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 2015-16 was £195,000 (2014-15, £185,000). This was 7 times (2014-15, 7) the median remuneration of the workforce, which was £26,041, (2014-15, £25,783). In 2015-16, 6 (2014-15, 6) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £195,000 to £235,000 (2014-15 £185,000 to £220,000).

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.

Name and title	(a) Salary (bands of £5,000) £000	(b) Expense payments (taxable) total to nearest £100 £	(c) All Pension Related Benefits (bands of £2,500) £000	(d) TOTAL (a - c) (bands of £5,000) £000	(a) Salary (bands of £5,000) £000	(b) Expense payments (taxable) total to nearest £100 £	(c) All Pension Related Benefits (bands of £2,500) £000	(d) TOTAL (a - c) (bands of £5,000) £000
H.Turner – Chairman	20-25	4,900	0	20-25	20-25	600	0	20-25
P.Venables - Chief Executive	150-155	0	0	150-155	160-165	200	0	160-165
C.Tidman - Interim Chief Executive/ Director of Finance	150-155	3,000	100.0- 102.5	250-255	135-140	200	0	135-140
H.Khan – Acting Director of Finance	15-20	0	0	15-20	0	0	0	0
C.Gentile – Interim Director of Finance	75-80	5,300	0	80-85	0	0	0	0
R.Cooper – Interim Director of Finance	55-60	6,600	0	60-65	0	0	0	0
S.Messer - Chief Operating Officer	115-120	0	0	115-120	115-120	100	5.0-7.5	120-125
C.Garlick – Acting Chief Operating Officer	5-10	0	0	5-10	0	0	0	0
R.McEwan – Interim Chief Operating Officer	190-195	9,800	0	195-200	0	0	0	0
M.Wake - Medical Director	165-170	0	75.0-77.5	240-245	180-185	0	7.5-10.0	190-195
A.Short – Acting Medical Director	15-20	0	0	15-20	0	0	0	0
A.Phillips – Interim Medical Director	185-190	300	0	185-190	0	0	0	0
L.Webb - Director of Nursing and Midwifery	50-55	0	0	50-55	125-130	0	45.0-47.5	170-175
M.Gay – Interim Chief Nursing Officer	45-50	0	0	45-50	0	0	0	0
C.Fearns - Director of Strategic Development	0	0	0	0	25-30	200	0	25-30
B.Edgar - Director of HR	0	0	0	0	55-60	100	0	55-60
D.Harnin – Director of HR	105-110	200	0	105-110	75-80	0	0	75-80
S.Smith – Director of Planning & Development	90-95	0	0	90-95	0	0	0	0
S.Howarth - Non Executive Director	5-10	900	0	5-10	5-10	300	0	5-10
Professor J Bion - Non Executive Director	0-5	400	0	5-10	5-10	0	0	5-10
B.McGinity - Non Executive Director	5-10	1,700	0	5-10	5-10	400	0	5-10
A.Sleigh - Non Executive Director	5-10	700	0	5-10	5-10	200	0	5-10
L.Todd - Non Executive Director	5-10	1,400	0	5-10	5-10	500	0	5-10
J.Burbeck - Non Executive Director	5-10	1,200	0	5-10	5-10	300	0	5-10
W.Tunncliffe – Associate Non Executive Director	0-5	0	0	0-5	0	0	0	0
S.Pinch – Interim Director of Communications	35-40	12,700	0	50-55	0	0	0	0
L.Thomson – Director of Communications	35-40	200	0	35-40	0	0	0	0

Notes;

B.Edgar left the Trust 19/10/14

C.Fearns left the Trust 04/07/14

H.Turner left the Trust 02/03/16

P.Venables left the Trust 24/01/16

L.Webb left the Trust 31/08/15

J.Bion left the Trust 31/12/2015

H.Khan was the acting Director of Finance from mid-April to mid-June 2015

C.Gentile commenced with the Trust as Interim Director of Finance on 15/06/2015. The figure quoted under Salary represents the payment of fees to Cogent Health Solutions Limited and there are no additional costs for National Insurance or Superannuation. He left the Trust on 20/11/15

R.Cooper commenced with the Trust as Interim Director of Finance on 23/11/2015. The figure quoted under Salary represents the payment of fees to RJC Financial Solutions Limited and there are no additional costs for National Insurance or Superannuation

C.Garlick was the acting Chief Operating Officer during May 2015

R.McEwan commenced with the Trust as Interim Chief Operating Officer on 01/06/2015. The figure quoted under Salary represents the payment of fees to Taylor McEwan Limited and there are no additional costs for National Insurance or Superannuation

A.Short was the acting Chief Medical Officer during April 2015

A.Phillips commenced with the Trust on secondment from University Hospitals Coventry & Warwickshire (UHCW) NHS Trust as Interim Chief Medical Officer on 01/05/2015. The figure quoted under Salary represents the recharge of costs from UHCW and includes costs for National Insurance and Superannuation

M.Gay commenced with the Trust on secondment from NHS South Worcestershire CCG (SWCCG) as Interim Chief Nursing Officer on 01/09/2015. The figure quoted under Salary represents the recharge of costs from SWCCG and includes costs for National Insurance and Superannuation

J.Stevens commenced with the Trust on secondment from NHS England as Interim Chief Nursing Officer from 01.04.16

C.Tidman is employed substantively as the Director of Resources/Deputy Chief Executive but has been the Trust's acting/interim Chief Executive since 13.04.15

W.Tunncliffe commenced with the Trust on 11/02/16

J.Burbeck acting Chairman from 03/03/16

S.Pinch commenced with the Trust as Interim Director of Communications on 22/06/2015. The figure quoted under Salary represents the payment of fees to Pinch Point Communications and there are no additional costs for National Insurance or Superannuation

L.Thomson commenced with the Trust as Director of Communications on 26/10/2015

M. Orzel appointed in May 2015 as Improvement Director by the NHS Trust Development Authority to work with the Trust on delivering improvements to services and embedding changes

Pension Benefits

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.

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.

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

Name and title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in Lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2016 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Cash Equivalent Transfer Value at 31 March 2015 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
P. Venables Chief Executive	0-2.5	0.0-2.5	65-70	190-195	1322	1280	26	0
C. Tidman Director of Finance	5-7.5	15.0-17.5	40-45	130-135	672	580	85	0
M. Wake Medical Director	2.5-5.0	10.0-12.5	50-55	150-155	1033	930	92	0
S. Messer Chief Operating Officer	0-2.5	0-2.5	50-55	155-160	1045	1022	10	0
D. Harnin Director of Human Resources and Organisational Development	15.0-17.5	27.5-30.0	15-20	25-30	314	0	314	0

Exit Packages Summary

Exit Package Cost Band (including any special payment element)	Number of Compulsory Redundancies	Cost of Compulsory Redundancies £	Number of Other Departures Agreed	Cost of Other Departures Agreed £	Total Number of Exit Packages	Total Cost of Exit Packages £	Number of Departures Where Special Payments Have Been Made	Cost of Special Payment Element Included in Exit Packages £
Less than £10,000			6	42,351	6	42,351		
£10,000 to £25,000			11	204,053	11	204,053		
£25,001 to £50,000			4	131,984	4	131,984		
£50,001 to £100,000								
£100,001 to £150,000								
£150,001 to £200,000								
>£200,000								
Total			21	378,338	21	378,338		

Type of Exit Package Notes

Exit Package Description	Number of Agreements	Total Value of Agreements £'000
Voluntary Redundancies Including Early Retirement Contractual Costs		
Mutually Agreed Resignations (MARS) Contractual Costs	21	378
Early Retirements in the Efficiency of the Service Contractual Costs		
Contractual Payments In Lieu Of Notice *		
Exit Payments Following Employment Tribunals or Court Orders		
Non-Contractual Payments Requiring HM Treasury Approval **		
Total	21	378

A single Exit Package can be made up of several components, each of which is counted separately in this note.

*Any non-contractual payments in lieu of notice are disclosed under "Non-Contractual Payments Requiring HM Treasury Approval **"

** Includes any non-contractual payments made following judicial mediation, and values relating to non-contractual payments in lieu of notice.

No non-contractual payments were made to employees where the payment value was more than 12 months' of their annual salary.

The other departure costs have been paid in accordance with the provisions of the Mutually Agreed Resignation Scheme (MARS). Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pension scheme. Ill-health retirement costs are met by the NHS Pension scheme and are not included in the table.

The Remuneration Report includes disclosure of exit payments made to individuals named in that report. None of the Exit Package payments included in the tables above were made to any individual who served on the Trust Board during 2015/16.

Off payroll engagements/consultancy

The number of Off Payroll Engagements as at the 31st March 2016 for more than £220 per day and that last longer than 6 months is

	Number
Number of Existing Engagements as of 31 st March 2016	3
Of which, the number that have existed:	
for less than 1 year at the time of reporting	3
for between 1 and 2 years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for more than 4 years at the time of reporting	0

There were 3 new off-payroll engagements between 1 April 2015 and 31 March 2016, for more than £220 per day and that last longer than six months.

There were 2 off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the year.

All existing off-payroll engagements have been subject to a risk based assessment to seek assurance that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Consultancy

The Trust's total expenditure on Consultancy in 2015/16 was £148,000.



CORPORATE GOVERNANCE

John Burbeck, Interim Chair

Contents

1. Introduction
2. Clinical Leadership
3. Governance
4. Quality
5. Awards
6. Non-Executive Directors
7. Staff Engagement

Introduction

The Trust Board sets the strategic direction for the Trust and meets, across the county 11 times a year in public. We aim to lead by example and to learn from experience.

During 2015/16 we said goodbye to three lay Board Directors, Harry Turner as Chairman, Lynne Todd as a non-executive director and Professor Julian Bion, Associate Non-executive director. I should like to thank them for their contribution to the Trust and for their commitment to ensure that the Trust put patients at the heart of everything we do. I am pleased that Lynne has agreed to remain at the Trust as a board advisor with specific responsibility for quality. Additionally Penny Venables, Chief Executive and Lindsey Webb, Chief Nurse left. Again, I should like to thank them for their contribution to the Trust.



We have had a number of interim appointments and I should like to thank Colin Gentile (interim Director of Finance for six months) and Mari Gay (Interim Chief Nurse for six months) for their commitment to the Trust. Details of all the Board members and their declaration of interests can be viewed on the website <http://www.worcsacute.nhs.uk/about-us/trust-board-whos-who/>.



The Trust Board, despite the number of interim appointments, continues to put the patient at the centre of its work. I am delighted that we have had a patient story at every meeting of the board. This brings home to us all the journeys our patients have which are often complex, always fascinating and sometimes disappointing but often reassuringly successful. I have continued with ensuring that each of the non-executive directors (NEDs) is aligned with one of the divisions to enable them to have first hand knowledge of the workings of the division and be able to triangulate the information that is presented.

I am committed to setting high standards and the whole board has signed up to the Nolan principles. This requires us to have honesty and integrity in all matters.

Board review

As part of the Special Measures regime, the board is underwent a review of its capability and capacity and as a result, we have not undertaken our own review during 2015/16. We also had an external review in 2014.

All the non-executive directors are appraised by the Chairman annually and who also appraises the Chief Executive. This year, there was clear evidence that the Interim Chief Executive's objectives were met for 2015/16. As Interim Chair, I was appraised by the Senior Independent Director who sought views from Board members on my performance as Interim Chair.

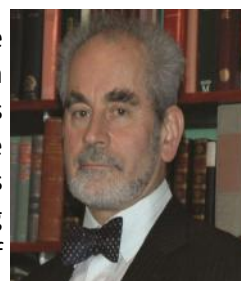
I am assured that each director knows of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and has taken 'all the steps that he or she ought to have taken' to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Clinical Leadership, Governance, Quality and Awards

I am delighted with the input from the senior clinicians to the strategic direction of the Trust. This has been enabled by the four clinical divisions and the active engagement of the leadership teams. I look forward to continuing this relationship during the coming year.

The Governance Structure for the Trust was revised during the year and details of the Board and its subcommittees are shown in the Annual Governance Statement, page 64. This structure enables the board to gain assurance on the delivery of the corporate objectives, the quality of the services we offer and the financial and operational performance of the Trust. A detailed diagram of the Trust's governance structure is available on the website <http://www.worcsacute.nhs.uk/about-us/freedom-of-information/publication-scheme/>.

The Quality Governance Committee continues to provide assurance to the board on matters relating to quality. Professor Bion made a tremendous impact on the Quality agenda. Dr Bill Tunnicliffe has taken over as Chair and I look forward to working with him in the coming year. The Finance and Performance Committee ensures robust monitoring of a difficult financial situation and challenging performance metrics. I have ensured that there is overlap of membership of NEDs on the board subcommittees with one Audit and Assurance member also attending the Quality Governance Committee and one member attending the Finance and Performance Committee. The Chair of the Audit and Assurance Committee is a qualified accountant.



The Audit and Assurance Committee provides the Board with assurance that the governance and assurance processes upon which the Trust Board places reliance, operate effectively and to meet the strategic objectives. The committee works closely with the external and internal auditors. The process for managing the Board Assurance Framework is presented to the Committee on a regular basis.

Details of the Information Governance related incidents can be found on page 75 in the Annual Governance Statement.

A highlight of the year was the staff appreciation week, at the end of September 2015. The week commenced with a service of thanks for staff and NHS workers at Worcester Cathedral. There was a specific day for senior staff and Board members to thank staff for their work and at the end of the week, there was a long service awards ceremony and a staff awards evening ceremony at the Chateau Impney.



Clinical Leadership, Governance, Quality and Awards

The voting members of Trust Board during 2015/16 were as follows:

Harry Turner, Chairman (until March 2016)
John Burbeck, Non-Executive Director, deputy-chair, Interim Chair from March 2016
Stephen Howarth, Non-Executive Director
Bryan McGinity, Non-Executive Director, Senior Independent Director
Andrew Sleigh, Non-Executive Director
Chris Tidman, Interim Chief Executive (from April 2015)
Rob Cooper, Interim Director of Finance (from November 2015)
Mari Gay, Interim Chief Nursing Officer (from September 2015 to April 2016)
Rab McEwan, Interim Chief Operating Officer (from June 2015)
Andy Phillips, Interim Chief Medical Officer (from May 2015 to May 2016)
Andrew Short, Acting Chief Medical Officer (from May 2016)
Jan Stevens, Interim Chief Nurse (from April 2016)
Lynne Todd, Non-Executive Director (until December 2015)
Chris Tidman, Director of Resources and Deputy Chief Executive (until May 2015)
Penny Venables, Chief Executive (until Jan 2016)
Mark Wake, Chief Medical Officer (until Apr 2016)
Stewart Messer, Chief Operating Officer
Lindsey Webb, Chief Nursing Officer (until August 2015)
Cathy Garlick, Acting Chief Operating Officer (April 2015)
Colin Gentile, Interim Director of Finance (June 2015 – November 2015)
Haq Khan, Interim Director of Finance (April/May 2015)

Non-voting members of Trust Board

Professor Julian Bion, Associate Non-Executive Director (until December 2015)
Denise Harnin, Director of Human Resources and Organisational Development
Marie-Noelle Orzel, Improvement Director (from May 2015)
Kimara Sharpe, Company Secretary
Sarah Smith, Director of Planning and Development
Lisa Thomson, Director of Communications (from October 2015)
Bill Tunnicliffe, Associate Non-Executive Director (from January 2016)

The full register of Director Interests can be found on the website <http://www.worcsacute.nhs.uk/about-us/trust-board-whos-who/>. Details of membership of the Trust Committees can be found on page 66 in the Annual Governance Statement section.



Non-Executive Directors and staff engagement

The Patient Forum continues to work with the Trust and gives valuable feedback on our services.

The non-executive directors (NEDs) bring a wealth of local business experience to the Trust Board, from private sector commercial business to management within a large public sector organisation. I recognise that we have currently two vacancies for lay members of the Trust Board. I have been working with NHS Improvement to ensure that the post of Chairman is recruited to. In respect of the non-executive director post, NHS Improvement have advised that the post will be advertised after the conclusion of the capability and capacity review. It is acknowledged that if a vote was to take place by Board members, executive director(s) would not exercise their vote to ensure that lay members were in the majority.

We held informal board development sessions throughout the year. Topics covered include risk management, business plan development, mortality, cystic fibrosis, IT and board effectiveness.

This year, the NEDs and I have participated in national and local events hosted by a wide range of partners such as the King's Fund, Grant Thornton, PWC and others. These events provide excellent opportunities for networking and gaining insights to other NHS practices.

I have continued to develop working relationships with senior staff in our partner organisations, in particular the Health Overview and Scrutiny Committee, HealthWatch, our CCGs and the Health and Care Trust. Board members have worked closely with all partners on the Future of Acute Hospital Services in Worcestershire and share the frustration in the slow pace of the work undertaken this year.

Harry Turner was keen to ensure that staff have opportunities to raise issues with board members and he undertook regular surgeries for staff to be able to talk informally. I have continued with this practice. I am delighted that the Trust has commenced Listening into Action and ChatBack so that there is more real time information available.



Harry met with the local elected representatives and our Members of Parliament throughout the year. This ensures that health issues and in particular the issues faced by the Acute trust are raised at the highest level in government.

I should like to thank the whole board for their work and support during the past year.

A handwritten signature in black ink, appearing to read 'John Burbeck', is written over a light grey rectangular background.

John Burbeck
Interim Chair



ANNUAL GOVERNANCE STATEMENT

Chris Tidman, Interim Chief Executive

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1 Scope of responsibility

1 Scope of responsibility

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

I have a duty of partnership to discharge, and therefore work collaboratively with other partner organisations. The Trust is working collaboratively wherever possible with the appropriate Local Authorities, voluntary sector, University and other local education establishments as well as NHS Commissioners (CCGs and NHS England) and other NHS providers of services. The Trust has a range of formal and informal mechanisms in place to facilitate effective working with key partners in the Worcestershire Health Economy. Due to the operational and financial challenges currently faced, these have been operationally focussed through the System Resilience Group, the Quality Oversight Review Group, the Contract Management Board and the Quality and Service Sustainability sub group of the Future of Acute Hospital Services in Worcestershire Programme Board. The Future of Acute Hospital Services in Worcestershire Programme Board has been a main strategic focus and latterly significant progress has been made. The Trust also has a formal partnership arrangement with University Hospitals Coventry and Warwickshire NHS Trust to support the development of Oncology services for Worcestershire.

The Trust is working with partners in Worcestershire Health and Care system to develop the five year Sustainability and Transformation Plan by July 2016.

The Trust is monitored and assessed by a wide range of external agencies that contribute to the on-going development of the Assurance Framework. These have included the three local Clinical Commissioning Groups, West Midlands Quality Review Service, Cancer Peer Review, Royal Colleges, NHS Improvement (NHS I) (previously the NHS Trust Development Authority), NHS England, the Care Quality Commission, the National Health Service Litigation Authority and the Health and Safety Executive. This is not an exhaustive list of organisations that monitor and assess the Trust.

Close links continue with partners including NHS England and NHS I through the Future of Acute Hospital Services in Worcestershire programme. I have regular contact with NHS I and NHS England through a range of group, individual, informal and formal meetings. Effective relationships are also in place with the three Worcestershire clinical commissioning groups, NHS South Worcestershire, NHS Redditch and Bromsgrove and NHS Wyre Forest. All Executive Directors are fully engaged in the relevant networks, including nursing, medical, finance, operations and human resources.

In July 2015, the Trust underwent a planned Chief Inspector of Hospitals visit. This resulted in a rating of 'inadequate' and the Trust was placed in special measures in November 2015. The primary concerns were focussed on the governance and risk management processes within the Women and Children Division, albeit the care being delivered was recognised as outstanding.

2 The Purpose of the system of internal control

3 Capacity to handle risk

Significant improvement has been made in this area, strengthened by the temporary centralisation of the inpatient obstetric service on the Worcestershire Royal Hospital site. Concerns were also raised in respect of the reliance on temporary staff (medical and nursing) and on the overcrowding at both emergency departments, although it was acknowledged that care had improved since the unannounced inspection in March 2015. Finally, whilst it was recognised that the new Executive team had showed insight and commitment to address the current challenges, concern was expressed about the interim nature of the executive directors and the need for stability.

The Trust has worked with the CQC since the visit and has made a number of improvements, particularly to the clinical governance arrangements and a reduced reliance on temporary staff.

As at 31 March 2016 the Trust's annual deficit for 2015/16 was £59.9m against a £31.3m planned deficit and its cumulative deficit was £118.4m. The key driver for this deficit has been the reliance on expensive locum and agency staffing to maintain safe staffing rotas. Recruitment and retention has been a challenge in the context of the on-going uncertainty around the Future of Acute Hospital Services in Worcestershire Programme, which was established in 2012 to address the sustainability of the medical staffing structures in a number of key specialties. In the meantime, proactive measures have been taken to reduce the reliance on locum and agency staffing, coupled with the national cap arrangements and the Trust is therefore planning a reduced deficit in 2016/17 as part of a 4 year financial recovery plan.

The Trust achieved the External Financing Limits and Capital Resource Limit targets as at 31 March 2016 but failed to meet the breakeven duty.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- identify and prioritise the risks to the achievement of the organisation's aims and objectives,
- evaluate the likelihood of those risks being realised and the consequence should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Worcestershire Acute Hospitals NHS Trust for the year ending 31 March 2016.

3 Capacity to handle risk

I have reviewed the Trust's management of risk in the light of the feedback from the Care Quality Commission Chief Inspector of Hospitals report which criticised the internal clinical governance arrangements. Within the organisation, the weekly Operational Governance Meeting (OGM) (overseeing all clinical governance issues) and a Health & Safety Committee report to the Trust Board via the Quality Governance Committee. At the weekly OGM all risks are discussed and monitored. This incorporates the Safe Patient Group and the Risk Executive Group. In my view, together with the deep dive and exception reporting by the divisions, the 'ward to board' reporting has been strengthened. I am monitoring this new approach to ensure that it is effective. I have also reviewed the Trust Management Committee and from May 2016, the quarterly meeting now reviews the complete corporate risk register prior to the register

being presented to Trust Board. The Trust is also benefitting from the buddy arrangement with Oxford University Hospitals Foundation Trust on reviewing the clinical governance arrangements within the Trust. This work is expected to be complete in September 2016.

The Executive lead for Risk Management is the Chief Nurse. The Chief Nurse is also the appointed Executive Lead on Clinical Governance including audit and effectiveness. The Chief Medical Officer has a remit to provide executive responsibility for patient safety and medical revalidation. The Director of Finance leads on information governance, financial risk and anti-fraud and the Company Secretary on corporate governance. The Audit and Assurance Committee gives assurance on the implementation of the Risk Management Strategy.

The Risk Management Strategy is an integral part of the Trust's approach to continuous quality improvement and is intended to support and assist the organisation in delivering its key objectives as well as meeting the requirements contained within the NHS Constitution. Risk management is embedded within the divisions with all reviewing their local risk register on a monthly basis. The Trust Management Committee reviews the whole register on a quarterly basis and the clinical red risks (i.e. those that are significant) are escalated to the Quality Governance Committee via the division exception reports. The corporate risk register is presented to the Trust Board quarterly. The Risk Management Strategy will undergo a complete revision in 2016/17 and the Audit and Assurance Committee approved the process for this revision in May 2016.

The Chief Inspector of Hospitals' report recognised that the Women and Children Division had a significant number of open incidents. Since that time (July 2016), a concerted effort has been made across the Trust and the number of open incidents has been reduced considerably. Additionally, Birmingham Women's NHS Foundation Trust has provided buddying support to the Women and Children division. This is proving very valuable and I am grateful for their assistance.

During the year the Trust Board reviewed the key significant Board Assurance Framework risks (BAF) at every meeting and once a quarter all the BAF risks. All Board Committees review the BAF risks allocated to them and the Audit and Assurance Committee review the process quarterly. The Audit and Assurance Committee also has a role in monitoring the effectiveness of the risk management strategy.

The governance structure for the Trust was reviewed in the summer of 2015/16 in response to the Care Quality Commission Chief Inspector of Hospitals' report. The revised structure was implemented in September 2015. In the autumn 2015, two divisions merged (Theatres, Ambulatory Care and Outpatients together with Clinical Support). Each Division has a senior leadership team consisting of a Medical Director, Nursing Director (Nursing and Midwifery for one division) and a Director of Operations. This clinical leadership support is invaluable to me as the Accountable Officer and has enabled risks to be managed nearer the front line. The Divisions report monthly to the Quality Governance Committee on their areas of concern (exception report) and quarterly in depth to the same committee. This again strengthens the 'ward to board' reporting.

The Board recognises that the Chief Inspector of Hospitals' report has provided the Trust with areas for improvement. The Trust has developed a Patient Care Improvement Plan which covers the following areas:

- Urgent Care and Patient Flow
- Mortality
- Organisational development and staff engagement.

I have reviewed the reporting and management of the Improvement Plan and have put in place an Improvement Board to drive the implementation of the key areas. The Improvement Board as well as monitoring the above plans, also receives reports in relation to outpatients, the high dependency unit, maternity and paediatrics and quality and governance. These areas are being operationally managed through the Divisions and the Quality Governance Committee. The Patient Care Improvement Plan is published on NHS Choices and is on the Trust's website within the Board reports <http://www.worcsacute.nhs.uk/about-us/trust-board-meetings-2016/>.

I should like to emphasise the importance of the Quality Governance Committee (QGC) and its subcommittees. The Trust places great emphasis on the delivery of high quality services and three of the subcommittees are tasked to assure the Committee in this area:

- The Operational Governance meeting looks specifically at mortality, incidents and serious incidents. It also considers reports from a range of groups such as medicines management.
- The Clinical Effectiveness Committee reviews the compliance with NICE standards and those developed through the work of NCEPOD and oversees the local and national audit programmes.
- The Patient and Carer Experience Committee looks at information relating to all aspects of patient/user/carer experience.

Other subcommittees accountable to the QGC are the

- Trust Infection, Prevention and Control Committee
- Safeguarding Committee
- Research and Development
- Information Governance (incorporating Data Quality)
- Cancer Board
- Health and Safety

The Trust has made some progress with routine mortality reviews but recognises that this is an area that could be improved. The Interim Chief Medical Officer is working closely with the consultants to ensure a consistent and robust process is in place.

During the year, the Trust has received one Regulation 28 letter (a report to prevent future deaths) from the Coroner which concerned the lack of formal out of hours arrangements for vascular surgery or interventional radiology in the case of critically ill patients who need to be transferred to the Trust from elsewhere. The Trust has tasked the Division to review this area of work and a business case is in development. The Division is also considering how best to maximise the resources available to it for this area of work.

The Trust Board has held one seminar on risk sharing during the year.

Staff continue to be made aware of their risk management responsibilities as part of the induction process, and existing staff are required to attend a mandatory annual update in respect of risk management. Training needs of staff in relation to risk management are assessed through a formal training needs analysis process, staff receiving training appropriate

to their authority and duties. The role of individual staff in managing risk is also supported by a framework of policies and procedures which promote learning from experience and sharing of good practice.

Specific training targeted at executive directors, non-executive directors and managers has been undertaken. Consequently risk management training is being closely monitored, evaluated, improved upon and further developed. The Chief Inspector of Hospitals commented on the lack of achievement of the Trust's target of 95% of all staff undertaking mandatory training. This is now being focussed upon by Divisions. The Workforce Assurance Group oversees this.

The Trust continues to learn lessons in a variety of ways, including from the following sources:

- Patients' Advice and Liaison Service (PALS)
- Complaints and compliments
- Friends and family test
- Litigation Claims
- Clinical Audit and Clinical Outcome Reviews
- Clinical Incident Reports, reviews and analysis including serious incidents and never events
- Morbidity and Mortality data (HSMR/SHMI)
- External Reports (for example the National Confidential Enquiry into Peri-operative Death, reports from the Royal Colleges)
- Patient and Staff surveys
- Internal quality inspections
- Quality performance metrics
- Board Executive Director walk rounds
- Non-Executive Director links to divisions
- External reviews by the CQC, Royal Colleges, NTDA rapid response and Clinical Commissioning Groups.

This is not an exhaustive list of organisations that provide us with report from which we can learn lessons. Learning lessons is programmed into the weekly governance meetings which commenced in January 2016.

Serious incidents and never events as well as complaints are thoroughly investigated and improvements made at local and corporate levels to reduce the likelihood or reoccurrence. The Trust recognises that response times for investigation could be better and have reviewed the way in which investigations are undertaken. An independent review into the governance arrangements within the Women and Children's division has given the Trust areas in which it can improve. Additionally the Internal Audit report into complaints which gave limited assurance has ensured that there is a renewed focus on this area with actions being incorporated into the Quality and Governance improvement plan.

The Trust has a Corporate Risk Register in place which outlines the key corporate risks for the organisation and action identified to mitigate these risks. This register has been formed from the risks identified within clinical divisions and corporate services, trust committees and through other risk identification activities.

The Corporate Risk Register risks are as follows (new risks added in 2015-16 in italics):

- 1941 *Lack of available bed capacity may cause overcrowding in ED which can lead to suboptimal care & a poor patient experience*
- 2372 Failure to address the causes of falls resulting in patient harm and financial penalties
- 2396 Poor quality clinical record keeping may lead to a variety of harms to patients and organisation
- 2461 Problems with the functionality, reliability and timeliness of eZnotes system, negatively impacting patient care
- 2462 *Failure to prevent MRSA bacteraemia due to lapse in care resulting in adverse patient outcomes and reputational damage*
- 2463 Failure to reduce number of preventable cases of C.difficile due to lapses in care, resulting in adverse patient outcomes
- 2464 Norovirus outbreaks resulting in adverse patient outcome and impact on patient flow
- 2565 Delay or failure to act upon clinical diagnostic test results leading to patient harm
- 2649 Workforce shortages affecting the consultant on-call rota for emergency surgery at AGH
- 2661 *Increased pressure in emergency demand may impact on the safety of patient care & failure to meet performance standards*
- 2662 *Increasing emergency demand, reducing elective capacity resulting in failure to deliver 18 week RTT*
- 2663 *If emergency demand continues to increase it will result in insufficient elective capacity to deliver the cancer targets.*
- 2664 *Insufficient out of hospital capacity to meet the needs of patients with on-going healthcare needs*
- 2709 *Risk to critically ill patients having delayed admission to ITU due to lack of bed spaces (spaces occupied by wardable patients)*
- 2711 Risk to quality and safety of patient care due to difficulties in recruiting to nursing vacancies.
- 2732 *If the Trust does not adequately prepare for emergencies, there may be an uncoordinated response and subsequent adverse events*
- 2736 Lack of Section 13 approved doctors to act as Responsible Clinician prevents legal detentions under Mental Health Act
- 2746 If W&C Division are unable to sustain safe staffing levels it will be unable to provide safe patient care at all sites
- 2747 Failure to prepare for serious new or emerging pathogens (eg Ebola, MERS) leading to exposure of public, patients and staff.
- 2774 Failure to provide resilient IT infrastructure resulting in system unavailability which negativity impacts patient care
- 2791 If the Medicine Division is unable to sustain appropriate staffing levels it will be unable to provide safe patient care
- 2856 *Lack of Investment Leading to Failure of Essential Plant and Machinery Causing interruptions in Patient Care or Personal Injury*
- 2857 *Failure to manage water system resulting in transmission of harmful pathogens to patients or staff*
- 2864 *Failure to follow pressure ulcer prevention procedures (risk assessments, position changes, correct equipment) resulting in harm*
- 2899 *Failure to provide seven day per week services resulting in inconsistent quality of care, increased LOS, poor clinical outcomes*

- 2908 *Use and release of information which is inaccurate, false or misleading resulting in reputational and legal damage*
- 2957 *Breaching hygiene code due to inadequate or ineffective assurance around environmental cleaning*
- 2994 *Failure to meet the NHS England Serious Incident Framework resulting in failure to learn and potential regulatory action*
- 2995 *If Patient Safety Incidents are not managed in a timely way there will be missed learning and preventable harm*
- 3018 *As a result of the care models on the Wyre Forest GP unit, medicines are not managed safely*
- 3019 *As a result of the care models on Ward 1, medicines are not managed safely resulting in sub-optimal care*
- 3041 *If the Trust does not increase efforts to save money, it may not realise the CIP target, worsening the financial position*
- 3044 *If the Trust does not manage CCG QIPPs the financial plan will not be realised*
- 3078 *Due to a lack of rehab community beds the Trust is unable to discharge stroke patients in a timely manner*
- 3079 *Inability to substantiate medical workforce resulting in excess workforce costs and impacts on clinical care*
- 3097 *If managers do not adhere to financial controls, there will be excess expenditure and financial recovery plan not met*

The Trust is committed to continuous improvement of data quality. The Trust supports a culture of valuing high quality data and strives to ensure all data is accurate, valid, reliable, timely, relevant and complete. Identified risks and relevant mitigation measures are included in the risk register. Work continues to ensure the completeness and validity of all data entry, analysis and reporting.

In October 2015, the Board considered and accepted all the recommendations contained within a governance review commissioned in response to the Trust missing its financial target in 2014/15. It was jointly commissioned by the Trust and the then Trust Development Authority. The report had a number of significant findings and recommendations. The fundamental issue was the need to improve the financial governance of the Trust in its broadest sense. The main learning points from the report are:

- A need to develop a robust workforce strategy as this impacts on the credibility of the financial plans
- The Trust Board and its committees need to propose and document clear actions that are within the Trust's control when concerns or issues are identified. These actions should be assigned to individuals, with clear timescales, and those individuals should then be held to account.
- Any financial recovery plan produced by the Trust must have responsibility, actions and timescales clearly recorded, and the Finance & Performance Committee should hold individuals to account in delivering the plan.
- If challenge, context and actions agreed in Board and Committee meetings are not reflected in the minutes they did not happen for governance purposes
- Where the Trust faces particular challenges, the Audit & Assurance Committee should review the Internal Audit plan to ensure assurances are received on a timely basis.

The Audit and Assurance Committee is overseeing the actions associated with the report.

4 Governance

The voting members of Trust Board during 2015/16 were as follows:

Harry Turner, Chairman (until March 2016)

John Burbeck, Non-Executive Director, deputy-chair, Interim Chair from March 2016

Alan Harrison, Non-Executive Director (from May 2016)

Stephen Howarth, Non-Executive Director

Bryan McGinity, Non-Executive Director, Senior Independent Director

Andrew Sleigh, Non-Executive Director

Chris Tidman, Interim Chief Executive (from April 2015)

Rob Cooper, Interim Director of Finance (from November 2015)

Rab McEwan, Interim Chief Operating Officer (from June 2015)

Andy Phillips, Interim Chief Medical Officer (from May 2015)

Jan Stevens, Interim Chief Nursing Officer (from April 2016)

Mari Gay, Interim Chief Nursing Officer (from September 2015 to April 2016)

Lynne Todd, Non-Executive Director (until December 2015)

Chris Tidman, Director of Resources and Deputy Chief Executive (until April 2015)

Penny Venables, Chief Executive (until Jan 2016)

Mark Wake, Chief Medical Officer (until April 2016)

Stewart Messer, Chief Operating Officer *

Lindsey Webb, Chief Nursing Officer (until August 2015)

Cathy Garlick, Acting Chief Operating Officer (April 2015)

Colin Gentile, Interim Director of Finance (June 2015 – November 2015)

Haq Khan, Interim Director of Finance (April/May 2015)

* Duties being undertaken by the interim.

Non-voting members of Trust Board

Professor Julian Bion, Associate Non-Executive Director (until December 2015)

Denise Harnin, Director of Human Resources and Organisational Development

Marie-Noelle Orzel, Improvement Director (from May 2015)

Kimara Sharpe, Company Secretary

Sarah Smith, Director of Planning and Development

Lisa Thomson, Director of Communications (from October 2015)

Bill Tunnicliffe, Associate Non-Executive Director (from January 2016)

To the Colorectal Nursing Team

*A great Big Thank You for your part in saving
my life last year. I am most grateful to ALL of
you. Thank you*

PS You are all HEROES

D

At all meetings there were more non-executive voting members present than executive director members.

Board attendance

Harry Turner	10/11	Marie-Noelle Orzel	7/11
Julian Bion	3/9	Andrew Sleight	11/11
John Burbeck	11/11	Chris Tidman	11/11
Rob Cooper	3/3	Lynne Todd	7/9
Mari Gay	6/6	Colin Gentile	6/6
Denise Harnin	10/11	Cathy Garlick	1/1
Stephen Howarth	9/11	Haq Khan	2/2
Rab McEwan	9/9	Penny Venables	0/0
Bryan McGinity	11/11	Stewart Messer	0/0
Andy Phillips	10/11	Mark Wake	0/0

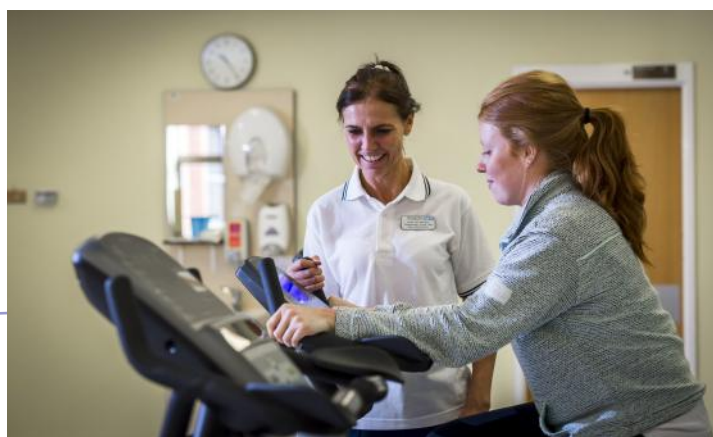
4.1 Committees as at 31 March 2016

During 2015/16, the Trust Board had the following committees:

- Audit and Assurance
- Charitable Funds
- Finance and Performance
- Quality Governance
- Remuneration and Terms of Service
- Strategy and Transformation (established January 2016)
- Turnaround (disestablished in November 2015)
- Workforce Assurance Group

All terms of reference for the committees have been revised during the year and approved by the Trust Board.

Each Committee reports to the Trust Board following a meeting. These reports highlight the activities of the Committee and draw the Board's attention to areas of concern. The highlights of the Quality Governance and Audit and Assurance Committee reports to the Trust Board are follows (this is not an exhaustive list):



Quality Governance	Audit and Assurance
<ul style="list-style-type: none"> • Mortality rates and reviews • Fractured neck of femur – time to theatre • Ward to board reporting • Divisional exception reports and deep dives • Serious Incidents • GMC survey • Complaints • End of life care 	<ul style="list-style-type: none"> • Review of effectiveness of Trust Management Committee/Quality Governance/Finance and Performance/Risk Executive Group • Board Assurance Framework • Data quality • Contract Management Board performance • Local Security Management Specialist • Whistleblowing reports • Anti-Fraud

The purpose together with the attendance for each committee is shown below.

Audit and Assurance Committee

Purpose: The Audit and Assurance Committee has been established to critically review the governance and assurance processes upon which the Trust Board places reliance, ensuring that the organisation operates effectively and meets its strategic objectives. The Audit and Assurance committee works closely with the external and Internal Auditors. The process for managing the Board Assurance Framework is presented to the Committee on a regular basis. It also receives regular reports from the Local Anti Fraud Specialist and Local Security Management Specialist. The Trust currently complies fully with the National Strategy to combat and reduce NHS fraud.

Chairman (until December 2015)	Stephen Howarth	5/5
Chairman (from January 2015)	Bryan McGinity	2/2
Non-Executive Director (until December 2015)	Lynne Todd	3/5
Non-Executive Director	Andrew Sleigh	6/7
Non-Executive Director (March 2015)	Stephen Howarth	1/1

Charitable Funds Committee

Purpose: The Charitable Funds Committee has been established to manage the Trust's Charitable Funds on behalf of the Trust, as Corporate Trustee.

Chairman	Lynne Todd	1/2
Non-Executive Director	Andrew Sleigh	1/2
Non-Executive Director	Bryan McGinity	2/2
Interim Director of Finance	Haq Khan/Colin Gentile/Rob Cooper	2/2
CNO/CMO or deputy	Lindsey Webb/Mari Gay/Andy Phillips	1/2

Finance and Performance Committee

Purpose: The purpose of the Finance and Performance Committee (F&P) is to give the Board assurance on the management of the financial and corporate performance of the Trust and to monitor and support the financial planning and budget setting process. The Committee also reviews business cases with a significant financial impact or those referred by the Trust Management Committee and oversee developments in financial systems and reporting, for example Service Line Reporting and Patient Level Information and Costing Systems.

Chairman (until December 2015)	Bryan McGinity	9/9
Chairman (January - February 2016)	John Burbeck	2/2
Non-Executive Director Chairman (from March 2016)	Andrew Sleight	12/12
Non-Executive Director (until December 2015)	Stephen Howarth	7/9
Non-Executive Director (from January 2016)	Bryan McGinity	3/3
Non-Executive Director (March 2016)	John Burbeck	1/1
Chief Executive	Penny Venables/Chris Tidman	10/12
Director of Finance	Chris Tidman/Haq Khan /Colin Gentile/Rob Cooper	10/12
Chief Operating Officer	Stewart Messer/Rab McEwan	9/12
Chief Nursing Officer	Lindsey Webb/Mari Gay	8/12

Quality Governance Committee

Purpose: The Quality Governance Committee is constituted as a standing committee of the Board to:

- Enable the Board to obtain assurance that the quality of care within the Trust is of the highest possible standard.
- Ensure that there are appropriate clinical governance systems and processes and controls are in place throughout the Trust in order to:
 - Promote safety and excellence in patient care
 - Identify, prioritise and manage risk arising from clinical care
 - Ensure the effective and efficient use of resources through evidence based clinical practice.

This Committee assures the Trust Board in relation to quality is overseeing the production of the 2015/16 Quality Account. The contents of the Quality Account were discussed and agreed at the Committee and subsequently reported to the Board. The Committee also oversees clinical audit activities within the Trust through the subcommittee Clinical Effectiveness Committee (CEC) which receives assurance in relation to clinical audit activity. Clinical audit is part of our quality improvement framework that provides assurance that the Trust is measuring patient care against best practice standards and continuously improving where necessary. Compliance with NICE guidance is also monitored together with corporate and local risks. The final investigative reports in relation to the Never Events are presented to the QGC and then reported to the Trust Board. Clinical Audit is an important feature of our induction and training programme for clinical governance

The Operational Governance Meeting oversees the management of never events and serious incidents (SIs) and reports to the QGC every month. In the year to 31 March 2015, there have been two never events.

- Overdose of insulin due to abbreviations or incorrect device
- Wrong implant/ prosthesis.

The investigations for each incident were presented to the QGC in March 2016 and to the Trust Board in April 2016. The root cause of the insulin overdose was lack of training for the nurse who administered the dose and the root cause for the wrong implant was unfamiliarity of the location of prosthesis due to a change of theatre. Learning has taken place as a result of the never events and in particular cross divisional learning concerning the change of location of key services.

In 2015/16, the Trust reported 118 serious incidents (SIs) (including 5 information security and one assault on a member of staff) and had 4 SIs open past their expected closure date of 60 working days. The NHS England SI Framework advises undertaking fewer SI investigations better which is expected to result in fewer SIs reported. The weekly Operational Governance meeting reviews potentially serious incidents, SI investigation reports and actions arising from them. The management of SIs and learning from them is reported to the QGC.

Feedback on learning from incidents has been improved and is something the Trust continues to work on. The 'Lesson of the Month' has been supported with feedback from the weekly serious incident review meetings. Datix (the Trust's reporting system) has also been configured to email a member of staff who reported an incident the results of the review when the incident has been closed. System learning also takes place through changes made to policy or guidance which is implemented through training and changes in equipment such as the replacement of all nasogastric tubes.

The Trust continues to train staff in investigation techniques to improve the quality of the investigation, its findings and recommendations. If the cause is understood, actions can be addressed to make care safer and more reliable. Relevant actions from serious incidents are tracked through to their completion and further measures will be taken to improve this and cover all incidents. Learning that has taken place during the year includes:

- Senior Medical Review of high-care patients must happen on a daily basis, including weekends & bank holidays
- Escalation of the deteriorating patient to senior medical care or outreach teams
- Identifying rare, life threatening conditions.

The Committee has overseen the Trust's approach to reviewing mortality and has approved the process for routine mortality reviews throughout the organisation. Progress has been slow but the rate of completion of primary mortality reviews is now increasing with senior medical engagement in the process.

Chairman (until December 2015)	Professor Julian Bion	6/9
Chairman (January –February 2016)	John Burbeck	2/2
Chairman (from March 2016)	Dr Bill Tunnicliffe	3/3
Non-executive director (excluding Jan and Feb 2016)	John Burbeck	10/12
Non-executive director (until December 2016)	Lynne Todd	8/9
Non-executive director (from January 2016)	Stephen Howarth	3/3
Interim Chief Medical Officer	Andy Phillips	6/11
Interim Chief Executive	Chris Tidman	8/12
Interim Chief Operating Officer	Rab McEwan	7/9
Interim Chief Nurse	Mari Gay	7/7
Company Secretary	Kimara Sharpe	11/12
Chief Executive	Penny Venables	0/0
Chief Operating Officer	Stewart Messer	0/0
Chief Medical Officer	Mark Wake	1/1
Chief Nursing Officer	Lindsey Webb	5/5

Remuneration Committee

Purpose: The Remuneration Committee is constituted as a standing committee of the Board for reviewing the structure, size and composition of the Board of Directors and making recommendations for changes where appropriate.

The Committee gives full consideration to and makes plans for succession planning for the chief executive and other executive board directors taking into account the challenges and opportunities facing the Trust and the skills and expertise needed on the Board in the future.

The committee is responsible for setting the remuneration of executive members of staff senior managers earning over £70,000 or accountable directly to an executive director and on locally-determined pay.

Chairman	Harry Turner	8/8
Non-executive director	John Burbeck	6/8
Non-executive director	Andrew Sleigh	6/8

Turnaround Board

Purpose: The Turnaround Programme Board acted as a sub-committee of the Trust Board to give the Board assurance that a robust operational and financial Turnaround Programme was in place, that it was well managed and was on track to deliver the agreed programme.

The Board has now been disbanded as the Finance and Performance Committee is managing the financial recovery plan.

Chairman	Harry Turner	3/4
Non-executive director	Andrew Sleigh	4/4
Non-executive director	Bryan McGinity	2/2
Interim Director of Finance	Colin Gentile	4/4
Interim Chief Executive	Chris Tidman	4/4
Interim Chief Operating Officer	Rab McEwan	4/4
Interim Chief medical Officer	Andy Phillips	4/4
Interim Chief Nurse/ Chief Nurse	Mari Gay/Lindsey Webb	3/4
Director of HR and OD	Denise Harnin	3/4
Director of Planning and Development	Sarah Smith	4/4
Director of Communications	Saran Pinch/Lisa Thomson	3/4

Strategy and Transformation Board

The purpose of the Strategy and Transformation Committee is to act as a sub-committee of the Trust Board to provide a forum for the consideration and strategic development of the Trust's services and delivery models. The Committee oversees the acute services reconfiguration (ASR) project, the ICT Strategy and other organisation-wide transformation projects. It also develops the long term financial model (LTFM)

5 The risk and control framework

Chairman	Andrew Sleigh	1/1
Interim Chief Medical Officer	Andy Phillips	1/1
Director of Planning and Development	Sarah Smith	1/1
Interim CEO	Chris Tidman	1/1
Interim COO	Rab McEwan	1/1

Workforce Assurance Group (WAG)

The purpose of the group is to assess the workforce implications of the Trust strategic objectives, national HR workforce strategies, employment legislation and local initiatives and develop and implement and monitor the Trust's response. The Group also assures the Board on the operation of effective and robust HR Workforce & OD practices and governance frameworks.

Chairman	John Burbeck	9/9
Director of HR/OD	Denise Harnin	9/9
Chief Nurse	Lindsey Webb/Mari Gay	4/9
Director of Planning and Development	Sarah Smith	2/9

5 The risk and control framework

The Risk Management Strategy is an integral part of the Trust's approach to continuous quality improvement and is intended to support and assist the organisation in delivering its key objectives as well as meeting the requirements contained within the NHS Constitution.

During the year the Trust Board received reports on key risk areas and has overseen and reviewed the on-going development of the Trust's Board Assurance Framework (BAF). A regular review of the assurance provided by the BAF is undertaken by the Audit and Assurance Committee. In addition, each Board Committee regularly reviews their areas of responsibility within the BAF which is then collated and presented to the Audit and Assurance Committee and on to the Board on a quarterly basis. The Audit and Assurance Committee monitors the effectiveness of the risk management strategy.

The Trust Risk Strategy was reviewed in May 2015 and will be reviewed in 2016/17. The Trust is also planning an annual report for risk management covering 2015/16.

A review of the Board Assurance Framework was conducted in February 2016 against criteria set out by the Department of Health. The Review found that the Trust's BAF complies with current guidance and the strategic risks that drive the framework have been developed involving the full Trust Board. The review confirmed that the strategic objectives and risks have been defined, together with the identification of controls, gaps in control and gaps in assurance together with a list of potential sources of assurance and action plans have been outlined. The Head of Internal Audit Opinion for 2015/16 states *It is my view that an Assurance Framework has been established which is designed and operating to meet the requirements of the 2015/16 Annual Governance Statement. The Assurance Framework highlights a number of significant risks to the achievement of the Trust's strategic objectives, and these are monitored regularly by the Trust Board.*

The Trust identifies risk from a range of internal, external, proactive and reactive sources. The stages involved in risk management are defined in the Trust Risk Strategy as follows:

- Identify the Risk
- Evaluate the Risk
- Compare Against Tolerance
- Identify Additional Controls and Actions Required
- Implement Controls
- Monitor/Measure Effectiveness of Controls

The strategic risks presented to the Board through the Board Assurance Framework, identified by the Board and monitored through Committees, are as follows: (new risks or major revisions in 2015-16 in italics)

- 2665 If we do not redesign services in a timely way we will have inadequate numbers of clinical staff to deliver quality care
- 2668 If plans to improve cash position do not work the Trust will be unable to pay creditors impacting on supplies to support service
- 2678 If we do not attract and retain key clinical staff we will be unable to ensure safe and adequate staffing levels
- 2790 As a result of high occupancy levels, patient care may be compromised
- 2888 *Deficit is worse than planned and threatens the Trust's long term financial sustainability*
- 2893 *Failure to engage and listen to staff leading to low morale, motivation, and productivity and missed opportunities*
- 2894 *Failure to enhance leadership capability resulting in poor communication, reduced team working, and delays in resolving problems*
- 2895 *If we do not adequately understand & learn from patient feedback we will be unable to deliver excellent patient experience*
- 2902 *If the Trust does not achieve safety targets, it will fail to improve clinical care and reduce avoidable harm to expected levels*
- 2904 *If there is inadequate culture and staff development for improvement, the Trust will not be able to continuously improve*
- 2932 *Turnover of Trust Board members adversely affecting business continuity and impairing the ability to operate services*
- 3038 *If the Trust does not address concerns raised by the CQC inspection the Trust will fail to improve patient care*
- 3140 *If the Trust doesn't proactively manage its reputation, regional confidence and recruitment will be adversely affected*
- 3193 *If the Trust does not achieve patient access performance targets, there will be significant impact on finances*

The Trust Board held a seminar on risk management in February 2015 in relation to the Board Assurance Framework and a further seminar was held in June on risk sharing.

In March 2015, the Trust received an unannounced visit from the Care Quality Commission. As a result of this visit, a section 31 decision notice was placed on the Trust. This placed conditions on the Trust's registration with the CQC in respect of compliance with assessing attendees at the emergency department at Worcestershire Royal in 15 minutes. In addition, the Trust received three warning notices in respect of services in the Emergency Department.

These related to security of the paediatric area (both at the Alexandra and Worcestershire Royal Hospitals); safe staffing and emergency equipment, both at Worcestershire Royal. The warning notices gave dates for compliance which were in early April 2015. The warning notices are still in force and the Trust continues with the reporting to the CQC as requested.

Risk Management is embedded within the organisation through the Trust's committee structure, through the development of future plans and through the consideration of all risk management issues at the planning stage of organisational/clinical changes. Embedding also takes place through the existence of an incident reporting and feedback system, the inclusion of risk management within job descriptions (including both training and the processes for the assessment of risk) and the reporting and investigation of incidents.

Innovation and learning in relation to risk management is considered to be critical. The Trust's e-based reporting system, Datix, has been rolled out throughout the organisation so that incidents can be input at source and data can be interrogated through ward, team and locality processes, thus encouraging local ownership and accountability for incident management. The Trust identifies and makes improvements as a result of incidents and near misses in order to ensure it learns lessons and closes the loop by improving safety for service users, staff and visitors.

The TDA commissioned the Good Governance Institute to undertake an investigation into alleged bullying and harassment at the Trust which reported in August 2015. The investigation examined whether the Trust consistently applied the Dignity at Work policy and also reviewed the Grievance and Whistleblowing policies. The investigation showed that there was insufficient evidence to conclude that bullying and harassment were endemic within the Trust and revealed some specific issues for immediate action. The Dignity at Work policy was found to be not fit for purpose and the management of concerns raised by staff were not dealt with in a consistent manner. Since the publication of the report, the Trust has:

- Revised and approved the Dignity and Work Policy
- Revised and approved the Whistleblowing Policy
- Commenced *The Big Conversation*, an interactive two-way conversation with staff designed to build a positive culture throughout the Trust
- Reaffirmed that bullying and harassment have no place within the culture of the Trust

The 2015 staff survey results were disappointing but understandable given the turmoil within the Trust in the past year. I am overseeing some different initiatives in relation to staff engagement such as *Listening into Action* and *ChatBack*. The Trust will also undertake regular pulse surveys to gauge staff opinion throughout the year.

The Trust appointed a non-executive director to be the Being Open Champion. The Chief Inspector found that a number of areas within the Trust had a good understanding of the Duty of Candour. These included critical care, surgery and medicine. Other areas did not understand the Duty as well. These areas included maternity and children's services. A number of awareness raising sessions have been held in response to these findings.

The Trust places a high priority on the secure handling of personal, confidential data (PCD) on behalf of its patients and staff and has measures in place to ensure the security of its information resources and assets.

The Trust continues to achieve an overall satisfactory status in the Information Governance Toolkit with a level 2 for 38 standards and a level 3 for the remaining 7. A business and 6 month focus plan are in place to support year on year improvement in the scores and this is monitored by the Information Governance Steering Group (IGSG), chaired by the Senior Information Risk Owner (SIRO).

The Trust has reported to the Information Commissioner's Office (ICO) 5 Information Governance Serious Incidents during 2015/16. The ICO has responded to 4 of the 5 incidents stating no further action is required due to the response provided and actions taken by the Trust. Lessons learned have been shared within the Trust along with the regular support and guidance which is published via the Weekly Brief. A booklet covering all the key IG messages was sent to every member of staff with their payslips in the first quarter of 2016. This is in addition to the continued monitoring and reminders sent out to staff to complete their annual IG training and the awareness sessions provided to all staff at the Trust Induction.

In response to the CQC report an action plan has been created in order to address any IG areas requiring improvement. Issues highlighted included some areas reporting low levels of IG training and areas such as the emergency department reporting concerns about confidentiality mainly due to environmental issues. There was also a general statement included regarding concerns around the quality of patient data recorded in notes and on systems.

The strategic Data Quality Steering Group (DQSG) has been initiated and work is underway to support the improvement in the recording of all patient data at source in line with the 'Right First Time' policy. Work has commenced with clinical staff to improve the timeliness and quality of the Electronic Discharge Summary (EDS) and with clerical staff to ensure the correct GP is recorded at source.

The DQSG and the Health Records Committee report to IGSG and regular assurance reports will be provided to the Clinical Quality Governance Committee.

The Trust works closely with public stakeholders to involve them in understanding and supporting the management of risks that impact upon them. Stakeholders are able to influence the Trust in a number of ways, including patient involvement groups and public involvement in the activities of the Trust. In addition, the Chief Executive and Chairman meet the local MPs regularly. The Trust is also an active participant the Future of Acute Hospital Services in Worcestershire Programme, which has a jointly owned risk register. The Trust has directly engaged public stakeholders in the risk management process through the Patient & Public Forum and through PALS. In addition a patient and public forum member sits on the Quality Governance Committee. Public involvement also occurs through the Trust complaints procedure and summaries of complaints are reviewed at the patient and public involvement forum. A patient representative also sits on Trust Board.

The Trust has paired each non-executive director with a Division to enable a direct link from the ward to the board. The non-executive directors have been able to inform their decision making with first-hand knowledge of the front line. Summaries of the findings of local Quality Review Visits are presented to the QGC.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with through Trust policies, training and audit processes, ensuring equality impact assessments are undertaken and published for all new and revised policies and services. Quality Impact Assessments (QIAs) are also undertaken when appropriate and are considered at the Finance and Performance Committee. A summary of the QIAs has been discussed at the Quality Governance Committee (November 2015).

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

The Trust has undertaken risk assessments and developed an Adaption Plan to support its emergency preparedness and civil contingency requirements. Additionally, based on UK Climate Projections 2009 (UKC P09), the Trust continues to implement the Sustainability Strategy which was approved by the Board in 2014.

In order to reduce economic crime against the NHS, it is necessary to take a multi-faceted approach that is both proactive and reactive. The Trust's local Anti-Fraud Specialist (AFS) adopts three key principles, in accordance with the NHS anti-fraud strategy. These are designed to minimise the incidence of economic crime against the NHS and to deal effectively with those who commit crime. The three key principles are:

A **Inform and involve** those who work for, or use the NHS, about economic crime and how to tackle it. NHS staff and the public should be informed and involved to increase everyone's understanding of the impact of economic crime against the NHS. This takes place through communications and promotion such as face to face anti-fraud presentations, public awareness campaigns and media management. Working relationships with stakeholders are strengthened and maintained through active engagement.

B **Prevent and deter** economic crime in the NHS to take away the opportunity for crime to occur or to re-occur and discourage those individuals who may be tempted to commit economic crime. Successes are publicised internally during anti-fraud presentations and using other media opportunities so that the risk and consequences of detection are clear to potential offenders. Those individuals who are not deterred should be prevented from committing economic crime by robust systems, which will be put in place in line with policy, standards and guidance.

C **Hold to account** those who have committed economic crime against the NHS. The Trust's AFS is a professionally accredited investigator and is qualified to the required standards. Once allegations of suspected economic crime are received by the Trust, the AFS must ensure that investigations are undertaken to satisfy national legislation. The Trust encourages the prosecution of offenders, and where appropriate refers offenders to their professional bodies for disciplinary sanction. Economic crimes must be detected and investigated, suspects prosecuted where appropriate, and other methods of redress sought where possible. Where necessary and appropriate, economic crime, investigation and prosecution will take place locally wherever possible. Nevertheless the AFS also works in partnership with the police and other crime prevention agencies to take investigations forward to criminal prosecution.

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

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

The External Auditor has indicated that he intends to issue a qualified Value for Money Conclusion for 2015/16. This is due to the Trust's financial deficit, its failure to achieve key performance targets and the outcome of the CQC inspection. The qualified VfM Conclusion means that External Audit will not be providing assurance on effective use of resources for the year 2015/16. Similarly, the Head of Internal Audit's limited assurance opinion indicates that there are caveats to his opinion with respect to the Trust's use of resources.

However, the Trust considers that it has robust arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include linking the financial strategy to the corporate objectives, scrutiny of cost savings plans both to ensure achievement and their impact upon the quality of patient care, compliance with terms of authorisation and co-ordination of individual objectives with corporate objectives as identified in the Annual Plan. Sub optimal service configuration, pace of change on recognised income shortfalls and exceptional operational pressures have significantly impacted the Trust's financial position. The safe management of the operational pressures and increased medical vacancies led to significant levels of expenditure on temporary medical staffing. A combination of these factors resulted in the Trust setting a deficit plan of £38m for 2016/17. Performance against objectives is monitored and actions identified through a number of channels:

- Approval of annual budget by the Trust Board.
- Monthly reporting to the Board on key performance indicators covering finance, activity, patient safety, quality and human resources targets.
- Detailed monthly review of financial and performance targets by the Finance and Performance Committee prior to discussion at the Board.
- Monthly review of the delivery of Cost Improvement Plans by the Finance and Performance Committee to ensure that savings targets are being met.
- Weekly reporting to Executive Team on key influences on the Trust's financial position, e.g. agency expenditure.
- Monthly divisional QIPP Confirm and Challenge meetings/financial performance meetings.

The Trust reported a £59.9m deficit for the year ended 31 March 2016. The safe management of the operational pressures and high medical vacancies have continued leading to significant levels of expenditure on temporary medical staffing as well as impacting income. The key reasons for the adverse variance are therefore:

- Income shortfalls resulting from fines/penalties
- High numbers of medically fit for discharge patients resulting in higher levels of bed occupancy than planned
- Additional premium staffing
- Non pay overspends and other operating income

The financial deficit position for 2015/16 has required the Trust to access £62.2m of revenue cash support from the Department of Health to be able to maintain the payment of creditors through the year.

The 2015/16 Internal Audits concluded the Trust has generally sound financial transaction systems and good financial reporting procedures. A review of financial governance by PwC early in 2015/16 confirmed the Internal Audit findings but recommended improvements in

7 Review of effectiveness

evidencing the level of query and challenge regarding the financial performance and planning as well as the actions being taken to address the significant financial challenges. Measures are in place to deliver efficiency and value for money but this year has been particularly challenging following four consecutive years of delivering more than 4% savings. Savings delivery this year has been hindered by operational pressures and the high levels premium staffing usage to maintain safety. Despite the challenges the Trust delivered £12.2m, 78% of the £15.6m QIPP target.

The Trust has an annual planning process which considers the resources required to deliver the organisation's service plans in support of the strategic objectives. These annual plans detail the workforce and financial resources required to deliver the service objectives and include the identification of cost savings based on achieving upper quartile productivity benchmarks.

The Trust has a standard assessment process for future business plans to ensure value for money and full appraisal processes are employed when considering the effect on the organisation.

Procedures are in place to ensure all strategic decisions are considered at Executive and Board level.

The emphasis in Internal Audit work is providing assurances on internal controls, risk management and governance systems to the Audit and Assurance Committee and to the Board. Where scope for improvement, in terms of value for money was identified during an Internal Audit review, appropriate recommendations were made and actions were agreed with management for implementation.

As part of the annual accounts review, the Trust's efficiency and effectiveness of its use of resources in delivering clinical services are assessed by its External Auditors and the auditor's qualified Value for Money Conclusion is published with the Trust's 2015/16 accounts.

The Trust has spent approximately £0.5m on external bodies to provide assurance on systems and processes within the Trust. These external bodies include internal and External Audit as well as the Care Quality Commission registration. This is a small reduction on the amount spent last year.

7 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, clinical audit and the executive managers and divisional directors within Worcestershire Acute Hospitals NHS Trust that have responsibility for the development and maintenance of the internal control framework. I have also drawn on the content of the Quality Report and other performance information available to me.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by Trust Board, the Audit and Assurance Committee, the Quality Governance Committee, Trust Management Committee, clinical audit, internal and External Audit and by my Executive Team. Plans to address any weaknesses and ensure continuous improvement of the system are in place.

The Assurance Framework provides me with evidence that the effectiveness of controls put in place to manage the risks to the organisation achieving its principal objectives have been

reviewed. The Assurance Framework has been reviewed and updated and approved by the Audit and Assurance Committee on a quarterly basis throughout the past year and monthly at the Trust Board. There were no significant gaps identified in the Assurance Framework.

My review is also informed by reports from external inspecting bodies including External Audit and the PLACE (Patient-Led Assessments of the Care Environment) inspections. This is the system for assessing the quality of the patient environment. Following the National PLACE Audit results published in August 2015 the Trust has implemented a comprehensive Action Plan which is reviewed regularly by the Patient and Carer Experience Committee. Regular mini PLACES continue as part of quality assurance.

All regular Committees of Trust Board are chaired by Non-Executive Directors to reflect the need for independence and objectivity, ensuring that effective governance and controls are in place. This structure ensures that the performance of the organisation is fully scrutinised. The Committee structure supports the necessary control mechanisms throughout the Trust. The Committees have met regularly throughout the year and each report to the Board following their meetings. The Board is currently undergoing a Capability and Capacity Review as the Trust is in Special Measures.

The Audit and Assurance Committee is charged with monitoring the effectiveness of internal control systems on behalf of the Board and continues to do so as part of its work programme.

The role of Internal Audit at the Trust is to provide an independent and objective opinion to me and my managers on the system of control and also the Trust Board. The opinion considers whether effective risk management, control and governance arrangements are in place in order to achieve the Trust's objectives. The work of Internal Audit is undertaken in compliance with the NHS Public Sector Internal Audit Standards. The work to be undertaken by Internal Audit is detailed in the annual audit programme. The audit programme includes a risk assessment of the Trust, based on the Trust's assurance framework, an evaluation of other risks identified in the Trust's risk register and through discussion with management. Internal Audit reports the findings of its work to management, and action plans are agreed to address any identified weaknesses.

Significant Internal Audit findings are also reported to the Audit and Assurance Committee for consideration and further action if required. A follow up process is in place to ensure that agreed actions are implemented. Internal Audit is required to identify any areas at the Audit and Assurance Committee where it is felt that insufficient action is being taken to implement recommendations to address identified risks and weaknesses.

The Head of Internal Audit's overall opinion for 2015/16 is that only limited assurance can be given as weaknesses in the design and/or inconsistent application of controls put the achievement of the Trust's objectives at risk in a number of areas reviewed.

Limited assurance has been reported by Internal Audit in the following areas:

- Complaints – assurance has now been received on the management of complaints via the Audit and Assurance Committee
 - Data quality review – RTT (2014/15)
 - Waiting list initiative payments - assurance has now been received on the management of these payments via the Audit and Assurance Committee
 - Temporary staffing – significant work is underway to reduce the reliance upon temporary staffing and this is monitored by the Workforce Assurance Group.
-

8 Compliance with key national targets and standards

9 Significant issues

Moderate assurance was provided with regard to financial management & QIPP; serious incident reporting; medical revalidation; and discharge planning.

The Head of Internal Audit also referenced the serious concerns raised by the CQC resulting in special measures and the deteriorating financial deficit of the Trust.

The External Auditors have now made a referral to the Secretary of State for Health under s30 of the Local Audit and Accountability Act 2014 as the opinion for value for money is qualified.

I am supported by the Executive Team, consisting of the Executive Directors. I am aware that the executive directors are all interim positions and I have advertised for the substantive appointments of Director of Finance and Chief Nurse. The substantive Chief Medical Officer post will be advertised in early 2016/17. The Divisional Structure has enabled me to ensure that the Trust is clinically led in all areas of strategy. I meet on a weekly basis with the Divisional Directors and the Executive team which supports me to co-ordinate and prioritise activity within the Trust, ensuring that the strategic direction set by the Trust Board is delivered. This structure enables me to ensure that clinical leadership and management arrangements are in place supported by robust and clear governance and accountability processes.

The Trust Development Authority (now NHS Improvement) advertised for the position of Trust Chair and will be re-advertising in 2016/17. The vacant non-executive director post will also be advertised in early 2016/17.

The Trust Development Authority (now NHS Improvement) appointed an Improvement Director to support the Trust in turning around its performance. This post was in place in May 2015. The Trust has also received senior medical support from Birmingham Women's Foundation Trust with respect to the maternity service, Birmingham Children's Foundation Trust in respect of paediatrics and Oxford University Hospitals Foundation Trust in respect of clinical governance.

8 Compliance with key national targets and standards

The Trust is committed to delivering all national and contractual targets and standards. On 31 March, the Trust was non-compliant with the following key targets Emergency Access Target, 18 weeks referral to treatment – incomplete pathways, cancer performance (2 weeks and 62 days) and diagnostics waiting time.

9 Significant issues

I consider that the Trust had six significant issues during the year 2015/16. One was the continued investigations into the practice of a former member of staff, a consultant colorectal surgeon. The Trust is cooperating fully with the Police inquiry. The Trust is also ensuring that the GMC are kept informed of the work being undertaken.

The second is the Chief Inspector of Hospitals rating of 'inadequate' and the placing of the Trust in Special Measures following the CQC planned visit in 2015. The CQC rated the domains 'safe' and 'well-led' as 'inadequate'. I welcome the additional support into areas of need, specifically within the Women and Children Division. Considerable progress has been made in areas highlighted as needing improvement, specifically in reducing the number of open incidents on Datix, improved 'ward to board' reporting and reviewing the clinical governance

systems and processes. The Improvement Director continues to support the Trust. The rating, however, gave a huge focus on the Trust by the media and stakeholders which continues.

In relation to the 'inadequate' rating for 'the well-led domain, the Inspectors expressed their concern about the number of interim posts at the Trust board. They also stated:

Regardless of the interim nature of the positions the new executive team demonstrated a level of understanding and commitment to address the issues the trust was facing. However, we found the lack of stability at the board level to be of significant concern when considering issues that required addressing (ref page 3 of the Worcestershire Acute Hospitals Quality Summary Report, available at www.cqc.org.uk).

The number of interim posts within the Director (non-executive and executive) team remains high.

- Chair – NHS Improvement will re-advertise the post in June 2016
- Chief Executive
- Chief Medical Officer – the substantive post will be advertised early in 2016/17
- Chief Nurse – the substantive post has been advertised
- Director of Finance – the substantive post has been advertised
- Chief Operating Officer
- Non-Executive Director – NHS Improvement will advertise the post early 2016/17.

The Chairman has ensured however that at all times the non-executive directors are in the majority if a vote is required at Trust Board.

The third is that the Trust has a significant deficit position. The Trust deficit for the year ended 31 March 2016 was £59.9m and its cumulative deficit at 31 March 2016 was £118.4m against the breakeven duty. It also has a planned deficit of £51.4m for 2016/17, although this may be reduced if £13.1m of Sustainability and Transformation Funding is approved by NHS I. The cause of the deficit is in the main high numbers of locum and agency staff. The Trust reduced the overspend in these areas by £10m on a recurrent basis by 31 March 2016. Divisions are working to reduce the reliance on such staff without compromising patient safety. A significant issue is that of nursing over establishment which is currently being rectified. The Finance and Performance Committee oversaw the in year financial recovery plan.

The fourth is that in November 2015, the Trust had to temporarily close the inpatient maternity service at the Alexandra Hospital and transfer the service to Worcestershire Royal. This was due to the inability to recruit qualified neonatal nurses, despite considerable efforts to do so. This is a reflection of the national shortage of neonatal staff. The Trust was unable to maintain safe staffing levels within the level 1 neonatal unit at the Alexandra Hospital. The temporary closure was reviewed in February 2016 and the decision was made not to re-open the Unit. The Trust continues to actively recruit to the posts and is keeping stakeholders informed of the situation. A comprehensive 'frequently asked questions' section on the Trust's website is updated regularly. The Trust considers that the temporary closure is directly linked to the lack of progress with the Future of Acute Hospital Services in Worcestershire programme of work.

10 Conclusion

The fifth is that the Trust considers that the number of 'stranded' patients i.e. people who should be being cared for in another environment have significantly impacted on the ability to manage patient flow through the organisation. For example, on a single day in December 2015, 224 patients with an average age of 81 were stranded for over 10 days in the Trust's beds, when they could have been cared for and/or assessed in alternative settings. Not only will this lead to a deconditioning of our older patients who will require active rehabilitation, it also leads to over-crowding in our Emergency Departments as acute ill patients cannot access the correct specialty ward. The Trust is putting in place actions based upon the 'SAFER' (Senior review, All patients have an expected discharge date, Flow of patients, Early discharge and Review) bundle which is delivered by multidisciplinary teams. The Health Economy has benefited from the presence of the ECIP (Emergency Care Improvement Team) and is currently undertaking enhanced ward rounds to improve discharge. Whilst the Trust is focussed on avoiding unnecessary hospital admissions, it still has significant concerns about the capacity within the community to provide adequate support for the frail elderly. This issue was also raised as a concern by the Chief Inspector of Hospitals.

The sixth is the non achievement of the key national standards for 2015/16 as at 31 March 2016. These include the 4 hour Emergency Access Target, 18 weeks referral to treatment – incomplete pathways and the 62 day cancer performance standard. The Trust is committed to meet these standards as follows:

- 18 week RTT – incomplete pathways – by September 2016
- Emergency Access standard – to be above 90% in 2016/17 and achieve 95% in the year 2017/18
- Cancer performance – 62 days – by August 2016

10 Conclusion

I have reviewed the relevant evidence and assurances in respect of internal control. The Trust and its executive managers are alert to their accountabilities in respect of internal control. The Trust has had in place throughout the year an assurance framework, aligned to both our corporate objectives and the CQC standards to assist the Board in the identification and management of risk.

The Trust has put in place actions to remedy the significant internal control issues that it faces, to ensure that we have a sound system of internal control that will support the achievement of our policies, aims and objectives going forward in future years.



Chris Tidman
Interim Chief Executive

Date 1 June 2016



For more information, please log onto our website
<http://www.worcsacute.nhs.uk/>

Alexandra Hospital, Woodrow Drive, Redditch B98 7UB
01527 503030

Kidderminster Hospital and Treatment Centre, Bewdley Road, Kidderminster DY11 6RJ
01562 823424

Worcestershire Royal Hospital, Charles Hastings Way, Worcester WR5 1DD
01905 763333

September 2016



The Annual Audit Letter for Worcestershire Acute Hospitals NHS Trust

Year ended 31 March 2016

July 2016

Jon Roberts

Partner

T [+44 (0)117 3057600]

E jon.roberts@uk.gt.com

Richard D Percival

Associate Director

T +44 (0)121 232 5434

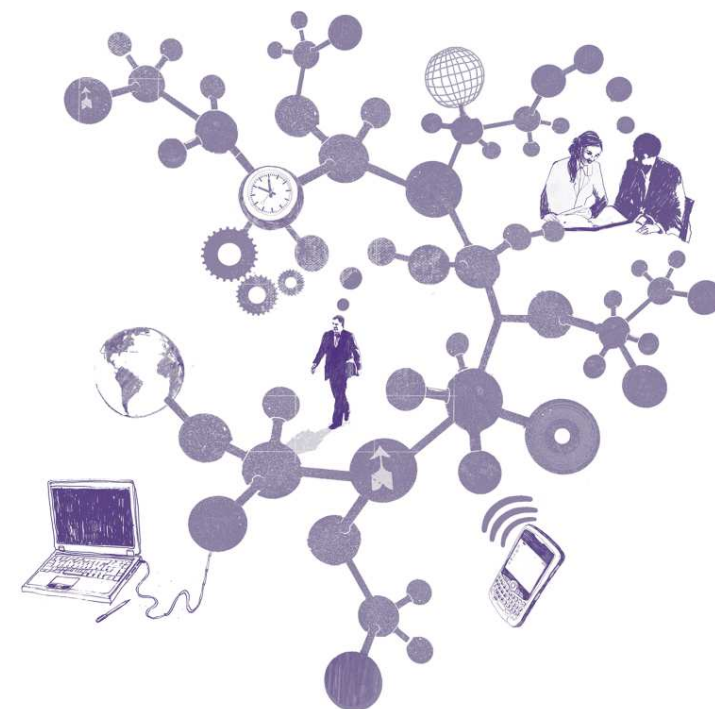
E richard.d.percival@uk.gt.com

Mary Wren

In-Charge Auditor

T +44 (0)1212 325 254

E mary.wren@uk.gt.com



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Appendices

A Reports issued and fees

Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Worcestershire Acute Hospitals NHS Trust (the Trust) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Trust and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Trust's Audit and Assurance Committee, who are identified as "those charged with governance", in our Audit Findings Report on 1 June 2016.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Trust's financial statements (section two)
- assess the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Trust's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

The year in context

The Trust has had a extremely challenging year.

The Trust's financial plan for 2015/16 was a deficit budget of £31.3 million. This reflected the activity and staffing pressures that Trust was anticipating for the year. In the event, the Trust's actual deficit was £59.9 million. A key factor in the further deterioration of the Trust's financial outturn was the failure to contain the additional costs of agency and other premium staffing. The increased costs were firstly due to the need to cater for higher volumes of emergency patients as well as increased delayed discharges. Higher vacancy levels arising from adverse publicity linked to delays to reconfiguration and the CQC inspection outcome also contributed to the need for more temporary medical and nursing staff. Other significant contributory factors driving the deterioration in the position were loss of income and fines due to failure to meet commissioners' contractual targets and overspending of non-pay budgets.

An inspection by the Care Quality Commission was published in December 2015. This rated the Trust as inadequate overall and the Chief Inspector of Hospitals recommended that the Trust was placed in 'special measures'. The Trust developed a detailed Patient Care Improvement Plan (PCIP) in response, which was approved by the Trust Board in April 2016. The PCIP has three main priority programmes: urgent care and patient flow; avoidable mortality; and organisational development and staff engagement. It also includes operational improvement plans and governance improvement plans. The Chief Inspector has indicated that the Trust will be re-inspected in the autumn of 2016.

The Trust did not achieve all of its quality targets. The Emergency Access Standard, 18 week Referral to Treatment and Cancer Waits were below national standards.

Our work

Financial statements opinion

We gave an unqualified opinion on the Trust's financial statements on 2 June 2016.

Value for money conclusion

We were not satisfied that the Trust put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We therefore issued an adverse value for money conclusion in our report on the financial statements on 2 June 2016.

Consolidation template

We also reported on the consistency of the consolidation schedules submitted to the Department of Health with the audited financial statements. We concluded that these were consistent.

Use of statutory powers

We referred a matter to the Secretary of State, as required by section 30 of the Act, on 22 April 2016. This was because the Trust failed to meet its statutory 'break even duty' under the National Health Service Act 2006.

Certificate

We certify that we have completed the audit of the accounts of Worcestershire Acute Hospitals NHS Trust in accordance with the requirements of the Code of Audit Practice.

Quality Accounts

We completed a review of the Trust's Quality Account and issued our report on this on 24 June 2016. We issued a qualified conclusion on the Trust's Quality Account as one of the indicators we tested did not meet the data quality requirements

Working with the Trust

We are really pleased to have worked with you over the last year and have supported the Trust in the following ways.

- Understanding your operational environment – through our value for money conclusion we provided you with our view on your operational effectiveness. We highlighted the need for the Board to oversee improvements in staff engagement on savings delivery, embedding performance management across the organisation and addressing the issues raised in the Trust's CQC report.
- Delivering your accounts audit – we highlighted early that accounts production and audit completion was at risk. We worked closely with your Finance Team to ensure the audit was completed on time. We are proud that together we were able to complete the audit by the statutory deadline without qualifying our audit opinion.
- Improving your annual reporting – we benchmarked your 2014/15 annual report and told you how it compared to your peer group.
- Reviewing your Quality Account – we provided an independent review of your Quality Account and highlighted the need to improve the reliability of data regarding the VTE indicator.
- Sharing our insight – we provided the Audit and Assurance Committee with regular updates covering best practice.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Trust's staff.

Audit of the accounts

Our audit approach

Materiality

In our audit of the Trust's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Trust's accounts to be £5.783 million, which is 1.5 per cent of the Trust's gross revenue expenditure. We used this benchmark as in our view, users of the Trust's financial statements are most interested in where it has spent the income it made in the year.

We also set a lower level of specific materiality for certain areas such as cash and cash equivalents, senior officer remuneration, auditor's remuneration and related party disclosures..

We set a lower threshold of £289,000, above which we reported errors to the Audit and Assurance Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Trust's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the annual report to check it is consistent with our understanding of the Trust and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Trust's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Financial support and going concern</p> <p>The Trust received financial support from the Department of Health because of the large deficit it incurred in 2015/16.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none">• Reviewed the Trust's own assessment of whether it was appropriate to account on a going concern basis• Reviewed the Trust's disclosure in the accounts to ensure they gave sufficient information• Reviewed the Trust's cash flow forecasts and correspondence with Monitor about the financial support it received. <p>We reported the following issues in relation to this risk.</p> <p>The Trust is dependent on DoH revenue loans to maintain its liquidity. At the time of our audit it had only secured cash resources to the end of July 2016. We therefore relied on the TDA's confirmation that it would provide cash support for at least 12 months from the date of our opinion.</p> <p>The disclosure on going concern was amended in the final version of the accounts in line with our suggestions</p> <p>We considered whether we needed to include an emphasis of matter paragraph in our audit opinion on going concern and concluded that this was not necessary.</p>
<p>Valuation of property plant and equipment</p> <p>The Trust's property, plant and equipment, including the Royal Worcestershire Hospital PFI, represent 87 per cent of the Trust's total assets. Their value is estimated by property valuation experts.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none">• We compared the valuation of the Trust's land and buildings as at 31 March 2016 with the valuation as at 31 March 2015 and sought explanations for significant movements.• Due to the significant valuation movements between financial years we sought to advice from on our own professional valuer• We considered the basis for the inclusion of PFI assets net of VAT.• We reviewed entries within the financial statements to ensure information within the valuer's report has been correctly reflected and the required disclosures made. <p>We reported the following issues in relation to this risk.</p> <p>There was a £20.7 million reduction in the Trust's valuation of its land and buildings between the 31 March 2015 and 31 March 2016. After consulting with the Trust's valuer and the our own valuer we concluded that there was a low risk of material estimation uncertainty.</p> <p>The Trust included its PFI assets net of VAT, which was consistent with the previous year. We were not aware of any changes in circumstance that impacted on this judgement, but included a specific representation in the letter of representation.</p>

Audit of the accounts

Risks identified in our audit plan	How we responded to the risk
<p>Occurrence of healthcare income</p> <p>The Trust receives 76 per cent of its income from NHS commissioners of healthcare services. The Trust invoices these commissioners throughout the year and accrues for activity in the final quarter of the year. Invoices for this activity are not agreed until after the accounts are produced for audit. There is therefore a risk that income from healthcare may be overstated.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none">• Evaluated the Trust's policy for accounting for income for appropriateness and consistency with last year.• Gained an understanding of the Trust's system for accounting for healthcare income and the controls in place• Tested a sample of income to supporting documents and receipt of cash• Checked the consistency of income recorded by the Trust against expenditure recorded by the commissioners. <p>We reported the following issues in relation to this risk.</p> <p>Our review of the Agreement to Balances exercised found that the Trust 's accounts do not include £4.1 million, which is included in Redditch and Bromsgrove CCG's accounts as a debtor. We confirmed that adequate provision was included in the Trust's accounts for this difference.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Trust's financial statements on 2 June 2016, in advance of the national deadline.

The Trust made the accounts available for audit in line with the national timetable for submission. The audit was however problematic and challenging. The Finance Team struggled to deliver the complete pre-audit accounts and all the supporting working papers by the audit deadline and it became apparent early in the audit that there were issues with the accounts and the supporting information.

We were impressed with the commitment and determination that members of the Finance Team showed in working to rectify the situation. This involved individuals working long hours to ensure that the final version of the accounts was consistent with the ledger and asset register and that we had sufficient information to complete our audit work by the deadline. We appreciate this and are grateful for their efforts.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Trust's Audit and Assurance Committee on 1 June 2016.

The accounts provided for audit required significant restatement as a result of our audit. Despite these problems, there was only a small movement in the Trust's adjusted retained deficit from £59.929 million reported in the draft accounts, to £59.831 million. We worked constructively with the Finance Team throughout the audit to rectify the problems and have met with the Team since our audit to help shape an improvement plan for the production of the 2016/17 accounts.

Annual Governance Statement and Annual Report

We are also required to review the Trust's Annual Governance Statement and Annual Report. Based on our review of the Trust's Annual Report, which includes the Annual Governance Statement, we were satisfied that it met the requirements of the DH Group Manual for Accounts and was consistent with the audited financial statements.

We did, however, note that the draft provided for audit did not meet the requirements stated in the Manual for Accounts. Although most of these points were minor, there were significant delays in producing the staffing report section of the report.

Whole of Government Accounts (WGA)

We issued a group assurance certificate to the NAO in respect of Whole of Government Accounts, which did not identify any issues for the group auditor to consider.

Other statutory duties

We are also required to refer certain matters to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014. On 22 April 2016, we reported to the Secretary of State that the Trust would breach its statutory breakeven duty, that is the requirement for it to achieve a balanced financial position over a three year period.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work. The key risks we identified and the work we performed are set out in the table on the following pages.

As part of our Audit Findings report agreed with the Trust management and presented our report to the Audit and Assurance Committee on 1 June 2016, we agreed the following key recommendations to address our findings.

- Staff engagement on savings delivery needs to be in place across the organisation with a particular focus on controlling staff costs.
- Effective performance management needs to be embedded throughout the organisation, ensuring that divisions are held to account for their performance and contribute to the achievement of national targets.
- All of the 'Must do' and 'Should do' actions in the CQC report are effectively addressed prior to the planned re-inspection in November 2016.

Overall VfM conclusion

Because of the significance of the matters we identified in our work, we were not satisfied that the Trust has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Value for Money conclusion

Significant risk	Work to address the risk	Conclusion
<p>Financial deficit</p> <p>The Trust is facing very significant financial challenges.</p> <p>The 2015/16 financial plan included a £31.3m target deficit, but the Trust's outturn was a deficit of £59.9m.</p> <p>The Trust has a significant cumulative deficit with no clear plans for achieving financial balance.</p>	<p>We reviewed:</p> <ul style="list-style-type: none"> the Trust's arrangements for putting together and agreeing its budget, including identification of savings plans its arrangements for monitoring and managing delivery of its budget and savings plans for 2015/16, and the impact on service delivery reporting of in-year financial position and forecast outturn the Trust's progress made with 2016/17 financial plans and the key assumptions included in it progress with developing a deliverable financial recovery plan the background and approval process for £9.8 million of additional unbudgeted costs reported to the Finance and Performance Committee in October 2015. 	<p>We concluded that there were weaknesses in the Trust's arrangements for setting a sustainable budget due to failure to contain the additional costs of agency and other premium staffing, loss of income and fines due to failure to meet commissioners' contractual targets, unbudgeted costs for medically fit for discharge patients and overspending of non-pay budgets.</p>
<p>Performance management</p> <p>The Trust did not achieve its quality targets. A&E, RTT and cancer waits are below national standards.</p> <p>Significant efforts have been made to improve performance, but it is not clear whether these improvements are sustainable or whether further improvements can be delivered to ensure that the Trust consistently delivers to national standards.</p>	<p>We reviewed:</p> <ul style="list-style-type: none"> the reporting of key performance metrics the actions being taken to improve performance. 	<p>We concluded that there were weaknesses in the Trust's arrangements for understanding and using appropriate cost and performance information to support informed decision making.</p>

Value for Money conclusion

Significant risk	Work to address the risk	Conclusion
CQC inspection The Trust was subject to a CQC visit in July 2015, the final report was published in early December 2015. The Trust was assessed as inadequate overall (the two areas of inadequacy being safety and well-led), and put in to special measures.	We reviewed: <ul style="list-style-type: none"> how the Trust is implementing and monitoring delivery of the action plan agreed to address the findings of the CQC inspection. 	We recognised the Trust had made progress with its improvement plan, but the CQC will not complete a re-inspection until later in 2016. On that basis, we were unable to conclude that the Trust has proper arrangements in place for planning, organising and developing the workforce effectively to deliver strategic priorities
Reconfiguration of services The Future of Acute Hospital Services in Worcestershire (FOAHSW) is progressing but had not been finalised when we carried out our audit. The revised plan was subject to West Midlands Clinical Senate approval, NHS assurance requirements and public consultation. We do not expect this to be completed before the end of 2016. However, clinical staffing shortages have resulted in services being relocated from the Alexandra Hospital to the Royal Worcestershire Hospital. Although a temporary measure there is a risk that further service reconfiguration will be necessary due to clinical safety issues.	We reviewed <ul style="list-style-type: none"> the Trust's decision making process and reporting of service reconfiguration issues in 2015/16 planning and risk management response for further potential service reconfiguration issues. 	We concluded that the reconfiguration of services risk was sufficiently mitigated and the Trust has proper arrangements to work with other parties to deliver the FOAHSW strategic priorities.
Partnership working The Trust is struggling to work effectively with its partners to manage the on-going growth in demand. It also has a high volume of medically fit for discharge patients whose discharge is delayed. There are initiatives in place to manage these issues, but they are not having sufficient impact on improving patient flows.	We reviewed <ul style="list-style-type: none"> the Trust's arrangements for partnership working, in particular operation of the Contract Monitoring Board and Patient Flow Centre (PFC). other reporting on partnership working, e.g. Board presentations and actions being taken by the Trust to promote and develop partnership working. 	We concluded that the partnership working risk was sufficiently mitigated and the Trust has proper arrangements to work with other parties to deliver strategic priorities.

Quality Accounts

The Quality Account

The Quality Account is an annual report to the public from NHS trusts about the quality of services they deliver. It allows trust boards and staff to show their commitment to continuous improvement of service quality, and to explain progress to the public.

Scope of work

We carry out an independent assurance engagement on the Trust's Quality Account, following Department of Health (DH) guidance. We give an opinion as to whether we have found anything from our work which leads us to believe that:

- the Quality Account is not prepared in line with the DH criteria;
- the Quality Account is not consistent with other documents specified in the DH guidance; and
- the two indicators in the Quality Account where we carry out detailed work are not compiled in line with the DH regulations and meet expected dimensions of data quality.

Key messages

- We confirmed that the Quality Account had been prepared in line with the requirements of the Regulations
- We confirmed that the Quality Account was consistent with the sources specified in the Guidance

- We confirmed that the commentary on indicators in the Quality Account was consistent with the reported outcomes
- Our testing of two indicators included in the Quality Account found that only one of the indicators was materially reasonably stated in accordance with the Regulations and six dimensions of data quality.

Quality Account Indicator testing

We tested the following indicators; percentage of patients risk-assessed for venous thromboembolism (VTE) and rate of Clostridium Difficile infections (C Diff). We reviewed the process used to collect data for the indicator. We checked that the indicator presented in the Quality Report reconciled to the underlying data. We then tested a sample of cases to check the accuracy, completeness, timeliness, validity, relevance and reliability of the data, and whether the calculation is in accordance with the definition.

Based on the results of our procedures, nothing came to our attention that caused us to believe that the C Diff indicator was not reasonably stated in all material respects. The indicator reporting the percentage of patients risk-assessed for VTE did not meet the six dimensions of data quality in respect of Accuracy and Validity.

Conclusion

As a result of this we issued a qualified conclusion on your Quality Account.

Working with the Trust

Our work with you in 2015/16

We are really pleased to have worked with you over the past year. It has been a difficult and demanding year for the Trust, but we have maintained a positive and constructive relationship throughout. In particular we have supported the Trust in the following ways.

Understanding your operational environment – our value for money conclusion provided you with our views on your operational effectiveness. We focused our attention on your significant issues and:

- briefed the Audit and Assurance Committee on these issues and the work we planned to do in response;
- reviewed key documents and met with Executive Directors to ensure we understood the pressures the Trust is dealing with and the action being taken;
- highlighted the need for ownership of savings plans across the Trust, embedding performance management and responding effectively to your CQC report.

We discussed our value for money conclusions with the Deputy Director of Finance and the Audit and Assurance Committee. As part of our value for money work we examined the background and reasons for the additional unbudgeted expenditure reported to Finance and Performance Committee at Month 6 and reported our findings to the Audit and Assurance Committee.

Delivering your accounts audit – the absence of a key member of the Finance Team meant that accounts delivery was at risk. We worked with you to make sure that the audit was delivered by the statutory deadline. This included the following.

We highlighted that accounts production and audit completion was at risk in February 2016. Interim support was brought in in response.

- We completed as much audit testing before we received the accounts that we could and identified the areas where there was insufficient information for us to complete early testing.
- We had weekly briefing calls with the Assistant Director of Finance throughout March and April to ensure that the closedown and accounts production process
- We provided a detailed specification of the information needed for our audit and went through this in detail with your interim support.
- We escalated the key issues threatening audit completion with the Deputy Director of Finance as soon as we became aware of them.
- We worked closely with your Finance Team to ensure that the work to resolve these issues was effectively focused.

We are proud that together we were able to complete the audit by the statutory deadline without qualifying our audit opinion. Our relationship with your team shows we are committed to working with you to deliver even when things don't go to plan.

Improving your annual reporting – we benchmarked your 2014/15 annual report with other NHS Trusts and Foundation Trusts. We highlighted where you are ahead of others, areas where you are with the pack and areas where you are trailing. Overall your annual report compared favourably to others. We provided you with a detailed report on our benchmarking exercise.

Working with the Trust

Reviewing your Quality Account – we provided an independent view on both the content of your Quality Account report and the data quality underpinning it. We highlighted the need to improve the reliability of data regarding the VTE indicator

Sharing our insight – we provided regular updates to the Audit and Assurance Committee covering best practice. Areas we covered included The Five year Forward View, TDA quarterly reports, Better Care Fund, Manual for Accounts, NAO Code of Practice, Lessons learned from Mid Staffordshire. We also shared our thought leadership reports on Finance and Governance

Working with you in 2016/17

We are looking forward to continuing to work with you and support you over the next financial year. The key areas we want to work with you on are as follows.

Understanding your operational environment – we will need to understand the progress you are making with: implementing the PCIP work streams and how you are meeting the challenges that go with this. The Chief Inspectors re-inspection will be a key event for the Trust and its stakeholders. Your operational performance will continue to be an area of attention for us, in particular how you are performing against national quality targets. We will also focus our attention on how you are managing your financial position throughout the year, and in particular whether your revised deficit of £34.6 million is deliverable.

Delivering your accounts audit – we have already met with the Finance Team to identify the key improvements needed to support accounts production and our 2015/16 audit. As well as supporting the team in making these improvements we will also focus on further improving the efficiency of our audit. In particular we want to complete more audit work at our interim visit in February and March to reduce the pressure on the Finance Team in May.

Improving your annual reporting – we will benchmark your 2015/16 annual report and feedback how you compare to others in your peer group in the early spring of 2017. This will enable any improvement areas to be taken into account when drafting your 2016/17 annual report.

Reviewing your Quality Account – actions have been agreed to improve the data quality of the VTE indicator. We will test this indicator again to ensure that data quality has improved.

Appendix A: Reports issued and fees

We confirm below our final fees (net of VAT) charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	2015/16 Planned £	2015/16 Actual fees £	2014/15 fees £
Statutory audit – fee scale	59,758	59,758	79,677
Fee variation (vfm conclusion – Month 6 additional cost review)	0	5,180	
Fee variation (opinion audit – additional input at final visit)	0	19,730	
Additional cost – PPE valuation professional fees	0	2,000	
Charitable funds	1,260	1,260	1,260
Total fees	61,018	87,928	80,937

Reports issued

Report	Date issued
Audit Plan	April 2016
Audit Findings Report	May 2016
Quality Account Report	June 2016
Annual Audit Letter	July 2016

Fees for other services

Service	£
Audit related services	
Quality Account audit	10,000
Non audit related services	Nil



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