

Worcestershire Acute Hospitals NHS Trust Annual Report and Accounts 2012/13



Patients | Respect | Involvement | Delivery | Efficiency

Taking pride in our healthcare services

Worcestershire Acute Hospitals NHS Trust Annual Report and Accounts 2012/13

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Please note that the Worcestershire Acute Hospitals NHS Trust Annual Quality Accounts can be found at <http://www.worcsacute.nhs.uk/news-and-publications/quality-account/>.

Welcome from Harry Turner, Chairman and Penny Venables, Chief Executive

The last 12 months have been challenging for Worcestershire Acute Hospitals NHS Trust. In common with most other NHS organisations we have seen rising emergency admissions, growing numbers of elderly patients with more than one clinical condition and tight financial pressures.

In addition we have been working with our colleagues across the NHS in Worcestershire on the Acute Services review which aims to ensure the people of Worcestershire continue to have access to high quality and safe clinical care in the future. As the financial year drew to a close the original Acute Services Review was being wound down and our commissioners are now looking at the best way to provide the fullest range of services at the Alexandra Hospital in Redditch. We hope this Trust will continue to provide those services, but if commissioners decide they would be better provided by a different trust or trusts we would work with them to ensure the patients who use the Alexandra Hospital continue to receive seamless care at their hospital.

Despite the pressures we have had a successful year. We achieved most of our local and national targets and we made great progress in several key areas including two key indicators of quality - the reduction in both pressure sores and patient falls. A full account of our quality performance in 2012/13 can be read in our Quality Account 2012/13 which we have placed at the forefront of this year's Annual Report to demonstrate the central role that Quality and Safety play in our Trust.

None of our achievements would have been possible without our staff. They work under considerable pressure to deliver excellent patient care. Everyone who works for Worcestershire Acute Hospitals NHS Trust, from those on the front line in our wards to the people who work in the background to

keep the hospitals running, are vital to the service we provide. We would like to put on record our thanks for their commitment and professionalism.

We would also like to pay tribute to our volunteers who support us in so many ways, from manning coffee shops to driving their 4x4 vehicles in the snow to help our staff get to work. Thank you for all your support during the year.

An annual report is a report of the previous 12 months but it is also right for us to set out what we hope to achieve over the next 12 months and in the years to come.

Our Annual Plan sets out our ambitions for the next year. Within the plan there are 6 strategic priorities and 18 underpinning objectives. These make it really clear for staff, patients and the public what we are working towards over the next 12 months.

Our 6 strategic priorities are:

- 1. Deliver safe, effective, compassionate and innovative patient care**
- 2. Develop a culture that is recognised as patient centred, driven by inspiring and accountable leaders, committed to continuous improvement**
- 3. Invest and realise the full potential of our staff -recruiting, retaining, developing and rewarding.**
- 4. Achieve strong operational performance compliant with all national requirements**
- 5. Ensure the Trust is financially viable and gets the maximum value from the resources at its disposal**
- 6. Develop and sustain our business**

These overarching priorities provide the framework for the development of the annual plan objectives. 2013/14 is year 2 of the Trust's Strategy.

The priorities are unchanged from 2012/13 with the exception of No 6: Develop and sustain our business, which replaces 'Build our reputation' which is incorporated into the priority as one of a number of key objectives. A clear business strategy is critical to the long-term viability of the Trust and is linked to its authorisation as a Foundation Trust.

We need to change the way we deliver services in order to tackle the challenges facing us - these include an ageing population with more long term conditions, increasing public expectations of healthcare services, the necessity to meet changing national guidance on minimum numbers of consultants, and pressure to meet financial challenges. There will be difficult decisions to make and difficult conversations to be had; but we will be open and honest with our staff, patients and the public about the challenges we face.

Towards the end of the financial year we saw the publication of the Francis Report into the failings at Mid Staffordshire NHS Foundation Trust which required a fresh focus onto issues of quality and safety. The Trust Board endorsed these key messages and will work

further on its quality improvement areas over the year.

The Care Quality Commission carried out unannounced inspections of the Alexandra and Worcestershire Royal Hospitals in March 2013. The CQC found that the Trust was compliant with all its quality standards. This was fantastic news for the Trust and recognition of the hard work of all our staff.

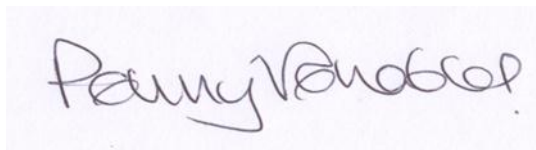
Over the past year, the Non-Executive Directors have provided tremendous support to the Trust. They have challenged us and held us to account and we would like to thank them for their input. Their expertise has been further strengthened by the appointment of Stephen Howarth, who replaced Nichola Trigg.

We were also delighted that Paul Crawford accepted our invitation to be the patient representative on the Board and we look forward to working with him. He replaced Pat Fisher who had given many years of service and been a wonderful asset to the Board.

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



Harry Turner, Chairman



Penny Venables, Chief Executive

Section 1 About the Trust

Our mission is:

‘To provide our patients with safe, effective and personalised care delivered consistently across all sites by skilled and compassionate staff’

- *We will continuously seek to improve the patients’ experience of our services*
- *Our clinical leaders will be champions for quality and work to address unwarranted clinical variation.*
- *We will work relentlessly to minimise the possibility of harm to patients*

Our ‘PRIDE’ values are the cornerstone of all that we do. They are:

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

We will recruit to our values, train staff in our values and appraise our staff performance on how they have lived out the values as part of their day-to-day working life.

The ‘Francis Report’ published in February 2013, has set out wide ranging recommendations for improvement for every part of the NHS System. The report is complex and has 290 recommendations. The Trust is considering the findings and recommendations and how to apply them to our work. We take these very seriously and a comprehensive assessment is being undertaken. An initial evaluation has been completed and some work has been incorporated into the plan as far as is possible. Further revision of the plan will be agreed at a later stage.

Following the publication of the Francis Inquiry Report, the Trust will continue to talk to staff across the Trust about the NHS Constitution, its principles, core values, rights, responsibilities and pledges. Within this our PRIDE values will be reviewed with our staff. Our aim is to ensure that the NHS Constitution is central to our work and that our values are co-produced with our staff and lived out every day across the organisation.

During 2012/13 we have continued to build on strategic developments and successes from previous years. We now provide a seven day service in Radiology and a 24 hour cardiac catheter laboratory service. Building work has started on a surgical clinical decisions unit that is designed to improve the patient experience and quality of care for emergency surgical patients attending A&E. It will provide a dedicated facility to rapidly assess and diagnose surgical emergencies and will streamline the flow of patients. In 2012 we reconfigured our beds to provide additional capacity on the acute medical unit. Again this is designed to improve patient flow and minimise delays in A&E.

It has been a challenging year with a protracted Norovirus (winter vomiting) outbreak, severe and prolonged cold weather, and increased severity of illness. This means we have experienced surges in demand and at times the systems have been challenged. Learning from these experiences we are planning to further expand the acute medical unit and to develop emergency ambulatory care clinics. This work is fully supported by our commissioners. Additionally we are working collaboratively with the Health and Care Trust and Social Services to develop integrated care pathways to further improve the quality of care we deliver. We have achieved and maintained

Trauma Unit status at Worcestershire Royal Hospital and the Alexandra Hospital following external assessments. We continue to consider ways to further improve services for our patients and we have been working on the plans to regionalise stroke services and to develop a hyper-acute stroke unit. We are working with colleagues at Hereford to further develop partnership arrangements.

2013/14 promises to be an exciting year, taking forward and building on these many developments.

Section 2 The year's performance at a glance

Corporate Performance

During 2012/13 we focused our efforts on achieving progress in our six strategic priority areas. Annual objectives were set and the annual plan became the delivery vehicle for year one of our strategy. The following boxes set out our progress towards those objectives as follows:

1. Safe, Compassionate, Innovative

Deliver safe, effective, innovative and compassionate patient care

Key Achievements in 2012-13:

- ✓ 90% reduction in avoidable pressure ulcers
- ✓ Sustained improvement in our hospital mortality rate
- ✓ Exceeded targets for improving the care of patients with dementia
- ✓ Sustained improvement in VTE risk assessment
- ✓ Achieved 100% compliance with WHO safer surgery checklist

2. High Performing

Achieve strong operational performance compliant with all national requirements

Key Achievements in 2012-13:

- ✓ Improvements in Stroke Care and delivery of the Stroke standards
- ✓ Maintained waiting time targets for cancer patients
- ✓ Improved referral to treatment times
- ✓ Developed plans for Surgical Clinical Decisions Unit to support emergency performance targets

3. Increasing our Productivity and Efficiency

Financially viable, getting the maximum value from the resources at our disposal

Key Achievements in 2012-13:

- ✓ Safe delivery of the cost improvement programme
- ✓ Improved the rate of Day Case procedures
- ✓ Commenced 24/7 PPCI Service
- ✓ Increased the availability of radiology services

- ✓ Centralised pathology services and joined regional pathology partnership

4. Our reputation – The Provider of Choice

Building a positive reputation through enhanced engagement with partners, the public, patients, staff and wider communities we serve

Key Achievements in 2012-13:

- ✓ Extensive communication with commissioners, the public, partners on the clinical case for change in the configuration of our acute services.
- ✓ Built our profile and support from key stakeholders and decision-makers in support of our strategic developments (e.g. Radiotherapy Centre)
- ✓ Developed a consultant buddy system and virtual ward with local GPs
- ✓ Fully engaged in the Worcestershire Integrated Care Programme

5. Developing our Leadership, Communication and Engagement

A culture that is recognised as patient centred, driven by inspiring and accountable leaders

Key Achievements in 2012-13:

- ✓ Improved the Friends and Family test score
- ✓ Achieved the target increase for positive responses to 'no decision about me without me'
- ✓ Met our target to develop 2000 staff in customer care

6. Developing our Workforce

Invest and realise the full potential of our staff, becoming the preferred employer of choice

Key Achievements in 2012-13:

- ✓ Higher than average percentage of staff say that care of patients and service users is the organisation's top priority
- ✓ Significant improvement in Equality & Diversity training
- ✓ Higher than average percentage of staff say they act on concerns raised by patients and service users
- ✓ 100 managers have completed NHS leadership framework 360
- ✓ 60 staff have completed ILM leadership awards

Performance against targets 2012/13

During 2012/13 the Trust has achieved target performance in the majority of key standards. The Trust's year-end performance is shown below:

	Description of Target	Indicator	2012/13 Target	Year End
Finance	Financial Risk Rating (FRR)	I&E Surplus Margin %	0.4%	0%
Quality	Mortality	HSMR	<=100	103.3
		SHMI	<=100	102.0
	Infection Control	Clostridium Difficile	<=52	80
		MRSA	<=2	3
	Prevention	VTE Risk Assessment	>=95%	95.51%
	Patient Experience	Mixed Sex Accommodation Breaches	0	0
	CQC Registration	CQC Conditions or Warning Notices	0	0
Operational	Cancer	31 Days: Wait For First Treatment: All Cancers	>=96%	97.87%
		31 Days: Wait For Second Or Subsequent Treatment: Surgery	>=94%	97.29%
		31 Days: Wait For Second Or Subsequent Treatment: Anti-Cancer Drug Treatments	>=98%	100%
		62 Days: Wait For First Treatment From Urgent GP Referral: All Cancers	>=85%	88.50%
		62 Days: Wait For First Treatment From National Screening Service Referral: All Cancers	>=90%	95.01%
		2WW: All Cancer Two Week Wait (Suspected cancer)	>=93%	95.73%
		2WW: Wait for Symptomatic Breast Patients (Cancer Not initially Suspected)	>=93%	94.93%
	18 Weeks waiting time	RTT - Admitted - 90% in 18 Weeks	>=90%	93.35%
		RTT - Non-Admitted - 95% in 18 Weeks	>=95%	98.70%
		RTT - Incomplete 92% in 18 Weeks	>=92%	96.67%
		Diagnostic Waits (% of waiting list)	<=1%	0.02%
	A&E waiting time	4 Hour Waits (%) - Trust	>=95%	91.71%
	Stroke	80% of Patients spend 90% of time on a Stroke Ward (Final)	>=80%	79.10%
		Direct Admission (via A&E) to Stroke Ward	>=70%	76.67%
		TIA	>=60%	61.50%

Section 3 Working with Stakeholders

As demonstrated by the final section of the Quality Account our work and relationships with stakeholders is vitally important in the delivery of our services. The Trust is committed to strengthening its work with partners and seeking new alliances which will support the improvement of safety, quality, effectiveness and experience of services for its patients.

During 2012/13 the Trust has worked with:

- Commissioners and other local health economy partners to begin to develop integrated services and pathways through the Integrated Care Programme which aims to deliver reduced demand for acute intervention and services
- University Hospitals Coventry and Warwickshire NHS Trust, its Strategic Partner in the development of local oncology services
- Academic Institutions in workforce planning and the development of our staff
- Worcestershire County Council in the reduction of health inequalities

Looking ahead the Trust will evaluate partnership opportunities for achieving further improvements in healthcare and patient experience.

The Trust is an active partner in the new local Academic Health Sciences Network, which will help to extend our research and development activities promoting innovation and best practice.

Local Health Economy Partnership - Integrated Care Programme

During 2012/13 the Worcestershire Health and Social Care economy has made a commitment to creating a truly integrated and effective system of care. The structure to support development of this is a joint programme of work involving health and social care partners from across the county. The Integrated Care Programme sets out ambitious objectives to reduce acute emergency demand and to realise a significant reduction in acute length of stay. It is therefore very significant in securing sustainable healthcare for local people for future years. The Trust has been an active partner in the programme and is working with both primary and community providers to ensure implementation of agreed projects, specifically in terms of effective timely discharge of patients.

QIPP

The Trust has worked jointly with the health economy in driving delivery of its QIPP schemes and pathway redesign work. During 2012/13 we have secured improvements in the quality and safety of care which has also reduced costs and have implemented new ways of working which have resulted in better patient experience and saved money.

We have ensured that all projects have been evaluated by our senior doctors and nurses in order to ensure that changes brought in are safe and have no detrimental impact on the quality of care. In 2013/14 we will build on this progress.

Achieving Foundation Trust Status

During 2012/13 the Trust has made progress in the development of its integrated business plan and in the development of its five year clinical services strategy. This includes working with commissioners on the development of the overarching clinical model of care for the county which proposes changes which will improve the quality and outcomes of care for paediatric services, obstetric services and emergency services. Work is on-going with commissioners and once this is concluded will go out for public consultation via the commissioners.

Our regulators

The Trust has worked alongside the Care Quality Commission, the Strategic Health Authority and the NHS Trust Development Agency throughout the year.

The Care Quality Commission carried out unannounced inspections of the Alexandra and Worcestershire Royal Hospitals in March 2013. The CQC found that the Trust was compliant with all its quality standards. Further details of our relationship are set out in section 4.4 of the Quality Account, available on the website.

The Trust has started to work actively with the newly formed NHS Trust Development Agency (NTDA) and is monitored as part of the NTDA performance escalation systems. Prior to this the Trust supported a similar performance monitoring relationship with NHS Midlands and East SHA.

The Trust has also sought to foster and support good working relationships with NHS Worcestershire, Worcestershire LINKs and the Worcestershire County Council Health Overview and Scrutiny Committee.

The Trust is looking forward to working with the new regime from 1 April: the three Clinical Commissioning Groups in Worcestershire, NHS England Area Team, HealthWatch and the NHS Trust Development Authority. The Trust is also looking to continue and build on its relationship with Worcestershire County Council.

Section 4 Our people

Our vision for Workforce for 2013/14 – to be known for a skilled, compassionate and committed workforce that embraces customer service, where decisions are informed by relevant accessible information.

Our aim is to ensure we have a ‘fully engaged workforce’ where our staff recommend both working here as well as recommending the Trust for treatment to friends and families and this section sets out our key achievements and challenges this year. There is also more detail in Part 2 Section 3.1.5 of the Quality Account.

We have therefore developed our Workforce and Organisational Development Strategy 2012-17 to cover a number of key themes, each covered by a sub-strategy:

- Staff Engagement
- Health and Wellbeing
- Leadership
- Equality and Inclusivity
- Education, Learning and Development
- Talent Management
- Knowledge Management

We recognise that high levels of staff engagement will lead to:

- Higher levels of patient satisfaction
- Better results on quality service from healthcare regulators
- Better results in the use of resources from healthcare regulators
- Better patient mortality rates
- Higher levels of staff health and wellbeing

This year we have taken steps to engage more with our staff. This includes conducting a full staff survey rather than the nationally required sample survey. Our staff had the opportunity to tell us how they feel about working for the organisation. We have replaced Weekly Brief with a Daily Brief so that staff have access to information about important issues promptly.

2012/13 has been a challenging year for staff in terms of the scrutiny and publicity the Trust has attracted from the Worcestershire Joint Services Review. Throughout each stage of the JSR we have kept staff informed and held forums and engagement workshops to keep them updated.

The overall staff engagement score from the Staff Survey in 2012 is 3.64 out of 5 which is showing an increase from 2011. In addition:

- The Trust has a higher than average percentage of staff saying that the care of patients and service users was the organisation’s top priority when compared to both the 2011 results and other acute Trusts.
- Compared to other Acute Trusts more WAHT staff say the organisation acts on concerns raised by patients / service users.
- WAHT staff also have a higher than average percentage of staff saying they would be happy with the standard of care provided by the organisation if a friend or relative needed treatment. This percentage has also increased from 2011.
- The organisation also has better than average percentage of line managers who take a positive interest in employees’ health and well-being.
- The Trust has a lower than average percentage of staff witnessing errors, near misses or incidents in the last month that could have hurt patients/service users.
- 86% of staff said they have received an appraisal or performance development review in the last 12 months which is better than last

year and better than the average for acute Trusts.

In addition the results of our local survey indicate very positive responses to questions relating to patient experience with examples below :

- 77% of staff agreed or strongly agreed that patients/service users have confidence and trust in the nurses working in the organisation
- 76% of staff agreed or strongly agreed that staff involve patients/service users in decisions about their care and treatment
- 86% agreed or strongly agreed that in their experience, overall, patients/service users are treated with respect and dignity by staff in their organisation
- 75% of staff agreed or strongly agreed that in their experience, patients/service users are given enough privacy when being examined or treated by staff
- 77% of staff agreed or strongly agreed that in their experience, in this organisation, patients/service users always have access to clean toilets and bathrooms
- 82% of staff agreed or strongly agreed that in their experience, patients/service users safety is a priority for staff

Workforce indicators:

The cumulative sickness rate for sickness in 2012/13 is 3.8% - slightly reduced on last year and puts us in the top quartile of acute trusts on performance in the region as the range of sickness absence rates for Acute Trusts in our SHA is 3.20% - 5%. We are 5th out of 18 which is the top quartile.

Staff at Worcestershire Acute Hospitals NHS Trust are beating the national trend and keeping sickness absence rates significantly below national averages.

A report by the Health and Social Information Centre recently reported that the national average for sickness within the NHS was 4.12%. The Trust's rate is just 3.91% which is also a drop for the same period last year when the average was 4.19%.



Julia Cross, Head of Human Resources said: "We are committed to promoting the health and wellbeing of our staff and ensuring that they are able to work in a safe and supportive organisation which means we are available for our patients and we are able to provide the high levels of care we aspire to.

"This performance is a tribute to our staff and our managers but is one that we would like to lower even more and we have set the target of just 3.5%".

To achieve the target, the Trust has put in place a number of innovative initiatives to promote staff health and wellbeing. The 'Let's Do Healthy' Wellbeing Club for staff that offers a range of information both of which support individuals in reaching their own improved lifestyle goals. The Wellbeing Club offers a range of information focusing on five key topics; Eat Well, Get Active, Stub It Out, Stressbusting and Fit for Work.

Another successful scheme is the award-winning 'Self Care' course for staff which offers a supportive approach to helps staff to improve their health and wellbeing and improve their attendance at work.

Cumulative turnover for 2012/13 based on a rolling 12 month period from March 2012 to end of Feb 2013 is 9.1 % which is a decrease on last year's figure of 9.30%. The average cumulative turnover for acute trusts in the SHA according to January Productive Workforce Metrics Dashboard was 10.29%.

We have an approved Sickness Absence Health and Wellbeing Policy which covers how we deal with employees who become disabled whilst at work. The Trust holds the "two ticks" symbol and is positive about people with disabilities. Any job applicants

who declare that they have a disability will be guaranteed an interview provided they meet the minimum criteria for the post. Where the successful candidate declares a disability we will make reasonable adjustments to enable them to take up the post. Where a member of staff has (or develops) a long term medical condition or disability which affects their ability to do their job, we give careful consideration to making reasonable permanent adjustments to their duties or working arrangements. This may include reduced hours, lighter duties or alterations to equipment etc. Our specialist Occupational Health Team and HR department will support managers and staff with this process.

We have revised our Recruitment and Selection Policy which states that the Trust aspires to be an employer of choice, values the diversity of the community it serves and wishes to reflect this diversity in its workforce. We have introduced value based recruitment this year to ensure that new staff are committed to the Trust's vision and values from the moment they commence.

We are an equal opportunities employer committed to fair and equal treatment of all our employees and job applicants. As such, no applicant or employee will receive less favourable treatment on the grounds of their gender, marital status, sexual orientation, colour, race, ethnic or national origin, religion, creed, trade union membership, disability, social background or age or be disadvantaged by conditions or requirements which cannot be shown to be relevant to job performance. In order to achieve this, the Trust adopts a fair and consistent approach to the recruitment and selection process, having continual regard for appropriate employment legislation, NHS Employers Employment Check Standards, Agenda for Change terms and conditions, and Trust Policies and Procedures. We have revised our Equality Diversity and Inclusion Policy which sets out our commitment to promote equality of opportunity, and to eliminate any unlawful or unfair discrimination and / or harassment in

the workplace and through the services we provide. This applies to all aspects of Trust activity in terms of employment and service delivery or provision. We expect our partner organisations and contractors to comply with equalities legislation. We have published our action plan from the NHS Equalities Delivery System and have updated our Equality and Diversity website and intranet pages.

We are a healthy staff 'champion'

Our Working Well intranet site and Wellbeing Club ensures staff are signposted to the resources they need to live a healthy and balanced life both at work and home. Over the last 12 months staff have accessed a range of health and wellbeing initiatives, including:

- weight management support
- smoking cessation advice
- immunisation programmes for flu and measles
- free legal advice surgeries
- Mood-master sessions
- Self- Care course to support staff in changing behaviour, confidence, self-esteem and stress management
- fitness information
- Zumba sessions
- fun golf sessions
- touch rugby
- netball clubs
- tennis clubs
- cycling clubs
- walking clubs
- and local gym and swim discounts.

All our staff have access to self-referral to our Occupational Health (OH) and Working Well Centre who provide proactive and preventative support as well as dealing with work related issues such as needlestick injuries.

In addition our OH team provide a number of services to many local companies and NHS Trusts.

Training and Development

We continue to deliver excellent training programmes and in the last year have recognised the importance of supporting staff and managers to become good role models and develop resilience to cope with the demands of the NHS. In addition the Trust has developed a talent management strategy to show its commitment to developing the workforce of the future.

Leadership Programmes

26 Ward Sisters completed our bespoke leadership and management development programme in 2012/13 achieving an award endorsed by the Chartered Management Institute.

Senior Staff Nurse now have access to “An Aspiring Ward Sisters Programme” which is our internship programme for those Senior Staff nurses to develop the leadership and management skills required to perform this significant role.

In 2012/13 1210 staff were supported to undertake local and external training programmes within education at University and higher college level.

More than 85 different internal training programmes have been provided covering mandatory training, specialist clinical training and a range of accredited leadership and management development programmes.

Mandatory Training

- 2517(82%) of relevant staff have completed their resuscitation training
- 5341 (94%) of staff have completed their Infection control Hand Hygiene competencies and 85% of staff have completed their IG Training in the last 12 months.
- 2000 staff have completed the Trust’s Superior Customer Care Programme “Ace with Pace” focussing on improving attitudes and

behaviours with all of our customers.

- 3860 staff have completed other elements of their mandatory training requirements including manual handling, health and safety and harassment and bullying.
- 52 Staff have completed accredited leadership and management awards with the Institute of Leadership and Management delivered by the Trust’s Learning and Development Team.

Workforce of the Future

257 work experience placements in both clinical and administrative settings have been provided to pupils of local schools and colleges offering them a chance to experience a variety of careers in the NHS.

Apprenticeships – investing in the future workforce

Seventeen Business apprenticeships commenced employment in the trust on a 12 months apprenticeship contract with 11 of them already being offered fulltime permanent posts and are making a significant contribution within their departments.

2012 was the first time we have embarked on Clinical Apprenticeships and the first pilot cohort of Health and Social Care Apprenticeships has seen 6 young people based across clinical areas in the Trust providing essential health care support worker. This pilot has been extremely successful in providing excellent support roles to the nursing teams in their areas.

Over 20 students from schools and sixth form colleges across Worcestershire took part in a three day work experience programme for aspiring nurses and midwives.

Students were able to job shadow NHS staff, experiencing a day-in-the-life of a nurse at one of the Trust's three acute hospitals: The Alexandra Hospital in Redditch, Kidderminster Hospital and Treatment Centre, or Worcestershire Royal.

Practical and classroom training sessions were also arranged, covering resuscitation, nursing care and practical nursing tasks. Trust staff gave their time to share their experience with the nurses and midwives of tomorrow.

Student Sarah Baldwin said "The ward placements and the practical sessions on the first day were the most interesting, especially learning how the emergency team works. I am very grateful for the opportunity, it has made me sure that I would like to a career in nursing."



Caroline Edwards, Deputy Head of Learning & Development said "We wanted to give young people an insight into nursing and midwifery, and these sessions demonstrate our commitment to learning and development.

"As well as helping students with their university applications, taking part in the session helps them understand what the job is really like so they can make an informed choice about their career. We're really pleased to be able to offer this opportunity to local youngsters."

Celebrations of Success

Long Service Awards

In 2012 we had a number of celebrations: Long Service awards were presented to 165 staff in November 2012 recognising those staff across all three of the trust sites that have completed 25 years or more service in the Trust. Harry Turner thanked them for their dedication and loyalty in a wide variety of clinical and non-clinical roles and these staff enjoyed an afternoon tea with the Executive Directors.

Achievement Awards 2012

The Trust feels it is important to recognise the hard work and contribution of its staff and in November 2012 held a very successful, awards evening recognising this staff that have made an outstanding contribution to delivery of the trusts PRIDE Values and to enhancing the patient experience.

A sparkling evening event was held at the Charles Hastings Education Centre with Olympic Medallist Rower Zac Purchase as our guest speaker, and staff who were nominated by their colleagues and patients were presented with their award by one of the Executive Directors and external sponsor.

Recognising Volunteers

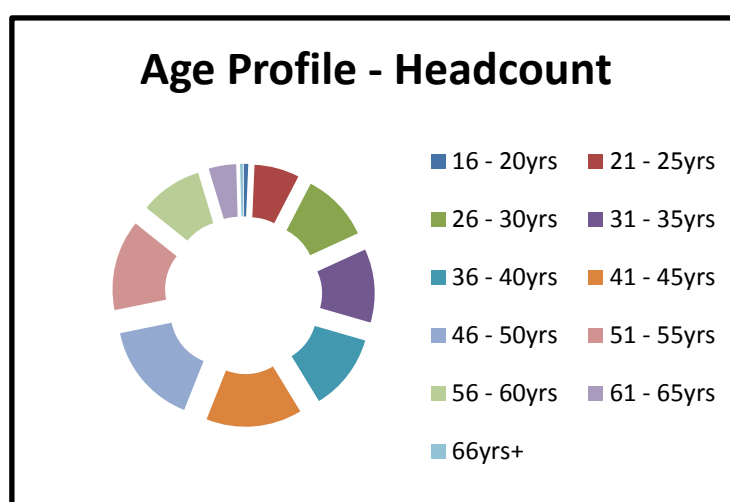
As a Trust we recognise the fantastic work that our volunteers undertake in providing support to our staff on a daily basis in all areas of the trust. To recognise their contribution and as a thank you, Harry Turner and the Executive Team held an afternoon tea event on each site for all of our volunteers.

Workforce analysis data by staff group

Staff Group	Gender	Total
Additional Professional Scientific and Technical	Female	131
	Male	58
Additional Professional Scientific and Technical Total		189
Additional Clinical Services	Female	872
	Male	107
Additional Clinical Services Total		979
Administrative and Clerical	Female	909
	Male	128
Administrative and Clerical Total		1037
Allied Health Professionals	Female	298
	Male	35
Allied Health Professionals Total		333
Estates and Ancillary	Female	270
	Male	109
Estates and Ancillary Total		379
Healthcare Scientists	Female	122
	Male	48
Healthcare Scientists Total		170
Medical and Dental	Female	259
	Male	377
Medical and Dental Total		636
Nursing and Midwifery Registered	Female	1902
	Male	81
Nursing and Midwifery Registered Total		1983
Students	Female	14
	Male	3
Students Total		17
Grand Total		5723

Workforce analysis data by age

Age Band	Total
16 - 20yrs	39
21 - 25yrs	396
26 - 30yrs	604
31 - 35yrs	648
36 - 40yrs	675
41 - 45yrs	845
46 - 50yrs	902
51 - 55yrs	798
56 - 60yrs	549
61 - 65yrs	242
66 yrs plus	25
Grand Total	5723



Section 5 - The Trust Board

The Trust Board meets 11 times a year in public, across the county. This section gives information on the Trust Board Register of Interests.

The Board Register of Interests

Name	Role	Term of Office	Interests
Harry Turner	Chairman	Until 31/10/2014	<ul style="list-style-type: none"> Director – Marriott Vacation Club Estepona Director - FTK Associates HMCS Magistrate – South Worcester Trustee – Charles Hastings Education Centre
Penny Venables	Chief Executive	Permanent contract	<ul style="list-style-type: none"> Trustee – Sandwell Arts Trust Spouse is the Chief Executive at University Hospital Southampton NHS Foundation Trust
Dr Charles Ashton	Medical Director	Permanent contract	<ul style="list-style-type: none"> No interests declared
Helen Blanchard	Director of Nursing and Midwifery	Permanent contract	<ul style="list-style-type: none"> No interests declared
John Burbeck	Non-Executive Director	Until 31/12/2014	<ul style="list-style-type: none"> Director – Burbeck Ltd Spouse is a Director of Burbeck Ltd Spouse is the Chief Executive of The Joint Clinic Consultant – Capita Group
Bev Edgar	Interim Director of Human Resources & Organisational Development	Interim	<ul style="list-style-type: none"> Owner – Edgar Consultancy (HR Consultancy Company)
Chris Fearn	Director of Strategic Development	Permanent contract	<ul style="list-style-type: none"> No interests declared
Bryan McGinity	Non-Executive Director	Until 31/12/2014	<ul style="list-style-type: none"> Chairman – South Worcestershire FE College Director, Trustee & Treasurer - Cystitis and Overactive Bladder (COB) Foundation
Andrew Sleight	Non-Executive Director	Until 31/12/2014	<ul style="list-style-type: none"> Development Committee Member – University of Worcester Director – Pinoak Ltd Non-Executive Director – Vislink plc Non-Executive Director – Alta Innovations Ltd Adjunct Professor – Imperial College Business School Chairman – Geolang Ltd
Chris Tidman	Director of Finance & Deputy Chief Executive	Permanent contract	<ul style="list-style-type: none"> No interests declared
Lynne Todd	Non-Executive Director	Until 31/12/2014	<ul style="list-style-type: none"> 2014 Associate Director - Shine Business Research Hospital Lay Manager (CAMHS) - Birmingham Children's Hospital HMCS - Magistrate

Nichola Trigg	Non-Executive Director	Until 30/09/2012	<ul style="list-style-type: none"> Company Director - Redcliffe Catering Ltd; Redcliffe Hotels & Catering Ltd; Redcliffe Event Management Ltd; Trigg Administration Services Ltd; Edfm Consultants Ltd. Treasurer - Hagley Community Association; Kidderminster Referees Association.
Stewart Messer	Chief Operating Officer	Permanent contract	<ul style="list-style-type: none"> No interests declared
Mark Wake	Chief Medical Officer	Permanent contract	<ul style="list-style-type: none"> Out-patient Community clinics at Coventry PCT
Tosca Fairchild	Company Secretary	Until 31/01/2013	<ul style="list-style-type: none"> No interests declared
Claire Lea	Interim Company Secretary	Interim	<ul style="list-style-type: none"> Trustee – OSCAR, the UK Information Service for World Mission Director of Charis Consultants Ltd

Section 6 Business Review - Operating and Financial Review

Business Profile

Worcestershire Acute Hospitals NHS Trust was formed on 1 April 2000 following the merger of Worcester Royal Infirmary NHS Trust, Kidderminster Healthcare NHS Trust, and Alexandra Healthcare NHS Trust. Facilities are distributed across the three sites; the Alexandra Hospital, Redditch; the Kidderminster Treatment Centre, and the Worcestershire Royal Hospital. In addition it operates services from four Community Hospitals: Princess of Wales Community Hospital, Tenbury Community Hospital, Evesham Community Hospital and Malvern Community Hospital. The Trust has 933 beds, over 5,700 employees and has an annual income of £349 million. An analysis and profile of the Trust's staffing is included elsewhere within the Annual Report on page 16.

The Trust predominantly serves the population of the county of Worcestershire with a current population of almost 574,000, 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. Life expectancy continues to rise above the national average and contributes towards the forecast growth in activity due to the increase in over 75s in the local population. The Trust's catchment population extends beyond Worcestershire itself, as patients are also attracted from neighbouring areas including South Birmingham, Warwickshire, Shropshire, Herefordshire, Gloucestershire and South Staffordshire. This results in a catchment population which varies between 420,000 and 800,000 depending on the service type. Referrals from GP practices outside of Worcestershire currently represent some 13% of the Trust's market share. Other NHS competitors include Trusts in surrounding areas which are adjacent to this Trust's current catchment areas and include:

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

The Trust has in place a number of contracts with external organisations which are essential to the day-to-day operations of the Trust. These include the contract for the provision and operation of the PFI Hospital with Worcestershire Hospital SPC plc (formerly Catalyst Healthcare (Worcester) PLC); two contracts with Steria Ltd (through a joint venture with the Department of Health) for the provision of financial systems and accounting services, and payroll and pensions services on behalf of the Trust (the payroll and pensions service switched to Capita from 1st April 2013); a contract with HealthTrust Europe (formerly the Healthcare Purchasing Consortium) for the provision of Procurement and Supplies systems and services for the Trust; a contract with Coventry and Warwickshire Audit Services for the provision of Internal Audit and Counter Fraud services; and a contract with Xerox for a Managed Service relating to the provision of patient records.

Performance in 2012/13

The financial year 2012/13 represented a significant challenge because of the following key factors;

- An underlying deficit of £4.8m was carried forward from the previous financial year. This was an improvement on the £6m deficit carried into 2011/12
- Tariff reductions of 1.5%, meant that a further £12m needed to be delivered through efficiencies to ensure a breakeven position
- Further PCT QIPP reductions of £5.3m to contract income in respect of changes to service models and referral patterns

Noting the challenges the Trust faced we elected to plan for a modest surplus of £1.5m in 2012/13 (c.0.4% of turnover).

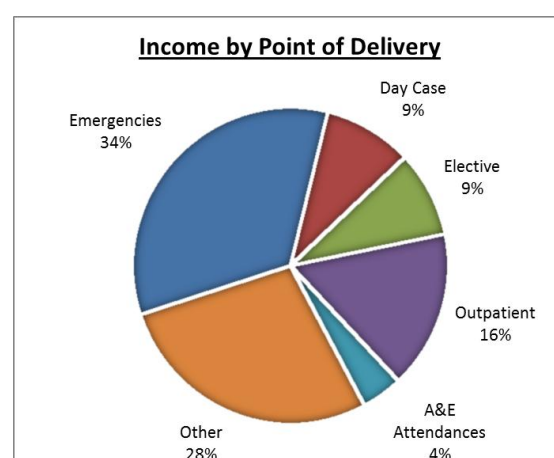
The Trust ended the year with an overall surplus of income over expenditure of £17k thereby meeting the statutory duty to break even. The year-end financial position culminated in the Trust delivering an I&E deficit of £0.3m (before any impairments or adjustments). In line with Department of Health guidance on the Break-Even duty for NHS Trusts, costs relating to impairments (£181k) and donated assets (£148k) are excluded when measuring a Trust's break-even performance.

Whilst it has not been possible to deliver the planned surplus due to the impact of increased emergency demand coupled with the early onset of Norovirus, the Trust has delivered a break-even position with an improved financial risk rating of three. This has been achieved through delivering efficiency savings amounting to 4.2% of influenceable spend and a managed settlement with commissioners that recognised the impact of additional stepped costs incurred in maintaining quality and safety in light of the increased emergency demand and winter pressures.

The Trust has a legacy debt of £18m that was incurred shortly after the Trust was formed in 2000. This legacy debt has meant that the Trust has experienced liquidity challenges. To address the cash flow challenges that relate to the inherited legacy debt, the Trust has

successfully negotiated a £12m working capital loan to be repaid over the next 9 years. The improvement in short term liquidity resulting from the loan received in December 2012 has improved the Trust's overall Financial Risk Rating from a 2 in 2011//12 to a 3. Further action is to be taken to improve liquidity in future years through a combination of delivering income and expenditure surpluses, a leasing strategy for equipment and the sale of surplus assets. However, due to the significance of the legacy debt, the Trust will require support in re-organising its balance sheet as part of the move to FT status.

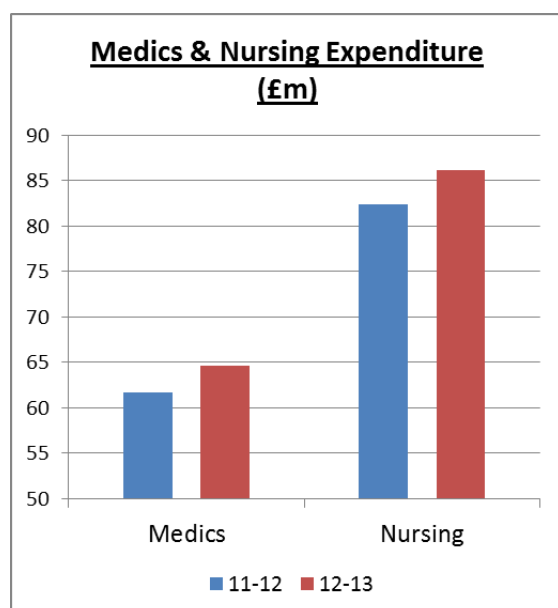
The Trust had a turnover of £349m, receiving the majority of its income from NHS Worcestershire. The increase in clinical income over the last three years reflects an increase in both elective and emergency activity as well as other ad hoc clinical income such as for non-PbR drugs.



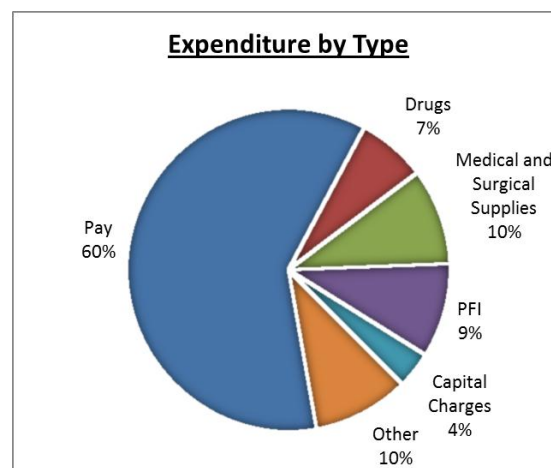
The increase also reflects the development of new services such as for the treatment of Wet Age-Related Macular Degeneration, the Bowel Cancer Screening centre, the extension to 24/7 operation of the Primary Percutaneous Coronary Intervention service and the first full year effect of the transfers of services from other providers such as Transfer of Community services (TCS) and Oncology. In addition, the Trust received some transitional support from NHS Worcestershire to provide short term funding to cover costs of change, upfront investment to support the efficiency

programme and investment to support and improve emergency access.

2012/13 has seen an increase in cost in response to the stepped increase in emergency demand and the higher acuity of patients. In particular, Medical and Nursing pay costs have increased as the Trust has sought to increase staffing levels to maintain quality and safety and to increase capacity.



Whilst the Trust has successfully recruited to additional nursing posts to avoid an over reliance on expensive agency staffing, the Trust's medical agency expenditure has increased due to the longer lead time in recruiting to additional medical staffing posts and a shortage of suitable candidates. This is being addressed as part of the 2013/14 plan. Other pay costs have been well controlled, with the Trust using the Mutually Agreed Resignation Scheme (MARS) to reduce administrative and ancillary headcount.



In terms of non-pay, Clinical Supplies and Drugs costs have increased in line with inflation and the increased patient demand. The PFI costs have also increased with inflation but there is the additional impact of the one-off discount from the previous year.

The Trust has delivered a number of major investments in clinical equipment, IT systems and the estate through its capital programme, ensuring that it remained within its Capital Resource Limit. The Trust spent £14.4m on capital investments in 2012/13, which represented an underspend of £1.3m against its capital spending limit of £15.7m. Two major service developments requiring significant capital expenditure in the estate started in 2012/13 but are due for completion in 2013/14, namely the Radiotherapy Centre and the Surgical Clinical Decisions Unit. There has also been significant investment in clinical equipment through the capital programme but some major imaging equipment has been financed through the PFI or leased, e.g. the MRI scanner at Worcester, the CT scanner at Kidderminster and digital breast screening equipment.

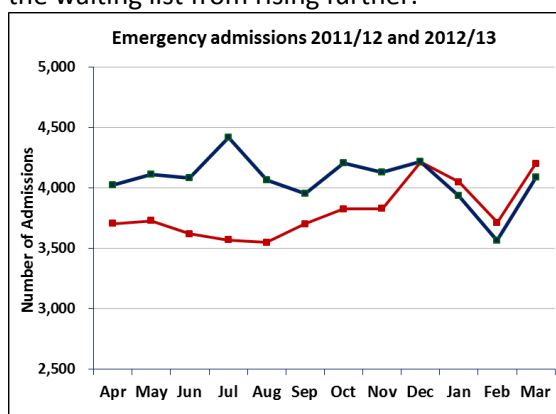
The capital funding strategy is to use cash generated through depreciation predominantly for replacement and maintenance schemes with service developments funded through loans, surpluses or asset sales receipts subject to satisfactory businesses cases. In addition, all relevant equipment purchases will be subject to appraisals to ensure we achieve best value

and make effective use of our limited capital funding. The Trust successfully applied for 2 loans from the Department of Health related to the development of the new Radiotherapy Centre; one for new car park (£2m) and the other for the construction of the Radiotherapy Centre itself (£22.4m). In 2012/13 the full amount of the loan for the car park and £5.2m of the Radiotherapy Centre loan were drawn down with the remaining to be drawn in 2013/14.

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

- Non elective emergency admissions increased by 6.5% compared with 2011/12.
- Daycase admissions rose by 10.1% in 2012/13 compared with 2011/12.
- Elective inpatient admissions decreased by 7.4% in comparison with 2011/12.
- Attendances at A&E decreased by 3.8% compared to 2011/12.
- The Total number of Outpatient Attendances across the Trust increased by 0.2% in comparison with 2011/12.
- Inpatient Waiting List numbers are 22.5% up on April 2012. This is impacting on the sustainability of 18 weeks.

The large increase in emergency demand coupled with the extended impact of Norovirus tied up the Trust's bed capacity resulting in a decrease in elective admissions. This was partly mitigated by moving elective activity to daycase wherever possible. However, this was not sufficient to prevent the waiting list from rising further.



Grant Thornton took over from the Audit Commission as the Trust's external auditors from 1st October 2012. The total fee which has been paid in 2012/13 for the statutory audit of the Trust is £96,000 (including VAT). In addition the Trust is required to obtain external assurance on the Quality Account for 2012/13. The scale fee for this piece of work is included in the above figure. No further work has been requested by the Trust from either the Audit Commission or Grant Thornton in respect of further assurance services or other services. The Trust's Directors have confirmed that they are not aware of any relevant audit information which has not been brought to the attention of the Trust's auditors.

Confirmation as to how pension liabilities have been treated by the Trust are contained within the Trust's 2012/13 Accounts. This accounting treatment also applies to the figures reported within the Directors' Remuneration statement detailed later within the Annual Report.

Looking forward to 2013/14 and beyond

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

We know that the following few years will see zero levels of growth and with the growth in demand from an ever ageing population and ever higher public expectations, commissioners and providers will have to work together to find new ways of delivering care in a more cost effective way and in many cases will be required to reduce the volume of care provided in a hospital setting. Over the next 4 years the three Worcestershire CCGs

have indicated that they are planning to reduce the number of patients referred to acute hospitals by around 14% by investing in alternative forms of care largely in a primary care or community setting.

Notwithstanding the improvements in the Trust's financial health over recent years, the ongoing delivery of efficiency and transformational programmes to meet new savings targets will be a feature for years to come. The NHS Commissioning Board/ NHS England's document "Everyone Counts – Planning for Patients 2013/14" signalled that the National Efficiency Requirement will remain at 4% for 2013/14. The Trust has assessed that in order to deliver an operating surplus in 2012/13, the level of efficiency savings required is actually 5.5% of influenceable spend, and the internal Quality, Innovation, Productivity and Innovation (QIPP) target of £15m reflects this.

Further changes have been made to the structure of Payment by Results (PbR) to ensure that payment systems are more aligned to the delivery of national strategic objectives including:

- The 30% marginal rate will continue to apply for increases in the value of emergency admissions, however, the guidance stipulates more clearly that the 70% needs to be jointly agreed between commissioner and provider for re-investment in emergency demand management.
- The PbR tariff price adjuster will be a reduction of 1.1%, and will be applied to non-tariff services as a reduction of 1.3%.
- CQUINs remain at 2.5% but with pre qualification criteria
- The new contract will continue to enable commissioners to fine the trust if it fails to deliver on key standards including in relation to infections, waiting times in A&E and referral to treatment times.

Increasing standards are required by the royal colleges which will have a significant impact

on levels of staffing required in certain specialties. The Trust will need to reconfigure services in order to meet these standards within available resources.

In future, greater proportions of the Trust's income will be subject to market testing. The contracts for delivering a pathology testing service to GPs will be subject to a national procurement exercise during the year. The Trust has chosen to partner with a private sector provider in order to maximise the likelihood of success in the competitive tendering exercise.

The Trust's response to these external factors has been to develop a strategy of sustained efficiency improvement based on a sound management and financial structure which will ensure a combination of service and financial well-being into the future and will deliver more than £50m of efficiency savings over the next 3 years.

The savings requirement for 2013/14 has been set at £15m (5.5% of influenceable spend), although plans for £5m of headroom are being developed. This would represent the most significant efficiency target in the Trust's history but is considered deliverable based on a gap analysis against upper quartile performers. Successful delivery of this level of efficiency will mean being radical and ambitious about productivity and service change, noting that this will require management of transitional risk across the health economy. The work on business plans has identified key priorities and opportunities for improving quality and productivity. A significant proportion of the efficiency opportunities relate to productivity improvements in theatres, outpatients and inpatients.

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 Medical Director, Director of Nursing and the Director of Patient Safety.

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.

Significant investments in 2013/14 include the development of the second cardiac catheter lab, replacement of the boiler house on the Worcester retained estate and the expansion of endoscopy capacity. The first two will need to be funded through loans with the latter funded from the Trust's own resources. The building work on the Radiotherapy Centre is planned for completion by the end of 2014. The Surgical Clinical Decisions Unit is nearing completion and will open in May 2013.

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

- To maintain and further develop strong financial management and control within the Trust to ensure it is fit for purpose both now and in the future as a Foundation Trust.
- To identify and manage business risks to ensure that the Trust's objectives progress unhindered.
- To ensure that the Trust's assets are optimised, protected and managed appropriately to sustain and improve the ongoing delivery of services
- To ensure that there is a sound performance management framework in place to enable the Trust to monitor progress against its financial, operational and contractual targets, and to take early corrective action as necessary.
- To improve clinical engagement throughout the Trust through Service Line Management

The key risks facing the Trust in 2013/14 are as follows:

- Delivery of the Trust's internal efficiency programme through robust planning,

implementation and accountability arrangements, whilst maintaining safe clinical services and delivering challenging access targets.

- Missing performance targets, potentially resulting in penalties.
- Reduction in demand for services due to CCG QIPPs
- Over-performing against the emergency activity threshold and receiving income at the 30% marginal rate

The risks will be managed through:

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

Fraud and Corruption

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

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

The Trust's LCFS has undertaken this work for the Trust during 2012/13 in compliance with Directions and to support this work the Trust continually reviews and updates its Fraud and Corruption Policy.

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

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

Sustainability report

The Estates function has developed a methodology to address the key targets of the NHS sustainability commitment. It continues to develop further its relationship with the Carbon Trust and aims to have in place by May 2013 a Trust approved Sustainability Strategy which will encompass core elements of sustainability - energy, travel, environment, procurement etc.

The Trust has commenced implementation of energy saving schemes with further schemes to be identified and developed during the year. In line with this a bid for capital funding has been made to the DH under its recently announced initiative *Improving Energy Efficiency in the NHS* for funding to replace the existing Worcester Royal Hospital boiler plant & house and its replacement with a modern energy-efficient localised system.

Emergency Preparedness

The Trust has a disaster plan in place which is regularly reviewed and tested across all areas. It is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005 and all associated guidance.

Principles for Remedy

The Trust adheres to the *Principles for Remedy* (May 2010) published by the Parliamentary and Health Service Ombudsman. This sets out six principles that represent best practice and are directly applicable to NHS complaints procedures.

Better payments

Details of compliance with the Better Payments Practice Code are given in the notes to the accounts.

Prompt payments

The Trust has signed up to the Prompt Payments Code.

Treasury Guidance on Setting Charges

The Trust complies with the Treasury's guidance on setting charges for information.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2013

	NOTE	2012-13 £000s	2011-12 £000s
Cash Flows from Operating Activities			
Operating Surplus/Deficit		13,938	13,322
Depreciation and Amortisation		8,177	10,363
Impairments and Reversals		181	594
Other Gains / (Losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		0	(14)
Government Granted Assets received credited to revenue but non-cash		0	0
Interest Paid		(9,893)	(10,112)
Dividend (Paid) / Refunded		(4,530)	(2,683)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		(64)	(416)
(Increase)/Decrease in Trade and Other Receivables		4,002	(4,153)
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		(11,627)	5,247
(Increase)/Decrease in Other Current Liabilities		(237)	(237)
Provisions Utilised		(502)	(304)
Increase/(Decrease) in Provisions		569	378
Net Cash Inflow/(Outflow) from Operating Activities		14	11,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		48	43
(Payments) for Property, Plant and Equipment		(11,896)	(5,960)
(Payments) for Intangible Assets		0	0
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		0	336
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		2,718	0
Proceeds from the disposal of Financial Assets (LIFT)		0	0
Loans Made in Respect of LIFT		0	0
Loans Repaid in Respect of LIFT		0	0
Rental Revenue		0	0
Net Cash Inflow/(Outflow) from Investing Activities		(9,130)	(5,581)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(9,116)	6,404
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital Received		949	0
Public Dividend Capital Repaid		(2,718)	0
Loans received from DH - New Capital Investment Loans		7,242	0
Loans received from DH - New Revenue Support Loans		12,000	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		(200)	0
Loans repaid to DH -Revenue Support Loans		(667)	(5,000)
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts		0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(1,657)	(1,667)
Capital grants and other capital receipts		0	0
Net Cash Inflow/(Outflow) from Financing Activities		14,949	(6,667)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,833	(263)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		10,940	11,203
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		16,773	10,940

**Statement of Comprehensive Income for year ended
31 March 2013**

	NOTE	2012-13 £000	2011-12 £000
Gross employee benefits	10.1	(212,818)	(202,901)
Other costs	8	(122,007)	(118,701)
Revenue from patient care activities	5	323,511	307,209
Other Operating revenue	6	25,252	27,715
Operating surplus/(deficit)		13,938	13,322
Investment revenue	12	48	43
Other gains and (losses)	13	(52)	(55)
Finance costs	14	(9,931)	(10,165)
Surplus/(deficit) for the financial year		4,003	3,145
Public dividend capital dividends payable		(4,315)	(4,338)
Net Gain/(loss) on transfers by absorption		0	0
Retained surplus/(deficit) for the year		(312)	(1,193)
Other Comprehensive Income		2012-13 £000	2011-12 £000
Impairments and reversals		(7,827)	(887)
Net gain/(loss) on revaluation of property, plant & equipment		94	8,659
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Movements in Other Reserves eg. Non NHS Pensions Scheme		0	0
Net gain/(loss) on available for sale financial assets		0	(15)
Net Gain / (loss) on Assets Held for Sale		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Reclassification Adjustments			
On disposal of available for sale financial assets		0	0
Total comprehensive income for the year*		(8,045)	6,564

* This sums the rows above and the surplus / (deficit) for the year before adjustments for PDC dividend and absorption accounting

Financial performance for the year

Retained surplus/(deficit) for the year	(312)	(1,193)
Prior period adjustment to correct errors	0	0
IFRIC 12 adjustment	0	515
Impairments	181	594
Adjustments in respect of donated asset/gov't grant reserve elimination	148	172
Adjustment re Absorption accounting	0	0
Adjusted retained surplus/(deficit)	17	88

PDC dividend: balance receivable/(payable) at 31 March 2013

215

PDC dividend: balance receivable/(payable) at 1 April 2012

0

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

a) The revenue cost of bringing Private Finance Initiative (PFI) assets onto the Statement of Financial Position (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trusts' financial performance measurement is required to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation's operating position and is narrated above as IFRIC12 adjustment (for 2011/12). For 2012/13 there is no incremental expenditure resulting from the application of IFRS and therefore requires no adjustment.

b) Impairments to Fixed Assets - An impairment charge is not considered part of the organisation's operating position.

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

The notes on pages 1 to 45 form part of this account.

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2013

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2012	139,879	(56,160)	59,732	(861)	142,590
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year		(312)			(312)
Net gain / (loss) on revaluation of property, plant, equipment			94		94
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			(7,827)		(7,827)
Movements in other reserves				0	0
Transfers between reserves **		3,801	(3,801)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between Revaluation Reserve & Retained Earnings in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	949				949
PDC Repaid In Year	(2,718)				(2,718)
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	(1,769)	3,489	(11,534)	0	(9,814)
Balance at 31 March 2013	138,110	(52,671)	48,198	(861)	132,776

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

1) £2,763,333 for excess depreciation from 1.4.12 to 31.3.13. In accordance with IAS16:-

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

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

2) £1,037,881 for balances held in the Revaluation Reserve that relate to assets disposed or sold.

Balance at 1 April 2011	139,879	(55,758)	52,751	(861)	136,011
Changes in taxpayers' equity for the year ended 31 March 2012					
Retained surplus/(deficit) for the year		(1,193)			(1,193)
Net gain / (loss) on revaluation of property, plant, equipment			8,659		8,659
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			(887)		(887)
Movements in other reserves				0	0
Transfers between reserves		791	(791)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	0				0
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	0	(402)	6,981	0	6,579
Balance at 31 March 2012	139,879	(56,160)	59,732	(861)	142,590

**Statement of Financial Position as at
31 March 2013**

		31 March 2013	31 March 2012
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	15	232,013	235,571
Intangible assets	16	1,044	54
Investment property	18	0	0
Other financial assets	24	0	0
Trade and other receivables	22.1	1,250	1,527
Total non-current assets		234,307	237,152
Current assets:			
Inventories	21	4,998	4,934
Trade and other receivables	22.1	14,640	18,148
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	16,773	10,940
Total current assets		36,411	34,022
Non-current assets held for sale	27	840	0
Total current assets		37,251	34,022
Total assets		271,558	271,174
Current liabilities			
Trade and other payables	28	(36,151)	(42,539)
Other liabilities	29	(2,173)	(2,410)
Provisions	35	(848)	(616)
Borrowings	30	(1,727)	(1,657)
Other financial liabilities	31	0	0
Working capital loan from Department	30	(1,334)	0
Capital loan from Department	30	(410)	0
Total current liabilities		(42,643)	(47,222)
Non-current assets plus/less net current assets/liabilities		228,915	223,952
Non-current liabilities			
Trade and other payables	28	0	0
Other Liabilities	29	0	0
Provisions	35	(1,675)	(1,802)
Borrowings	30	(77,833)	(79,560)
Other financial liabilities	31	0	0
Working capital loan from Department	30	(9,999)	0
Capital loan from Department	30	(6,632)	0
Total non-current liabilities		(96,139)	(81,362)
Total Assets Employed:		132,776	142,590
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		138,110	139,879
Retained earnings		(52,671)	(56,160)
Revaluation reserve		48,198	59,732
Other reserves		(861)	(861)
Total Taxpayers' Equity:		132,776	142,590

The notes on pages 1 to 45 form part of this account.

The financial statements on pages 1 to 45 were approved by the Board on 5th June 2013 and signed on its behalf by

Chief Executive:

Date:

P. Neuboles

S. G. 13

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

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

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

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

Signed..........Chief Executive

Date..........

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

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

By order of the Board

S.6.13 Date  Chief Executive

5/6/13 Date  Finance Director

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

We have audited the financial statements of Worcestershire Acute Hospitals NHS Trust for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers [and related narrative notes] in the Annual Report
- the table of pension benefits of senior managers [and related narrative notes] in the Annual Report
- the table of pay multiples [and related narrative notes] in the Annual Report.

This report is made solely to the Board of Directors of Worcestershire Acute Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Worcestershire Acute Hospitals NHS Trust as at 31 March 2013 and of its expenditure and income for the year then ended
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance
- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In seeking to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered the following matter in relation to financial resilience:

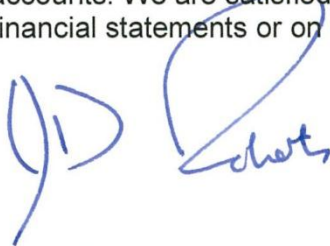
The Trust has been unable to develop a financial plan for 2013/14 that ensures it will achieve its statutory breakeven duty and is in ongoing negotiations with local commissioners to address its financial position.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects Worcestershire Acute Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality accounts. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.



Jon Roberts

Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

20 Colmore Plaza
Colmore Circus
Birmingham
B4 6AT

6 June 2013

Audit Committee Annual Report

Foreword

Over the past year we have seen the monumental changes in the NHS with the passing of the Health & Social Care Act 2012. Our mission – To provide our patients with safe, effective and personalised care delivered consistently across all sites by skilled and compassionate staff – demonstrated the Board’s commitment to safety and quality, and our PRIDE values ask staff to ensure that they put patients at the centre of all they do on a daily basis.

Throughout this report, you will see how the role of the Audit Committee has contributed to the achievement of a key strategic objective – **to ensure the Trust is financially viable and gets the maximum value from the resources at its disposal**. This has been a particular challenge for us, given the current economic context, but the Audit Committee has been clear and focused in ensuring that not only financial balance is delivered; but that it is **delivered without compromise** to the **quality of care delivered** in our organisation, whilst increasing efficiency.

The evidence in this report provides assurance to support the statements made by the Chief Executive in the Annual Governance Statement 2012/13.

Bryan McGinity
Audit Committee
Chairman

Lynne Todd
Audit Committee
Vice-Chairman

Stephen Howarth
Audit Committee
Member

Audit Committee Annual Report

For the year 1st April 2012 - 31 March 2013

Introduction

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

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

Audit Committee's Opinion

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

Information Supporting Opinion

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

3.1 Internal Audit

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

At its meeting on 13th March 2013, the Committee received the Internal Audit Progress Report for the 2012/13 financial year. Subsequently, the Trust has received the Annual Internal Audit Report for 2012/13, which incorporates a summary of all work undertaken throughout the financial year, and the Head of Internal Audit Opinion.

The Head of Internal Audit's overall opinion for 2012/13 is that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk and moderate assurance has been achieved in these areas which are as follows:-

- Patient Safety: consistent completion of the WHO Checklist
- Policies and Procedures: timeliness of review of policies and use of standard template,
- Complaints: robust follow up of action plans arising from complaints
- Consultant Appraisals; strengthened process for Consultant Appraisals
- Business Continuity; agreement that disaster recovery systems will be fully embedded in the Business Continuity programme and

- CQC: Systems and Processes; agreement to gain further assurance of compliance with the essential standards of quality and safety.

The Annual Internal Audit Report also confirmed that the Head of Internal Audit “did not find any weaknesses as a result of my internal audit work that I consider should be included as Significant Internal Control Issues within your Annual Governance Statement”. As a consequence of this, the Head of Internal Audit was able to conclude that “It is my view that an Assurance Framework has been established which is designed and operating to meet the requirements of the 2012/13 Annual Governance Statement (AGS) and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation”.

The Internal Audit Annual Report reported that no Limited Assurance Audit Reports had been issued throughout the 2012/13 financial year.

During the 2012/13 financial year, a number of reviews were undertaken which were predominantly testing and validation only, rather than full system reviews and assessments that key control objectives were being met. These reviews produced a number of “narrative” reports (to which management is still required to respond) but do not contain an Internal Audit opinion on the level of assurance that internal controls are being complied with.

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

3.2 External Audit

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

- Annual Audit Letter 2011/12
- Regular progress reports against the External Audit Plan 2012/13
- Audit Commission Code of Audit Practice
- Audit Commission Statement of Responsibilities of Auditors

3.3 Other Assurance Providers

3.3.1 Local Counter Fraud Specialist (LCFS)

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

3.3.2 Management

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

4. **The Role and Operation of the Audit Committee**

4.1 Membership of the Committee

The Members of the Committee during the period of the report were as set out in the Trust Board section of the Annual Report where a full disclosure of interests is also set out.

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

4.2 Operation of the Committee

4.2.1 Meetings and attendance

The Committee is required to meet at least 4 times a year. 7 meetings took place during the period April 2012 to March 2013. The attendance register is as set out in the Trust Board section of the Annual Report.

The quorum for meetings of the Committee is 2 members and all meetings held were quorate.

4.2.2 Work Programme

Appendix 1 summarises the current Work programme of the Committee and the Committee is satisfied that it has covered all work planned.

4.2.3 Committee Self-Assessment

The Committee carried out a self-assessment of its performance during March 2012 – April 2013 primarily by assessing itself against the Audit Committee's Handbook 2012 and National Audit Office's Audit Committee checklist of best practice. The Committee focussed on identifying areas where it did not comply or have provisions within its Terms of Reference to meet the 'must dos' identified in the check lists. A copy of the gap analysis is attached at **Appendix 2** and identifies the areas where relevant action was required.

4.2.4 Key Business Considered by the Committee during the year

The Committee:

- a) Received assurance from the internal audit on the design and operation of the Assurance Framework and associated process to support the Trust's AGS.
- b) Reviewed and approved changes to the standing financial instructions and scheme of delegation.
- c) Reviewed the 2012/13 Annual Accounts and Annual Report, recommending to the Board that these be approved.
- d) Reviewed and approved instances where the Waiver to Tenders procedures has been applied ensuring satisfactory explanation as to why.

- e) Reviewed the Internal Audit work plan for 2013/14 and has emphasised to management, its requirement to be involved in the development of the areas to be included in the programme.
- f) Received regular reports from the Trust's Local Counter Fraud Specialist. During the 2012/13 year, risks associated with Permanently Paid Enhancements that was conducted by the LCFS, have continued and the LCFS' contracted days have remained at 100 in 2012/13.
- g) Received a report from Local Counter Fraud Services on the Trusts compound indicator rating of 2.
- h) Reviewed progress on implementation of actions agreed through audit recommendations.

5. Conclusions

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

5.1 Assurance Framework

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

5.2 Governance Arrangements

The Audit Committee has monitored the work of other Board Committees. The governance structure for the period under review is available on request.

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

The Annual Governance Statement (AGS) was reviewed by the Committee on 13th March 2013.

6. Recommendation

Given the issues identified in Section 4 and our conclusions in Section 5 we recommend that the Board approves the Audit Committee's Annual Report 2012/2013, recognising that it provides it with further assurance to support the Annual Governance Statement (AGS)

Bryan McGinity

Audit Committee Chairman

Section 7 Annual Governance Statement 2012/13

Worcestershire Acute Hospital NHS Trust Annual Governance Statement 2012/13 (Formerly Statement on Internal Control)

Scope of responsibility

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

I have a duty of partnership to discharge, and therefore work collaboratively with other partner organisations. The Trust is working collaboratively wherever possible with Local Authorities and the NHS Commissioners who share our geographical boundaries. The Trust has a range of formal and informal mechanisms in place to facilitate effective working with key partners in the Worcestershire Health Economy. 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 NHS Midlands and East, the Care Quality Commission, the Audit Commission, the National Health Service Litigation Authority and the Health and Safety Executive.

Good links continue with NHS Midlands and East through the Joint Services Review Steering Group (a key vehicle for managing clinical strategy and the associated risks), Clinical Summits and regular Chief Executive to Chief Executive contact. Links are also in place with clinical commissioning groups and the National Commissioning Boards Local Area Teams. All Executive Directors are fully engaged in relevant networks, including nursing, medical, finance and human resources. The Trust has started to work actively with the newly formed NHS Trust Development Agency (NTDA) and is monitored as part of the NTDA performance escalation systems

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

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

The system of internal control has been in place in Worcestershire Acute Hospitals NHS Trust for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Within the organisation, the Trust has functioning Patient Safety and Health & Safety Committees which report to the Trust Board via the Executive Risk Management Committee and the Integrated Governance Committee.

The Chief Nursing Officer is the appointed Executive Lead on Risk Management. Other directors with leading roles are the Director of Resources for financial risk and counter fraud and the Company Secretary for corporate governance.

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 the key objectives the NHS Constitution, the NHS White Paper: Equity and Excellence and the NHS Future Forum. Within the Trust, the Strategy in 2012/13 has been considered and approved by the Integrated Governance Committee and the Executive Team prior to it being reviewed and endorsed by the Trust Board.

During the year the Trust Board received reports on key risk areas and has overseen and reviewed the on-going development of the Assurance Framework. Regular review of the assurance provided by the Trust's Board Assurance Framework (BAF) is undertaken by the Audit Committee.

Staff continue to be made aware of their risk management responsibilities as part of the new starter 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. The Trust continues to learn lessons in a variety of ways, including from the following sources;

- Patients' Advice and Liaison Officers (PALS)
- Matron and Executive Director walk rounds
- Complaints
- Litigation Claims
- Clinical Audit
- Clinical Incident Reports, reviews and analysis
- Clinical Outcome Reviews
- Morbidity and Mortality data, including Dr Foster
- External Reports (for example the National Confidential Enquiry into Peri-operative Death)
- Patient and Staff surveys
- The Patient Safety Committee
- External reviews by LINKs, CQC and Clinical Commissioning Groups

Serious incidents and complaints are thoroughly investigated and improvements made at local and corporate levels to reduce the likelihood or reoccurrence.

Specific training targeted at executive directors, non-executive directors and managers has also been undertaken. Consequently risk management training is being closely monitored, evaluated, improved upon and further developed.

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.

Governance

The Voting members of Trust Board during 2012/13 were as follows:

Harry Turner, Chairman
 Penny Venables, Chief Executive
 Dr Charles Ashton, Medical Director (until September 2012)
 Mark Wake, Chief Medical Officer (from October 2012)
 Helen Blanchard, Chief Nursing Officer
 Chris Tidman, Director of Finance and Resources and Deputy Chief Executive
 John Burbeck, Non-Executive Director
 Bryan McGinity, Non-Executive Director, Senior Independent Director (from October 2012)
 Andrew Sleigh, Non-Executive Director
 Lynne Todd, Non-Executive Director
 Nichola Trigg, Vice-Chairman and Senior Independent Director (until September 2012)
 Stewart Messer, Chief Operating Officer (from July 2012)
 Stephen Howarth (from January 2013)
 Bev Edgar, Interim Director of Human Resources and Organisational Development (to July 2012)

Non-voting members of Trust Board

Bev Edgar, Interim Director of Human Resources and Organisational Development (from July 2012)
 Professor Julian Bion, Associate Non-Executive Director (from May 2012)
 Tosca Fairchild, Company Secretary (until January 2013)
 Chris Fearn, Director of Strategic Development
 Claire Lea, Interim Company Secretary (from February 2013)

Board attendance

	Total
Harry Turner, Chairman	9/11
Penny Venables, Chief Executive	10/11
Dr Charles Ashton, Medical Director (until Sept 2012)	4/4
Professor Julian Bion, Associate Non-Executive Director (from May 2012)	7/10
Helen Blanchard, Chief Nursing Officer	11/11
John Burbeck, Non-Executive Director	11/11
Bev Edgar, Interim Director of Human Resources and Organisational Development	8/11
Tosca Fairchild, Company Secretary (until January 2013)	9/9
Chris Fearn, Director of Strategic Development	10/11
Stephen Howarth (from Jan 2013)	2/3
Claire Lea, Interim Company Secretary (from February 2013)	2/2
Bryan McGinity, Non-Executive Director, Senior Independent Director (from Oct 2012)	9/11
Stewart Messer, Chief Operating Officer (from Jul 2012)	7/8
Andrew Sleigh, Non-Executive Director	7/11
Chris Tidman, Director of Finance and Resources and Deputy Chief Executive	11/11
Lynne Todd, Non-Executive Director	8/11
Nichola Trigg, Vice-Chairman and Senior Independent Director (until Sept 2012)	3/5
Mark Wake, Chief Medical Officer (from Oct 2012)	6/7

Committees as at 31 March 2013

During 2012/13, the Trust Board had the following committees:

- Remuneration
- Integrated Governance

- Audit
- Charitable Funds
- Foundation Trust Steering Group

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

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 should give due regard to succession planning and the skills and expertise on the board and should prepare a description of the role and capabilities required for particular appointments – both executive and non-executive.

The committee is responsible for setting the remuneration of executive members of staff only. The remuneration of non-executive directors and the chairman is decided by the Appointments Commission. No executive may take part in any discussion or decision affecting their own salary and benefits determination.

Chairman	Harry Turner	5/7
Vice-Chairman	Nichola Trigg	3/3
Non-executive director	John Burbeck	7/7
Non-executive director	Andrew Sleigh	3/3
Non-executive director	Lynne Todd	1/1

Integrated Governance Committee

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

- enable the Board to obtain assurance that high standards of care are provided by the trust and, in particular, that adequate and appropriate governance structures, processes and controls are in place throughout the trust 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; and
- protect the health and safety of trust employees.

Chairman	Professor Julian Bion	10/11
Vice chairman	John Burbeck	11/11
Non-executive director	Lynne Todd	9/11
Non-executive director	Andrew Sleigh	5/8
Non-executive director	Stephen Howarth	3/3
Chief Executive	Penny Venables	10/11
Associate Medical Director	Steve Graystone	11/11
Medical Director	Charles Ashton	3/4
Director of Nursing	Helen Blanchard	11/11
Chief Operating Officer	Stewart Messer	5/6

Chief Medical Officer	Mark Wake	6/7
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Audit committee

Purpose: The Audit 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.

Chairman	Bryan McGinity	5/7
Non-Executive Director	Andrew Sleigh	6/7
Non-Executive Director	Lynne Todd	1/1
Non-Executive Director	Stephen Howarth	1/1
Non-Executive Director	Nichola Trigg	3/5

Foundation Trust Steering Group

Purpose: The Steering Committee is a Committee of the Board. It is a *'task and finish'* group established to enable the Trust to make a successful application for foundation trust status by overseeing the application process, securing the associated resource, information and necessary agreements, and promoting the action, changes and improvements required to make the application successful.

Chairman	Harry Turner	3/5
Non-Executive Director	John Burbeck	5/5
Non-Executive Director	Bryan McGinity	4/5
Chief Executive	Penny Venables	3/5
Director of Resources	Chris Tidman	5/5
Director of Strategic Development	Chris Fearn	5/5
Director of Nursing	Helen Blanchard	2/5
Interim Director of HR and Organisational Development	Bev Edgar	2/5
Chief Medical Officer	Mark Wake	3/4
Medical Director	Charles Ashton	1/1
Chief Operating Officer	Steward Messer	3/5

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	Harry Turner	3/3
Chief Executive	Penny Venables	3/3
Director of Resources	Chris Tidman	3/3
Non-Executive Director	Lynne Todd	2/3
Director of Nursing/Chief Medical Officer	Helen Blanchard/Mark Wake	0/3

Local Counter Fraud Service

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

The risk and control framework

The Trust Board has the overall responsibility for probity (standards of public behaviour) within the Trust and is accountable for monitoring the organisation against the agreed direction and ensuring corrective action is taken where necessary.

The Chief Executive remains accountable and delegates executive responsibility to the Executive Directors of the Trust for the delivery of the organisational objectives, while ensuring that there is a high standard of public accountability, probity and performance management. The Assurance Framework reflects the strategic objectives assigned to the Executive Directors.

Agenda setting ensures that the Board is confident that systems and processes are in place to enable individual, corporate and, where appropriate, team accountability for the delivery of high quality person-centred care. The cycle of Trust Board meetings ensures the Board devotes sufficient time to setting and reviewing strategy and monitoring key risks.

Strategic risk is managed in line with the Trust's Risk Management Strategy. The strategy sets out specific responsibilities and accountabilities for the identification, evaluation, recording, reporting and mitigation of risk in accordance with the ALARM principle to reduce risk to as low as reasonably practical.

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, through the existence of an incident reporting and feedback system, through the inclusion of risk management within job descriptions (including both training and the processes for the assessment of risk), and through the reporting and investigation of incidents.

Innovation and learning in relation to risk management is 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 Trust operates within a just, honest and open culture where staff are assured they will be treated fairly and with openness and honesty when they report adverse incidents or mistakes.

The Trust has measures in place to ensure the security of its Information resources and assets. The Trust continues to achieve a high level of compliance to the standards in the NHS Information Governance Toolkit supported by audit giving significant assurance of compliance with the vast majority of standards. An action plan has been developed where gaps have been identified and this will be monitored by the Information Governance Committee. The Trust reported 8 losses of data under the arrangements for reporting Serious Untoward Incidents. In all instances a notification to NHS Midlands and East was made in line with NHS Information SUI reporting requirements. All cases were subject to a root cause analysis with remedial action plans being agreed and implemented.

The Trust 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, public involvement in the activities of our Trust, and regular dialogue with MPs and other partners. The Trust has directly engaged public stakeholders in the Risk Management process through the Patient & Public Forum and through the PALS. In addition patient and public forum members sit on the Integrated Governance Committee, and the Patient Safety Committee. Public involvement also occurs at the behest of the public through the complaints procedure which operates within the organisation.

The Trust continues to be proactive in trying to encourage patient representatives to join the following forums which operate within the Trust to ensure that a patient perspective is taken into account; the Transport Group, the Equality Forum, the Worcester Patients' Forum, the local patients' forum, the Radiotherapy Project Board and the Patient Safety Group. A patient representative also sits on Trust Board. The Trust has also established the Sounding Board to ensure effective sharing of information with the community and stakeholders and to provide an avenue to advise the Trust on general approaches to engagement and involving partners, staff, patients, and the wider community. The membership of the Sounding Board comprises Trust Board members and those "shadow" governors elected earlier during the Trust's foundation trust timeline.

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.

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

The Trust has undertaken risk assessments and developed an Adaption Plan to support its emergency preparedness and civil contingency requirements, based on UK Climate Projections 2009 (UKC P09), to ensure that this organisation's obligations under the Climate Change Act are met.

The Trust is assured that it is compliant with all Care Quality Commission (CQC) outcomes with the exception of Outcome 21 (Records) at Kidderminster for which an action plan is in place to achieve compliance. There is a regular internal regulatory compliance review of processes and a continuing low risk of non-compliance rating by the CQC as evidenced via the Trust's Quality and Risk Profile.

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

The Trust has robust arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable, 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. Performance against objectives is monitored and actions identified through a number of channels:

- Approval of annual budget by the Board of Directors.

- Monthly reporting to the Board on key performance indicators covering finance, activity, patient safety, quality and human resources targets.
- Monthly review of financial and performance targets by the Business Development and Performance Committee.
- Monthly review of the delivery of Cost Improvement plans by the QIPP Board to ensure that savings targets are being met.
- Monthly reporting to Executive Team on key influences on the Trust's financial position.
- Periodic performance management of Divisional and Directorate units by the Executive Team covering performance against key objectives.
- Monthly performance management reporting to NHS East and Midlands (and now to NHS Trust Development Agency) which calculates the risk score and RAG rate of current performance, in addition to providing comment with regard to any contractual issues and compliance with CQC essential standards:.

Value for money is an important component of the internal and external audit plans that provides assurance to the Trust of processes which that are in place to ensure effective use of resources.

The Trust has a well-developed 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 achievement of the Trust's financial plan is dependent upon the delivery of these savings.

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 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 opinion is published with the accounts.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within 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.

My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by Trust Board, the Audit Committee, the Integrated Governance 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. Satisfactory assurances have been received from Internal Audit reviews with the exception of the moderate assurance key control objectives identified by Internal Audit in reviewing the Audit of Policies and the Patient Safety WHO Checklist. Action Plans have been developed to address the weaknesses identified and have been implemented by management.

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 Committee on a quarterly basis throughout the past year. 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 PEAT audit.

All 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 their minutes and annual reports are received by the Board. The Board undertook an evaluation of its performance during the year. This was reported to a private trust board meeting and action taken to improve the effectiveness of the Board. This evaluation used the Code of Governance as a basis for the evaluation, and it was recognised that the some sections of the Code are not applicable to the Trust.

The Audit Committee is charged with monitoring the effectiveness of internal control systems on behalf of the Board and has done so as part of its annual work programme and reported through its Annual Report to the Board.

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 Internal Audit Standards. The work to be undertaken by internal audit is detailed in a three year strategic audit plan and is reviewed annually to generate an 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 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 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 2012/13 is that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in

the design and/or inconsistent application of controls put the achievement of particular objectives at risk and moderate assurance has been achieved in these areas which are as follows:-

- Patient Safety: consistent completion of the WHO Checklist
- Policies and Procedures: timeliness of review of policies and use of standard template,
- Complaints: robust follow up of action plans arising from complaints
- Consultant Appraisals; strengthen process for Consultant Appraisals
- Business Continuity; disaster recovery systems to be fully embedded in the Business Continuity programme and
- CQC: Systems and Processes; gain further assurance of compliance with the essential standards of quality and safety.

The Chief Executive is supported by the Executive Team, consisting of the Executive Directors. The Executive Team supports the Chief Executive to co-ordinate and prioritise activity in the Trust ensuring that the strategic direction, set by the Trust Board, is delivered. It is jointly responsible for ensuring that the agreed leadership and management arrangements are in place, supported by robust and clear governance and accountability processes. It ensures the organisation champions equality and that the Trust is 'diversity competent'.

Compliance with key national targets and standards

The Trust is committed to delivering all national and contractual targets and standards. During 2012/13, the Trust has declared non-compliance to the NHS Trust Development Agency (now Authority) with the following standards:-

Finance

C.Diff

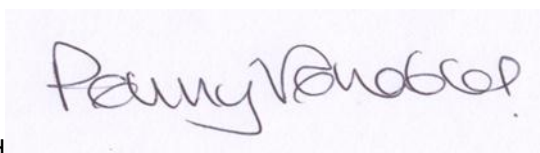
62 day cancer target

A & E performance

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 healthcare standards to assist the Board in the identification and management of risk.

With the exception of the internal control issues that I have outlined in this statement, which are not considered significant, my review confirms that Trust has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.



Signed

Penny Venables
Chief Executive

Date 5 June 2013

Section 8 Directors' Remuneration

Salaries and allowances for Senior Managers

Name and title	2012-13			2011-12		
	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Benefits in kind (Rounded to the nearest £100) £	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Benefits in kind (Rounded to the nearest £100) £
H.Turner – Chairman	20-25	0	400	20-25	0	300
P Venables – Chief Executive	155-160	0	0	35-40	0	0
J.Rostill - Chief Executive	0	0	0	50-55	0	400
S. Messer – Chief Operating Officer	85-90	0	0	0	0	0
M. Wake – Medical Director	65-70	25-30	100	0	0	0
H.Blanchard - Director of Nursing and Midwifery	100-105	0	400	90-95	0	400
C. Tidman - Director of Finance	130-135	0	100	125-130	0	100
C. Fearn – Director of Strategic Development	105-110	0	300	40-45	0	0
B. Edgar – Interim Director of HR	95-100	0	0	45-50	0	0
M. Goldman – Interim Chief Executive	0	0	0	70-75	0	100
C.Ashton - Medical Director	55-60	130-135	300	55-60	130-135	600
J.Crawshaw - Director of Human Resources (Acting Chief Operating Officer 2010-11)	0	0	0	90-95	0	0
G.Bennett - Interim Director of Finance	0	0	0	15-20	0	0
S. Howarth - Non Executive Director	0-5	0	0	0	0	0
N.Trigg - Non Executive Director	0-5	0	0	5-10	0	0
Professor J.Bion - Non Executive Director	5-10	0	0	0	0	0
J.Rhead - Designate Non Executive Director	0	0	0	0-5	0	0
B.McGinity - Non Executive Director	5-10	0	200	5-10	0	200
A.Sleigh - Non Executive Director	5-10	0	0	5-10	0	100
L.Todd - Non Executive Director	5-10	0	200	5-10	0	200
J. Burbeck - Non Executive Director	5-10	0	200	5-10	0	100

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

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

In determining the pay of Executive Directors the Committee agrees and twice a year reviews the annual objectives of the Directors. The Committee also compares each year Executive Directors pay against comparative salaries in the NHS. Cost of living awards are made in line with Department of Health guidance. For 2012/13 Executive Directors received no cost of living increase in pay.

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

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

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

Notes:

C. Tidman – commenced with the Trust on 2/5/11 and was Acting Interim Chief Executive for August 2011
M. Goldman – commenced with the Trust on 1/9/11 and left on 31/12/11
B. Edgar – commenced with the Trust 8/11/11
C. Fearn – commenced with the Trust 31/10/11
P. Venables – commenced with the Trust 1/1/12
M. Wake – commenced with the Trust 1/9/12
S. Messer – commenced with the Trust 5/7/12
J. Rostill – left the Trust on 31/07/11
G. Bennett - Interim Director Finance started with the Trust 7/12/10 and left on 28/4/11. The figure quoted under Salary represents the payment of fees to Graham Bennett Associates Ltd and there are no additional costs for National Insurance or Superannuation.
J. Crawshaw - seconded to NHS Midlands and East Strategic Health Authority from 7/11/11 and left the Trust 31/3/13
H. Turner - was appointed to the position of Chairman on 1/11/11, having previously held the post of Non Executive Director
R. Adams - left the Trust on 31/10/11
J. Rhead – left the Trust 30/6/11
B. McGinity - commenced with the Trust 1/1/11
A. Sleight - commenced with the Trust 1/1/11
L. Todd - commenced with the Trust 1/1/11
J. Burbeck - commenced with the Trust 1/1/11
Professor J. Bion - commenced with the Trust 1/5/12
S. Howarth - commenced with the Trust 1/1/13

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

The banded remuneration of the highest paid director in Worcestershire Acute Hospitals NHS Trust in the financial year 2012-13 was £190,000 (2011-12, £187,500). This was 7 times (2011-12, 7) the median remuneration of the workforce, which was £25,528 (2011-12, £25,500). In 2012-13, 2 (2011-12, 1) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £210,000 to £215,000 (2011-12 £210,000 to £215,000)

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

Pension Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in Lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2012 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
P. Venables – Chief Executive	7.5-10.0	27.5-30.0	60-65	180-185	1133	886	200	0
H. Blanchard – Director of Nursing and Midwifery	0-2.5	5.0-7.5	25-30	85-90	510	441	46	0
C. Fearn – Director of Strategic Development	0-2.5	2.5-5.0	25-30	75-80	533	476	32	0
B. Edgar – Interim Director of HR	2.5-5.0	7.5-10.0	10-15	30-35	198	136	55	0
C. Tidman – Director of Finance	0-2.5	0-2.5	35-40	105-110	513	473	15	0
M. Wake – Medical Director	0	0	40-45	130-135	830	0	0	0
C. Ashton – Medical Director	0	0	45-50	145-150	1003	956	0	0
S. Messer – Chief Operating Officer	10-12.5	30-32.5	45-50	135-140	834	586	216	0

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

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

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

There is no comparative information available for M.Wake (Medical Director) for 31.3.12 therefore increased benefits are not shown.